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PROCEEDINGS AND DEBATES OF THE SIXTY-SEVENTH CONGRESS
FIRST SESSION.

SENATE.

FRIDAY, *October 21, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	France	McCormick	Shortridge
Ball	Frelinghuysen	McCumber	Simmons
Borah	Gerry	McKellar	Smoot
Brandegee	Gooding	McKinley	Spencer
Broussard	Hale	McLean	Stanley
Bursum	Harreld	McNary	Sutherland
Calder	Harris	Moses	Swanson
Cameron	Harrison	Myers	Townsend
Capper	Heflin	Nelson	Trammell
Caraway	Hitchcock	New	Underwood
Culberson	Johnson	Newberry	Wadsworth
Cummins	Jones, N. Mex.	Norbeck	Walsh, Mass.
Curtis	Kellogg	Oddie	Walsh, Mont.
Dial	Kendrick	Overman	Warren
Dillingham	Kenyon	Page	Watson, Ga.
du Pont	Keyes	Penrose	Watson, Ind.
Edge	King	Poindexter	Willis
Ernst	La Follette	Pomerene	
Fernald	Lenroot	Reed	
Fletcher	Lodge	Sheppard	

The PRESIDENT pro tempore. Seventy-seven Senators have answered to their names. There is a quorum present.

COMMITTEE SERVICE.

Mr. LODGE. Mr. President, I ask that an order be entered relieving the Senator from New York [Mr. WADSWORTH] from membership upon the Committee on Agriculture and Forestry and the Senator from Kansas [Mr. CURTIS] from the chairmanship of the Committee on Indian Affairs. I further ask that it may be ordered that the Senator from New York [Mr. WADSWORTH] be made a member of the Committee on Foreign Relations and that the Senator from Kansas [Mr. CURTIS] be made chairman of the Committee on Rules.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The order was reduced to writing, as follows:

Ordered, That the Senator from New York [Mr. WADSWORTH] be excused from further service as a member of the Committee on Agriculture and Forestry and assigned to service on the Committee on Foreign Relations, and that the Senator from Kansas [Mr. CURTIS] be excused from further service as chairman of the Committee on Indian Affairs and assigned to the chairmanship of the Committee on Rules.

POSTAL SAVINGS BANKS.

Mr. SHEPPARD. Mr. President, I ask permission to have inserted in the RECORD two brief letters to the chairman of the Committee on Post Offices and Post Roads from the Secretary of the Treasury and the Postmaster General with reference to the postal savings bank bill (S. 2033), together with my reply. I ask this because the letters were included in the hearing on this measure before a subcommittee of the Committee on Post Offices and Post Roads and the hearing published before I had opportunity to reply.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

STATEMENTS OF POSTMASTER GENERAL AND SECRETARY OF THE TREASURY ON THE BILL S. 2033, INCREASING THE UTILITY OF THE POSTAL SAVINGS BANKS, AND REPLY OF SENATOR SHEPPARD.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., August 2, 1921.

Hon. CHARLES E. TOWNSEND,
Chairman Committee on Post Offices and Post Roads,
United States Senate, Washington, D. C.

MY DEAR SENATOR TOWNSEND: You have been good enough to ask me for my opinion of the bill introduced by Senator SHEPPARD, S. 2033, "A bill to increase the utility of the postal savings bank, and to encourage savings among the people, to secure the largest returns for such savings consistent with adequate security."

The Post Office Department, as you know, hopes to develop postal savings, and, by bringing up to date some of the most important points of the service, to encourage its usefulness, and most particularly to go further than we have ever gone in the past in the direction of encouraging thrift and economy. To that end we welcome a free and frank discussion of the problem from every angle.

I am, however, convinced after considering Senator SHEPPARD'S bill that his plan would not so much advance the interest of postal savings as it would completely revolutionize the banking system of this country. We have already encountered the opposition of certain savings banks to any change in postal savings, and I can only wonder what the opposition would be from the banking institutions of this country to the very radical changes proposed by Senator SHEPPARD, changes that would certainly affect all banks even more than any changes that we have in mind for postal savings might affect the mutual savings banks.

I feel that Senator SHEPPARD'S bill is more a matter for the Secretary of the Treasury to express his views on than it is for me, because while the bill ostensibly takes advantage of the existing Postal Savings System, the changes are so radical as to constitute a fundamental change of policy on the part of this Government toward the whole question of banking.

I shall be very glad to have a copy of the hearings on this bill.

With kindest personal regards, I am,

Sincerely, yours,

WILL H. HAYS.

THE SECRETARY OF THE TREASURY,
Washington, August 16, 1921.

Hon. CHAS. E. TOWNSEND,
Chairman Committee on Post Offices and Post Roads,
United States Senate.

MY DEAR SENATOR: I received your letter of August 6, 1921, inclosing a copy of S. 2033, and a copy of a letter dated August 2, 1921, received by you from the Postmaster General. You request my opinion regarding the merits of this bill.

While the Treasury has consistently favored the liberalization of the postal savings laws so as to permit of a greater coordination between the Postal Savings System and the sale of Treasury savings securities, the Treasury is unequivocally opposed to any such legislation as that proposed by this bill. The removal of all limitation upon the amount of deposits and the provisions for the loaning of the funds deposited in the postal savings banks would involve the Government extensively in the business of commercial banking. The banking needs of the country are already adequately met by the Federal reserve system and the numerous national banks and State banks and banking institutions. There is no call for an extensive Government banking institution of the character which this bill seeks to establish.

The provision of section 11 of the bill for the issue of certificates of deposit which may pass from hand to hand in the manner of certified or other bank checks, and which shall be receivable by the United States in payment of obligations due the United States, not specifically made payable in gold, would result in the issue of an enormous amount of demand obligations which would inevitably pass from hand to hand in lieu of currency, with consequent inflation and unsettlement in business and price conditions. The issue of certificates of deposit in this form would make it impossible to protect the depositor in the case of the loss of the certificates and would destroy one of the most salutary features of the present Postal Savings System, namely, the absolute safety of the deposit. The issue of bearer certificates of deposit in denominations of 5 cents, 10 cents, 25 cents, and 50 cents, as provided in section 11(d), would create a large mass of paper fractional currency. The provision of section 11(h) for the maintenance of checking accounts by depositors in large cities would directly involve the Government in ordinary commercial banking. The provision of section 12 authorizing the Secretary of the Treasury to deposit any money in the Treasury in the postal savings bank without requiring security therefor is in direct conflict with the policy of the laws governing the deposits of public moneys in the national bank depositories.

The measure is quite impracticable and would require the creation of an extensive administrative machinery and greatly increase the already heavy burdens on the local post-office services.

Very truly, yours,

A. W. MELLON, *Secretary.*

REPLY OF SENATOR SHEPPARD TO STATEMENTS OF POSTMASTER GENERAL AND SECRETARY OF TREASURY.

I have noted the replies of Postmaster General Hays and Secretary of the Treasury Mellon to the inquiry of the chairman of the Senate Committee on Post Offices and Post Roads regarding the bill under consideration (S. 2033).

Mr. Hays states that the measure would not so much advance the interest of postal savings as it would completely revolutionize the banking system of this country, that it is so radical as to constitute a fundamental change of policy on the part of this Government toward the whole question of banking, that his own suggestions as to certain changes in the Postal Savings System have encountered such opposition from savings banks, he can only wonder what the opposition would be from banking institutions to the "very radical" changes in the bill under discussion. Mr. Hays adds that he will be glad to see a copy of the hearings.

Mr. Hays does not say why he thinks the bill revolutionary and radical. He says merely that this is his opinion of the bill after having considered it. He does not tell us in what particulars the bill

uproots existing banking methods. My contention is that the bill evolutionizes our banking system and does not revolutionize it. The bill does not change any existing banking law. It leaves the present banking institutions unchanged and intact. It brings into postal savings banks three billions of money which existing banks have failed to attract. It provides that all banks now in operation may act as agents in loaning these postal funds. It provides that the cash reserves of existing banks may be deposited in the postal banks, receiving therefor interest-bearing certificates countable as reserves. It creates new sources of profit and strength for existing banks. It makes the postal savings bank a gigantic ally of existing banks, not an enemy.

It will be recalled that commercial banks almost unanimously opposed the Federal reserve system, a system which has proved to be their salvation. Surely their supposed opposition to the plan involved in the bill before us is not in itself a conclusive argument against it, especially when the bill makes so much new capital available at a time when new capital is the supreme need of America and the world, and moreover adds immensely both to the profits and the stability of the present banking and financial system.

When Mr. Hays reads the hearings, I trust he will modify his position. He is entitled to great credit for having denounced the unfairness of the present Postal Savings System, and for the constructive steps he advocates.

Mr. Mellon states that while the Treasury has consistently favored the liberalization of the postal savings law so as to permit of a greater coordination between the Postal Savings System and the sale of Treasury savings securities, the Treasury is unequivocally opposed to any such legislation as that proposed by this bill, that the removal of all limitation on the amount of deposits and the provision for the loaning of funds deposited in the postal savings banks would involve the Government extensively in the business of commercial banking. I submit with all respect that the bill does not involve the Government in commercial banking. Vastly the greater portion of the Nation's business is based on personal and corporate credits, on personal and corporate commercial paper, not an iota of which will or can be touched by the postal savings bank, which under this bill can make no investment whatever except in United States bonds, can make no loans except on unquestionable collateral security, specified by law or regulation of the board, or when guaranteed by undoubtedly good commercial banks. Indeed, most of its loans will be made through such banks at a legitimate, liberal profit to such banks.

Mr. Mellon next says that the banking needs of the country are already adequately met by the Federal Reserve System and the numerous national banks and State banks and banking institutions, and that there is no call for an extensive Government banking institution of the character which this bill seeks to establish. Mr. Mellon evidently overlooks the fact that existing banks and banking institutions have failed to attract and mobilize $3,000,000,000 of actual money now held by the American people. The benefit to the country of its present wonderful banking system is the fact that it mobilizes funds for business, commerce, economic growth, financial development. Thus it makes every actual dollar do the work of hundreds, and gives impetus to the advancement and prosperity of the Nation which nothing else can supply. But practically half of the $6,000,000,000 of actual money in the United States—about $3,000,000,000—still remains outside the banks, unutilized for business and credit and trade and progress, going to waste in this respect as much so as the unharnessed waters that pour over a dam and not through a turbine. Experience of other countries has shown that the people will deposit money with the Government when they will trust no private institution. Think of the enormous value to the United States and the world if $3,000,000,000 of additional savings could be banked here, doubling the credit and banking resources of the leading financial power of the earth! To say that there is no need for this additional credit power at a time when the crying need of the United States and the world is for new capital is to ignore a plainly evident fact.

Mr. Mellon confines his specific objections to sections 11 and 12 of the bill. He says that the provision of section 11 for certificates of deposit which may pass from hand to hand in the manner of certified or other bank checks and receivable by the United States in payment of obligations due the United States, not specifically made payable in gold, would result in the issue of an enormous amount of demand obligations which inevitably pass from hand to hand in lieu of currency with consequent inflation and unsettlement in business and price conditions. This is a remarkable contention in the face of the fact that the Nation's commercial banks are now safely supporting nearly $50,000,000,000 of liabilities that are mainly demand obligations. In practice these obligations are never called for but are, on the contrary, increasing as the country's business increases and reflect legitimate banking operations. So it will be with the demand obligations of the postal savings bank, its investments and loans being conservative beyond comparison with those of commercial banks. The solidity and credit of the postal bank will be backed by the resources and taxing power of the whole Nation, so that fear of runs and insolvency will not be sanely conceivable.

Mr. Mellon then says that the issue of certificates of deposit in this form would make it impossible to protect the depositor in case of loss of the certificates and would destroy one of the most salutary features of the present postal savings system, namely, the absolute safety of the deposit. This argument would be equally good against Federal reserve notes, Liberty bonds, or the gold and silver certificates. If a person loses one of these or mutilates or burns it beyond identification, does the Federal reserve bank or the Government make the loss good?

Mr. Mellon next states that the issue of bearer certificates of deposit in denominations of 5 cents, 10 cents, 25 cents, and 50 cents, as provided in section 11(d) would create a large mass of paper fractional currency. It should be remembered that these forms of currency would not issue except as the people preferred them to cents, nickels, silver, etc. And if they are thus preferred they are only similar to, and more convenient, more available, than war savings stamps. To the extent that they are thus preferred the economic consequence would be that some hundreds of millions of dollars in good coin would be poured into commercial bank vaults and become good assets for greater and more profitable bank credits to customers or be sent to the Orient where they would multiply markets for American goods. There are still some gray heads among us who remember the so-called "shinplasters" of 1862 and later. They would buy anything and were "good" in gold in due time. These gray heads tell us of a common, cheap, pocket folder that automatically kept the fractional currency sorted, clean, convenient for ready use, wearing no holes in one's pocket. We can stand the shinplasters if the people want them; if not, they can instantly get rid of them for "thrift" deposits in postal savings banks at any post office.

Mr. Mellon then mentions subparagraph (h), section 11, saying that the maintenance of checking accounts by depositors in large cities would directly involve the Government in ordinary commercial banking.

The bill limits checking accounts to depositors with an average balance exceeding $500 and to such cities as the board may designate. However, this provision is unessential and is not insisted on. Indeed, such a statement was made at the hearings. Let me say here that the bill is open to amendment and that criticisms and suggestions are freely invited. Neither Mr. Hays nor Mr. Mellon have attempted to show us how the bill may be made more effective, but have limited their reports to expressions of unqualified condemnation.

Mr. Mellon, continuing his report, says that the provision of section 12 authorizing the Secretary of the Treasury to deposit any money in the Treasury in the postal savings bank without requiring security therefor is in direct conflict with the policy of the laws governing the deposits of public moneys in the national-bank depositories. Why should a nation exact security of itself? Besides, this bill repeals all laws inconsistent with its terms. If, however, it is deemed best to exact security from the Nation for the Nation's own funds, the bill may be so amended.

Mr. Mellon concludes with the general assertion that the bill is quite impracticable and would require the creation of an extensive administrative machinery and greatly increase the already heavy burdens on the local post-office services. The proponents of the measure earnestly believe that its benefits will more than offset any administrative burdens it may impose. The greater part of the necessary machinery is already in existence. We believe it therefore to be practicable, sane, and sound; that it will create with comparatively little added burden the greatest and strongest financial institution on earth—a people's institution mobilizing the people's funds in the interest of the people; that it will infinitely strengthen the credit of the Government, bring its obligations to par, reduce interest charges for the fundamental operations of the people, and create a reservoir of new credit and capital available to all individuals and institutions on fair and equal terms.

The burden will be abundantly worth bearing. Every civilized nation has its postal savings bank. Such banks contain no suggestion of benevolence, philanthropy, or paternalism; they represent simple justice and opportunity—opportunity for industry, thrift, patriotism. I say patriotism because the people will be glad to intrust these savings that now lie unused and idle outside the banks to a savings institution identified with and backed by the Nation. Justice to depositors pays. They are morally entitled to the market price for their money—the market price which this bill offers instead of the almost fraudulent—to adopt a similar expression by Mr. Hays in his Sullivan (Ind.) interview on the present postal-bank system—less than half price of the existing postal savings bank. At present the price of money is high, and this bill provides that any profit on loans in excess of the 4 per cent for depositors shall go to the Treasury for the benefit of all citizens, including depositors. As normal times return the price of money will drop and the postal bank board will reduce the rate of interest to depositors in accordance with the market price. There is more profit in cheap articles than in dear ones, in money, muslin, or automobiles.

It will pay to give the best service possible to depositors at the least cost possible. Hence the various forms of certificates of deposit, etc. Business men of all degrees now keep their accounts with commercial banks, and there will be no reason at all for them to leave such banks for the postal savings bank while the commercial banks give good service; and under this bill they can give the exact service of the postal bank itself, so the commercial banks are no more than put on good behavior.

Let me say again that the unshackled postal savings bank will be the greatest, strongest bank in the world, one vast national reservoir of thrift and savings, equally open to all, equally serving all, stabilizing finance and credit as no other financial institution has ever done. More than anything else, it will enable our Nation to become in reality and truth the world's banker, doubling our bank resources, and multiplying the prosperity of the individual and the Nation.

MORRIS SHEPPARD.

ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on the 20th instant they had presented to the President of the United States the enrolled bill (S. 2504) providing for the readmission of certain deficient midshipmen to the United States Naval Academy.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 2612) for the relief of Jane Z. Tolman (with accompanying papers); to the Committee on Pensions.

By Mr. SPENCER:

A bill (S. 2613) granting an increase of pension to Elizabeth C. Loughborough; to the Committee on Pensions.

By Mr. KING:

A bill (S. 2614) to establish a standard decimal system of weights and measures for the United States; to the Committee on Manufactures.

By Mr. SUTHERLAND:

A bill (S. 2615) to enlarge, extend, and remodel the post-office building at Parkersburg, W. Va.; to the Committee on Public Buildings and Grounds.

ASSISTANT CLERK, COMMITTEE ON INDIAN AFFAIRS.

Mr. CURTIS submitted the following resolution (S. Res. 157), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Indian Affairs of the Senate be, and hereby is, authorized and directed to employ an assistant clerk at the rate of $2,200 per annum, to be paid out of the miscellaneous items of the contingent fund of the Senate until otherwise provided by law.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The PRESIDENT pro tempore. The Secretary will state the pending amendment.

The READING CLERK. The pending amendment is the amendment of the Senator from North Dakota [Mr. MCCUMBER] to the amendment of the committee. On page 12, lines 9, 10, and 11 in lieu of the matter proposed to be inserted by the committee amendment insert the following: "merger or consolidation (including the acquisition by one corporation of at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation, or of substantially all the properties of another corporation)," and a comma.

Mr. JONES of New Mexico. Mr. President, I believe on yesterday at the close of the session I had asked the acting chairman of the committee [Mr. MCCUMBER] to make some explanation of the purpose for which this amendment was offered. He stated at that time that he did not know, that he had not prepared the amendment, and further stated that it was handed in as an amendment to be proposed by the chairman of the committee. We have had no explanation of the amendment or why it is offered. I should like to inquire whether there is any information to be presented this morning before we pass upon the amendment? I deem it rather an important amendment, and if there is any information to show why the amendment should be adopted I think the Senate ought to have it. Thus far there has been no reason whatever given for the amendment.

I should simply like to inquire whether there is any information to be had this morning from the committee. If not, I propose to make some observations about it myself, but I think the Senate is entitled, in the first place, to some information. There must be a reason for the amendment and the Senate ought to know what it is.

Mr. PENROSE. Mr. President, the Senator from New Mexico is a member of the Finance Committee and has ample opportunity to know as much about the bill as any other member. He had a full explanation of this provision given yesterday by the Senator from North Dakota. How many explanations he requires I am at a loss to know. If he has any objection to the amendment, either I or the Senator from North Dakota or any other member of the committee here present will be glad to answer and explain, but having been a member of the committee during the four weeks in which the bill was being considered, he certainly does not wish now to come on the floor of the Senate and repeatedly be asking for information. I appeal to the Senator whether it is an attitude that is fair to the great committee of which he is a member, and supposed to be an active member.

Mr. SIMMONS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from North Carolina?

Mr. PENROSE. I yield.

Mr. SIMMONS. I think the Senator from Pennsylvania is in error. The amendment which the Secretary read a little while ago has never been adopted by the Finance Committee.

Mr. PENROSE. It has been discussed by the committee.

Mr. SIMMONS. No; it is not the amendment offered by the Finance Committee and incorporated in the bill as reported back to the Senate by the Finance Committee. It is an amendment which was adopted by the majority members of the Finance Committee in the session where the famous compromise was reached. Neither the Senator from New Mexico nor myself was present to hear the reasons for the change made at that time. Has there been any explanation upon the floor of the Senate as to the reason why the change was made?

Mr. PENROSE. In fairness, I must concede that to the extent of a change in the form of the amendment, the Senator from North Carolina is correct. The amendment printed in the copy of the bill which I have before me is the committee amendment, but it is true that it has been modified and the modified suggestion by the majority of the committee is now pending.

Mr. SIMMONS. The modified amendment comes to the Senate merely as an amendment offered by an individual Senator.

Mr. PENROSE. In that respect, the Senator is correct, but I still maintain that it has been fully explained.

Mr. SIMMONS. I have nothing to say about that.

Mr. PENROSE. There are reasons why it may be that every Senator did not understand the explanation which I shall not go into now.

Mr. REED. Mr. President, I have no desire to prolong this discussion if those who understand the proposition as it is now do not wish to explain it, but I say frankly that I gave the bill such attention as I was able to give it under somewhat trying circumstances, for which the committee were not responsible, and I do not know now what this particular amendment will do.

Mr. MCCUMBER. Will the Senator from Missouri allow me to try again to explain it?

Mr. REED. Certainly.

Mr. MCCUMBER. This amendment relates to the exchange of property. The law is general as to the exchange of property. If a man exchanges a farm which is worth $5,000 for another farm which is worth $5,000, he has neither lost nor gained; but if a man exchanges a farm that is worth $5,000 for another farm which is worth $6,000, he has made a gain of $1,000, if that is the realizable market value of the exchange. However, suppose one corporation exchanges its stock for the stock of another corporation under a merger, so that there is to be an exchange of stock in corporation A for stock in corporation B. Under the law as it was first proposed to be amended by the committee, in the merger there would have to be substantially all of the stock of corporation A turned over, and the question often arises what is substantially all of the stock. That left the question somewhat difficult; but, as a matter of fact, the directors or those representing the majority of the stock in corporation A have a right to control the corporation, and therefore can vote for a merger with merely the controlling stock. If stock in corporation B is obtained by a holder of stock of corporation A, even though every share of stock of corporation A was not represented, he would still have the right to hold that it was an exchange of the property, stock for stock. That is all there is in this proposed amendment. It is a question of whether that has been a profit. It is often in such reorganizations impossible to get hold of every dollar's worth of stock; the stock may be scattered around; some one having such a small portion which is so valueless that he neither assigns it nor does anything else with it except to hold it. It would be improper, it seems to me, in an exchange to say that the reorganization could not be recognized for the purpose of a trade unless all of the stock or even what one might say was substantially all of the stock was voted.

A majority of the committee believed, on a further reconsideration of the matter, that it was better, inasmuch as the corporation A could reorganize and could take the stock of corporation B, that upon the exchange of the stock as represented by the reorganization, effectuated through a majority of the stock, if the property were of the same value, of course there should be no question of gain or loss. The only question is whether in the transfer or trade the law will recognize the controlling stock in bringing about the reorganization.

Mr. MCKELLAR. Mr. President, may I ask the Senator from North Dakota a question?

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Tennessee?

Mr. MCCUMBER. I yield.

Mr. MCKELLAR. In other words, as I understand, if one corporation buys the majority of the stock of another and reorganizes it by consolidation then no tax is to be imposed?

Mr. MCCUMBER. If the stock which is received from corporation B by the stockholder represents exactly the same value as his stock which was held in corporation A, and which stock was taken in lieu of the stock in corporation A, then there would be no tax imposed.

Mr. MCKELLAR. Is there any such limitation in this proposed act? Would not this provision, with the amendment suggested by the Senator, cover any transfer of the majority of the stock of any corporation to another corporation for the purpose of consolidation? Would the stock have to be of equal value, as the Senator now suggests?

Mr. MCCUMBER. The only question here, if the Senator will again pardon me, which I tried to make clear, is not the question of the taxation; that is determined by whether there is a gain or loss; but what will be recognized is the reorganization to effectuate the exchange of all stock. A company can reorganize and can allow itself to become a part of another corporation by vote of the controlling stock; and under the law as it is without this amendment it must have at least substantially all of the stock instead of simply a control of the stock in order to effect a reorganization.

Mr. JONES of New Mexico. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico desire the floor in his own right?

Mr. JONES of New Mexico. Yes.

The PRESIDENT pro tempore. The Senator from New Mexico is recognized.

Mr. JONES of New Mexico. Mr. President, I think there is a great deal more in this matter than the explanation made by the Senator from North Dakota would indicate. The present law is quite different and was framed to cover quite a different situation. I desire to call attention to the provisions of the present law which this bill seeks to change, and then to suggest some reasons for making the change. Section 202 of the present law does provide for the reorganization of corporations. It reads as follows:

When in the case of any such reorganization, merger, or consolidation the aggregate par or face value of the new stock or securities received is in excess of the aggregate par or face value of the stock or securities exchanged, a like amount in par or face value of the new stock or securities received shall be treated as taking the place of the stock or securities exchanged, and the amount of the excess in par or face value shall be treated as a gain to the extent that the fair market value of the new stock or securities is greater than the cost (or if acquired prior to March 1, 1913, the fair market value as of that date) of the stock or securities exchanged.

That provision was framed upon the idea that there was merely a swapping of shares of stock of a definite par value, and that it would really amount only to an exchange of shares of stock of a definite par value, each being equal to the other in par value. The amendment proposed by the committee goes much further than that, as, indeed, the House bill goes much further. It provides that no loss or gain shall be considered whenever there is an exchange of securities without reference to their par value and, in fact, without reference to any value at all; it simply contemplates an exchange of securities. This particular provision ought to be designated a law for the purpose of pumping water into securities, for that is what it amounts to.

Mr. PENROSE. Mr. President, will the Senator permit an inquiry?

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Pennsylvania?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. PENROSE. I think the Senator, as a man of wide experience, will concede that there is an object to be reached here that may be occasionally laudable; I think it is quite often laudable. The Senator, I know, has a very comprehensive knowledge of this phase of the measure, and I should be glad if he would suggest an amendment to safeguard any of the stockholders in a corporation or any interest which, perchance, may be neglected. The committee will very cheerfully consider any amendment the Senator may have in mind, even to the point of permitting the matter to go over until the Senator may consider that phase of the question.

Mr. JONES of New Mexico. I will say to the Senator that the only remedy which I can suggest is that the amendment now offered by the committee be withdrawn. I say "the amendment offered by the committee." I may be in error about that; I do not understand that it is a committee amendment.

Mr. PENROSE. No; the amendment was offered at the last moment by the majority of the committee; and a majority deemed the amendment a good one, or they would not have sponsored it. If the Senator desires an opportunity to consider it further—it has not been before the Senate so long as other portions of the bill—I will very cheerfully ask that it may go over until a little later, so that the Senator may have an opportunity to consult the experts and deliberate on it.

Mr. JONES of New Mexico. Of course, if the Senator from Pennsylvania desires that the matter go over, I have no objection at all, but for my own purposes I do not feel disposed to ask that it go over. I think I understand it well enough now.

Mr. PENROSE. I do not ask to have it go over. If the Senate does not choose to sustain it, the bill, in my opinion, will merely be receiving an injury such as it has been receiving on account of absenteeism and other causes, such as failure to understand the proposition, and we will have to go along as best we may.

Mr. JONES of New Mexico. I think if the Senator will listen to me a little further that he himself may feel like withdrawing the amendment.

Mr. PENROSE. I do not think so, but I will be glad to listen to the Senator.

Mr. JONES of New Mexico. I am sure the Senator does not think so now, but here is the effect of the amendment: Suppose that there were two individuals, each of whom owned a majority of the stock of separate corporations. Suppose, for instance, that there are two steel manufacturing concerns, and I own a majority of stock in one and the Senator to my right, the Senator from Rhode Island [Mr. GERRY], owns a majority of stock in another. We propose to consolidate the management of those two concerns. We have a right under this provision to organize a new corporation, and I put in my stock for any number of shares which I may see fit to have issued for them and a like number of shares are assigned, of course, to the Senator from Rhode Island, who owns a majority of the stock in another concern. It is a specific plan, adapted primarily to permit the consolidation of the control of corporations and putting water into their capitalization. If it means anything, that is just what it means. You can organize a holding company for the purpose of taking over a majority of the stock—not the property, as suggested by the Senator from North Dakota, simply because they can not get in a few outstanding shares of stock, because we all know that in order to transfer the property you have to get the consent of all the shareholders in the case of the ordinary corporation; so it is not for the purpose of transferring the property at all. It is simply for the purpose of transferring the control of the stock of the corporation, and it is intended primarily to permit that kind of thing to be done under this sanction of law, and that there shall be no gain or loss considered in the transaction.

If I am able to understand this amendment, that is just what it means. It means, as I say, that you organize a holding company and then every person who owns a majority of the stock of another concern can put into the new holding company simply his majority of that stock, and then the holding company issues stock in any amount in payment for the majority stock of these various subsidiary corporations. It simply means, as I said in the first place, a very convenient device for the purpose of pumping water into the capitalization of corporations, and that is the purpose for which it would be used.

It strikes me that there is no reason for this amendment providing for a majority of the stock.

Mr. HITCHCOCK. Mr. President, can the Senator explain so that Senators can understand it what the present law is on the subject, and what the difficulty is that this amendment is supposed to be aimed at?

Mr. JONES of New Mexico. I read the present law just a few moments ago. Perhaps the Senator was not in the Chamber when I read it. The present law provides that there may be an exchange of the stock of one corporation for the stock of another upon the same par or face value without the exchange being considered as a matter of gain or loss in the transaction.

Bear in mind, it must be an exchange of par for par. That is the present law. Now they seek to take away from it the idea of par for par and all of the stock of the corporation, which would really be a mere organization, and say by this amendment that if you have a majority of the stock of a corporation you can organize a new corporation and put that majority into it, and issue securities or shares of stock of the new corporation in any amount in which the parties may see fit to issue it.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, I wish to ask him if this is not true: If they get merely a majority of the stock in exchange, may not the minority of the stock represent the gains resulting from this reorganization and the gains which would otherwise be taxed, thereby enabling them, through this process, to escape taxation?

Mr. JONES of New Mexico. I do not quite catch the point which the Senator has suggested.

Mr. SIMMONS. The point is this, Mr. President—the Senator has evidently studied this matter more than I have, and I am simply asking him this question:

Here is a proposition to exchange property for property, to exchange stock in one corporation for stock in another corporation, brought about by a process of reorganization, it may be, of two corporations. If that exchange results in merely giving value for value, no tax is due the Government as a result of the exchange; but if, in that exchange, there is a gain to either party of the transaction, that gain is subject to tax, is it not?

Mr. JONES of New Mexico. Of course.

Mr. SIMMONS. Here is this definition of a reorganization which would be treated as a mere exchange. That is the proposition—a reorganization which is a mere exchange. There is neither profit nor loss; but in this scheme, by reason of the definition which they give to "reorganization," it seems to me they leave a loophole for a gain in this process of exchange which would escape taxation. Now it is said that in the reorganization, if the stockholder of the old corporation acquires the majority of the voting stock in the new corporation and a majority of the other classes of stock, that shall be treated as a mere exchange; no taxable gain results.

Is it not apparent, however, that if he gets merely a majority of the stock, the corporation may issue stock of a very large amount in the reorganization scheme, and the minority stock, which may be acquired by an outsider, will be the profits

that will result from that reorganization scheme, and, as profits, would escape taxation?

I still do not know whether I make myself clear.

Mr. JONES of New Mexico. I can see how the Senator may be right about it.

Mr. SIMMONS. If the Senator will pardon me a minute to make it clearer, in the amendment as it was originally reported by the committee this was the definition of "reorganization," which meant nothing more than a mere exchange of stock. That is the purpose of this reorganization. It is a reorganization which means nothing more than a mere exchange of stock. When they defined "reorganization" in the amendment originally submitted by the committee, they defined it in this way:

The word "reorganization," as used in this paragraph, includes a merger or consolidation (including the acquisition by one corporation of substantially all the stock or substantially all the properties of another corporation).

The new amendment which it is proposed to insert reads in this way:

The word "reorganization," as used in this paragraph, includes a merger or consolidation (including the acquisition by one corporation of at least a majority of the voting stock—

Not substantially all, but a majority of the voting stock—

and at least a majority of the total number of shares of all other classes of stock—

Not practically all, or substantially all, as in the original amendment offered by the committee, but merely—

a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation, or of substantially all the properties of another corporation).

That is in the disjunctive, "or of substantially all the properties"; but when it comes to the stock, it is only necessary under this amendment that the acquisition by one corporation shall be of practically one-half, while in the original amendment it was necessary for the corporation to acquire substantially all.

The point I am making is that that change in the amendment leaves out of consideration altogether, in connection with this reorganization scheme which is merely to be an exchange, the minority stock; and if that is left out, could not that be sold in the reorganization scheme to outsiders, and that money covered into the corporation as part of the property of the man who owned one-half of the voting stock? In that way, as a result of this reorganization scheme, instead of merely an exchange, the corporation would obtain something of real value, for which it ought to account to the Government as gains.

Mr. JONES of New Mexico. Mr. President, I think that result might follow under the next paragraph of the bill, which provides that these people transferring their stock to the new corporation are not necessarily required to obtain more than 80 per cent of the stock of the new corporation in exchange where they transfer the property for the stock of the new corporation. I really believe, however, that the vice of this amendment arises from the fact that it especially authorizes and warrants the organization of holding companies and the increase of their capital stock, perhaps at the expense of a minority of the stockholders of these corporations.

Under the present law they have to transfer all of the stock, and under the bill as presented by the committee they have to get substantially all of it; but this would enable them to organize a holding concern by obtaining a bare majority of the stock, and leave the minority stockholders out in the cold.

Mr. McCUMBER. Mr. President, will the Senator yield to me right there?

Mr. JONES of New Mexico. I yield.

Mr. McCUMBER. I want the Senator's explanation. He says that this law allows the majority stockholders of a corporation to make the exchange. The corporation has that right, anyway, has it not? The holders of a majority of the stock can always reorganize, can they not, without reference to this law at all? Under the present law, under any law, the holders of a majority of the stock represented in any meeting can reorganize, even though the minority opposes it.

Mr. JONES of New Mexico. No; I can not accept the Senator's premise. What he has stated is not permissible under the laws of one State that I know about. I do not know what the law of other States may be, but you can not even increase your stock in New Mexico without the consent of at least two-thirds of the stockholders, and you can not dispose of all of the assets of the corporation unless you treat all of the stock alike.

Mr. McCUMBER. Of course, there may be different laws in the different States, but I assume the general rule is that the holders of a majority of stock in a corporation can reorganize for any purpose. They may reorganize and then change their name. They may take in other property and issue additional stock for that property. We are not seeking to change the law. I ask the Senator just to bear in mind that the only thing this amendment does is to recognize the general rule that the holders of a majority of the stock represented in the corporation can reorganize. If I have stock in Corporation A, whether it is majority or minority, and Corporation A reorganizes, even though substantially all of the stock is not recognized, and I receive new stock in place of it in a corporation which is named B, which is substantially the same corporation, and if I have substantially the same property, there has been no gain or loss. I call the Senator's attention to the fact that the whole purpose of the amendment and all it does is shown by the language. It reads:

The word "reorganization," as used in this paragraph, includes a merger or consolidation (including the acquisition by one corporation of at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation).

The majority stock referred to means the majority stock in the other corporation which is obtained. It does not mean necessarily what is done by the majority of the stockholders in the corporation which is making the exchange, or reorganizing as a new corporation. It seems to me that the only question being to define what reorganization is, we can settle what the tax shall be when we come to the taxing provision. I agree with the Senator that if there is a profit made, of course they should pay on whatever that profit may be in the exchange.

Mr. JONES of New Mexico. The trouble with the statement of the Senator from North Dakota is, I think, that his statement does not go far enough. The word "reorganization," as defined by this amendment, does not mean reorganization at all. It means something besides reorganization. It means the organization of a holding company which shall acquire only a majority of the stock of subsidiary corporations. We have had plenty of illustrations of just this sort of thing in the business world. We all know about them. As I said a while ago, it simply means that people owning only a majority of the stock may, under this provision, transfer that majority to a new corporation, get two or three times the number of shares in exchange for it, and those shares in the aggregate will become at once worth more on the market than the original shares. That has occurred time and again.

Mr. WATSON of Indiana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Indiana?

Mr. JONES of New Mexico. Gladly.

Mr. WATSON of Indiana. I think the all-sufficient answer to that is simply this proposition: If the Senator owns $100,000 worth of stock in one corporation, and under the provisions of this amendment he transfers those shares of stock to another corporation and receives shares of stock of the new corporation to the value of $1,000,000, he will carry that $1,000,000 worth of stock at the value of the $100,000 worth of stock. He must carry it at that old value until he sells it, and when he sells it he accounts by way of taxation for the gain which he makes. That is all that this amendment provides. It is purely a paper affair. It is the exchange of the stock of different corporations for business purposes; and at a time when so much reorganization is going on in the business world, it is thought by all those interested in the upbuilding of the industries of the country at this time that this is a very helpful provision.

I call the Senator's attention to the further fact that it prevents the registration of losses quite as much as the registration of gains, and at this time, when many of these transfers are being made, losses will occur more frequently than gains. Therefore, on the whole, this seems to be amply safeguarded, for if the Senator will read the language on page 13 in this very section, on the subject of gains and losses, he will see it is provided that—

Where property is exchanged for other property and no gain or loss is recognized under the provisions of subdivision (c), the property received shall, for the purposes of this section—

That is, for the purposes of ascertaining either gain or loss—

be treated as taking the place of the property exchanged therefor.

That is all there is to this whole proposition. Therefore, the holder could not, by exchanging his $100,000 worth of stock in one corporation for $1,000,000 worth of stock in another corporation, acquire a greater value in that corporation than his $100,000 represented; nor can he sell his $1,000,000 worth of stock of the new corporation for more than the value of the $100,000 of the stock of the old corporation without accounting for it for taxation purposes whenever he sells it.

Mr. JONES of New Mexico. Mr. President, I am glad we have now had an explanation of the reason why this provision was brought in.

Mr. PENROSE. I would like to ask the Senator from Indiana to supplement that, if the Senator from New Mexico will permit

me. Does not the point referred to by the Senator from Indiana, about holding the stock at $100,000, correct an abuse which the present law permits?

Mr. WATSON of Indiana. That is my understanding of it.

Mr. PENROSE. It is to correct an abuse on the public.

Mr. JONES of New Mexico. I would like to know what abuse it corrects.

Mr. SMOOT. Mr. President, may I suggest to the Senator from New Mexico that he read paragraph (e), on page 14 of this bill. The object of the amendment being discussed is to remove a misunderstanding which has occurred in the enforcement of the existing law, and there is no question in my mind but what the amendment will bring more revenue to the Government of the United States, by preventing colorable losses from wash sales, than anything there is in this bill, and the question of a holding company has nothing whatever to do with it, in my mind. I am simply giving the Senator my idea.

The substance of this is in paragraph (e), page 14, and it is amply protected in every way by paragraph (d), which has just been read by the Senator from Indiana. If the Senator will read it in that way—that is, beginning on page 14 with (e), and then read the amendments we are now discussing, and take them into consideration along with paragraph (d)—I think myself he will conclude that it is very much better than existing law.

Mr. SIMMONS. Mr. President, I must confess that the amendment now offered by the Senator from Pennsylvania, not the committee amendment, has gotten me into a state of some confusion. I wish to ask the Senator from Utah, who probably has studied this more thoroughly than I have, because he was present at the hearings when the substitute amendment was adopted and I was not, if he regards the change made in the Senate committee amendment, by substituting the words "a majority of the voting stock" for "substantially all the stock," as a material and necessary change?

Mr. SMOOT. I do. I think it is necessary and advisable.

Mr. SIMMONS. What does the Senator think is accomplished by that change?

Mr. SMOOT. This is nothing more nor less than a paper transaction. Under existing law no tax is imposed in any way upon the gains on stock until it is sold. This provides simply for a paper transfer. But when a sale is made, I care not when, every dollar of increase is taxable under this provision. We provide in the amendment how that can be done. There can be no evasion under it.

Mr. SIMMONS. What is the purpose of saying that a merger or a consolidation shall depend upon the acquisition of half of the stock instead of the acquisition of practically all the stock in a concern?

Mr. WATSON of Indiana. If the Senator from Utah will permit me——

Mr. SMOOT. I yield to the Senator.

Mr. SIMMONS. I have not yet seen why the members of the committee wanted to enlarge the original amendment.

Mr. WATSON of Indiana. Only because with these large country-wide corporations, in which there are thousands of stockholders, it is a physical impossibility to get all the stock represented. For instance, there was a transfer made where there were 230,000 stockholders. It was physically impossible to reach all those. Therefore, if these reorganizations are to be made, they must be made by at least a fair majority of the stockholders. That certainly ought to be sufficient.

Mr. SMOOT. Mr. President, in many cases fictitious exchanges are made to avoid the tax imposed in the existing law. When the time comes for paying their taxes under the present law it is not known really what to tax, but under this provision the question is clarified.

Mr. HITCHCOCK. Mr. President, is not that just the weakness of this amendment? I have not been quite able to make up my mind about it. This is like all these other amendments; it might just as well be written in Greek, as far as I am concerned. Now, I understand the Senator to say that in case a man makes an exchange of stock which results in giving him, perhaps, a stock of much greater dividend value, and therefore of much greater value, an exchange which results in a gain to him for that year, no tax is to be levied upon it at that time, and no tax is to be levied until he sells that stock, and then, if he sells it at a higher price than his original stock was worth, he is to be taxed upon the gain that is made.

Mr. SMOOT. That is exactly the same as existing law. There is no change at all in that, and that is the policy of taxation. This is simply a transfer of title, a man receiving another title that is supposed to be of equal value. In other words, the Senator may exchange his certificate of stock in one company, where there is a merger with another, and get the same number of shares exactly; or, if there is a different value between the two companies, his company being more valuable than the other, he may get two shares for one. But there is no difference in the value of his property under such an exchange as that, because the present value of each of the properties is taken into consideration at the time the merger is made, and when the merger is made his property represents no more than it did before the merger was made. It is not likely he is going to receive any more profit upon it. But if he later sells it, then, of course, he has to pay the tax upon whatever profit there may be. There may be no profit; there may be a loss, and in that case he is allowed, under the law, to deduct the losses which occur, just the same as under existing law.

Mr. HITCHCOCK. Do I understand the Senator to say that at the present time if a man exchanges one lot of real estate for another lot, he is not taxed upon the amount of the profit he may make in that transfer?

Mr. SMOOT. Oh, yes; that is a sale, and if there is a profit he is taxed upon it; but in a merger he is supposed to receive just exactly what he gives.

Mr. HITCHCOCK. I am not talking about suppositions. Suppose that instead of exchanging real estate he exchanges stock; under the present law is no attempt made to tax the gain which he may make by that transaction?

Mr. SMOOT. This is quite a different proposition. If a man sells real estate, the title of the real estate is out of his hands and he receives another piece of real estate, and he has a new title for another piece of property, and of course if there is any gain he is bound to pay a tax. But in a merger the same property which the man held he still has an interest in, and that is all there is to it. It is not a sale.

Mr. REED. Mr. President——

Mr. SMOOT. He not only has an interest in that property but in the property it is merged with.

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Missouri?

Mr. JONES of New Mexico. I yield to the Senator from Missouri.

Mr. REED. The Senator from Utah said that when a man trades one piece of real estate for another the title goes out of him for the piece he owns and the new title comes to him for the piece he acquires, and that being a completed transaction the profits, if any there are, can be ascertained; but that if a man owns stock in a company which has merged with another he simply exchanges stock for stock and acquires nothing new. The Senator did not mean to leave the statement that way——

Mr. SMOOT. I qualified it.

Mr. REED. Because, of course, when Corporation A is consolidated with Corporation B the shareholder in Corporation A acquiring the consolidated stock has acquired something new; he has acquired an interest in the property of the other corporation.

Mr. SMOOT. Yes; and he has given away a part of his interest in the company that he originally owned.

Mr. REED. Certainly. He has done in principle just exactly what the man has done in the real estate transaction.

Mr. SMOOT. In paragraph (d) it is provided for and protected in every way.

Mr. REED. Just to follow that a moment, the Senator's statement, which I am speaking of to get straight and not by way of criticism, would be correct if Corporation A concluded to reorganize itself, to create perhaps a larger stock and change its form, and therefore Corporation B is organized and takes over the assets of Corporation A, and nothing else, unless it is new money put in on an exact parity with that already invested. In that case there would be an exchange of stock in one corporation for substantially the same stock in another. But that is not what this amendment is intended to deal with at all.

Mr. JONES of New Mexico. The Senator is quite right in his statement that the amendment is not intended to deal with that sort of a situation. The present law deals with that sort of a situation and is a very simple and plain law upon the subject. Perhaps I should have read the preceding paragraph of the present law, the one preceding the paragraph which I did read, which shows that the present law contemplates just such a situation as the Senator from Utah has stated, and nothing more. I will read that paragraph. It will be found on page 4 of the present law, if any Senator happens to have the present law before him:

> When property is exchanged for other property, the property received in exchange shall for the purpose of determining gain or loss be treated as the equivalent of cash to the amount of its fair market value, if any; but when in connection with the reorganization, merger, or consolidation of a company a person receives in place of stock or securities owned by him—

Bear in mind that that means in connection with the reorganization, merger, or consolidation of a corporation. That is where the whole thing is taken over by the new concern. If in such case—

a person receives in place of stock or securities owned by him new stock or securities of no greater aggregate par or face value, no gain or loss shall be deemed to occur from the exchange.

While the amendment refers to what is called a reorganization, when we come to the definition of the word as stated in the bill itself we find it does not necessarily mean a reorganization, it does not necessarily mean a merger or a consolidation, but what it does mean is that persons controlling a majority of the stock may meet and organize a new concern which will own nothing but a majority of the stock, and in payment for that majority of the stock issue the stock of the new concern in any amount which they may choose.

Mr. REED. Free from tax.

Mr. JONES of New Mexico. Yes; free from tax. I will state the effect of it, and I can not illustrate it any better than in the organization of the United States Steel Corporation today. When that concern was organized it did not take over the property of the various other steel concerns. I think in most cases it took over practically all the stock, but under this arrangement it would not need to do that. It could simply take over a majority of the stock, control the stock, freeze out the minority stockholders, control the new aggregation and issue new stock in an unlimited amount in payment for the stocks of the subsidiary corporations, and pay no tax on it, although the next day the market value might be very much greater than the market value of the aggregate securities of the subsidiary corporations.

Mr. REED. Mr. President, will the Senator let me give him an illustration?

Mr. JONES of New Mexico. I should be glad to have the Senator do so.

Mr. REED. The Rock Island Railroad scandal is a good illustration. There were two or three railroad companies. The majority of their stock or a control of the stock was acquired and put into a holding company and it issued its stock. Then a majority of the stock in the holding company was acquired and issued by the holding company for the holding company. Then the majority of the stock in the holding company for the holding company was acquired, and it repeated the operation. My recollection may be a little in error, as I have not looked it up for some time, but I think that process was gone through with five times. In the end a majority of a majority of a majority of a majority controlled the companies which were the only companies earning any money or having a dollar of honest investment. The result was that that great system of railroads was placed in a very distressful condition for a considerable period of time.

I would like to know how the kind of scheme which I have thus outlined would be taxed under this amendment?

Mr. JONES of New Mexico. I will state to the Senator that it can not be taxed at all. We all recall the incident to which the Senator from Missouri has just referred. As he has very properly characterized it, it was one of the financial scandals of our country a few years ago. This amendment is intended to permit that sort of thing being done without reference to the value of the properties exchanged at all.

The bill as reported by the committee in the first place was a bill just such as the senior Senator from Utah outlined, a bill just such as the Senator from Indiana [Mr. WATSON] outlined, where you turn over your properties, or practically all of the stock of the corporation, and simply take in exchange the shares of stock of another. That is an innocent transaction.

The committee action, in the first place, I do not think was objectionable, but when they come in now with another amendment, which is not a committee amendment, but is proposed here, as stated, by a majority of the majority of the committee——

Mr. KING. By the "bloc."

Mr. JONES of New Mexico. It may be called the "bloc." I think the "bloc" was referred to yesterday and it was suggested by the Senator from North Dakota that the Senator from Wisconsin [Mr. LENROOT] ought to be called on to explain this amendment, because he thought it might have come from the "bloc." But it is immaterial where it came from; it is the effect of it that I am considering.

This is not a reorganization or a merger at all. It simply permits the few people who own a majority of the stock, by a freezing-out process, to organize a holding concern, and then the few people who may own the majority of that holding concern to then organize and consolidate with somebody else, and this is to be permitted to be done without inquiring into the value of the stocks exchanged for the purpose of taxation.

Mr. REED. The original stockholder would be as helpless as the Senate finds itself when a majority of the committee meets and permits a "bloc" outside of the committee, which represents a minority of the Senate, to control the majority of the committee and thus undertake to control the whole Senate. We have the transaction illustrated in the method pursued in bringing in this amendment.

Mr. JONES of New Mexico. I prefer to make my illustration in shares of stock rather than in Senators.

Mr. KING. Mr. President, may I interrupt the Senator?

Mr. JONES of New Mexico. I gladly yield to the Senator from Utah.

Mr. KING. I confess to some embarrassment in even attempting to make an inquiry respecting this apparently intricate proposition. But are we not inclined to confuse this proposition with the wrongs which have been done and may be done by corporations in affecting mergers to the disadvantage of minority stockholders? Are we not inclined or liable to confuse this question with the mere question of income tax?

As I understand, the matter under discussion relates to the income tax of individuals. It does not relate to corporate taxes or corporation profits or corporation wrongs or corporation virtues. The question is, If I own stock in a corporation and that corporation is merged with another and I take stock in the merged or partly merged corporation, have I any gain as a result of that transaction for which I should pay an income tax? How am I to determine the gain? Stocks fluctuate.

Suppose the transaction has been consummated and I have received stock in the merged or partly merged company. It may have a fictitious value for a short period following. Then there may be a subsidence to a much lower level. How, in the administration of the law, if the views of the Senator shall prevail—and I am not combating them, but only seeking information—are we to so apply it as to do no injustice to the Government or to the taxpayer? If returns should be required upon the day following the merger, the fictitious value might be very great, far above the level of the true value of the stock, thus resulting in the demand for a heavy tax to be paid by the holder. It is possible that the merger may have eventuated in a decline in the market value of the stocks, so that the owner would have sustained a loss, which would have to be deducted from gains in some other transaction. It occurs to me that in the administration of the law, if it assumes this form, there will be found serious difficulties. Of course, that would not be sufficient reason to adopt a different policy if there were other good and sufficient reasons therefor.

Is not the only other way—and I am asking for information and not by way of expressing an opinion—to treat the transaction just as if there has been no merger, just the same as if the owner's holdings in the merged companies were the same as his holdings in the other company, and if there are any increased dividends in the merged companies then tax him upon the increased income by reason of such augmented dividends?

If the result of the merger is that his dividends are less than they were the year before, then, of course, his taxes are less; in other words, because of the fluctuating, fictitious value that always results from such mergers, how is the Government going to reach it in a rational, intelligent, just way both to the Government and to the taxpayer, other than by waiting until the dividends are declared?

Mr. JONES of New Mexico. Mr. President, the analytical mind of the Senator from Utah, I am sure, has a very comprehensive grasp of this subject, but I should like to call his attention to the fact that his argument, I am sure, would carry us very much further than he would be willing to go. If the principle laid down by the Senator is to be accepted as governing all transactions, it would amount to this: That wherever there may be an exchange of property no account should be taken of the value of the property so exchanged. This provision of the proposed law would not give to an individual stockholder owning 100 or 200 shares of stock the right to exchange those shares for 100 or 200 shares of the stock of another corporation without taking into consideration the actual cash value of the stocks, respectively. The bill does not go that far, but it seeks to single out and give a special privilege to those who control a majority of the stock of a corporation.

If it is desired to reorganize a corporation and simply to issue shares of stock of the reorganized corporation, which was, perhaps, reorganized with a new name and with a new capitalization, and was a mere transfer on paper of the interests repre-

sented by the property, the Senator is quite right in assuming that there is no use to take that into consideration, and it would not be advisable to do that; but this provision does not propose to go to the extent of affecting all exchanges of property. It singles out the properties where there is a majority control of the stock of a given corporation, which stock may be swapped for the stock of any other corporation, no matter what it is, and not have to make any accounting as to the loss or gain in the transaction.

Mr. McCUMBER. Mr. President——

Mr. JONES of New Mexico. Just a moment, please. The stock of the new concern may be worth very much more, or, as the Senator suggested, it may be worth less. But that is perhaps the least vice of the proposition when considered from the standpoint of wholesome legislation that takes care of the tax feature of the matter. By so doing, however, we simply enable the people controlling the majority of the stock to trade it as they see fit without giving the same right to the minority stockholders. If they want to exchange their stock later on they would not have that right, but it would enable those in control of the majority of the stock to treat the minority stockholders as corporations sometimes do treat minority stockholders.

Mr. McCUMBER. Now, Mr. President——

Mr. JONES of New Mexico. I yield to the Senator from North Dakota.

Mr. McCUMBER. I think the Senator from New Mexico has made this proposition far more complex than it really is. Let us see if we can not simplify it by a concrete illustration which I think is pertinent.

We will say that one corporation owns 160 acres of land worth $100 an acre, or a total of $16,000. Another corporation owns 100 acres of land worth exactly the same amount per acre; that is, $100 an acre, or a total of $10,000. Another corporation owns 40 acres of land worth $100 an acre, or a total of $4,000. The interests of the three corporations amount in the aggregate to $30,000. Now, the corporations unite and put all of their stock into a new corporation, issuing $30,000 worth of stock to the owners of the land in the proportion of 16, 10, and 4. The Senator from New Mexico would not say that they had either gained or lost by that transaction; they would have exactly the same interest which they previously had; and the Senator would not allow the Treasury Department to say to those stockholders, "You have made a gain even though you have not sold a single acre of the land."

Now, let us carry the illustration a step further and say that the stockholders of the corporation owning the 40 acres will not come into the consolidation, but the other two corporations purchase 51 per cent of the stock of the corporation which owns the 40 acres. Then they have fifty-one one-hundredths of the stock of the corporation owning the 40 acres; that is their interest in that 40 acres of land. All this amendment does is to apply the same rule to those who have purchased that stock, so that they shall not be held to have gained or lost by the issuance of the new stock, because the new stock, even though it represents only fifty-one one-hundredths of the 40 acres, nevertheless exactly measures what they have received, and there is no gain and no loss in the transaction.

Now, let me put a question to the Senator.

Mr. JONES of New Mexico. Before the Senator from North Dakota does that, I should like to ask him a question.

Mr. McCUMBER. Very well.

Mr. JONES of New Mexico. What would be the inducement to the two corporations just referred to by the Senator in his illustration to buy 51 per cent of the stock of the other corporation? Why would they want it?

Mr. McCUMBER. The reason for their action might be that they could operate the three farms together to better advantage; they might think it would be more profitable; but the very fact that they thought that it might be more profitable to do so would not of itself increase the value of the stock. Its real value is increased only when the stockholders are able to sell the new stock for a sum greater than the old stock was worth. If they are able to sell it, and the sale is made, then they pay a tax upon their profits.

Let me carry the illustration a step further, as I was going to do. Suppose the Senator from New Mexico 20 years ago purchased a piece of land for $10,000, and there was another piece of land next to his 20 years ago also worth $10,000. His land has increased in value to $20,000, and so has the other piece of land increased in value to $20,000. He trades one piece of land for the other piece of land. If he does not trade the one piece of land for the other he may not be taxed because the land has become more valuable. Should he therefore be taxed because he trades one piece of land which is worth $20,000 for another piece of land which is worth $20,000?

Under the present law we can do that. We can say to him, "Ten, fifteen, or twenty years ago you only paid $10,000 for that land, whereas you have traded it to-day for a piece of land worth $20,000, although you traded a $20,000 piece of land for another $20,000 piece of land." I do not think the Senator would insist that he should pay a tax on such a transaction.

Mr. JONES of New Mexico. Mr. President, the Senator multiplies his illustration so that it is somewhat difficult to keep in mind all of them, but let us get back to the first illustration which he gave, where there are three corporations owning three adjoining farms, and the owners of two of those farms think that if they get hold of all three of the farms they would have a more profitable investment. Those controlling two of the corporations are willing to enter into a consolidation, but there is the third farm, which might go into the truck business or some other kind of business in competition with the owners of the first two farms, and so the owners of the two farms say "we want that other farm." They are not able, however, to get all of the stockholders of the corporation which owns the third farm to agree to a consolidation, and so they go out and acquire 51 per cent of its stock. There was some advantage in that transaction or there was not. If there was an advantage in the transaction, if the transaction itself involved any increase in the value of the stock, then it seems to me a tax ought to be paid. But it goes further than that—and it is this point which I wish to emphasize—I do not believe that we ought to encourage that kind of a transaction.

Mr. HITCHCOCK. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. I think the Senator from North Dakota has been quite resourceful and ingenious in presenting a case which is not likely to happen. Such consolidations do not occur where men seek to unite real estate; they are brought about in commercial operations in order to get rid of competition. Now, let me present a case to the Senator from New Mexico. Suppose in a city there are three hotels in competition with each other; the capital stock of each amounts to $500,000, but their competition with each other is such that the $500,000 of stock is worth only $300,000; that is, they are only making $30,000 apiece, and their stock, therefore, being on a 10 per cent basis, say, is only worth $300,000. They unite in one corporation.

The owners of the $500,000 of stock in each of the corporations put their shares in at $300,000 and take stock in a $900,000 corporation. By the consolidation they wipe out competition; they are able to raise their rates so that instead of making a profit of $30,000 each, as they formerly did, making a total of $90,000, they are able to make a total profit of $300,000, as would be quite possible. That transaction, that trade of stock, has resulted in immediate profit to those participating in it; and yet I understand the proposition is not to tax that gain, but to wait until the owners of the stock sell the stock, which may be 1 year or 15 years, before they are required to pay a tax upon it.

Mr. McCUMBER. Mr. President, will the Senator from New Mexico allow me to ask a question of the Senator from Nebraska?

Mr. JONES of New Mexico. I yield for that purpose.

Mr. McCUMBER. How is it to be known that they have made a profit immediately upon the exchange? That is the basis on which it must be figured. It is a question that is to be determined in the future as to whether they have made a profit. Perhaps at the end of a year they will have made a profit, and perhaps at the end of the year they will have sustained a loss. If they sustain a loss, would the Senator say they should deduct that loss in the payment of their taxes?

Mr. HITCHCOCK. Nine-tenths of such commercial transactions are entered into for the purpose of getting rid of detrimental competition. The case I have instanced is not merely a fictitious case, but cases of the kind have actually occurred in towns where hotel ownerships have been consolidated for the purpose of getting rid of unprofitable competition. They have been thereby enabled to raise their rates, and, although they may do no more business in the aggregate than they did previously, by raising their rates they are able to double or treble their profits. That, I repeat, is not an imaginary case, but is one that has occurred frequently, as we know, in the business world; and it seems to me under such circumstances the Government ought to be able to levy a tax upon the gain or profit which the stockholders make on the transfer..

Mr. McCUMBER. Of course, the Government gets a tax out of whatever profits may accrue.

Mr. HITCHCOCK. Yes; by way of income tax from year to year.

Mr. McCUMBER. If there are any profits, the Government, of course, derives revenue; but the question whether the individual shall make a profit depends entirely on future business. The individual does not know at the time he makes the exchange whether it is going to result in a gain or a loss. If he sells and makes a profit, of course, he is taxed upon that profit.

Mr. HITCHCOCK. Mr. President, of course the individual does not know it. Sometimes individuals make mistakes; but should you not leave the administration of the Department of Internal Revenue to find out whether he has made a profit, and tax him on it if he has, and are you not preventing that very thing?

Mr. WATSON of Indiana. Mr. President, how in the world do you propose to find that out?

Mr. HITCHCOCK. If you find that he is now making 20 per cent on his investment, and formerly made 5, it does not take any argument to demonstrate that he has made a profit.

Mr. McCUMBER. But the Senator forgets that if he has made a profit or a loss he makes it when he makes a sale, and you must figure it at that time. That is the time when you are to determine whether or not he made a profit—when he sells.

Mr. HITCHCOCK. But you do not figure your tax on him until the following year. You have plenty of time to find out whether or not he has made a profit. If he has been getting a much greater return, you find that he has increased his principal, and that is profit.

Mr. REED. Mr. President, if the Senator from New Mexico will pardon me——

Mr. JONES of New Mexico. I think I will yield the floor.

Mr. REED. I do not desire to have the Senator yield the floor; but the Senator from North Dakota [Mr. McCUMBER] makes the argument that in the case of a consolidation you can not ascertain the profits that have been made. He says, "How are you going to ascertain the profit?" Well, how are you going to ascertain it in the case of an exchange of real estate between two individuals? They swap even, but one of them made $10,000 in the transaction. The Government ascertains that now. It ascertains it under this bill. If you can do it in that case, you can do it in the other case.

I do not want to take the Senator from New Mexico off his feet. I understand that the Senator had concluded.

Mr. President, I do not think we need to go outside of well-known facts to get to the kernel of this matter. As was well said by the Senator from Nebraska [Mr. HITCHCOCK], we need not deal with real estate transactions. We can take transactions which occur very frequently in the consolidation of great companies, and that is the very kind of company with which this clause proposes to deal; for the excuse offered for changing the language of the present law, which requires substantially all of the stockholders to be participants in the consolidation, to language which requires only a majority of the stock, is that the very great corporations have their stock widely scattered, and hence it can not all be gathered up. So we may as well understand now, when we consider this question, that it is proposed to apply to very large corporations, and to permit their consolidation tax free, although enormous profits may be immediately realized to the corporations by virtue of the consolidation, and thereby the stockholders be immediately benefited.

Let us take an illustration which I do not choose in order to make an appeal to anybody's prejudice or feeling, but an actual illustration, nevertheless—the organization of what is known as the Steel Trust. A large number of independent steel companies existed. They were highly competitive, and, being highly competitive, their profits were moderate. It was desired to wipe out that competition in order that the stockholders of the corporations might be benefited thereby. Accordingly, they proceeded to the organization of one very large company with an enormous capital, and they took in these independent companies, giving them stock in the large company. The actual values going into that concern, as I remember the figures, were probably less than $750,000,000 of property; but they issued stock for approximately two billions of property in one form or another, either by carrying the subsidiary stock or by a direct issue. Whether or not my figures are exactly accurate will make no difference in the illustration. The stockholders in the various companies entering into the consolidation received that new and largely inflated stock issue, an issue far above the physical values of the property which had been put in. That stock was issued to represent the new value which had been added by virtue of the fact that competition had been wiped out. There was no longer any danger of an industrial war or a market war between these companies. They could fix their own prices, control the market, and be certain of having no future losses and of always making a profit.

Did that add to the value of the stock which these individual holders in the small companies had exchanged? Manifestly it did, or the transaction would not have taken place; and it added enormously to that value. It is a well-known fact that this transaction was regarded as so profitable that Andrew Carnegie was paid $100,000,000 more for his property than the valuation he had placed upon it only a short time before, and he took his pay very largely in the securities of the new company. Am I right in regard to its being $100,000,000, or was it a larger sum? I may have my figures very much too low. He took that profit partly in the shape of the bonds which were issued to him in that case and partly in stock; and it is those very bonds which have constituted a large part of the great fortune which he distributed as benefactions of various kinds.

Now, it is proposed that that sort of transaction can take place; that there shall be no ascertainment of the profits made and taxed to these people at the time of the consolidation; that the Government shall wait for its taxes until the various shareholders in these coroporations may have sold their stock and realized a profit; and now how will you discover whether or not they have made a profit? You are at once confronted with the fact that they only exchanged stock for stock, or bonds for bonds, or stock and bonds for stock and bonds; so that if they afterwards sell their new stock, who shall say that the new stock is of any more value to them than the old stock was which they put into the new concern? Manifestly the Government must ascertain that by some process. So that the question raised here that you can not ascertain the profits at the time the transaction takes place confronts you in the same manner when you seek to ascertain the profits at the time the individual stockholder may sell his stock; and there is, therefore, in my humble judgment, nothing whatever in that argument. Indeed, as suggested by the Senator from Nebraska [Mr. HITCHCOCK], it is easier to determine at the time the transaction takes place whether there has been a profit than it is to determine 10 years afterwards whether there was a profit made in the exchange of this stock.

Mr. BROUSSARD. Mr. President, will the Senator yield to me for a question?

Mr. REED. Certainly.

Mr. BROUSSARD. On page 11, I call the attention of the Senator from Missouri to the fact that section (c) says:

> But even if the property received in exchange has a readily realizable market value, no gain or loss shall be recognized.

And then it proceeds to the consideration of the question under discussion.

Mr. REED. Yes.

Mr. BROUSSARD. So that even if there were a gain, the Government would not attempt to collect it.

Mr. McCUMBER. Mr. President, if the Senator will allow me right there, so that we may understand exactly what we are trying to get at, suppose that I have stock in a corporation. That stock is exchanged, by vote of the corporation or a majority of it, by a reorganization, and I receive new stock. If I should sell that stock to-day it might sell, by reason of the reorganization, for several points above what it sold for before; but I have not sold it. I still own it. I do not intend to sell it. I intend to keep it, and I do keep it. Perhaps I could have gotten a profit of 20 points to-day. But can the Government come in and tax me for a profit on a thing on which I have not received a dollar, on the assumption that it is worth more—a mere paper profit—when possibly at the time when I do sell it, perhaps a year from now, as in the case of some stock that the Senator has mentioned, it may have gone down, so that I will have a loss of 20 or 30 points instead of a gain?

Mr. REED. Mr. President, that—and I say it respectfully, of course—is a mere argument upon one possible phase of this matter. Let me proceed from the point I was discussing. I am trying to get at the facts. The fact is, now, that although—and I will use his name, and I use it respectfully and kindly; he has passed into the great beyond—Mr. Carnegie sold his properties at an advance of more than $100,000,000 over and above what he had asked but a short time before, and obtained that price for the stocks and bonds of the Steel Trust, because they had to have his property in order to complete the transaction, and to have their combination powerful enough so that it could control prices, and although that fact was ascertainable and knowable at the time, under this scheme of taxation no tax would have been levied on Mr. Carnegie, and if he afterwards gave the property away to the public, or in any other way disposed of it to any kind of an eleemosynary institution he might set up, like the Carnegie Institution, it would go tax free.

Bearing in mind that this is intended to apply to these great institutions which are consolidated, and bearing in mind that the Senator from North Dakota is absolutely right when he says that the stock may be held, and in fact that the stock is to be held, by the large stockholders, it comes to this, that a consolidation may be effected, and the large stockholders may make an actual profit by virtue of that consolidation of many million dollars, and not pay a dollar of taxation upon their profit thus realized, because it happens to be represented in certificates of stock, until and unless, at some time in the distant future, they may sell the stock; in which event, if they realize a profit then, it can be ascertained and charged.

Mr. McCUMBER. Mr. President——

Mr. REED. Please let me conclude the point. The difference is at once observable. If the individual sells property which he owns as an individual, and makes money, he must pay, and pay now; but if a consolidation is effected by the masters of these great institutions, and they can hold their stock, no matter how much they make, they pay nothing, until ultimately, at some time in the future they may sell their stock, and it is very difficult then to ascertain what their profits may be.

Mr. McLEAN. Mr. President——

Mr. REED. I will yield in a moment to any question. I want to conclude this.

This bill proposes to make that sort of a transaction all the easier, and to say that the law, instead of applying, as it did originally, to an actual reorganization of the same corporation, in which event a man simply took down a different share of stock for his original share, it shall now apply if a majority of the stock is carried into the consolidation.

I am only repeating what the Senator from New Mexico [Mr. JONES] said so well when I add to what I have tried to say that in that case any corporation which can start out and acquire 51 per cent of the stock of another corporation can make a consolidation, however large and however profitable, and do it tax free.

In other words, we are getting away from the proposition which was originally in the bill, that if corporation A wanted to reorganize itself for some purpose it should be permitted to do so without paying a tax, and we are proposing to apply that to the organization of great trusts and combinations, and to give them that advantage, and to give it to them, not when they have acquired all of the stock and paid off all the minority stockholders and settled with them, so that the Government gets its money on that transaction, if it is coming, but to give them this advantage when they have simply acquired a majority control. The bill is distinctly in favor of the creation of great trusts and combinations, and I say that in my judgment it is an unsound proposition.

Now I yield to the Senator from Connecticut.

Mr. McLEAN. Mr. President, it seems to me that if we apply this to the reorganization of corporations the same principle would have to apply to any private transaction. Suppose, for instance, the Senator from Missouri had a Cremona violin, and suppose he did not know anything about music and knew nothing about the value of that violin and should sell it to somebody for $5. The person to whom he sells it may know all about it, and he may be able to make $500 a night out of the use of that violin. He ought to be taxed not on the value of the violin, but on the income which may result later on.

A man may have a patent right and not know its value at the time he sells it, but in the hands of the vendee it may produce enormous profits. All those profits, of course, are taxed, and if he sells it when its value is known it is taxed.

Mr. REED. Mr. President, I think I can show the Senator where the distinction lies. I do not care to follow the violin illustration, because I think it is quite a distance from the real point in argument.

Suppose that corporation A has $100,000 of stock and $50,000 of surplus. All of the assets of that corporation belong to the stockholders. It sees fit then to reorganize and call itself by some other name, perhaps to broaden its powers a little and to issue stock for a hundred and fifty thousand dollars where it had a hundred thousand dollars before and give the proportionate amount of the stock to each of its stockholders. They still have the same interest in the same property, and the Government should take nothing from them. But if corporation A sells itself and all its assets to corporation B then the stockholders in corporation A, making a profit, must pay their taxes. That we will all agree to.

Suppose that corporation A, instead of selling itself outright to corporation B, sells its interest in corporation A to corporation B, which has taken in four or five other corporations, and gets the cash. But suppose that instead of getting the cash, stock is issued. What is that stock? It is stock in an entirely new thing, stock in an entirely new corporation, which takes in a lot of new elements of value. It partakes of the nature of a sale, and not of the nature of an exchange of property.

Let us see about it. These things are difficult to make plain, particularly when one is trying to reason them out on his feet. I will go back to my steel corporation illustration. If Mr. Carnegie had seen fit to organize Carnegie's Steel Corporation No. 2, and had taken over into that the property of corporation No. 1, and issued back to the shareholders shares in corporation No. 2, it would have been merely an exchange of evidences of ownership, for that is what a share is. But suppose he put his corporation into a new corporation that had taken in 20 other concerns, and instead of cash for his corporation took stock in the new corporation which represented 20 concerns. He has, in fact, sold his concern for stock in a new concern, and it is just as much a sale as though he had sold it for cash and afterwards gone and bought stock in the new concern.

The trouble with this arrangement as you have it figured out now, Senators, is that you are dealing with a transaction which is, in fact, more of a sale than an exchange—as though it were an exchange. It is, in fact, a sale, and should be treated as a sale, and if there have been profits made by that sale, then those profits should be ascertained and taxed.

Mr. SIMMONS obtained the floor.

Mr. McLEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Connecticut?

Mr. SIMMONS. I yield.

Mr. McLEAN. I simply wanted to suggest to the Senator from Missouri that it seems to me he fails to recognize the fact that the increase in the capital value is entirely due to the anticipated increase in price, due to a possible monopoly which may be created. The same thing would result in the event there were no reorganization, provided three or four or five companies might silently agree to raise their prices to a certain point. The additional capital value would result to each one of these single institutions, although there was no reorganization at all. The increase in capital value is based upon the anticipated profits which are to be received because of this silent agreement.

You can not go back and tax any one of those single institutions on an increase in capital value, in the event it should sell basing that increase on anticipated profits.

Mr. REED. That is not involved in the transaction at all.

Mr. SIMMONS. Mr. President, I have not taken the floor for the purpose of discussing the controverted features of the amendment, but for the purpose of saying that I have reached the conclusion that in the position I impliedly took in the inquiry I made of the Senator from New Mexico I was in error, and I think it is due the Senate that I should say that. I did not take into consideration at the time I made that statement some subsequent sections of the bill which have been called to my attention and which I think cover the point I had in mind at the time.

Mr. PENROSE and Mr. WATSON of Georgia addressed the Chair.

The VICE PRESIDENT. The Senator from Pennsylvania.

Mr. PENROSE. I hope we can get a vote on this amendment.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Georgia?

Mr. PENROSE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Frelinghuysen	McKinley	Simmons
Ball	Gerry	McLean	Smoot
Borah	Gooding	McNary	Spencer
Brandegee	Hale	Moses	Stanfield
Broussard	Harreld	Myers	Sutherland
Bursum	Harrison	Nelson	Swanson
Calder	Hitchcock	New	Townsend
Cameron	Jones, N. Mex.	Newberry	Trammell
Capper	Kellogg	Norbeck	Underwood
Caraway	Kendrick	Oddie	Wadsworth
Cummins	Kenyon	Overman	Walsh, Mass.
Curtis	Keyes	Page	Walsh, Mont.
Dial	King	Penrose	Warren
Dillingham	La Follette	Pittman	Watson, Ga.
du Pont	Lenroot	Poindexter	Watson, Ind.
Edge	Lodge	Pomerene	Willis
Ernst	McCormick	Reed	
Fernald	McCumber	Sheppard	
Fletcher	McKellar	Shortridge	

Mr. SHEPPARD. I wish to state that the Senator from Montana [Mr. WALSH] is absent on official business.

Mr. WATSON of Georgia. I desire to announce that my colleague [Mr. HARRIS] is absent on official business.

Mr. WILLIS. I wish to announce that the senior Senator from South Dakota [Mr. STERLING] is detained at home on account of illness. I will let this announcement stand for the day.

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Seventy-three Senators have answered to their names. A quorum is present.

Mr. PENROSE. Now, Mr. President, I ask that the question be submitted to the Senate for a vote.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. MCCUMBER] to the amendment of the committee.

Mr. REED. On that I ask for the yeas and nays.

Mr. PENROSE. Let us have the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. EDGE (when his name was called). I transfer my pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Colorado [Mr. NICHOLSON] and vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Georgia [Mr. HARRIS] and vote "nay."

Mr. SWANSON (when his name was called). I transfer my pair with the senior Senator from Washington [Mr. JONES] to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

The roll call was concluded.

Mr. SUTHERLAND. I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the senior Senator from California [Mr. JOHNSON] and vote "yea."

Mr. ERNST (after having voted in the affirmative). I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from North Dakota [Mr. LADD] and let my vote stand.

Mr. DIAL. I am paired with the Senator from Colorado [Mr. PHIPPS]. I transfer that pair to the junior Senator from Alabama [Mr. HEFLIN] and vote "nay."

Mr. TRAMMELL (after having voted in the negative). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the senior Senator from Louisiana [Mr. RANSDELL] and let my vote stand.

Mr. PENROSE (after having voted in the affirmative). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. I note that he has not voted. I therefore transfer my pair to the senior Senator from Maryland [Mr. FRANCE] and permit my vote to stand.

Mr. DILLINGHAM (after having voted in the affirmative). I understand the Senator from Virginia [Mr. GLASS] has not voted. I have a general pair with that Senator, which I transfer to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

Mr. CURTIS. I wish to announce that the Senator from South Dakota [Mr. STERLING] is paired with the Senator from South Carolina [Mr. SMITH].

Mr. WATSON of Georgia. I wish to repeat the announcement last made as to the reason for the temporary absence of my colleague [Mr. HARRIS]. Were he present. I am sure he would vote "nay."

The result was announced—yeas 44, nays 29, as follows:

YEAS—44.

Ball	Fernald	McKinley	Poindexter
Brandegee	Frelinghuysen	McLean	Shortridge
Bursum	Gooding	McNary	Smoot
Calder	Hale	Moses	Spencer
Cameron	Harreld	Nelson	Stanfield
Capper	Kellogg	New	Sutherland
Curtis	Keyes	Newberry	Townsend
Dillingham	Lenroot	Norbeck	Wadsworth
du Pont	Lodge	Oddie	Warren
Edge	McCormick	Page	Watson, Ind.
Ernst	McCumber	Penrose	Willis

NAYS—29.

Ashurst	Harrison	Myers	Trammell
Borah	Hitchcock	Overman	Underwood
Broussard	Jones, N. Mex.	Pittman	Walsh, Mass.
Caraway	Kendrick	Pomerene	Walsh, Mont.
Cummins	Kenyon	Reed	Watson, Ga.
Dial	King	Sheppard	
Fletcher	La Follette	Simmons	
Gerry	McKellar	Swanson	

NOT VOTING—22.

Colt	Heflin	Owen	Stanley
Culberson	Johnson	Phipps	Sterling
Elkins	Jones, Wash.	Ransdell	Weller
France	Ladd	Robinson	Williams
Glass	Nicholson	Shields	
Harris	Norris	Smith	

So Mr. MCCUMBER'S amendment to the amendment of the committee was agreed to.

Mr. PENROSE. Mr. President, the amendment to the committee amendment having been adopted as a matter of form, I now ask to have the committee amendment agreed to as amended.

Mr. REED rose.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. REED. I have no objection to that.

Mr. PENROSE. I did not suppose so. It is only a matter of form.

The PRESIDING OFFICER. If there be no objection, the committee amendment, as amended, is agreed to.

Mr. REED. I desire to reserve, and do reserve, this entire proposition for a separate vote in the Senate.

Mr. BRANDEGEE. Mr. President, on yesterday the Senate adopted an amendment which was proposed by the senior Senator from Wisconsin [Mr. LA FOLLETTE] in relation to the taxation of foreign corporations which, as I view it, if the amendment were concurred in by the Senate, would practically render nugatory the so-called China incorporation act.

Mr. PENROSE. Will the Senator permit me to make a suggestion at that point?

Mr. BRANDEGEE. Certainly.

Mr. PENROSE. I call the Senator's attention to the fact that some 20 Republicans were absent from the Chamber when the amendment to which he refers was adopted.

Mr. BRANDEGEE. I was painfully aware of that fact, Mr. President, and I am glad to have it accentuated by the Senator from Pennsylvania.

This morning I received from Mr. J. B. Powell, who is secretary of the American Chamber of Commerce in China, at Shanghai, a letter in relation to the taxation of China corporations, inclosing a memorandum by the foreign-commerce department of the Chamber of Commerce of the United States, which sets out the claims of these chambers of commerce as to why foreign corporations of the United States should be exempted from taxation. I should like to have this communication printed in the RECORD.

Mr. PENROSE. I should like to have the communication read.

Mr. BRANDEGEE. It is quite a lengthy document. I do not ask for its reading, although I have no objection to the Senator from Pennsylvania having it read.

Mr. PENROSE. I ask to have it read. It relates to a very important subject.

Mr. President, this gives me an opportunity to call attention to the fact that questions of paramount importance involved in the pending bill are being decided by the apparent indifference and absence of a large number of Senators. I can not accentuate that fact before the Senate and the country more emphatically than I now do.

Mr. HITCHCOCK. Is it not a fact that, while there may have been 20 Republican Senators absent on the occasion to which the Senator from Pennsylvania has referred, there were 11 Republicans present who voted against the Senator's amendment?

Mr. PENROSE. That may be.

I desire, Mr. President, to refer to another situation which constitutes an abuse. We call for a quorum; we obtain a quorum; and immediately the Chamber is emptied and the debate goes on for an interminable length of time with about five Members of the minority and six Members of the majority party present in the Chamber. The condition well merits comment and condemnation.

The PRESIDING OFFICER. The Secretary will read the communication presented by the Senator from Connecticut [Mr. BRANDEGEE] as requested by the Senator from Pennsylvania [Mr. PENROSE].

The reading clerk read as follows:

AMERICAN CHAMBER OF COMMERCE OF CHINA.

HOTEL WASHINGTON,
Washington, D. C., October 20, 1921.

HON. FRANK B. BRANDEGEE,
The United States Senate, the Senate Chamber.

DEAR SENATOR: We are inclosing herewith a pamphlet issued by the Chamber of Commerce of the United States which explains the status of American business in China from the standpoint of taxation exemption in relation to our competition with the British.

In this pamphlet you will find an authoritative statement from the American Chamber in China regarding the three forms of British corporations that operate in China and the methods which the British Government has adopted in exempting these firms from taxation. It should be understood that the great proportion of British business in China is conducted from the

British colony of Hongkong, which is British territory located just off the coast of China. All British firms that maintain headquarters in Hongkong or under British extraterritorial protection at Shanghai are exempted from the operation of the income and excess-profits taxation of Great Britain. It is these firms that Americans in China must compete with rather than with the home British company, with headquarters in London, which does pay the British income and other taxes.

The statement which has been made to the effect that the British Government has permitted the development in the Far East of a system of business which is beyond the power of the home Government to tax is, in our opinion, erroneous. The British merchant in China is fully within reach of the British Government and is subject to British law. In its farsighted trade plan, the British Government has seen fit to exempt its trader in China from the home taxes, believing doubtless that Great Britain will gain more from the trade in keeping her home factories in operation than through placing burdensome restrictions upon trade operations that are conducted wholly outside of the home country.

Since this matter has been referred to in the Senate in connection with the consideration of the general revenue act, we hope that the foregoing information may be of some service to you.

With best wishes, I am,

Very truly, yours, J. B. POWELL.

AMERICAN COMPANIES IN CHINA ASK FEDERAL INCORPORATION AND TAX EXEMPTION.

FOREIGN COMMERCE DEPARTMENT,
CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D. C.

Americans engaged in business locally in China are asking Congress for legislation which will enable them to incorporate and conduct business as American companies on a basis similar to that open to companies made up and controlled by British business men. There are two points which Americans most familiar with the situation in China regard as essential: First, the Federal Government should authorize the privilege of Federal incorporation, and second, American enterprises operating locally in China should be exempt from the payment of American income and excess-profits taxes.

NEED FOR FEDERAL INCORPORATION AND TAX EXEMPTION.

Federal incorporation is sought in order that companies made up and managed by Americans, in which more than 50 per cent of the enterprise is controlled by American capital, may operate under a single set of clearly understood requirements. For the success of a China business it is often advantageous to encourage Chinese capital to come into the corporation with American capital. In order to gain the confidence of the Chinese investor and of the Chinese business men who may enter into contractual relations with the corporation, it is regarded as most important that companies should operate under a single set of known requirements rather than under the varying regulations of the individual States. It is urged further that control of such companies should be strictly by Americans and that legislation enabling Federal incorporation should be of such a character as to keep these enterprises conducted on a high plane of organization and business integrity. State incorporation has been greatly abused by certain companies, State incorporated, which have conducted operations in China without any substantial American supervision or restraint.

The second point, exemption from Federal and State income taxes and excess-profits taxes on such corporations, is of very immediate importance. American companies are meeting with hard competition in China, especially from British companies, for British laws have recognized the special requirements of the China situation and made it possible for British companies operating in China to do so without paying corporate taxes in England. American companies are at a distinct disadvantage in competition with such British companies, and apparently are at a similar disadvantage in comparison with French companies and Japanese companies.

THREE FORMS OF BRITISH INCORPORATION.

In testifying before the Committee on Ways and Means of the House of Representatives in Washington, D. C., January 17, Mr. C. L. Seitz, special delegate representing the American Chamber of Commerce of China at Shanghai, who has had wide experience in corporate business in China, filed the following statement on this subject:

"There are three recognized forms of British company operation applying to trade in the Far East, viz:

"1. A 'British company' is generally accepted to mean a company with its head office in England, incorporated under the laws of Great Britain, and operating in China through a branch office there. Such a company is subject to British income tax on the profits earned by the branch in China and remitted to England.

"NOTE.—Companies in China so operated are notably the Alfred Holt, or 'Blue Funnel' steamship interests, the P. & O. S. S. Co., and the Chartered Bank of India, Australia, and China. [Few purely local British companies operate on this basis.]

"2. A 'Hongkong-China company' means a company incorporated under the Hongkong company's ordinances, which may carry on some part of its business within the territory of China, but is directed and controlled by a head office in the colony of Hongkong.

"3. A 'British-China company' means a company incorporated under the Hongkong company's ordinances doing business within the territory of China and registered with the registrar of British-China companies at Shanghai, where the head offices of such companies are usually located.

"In the operation of a 'Hongkong-China company' or of a 'British-China company' there is no burden imposed in the form of income or excess-profits taxation. The only charge made by the British authorities is a fee to the registrar which is based on a sliding scale up to $300 annually.

"Up to the 31st of December, 1915, all British companies operating in Hongkong or China were known as 'Hongkong-China' companies. Apparently the possibility arose that the British colony of Hongkong might become subject to income taxation. It was then arranged by the British Government, in protection of British trade in China, to make a distinction between 'Hongkong-China' companies and 'British-China' companies. The principle involved was simply that while it would be justifiable to tax companies doing their principal business and having their head office in the colony of Hongkong it would not be policy to tax British companies operating solely in China, on the theory that such companies, having no representation, could not properly be made subject to taxation.

"Regulations for the separation of 'Hongkong-China' companies and 'British-China' companies were published on the 17th of December, 1915, and came into force on the 1st of January, 1916.

"Eventually income taxation was not enforced on 'Hongkong-China' companies, so that to-day neither the 'Hongkong-China' companies nor the 'British-China' companies registered at Shanghai with the British registrar of companies there are taxed.

"French companies in China are not taxed in trade there. No special laws seem to have been framed covering French incorporation of companies for operation in China, but it is positively known that under French consular regulations French companies do operate in China free from income or excess-profits taxation. Japanese companies operating in China are placed in the same position as the French companies, in that no special laws seem to exist giving such companies freedom from income taxation, but it is definitely known that Japanese companies do not pay taxes on their profits in China. In this connection Mr. Julean Arnold, commercial attaché to the American legation at Peking, makes a positive statement in his evidence given on August 8, 1920, at Shanghai, China, and published in 'Hearings, Committee on the Judiciary, House of Representatives, on H. R. 7204, serial 13, part 2,' page 39, paragraph 3, in which he states:

"'The Japanese meet this situation, in order to encourage their nationals in trade and in other enterprise in China, by stipulating that in lieu of Government taxes Japanese corporations in business in China may expend the equivalent in purchases of real estate in that country.'"

BRITISH LAW EXCLUDES AMERICAN MANAGEMENT.

This matter became acute in 1920 through a British order in council of 1919, which came into force March 15, 1920. Prior to that time a number of companies, American controlled and American managed, in China had operated under the British laws, but the changes in the order in council made it necessary for management and control of all such companies to be in the hands of British subjects. Americans in China had previously urged the need for American legislation which would enable American companies to operate as such rather than to be forced to incorporate under the British laws to be on an equal footing of competition with British and other companies. The present status of the British laws makes it impossible for American companies longer to do business under the British requirements.

PECULIAR REQUIREMENTS OF THE CHINA SITUATION.

Some opposition to the proposal to exempt American-China companies from Federal taxation has been voiced on the ground that Americans doing business in China would thereby be receiving favors which Americans in no other foreign coun-

try could enjoy. The Americans in China, however, claim that as a matter of fact they simply want to be put on a basis of equal competition with other foreigners in China and that Federal legislation is necessary because of the peculiar nature of the laws of China and the existence of extraterritorial court jurisdiction there. For example, if a group of Americans in France get together and organize a corporation for doing business in France, the chances are that they will incorporate as a French company under French law. The corporate entity being French, the corporation is subject to French taxation requirements, but although all the shareholders of the corporation are Americans, the corporation as such does not have to pay corporation taxes in the United States. French corporations made up of British subjects or any other foreigners are on the same basis. In China, however, Chinese laws are not regarded as adequate to enable corporate conduct of business under them. There are British courts, French courts, Japanese courts, and American courts in which individuals or corporations of British, French, Japanese, or American nationality may be used. If a group of Americans in China form a corporation for China business—and are forced by the inadequacy of Chinese law to obtain American incorporation—they ask why such a corporation, doing a local business in China, should be subject to American taxes any more than a corporation made up of Americans doing a local business in France or any other foreign country.

Americans have spent a great deal of money and a large number of Americans have spent many years of their lives in building up American trade in China. Without the support of the United States Government in putting them on a basis of competitive equality with merchants of British and other nationality they are now facing ruinous competition. They want ease of operation and competitive conditions that will enable them to attract Chinese capital to operate with them to assure the success of their enterprises.

PRINCIPLES APPROVED BY DEPARTMENT COMMITTEE.

The American Chamber of Commerce in China has carried on active propaganda among chambers of commerce in the United States to get support for these contentions. The foreign commerce department of the Chamber of Commerce of the United States has considered this matter from various angles and has taken testimony from Americans actively engaged in business in China. At its meeting in New York December 15, 1920, the department committee gave its approval to the two following principles:

"(1) American companies formed primarily for China business and operating in China should be given the privilege of Federal incorporation in order that they may have a standing as American companies, under a single set of legal requirements and regulations, which it has been difficult for them to get and maintain when operating under the laws of the individual States, the requirements of which vary and are not generally known in China.

"(2) Such American-China companies, so far as taxation is concerned, should be placed on an equal footing with the companies of other competing countries."

In substance this second recommendation means the recognition of American-China companies as quite distinct from American companies operating in and from the United States and as entitled to exemption from the taxation requirements applicable to such companies domiciled in the United States.

In the opinion of the members of the foreign commerce department committee the filing and recording of articles of incorporation and the recording of certificates relating to the corporation should be made available locally in China where there is a United States court.

A number of different bills have been introduced in Congress with these general purposes in view. There is a wide variation in the requirements and terms of such bills, and the foreign commerce department committee of the chamber has deemed it more important to go on record on the matters of principle rather than to attempt to go into the various provisions of a number of separate bills.

C. D. SNOW,
Manager Foreign Commerce Department.

FEBRUARY 5, 1921.

Mr. BRANDEGEE. Mr. President, in view of the rule that the Public Printer has adopted that unless the Senate orders otherwise all such matters as this will be printed in that small, microscopic type which can not be read, I ask that the Public Printer be instructed to set up this matter in the regular type of the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. UNDERWOOD. Mr. President, I do not intend to delay the Senate about this matter. It has been passed on once by the Senate, and may come up again, and that is my only justification for saying anything.

Mr. President, that is an able plea for special privilege which has just been read from the desk. The most vicious things in any system of taxation are the exemptions from taxation, as a rule. It is rarely that you may find a just exemption from taxation. All taxation is hard. All taxation is unpopular. All taxation is difficult, but it may be just. Its only justification at all is that the Government must have the money, and that it is justly and fairly distributed. If it is a tax on wealth, it should be justly distributed in proportion to wealth, without exempting special classes from the burden of taxation. If it is taxation on consumption that must go to the masses of the people, the only justice in levying that tax is to distribute it far and wide, so that every man bears his just share of the burden.

I listened for many years to arguments in favor of this man or that corporation being exempted from the burden of taxation. They are like all special pleaders; they always have a special cause, a special ground, present their case ably, and as a rule behind the special plea stalks in the shadow the real person or corporation that is going to get the benefit of the exemption.

This argument is all being made on the basis that at the point of contact we should exempt the American taxpayer from the burden of taxation because he has to meet the contact of foreign trade; but under the terms of the amendments that are offered the exemption will apply to more men at home who are doing business in the regular channels of business to-day than it will at the point of contact.

That article sounds well when you read it; but Hongkong is like all other British possessions. More than a hundred years ago, after the Revolutionary War in this country, the British Government realized that it could not tax its colonies and the people that lived in its colonies, and since that time it has not done so. Taxation in the colonies is local taxation. No taxes for the British Government are levied in Canada, none in the Bermuda Isles, although the great British battleships lay off those isles for the protection of the people there. None of their taxes go to the British Crown, and there are no British taxes, of course, in Hongkong; but I think, if you would investigate the question further, you would find that the British corporation that is doing business in Hongkong is owned to a large extent, as a rule, by British subjects living in the British Isles, and that when the profits of those corporations come to be distributed they go back to the British Isles and are subject to taxation, as a rule.

I did not intend to delay the Senate, but I think this is all specious argument. It is an effort to secure exemption from taxation by people who want special privilege, when the only justice in a bill of this kind is to distribute the burden equitably and evenly and to make as few exemptions as possible.

Mr. BRANDEGEE. Mr. President, I want to say to the Senator from Alabama and to the Senate that not being a member of the Finance Committee I am not at all expert on their general scheme for the exemption to any particular extent of foreign corporations, so called—corporations in the foreign trade—and I am not discussing that question. I have not even made up my mind on the wisdom of the policy of exempting these China trade corporations about which we are now talking. That matter was not discussed in our committee at all, because, as I said yesterday, the Finance Committee requested us to let them formulate a general policy on that subject. It does seem to me, however, that if we hope to have trade with China it is going to be very difficult for us to compete with the corporations whose governments do exempt them, if they do.

It may be, as the Senator from Alabama says, though I have no information upon the subject, that in some way or other the profits of the British China trade corporations, when they are distributed to their ultimate owners, are taxed in the hands of those owners; and I am not prepared to say that if it should prove to be the policy of this Government to exempt from taxation to a certain extent our corporations trading with China we might not reach and tax the profits of those corporations when they were ultimately distributed here. My purpose in putting that article into the RECORD was, inasmuch as the Senator from Wisconsin [Mr. LA FOLLETTE] on Wednesday made a very able speech in opposition to this proposal, that both sides of this question should be in the RECORD for the information of such Senators as were interested in the subject.

Mr. SIMMONS. Mr. President, as I understand the Senator from Connecticut, he is offering this document here as an argument in favor of some special arrangement to meet an exceptional situation in China, and not as an argument in favor of

the general exemption of domestic corporations from taxation upon their earnings in foreign countries.

Mr. BRANDEGEE. The Senator is entirely correct. I want to say that I agree most heartily with the general statement of the Senator from Alabama [Mr. UNDERWOOD] that everybody is trying, by all sorts of specious arguments, all the time to make it appear that he occupies a special place and should be exempted from taxation. I have no sympathy at all with that sort of claim. I do think, however, that if our business men and if our Government want to develop oriental trade in a country like China, which is almost without the kind of laws and corporation mechanism that we know as being necessary to modern commerce, we ought to consider pretty carefully whether we will not have to place capital and those who own it in as favorable a position as possible to compete in China with the capital of Great Britain and France and other continental nations. I know nothing about the wisdom or the governmental policy of doing this. I must confess that I was surprised when I found that the British did exempt their concerns from taxation; but China is an exceptional place.

Mr. UNDERWOOD. If the Senator will allow me, they do not exempt their concerns from taxation. If this were a British concern dealing in Hongkong it would be taxed; Hongkong is recognized as a separate entity, as Canada is, and a corporation there pays the taxes to the government of Hongkong. It does not pay on the home income, but it is not exempt entirely from taxation. It is only the Hongkong corporation which gets the benefit of that.

Mr. BRANDEGEE. I know it. But when I say a British corporation, I mean those corporations existing under the so-called Hongkong orders. It is a British colony there. We have a peculiar position in China of extraterritoriality, as the Senator knows, and we have an American court sitting in China and doing business there. All I mean is that if it be ascertained before we finish the debate—not on this bill but on the China corporation bill—that there is a proposal to put any sort of a tax-exemption feature into that bill we must find out exactly to what extent the British and other nations exempt their corporations, or the stockholders in their corporations, engaged in this China trade before we can act intelligently upon it; and then we will have to decide whether we will try to put ours on the same basis, so that they can compete; we shall have to decide whether it is necessary to do so.

From some remarks made by the distinguished Chinese gentleman from whom the Senator from Wisconsin [Mr. LA FOLLETTE] quoted Wednesday, it would appear that he claims it is not necessary for us to be put upon the same plane with other nations in the competition for the China trade. But all those are questions about which most of us know very little, and, of course, before we put into the China trade or corporation act any tax-exemption provision we must know what we are about and act as we think is for the best interests of this Government.

Mr. KING. Mr. President, I have not favored the proposition to grant Federal charters to corporations to engage in foreign trade. The Federal Government ought not to grant charters for private enterprises. Indeed, in my opinion, there is no authority vested in the Federal Government to create corporations to engage in purely private business. Of course, corporations may be organized by Congress to engage in governmental activities. There are individuals who are desirous of obtaining the advantages which they believe will result from operating under Federal charters. Aside from the prestige which follows a Federal charter, many believe it will protect corporations so engaged from any form of control by the States.

I can not accept the view that those who desire to engage in foreign trade and commerce should be clothed with Federal authority and enjoy the benefits—if such there be—of a national incorporation. The States have full authority to deal with corporations; and every State in the Union has enacted broad and liberal provisions for the organization of corporations. If persons desire to engage in any form of business in China and wish to conduct their business as a corporation, there can be no objection; but let them avail themselves of State laws. Every State in the Union contains statutes authorizing the formation of corporations for such enterprises. It is clear that the purpose of those desiring Federal charters is to escape taxation and to represent to the world that they are operating as a corporation organized by the Government of the United States. They believe that such an announcement would give them a higher standing and greater prestige in their business activities than if they were incorporated under the laws of a sovereign State of the Union.

Of course, it is desirable that our foreign trade and commerce should expand. The prosperity of the United States is in part dependent upon our foreign trade. The Democratic Party has always believed that commerce produced wealth, that the isolation of nations was inimical to growth and progress. The members of that party have always contended for a foreign policy that would enlarge foreign trade and commerce. Recent events have confirmed the wisdom of Democratic policies. It is apparent, even to the most unsophisticated, that the prosperity of our agriculturalists and, indeed, of our manufacturing industries, is indissolubly connected with the prosperity of other nations. We must find markets for our surplus products and for our raw materials. This Nation produces hundreds of millions of dollars worth of surplus agricultural products every year. Our manufacturing plants can supply not only our domestic wants but can annually export products of the value of billions of dollars.

No country in the world is so rich in raw materials as is this Republic. The world is not a water-tight compartment organism, but there is an interdependence among individuals and nations. The oceans vanish and nations are drawn together, and science and the genius of men contribute to the unification in spirit, if not in fact, of peoples of diverse race, language, and thought.

Even the most reactionary and provincial are clamoring for foreign markets. Those high protectionists who have advocated a tariff wall to cut us off from other nations are now insisting that our prosperity is dependent upon the finding of markets for our surplus products. The eyes of the American people are being lifted to a wider horizon and they are beginning to think internationally and to see that all peoples and nations must be friends if not allies, and must shape their legislation and their international policies so that not only the thoughts but the products of nations may be the inheritance of other nations.

We have been discussing China and the steps to be taken in order to secure oriental trade. I have upon a number of occasions called attention to the fact that there were 1,000,000,000 people living in the Orient. The nations in the Orient are not bankrupt as are the nations in Europe. While the wants of the orientals are much less than those of the Europeans, nevertheless, India, China, Japan, and Siberia can absorb hundreds of millions annually of American products. The Pacific and the Orient will prove to be theaters not only of national but international importance in the coming years. We will find in a developing Siberia markets for our steel products as well as many other commodities produced in this country. Japan and China and India can absorb American products of the value not only of hundreds of millions but billions of dollars. If we act with wisdom and equity and justice the Orient will be drawn to us, and it will materially contribute to our economic and industrial development.

The discussion respecting China challenges attention in an acute way to the wrongs which have been inflicted upon that unhappy land. European nations have sought to dismember China, or at least to destroy her solidarity. She has been divided so that various European nations have not only spheres of influence therein but exercise potential and, indeed, actual power. It may be said that China has been the subject of exploitation by European nations and that Japan has sought to obtain exclusive commercial and political influence in various Provinces of northern China. There should be no further exploitation of China; and those nations that have secured special advantages and privileges ought to make reparation and join in the rehabilitation of China. In all relations existing between China and other nations the latter should seek the welfare of the Chinese people.

This country occupies a most advantageous position with respect to the Chinese people. America has been regarded by them as a modern knight-errant—a great and altruistic force in the world which has sought to protect a helpless people and to restore to them rights and authority if not territory of which they claim to have been deprived. America has been regarded as the steadfast friend of China. Our Nation remitted the Boxer indemnity and in many ways demonstrated its profound interest in the welfare of the Chinese people. The coming conference which will convene in Washington on the 11th of next month will afford an opportunity for this Nation to renew its assurances of deep solicitude for the future of China.

The time has come when there must be a square deal for China and her people. They must no longer be the subjects of exploitation; and the United States must demonstrate in the future as in the past that its oriental policy not only demands the open door in China but calls for an intelligent, sym-

pathetic, and just treatment of all questions relating to the welfare of the Chinese people.

Senators have devoted considerable discussion to the method of extending our trade in the Orient and have contended that in the fierce competition that exists and will perhaps become intensified the American business men are at a disadvantage in China and can not compete with Europeans who are engaged in Chinese trade. Generally speaking, the American business men for many years were content with the home market and did not push their activities into foreign lands. Great Britain, Canada, and Germany, without any particular efforts on our part, became the purchasers of a large part of our surplus products. The greater part of our foreign exports for many years were agricultural products and certain raw materials. Only in recent years have American business men begun to see not only the importance but the necessity of finding world markets for American products. We have not given that intensive study to foreign trade and commerce which other nations have done, and many of our business men have exhibited but little zeal and very imperfect judgment in their treatment of the matter. If we do not increase our world trade we are alone at fault.

In every continent and in nearly every land the people earnestly want American products. They want our trade; they want to buy the things which we produce, and are willing to pay for the same with the things which they produce. Most of the nations have been drained of their metallic money and therefore can pay for American products which they desire but a small part of the value thereof in gold. If we adopt a policy of excluding foreign imports, obviously we shall erect barriers which will prevent American exports.

Trade is reciprocal, and if we build up a great export trade it can only be done by our importing foreign products. The world is not suffering from overproduction; the world to-day is hungry and millions are dying from cold and hunger. The people of the world need not only all our surplus products but they could consume our production if it were trebled or quadrupled. The business men of the United States must, if they desire to expand their foreign trade, formulate broad and liberal plans. They must meet in a sympathetic way the peoples with whom they desire to deal; banking facilities must be provided and arrangements made to meet the demoralized exchange situation now existing. Generally speaking, we have not met the foreigner in our business dealings in the sympathetic and liberal spirit which has characterized the Germans and other European nationals in their foreign business activities. I have talked with many of our ministers and commercial representatives who have been abroad, and the testimony is almost uniform to the effect that American business houses have not shown that sagacity, that tolerance, that wisdom and business skill that have characterized the business men of other countries.

America has stood in such a position to the Central and South American Republics that we should have had the major part of their foreign trade. But Europe has furnished markets for most of their products, and they have annually taken from Europe hundreds of millions of the latter's products which should have been purchased in the United States.

If the American business men had exhibited the same genius, vision, and sagacity in their attempts to obtain foreign trade as they have developing a domestic market, America would have been the dominating factor in most of the countries of the world. When I say "dominating factor," I mean in a commercial way. Of course, America occupies a world eminence which no nation can challenge; but there is much room for the expansion of our foreign trade and commerce, and with any general revival of business conditions in Europe we shall find that in many countries where our trade should be controlling we shall be compelled to occupy an unimportant position.

During the war our foreign commerce expanded beyond all expectation. It amounted to nearly fourteen billions for the fiscal year 1920. It was inevitable that when the war ended there would be a great subsidence in our foreign trade. The capital of most European nations was not only impaired but largely destroyed. The stupendous debts resulting from the war and the disruption of the entire economic system resulted, as was to have been expected, in a financial and economic collapse. But Europe will revive. She needs and will continue to need our goods and raw materials. Asia, as I have stated, is a broad field for American enterprise. If the American people address themselves with energy and with a broad and catholic spirit to the great economic and industrial problems, they will not only bring our domestic business to a high stage of development but they will materially contribute to the business welfare of the world, and thus, while advantaging other peoples and other nations, add to the prosperity and wealth of the American people.

If we shall adopt a proper system of taxation and practice economy and thrift in governmental as well as in private affairs, we may expect the doors of the prison house of business depression to open wide, so that we may step therefrom out into the sunlight and enjoy the full radiance of a bright and glorious day. No narrow, partisan, or provincial policy in dealing with the domestic or foreign questions should be adopted. The World War has demonstrated the "exterritoriality," if I may be permitted the expression, of all peoples. We are interested primarily in our own country, but we can not disassociate ourselves from other countries. We have built a merchant marine for the transport of our products to other lands and to bring to our shores the commodities which will contribute to our happiness and welfare.

If the party in power will approach the problems before us in a broad and statesmanlike manner and deal with them in a liberal and progressive spirit, the recovery from our present ills will be speedy.

This is no time for granting special privileges to wealth or to any other class. Now, more than ever, should the spirit of justice and equality characterize legislation and national policies.

The business men of the United States, with the advantages which this Nation enjoys, with the favor with which it is regarded among the inhabitants of China, should not find it necessary to demand exemptions from taxation and governmental favors. With the genius and courage of the American people, there is no reason why they can not meet in China or elsewhere the nationals of any other country and secure for themselves and for this country the trade and commerce desired. I repeat, the primacy of America can not be challenged by any nation. We lead the world in a material way; we must lead it in a spiritual way.

There will be national progress in everything that the word "progress" implies if we follow the paths of justice and equity. America's opportunity has come. Nations have risen and gone to destruction. This Nation, by its devotion to justice and righteousness, must live throughout the centuries and constitute a guide to peoples everywhere who desire liberty and to live in the light of truth and justice.

Mr. SIMMONS. Mr. President, as long as we are having a little post-mortem over the vote yesterday evening, I would like to say, in reference to the statement made by the Senator from Pennsylvania this morning in attempting to account for the failure of the committee amendment yesterday upon the ground that 20 Republican Senators were absent, that a rather careful examination of the vote shows that there were 16 Republicans absent or not voting and 12 Democrats absent or not voting. I just desire that that shall go in the RECORD.

Again, Mr. President, I want to make one general observation with reference to the document which has just been read from the desk. As I understood it, the reason which the committee gave for its proposition to exempt from taxation domestic corporations upon their earnings in foreign countries was that other nations exempted their nationals from taxation on incomes derived from trading in other countries, and that it was necessary that we should do the same thing in order to put our nationals who are likewise doing business in other countries upon a parity with them in the matter of taxation, so that they might have equal opportunity in competition with other countries.

That was the sole reason, as I understood it, why the committee proposed this sweeping exemption, an exemption which would apply to every domestic corporation trading anywhere in the world, or doing business anywhere in the world.

It now develops that the only instance in which it has ever been so much as claimed that other Governments exempt their citizens from taxation on incomes derived from business done in other countries is the case of Great Britain, which is supposed to have granted some sort of a concession in the case of corporations doing business in China; so that the reason which the committee gave for its proposition seems to fall to the ground, except possibly in the case of China. There is a contention, and will be if this bill comes up again, that there is no such exemption as is proposed in this bill granted by Great Britain in the case of China. I do not know that this matter will come up again, but surely if there be reasons why we should make an exemption in the case of our nationals doing business in China, there is no reason so far assigned why that exemption should apply to our nationals doing business anywhere else in the world.

Mr. ASHURST. Mr. President, I simply rise to inquire if a motion has been made to reconsider the vote on the amendment on page 5? We have been spending an hour or so on it, and I simply wish to inquire if that is before the Senate.

Mr. SIMMONS. I presume, Mr. President, that this proceeding was taken this morning with a view to having a vote in the Senate, and trying to forestall action when the bill is in the Senate.

Mr. ASHURST. We have heard a great deal of discussion of the amendment on page 5, which was stricken out on a roll call yesterday. We have consumed an hour and a half on what we did yesterday. There has been no motion made to reconsider that vote, and I do not perceive the necessity of taking an hour and a half to explain what we did yesterday. I think we did right.

Mr. SIMMONS. The time has been taken up, however, in reading a long document offered by the Senator from Connecticut [Mr. BRANDEGEE].

Mr. ASHURST. I am not complaining about the Senator from North Carolina. I am only asking that the Republican majority proceed with more celerity on the bill.

Mr. LA FOLLETTE. Mr. President, I want to detain the Senate just a moment to say, with regard to this matter, that I am very glad indeed that the communication addressed to the Senator from Connecticut was presented, and that it has gone into the RECORD. It shows very clearly on how slender a foundation this great system, this network of provisions that runs all through the bill, must rest.

It shows, furthermore, that whatever British corporations are incorporated in Hongkong and escape income tax to the British Government must be purely local corporations, just exactly as the corporations in the Philippines incorporated under the American flag. American citizens in the Philippines have incorporated under the American flag, have local corporations, and can prosecute their trade in China and pay no income tax in the United States.

Mr. SIMMONS. No such exemption would hold under the proposed committee amendment.

Mr. LA FOLLETTE. No. That is a very different proposition from the committee provisions. However, if the matter is to be taken up again in the Senate the whole thing will be argued at that time.

Mr. SMOOT. Mr. President, was the amendment on page 12, line 12, agreed to?

The VICE PRESIDENT. It is the next amendment. The next amendment will be stated.

The READING CLERK. The next amendment is, on page 12, line 12, to strike out the words "a mere" and insert the word "mere."

The amendment was agreed to.

The READING CLERK. The next amendment is, on page 12, line 13, to strike out the word "corporation" and the semicolon and insert the words "corporation (however effected)"; and in line 14 to strike out the word "and" and insert the word "or."

The amendment was agreed to.

The READING CLERK. The next amendment is, on page 12, line 15, to strike out the words "such property" and insert the words "property, real, personal, or mixed"; in line 18 to strike out the words "a group of" and insert the words "two or more"; in line 18 to strike out the word "transfers" and insert the word "transfer"; in line 20 to strike out the word "is" and insert the word "are"; in line 20 to strike out the word "corporation" and the semicolon and insert the word "corporation" and a comma; in line 21 to strike out the word "when"; in line 23 to strike out the word "interest" and insert the word "interests"; in lines 24 and 25 to strike out the words "or group of persons is" and insert the words "is, or two or more persons are"; on page 13, after the word "and" in line 2, to insert the words "at least"; and after the words "per centum of" in line 2 to insert the words "the total number of shares of," so as to make the paragraph read:

(3) When (A) a person transfers any property, real, personal, or mixed, to a corporation, and immediately after the transfer is in control of such corporation, or (B) two or more persons transfer any such property to a corporation, and immediately after the transfer are in control of such corporation, and the amounts of stock, securities, or both, received by such persons are in substantially the same proportion as their interests in the property before such transfer. For the purposes of this paragraph, a person is, or two or more persons are, "in control" of a corporation when owning at least 80 per cent of the voting stock and at least 80 per cent of the total number of shares of all other classes of stock of the corporation.

The amendments were agreed to.

The READING CLERK. The next amendment is, on page 13, line 4, where the committee proposes to strike out "(e)" and insert "(d) (1)"; in line 6 to strike out "(d)" and insert "(c)"; and in line 8 to strike out the word "therefor" and the period and insert "therefor, except as provided in subdivision (e)," so as to make the paragraph read:

(d) (1) Where property is exchanged for other property and no gain or loss is recognized under the provisions of subdivision (c), the property received shall, for the purposes of this section, be treated as taking the place of the property exchanged therefor, except as provided in subdivision (e).

The amendment was agreed to.

The READING CLERK. The next amendment is on page 13, after line 9, where the committee proposes to insert:

(2) Where property is compulsorily or involuntarily converted into cash or its equivalent in the manner described in paragraph (12) of subdivision (a) of section 214 and paragraph (14) of subdivision (a) of section 234, and the taxpayer proceeds in good faith to expend or set aside the proceeds of such conversion in the form and in the manner therein provided, the property acquired shall, for the purpose of this section, be treated as taking the place of a like proportion of the property converted.

Mr. SMOOT. This amendment went over at the request of the Senator from Minnesota [Mr. KELLOGG]. He is not in the Chamber at this moment. We can agree to it, however, and then when the Senator enters the Chamber if he desires a reconsideration we can take that course.

The amendment was agreed to.

The READING CLERK. The next amendment is, on page 13, after line 18, to insert:

(3) Where no deduction is allowed for a loss or a part thereof under the provisions of paragraph (5) of subdivision (a) of section 214 and paragraph (4) of subdivision (a) of section 234, that part of the property acquired with relation to which such loss is disallowed shall for the purposes of this section be treated as taking the place of the property sold or disposed of.

The amendment was agreed to.

Mr. KELLOGG entered the Chamber.

Mr. SMOOT. Mr. President, I will say to the Senator from Minnesota that the amendment which he asked to go over, on page 13, after line 9, has just been agreed to with the understanding that if he desired, upon entering the Chamber, to have it reconsidered that action might be taken.

Mr. KELLOGG. I will examine it further.

Mr. SMOOT. I will say to the Senator that the amendment we have just reached on page 14, at the top of the page, was passed over at his request also.

The VICE PRESIDENT. The Secretary will state the next amendment.

The READING CLERK. The next amendment is, at the top of page 14, to insert:

(e) Where property is exchanged for other property which has no readily realizable market value, together with money or other property which has a readily realizable market value, then the money or the fair market value of the property having such readily realizable market value received in exchange shall be applied against and reduce the basis, provided in this section, of the property exchanged, and if in excess of such basis, shall be taxable to the extent of the excess; but when property is exchanged for property specified in paragraphs (1), (2), and (3) of subdivision (c) as received in exchange, together with money or other property of a readily realizable market value other than that specified in such paragraphs, the money or the fair market value of the property received in exchange shall be applied against and reduce the basis, provided in this section, of the property exchanged, and if in excess of such basis, shall be taxable to the extent of the excess.

Mr. McCUMBER. Mr. President, to correct the amendment, in line 13, at the end of the line, I move to strike out the word "the" and insert in lieu thereof the words "such other," so as to read: "fair market value of such other property."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is, on page 14, after line 17, to insert:

(f) Nothing in this section shall be construed to prevent (in the case of property sold under contract providing for payment in installments) the taxation of that portion of any installment payment representing gain or profit in the year in which such payment is received.

The amendment was agreed to.

The READING CLERK. The next amendment is, on page 14, after line 22, to strike out:

(f) The basis for ascertaining allowable deductions for loss, exhaustion, wear and tear, obsolescence, amortization, and other like deductions, except those authorized in paragraph (10) of subdivision (a) of section 214 and in paragraph (9) of subdivision (a) of section 234, shall be the same basis as that provided by subdivisions (a) and (b) of this section.

The amendment was agreed to.

The READING CLERK. The next amendment is on page 21, passed over at the request of the junior Senator from Wisconsin [Mr. LENROOT], where the committee proposes to strike out lines 6 to 21, inclusive, in the following words:

(b) In the case of any taxpayer (other than a corporation) whose ordinary net income and capital net gain together exceed $29,000, there shall be levied, collected, and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount plus 12½ per cent of the capital net gain, or minus 12½ per cent of the capital net loss, as the case may be; but in no such case where the taxpayer derives a capital net gain shall the total tax be less than 12½ per cent of the total net income. The total tax thus determined shall be levied, collected, and paid at the same time and in the same manner and subject to the same provisions of law, including penalties, as other taxes under this title.

Mr. WALSH of Massachusetts. Mr. President, the change proposed on page 21, by striking out lines 16 to 22 and inserting the new section "(b)," is one of the most important changes proposed in the bill. The proposed new section reads:

(b) In the case of any taxpayer who for any taxable year derives a capital net gain, such capital net gain shall, under regulations prescribed by the commissioner with the approval of the Secretary, be stated separately from the ordinary net income in the taxpayer's return; and only 40 per cent of such capital net gain shall be taken into account in determining the amount of the net income upon which taxes are imposed by sections 210, 211, and 230 of this title.

What shall be done with gains and losses which arise from the sale of capital assets?

The present income tax law taxes the gains from the sale of capital assets the same as the other income of taxpayers. For illustration, an individual purchased in 1915 a piece of land for $5,000, and in 1918 he sold it for $10,000. Under the existing law he would include in net income the $5,000 gained from this transaction for the year of the sale and pay the same tax on this gain as on the other items of his income.

Section 206 of the proposed Senate bill provides that only 40 per cent of the gain from the sale of capital assets shall be included in the net income. For example, using the illustration above, this taxpayer under the pending amendment would pay a tax on only $2,000 instead of $5,000, as under the present law.

The reason given in favor of this change is that the provision of the present law taxing at graduated rates the gain from the sale of capital assets is tying up sales and exchanges of property and making the sale of property which has gradually appreciated in value over a period of years impossible, because it throws the entire gain in the year in which the sale is made and thus subjects it to the higher surtax rates. In other words, for the purpose of avoiding the payment of surtaxes upon gains received from the sale of tangible and intangible property, sales are held up in the hope that some time in the future modifications may be made in the present law or the surtax abolished so that the payment of taxes now imposed may not be necessary.

Whatever may be said in favor of this contention—and I am in sympathy with the need of a change—the abuses that can grow out of the proposed change would seem to argue very strongly against the insertion of this clause without some modification in the pending bill. There is no distinction made between increased value in tangible or intangible property extending over a long period of years and that sudden and speculative increase that develops within a short period of time. Under this amendment the stock speculator who buys early in the year stocks at a small valuation and sells them later at a much enhanced value would have to pay a tax on only 40 per cent of the gain from such sales, while gains in income from every other source of income would be taxed to the full amount.

Under the proposed amendment and bill a lawyer or any other professional man who derived as a fee from a large case or a merchant who through a substantial increase in sales derived an income of, say, $100,000 per year is taxable upon the full amount of income. The speculator who derives an income of $100,000 a year upon the New York Stock Exchange or in any other manner would be taxable only on 40 per cent of his net income, or $40,000.

If there is any merit at all in the contentions made by those who are in favor of this amendment it seems to me in all fairness and equity to taxpayers other than those who are making money in a speculative way upon sudden increases in the value of property which they hold that there should be a limit in the time allowed for holding capital assets before the reduced rate of taxation would be applicable. I suggest a time limit of at least three years.

If the benefits of this amendment are limited to cases of the sale of capital assets which have been owned by the taxpayer for a period of three years or more the just cases and the cases in which relief should be afforded will not be affected; but the speculator will not be included and will be forced to pay a tax upon his entire net income, the same as every other taxpayer. And in view of the fact that one of the important changes in this bill allows taxpayers to charge their net losses in income against incomes in future years, it is but fair and equitable that such taxpayers should be taxed upon the full amount of their income on capital gains.

It is to be noted that even in the proposed bill the taxpayer can deduct the full loss which he sustains by reason of deflation in the value of his capital assets. Thus his income which he derived from speculation is to be reduced to 40 per cent, while the loss which he sustains is to be charged against his income at the rate of 100 per cent, assuming, of course, that the loss comes in a different year from the gain.

Therefore I propose an amendment which will place a time limit upon the period that capital assets can be held by the taxpayer in order to get the benefit of this proposed tax change when a sale is consummated. My proposal is that it be three years.

I understand that the junior Senator from Wisconsin [Mr. LENROOT] is in accord with the criticism which I have made of the pending amendment. I do not know that he proposes to go so far as I do as to the limit of three years, but if the Senator has not some other suggestion to make so as to remove speculative profits from the provisions of the proposed law, then I shall propose my amendment restricting the period to three years.

Mr. McCUMBER. Mr. President, the Senator from Massachusetts, I understand, desires to fix a three-year period so as to cover speculative stock transactions. I think his period is a little long. Would the Senator be satisfied with fixing a period of one year?

Mr. WALSH of Massachusetts. I think the period should be more than one year.

Mr. McCUMBER. So as to compel a holding for at least one year?

Mr. WALSH of Massachusetts. I shall be satisfied with two years. I think the period ought to be more than one year.

Mr. McCUMBER. Mr. President, so far as I am concerned, in order to settle this matter, I shall be satisfied with the proposition of the two Senators if the Senator from Massachusetts will add to the amendment that it shall apply purely to speculative stocks and securities.

Mr. LENROOT. Mr. President, I think I ought to say to the Senator from North Dakota that I would not be satisfied with an amendment applying to purely speculative stocks, because the amendment as reported by the committee, with the purposes of which I am in sympathy, was based on the idea that the present law prevented sales of property, particularly of real property; but, under existing conditions, if a man buys a piece of real estate for speculation to-day—and the Treasury Department can not determine whether he buys it for speculation or for investment—and sells it to-morrow, I do not know why he should have the benefit of this provision. I think a limitation, whether it be of one or two years, should be inserted, so that no one could have the benefit of this section unless he had owned the property, whether it be stock or otherwise, for a period of one or two years, as may be agreed upon.

Mr. WALSH of Massachusetts. Would the Senator be willing to have the period limited to two years?

Mr. LENROOT. Yes.

Mr. WALSH of Massachusetts. I think the Senator from North Dakota has agreed to that.

Mr. LENROOT. I understood the Senator from North Dakota desired to limit the provisions entirely to speculative stocks.

Mr. WALSH of Massachusetts. I did not so understand him. I do not favor such a limitation.

Mr. McCUMBER. I suggested that the limitation should apply merely to speculative stocks.

Mr. LENROOT. Would the Senator from North Dakota be willing to have it limited to all sales of property?

Mr. WALSH of Massachusetts. On the theory that all sales within two years are speculative, more or less?

Mr. LENROOT. Yes.

Mr. McCUMBER. Mr. President, I do not think that I should object to that.

Mr. WALSH of Massachusetts. I do not think the Senator from North Dakota would object to that.

Mr. McCUMBER. If the Senator from Massachusetts will offer the amendment, so far as I can I shall accept it.

Mr. WALSH of Massachusetts. I will send the amendment which I suggest to the desk, and ask the expert who is sitting with the Senator temporarily in charge of the bill to see if it does not cover the suggestion I make.

We have no objection to the provision beginning on page 21. It is only as to the time within which the principle shall be applied that we object. The objection we make can be covered by the amendment which I send to the desk, which refers to the paragraph at the beginning of page 20.

Mr. McCUMBER. If the Senator will allow me, I desire to say that I think the proper place for his amendment would be

in the paragraph commencing with line 22, on page 20, which reads:

The term "capital assets" as used in this section includes property acquired and held by the taxpayer for profit or investment—

The words "for more than two years" should be inserted at that point—

whether or not connected with his trade or business.

If the Senator would be satisfied with inserting the words "for more than two years" after the word "investment," in line 24, I think that would meet his suggestion.

Mr. WALSH of Massachusetts. That will be satisfactory. The amendment which I have sent to the desk was drawn by experts and was submitted to me by them as a proper way of meeting the objection which the Senator from Wisconsin and I make to the provision. I think perhaps the change suggested by the Senator from North Dakota will be simpler than the language used in my amendment.

The VICE PRESIDENT. The amendment proposed by the Senator from Massachusetts [Mr. WALSH] will be stated.

The READING CLERK. On page 20, line 24, after the word "investment," it is proposed to insert the words "for more than two years."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. McCUMBER. The amendment which I just suggested was a substitute for the amendment proposed by the Senator from Massachusetts. The one amendment, I think, is all that is necessary.

The VICE PRESIDENT. Without objection, the amendment at the bottom of page 21 and extending over to the top of page 22, which has already been stated, is agreed to.

The next amendment passed over will be stated.

The READING CLERK. The next amendment passed over, upon the request of the junior Senator from Wisconsin [Mr. LENROOT], is on page 22, beginning in line 5.

Mr. LENROOT. Mr. President, I asked that the amendment be passed over for the reasons that have now been urged by the Senator from Massachusetts; but, as the object which I had in mind has now been taken care of in another way, I have no further objection to urge concerning it. I should like to say to the Senator from Massachusetts, however, that I am not entirely clear that the amendment which has been adopted covers what is really desired.

Mr. WALSH of Massachusetts. I have thought that the Senator from North Dakota met the situation, and if later a correction might have to be made, there would probably be no difficulty in making the change, because we are all in accord as to the principle. The amendment which I first sent to the desk was the one which the experts advised me would cover the difficulty, but I judge the Senator from North Dakota has been in consultation with the experts at his elbow and they have suggested the change which has now been made was simpler.

Mr. McCUMBER. The Senator is correct; but, if it is found that the amendment which has been adopted does not meet the requirements of the situation we can go back to it.

Mr. KING. Mr. President, in view of the language found on page 22, permitting the commissioner to make rules and regulations, may I inquire whether the purpose is to give greater flexibility to the existing law with reference to determining losses and gains?

Mr. McCUMBER. The amendment which has been adopted is simply a limitation on the profits in connection with the sale of capital. It is under the head of capital sales; so that where a person parts with a portion or all of his capital, instead of taking the entire profits that he might possibly make, a practice which to-day is holding up a vast number of sales, we simply take 40 per cent of that profit as the basis of the tax, where the capital itself is sold.

Mr. KING. I had reference, if the Senator will pardon me, to the words on page 22, "shall be determined under rules and regulations to be prescribed by the commissioner with the approval of the Secretary."

Mr. McCUMBER. I assume that refers simply to the rules and regulations that will be necessary to secure proper returns. It does not change the rate or the law itself.

Mr. KING. I have been absent from the Chamber for a moment. Do I understand that there is no amendment proposed which gives greater flexibility in the administration of the law to the taxing department of the Government?

Mr. McCUMBER. I think not; not at this point, at any rate.

Mr. WALSH of Massachusetts. Mr. President, I will say to the Senator from Utah that he has referred to a feature of this bill which is unique. In more than 20 places in the bill the commissioner is given flexible authority for the first time. That is a great departure from previous tax legislation. Such a system is said to have worked very satisfactorily in Great Britain and other countries where flexible authority has been given; but it is the first departure in this country from the rule of defining accurately and in detail the tax law. In this bill in very many instances great power is given to the commissioner, as well as great discretion, in the interpretation of the law.

Mr. KING. May I say, Mr. President, that in the English statute I think it was very wise to allow a certain flexibility and to bestow a considerable amount of discretion upon the tax authorities in the enforcement of the law. In the first place, the business interests of Great Britain are practically compact; it can be very easily ascertained what the profits and the activities of business and corporations are; but it seems to me that the rule of flexibility as applied in Great Britain is no particular argument for giving wide discretion to officials here and providing for great flexibility in the administration of our law. I ask the Senator whether or not, in view, to use his expression, of this unique feature of the bill, he considers it wise to confer such discretionary power upon the administrative officers of the Government and to allow such great flexibility in the administration of the law?

Mr. WALSH of Massachusetts. I think it is a very serious question whether we ought to make this departure. I wish to say to the Senator, however, that the language of this bill is so involved and the meaning in many places is so obscure and almost nonunderstandable that somebody ought to have discretion in administering its provisions. As has been suggested already, there are many sections of this bill which it is almost humanly impossible for a man who is not an expert to understand or comprehend. Under such circumstances there ought to be intrusted to some authority the power to interpret them and to exercise some discretion.

Mr. KING. Certainly the Senator does not mean to assert, in view of the promises which were made before the election and during the election, that we were to have a scientific and rational and very easy to be understood revenue law, that the pending measure is not clarity itself?

Mr. WALSH of Massachusetts. All I can say to the Senator is that I have heard experts say that they do not know exactly what certain sections of the bill mean, and I know that experts have differed themselves on the construction of certain parts of the bill. I do not think anybody, even those who are urging the bill, will contend that the bill is any improvement over the language of the previous revenue bill. In fact, I think it is generally admitted that it is very much more complicated and its meaning more obscure.

Mr. KING. Mr. President, of course I knew that the Senator must answer in that way. It is simply a revelation of the fact that our friends—if I may be pardoned for a political interjection—made very many promises which they have utterly failed to fulfill. We have here a bill that is so cumbersome, so complicated, and—to use the word of my friend from Massachusetts—so nonunderstandable, that even Senators who have worked upon the bill for months do not understand it.

Experts probably do not understand it, or, if they do, they differ; and so now we are to commit to the Treasury Department discretion, flexibility, so that they may place upon the bill such interpretation as in the light of the exigencies of each particular case they may deem proper.

I suggest that it might be wise for us to annex to the bill a chart stating what the Senate understands the provisions to mean, hoping that it may be a guide to the experts and to the department who are to enforce the bill when they come to explain its provisions and apply it to the collection of taxes from the taxpayers of the United States.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment is, on page 22, line 7, where it is proposed to strike out the word "income" with a comma and insert the words "income and."

The amendment was agreed to.

The READING CLERK. On line 8 of the same page, strike out "or capital net loss."

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 22, after line 15, "Part II—Individuals—Normal tax," passed over at the request of the senior Senator from North Carolina [Mr. SIMMONS].

Mr. GERRY. Mr. President, I understand that the Senator from North Dakota has an amendment to offer to this section. I also have an amendment to offer to it, but I should prefer to have the section left open to further amendment until after the amendments on the surtaxes are offered and passed upon. I ask unanimous consent that that be done.

Mr. McCUMBER. I have no objection.

Mr. KING. Mr. President, may I inquire of the Senator if this section does not deal with the surtax?

Mr. GERRY. I will say to the Senator from Utah that the section deals first with the normal tax and then with the surtax.

Mr. KING. It seems to me that they are so closely related——

Mr. McCUMBER. Section 210 deals only with the normal tax.

Mr. GERRY. Section 210 deals with the normal tax and section 211 deals with the surtax. If the surtax can be taken up and passed upon first, then I have certain tables that I intend to put in the RECORD which will be more easily understandable after the surtax has been agreed to. That is why I ask that it go over until then.

Mr. KING. If the Senator will permit me, I have an amendment to offer which brings into one compact form both the surtax and the normal tax. Instead of having normal taxes and surtaxes in different columns, I have an amendment which consolidates them, and treats them as one tax.

Mr. McCUMBER. I would suggest that we first pass upon these amendments which the committee desires to offer which are to make corrections; and then, after the amendments have been adopted and the corrections made, the Senator from Utah can move as a substitute the amended form, and the Senator from Rhode Island can also do the same thing.

Mr. GERRY. Mine would not be in the form of a substitute; it would be an amendment to section 210.

Mr. McCUMBER. That can be done at that time.

Mr. GERRY. Then may I ask the Senator from North Dakota if I can take up my amendment after the surtaxes have been agreed to?

Mr. McCUMBER. I think there will be no objection to that.

The VICE PRESIDENT. Without objection, that will be agreed to.

The READING CLERK. On page 22, after line 15, it is proposed to insert:

PART II.—INDIVIDUALS.

NORMAL TAX.

SEC. 210. That, in lieu of the tax imposed——

Mr. SIMMONS. That section is to be passed over.

Mr. McCUMBER. Mr. President, before the word "That" and after "Sec. 210," I desire to insert a small "a" in parentheses.

Mr. KING. Will the Senator state that amendment again?

Mr. McCUMBER. I desire to make two parts out of section 210, so that the first part will read "Sec. 210. (a)", and the other will be "(b)." I therefore ask to insert "(a)" after the figures "210" on line 18.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The READING CLERK. On page 22, line 18, after the numerals "210," it is proposed to insert "(a)."

The amendment to the amendment was agreed to.

Mr. GERRY. Then I understand that by unanimous consent I can offer an amendment to that section subsequently?

Mr. McCUMBER. That is understood, Mr. President.

The READING CLERK. It is also proposed to insert the following words:

That, in lieu of the tax imposed by section 210 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 8 per cent of the amount of the net income in excess of the credits provided in section 216: *Provided*, That in the case of a citizen or resident of the United States the rate upon the first $4,000 of such excess amount shall be 4 per cent.

Mr. McCUMBER. Mr. President, I now offer an amendment to this amended section. On page 23, after line 2, I move to insert a new section, to read as follows:

(b) In the case of the head of a family or a married person living with husband or wife, the tax imposed by this section shall not exceed the sum of (1) the amount of the tax that such person would pay if his net income for the taxable year were $5,000, and (2) the excess of his net income over $5,000 for such taxable year.

I will state that the purpose of this amendment is as follows: Under the provisions of the bill as drafted, a married person living with his or her spouse is allowed an exemption of $2,500 provided the income does not exceed $5,000. If it exceeds $5,000, there is allowed only $2,000 exemption. You can easily see that there would be an effort to bring it down just below the $5,000, if possible, because if a person had an income of $4,999 he would have an exemption of $2,500, but if he had an income of $5,001 he would have an exemption of only $2,000. This amendment is to bridge the matter over, so that in any event there would be no excuse for reducing the amount of the income, because the taxpayer will pay upon the excess over $5,000.

Mr. SMOOT. Mr. President, in addition to what the Senator has already stated, I will just add this by way of an example:

If the income of a man were $5,001, he would pay $20 tax on that $1. If it were $5,000, he would not pay the $20 at all. In other words, if he had an income of $1 more than $5,000, his tax under the provisions of this bill without the amendment would be $20 on that $1 of additional income. This is simply a provision to bridge over that break, which comes in all brackets of taxes; but having made the difference in the amount of exemption based upon the amount of income, a radical change occurs, and that is all that this amendment is for.

Mr. WALSH of Massachusetts. Does it make a difference in the revenue that the Government would receive?

Mr. SMOOT. I do not think it will amount to very much. There could be such a case as that, but it is only in case it should happen in this way. There may be a hundred of them, or something like that, or there may be a few more; but as far as the amount is concerned, it does not amount to much.

Mr. WALSH of Massachusetts. It seems to be an amendment that is an improvement over the House provision dealing with this same subject. I ask to have the amendment stated again.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 23, after line 2, it is proposed to insert:

(b) In the case of the head of a family or a married person living with husband or wife, the tax imposed by this section shall not exceed the sum of (1) the amount of the tax that such person would pay if his net income for the taxable year were $5,000, and (2) the excess of his net income over $5,000 for such taxable year.

Mr. KING. Mr. President, I should like to inquire of the Senator whether it is congruous to offer this amendment at this place? Are you not breaking your sections in two and introducing an exemption into the section which imposes the tax, so that you would have to recur to exemptions at a different place and treat exemptions in another section, though you would deal with exemptions in part right in the midst of the section which deals with the imposition of the tax? Is it not incongruous to offer it at this place?

Mr. McCUMBER. I think not, Mr. President. While I admit that the language as drawn by the experts seems a little bit abstract, nevertheless when you study out what it means the purpose is, as has just been explained by the Senator from Utah and myself, to bridge over this difficulty that arises from the temptation of a person who may have an income of a little over $5,000 to bring it a little below $5,000 in order to get the benefit of the $500 exemption.

Mr. TOWNSEND. Mr. President, the suggestion first made by the Senator proves to my mind one of the faults I find with this bill, as I do with the existing law. The Senator refers to the fact that the experts use certain language. What I am complaining about is that there is too much expert language in the bill. It is not experts who are paying the taxes in the country; it is the ordinary fellow, who ought to understand what the law is, who is being called upon to pay the taxes. I have heard it said so frequently with reference to a provision of this bill that the experts have so worded it. That is the explanation which is generally given. I am just an ordinary individual, not very well versed in finance. It does not take me a great while to make out my income-tax return, but I do have a little difficulty, even with the few thousand dollars that I have to report, and I think it is largely due to the use of too much expert language that the ordinary individual does not understand. When an explanation is offered, I wish we could have some better excuse than that that is the way the experts presented the provision to the Senate.

Mr. McCUMBER. Mr. President, the Senator from Michigan has just now expressed the difficulty that he has experienced in making his tax return under a law which the Senator from Michigan helped to make.

Mr. TOWNSEND. Allow me to correct the Senator right there. Mr. President, I did not vote in the committee for the law now on the statute books, and I voted against it on the floor of the Senate, for the very reason that I could not understand it, and I thought it was complicated and confused beyond any possibility of clearing up.

Mr. McCUMBER. Then, Mr. President, every member of that committee would have been more than gratified to have had the assistance of the member on that committee from Michigan to simplify it, and we on the Committee on Finance would have been glad to have had the assistance of any person to simplify and attempt to make right a tax law that is applied to the most complex and diverse character of business in the United States. Every one of us discussed the matter in the committee over and over again to see if there was not

some method by which we could simplify this tax bill and make it easy to understand. If we should adopt the amendment offered by the Senator from Utah [Mr. SMOOT], and had just a sales tax, it would simplify it a little, until we began to apply it. Then it in turn would become somewhat complex, in my opinion. If we had a simple turnover tax on every sale, then we would have a simple tax that all could understand, but it would not be satisfactory to anybody. We have to have one kind of a provision in a law for those who are interested in a hazardous business—mining, for instance—and another kind of a provision that will pertain to the insurance business, and as there are about 200 kinds of insurance, we must have many definitions in order to cover them all.

We all would like to simplify this measure, but when you put a Senator right up to the proposition of simplifying it, of making it right, I would like to see the language he would write it in. I would be very glad if the Senator from Utah would write the amendment that is necessary to bridge over this matter of the difference between an exemption of $2,500 and $2,000 upon a $5,000 income, in order that it will not invite the taxpayer to make his return a little less, so as to get a lesser amount of tax to be paid.

Mr. President, I have heard a great deal of condemnation of these experts. They have worked diligently and earnestly, and they know more about the operation of the tax laws than any Senator on the floor, and they know the complexity of the business. They understand the old law. They have tried to correct the bill in accordance with the direction of the committee. I think we are spending a great deal of time uselessly in ridiculing and condemning those experts who have been called in to help draft the bill. They were utilized by the Senator from North Carolina [Mr. SIMMONS] in drafting the previous bill, and I think he will pay due respect to their efforts and their knowledge of the situation.

The Senator from New Hampshire [Mr. MOSES] the other day, in a well-prepared speech, ridiculed these experts for their work; but, Mr. President, the moment a Senator from the other side of the Chamber asked him how he arrived at the conclusion that the line of demarcation between the surtaxes on large estates should be 32 per cent he had to fall back on the experts and give as his reason that the experts of the department had so held.

Mr. MOSES. O, Mr. President, I beg the Senator's pardon. That was not the question addressed to me by the Senator from New Mexico [Mr. JONES] at all. The colloquy between the Senator from New Mexico and me was based wholly on the assertion which I made that the tax-free securities were taking up the available free capital of the country, and the question of the line of demarcation where the surtaxes on these large estates should begin or leave off was never in controversy between the Senator from New Mexico and me.

Mr. McCUMBER. I think if the Senator will look over his speech he will find that I am correctly stating the substance of it when I say that he stated that the experts had determined that the line was somewhere between 25 and 32 or 35 per cent.

Mr. MOSES. Mr. President, that occurred in the body of my speech, and my exact language, as I remember it, was that expert and intelligent opinion fixed it somewhere between those two points.

Mr. McCUMBER. Very well; the Senator fell back upon the experts. The Senator is not even a good Christian Scientist, for while he damns the doctors and ridicules them, whenever he gets in difficulty he comes back to the doctors.

Mr. MOSES. Mr. President——

Mr. McCUMBER. When the Senator found it was necessary to explain the situation he fell back upon the testimony of the experts who came from the Treasury Department. I am not contending that what the Senator is doing is not all right, but I insist that we really have to fall back on the experts for their knowledge of the subject. These experts have not, so far as I know, attempted to impose their own opinions and conclusions. The committee has determined what it thought ought to be the law and has called upon the experts to examine every section of the bill and so draft it that it would be harmonious with the committee's idea of what the law ought to be. They have rendered signal service, and with all of the intelligence in the Senate, I think as a body we would be entirely lost if we did not have the benefit of the expert testimony which has been given us from day to day. I am certain if the Senator from New Hampshire were present in the committee meetings he probably would call upon the experts for their information and their idea of the effect of any proposed amendment as much as other members of the Committee on Finance.

Mr. MOSES. Mr. President, if the Senator will allow me, I know he does not want to do me an injustice——

Mr. McCUMBER. Certainly I do not.

Mr. MOSES. I did not single out the experts from the Treasury Department. I simply spoke of expert opinion in general.

As for the experts who have worked upon this tax bill, Mr. President, I have nothing to recant regarding what I said of them in my comment upon this bill and in my comment upon the emergency tariff bill, with which they had very much to do. I believe that the experts have become a group of super-Senators, trying experiments in legislation for which they have no responsibility and attempting to try out on the country a lot of things which they have revolved in their minds until they think they are real machines that will work.

I have objected also to these particular experts, Mr. President, because they are of Democratic antecedents. They have been the foundation of Democratic tax legislation, and I think if the Republican Party in the Senate and on the Finance Committee want experts they should get some experts who are at least politically loyal.

Mr. McCUMBER. Mr. President, it is just such criticism of these experts that I take exception to. Of course, the Senator has a right to assume anything he sees fit. I think the experts have rendered signal service to the committee, both when the Democrats were in control and when the Republicans were in control. They have given the facts, the bills have been drafted, and in the language which is used to conform one part to the other and to explain one section with the other I think probably they have done as well as most of us could do.

Mr. MOSES. Will the Senator yield?

Mr. McCUMBER. I yield.

Mr. MOSES. Mr. President, there is an old Russian adage, "Whose bread I eat, his song I sing," but I never thought highly of men who shape their lives upon it.

Mr. TOWNSEND. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. McCUMBER. I yield.

Mr. TOWNSEND. I want to say a word in reference to the statement of the Senator from North Dakota in reference to the part taken by me in the preparation of the bill which became the present law. I am making no complaint because the committee has sought the best sources possible for getting information on this most difficult subject. I am not complaining about that. I was complaining because after the experts had worked out some kind of a proposition it could not be put in language which I could understand and which the people themselves could understand.

In reference to the part taken by me in the last Democratic Congress in the preparation of tax legislation, I was at that time a member of the Committee on Finance. I attended every meeting of that committee, I believe, and participated to the very best and utmost of my ability in trying to shape a bill.

Now, I am entering upon another controversial point. After we had considered that bill, the night before we were to report out a bill the next day, a great many of our Democratic brethren, as members of that committee, a majority of whom never had attended any of the meetings of the committee, were called together, and they reported another bill to the whole committee, and reported it to the Senate the next day. That bill contained many of the provisions we had agreed upon or had discussed, but it contained some provisions we had not discussed. I could not support the bill. I did not understand it very well, although I had been very diligent. I have just ordinary intelligence, and I did not understand it. When that bill came before the Senate I could not support it, because I felt that it was a complex arrangement which the people could not understand. Experience has demonstrated that they did not understand it, and do not understand it yet, and that the consideration of the tax returns of 1917 and 1918 is not completed yet, and we are going back to them because of a misunderstanding of the forms.

I had hoped we might frame a bill at this time which we could at least understand, and I am giving my best thought and attention to it, and I am in perfect sympathy with the committee. I realize that they have a tremendous job on their hands and I do not want to unduly criticize them. But when this simple provision, apparently, as Senators think it is, this little provision which is before us to-day, has to be read a dozen times and be explained by Senators before I can get any sense out of it at all, it occurs to me that it will be a pretty difficult matter to make the people understand it when they are called upon to pay their taxes under it. I am not complaining at your taking advice, but I have thought that after the advice of the experts has been taken either they or the committee ought to be able to put the provision in such language that an ordinary fellow could understand it by reading it.

Mr. WALSH of Massachusetts. Mr. President, I want to call the Senator's attention to the fact that we are now not

dealing with taxes upon corporations or dividends or gains or losses. This is a section which 2,000,000 taxpayers will have to read. It provides for the tax on the individual and ought to be in plain, simple language. I have not found one Senator on this side of the Chamber yet who understands what the language proposed means.

Mr. McCUMBER. Mr. President, the Senator from Massachusetts understands the purpose of the amendment, does he not?

Mr. WALSH of Massachusetts. Yes; I think I do.

Mr. McCUMBER. Will the Senator from Massachusetts kindly formulate an amendment that will make it simple?

Mr. WALSH of Massachusetts. I will be glad to do so.

Mr. McCUMBER. If he will, the committee will adopt it very quickly.

Mr. WALSH of Massachusetts. I will be glad to consider the matter if the Senator will pass it over and give me a chance to consider it.

Mr. HITCHCOCK. If the amendment is to be rewritten, I want to call attention to the fact that this language ought to be changed, "that the head of a family or married person living with a husband and wife."

Mr. McCUMBER. That is a misprint, and of course it will be corrected.

Mr. HITCHCOCK. It appears several times in the bill.

Mr. McCUMBER. That is the fault either of the person drafting it or of the printer. I can not tell which.

Mr. HITCHCOCK. It appears three or four times.

Mr. McCUMBER. It certainly ought to be changed.

Now, Mr. President, I wish to say in all fairness to the experts that I think the time has come for us, when we wish to make a change, and I think it needs to be simplified, to try to see if we can simplify it beyond what the experts have done. Remember these experts did not come before the committee of their own volition. They are a part of the Treasury Department. They perform their duties there and are then called to the Committee on Finance and do double duty, working Sundays and often long past midnight in order to accomplish some of the work that the committee has asked them to do. While they sit here on the floor to explain matters to anyone who desires to ask them a question or desires to get any information, they are here and ready to clear up any matter, but where they can not defend themselves against a charge made publicly against them. I say it is unfair to be eternally finding fault and condemning the experts who have worked on the bill. If Senators can simplify anything, if Senators can make it better, I am quite certain that the committee will be very glad to have it done.

Mr. HITCHCOCK. I think the Senator is mistaken in assuming that there is any attack upon the experts. There is not. The attack is upon the committee for not writing the bill themselves. The experts are not legislators; they are experts; and having given the committee their expert advice, the committee should write the bill.

Mr. McCUMBER. If the committee wrote all the changes that are made from day to day, if they were to sit down and write out everything themselves, we would not have a bill of this kind before us for six months yet. It is impossible for the committee to sit down and write word for word, because every time we make a little change in the bill we have to go over the whole of it and revamp, if not the entire bill, at least the entire title. Very often where we cut out a tax here or there we have to put it in elsewhere. It is not an easy job. It is not a simple job. The Senator who has it in his mind that he can make a simple and easily understandable bill, so that any farmer or any workman can understand it, ought to know that it can not be done and applied to the complex business of the United States.

The bill is open to amendment. Any time any Senator thinks he can make any proposition more clear than is made here the committee would welcome it, as would, of course, the experts.

Mr. HITCHCOCK. I think this charge has never been brought against a similar bill, and when members of the committee have undertaken to prepare amendments or prepare bills Senators have had no difficulty in understanding them. There has been no difficulty in understanding the bill presented by the Senator from Utah [Mr. SMOOT] for a sales tax.

Mr. McCUMBER. Of course not.

Mr. HITCHCOCK. That is a brand-new thing, and yet everybody has been able to understand it. So I say if the members of the committee had taken the information given by the experts and had put the language into the plain, ordinary vernacular that the average man understands there would be no complaint.

Mr. McCUMBER. As I said before, if we could say a bushel of potatoes shall bear a tax of 5 cents, we would all understand it, but a tax bill applying to every character of business in the United States is an entirely different kind of proposition. When the Senator says the same criticism did not apply to the previous bill he is mistaken. The pending bill is modeled after the old bill, and a great deal of it is but a repetition; and much of the criticism that is urged to-day against the pending bill for some of its complex provisions was urged against the other bill when it was before the Senate.

The best way to settle it is this. The committee have done the best they could under the circumstances. They do not pretend to have supreme knowledge of these matters, nor do they pretend to be able to make everything so clear that everyone can understand it any more than any one man can understand all the business there is in the United States; it is absolutely impossible for him to do so. The committee welcome any suggestion or any amendment that will simplify any provision. If the Senator from Nebraska can criticize any particular section for being too complex, of course he has in his mind some way in which it can be simplified, and I would like to have him, instead of standing here so much of the time condemning it, simply to present to us a simplified form.

Mr. HITCHCOCK. The trouble is that many of the Senators have not been able to understand when they read a committee amendment what the committee was driving at. Members of the committee have stood here upon the floor of the Senate and have disputed with each other as to what the meaning of the amendment was.

Mr. McCUMBER. I have not heard any of their disputes. Possibly there have been such, but I think the Senator is mistaken. I do not think he will find in the RECORD a single instance where Senators who are members of the committee have disputed as to what any amendment meant.

Mr. HITCHCOCK. I have listened to several very interesting discussions. I recall one between the Senator from Utah [Mr. SMOOT] and the Senator from North Carolina [Mr. SIMMONS], both members of the committee. I have heard others; the committee members themselves have split upon the meaning. As the Senator from Massachusetts [Mr. WALSH] said, it may be all right to have technical and involved and difficult language used in those sections applying to great corporations that can employ interpreters and experts; but when we come to tax two or three million people with incomes of approximately $5,000 we ought to have the language so plain and clear that they can understand it without compelling them to employ lawyers or experts in making up their income-tax returns.

Mr. WATSON of Indiana. Mr. President, all that sounds very nice, but we who sat in the committee day after day wrestling with these complex problems found we could not do that very thing which the Senator is speaking about. The Senator from Nebraska is a newspaper man, presumably an editor; he has been in the habit of writing editorials; he understands something about the use of the English language. He knows what the amendment is designed to do. I wish now as a matter of fairness he would take the amendment and write it out so that everybody could understand it.

Mr. HITCHCOCK. If the Senator will explain to me in a few words what it means, I will attempt it.

Mr. WATSON of Indiana. I can explain what it means, but——

Mr. HITCHCOCK. Will the Senator explain it?

Mr. WATSON of Indiana. But I am not going to explain it, because the Senator has said that it ought to be written out so everybody can understand it.

Mr. HITCHCOCK. I will give the Senator from Indiana a nice large red apple if he will explain it in five minutes so that we can understand it.

Mr. WATSON of Indiana. I understand exactly what it means, and I will say that Dr. Adams has explained it all over to me within the last 10 minutes. I had him do it.

Mr. HITCHCOCK. Ah, the Senator has to have an expert's explanation, just as I thought.

Mr. WATSON of Indiana. Precisely. I had it explained, because it was necessary that I should have it explained, and it is necessary that every one of these things shall be explained to us as we go over them. There is not a Senator here who can understand these complex propositions unless the experts go over and over them.

Mr. HITCHCOCK. Will the Senator kindly give Dr. Adams's explanation, so that we can understand it?

Mr. WATSON of Indiana. I will not, because I rose for another purpose, and that purpose is simply this: I wish to ask the Senator from North Carolina [Mr. SIMMONS] if he did not say in the committee room one day—and I am not violating any committee confidence—that after his bill of 1918 had been brought out on the floor more than 600 amendments were offered to it and engrafted upon it?

Mr. SIMMONS. I think it was something like that number.

Mr. WATSON of Indiana. Yes; but the Senator from Nebraska said there was no complaint made of that bill.

Mr. HITCHCOCK. Oh, no; the Senator from Indiana misunderstood me. I did not say that. What I said was that the complaint of unintelligibility was not applied to it. Of course, the bill was amended upon the floor.

Mr. WATSON of Indiana. And precisely the same complaints were made.

Mr. HITCHCOCK. But members of the committee did not violently discuss among thesmelves as to the meaning of certain amendments.

Mr. WATSON of Indiana. They certainly did, and certainly had to, just as members of the committee do now. Here sit the Senator from Massachusetts [Mr. WALSH], who attended practically every meeting of the committee, and the Senator from North Carolina [Mr. SIMMONS], who attended practically all the meetings of the committee. All of us sat there day after day and discussed all these propositions over and over, and we tried as best we could to simplify the measure so that everybody could understand it. I remember when this matter was discussed, and we could not make it any plainer than it is now and carry out the objects we had in mind. That is my candid opinion.

Mr. WALSH of Massachusetts. But this amendment was never before the committee.

Mr. WATSON of Indiana. It was before the Republican members of the committee.

Mr. HITCHCOCK. Ah, that is a different proposition. I ask the Senator again to give to the Senate for our benefit in a plain, ordinary garden variety of English, an explanation of what the amendment means.

Mr. WATSON of Indiana. If I did, then what would the Senator do?

Mr. HITCHCOCK. I would be enlightened.

Mr. WATSON of Indiana. The Senator would be enlightened, but he would not vote for it.

Mr. SIMMONS. Mr. President, when the Senator from Indiana asked me a little while ago, with reference to the 600 amendments, I understood him to mean amendments made in committee. The Senator from Utah calls my attention to the fact that he said they were made upon the floor of the Senate. Of course, that is not correct. They were made in committee.

Mr. SMOOT. I will say to the Senator from Nebraska that if he had been in the Chamber when this amendment was explained I think he would have known just exactly what it means.

Mr. HITCHCOCK. I have been here. I ask the Senator from Utah to explain to us what it means.

Mr. SMOOT. It will take me only a moment to do so.

Mr. HITCHCOCK. I thank the Senator.

Mr. SMOOT. I am perfectly willing to undertake it.

Mr. WATSON of Indiana. It has been explained four times.

Mr. WALSH of Massachusetts. I wish the Senator from Utah would explain at the same time just what the difference in tax would be to those who have an income of $5,001 and those who have an income of $4,999.

Mr. SMOOT. That comes in the explanation. The exemption allowed to an individual depends upon the amount of his income to a certain extent. In other words, an individual with an income of $5,000 and over has an exemption of $2,000. Where his income is under $5,000—for instance, $4,999—the exemption is $2,500. What is the result of that difference in exemption? If a man has an income of $5,001, he has an exemption of only $2,000, and the tax on that $1 will amount to $20; in other words, he pays a $20 tax on a $1 increase over and above the amount provided for by the bill.

Mr. SIMMONS. In other words, he loses his $500 exemption, and that is all there is in it.

Mr. SMOOT. He loses it and this amendment simply bridges that over. I know it often happens in brackets of all kinds there is a discrimination, but this is a wise discrimination. As I said, the $1 over and above the $5,000 income would cost the taxpayer $20, and the amendment simply means that he would pay his tax upon the $1 over and above the $5,000 income. I think any Senator can understand what the amendment means.

Mr. WATSON of Indiana. Now, will the Senator from Nebraska either vote for the amendment or write it in simpler language? He said if it was explained to him he would be enlightened. The Senator from Utah has undoubtedly explained it, just as it has been explained over and over again. Now, will the Senator from Nebraska write it in different language that anybody can understand?

Mr. HITCHCOCK. I will do so if it is passed over so that I can be given a few moments to prepare it.

Mr. WATSON of Indiana. And consult the experts?

Mr. HITCHCOCK. No; I do not need to do that.

Mr. KING. Mr. President, I regret that the innocent suggestion which I made to the Senator from North Dakota some time ago, that the amendment which he had suggested was incongruous and was offered at an improper place and interfered with the continuity of the subject then under consideration, should have precipitated this discussion.

I had in view only the improvement of the bill, not the purpose to delay its consideration.

Just a few words in reply to the Senator from New Hampshire [Mr. MOSES]. I submit in the utmost kindness that his criticism of the experts who have aided the committee was rather unfair. I think his challenge of their political antecedents is not warranted. May I mention the name of one expert—Mr. McCoy? There are few men who know more about the fiscal affairs of our Government than does Mr. McCoy. So far as I know, he has been the adviser of both political parties for many years, and his advice has been of incalculable benefit. In my opinion the Senator from New Hampshire has no grounds for inferring that Mr. McCoy has Democratic antecedents or that he has been influenced by any consideration in the services rendered by him to the Senate. There is nothing in the work of Mr. McCoy that would warrant an inference that any advice he might give or assistance he might render would be influenced by any party or political views. He has given advice as freely to Republicans when the Democrats were in power as he did to Democrats, and he gives advice as freely to Democrats now as he does to Republicans.

The same may be said of Dr. Adams. While I do not agree with some of the economic views of Dr. Adams, I pay tribute to his learning and knowledge of fiscal affairs. I think that tribute must be paid to him by all, whether they agree with him or whether they differ from him in some of his economic views.

Mr. President, I realize that it is easy to criticize our Republican friends, and they deserve criticism; but still when we come to write any kind of legislation we are confronted with the fact that language often fails to convey the desired thought. It not only conceals thought but sometimes it is imperfect and fails to express our thoughts. Some of the best lawyers have written wills in elaborate language and others in few sentences and courts have taken years to interpret them and have then failed. The Bible itself is the basis of many interpretations, and many creeds, diverse in their religious views, are founded upon the same texts of Scripture. Our courts are daily wrestling with laws which have been written by specialists, supposed to be as clear as the noonday sun, and yet the more that the courts construe them the more ambiguous do they appear and the more confused do lawyers as well as litigants become. So I have a great deal of sympathy with our Republican friends. I think they have attempted a bigger job than they were competent to perform. I criticize the bill which they have offered not alone because of its ambiguities and inconsistencies but also because it is not a sufficient departure from the war revenue act. I think it would have been better if our Republican friends had prepared a new bill, preserving, so far as necessary, the fundamental principles embodied in the war revenue act instead of adding patches and pieces to the old law.

I have here what our Republican friends said in their platform which they wrote to get votes, but which they constantly refuse to carry out in their practice. Under the head of "Taxation" our Republican friends declared with great solemnity, when they expected a "solemn referendum":

> Moreover, the whole fiscal policy of the Government must be deeply influenced by the necessity of meeting obligations in excess of $5,000,000,000, which mature in 1923.

Permit me to say parenthetically, Mr. President, that our Republican friends seem to have forgotten those obligations which are maturing; they are making enormous expenditures; they will be met with large deficiencies, notwithstanding the huge revenues derived from a war tax bill; they will not only be unable to meet maturing obligations, but they will not be able to meet with this bill or any measure projected by the Republican Party the current liabilities and obligations and expenditures of the Government—

> But sound policy—

This is the point which I want particularly to call to the attention of my Republican friends—

> equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure, prompt and certain determination of the tax

liability for delay and uncertainty, tax laws which do not for tax laws which do excessively mulct the consumer or needlessly repress enterprise and thrift.

May I say that I have been advised that Dr. Adams's political antecedents are of such a character that he participated in the formation of the Republican platform and wrote the very plank which I am reading? So when my friend criticizes Dr. Adams because of his Democratic antecedents he is greatly in error. If the Senator had criticized him because he is Republican, I would have joined with him. That is the only criticism I have of Dr. Adams. The Republican platform continues:

> We advocate the issuance of a simplified form of income return; authorizing the Treasury Department to make changes in regulations effective only from the date of their approval; empowering the Commissioner of Internal Revenue, with the consent of the taxpayer, to make final and conclusive settlements of tax claims and assessments, barring fraud; and the creation of a tax board consisting of at least three representatives of the tax-paying public and the heads of the principal divisions of the Bureau of Internal Revenue—

And so forth. Our Republican friends have departed absolutely from that platform pledge. Let me read what President Harding said at the beginning of the present session of Congress:

> The most substantial relief from the tax burden must come for the present from the readjustment of internal taxes, and the revision or repeal of those taxes which have become unproductive and are so artificial and burdensome as to defeat their own purpose. A prompt and thoroughgoing revision of the internal tax laws, made with due regard to the protection of the revenues, is, in my judgment, a requisite to the revival of business activity in this country. It is earnestly hoped, therefore, that the Congress will be able to enact without delay a revision of the revenue laws and such emergency tariff measures as are necessary to protect American trade and industry.
>
> It is of less concern whether internal taxation or tariff revision shall come first than has been popularly imagined, because we must do both, but the practical course for earliest accomplishment will readily suggest itself to the Congress. We are committed to the repeal of the excess-profits tax and the abolition of inequities and unjustifiable exasperations in the present system.
>
> The country does not expect and will not approve a shifting of burdens. It is more interested in wiping out the necessity for imposing them and eliminating confusion and cost in the collection.

President Harding will not find in this bill any redemption of Republican promises, or any vindication of his announced fiscal policies.

Perhaps I should qualify this statement and add that the repeal of the excess-profits tax is promised in this pending measure.

My colleague—and I say it with the utmost respect and kindness—has suggested a plan which would, notwithstanding its undoubted merits, shift the burdens.

Mr. SMOOT. Will my colleague yield to me?

Mr. KING. I yield.

Mr. SMOOT. I can not agree with my colleague.

Mr. KING. I did not expect that my colleague would.

Mr. SMOOT. I say that my proposition can not be construed as a shifting of burdens, but on the contrary, it is designed to relieve the consumer from many burdens which are more onerous than would be a small tax on sales.

Not only that, but I wish to say to my colleague that if he desires that I shall carry out the Republican platform as well as the Democratic platform so far as favoring a simplified form of taxation is concerned, all he will have to do will be to vote for my proposition, and then we shall have such a system of taxation.

I desire, further, to say that if my proposition be adopted every taxpayer in the country will be able to make out his tax return on a short sheet of paper, and he will know with absolute certainty whether he is making it out correctly or incorrectly.

Mr. WATSON of Indiana. Mr. President, let me ask the Senator from Utah [Mr. KING], who is now occupying the floor, whether he himself was not in favor of a sales tax and did not make a proposition for such a tax only four years ago?

Mr. KING. When Congress, soon after we entered the war in 1917, was confronted with the problem of raising billions of dollars to meet the stupendous expenses which we knew would be incurred in the prosecution of the war, and when Representatives and Senators were endeavoring to find sources from which revenue could be obtained, I ventured to suggest that if a sales tax were imposed a large revenue could be obtained. I stated that the amount annually obtainable from that source would depend entirely upon the amount of the tax and upon the number of articles or commodities upon which it was imposed. I recall that in presenting the matter attention was directed to the fact that a sales tax which reached all turnovers would prove objectionable and would result in such pyramiding as to become oppressive to the ultimate consumer and particularly to the consumers of commodities entering into the daily needs and lives of the people. My opinion was that, as a war measure, a sales tax was warranted. However, I took the position that, justifiable as it was in time of war, it would not prove satisfactory in times of peace. I would have voted for a sales tax during the war. I do not believe there is any occasion for it at the present time. A general sales tax, which is an excise on consumable commodities and which is imposed upon all transfers of commodities in the course of production, fabrication, manufacture, and finishing in final form for the market of consumption will yield an enormous revenue, but it will bear heavily upon consumers, particularly those who belong to what are denominated the working classes.

There may be a modified sales tax—one which limits the excise to specific articles or one where the tax is imposed only upon the final transfer of the commodity. As stated, if the sales tax is imposed upon each successive sale or transfer of the commodity in the course of its mutation from the raw material to finished product for final sale and consumption, then its operations constitute a burden too great for the people to bear.

As suggested, the sales tax is not new. In various forms, and subject to various modifications, it has been applied in numerous countries at different periods, particularly since the time of Philip II in Spain.

During our Civil War a sales tax was imposed and covered substantially all sales transactions. Our present revenue law imposes a tax upon the sales of certain articles. In my opinion there never will come a time when the sales tax, in one form or another, will not be a part of our revenue system. I would be willing to support a proposition to levy an excise upon additional consumable commodities from which the Government undoubtedly would obtain a considerable revenue. I am inclined to think that the Government could obtain a very large sum from a tax upon gasoline. Other commodities will readily suggest themselves to Senators upon which a sales tax—that is, a tax upon the sale of the same—could without any great hardship to the people be levied and which would yield important revenues to the Government. It is quite likely that we will be compelled from time to time to enlarge the list of articles subject to an excise. However, we should scrutinize with the utmost caution any project which now seeks to increase the excises on commodities, particularly such as are vital to the welfare of the great masses of the people.

The faculty theory of taxation has commended itself to the American people. Taxes constitute a burden and always will. Rich and poor alike would, if they could, escape them. No one welcomes the heavy hand of the taxgatherer. We are compelled by reason of the necessities of the Government to continue heavy burdens upon the people. In framing a tax measure at the present time, I believe that we should keep constantly before us the thought that the taxes should be placed where they can be most easily borne. Of course, in levying taxes the question of benefits to be derived should be taken into account, but the ability to pay is, after all, a matter of prime importance. No tax measure should be framed with the idea of punishing or preferring; justice and equity should be the guide in formulating tax measures.

Of course, there will be sharp conflicts and irreconcilable differences in opinion whenever an attempt is made to prepare a revenue bill. The various schools of economic thought will sharply clash with respect to the subjects to be taxed and the policies to be pursued.

Unanimity is impossible. Radicals and those who seek to nationalize property will ask for confiscatory tax measures. Some who have enormous holdings and great wealth will contend for measures that will relieve them and their wealth from legitimate burdens and pass them on to those who are least able to bear them. Wealth must understand that the Government protects it—and it should—and that a considerable portion of the expenses incident to the maintenance of law and order and all forms of government—municipal, State, and National—result from its protection. Our civilization is founded upon the right of private ownership in property, and the Government has no more right to confiscate private property under the guise of taxation than have individuals that right.

But, as stated, the wealth of the country and the business of the country, now and hereafter, will be called upon to bear a very large part of the tax burdens imposed by the National Government. I am in favor of those who derive large incomes making important contributions toward the Government's expenditures, and corporations which play so important a part in the business life of the country and which draw to themselves so much of the wealth of the country must expect to pay heavy taxes. The net profits of the corporations of our country are stupendous, and it is only just that they should be regarded as important sources from which Federal revenue can be obtained.

The profits of many corporations are exceedingly great. Indeed, they are excessive, and can only result from the fixing of prices upon their products and commodities which almost amount to extortion. Competition in many fields of business activity has been practically destroyed, and as a result the net profits are beyond all reason. There are many reasons why corporations of this character should be subjected to an excess-profits tax, and I am inclined to believe that a modified form of excess-profits tax should be adopted and become a part of this bill.

When Woodrow Wilson addressed Congress in May, 1919, he recommended a rectification of the present system of internal taxation and submitted certain fundamental recommendations as a basis for a revenue system. He urged a simplification of the present law, and stated that the system of taxation should be simple and easy of administration and the taxes as little burdensome as possible, consistent with the imperative needs of the Government. He saw that production must not be arrested by reason of burdensome taxation, and at the same time recognized that there were certain main sources from which the revenue must be drawn. As I recall, he referred to the excess-profits tax as one of these sources.

However, he contended that the then existing rates should not be long maintained, but suggested that undue profits should be taxed and that this could be done without any discouragement of legitimate business activity. Of course, Senators will recall that President Wilson also recommended the continuance of the income tax and the estate tax as permanent sources for Federal revenue. As stated, Mr. President, I am inclined to think that we could with propriety adopt a modified form of excess-profits tax and write it into the present measure.

Mr. SMOOT rose.

Mr. KING. Does my colleague desire to interrupt me? If so, I yield.

Mr. SMOOT. My colleague says that in war times he would vote for taxes for which he would not vote now, because in war times billions of dollars of taxation were necessary. How are we going to materially lessen taxation when for many years we will be required to meet obligations of the Government that will run into the billions of dollars? If we take the items of interest on our obligations, the annual appropriations necessary to care for the disabled soldiers of the war and the sinking fund, as provided by law, of 2½ per cent of our obligations, there are required under those three items alone nearly $2,000,000,000, without including a cent to maintain the operations of the Government.

So that anybody who thinks that there is going to be light taxation in this Nation for the next quarter of a century must have his mind disabused of such an idea. It can not be realized, and we might just as well, Mr. President, prepare now a tax bill which will provide the billions which we will have to raise every year, rather than to have any mere temporary measure and let the industries of the country hang suspended in the air, not knowing where they stand or what changes will be made in the law or what they may be required to pay next year or the year after. We ought to get on a firm basis of taxation, a basis that all the people of the United States will understand and under which the business of this country will bear its full share of taxation and the wealth of the Nation will likewise bear its full share of taxation, for nobody, so far as I know, wants to relieve them of it.

I wish to say that I concur in the statement of my colleague that the present revenue law was passed as a war measure, and it was not criticized as it would have been criticized except for that reason. When the law of 1918 was about to be voted upon in this Chamber I stood where I am standing to-day and called attention to the fact then that at no time in the next quarter of a century would the expenses of the Government be less than $3,500,000,000, and it was then, Mr. President, that I first referred to a sales tax in order to meet the obligations under which our Government would rest for many years in the future.

Mr. McLEAN. Mr. President——

Mr. KING. Permit me to conclude, and then I shall yield to the Senator. I arose only for a few words and have been diverted and desire to quickly conclude.

Mr. President, I agree with what my distinguished colleague has said concerning the stupendous sums which will be required by the Federal Government for many years to come. I agree that the burdens resting upon it call for billions of dollars annually. My colleague is right in his view that a rational taxation system should be employed, one which will have some attributes of permanency. A transitory and constantly changing system of taxation is subject to objections, and I should welcome a plan that would be reasonably permanent. However, with the changing conditions an inflexible system of taxation is scarcely possible. Certain fundamentals, as President Wilson suggested, may be followed, but important and indeed certain fundamental changes will occur as the years come and go. There will, however, be variations and modifications because of the change in economic and industrial conditions. Indeed, political conditions result in radical departures in taxation, as well as in many other directions.

I concur in the views that my colleague has expressed concerning the large appropriations which the Federal Government will be called upon to meet in the future. We will never get down to prewar conditions in respect to Government expenditures. Thrift and economy seem to have been forgotten.

All efforts to adopt economy in Federal appropriations have proven futile. We are appropriating hundreds of millions annually more than the imperative needs of the country demand. We have gotten so in the habit of spending that it seems impossible to close the doors of the Treasury to the constant invasions from every quarter. And the spirit of spending has extended to the school districts, cities, counties, and States.

Some time ago I made inquiry to ascertain to what extent the general spirit of extravagance had invaded our State and municipal governments. I was not surprised to learn that they had joined in the mad march of extravagance, as a result of which the costs of municipal and State governments had within a very few years increased from 50 to 100 per cent. Practically all of the municipalities of our country are in debt. The States are likewise in debt and the outstanding obligations of municipalities, counties and States aggregate hundreds of millions of dollars. As we know, capital is being absorbed by the tax-exempt securities issued by the Nation and by the various States and the political subdivisions therein.

The people, I regret to say, do not manifest that concern and indeed that alarm, which one would expect, at the almost overwhelming burden of indebtedness which has been created and is in many States being constantly augmented.

Though we have in Europe an object lesson of national bankruptcy, we do not seem to be appalled or even concerned at the figures showing the enormous obligations of our Government and the American people. With the appetites which we have developed, it will require annually between four and five billions of dollars for years to come to meet the expenses of the National Government.

Demands will be made for Federal appropriations which will make impossible any material reduction from the figures stated of our annual national expenses. The demands for rivers and harbors, for highways and internal improvements, for the veterans of the World War, and many other subjects, will result in budget demands so great as to make our tax burdens oppressive indeed.

In my opinion appropriations will be made during the next quarter of a century to the veterans of the World War and to their dependents which will aggregate $20,000,000,000. I wish we could devise means to reduce expenses and provide a rational, scientific, and just system of taxation. My colleague's desires in this respect are most commendable. He has presented a proposition which has many advantages. As I have suggested, it has many disadvantages. Unquestionably, the plan contemplates, as all sales taxes contemplate, the transfer to the consumer of the tax. I shall not discuss the subject now. Several weeks ago I presented to the Senate my views upon the question of a sales tax. We are now considering a bill reported by the Finance Committee. It has some features which will command the support of substantially all Members of the Senate, but it contains provisions which I regard as unwise and wholly indefensible. It comes with a smell of war upon nearly every page of the bill. It is the war revenue bill modified in some respects, patched and pieced, but not improved. Indeed, in some particulars it is far more objectionable than the law which it seeks to amend.

I was reading what President Harding had said when interrupted. He promised a "simplified tax system." The Republicans promised it, but they are not giving us a simplified tax system. Indeed, in my opinion the present law will be more cumbersome, more complex, more difficult of interpretation and administration than the existing law.

Mr. McCUMBER. Mr. President——

Mr. KING. I yield.

Mr. McCUMBER. The Senator from Utah, since he has been in Congress, has never been an extreme partisan. I think we will all have to give him that credit. The Senator has quoted the Republican platform for a reduction of taxes. There is not any question about the good intention of those connected with the Republican Party to lower taxes, but I think the Senator will agree with me that you must have a tax sufficient to take care of the expenses of the Government, and the expenses of the Government, whether extravagant or otherwise, are always

governed by both sides of the Chamber. It takes both sides of the Chamber to reduce our expenditures, and if we are unable to reduce them to a less sum than four and a half billions of dollars for the fiscal year ending June 30, 1922, we must have a revenue sufficient to meet that $4,500,000,000, and we must have that no matter what the Republican platform or the Democratic platform or any other platform says.

If we do not reduce the tax more than 15 per cent it is because the expenditures which must be met are not more than 15 per cent less than they were before.

What we will have to do is to make the best kind of a tax bill we can out of the one that is before us. Let Senators offer amendments if they think it is wrong in any respect, but we can not reduce the taxes below what is necessary to run the Government; and upon the estimate that is made, whatever we may say in criticism to the effect that the tax ought to be more here or less there, we are not raising any more than is absolutely necessary to conduct the Government. I think we ought to give our attention to that, more than to what the Republican Party said or the Democratic Party said. Let us get together as patriotic citizens. I think the Senator and myself have voted rather uniformly against extravagances, but we are not the majority. We have to take Congress as it is; and when it passes bills that require large sums of money we have to raise the money to meet them. Let us get together and try to pass a tax bill that will raise it with the least amount of injury to the business of the country, and make the tax as light as we possibly can. We gain nothing by attempting to make a purely partisan question out of this.

Mr. KING. Mr. President, I agree with what my friend has said; and when he appeals in his impressive and persuasive way no one can resist him. I would not have ventured to read the Republican platform in his presence—because it must be rather confusing to my Republican friends when attention is called to it and to the promises made and to the record of fulfillment, or rather, lack of fulfillment—had it not been for the observations made by my good friend, the Senator from New Hampshire [Mr. MOSES]. I thought, and I say that with all kindness, that his criticism of the experts—many, if not all, of whom are Republicans, and all of whom are good men—was a little unjust; and as a Democrat I wished to defend them and testify to their ability and to their earnest and consistent labors.

If I understand the Senator from North Dakota, I agree with him that this is an imperfect bill.

And I feel that in no partisan spirit Democrats should give what aid they can to perfecting it, so that we may secure as good a measure as our Republican friends will permit us to have. They are in control, and they will frame the bill. Our criticisms may compel some changes—changes for the better—but it will still be a Republican bill. That has repeatedly been said by Republican leaders. The Senator speaks of extravagance. Doubtless I have offended some on this side of the aisle because of my criticism of the action of my party upon various bills carrying appropriations which I conceived to be unwise and improper. While I am a Democrat and believe in the fundamental principles of the Democratic Party, so long as I am here I shall act in accordance with my best judgment and vote as my conscience dictates; and if my views are not in accord with those of members of my party I shall nevertheless express them upon all appropriate occasions and cast my vote in accordance therewith.

The VICE PRESIDENT. The question is on the adoption of the amendment offered by the Senator from North Dakota [Mr. MCCUMBER] to the amendment of the committee.

Mr. HITCHCOCK. Mr. President, I should like to know whether that amendment has gone over?

The VICE PRESIDENT. It has not gone over.

Mr. HITCHCOCK. I should like to ask the Senator from North Dakota, then, whether it is the intention, in the case of the head of a family having an income of over $5,000, to give him an exemption of $2,000 only, and to tax him, as the Senator from Utah [Mr. SMOOT] said, $20 for the first dollar over the $5,000?

Mr. MCCUMBER. The intention is to avoid that. We have passed it over now and discussed other features and politics for nearly an hour——

Mr. HITCHCOCK. I understood the Chair to say that it had not been passed over.

Mr. MCCUMBER. I say, we have passed it over for some time while we were discussing other matters, and I have not objected to the long time we have taken in discussing other matters, because I thought the Senator from Nebraska was getting up a simplified amendment. If the Senator can not draw it in three-quarters of an hour, does he want another day for it?

Mr. HITCHCOCK. No. I should like to ask the Senator whether he agrees with the meaning given by the Senator from Utah [Mr. SMOOT]?

Mr. MCCUMBER. Yes; I do.

Mr. HITCHCOCK. The object of the committee in this amendment, then, is not to take from such a taxpayer in taxes more than the income that he derives over $5,000 and up to $5,500? Is that right?

Mr. MCCUMBER. No. He pays the same tax that he would pay if his income were $5,000, of course.

Mr. HITCHCOCK. And if his income is $5,500, what does he pay?

Mr. MCCUMBER. He pays on $5,500, of course.

Mr. HITCHCOCK. He gets an exemption of $2,000?

Mr. MCCUMBER. Of $2,000.

Mr. HITCHCOCK. Whereas, if it were less than $5,000, he would get an exemption of $2,500. He loses that $500 exemption, does he?

Mr. MCCUMBER. He loses the $500 exemption if he goes above $5,000; that is clear.

Mr. HITCHCOCK. Is it the intention of the committee by this amendment to levy the tax so that the tax will simply equal the excess between $5,000 and $5,500? Is that the intention of the committee?

Mr. MCCUMBER. Why, of course it would be plus his ordinary tax if his income were $5,000.

Mr. HITCHCOCK. The Senator ought to be able to answer my question. Suppose his income is $5,000?

Mr. MCCUMBER. The Senator is making his question a great deal more complex than this amendment.

Mr. HITCHCOCK. Then let the Senator explain what the intention is.

Mr. MCCUMBER. I have explained it over and over again until it is getting ad nauseam.

Mr. HITCHCOCK. I think not. Is it the intention of the committee to levy a tax upon this taxpayer on his income over $5,000 in such a way that the tax will not exceed the excess income?

Mr. MCCUMBER. Yes; and if he has an income of $5,010 he will pay a tax upon the $10.

Mr. HITCHCOCK. What tax will he pay—the whole $10?

Mr. MCCUMBER. I think the way it would read would be this: A tax on the $5,000, supposing he had just $5,000, plus the tax on the $10.

Mr. HITCHCOCK. Then he would be taxed $10 on the excess of $10?

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. HITCHCOCK. That is, the tax would equal the excess over the $5,000?

Mr. LENROOT. Exactly.

Mr. SMOOT. That is exactly what it is.

Mr. HITCHCOCK. I am glad to know it, because I think I have an amendment that covers it, but I have had great difficulty in ascertaining what the committee was trying to get at, and I suggest this change:

If the head of a family living with husband or wife has an income exceeding $5,000 and not exceeding $5,500, the exemption shall be $2,000, and rate of tax on that part of the income over $5,000 shall in such case be 100 per cent.

Mr. SMOOT. No, Mr. President.

Mr. MCCUMBER. Will the Senator please explain what he means by that?

Mr. HITCHCOCK. You propose to take away from that man in taxes every dollar that he makes between $5,000 and $5,500.

Mr. SMOOT. No.

Mr. HITCHCOCK. That is what you said. His exemption is reduced from $2,500 to $2,000, so he loses $500.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. HITCHCOCK. Yes.

Mr. LENROOT. If I may give an illustration, I think the committee will agree with this construction: If a man has an income of $5,000, with an exemption of $2,500, he will pay a tax of $100.

Mr. HITCHCOCK. Yes.

Mr. LENROOT. If his income were $5,001, he would have an exemption of $2,000 and he would be called upon to pay a tax of $120.40 under the bill as it stands; but under the committee amendment he would be called upon to pay $100 plus the tax on $1, and that is all.

Mr. HITCHCOCK. But he has lost his $500 exemption, has he not?

Mr. LENROOT. Oh, no; he is not called upon to pay any more than the excess over $5,000.

Mr. HITCHCOCK. This amendment provides no change, as far as the exemption is concerned?

Mr. LENROOT. No.

Mr. HITCHCOCK. He has lost his $500 exemption?

Mr. LENROOT. Yes.

Mr. HITCHCOCK. I understood the Senator to say that if the taxpayer's income is a dollar over the $5,000 he loses that exemption?

Mr. LENROOT. Yes.

Mr. McCUMBER. He loses $500.

Mr. WADSWORTH. That is provided for in another part of the bill. That is not in this particular amendment.

Mr. HITCHCOCK. But he has lost his exemption?

Mr. WADSWORTH. Yes.

Mr. SMOOT. That is, he has lost $500 of his exemption.

Mr. HITCHCOCK. The amendment is so drawn that you will save to him that loss to the extent that his income covers that?

Mr. LENROOT. Exactly.

Mr. HITCHCOCK. Then, if his income is $500 more, that is the extent to which you can tax him, and you take that whole $500.

Mr. LENROOT. No; the taxes would be figured on the $500 income.

Mr. HITCHCOCK. But I mean to say he has lost it because he has lost his exemption. His exemption has been cut down from $2,500 to $2,000.

Mr. LENROOT. That only means $20 of taxes.

Mr. SMOOT. That is the limit.

Mr. HITCHCOCK. Why does it not apply to the others over that?

Mr. SMOOT. Because it is the tax on the exemption.

Mr. ASHURST. Mr. President, I move that the Senate adjourn. Let us not waste time.

The motion was rejected.

Mr. McCUMBER. I suggest that the Senator from Nebraska call in Dr. Adams as an expert to draft the proposed amendment.

Mr. HITCHCOCK. I will say that I am not going to vote for this amendment until somebody tells me what it means. There are very few people I have talked to who can say definitely what it means; and when I put questions to the Senator, he himself is not able to explain what it means.

Mr. McCUMBER. I am able to tell what I understand it means, and if the Senator can not understand it in the same way, repeating again and again what I have said will not help him out.

Mr. WALSH of Massachusetts. May I suggest to the Senator from North Dakota that in view of the fact that the Senator from Rhode Island is to offer an amendment to this section later, the matter be passed over for the present?

Mr. ASHURST. I object to its being passed over.

Mr. McCUMBER. I would suggest that we pass upon it. There was a unanimous-consent agreement that after we pass upon the amendment the Senator from Rhode Island should not be precluded from offering his amendment as a substitute.

Mr. HARRIS. Mr. President, I have an amendment similar to the one to be offered by the Senator from Rhode Island, which I would like to have included in the unanimous-consent agreement.

The VICE PRESIDENT. Without objection, it is so ordered.

The question now is on agreeing to the amendment to the amendment offered by the Senator from North Dakota.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 23, after line 2, to strike out:

SEC. 207. That section 211 of the revenue act of 1918 is amended by adding at the end thereof a new subdivision to read as follows:

"(c) For the calendar year 1922 and each calendar year thereafter the rate upon the amount by which the net income exceeds $66,000 shall be 32 per cent instead of the rates specified in subdivision (a) in respect thereto."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 23, after line 9, to insert:

SURTAX.

SEC. 211 (a). That, in lieu of the tax imposed by section 211 of the revenue act of 1918, but in addition to the normal tax imposed by section 210 of this act, there shall be levied, collected, and paid for each taxable year upon the net income of every individual—

(1) For the calendar year 1921, a surtax equal to the sum of the following:

1 per cent of the amount by which the net income exceeds $5,000 and does not exceed $6,000;

2 per cent of the amount by which the net income exceeds $6,000 and does not exceed $8,000;

3 per cent of the amount by which the net income exceeds $8,000 and does not exceed $10,000;

4 per cent of the amount by which the net income exceeds $10,000 and does not exceed $12,000;

5 per cent of the amount by which the net income exceeds $12,000 and does not exceed $14,000;

6 per cent of the amount by which the net income exceeds $14,000 and does not exceed $16,000;

7 per cent of the amount by which the net income exceeds $16,000 and does not exceed $18,000;

8 per cent of the amount by which the net income exceeds $18,000 and does not exceed $20,000;

9 per cent of the amount by which the net income exceeds $20,000 and does not exceed $22,000;

10 per cent of the amount by which the net income exceeds $22,000 and does not exceed $24,000;

11 per cent of the amount by which the net income exceeds $24,000 and does not exceed $26,000;

12 per cent of the amount by which the net income exceeds $26,000 and does not exceed $28,000;

13 per cent of the amount by which the net income exceeds $28,000 and does not exceed $30,000;

14 per cent of the amount by which the net income exceeds $30,000 and does not exceed $32,000;

15 per cent of the amount by which the net income exceeds $32,000 and does not exceed $34,000;

16 per cent of the amount by which the net income exceeds $34,000 and does not exceed $36,000;

17 per cent of the amount by which the net income exceeds $36,000 and does not exceed $38,000;

18 per cent of the amount by which the net income exceeds $38,000 and does not exceed $40,000;

19 per cent of the amount by which the net income exceeds $40,000 and does not exceed $42,000;

20 per cent of the amount by which the net income exceeds $42,000 and does not exceed $44,000;

21 per cent of the amount by which the net income exceeds $44,000 and does not exceed $46,000;

22 per cent of the amount by which the net income exceeds $46,000 and does not exceed $48,000;

23 per cent of the amount by which the net income exceeds $48,000 and does not exceed $50,000;

24 per cent of the amount by which the net income exceeds $50,000 and does not exceed $52,000;

25 per cent of the amount by which the net income exceeds $52,000 and does not exceed $54,000;

26 per cent of the amount by which the net income exceeds $54,000 and does not exceed $56,000;

27 per cent of the amount by which the net income exceeds $56,000 and does not exceed $58,000;

28 per cent of the amount by which the net income exceeds $58,000 and does not exceed $60,000;

29 per cent of the amount by which the net income exceeds $60,000 and does not exceed $62,000;

30 per cent of the amount by which the net income exceeds $62,000 and does not exceed $64,000;

31 per cent of the amount by which the net income exceeds $64,000 and does not exceed $66,000;

32 per cent of the amount by which the net income exceeds $66,000 and does not exceed $68,000;

33 per cent of the amount by which the net income exceeds $68,000 and does not exceed $70,000;

34 per cent of the amount by which the net income exceeds $70,000 and does not exceed $72,000;

35 per cent of the amount by which the net income exceeds $72,000 and does not exceed $74,000;

36 per cent of the amount by which the net income exceeds $74,000 and does not exceed $76,000;

37 per cent of the amount by which the net income exceeds $76,000 and does not exceed $78,000;

38 per cent of the amount by which the net income exceeds $78,000 and does not exceed $80,000;

39 per cent of the amount by which the net income exceeds $80,000 and does not exceed $82,000;

40 per cent of the amount by which the net income exceeds $82,000 and does not exceed $84,000;

41 per cent of the amount by which the net income exceeds $84,000 and does not exceed $86,000;

42 per cent of the amount by which the net income exceeds $86,000 and does not exceed $88,000;

43 per cent of the amount by which the net income exceeds $88,000 and does not exceed $90,000;

44 per cent of the amount by which the net income exceeds $90,000 and does not exceed $92,000;

45 per cent of the amount by which the net income exceeds $92,000 and does not exceed $94,000;

46 per cent of the amount by which the net income exceeds $94,000 and does not exceed $96,000;

47 per cent of the amount by which the net income exceeds $96,000 and does not exceed $98,000;

48 per cent of the amount by which the net income exceeds $98,000 and does not exceed $100,000;

52 per cent of the amount by which the net income exceeds $100,000 and does not exceed $150,000;

56 per cent of the amount by which the net income exceeds $150,000 and does not exceed $200,000;

60 per cent of the amount by which the net income exceeds $200,000 and does not exceed $300,000;

63 per cent of the amount by which the net income exceeds $300,000 and does not exceed $500,000;

64 per cent of the amount by which the net income exceeds $500,000 and does not exceed $1,000,000;

65 per cent of the amount by which the net income exceeds $1,000,000.

Mr. McCUMBER. Mr. President, what has been read up to 65 per cent is the law as it now stands, and is intended to apply for the year 1921. I suggest that we adopt that part of the amendment. Then I will offer another amendment for the succeeding year.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCUMBER. Mr. President, I move to strike out beginning on line 8, page 28, down to and including line 20, page 30, and insert in lieu thereof amendment numbered 5 on the pamphlet.

Mr. KING. Let it be read, please.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 28, beginning on line 8, it is proposed to strike out all of the proposed committee amendments down to and including line 20, page 30, and to insert in lieu thereof the following:

(2) For the calendar year 1922 and each calendar year thereafter, a surtax equal to the sum of the following:

1 per cent of the amount by which the net income exceeds $6,000 and does not exceed $10,000;
2 per cent of the amount by which the net income exceeds $10,000 and does not exceed $12,000;
3 per cent of the amount by which the net income exceeds $12,000 and does not exceed $14,000;
4 per cent of the amount by which the net income exceeds $14,000 and does not exceed $16,000;
5 per cent of the amount by which the net income exceeds $16,000 and does not exceed $18,000;
6 per cent of the amount by which the net income exceeds $18,000 and does not exceed $20,000;
8 per cent of the amount by which the net income exceeds $20,000 and does not exceed $22,000;
9 per cent of the amount by which the net income exceeds $22,000 and does not exceed $24,000;
10 per cent of the amount by which the net income exceeds $24,000 and does not exceed $26,000;
11 per cent of the amount by which the net income exceeds $26,000 and does not exceed $28,000;
12 per cent of the amount by which the net income exceeds $28,000 and does not exceed $30,000;
13 per cent of the amount by which the net income exceeds $30,000 and does not exceed $32,000;
15 per cent of the amount by which the net income exceeds $32,000 and does not exceed $36,000;
16 per cent of the amount by which the net income exceeds $36,000 and does not exceed $38,000;
17 per cent of the amount by which the net income exceeds $38,000 and does not exceed $40,000;
18 per cent of the amount by which the net income exceeds $40,000 and does not exceed $42,000;
19 per cent of the amount by which the net income exceeds $42,000 and does not exceed $44,000;
20 per cent of the amount by which the net income exceeds $44,000 and does not exceed $46,000;
21 per cent of the amount by which the net income exceeds $46,000 and does not exceed $48,000;
22 per cent of the amount by which the net income exceeds $48,000 and does not exceed $50,000;
23 per cent of the amount by which the net income exceeds $50,000 and does not exceed $52,000;
24 per cent of the amount by which the net income exceeds $52,000 and does not exceed $54,000;
25 per cent of the amount by which the net income exceeds $54,000 and does not exceed $56,000;
26 per cent of the amount by which the net income exceeds $56,000 and does not exceed $58,000;
27 per cent of the amount by which the net income exceeds $58,000 and does not exceed $60,000;
28 per cent of the amount by which the net income exceeds $60,000 and does not exceed $62,000;
29 per cent of the amount by which the net income exceeds $62,000 and does not exceed $64,000;
30 per cent of the amount by which the net income exceeds $64,000 and does not exceed $66,000;
31 per cent of the amount by which the net income exceeds $66,000 and does not exceed $68,000;
32 per cent of the amount by which the net income exceeds $68,000 and does not exceed $70,000;
33 per cent of the amount by which the net income exceeds $70,000 and does not exceed $72,000;
34 per cent of the amount by which the net income exceeds $72,000 and does not exceed $74,000;
35 per cent of the amount by which the net income exceeds $74,000 and does not exceed $76,000;
36 per cent of the amount by which the net income exceeds $76,000 and does not exceed $78,000;
37 per cent of the amount by which the net income exceeds $78,000 and does not exceed $80,000;
38 per cent of the amount by which the net income exceeds $80,000 and does not exceed $82,000;
39 per cent of the amount by which the net income exceeds $82,000 and does not exceed $84,000;
40 per cent of the amount by which the net income exceeds $84,000 and does not exceed $86,000;
41 per cent of the amount by which the net income exceeds $86,000 and does not exceed $88,000;
42 per cent of the amount by which the net income exceeds $88,000 and does not exceed $90,000;
43 per cent of the amount by which the net income exceeds $90,000 and does not exceed $92,000;
44 per cent of the amount by which the net income exceeds $92,000 and does not exceed $94,000;
45 per cent of the amount by which the net income exceeds $94,000 and does not exceed $96,000;
46 per cent of the amount by which the net income exceeds $96,000 and does not exceed $98,000;
47 per cent of the amount by which the net income exceeds $98,000 and does not exceed $100,000;
48 per cent of the amount by which the net income exceeds $100,000 and does not exceed $150,000;
49 per cent of the amount by which the net income exceeds $150,000 and does not exceed $200,000;
50 per cent of the amount by which the net income exceeds $200,000.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SIMMONS. Mr. President, the amendment which I offered to this section of the bill, the surtax brackets, proposed to raise the surtax brackets to a maximum of 52 per cent. The amendment now offered by the committee raises the brackets to a maximum of 50 per cent, a difference of only 2 per cent. I am not disposed to make any issue with the committee because of that slight difference. The bill as originally proposed by the committee would have relieved incomes above $68,000 of $90,000,000 of taxes. The proposed change, raising the maximum to 50 per cent, will relieve taxpayers with incomes above $68,000 of only $16,000,000 as against $90,000,000 under the original bill. The changes made in the lower brackets—that is, the brackets upon incomes less than $68,000—will reduce the surtaxes of the taxpayers in that group about $42,000,000. Under those circumstances, Mr. President, I am not disposed to antagonize this particular amendment, and I do not know of anyone on this side of the Chamber who wishes to.

I recognize the fact that it is the purpose of the bill to relieve the taxpayers as far as possible of the high war-time taxes. When we adopted the surtax provision in the 1918 bill, carrying the rates up to a maximum of 65 per cent, we were required to raise by taxation about $8,000,000,000.

Since that time it has been necessary to raise lesser sums as the years have passed by, and we have now got down to the point where the Secretary of the Treasury estimates that we will need only about $4,000,000,000 to defray the expenses of the Government. I think the Secretary has made an underestimate. I think it will require something over $4,500,000,000. But taking his estimates, and the bill is based upon his estimates, there is a margin for reduction; and yet from the time we first levied our surtaxes up to the maximum of 65 per cent there has not been a single solitary reduction made in the surtaxes.

We are now making some reductions, and it is not the first time we have made reductions. We are for the second time making reductions. We reduced the miscellaneous taxes this year something over $300,000,000, including transportation, which is classed as a miscellaneous tax. If the bill becomes a law we will reduce the taxes upon corporate incomes several hundred million dollars.

I can see no reason why under these circumstances the taxes of individual taxpayers, whether they be large taxpayers or small taxpayers, should not be allowed to participate to some extent in the reduction. I do not think $16,000,000 reduction in incomes over $66,000, as compared with $42,000,000 reduction in incomes under $66,000, is an undue share in the general scheme of reduction. I do not know whether all my colleagues on this side of the Chamber agree with me about it, but so far as I am concerned I desire to be fair toward every kind and class of taxpayer in the country. I myself do not desire, when reducing taxes upon one class of our fellow citizens from the high level of 1918, to make no reduction upon the other class.

Mr. President, I think I do not desire at this time to make any further comments upon this amendment.

Mr. McCUMBER. Mr. President, I am presenting this amendment on behalf of the chairman who is at present absent. There has been much criticism of the committee in the Senate because of its cutting down the higher surtaxes, and inasmuch as this is a compromise between the higher brackets in the present law and the committee amendments, I think I shall not seriously object to the change.

But, Mr. President, I wish to say something in behalf of the committee which formulated and reported the committee amendment cutting the higher surtaxes down to 32 per cent. If there has been any one complaint throughout the country about the tax bill, it has been that the higher surtaxes and the excess-profits taxes were preventing people from using their capital in any line of new business and diverting it from well-established lines of business into the purchase of tax-free securities. I recall that the Republican platform, the Republicans believing that there was a real danger in continuing the excess-profits tax, specifically declared against it and by innuendo at least declared against the higher surtaxes.

Mr. President, there are three important elements that never should be lost sight of in constructing a revenue bill.

The first, and absolutely indispensable one, is that the measure must bring in a revenue sufficient to meet every expense of the Government. No matter how heavy the load or galling the burden the tax in its entirety must measure up to that requirement.

The individual in times of stress may ask and receive an extension of time to meet his obligations. A great government

can not continue to function at all unless it meets in cash its daily obligations.

The second requirement in a just tax measure is that the heavier burden, so far as is possible, shall be borne by those best able to bear it. That is the very basis of an income tax, and, from the standpoint of equity, it is undoubtedly the fairest and most acceptable tax measure that could be passed.

The third element is that the tax shall be so apportioned and so enforced as to least interfere with the normal course of business. And this latter carries with it the principle that it shall not be laid with such a heavy hand upon any business of the country as to paralyze the very industry upon whose success we must always rely for every dollar of revenue received.

While I have placed this element third in the order of arrangement, it is really first in the order of importance to the Nation itself.

I fear the general public fail to give just weight and importance to this feature of a tax measure. Each individual views the tax as it affects him individually and loses sight of the fact that all taxes of every nature, character, or description—income, real estate and personal property taxes, excise taxes of every nature—must all come from those earnings in production, trades and professions, over and above the necessary cost of living.

The individual and corporation must make money before he or it can pay a dollar to the Government. Sound, profitable business is the very foundation upon which we must rest every levy of tax. The business of the country is as a tree with its thousands of branches, each bearing the golden fruit from which alone the Government can gather for its needs. You can by an overstrain destroy the productivity of any branch and render it unproductive for the next and succeeding years. You can blight the entire tree and destroy its fruitage.

Keeping in mind the eternal truth that all taxes must be paid out of earnings—earnings above the necessary living expenses of 110,000,000 people—unless there is a profit in the general business of the country over and above these living expenses there can be secured no revenue for governmental purposes.

Keeping in mind the fact that every tax should be considered with reference to its effect upon the business prosperity of the country, we are brought face to face with the proposition that is presented in connection with a reduction of the higher brackets of the surtax from 65 per cent to 32 per cent.

The House made 32 per cent the highest surtax bracket, which, added to the 8 per cent normal tax, would make the limit of taxation 40 per cent upon any income. This 32 per cent is reached when the income amounts to $66,000. Under the House bill, and under the bill as reported to the Senate, a man who has a net income of $66,000 would pay to the Government of the United States $26,400. If he were living in Wisconsin, he would pay an additional 12 per cent, or $7,920, making a total of $34,320.

As this higher tax of 65 per cent did not apply until after an income had reached above $100,000, the individual with such a large income could not very bitterly complain that the necessities of Government required that he turn over 65 per cent of all his earnings to the Federal Government. There would still be left sufficient for him to live very comfortably. And if this were all there was to the question we need not spend much time on it. But is it all?

When the House and the Senate reduced these surtaxes it was not through any consideration of or sympathy for those who were fortunate enough to have such large incomes. They were considering only the business interests of the country. They sought and received the advice of the Secretary of the Treasury and of all Treasury experts on the question of whether these higher surtaxes affected the business interests of the country and thereby made it more difficult for all taxpayers to meet the Government levy. It was claimed by the Secretary of the Treasury, supported by these experts, that, while these heavy brackets answered every purpose during war extravagances and immense profits, their effect at the present time was working disastrously to the interest of the Government.

First, because they were driving the capital of the country, which ought to go into business—the expansion of old and the institution of new lines of industrial activity—into nontaxable securities at an enormous rate.

Second, because stocks and interests in the several businesses of the country were being divided and distributed for the very purpose of avoiding the higher brackets.

Third, because it was estimated that a flat tax of 15 per cent on the profits of all corporations would, after the expiration of one year, bring in a greater revenue than would be obtained from these higher brackets of surtaxes. This matter was set out quite clearly by Secretary Mellon in his testimony before the Committee on Finance on this subject, pages 157 to 160, inclusive. I desire to read into the RECORD a portion of his testimony. He says:

And what supports that position—

Referring to the higher brackets—

is the record of the department as to the higher brackets of surtax, how they have dropped down; and it is rapidly coming to a place where they are unproductive. The reason is not only the fact that transactions are prevented, but with the high brackets of surtax there are so many ways of avoiding the tax to a man who has an income. Generally, what is referred to as the chief factor is the investment in tax-free securities. That is not so. The investment in tax-free securities is a large factor, but it is not the leading factor. There are many other methods.

For instance, from my knowledge of the incomes in business, etc., of individuals, I do not know among them any who to any large extent invest in tax-free securities, for the reason that they have not the free cash with which to do it. They are generally people who are in industrial lines of business, and they have to carry on their business and they need their capital. They can not get it out to invest it in tax-free securities. I do not think that is the largest item.

But if you take a man who may have an income of three or four hundred thousand dollars a year, or a larger amount, he can do so many things. He can divide up his property with his wife and his children, and that cuts his brackets down because his income is less, and he does not pay the high surtax. Or he can make trusts for his children and those to come after him and part with his property, with a trust that accumulates for them, and therefore he is relieved; he immediately drops from the higher surtax down to the lower tax.

There are dozens of plans. It is shown and proved in the result in the department where you see that the number of higher surtax people are dropping down and the revenue is going down.

There are so many of these different ways that I know of that have not been actually availed of. For instance, I know of a man who has a large income, a very high income. He invested in a piece of real estate. It was coal property. It cost about $4,000,000. The reason he invested in that was that he considered that at some time in the future it would have greater value, and that perhaps at that time in the future there would not be the same surtax or high tax rate, and in the meantime it would be increasing in value. He was using his money in other directions, but he bought that property on a payment of a comparatively small amount down. He made a payment of $200,000 down and then a payment of $200,000 a year running each year for 10 years, and at the end of the 10 years he would pay the balance or the bulk of the purchase money. He paid 6 per cent interest on the money.

That was the effect of his large surtax. In that instance he paid somewhere about 65 per cent. The interest at 6 per cent was deductible from his income and therefore the Government paid 60 per cent of his 6 per cent interest. In other words, the Government carries the payment of that interest for the time, and he goes free to the end of the time and pays off his property, and he can sell it then and make his profit; and if there is not a large tax at that time, he is that much ahead.

But the point is that in the meantime the Government has relieved him. Instead of paying 6 per cent he is paying 2½ per cent to carry that property, because the interest he pays is deductible from income and he gets that deduction which relieves him to that extent.

* * * * * * *

Then, there is another still greater injury to the country from that sort of tax. I can remember, in the community where I live, the favorite investment by men who had a large income, or by executors of an estate, was in real estate mortgages—

And I should like to have some of my western friends listen to this—

mortgages upon real estate, and the money would be used for building, etc. It used to be a 5 per cent mortgage. A 6 per cent mortgage was a good security. To-day there is no such thing in our district, scarcely, as a 6 per cent real estate mortgage. They can not get the money. They can not get the money to invest in real estate on that sort of a basis, because the people who always did invest their money in that direction were people of ample or large incomes who have these big surtaxes, and therefore if they only get 6 per cent on their investments their net is perhaps only 3 per cent, and they do not make the investment. What is the result? Capital does not flow into investments in real estate, into buildings and construction of that kind. It is diverted and obstructed from going there.

Mr. President, on yesterday I received a letter from a gentleman of my State who has been handling, as is the expression, eastern money for loans upon farm mortgages. He sends me an excerpt from a letter of an eastern investor who declines to invest any further. We did not have a very good crop for the last two years there and our interest is a little behind, but that is not the reason why he does not continue investing in real estate mortgages. This is what he says—I now quote from the excerpt:

The farmers in North Dakota certainly are in a bad position. I do not want to crowd any of those where I hold their loans; but, on the other hand, my position is this: At the present time a 5 per cent New York State municipal bond is better for me than a 7½ or 8 per cent farm mortgage, on account of the Federal and State income taxes; and in addition to this I can now buy municipal bonds extending over a period of from 20 to 30 years, and I figure that in the meantime interest rates will have gone down so much that the rate which I can obtain now will seem high, and I feel that the money will be safely invested if anything happens to me, so that the family would not have these matters to look after.

But the particular thing that I wish to call attention to is the declaration that—

At the present time a 5 per cent New York State municipal bond—

Which, of course, is free from taxation—

is better for me than a 7½ or 8 per cent farm mortgage, on account of Federal and State income taxes.

Senators must remember that the total taxes paid by the individual are not embraced alone in the Federal taxes which we are levying, for to the 8 per cent normal tax and the 42 per cent surtax, making 50 per cent, there has to be added from 12 to 20 per cent imposed by way of taxation in Wisconsin, New York, Pennsylvania, Oregon, California, Oklahoma, and other States, so that, including the State taxation, the total approximates 62 per cent.

The Secretary of the Treasury says, and he is supported by every expert in the department, that we shall get more money out of the tax if it is levied at a less rate, because with a less rate those receiving large incomes will invest them in tax-paying property rather than in tax-exempt property; so that incomes all along the line will yield a greater return to the Government.

The purpose of a tax is not to punish or to try to get even with anybody, but to secure the greatest amount of revenue consistent with the prosperity of the country evenly distributed; and any method of levying the surtax that will tend to drive income back into tax-paying securities rather than into tax-exempt securities or that will tend to drive income into investment in mortgages upon real estate rather than into the bonds of cities will help the country.

I confess I have not changed my mind. I voted for 32 per cent as the highest bracket of the surtax. I voted for it upon the testimony of Mr. Mellon, upon the testimony of thousands of people who have given me the same evidence directly or indirectly as that contained in the excerpt from the letter written by a gentleman in New York, I think, to a citizen of North Dakota and by him sent to me.

Mr. KENYON. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. EDGE in the chair). Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. McCUMBER. Certainly.

Mr. KENYON. Was there any evidence before the committee as to the extent to which nontaxable securities have been issued in this country?

Mr. McCUMBER. Yes.

Mr. KENYON. May I ask the Senator what it was?

Mr. McCUMBER. According to the evidence the amount can not be stated with exactness, but it is estimated by the experts as being all the way from twelve billion to fifteen billion dollars. Many others put the figures as high as $16,000,000,000; in fact, I have seen some statements to the effect that it is as high as $20,000,000,000. Such securities can always be sold now if they are good and if the property behind them is adequate; in fact, there is great demand at all times for tax-exempt securities.

Mr. OVERMAN. May I ask the Senator whether the estimate he has given includes municipal and county bonds?

Mr. McCUMBER. Certainly; it includes all tax-free bonds such as State and municipal bonds, Government bonds, and so forth.

Mr. WATSON of Indiana. Mr. President, my recollection is that Prof. Seligman, of Columbia University, advised us that, taking into consideration all of the State, county, and township bonds, including school bonds, gravel-road bonds, and so forth, together with Federal bonds, the amount of tax-exempt securities now outstanding aggregated $30,000,000,000.

Mr. KENYON. The Senator from Utah told me the other day they were being issued at the rate of $800,000,000 a month, as I understood him.

Mr. SMOOT. Mr. President, some days ago the question came up as to whether such bonds were being issued to-day and sold in large quantity. So I had an investigation made of the sales of tax-exempt bonds beginning on January 1, 1921, up to and including September 30, 1921, or a period of nine months, and during that time there were $880,000,000 of tax-exempt bonds sold in the United States.

Mr. KENYON. In what period of time was that?

Mr. SMOOT. Nine months.

Mr. KENYON. Then I misunderstood the Senator.

Mr. CALDER. How much?

Mr. SMOOT. $880,000,000; or, in other words, they are being sold at the rate of nearly $100,000,000 every month right now. Not a day passes but that we have coming to our desks advertisements of tax-exempt bonds, bearing the heading "These bonds are exempt from all Federal income taxes," or at least that is always understood. I have one here offering tax-exempt bonds from cities in Connecticut, in Missouri, in New York, in Rhode Island, in Massachusetts, in Vermont, and in Tennessee, amounting to hundreds of millions of dollars.

Mr. WALSH of Montana. Mr. President, will the Senator tell us whether that includes Federal securities as well?

Mr. SMOOT. There is not one in this list; no. The $880,000,000 is made up of tax-exempt securities outside of the Federal securities.

Mr. WALSH of Montana. Can the Senator tell us the amount of transactions in Federal securities?

Mr. SMOOT. There has been no increase in those.

Mr. WALSH of Montana. Also, let me inquire of the Senator whether there are any duplications in that list?

Mr. SMOOT. Not at all.

Mr. WALSH of Montana. How can evidence be gathered as to that?

Mr. SMOOT. They get the figures from all the exchanges that sell tax-exempt bonds.

Mr. WALSH of Montana. Exactly. An exchange reports to-day that there has been a sale of $100,000 of tax-exempt securities, and those same tax-exempt securities are put upon the market to-morrow, and they report $100,000 more.

Mr. SMOOT. No; that is not the case, Mr. President.

Mr. WALSH of Montana. Are these the original issues?

Mr. SMOOT. These are the original issues of bonds; and not only that, but the names are given, and the date of issue, and the rate of interest.

Mr. KENYON. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. McCUMBER. I yield.

Mr. KENYON. In this connection, since this matter is becoming a national menace, I should like to ask the Senator from Utah what has become of his constitutional amendment on the subject?

Mr. SMOOT. The amendment was referred to the Judiciary Committee, and I have not as yet appeared before the committee. I knew there was no use whatever in trying to crowd it in the present congested condition in the Senate of legislation that must be passed immediately; but I will say to the Senator that just as soon as this legislative situation breaks so that committees can consider other matters I am going to ask the Judiciary Committee to consider that bill.

Mr. KENYON. I am glad to know it.

Mr. PENROSE. Mr. President, will the Senator from North Dakota yield to me?

Mr. McCUMBER. I yield to the Senator from Pennsylvania.

Mr. PENROSE. The Senator from Iowa [Mr. KENYON] has used the term "national menace." It does not seem to me it is well taken. We might as well abandon the doctrine of State sovereignty if the National Government can tax State indebtedness. Every State could be put out of commission to-morrow by a hostile majority in control of the Federal Government if that were the case. In my opinion, it is preposterous to suppose that any State in the Union would deliberately sacrifice its prerogative of sovereignty by entertaining favorably such a constitutional amendment as has been suggested. The sole reason why these local securities are exempt is because the municipalities and the States would be absolutely out of commission as sovereign, independent entities if their indebtedness were taxable by the Federal Government. If we are to abandon the fundamentals of our institutions, well and good; but I hesitate to let the term "national menace" pass unchallenged.

Mr. CALDER. Mr. President, will the Senator yield?

Mr. McCUMBER. I yield to the Senator from New York.

Mr. CALDER. I desire to call the attention of the Senator from North Dakota to the fact that since it became apparent that we were about to continue these high rates of surtaxes the value of these tax-exempt securities has increased on the market of late. This is particularly true of certain Liberty bonds and other Government issues, which have gone up 10 or 15 points. The public knew that they would be the really valuable investments for years to come.

Mr. SIMMONS. Mr. President——

Mr. McCUMBER. I yield to the Senator from North Carolina.

Mr. SIMMONS. The Senator has stated that there is something like $30,000,000,000 of tax-free securities in this country. My information is that there is not much over $10,000,000,000 of tax-exempt securities. The Senator must remember that our Liberty bonds are not exempt from surtaxes, except the 3½ per cent bonds. There are enormous quantities of Government bonds in the country, but the great bulk of the Government's indebtedness at this time consists in the bonds floated for the purpose of winning the war. All of that mass of bonds except the 3½ per cent bonds is subject to the surtax, and it can not be escaped.

Mr. CALDER. Mr. President, will the Senator yield to me further?

Mr. McCUMBER. I yield.

Mr. CALDER. I rise to suggest to the Senator from North Carolina that the bonds to which he refers, these Federal bonds that are taxable, are held to-day in the main by our savings institutions in the various States, in whose hands they are tax exempt, and by our life insurance companies. When these so-called Federal bonds that are said to pay taxes are held by savings banks or life insurance companies the income is not subject to taxation, and I think, if the Senator will inquire, he will find that many of them are held in that way. I know that in my own State over $2,000,000,000 worth are held by the savings banks alone and are tax exempt.

Mr. SIMMONS. If the Senator will pardon me further, I think there are two classes of people who bought our war bonds. One of them were the men of relatively small incomes and the other were the insurance companies and the trust companies and the savings banks of the country. The people of whom the Senator from North Dakota is now speaking, these individuals of vast incomes and great fortunes, were not great buyers of Government bonds during the war, and they have not been great buyers of Government bonds since the war. My information is that more than one-half of the bonds that were issued to win the war were bought and are held to-day by men whose incomes are less than $66,000 a year.

Mr. WATSON of Georgia. Mr. President, will the Senator yield?

Mr. McCUMBER. In just a moment.

Mr. President, I do not know exactly the amount of the tax-free securities in the United States. It has been given to us as between twelve and fifteen billions of dollars. I think Otto Kahn a short time ago wrote an article which appeared in one of the magazines, in which he stated that he had personally traced and counted up more than $15,000,000,000 of tax-free securities which were still extant. Whatever the sum may be, however, I think there are enough of them, so that with all of these municipal bonds they can absorb these large incomes which otherwise would go into lines of business which might pay a little better.

I now yield to the Senator from Georgia.

Mr. WATSON of Georgia. Mr. President, there is one thought that has been in my mind during this long debate, in which there has been frequent reference to the tax-exempt securities issued by States, counties, towns, and cities. It is this: By the law of our State, at least, all those securities go directly to the people and a majority vote has to be given in favor of their issuance. They have to be validated by a court. The money for which they are sold is invested, as a rule, in bringing the town up to date, in lighting plants, waterworks, modern conveniences of life, academy building, good roads, good bridges, good streets, and so on. It occurs to me that if the money is wisely spent the expenditure is a permanent benefit of which all the people, without respect to their wealth or standing in society, get the benefit, and they get it for an indefinite term of years; and that benefit is perhaps quite equal to what the tax would be; and, of course, the tax-exempt feature enables the town or the city to get more money for the bonds, and therefore to make larger improvements.

Mr. McCUMBER. I agree entirely with the Senator from Georgia; and if we will stop a moment to consider the matter we will see that any amendment of the Constitution for the purpose of taxing these tax-free securities must be prospective only. It will not affect the fifteen billions that are out now, and if the Government can tax a State security issued for the development of the State in any sum that it sees fit, the purchaser of that bond will take it with the prospective tax in view, and he will bid for it only a sufficient amount to allow for the tax; so I do not think any amendment will be of any benefit whatever. The best way to benefit the matter, in my opinion, is to levy our taxes if we possibly can so as to encourage the investment of money in business and in the taxable securities rather than in the tax-free securities.

Mr. President, I voted for this 32 per cent tax. I do not wish to be considered as one who is looking out for the interests of the individual who receives an income of $500,000 a year. Heaven knows no one needs to worry much about him. He will take care of himself. With my little income, certainly I would not naturally be prejudiced in favor of the fellow with a million dollars of income; but I am looking to the interests of the country. I am looking forward to such legislation as will put the business of the country on its feet, so that the people engaged in business can pay their taxes. I agreed with Secretary McAdoo when he advised the repeal of the excess-profits tax upon the ground that it was interfering with business and was an obstacle to any new line of business in which there must be risk.

I agreed with Secretary Glass when he recommended the decrease in surtaxes, and with Secretary Houston when he recommended the same thing, and I agree with Secretary Mellon when he voices the same sentiment. I am convinced by the arguments of those Secretaries and by the experts—condemn them as much as you please—that their philosophy is the better philosophy. Perhaps, of course, we will lose a few hundred million dollars this year, but in a year or two the Government will be receiving large returns on account of the revival of the business of the country and the diverting of funds which go not only into tax-free securities, because Mr. Mellon does not make that the principal objection, but are held in the purchase of property and the property held, as in the case of the purchase of vast tracts of coal land by men who are refusing to sell, because if they sell and make a profit they have to pay a tax, and it is better to let the investment stand, and those people can afford to let it stand. I agree with them, and, agreeing with them, I can not convince myself that it is for the best interest of the country that we have a surtax amounting to 50 per cent, and on top of that surtax a State tax and surtax which will be from 12 to 15 per cent more, bringing the tax up to 65 per cent.

I may be mistaken. Those Secretaries may be mistaken. The experts may be mistaken; but the gentleman in New York who wrote that letter to the man in North Dakota was not mistaken, because he gave the reasons why he could better afford to buy New York bonds at 5 per cent than to buy North Dakota mortgages, even though the interest would be paid promptly, at 7½ and 8 per cent.

Mr. TOWNSEND. Mr. President, I do not want to get into any controversy with the Senator, because I am quite in accord with what he has stated, but I have been a little confused when the argument has been brought up that men with large incomes would expend their surplus in purchasing tax-exempt securities. Except in cases where there are new issues of a hundred million dollars a year, if that is true, I am wondering where they would go to obtain those tax-exempt securities. Would not the people who hold them wish to hold them still? Where would they get the amount of tax-exempt securities, except from new issues, which would be required for their investment?

Mr. McCUMBER. If there are new issues amounting to about a billion dollars a year, that will answer, and far more than answer, their demands.

Mr. TOWNSEND. The only testimony or statement made on that subject was that it was $880,000,000 in nine months.

Mr. McCUMBER. That would be very close to a billion a year.

Mr. SIMMONS and Mr. McKELLAR rose.

The PRESIDING OFFICER. Does the Senator from North Dakota yield; and if so, to whom?

Mr. McCUMBER. I yield to the Senator from North Carolina. I think he rose first.

Mr. SIMMONS. I would like to ask the Senator from North Dakota if these subsequent issues of tax-free bonds, in which he says the incomes of these wealthy people will be invested, are not almost entirely issued by the States and by the subdivisions of the States, the counties, the cities, and the towns, and if the purpose of their issue is not in the main to build roads, to pave streets, to build schools, and to finance like public improvements and public works?

Mr. McCUMBER. I am assuming, of course, that each one of the States gets value received for the issue of its bonds.

Mr. SIMMONS. Exactly; and I would like to ask the Senator if the business of building public roads is not as much a part of the business of the country and as important a part of the business of the country as any business that is being carried on?

Mr. McCUMBER. Not necessarily.

Mr. SIMMONS. And are not the other purposes for which these municipalities are issuing these bonds a part of the business of the country at this time? If, therefore, a man of large wealth takes his income and invests it in those securities, he does not tie his money up, he does not hide his money, he does not put his income in a vault; he puts his income in the hands of a State or a county or a municipality that is going to use it in prosecuting as important a part of the business of the country as anything else is. If he wants to put his money in tax-free securities, let him do it. He simply is helping in this way to carry on business, and it is just as well for him to invest his money in that kind of business as to invest it in oil fields, factories, or other industries of the country.

Mr. McCUMBER. Mr. President, I am not going into the argument either for or against the proposition of the Government or the States going into the building of roads. I am assuming that they get a good return upon their money, and that

in the end it will pay. We are in a position now where we need money invested in those lines of business which will produce taxes, not investments which will take taxes out of the Treasury. What we are looking forward to to-day is to get money into the Treasury, not to take money out of it. Merely taking money out of it to build a road is not putting anything into it. We have to make our profit. We have to make our profit in business before we can pay taxes even to purchase bonds, or anything else. I think that some municipalities and States have been extravagant, and I think the Government has been extravagant, and I think there are a great many matters which will be beneficial to the Government and to the States which well might be put off until we reach a more normal condition of business, when we can earn more and afford to expend more. But I am not going to argue the question of the propriety of building roads. They are mighty good things. I drive over them, and I appreciate good roads.

Mr. SIMMONS. If the Senator will pardon me, if these men of great wealth do not buy these tax-free bonds, then men of moderate means will buy them; men with incomes of a hundred thousand dollars or fifty thousand dollars will buy them. They will be taking money and investing it in tax-free securities; but their money will go into the channels of business, just as the money of the rich man would go into the channels of business if he invested it in tax-free securities issued by the States.

Mr. McCUMBER. I do not agree with the Senator that the ordinary business man is getting very much money to put into tax-free bonds or anything else at the present time. Most of them are struggling to make the two ends meet, and to cover the expenses of their business, with mighty little profit at the present time, and if there is any money going into the purchase of those bonds, it is from the money of men of large incomes, who find that they can better invest their money in those tax-free securities, or invest it in some other way by which they will not have to pay taxes upon the investment.

Mr. SIMMONS. The point I am making, Mr. President——

Mr. McCUMBER. I understand the Senator's point.

Mr. SIMMONS. My point is that under the law and under the Constitution these States and these counties and cities are permitted to issue the tax-free securities, and we can not prevent them from doing it unless we amend our Constitution. If they do issue them, they are sufficiently attractive to sell, and either the man of wealth or the man of moderate means, or somebody else who has the money to invest, will buy them, and to that extent he will escape taxation. We can not help that.

But the point I make is that the money which is invested, whether it be the money of a millionaire or the money of a man who has a moderate income of only thirty or fifty thousand dollars a year, will not be tied up, will not be locked up, will not be lost; it will go, in the regular course of business, into the channels of trade, and be as valuable an asset and as valuable a factor in the channels of trade, that part of the business of the country that is carried on by the municipalities and the States, as if it were invested in any industry.

Mr. McCUMBER. Mr. President, I will just make a passing reply to that. What the people are struggling for now is something to tax, and to develop business that gives them clothing, and a place to sleep in, and something to eat. That is what we are interested in more now than we are in having a smooth, slick pavement to walk on. We had better attend to the first necessities of life. When we are struggling for a means of raising money to pay debts, I would say, let us do away with a few of the luxuries, like the very nice sidewalks, the bright lights, and every other improvement in the city, that we may first pay our debts and get enough to live on and a place to sleep and something to wear.

Mr. SIMMONS. Mr. President——

Mr. McCUMBER. I think I have yielded to the Senator long enough to make his point clear.

Mr. SIMMONS. Just one word more, and I shall not interrupt the Senator any more.

The Senator knows these securities are going to be bought by taxpayers; they are not going to be bought by nontaxpayers, but by taxpayers, and whatever money is invested in them will be free from taxes. It does not make any difference whose money it is, it is taxpayers' money.

Mr. McCUMBER. I can not see the applicability of the argument of the Senator, I confess.

I wish now to read a trifle more from the testimony of Mr. Mellon.

Mr. NELSON. Mr. President, will the Senator yield to me a moment?

Mr. McCUMBER. Certainly.

Mr. NELSON. I have listened to the argument of the Senator from North Dakota, as well as to the argument of other Senators near me. It is very plausible on its face. It is based upon the theory that more funds are now needed to encourage industrial enterprises, that that is what the country needs at this time.

My idea is that there is an abundance of capital to engage in all the industrial enterprises that can be operated to advantage. The great trouble now is the lack of consumers, of people to buy the goods. The trouble now is not that there is not enough industrial enterprise or manufacturing carried on; the trouble is the stagnation which arises from the fact that they can not find markets for the goods they are able to make. A good many industrial enterprises have shut down, and others are running on short time, because they can not find a market.

The great market is our home market, among the people of this country, the men who have no income taxes of any account to pay. They are the great consumers, and we want to aid them and relieve them as much as we can. The plea to reduce this schedule of high income taxes on the theory that that is necessary to keep people from putting their money into nontaxable bonds and to have it invested in industrial enterprises is all out of place at this juncture and under the condition in which the country now is.

As I said a moment ago, there is plenty of money to run all the industrial enterprises of this country. The great need to-day is an increase in the army of consumers, both here and abroad, and securing better markets for our products. In order to enable the whole people to buy the goods manufactured here, we want to relieve them of taxes as much as possible.

Mr. McCUMBER. Mr. President, the Senator made substantially the same argument yesterday, or the day before, and I agree with his argument that there is capital enough in the country. I agree with the other part of the argument which he made the other day, and which he does not include to-day, that one of the troubles to-day is the question of the cost of production. He said, and it is true, that the common people can not afford to pay the cost of an article, because the labor and the material in it have gone so high that it costs so much that they can not afford to buy it. That is the reason why we can not find consumers. I agree with the Senator's statement to that effect, which he made the other day.

Mr. NELSON. We shall have to find a remedy for that condition.

Mr. McCUMBER. We can not remedy it all at once. As has been proposed in the matter of railway labor and railway rates, they will both have to come down, at the same time, probably, to get the desired result.

Mr. President, I think the reasons given by Secretary Mellon are cogent reasons, and he is supported by three of the preceding Secretaries of the Treasury. I think they are right. I may be in error. It may be that we know more about it than they do, and that their evidence is all wrong, but the committee was impressed with the views taken by these Secretaries and the testimony which was given, and the House was influenced in the same way. I think they were honest in their convictions, and I know the testimony supports them.

Mr. NELSON. Does not the Senator think the committee ought to be impressed by the wishes and views of the rank and file of the American people, in addition to the officials?

Mr. McCUMBER. Certainly; but the rank and file of the American people first want business. They want to make a living. They can not make a living unless we have business, and have successful business. We can not have successful business if we cripple it by any kind of legislation. That is all the claim is. We are listening to their desires when we are asking for this legislation, believing that it will help the situation.

Mr. EDGE. Mr. President——

Mr. McCUMBER. I would like if Senators would allow me just to finish reading Secretary Mellon's statement, and then I will yield the floor. Secretary Mellon further said:

> The chief result of that has been the high cost of rents. There has been scarcely any building in the last few years, or even now. To some extent that is on account of the high cost of materials, etc., but the great factor in the stoppage of building and in making this housing situation acute has been this law that prevented capital from flowing into investments that were always desirable and solid, the real estate investments of the people.
>
> Senator REED. Where does that capital find a place for investment?

That answers one of the questions here.

> Secretary MELLON. In all sorts of ways. Of course, they invest in tax-free securities, or they can get all kinds of investments at 7 and 8 per cent. Then there are these other methods of avoiding the tax. One way and another the capital does not go there. The result of that is that these laws that are wrong in principle, that are extreme

in the way I speak of, have been the chief cause of the cessation of building houses. The result of that is that the rents of the people have been raised, and the consequence is that the wage earner, or the man of small income who has to rent his house, instead of paying perhaps $30 a month for a house, is paying $60 a month. He is paying $60 a month because capital is not placed in the direction to keep building up.

If you take the amount that is short in the housing in the country—this country is short of houses of the moderate class—if you take the statistics, it runs into an enormous amount. Suppose the Government should go into the building of houses. In order to supply that demand, it would take more than our whole war debt to do it; and the only way that it is ever going to be done will be through the natural flow of capital in that direction, the investment of surplus and savings in that direction, in the regular way. But as long as you put an embargo on it by these high surtaxes you are going to prevent that, and you are going to raise the rents on the men of moderate means. I am convinced of that position.

Of course, there is a great deal more on this subject, but that is enough, in my opinion, to justify the report of the committee. As a compromise I am willing that it should go through as it is presented, but I say candidly that I think it would be better for the country if it were left at 32 per cent rather than at 50 per cent, with its added State surtaxes, which often bring it up to 62 per cent.

Mr. President, I yield the floor.

Mr. EDGE obtained the floor.

Mr. HITCHCOCK. Mr. President, will the Senator permit me to make a parliamentary inquiry?

Mr. EDGE. Certainly.

Mr. HITCHCOCK. I would like to know whether the pending amendment is itself subject to amendment?

The VICE PRESIDENT. It is.

Mr. EDGE. Mr. President, my object in taking the floor was simply to ask the Senator from North Dakota a question following his reading of the testimony of the Secretary of the Treasury in connection with the shortage of housing conditions. Is it not perfectly obvious to everyone, leaving aside all prejudice or viewpoint as to what might be the most equable system of taxation, that with the existing condition of rents, everyone realizing that rents are as high to-day, if not higher, than they were during the war, recognizing the shortage of housing accommodations, appreciated by builders and contractors all over the country, men who in prewar days were engaged in the industry of building apartment houses and small houses—does it not illustrate that these same men would build houses, would build apartment houses, would build houses to meet every demand for every type of tenant, if, with a full realization that they could receive those high rents, they were not deterred because of what they consider the large toll necessary to be paid the Government under the existing taxation?

That must be the reason. What other reason can exist? Certainly a contractor in the city of Philadelphia, the city of Pittsburgh, the city of Boston, or in any small city would immediately erect houses, knowing tenants were waiting to rent those houses, ready to pay rents to-day far in excess of the rents a few years ago, if there was not some reason to deter him from making the investment.

It appeals to me that the main reason certainly must be a full realization of the fact that if he makes a success of the enterprise, as there is every indication that he would, he is compelled to pay the Government these very high surtaxes as the result of the risk he runs.

Mr. JONES of New Mexico. Mr. President——

Mr. EDGE. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. I would like to inquire of the Senator from New Jersey if he does not believe that there is another reason, very much more powerful, preventing the construction of homes at this time than the one to which the Senator now refers?

Mr. EDGE. Oh, yes; there are two other reasons. One is the cost of material and the other is the range of salaries or wages. I attempted to discuss those other reasons in some observations I made on the floor of the Senate yesterday. The cost of material is gradually coming down. I can not say so much as to the reduction of wages. I consider that a very grave error on the part of those men who otherwise would be employed.

Mr. JONES of New Mexico. Whether it is a proper sentiment throughout the country or not it is needless to discuss, but it is evident to all that the reason why there is not more building going on now is because the people feel that after the building is constructed, within a year or two it will be worth a good deal less than it is now. The cost of construction now, whatever the cost may be, is upon such a high plane that the people do not feel it is a safe and permanent investment. I do not believe that there is such a scarcity of money in the country now. If prices were right it would enable us to get the money to construct the needed buildings.

Mr. EDGE. I fully agree that it all contributes to the present stagnation in the business world. I contend, however, the real fundamental difficulty is taxes. You can mention various reasons, and I do not question that they all contribute somewhat to present stagnation, but the final difficulty to-day, in my judgment, is the present high range of surtaxes. We can not pass legislation which will compel a man to use his capital unless he believes he sees a reasonable profit in its use. In my judgment that one fundamental difficulty is back of the fact that we are only working to about 30 per cent degree of productivity. The fact which the Senator from Minnesota discusses that there are hundreds of thousands of men out of work and we want to relieve them of taxes is all right, and I agree with that, but it will benefit them but little if we relieve them of taxation and they are still unemployed. And they will be unemployed, in my judgment, until the men of this country whom we must depend on, whether we want to admit it or not, are prepared to start again the wheels of industry in every direction and thus make a market by so doing. That is one way we can make a market. I agree with the Senator from Minnesota there is a lack of markets. There is no market simply because consumers are not making the market, and we can only make a market side by side, the man who employs labor and the man who is employed, by regaining confidence. As confidence is instilled, demands increase, and the market increases. Never will we solve the problem unless we encourage the man on whom we depend to rejuvenate industry. The buying power has not greatly changed, but enterprise and confidence has.

Mr. JONES of New Mexico. Mr. President, I listened yesterday to the address of the Senator from New Jersey, and he made then very strong statements along the line which he has just been making. But I should like to inquire of the Senator if he believes that the bill as proposed by the committee will remedy the situation to which he refers. I think if the Senator presented any point yesterday it was that we would have to reduce taxes very much lower than the taxes proposed in the pending bill in order to accomplish the result which the Senator from New Jersey believes should be accomplished.

Mr. EDGE. Of course, it is all a matter of relativity. If we can finally agree to adopt a bill with a 32 per cent maximum, it, of course, is that much better than a 50 per cent maximum. I am inclined to think a 32 per cent maximum would to a great extent solve the problem. I think that is evidenced very well by the clipping to which I referred yesterday, referring to the sale of the bonds for the purpose of financing the railroads.

When the public felt that the maximum surtax would be 32 per cent, those tax-bearing bonds were being sold. When through various things that have happened in the Senate or in compromise or suggested compromise it appears that the surtaxes would be considerably higher, immediately the sale of those tax-bearing bonds ceased. No man can tell exactly where the actual point exists when a man will not buy tax-exempt bonds, but will be satisfied to run the risk of buying industrial bonds. It is a matter of computation. If a tax-exempt bond will yield 5 per cent, and it will—some of them will yield more than that to-day—and on a tax-bearing bond it is necessary to have a yield of 8 or 9 or 10 per cent in order to meet the toll of the Government and have a net 5 per cent to retain themselves, it is simply a matter of a pencil and a pad of paper to ascertain which type of investment the man will consider.

Mr. HITCHCOCK. Mr. President, will the Senator from New Mexico permit me to offer the following amendment and have it printed? I would like to have it read at the desk.

Mr. JONES of New Mexico. I yield for that purpose.

The ASSISTANT SECRETARY. The amendment proposed by the Senator from Nebraska [Mr. HITCHCOCK] is to amend the amendment proposed by the Senator from North Dakota [Mr. MCCUMBER] to the surtax provisions of the bill on page 28 by striking out all after the bracket reading "47 per cent of the amount by which the net income exceeds $98,000 and does not exceed $100,000," and to insert in lieu the following:

The rate of surtax for the calendar year 1922 on net incomes exceeding $100,000 shall be the same as for the calendar year 1921.

The VICE PRESIDENT. The amendment will be printed.

Mr. JONES of New Mexico. Mr. President, it seems to me that there has not yet been presented in direct form the principle which should govern the surtax; it at least has not been emphasized. The Senator from North Dakota [Mr. MCCUMBER] states the principle correctly, and that is that the tax should be graduated according to the ability to pay. Unless there is some very strong reason why that principle should be departed from it should be adhered to and adhered to strictly.

If we take the present law we begin the levy of surtaxes upon the theory that if a man has an income of $10,000 a year he ought not to pay as high a rate as the man who has an income of $50,000 a year. Everyone, if he is logical in his reasoning, must admit that the person who has an income of $1,000,000 a year ought to pay a higher rate of tax than the

man who has an income of only $100,000 a year. The amendment now proposed by the committee, however, undertakes to provide that when an income reaches the amount of $100,000 a year that is the maximum for the graduation of the surtax. That means that whenever a man has an income of $100,000 a year he will pay as high a rate as the man having an income of $1,000,000 a year. If it is proposed to impose a graduated tax on incomes ranging from $6,000 up to $100,000, I submit that there can be no excuse for not going beyond that. That is the present law.

Then the committee in the last few of the brackets in its proposed amendment makes the tax on incomes from $100,000 to $150,000 48 per cent, and on incomes from $150,000 to $200,000 49 per cent. Then on incomes in excess of $200,000 it makes the rate 50 per cent. The real basis of the amendment, however, is the graduated tax on incomes up to $100,000. To say that the man who has an income of only $100,000 a year should pay practically as high a rate as the man who has an income of a million dollars a year is violating the very fundamental principles upon which taxation should be based, but that is what this proposition amounts to.

What are the reasons why it is desired to reduce the surtax rates? No one yet has said that the rates should not be graduated on incomes above $100,000 even up into the millions of dollars. Then, what reasons are given for cutting off these high surtaxes? Some suggestions have been made here which it is said offer a sufficient excuse for lopping off the high surtaxes. Senators do not argue against them; they do not say that they are not right; they do not say that the higher incomes ought not to pay a higher rate of taxation; but what do they say? A number of reasons have been given, and I wish to refer to a few of them to-night.

The reason which is most dwelt on is the danger of investors buying tax-exempt securities. Mr. President, I wish to say that by this proposed reduction we shall not prevent any money being invested in tax-exempt securities. I wish Senators to let that idea soak in. The reduction in the rates of the surtax is not sufficient, as a mere matter of dollars and cents and interest, to prevent incomes from being invested in tax-exempt securities. So nothing is accomplished by that. But even if that object were accomplished, I wish to say that the tax-exempt securities now outstanding are owned by somebody, and if any of them are purchased by others than the present holders, the ownership will merely be transferred from one taxpayer to another.

However, Senators talk about the issuance of $800,000,000 a year of municipal and State securities. They say that such securities are calling for the money of investors. So, they are calling for it; but if we reduce these taxes, they will still be calling for it. We shall not thereby help the situation any. Somebody is going to buy those securities, and the only thing which will result if we retain these taxes at the present rate is that we shall make a greater number of bidders for those bonds. By the action now proposed we shall have reduced the rate of interest on such securities, and that is all. By the passage of this legislation, however, we shall not be reducing the rate of interest sufficiently to justify a man in keeping his money out of such investments if he wishes to put it into them.

Furthermore, Mr. President, I do not believe at this time we ought to discourage the putting of money into such securities. The net income of this country to-day is around fifteen or sixteen billion dollars a year. The experts have estimated that the income of individual taxpayers, of those having sufficient income for taxable purposes, amounts to about $11,000,000,000, and the net income of corporations amounts to about $5,000,000,000 more. It is only about one-half what it was before the World War; but the net income of individuals and corporations, which are owned by individuals who pay the taxes, is around $15,000,000,000. At this time when we are a great creditor Nation, when we have a surplus of activity, a surplus of human energy, when our factories in nine months can produce all of the commodities which this country can consume in a year, and when we have four or five million men out of employment, do Senators not think it is advisable that we appropriate one-fifteenth of the net income of the country for the building of roads, schoolhouses, charitable institutions, and the making of life brighter for the people of the United States? Can we not do it, or shall we still talk about reviving industry for the purpose of exporting steel products or copper products or some other manufactured products, such as textiles? Shall we expend our efforts on them alone? Shall we exempt incomes from just taxation when we can use at home the revenue derived in making our country better in which to live?

So I say that the plan which is now proposed by the committee does not reduce the rate of surtax sufficiently to keep any money from being invested in tax-exempt securities which would go there under the higher rate, and, in the next place, no good purpose is accomplished by trying to raise the rates of interest on State and municipal securities.

Reference has also been made to the report of Secretary Mellon, who cites the fact that men of large income are making gifts to their children, and thus avoiding the high surtaxes. If that is a bad practice, why not stop it, instead of reducing the surtaxes? If we do not think it is right that men of large income should give a portion of their property to their children, why not stop that practice by imposing a tax on that kind of a transaction? That can be done, and the practice can be stopped in that way.

The Secretary of the Treasury referred also to a man who had invested his money in coal lands. I inquire, Did not some one own the coal land before he put his money in it, and has not that money so invested gone into the general channels of trade? The Secretary says, however, that he had to borrow the money with which to make the purchase, and that the interest on the borrowed money is deductible from his net income. If that is wrong, then the law can be changed so as to provide that where a man borrows money to be put into unproductive properties the interest upon that borrowed money shall not be deducted in making his income-tax return. We can change that in the law.

Mr. WADSWORTH. Mr. President, will the Senator yield there?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. WADSWORTH. Does the Senator think that if such a provision were put in the law there would ever be opened up any undeveloped sections of the country?

Mr. JONES of New Mexico. I am merely referring to the objections which have been presented by the Secretary of the Treasury.

Mr. WADSWORTH. I thought the Senator was answering them and suggesting corrections.

Mr. JONES of New Mexico. I am saying how the situation pointed out by him can be corrected.

Mr. WADSWORTH. Does the Senator believe that his last suggestion should be carried out?

Mr. JONES of New Mexico. Mr. President, I think it is well worthy of consideration whether if a man borrows money with which to buy unproductive property, which brings in no income, he shall be permited to deduct the interest paid on such borrowed money from his net income for the purpose of taxation.

Mr. WADSWORTH. That would be very interesting if applied to the State of New Mexico.

Mr. JONES of New Mexico. Indeed, it would; and let me say further that if such were the law there would not be the large holdings of coal land in New Mexico that there are to-day, thus preventing the production of coal because of one concern owning a half million acres of coal and only working two or three coal mines on it.

The Secretary of the Treasury refers also to the question of mortgages on farms and real estate. It is not proposed to reduce the surtaxes sufficient to affect that situation at all. Nothing is accomplished in that direction by the action proposed.

So it is with every other objection which has been made here. If practices which are complained of are wrong, let them be stopped, but I want to say that those who are responsible for this measure should not undertake to undermine the fundamental principle upon which legislation of this character should be founded, and that is that those who receive the largest incomes ought to pay at a higher rate; in other words, the tax should be imposed upon those who are best able to pay it. Then if it is desired to reduce taxation, what is the thing to do? Any reduction which should be made upon the individual income tax should be made upon the flat tax.

Except for the necessities of our country, we would not have been justified in levying a flat tax at all. Why? Because it violates the very principle, which every one of us recognizes, that he who is best able to pay should pay more. Any flat tax, any so-called normal tax, is a tax equally upon the income of every individual in the country, regardless of the amount of his income. Your normal tax, your flat tax, has thrust itself in the very teeth of the fundamental principle which should govern such legislation as this; and I want to say to you that if you strike off these high surtaxes and leave this flat normal tax where it is, the people will soon learn that you are not trying to frame a bill upon a scientific basis, but you are trying to favor a few individuals with the most enormous incomes in this country, and for the sole and only purpose of relieving them of a burden.

I ask you to mark what I say. By doing this you are destroying the very principle upon which this legislation should be founded. If you want to relieve rich and poor alike, then the thing for you to do is to consider the amendment which has been offered by the Senator from Rhode Island [Mr. GERRY] and lop off some of this flat tax, relieve the rich and the poor

alike, the men of large means and small means alike, and do not begin to reduce your surtaxes until you have absolutely eliminated your flat tax, because your flat tax bears unequally. It is not founded upon the proper principle. I ask you to direct your attention to that; and instead of lopping off here at the top, where you are relieving only a few, can you not give a little relief to those of smaller incomes who are struggling for the necessaries of life?

Mr. HITCHCOCK. Mr. President, I should like to know whether the amendment presented by me is now pending?

The VICE PRESIDENT. It is pending and in order.

Mr. PENROSE. Mr. President, I move that the Senate take a recess until 11 o'clock to-morrow.

Mr. LENROOT. Mr. President, will the Senator yield to permit me to put in two or three tables with regard to the income tax?

Mr. PENROSE. Yes.

Mr. LENROOT. I ask unanimous consent to insert in the RECORD a table giving the tax under the different brackets of the present law, the House bill, the original committee report, and the pending amendment; also, a table prepared by the actuary of the Treasury Department—and the first table is prepared by the same actuary—giving the rates under the income tax laws of the United States, Great Britain, Canada, and France; also, a table giving the total amount of taxes imposed under the British law on given incomes.

Mr. WADSWORTH. Mr. President, if the Senator will yield just there, does the table showing the British taxes differentiate between the earned and the unearned incomes?

Mr. LENROOT. No; it does not.

Mr. WADSWORTH. Which is it based on?

Mr. LENROOT. It is based on the total amount under the British law.

Mr. WADSWORTH. I thought the Senator was going to put in a table showing the rates of taxation on incomes.

Mr. LENROOT. I am; on incomes.

Mr. WADSWORTH. Is it on earned or unearned incomes?

Mr. LENROOT. I do not know. It is given to me as the British law upon incomes.

Mr. WADSWORTH. I have understood that there was a distinction in the law.

The VICE PRESIDENT. Without objection, the tables will be printed in the RECORD.

The tables are as follows:

Income tax upon certain incomes under existing law and under H. R. 8245 as passed by the House, as reported to the Senate, and as tentatively amended, based on the net income of a married person without dependents.

Income.	Present law.			House bill 8245.								
				As passed by House.			As reported to Senate.			Proposed amendment.		
	Normal tax.	Surtax.	Total tax.	Normal tax.	Surtax.	Total tax.	Normal tax.	Surtax.	Total.	Normal tax.	Surtax.	Total.
$6,000	$160	$10	$170	$160	$10	$170	$160		$160	$160		$160
$7,000	240	30	270	240	30	270	240	$10	250	240	$10	250
$8,000	320	50	370	320	50	370	320	20	340	320	20	340
$10,000	480	110	590	480	110	590	480	60	540	480	40	520
$12,000	640	190	830	640	190	830	640	120	760	640	80	720
$14,000	800	290	1,090	800	290	1,090	800	200	1,000	800	140	940
$16,000	960	410	1,370	960	410	1,370	960	300	1,260	960	220	1,180
$18,000	1,120	550	1,670	1,120	550	1,670	1,120	420	1,540	1,120	320	1,440
$20,000	1,280	710	1,990	1,280	710	1,990	1,280	560	1,840	1,280	440	1,720
$25,000	1,680	1,200	2,880	1,680	1,200	2,880	1,680	1,100	2,780	1,680	880	2,560
$30,000	2,080	1,810	3,890	2,080	1,810	3,890	2,080	1,760	3,840	2,080	1,440	3,520
$40,000	2,880	3,410	6,290	2,880	3,410	6,290	2,880	3,400	6,280	2,880	2,960	5,840
$50,000	3,680	5,510	9,190	3,680	5,510	9,190	3,680	5,500	9,180	3,680	4,960	8,640
$75,000	5,680	12,950	18,630	5,680	12,790	18,470	5,680	12,780	18,460	5,680	12,150	17,830
$85,000	6,480	16,706	23,186	6,480	15,990	22,470	6,480	15,980	22,460	6,480	15,900	22,380
$85,000	6,560	17,116	23,676	6,560	16,310	22,870	6,560	16,300	22,860	6,560	16,300	22,860
$90,000	6,880	18,760	25,640	6,880	17,590	24,470	6,880	17,580	24,460	6,880	17,960	24,840
$100,000	7,680	23,510	31,190	7,680	20,790	28,470	7,680	20,780	28,460	7,680	22,480	30,140
$150,000	11,680	49,510	61,190	11,680	36,790	48,470	11,680	36,780	48,460	11,680	46,460	58,140
$200,000	15,680	77,510	93,190	15,680	52,790	68,470	15,680	52,780	68,460	15,680	70,930	86,640
$300,000	23,680	137,510	161,190	23,680	84,790	108,470	23,680	84,780	108,460	23,680	120,960	144,640
$500,000	39,680	263,510	303,190	39,680	148,790	188,470	39,680	148,780	188,460	39,680	220,960	260,640
$1,000,000	79,680	583,510	663,190	79,680	308,790	388,470	79,680	308,780	388,460	79,680	470,960	550,640
$2,000,000	159,680	1,233,510	1,393,190	159,680	628,790	788,470	159,680	628,780	788,460	159,680	970,960	1,130,640
$3,000,000	239,680	1,883,510	2,123,190	239,680	948,790	1,188,470	239,680	948,780	1,188,460	239,680	1,470,960	1,710,640
$5,000,000	399,680	3,183,510	3,583,190	399,680	1,588,790	1,988,470	399,680	1,588,780	1,988,460	399,680	2,470,960	2,870,640

Income tax laws of various countries.

Relief provision.	United States.	Great Britain, 1 pound $=$4.	Canada, $1=$1.	France, 1 franc=15 cents.
Personal exemptions:				
Single person	$1,000		[1] $1,000	$900
Head of family—				
Wife living with him	2,000	[2] $900	[1] 2,000	1,350
Wife not living with him	1,000	[2] 540	[1] 1,000	
Single person with mother or dependent relative	2,000	[2] 180	[1] 2,000	
Children	[3] 200	(4)		[5] 300
Dependent relative, incapacitated	[3] 200	[3] 100		[5] 225

[1] Incomes less than $6,000.
[2] Incomes less than $3,200.
[3] Each.
[4] $140 for the first and $108 for each additional.
[5] After 5 dependents $300 each.

Income tax laws of United States, Great Britian, Canada, and France.

Normal tax.	4 per cent on first $4,000, 8 per cent on remainder.[1]	15 per cent on first $900, 30 per cent on remainder.[2]	4 per cent on first $4,000, 8 per cent on remainder.[3]	None.[4]
Surtax:	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$900–$3,000	0	0	0	2
$3,000–$4,500	0	0	0	4
$4,500–$5,000	0	0	0	6
$5,000–$6,000	1	0	1	6
$6,000–$8,000	2	0	2	8–10
$8,000–$10,000	3	7½	3	10–12

[1] United States. [2] Great Britain. [3] Canada. [4] France.

Income tax laws of various countries—Continued.

Normal tax.	4 per cent on first $4,000, 8 per cent on remainder.	15 per cent on first $900, 30 per cent on remainder.	4 per cent on first $4,000, 8 per cent on remainder.	None.
Surtax—Continued.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
$10,000–$12,000	4	10	4	12–14
$12,000–$14,000	5	12½	5	16–18
$14,000–$16,000	6	12½	6	18–20
$16,000–$18,000	7	15	7	20
$18,000–$20,000	8	15	8	20–22
$20,000–$22,000	9	17½	9	22
$22,000–$24,000	10	17½	10	24
$24,000–$26,000	11	20	11	24
$26,000–$28,000	12	20	12	26
$28,000–$30,000	13	22½	13	26
$30,000–$32,000	14	22½	14	28
$32,000–$34,000	15	25	15	28–30
$34,000–$36,000	16	25	16	30
$36,000–$38,000	17	25	17	30–32
$38,000–$40,000	18	25	18	32
$40,000–$42,000	19	25	19	32–34
$42,000–$44,000	20	25	20	34
$44,000–$46,000	21	25	21	34–36
$46,000–$48,000	22	25	22	36
$48,000–$50,000	23	25	23	36–38
$50,000–$60,000	24–28	25	24–28	38–40–42
$60,000–$80,000	29–38	25	29–38	44–46–48
$80,000–$100,000	39–48	30	39–48	48–50
$100,000–$120,000	52	30	52	50
$120,000–$150,000	52	30	52	50
$150,000–$200,000	56	30	56	50
$200,000–$300,000	60	30	60	50
$300,000–$500,000	63	30	63	50
$500,000–$1,000,000	64	30	64	50
Over $1,000,000	65	30	65	50

British income tax on certain incomes of a head of family without dependents. £=$4.

	Tax.
$2,000	$195
$2,500	345
$3,000	495
$4,000	795
$5,000	1,095
$6,000	1,395
$8,000	1,995
$10,000	2,745
$12,000	3,545
$14,000	4,395
$16,000	5,245
$18,000	6,145
$20,000	7,045
$25,000	9,445
$30,000	11,995
$40,000	17,445
$50,000	22,945
$75,000	36,695
$100,000	51,445
$150,000	81,445
$200,000	111,445
$300,000	171,445
$500,000	291,445
$1,000,000	591,445

FUNERAL OF THE LATE SENATOR KNOX.

Mr. CALDER. I ask unanimous consent to report from the Committee to Audit and Control the Contingent Expenses of the Senate a resolution authorizing the payment of the funeral expenses of the late Senator KNOX.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. CALDER. I ask unanimous consent for the present consideration of the resolution.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution (S. Res. 154) was considered by the Senate and agreed to, as follows:

Resolved, That the Secretary of the Senate be, and he is hereby, authorized and directed to pay, from the miscellaneous items of the contingent fund of the Senate, the actual and necessary expenses incurred by the committee appointed by the President of the Senate in arranging for and attending the funeral of the Hon. PHILANDER CHASE KNOX, late a Senator from the State of Pennsylvania, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

BURIAL OF UNKNOWN AMERICAN SOLDIER AT ARLINGTON.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

WAR DEPARTMENT,
Washington, October 15, 1921.

The PRESIDENT OF THE SENATE,
Washington, D. C.

SIR: In regard to the ceremonies in honor of the unknown dead to be held in this city on November 11, 1921, you are advised that two tickets for seats in the Amphitheater of the National Cemetery at Arlington have been reserved for the ceremonies there for each member of the Supreme Court, the Senate, and the House of Representatives. These tickets will be forwarded at an early date.

In further connection with this same matter, you are advised that it is the intention of the President to march (on foot), accompanied by members of his Cabinet, from the Capitol to the northwest corner of the White House Grounds, following the caisson bearing the remains. It has occurred to the War Department that a suitable delegation from the Senate may wish to accompany the President and the Cabinet on this occasion. If such is the case, due arrangements will be made by the War Department on notification from you.

It is proposed that the President and the Cabinet will leave the procession at Executive Avenue, and that later on they will proceed by automobile to Arlington Cemetery. The War Department regrets that its resources in the way of motor transportation do not permit it to provide suitable transportation from the White House to Arlington for such delegation as may desire to attend from the Senate.

Respectfully,

JOHN W. WEEKS,
Secretary of War.

RECESS.

Mr. PENROSE. Mr. President, is my motion before the Senate?

The VICE PRESIDENT. It is.

Mr. PENROSE. I desire to state in this connection that I had intended asking unanimous consent, before consenting to make this motion, that the Senate would vote on these rates on to-morrow. I find, however, such a general sentiment in favor of disposing of the question now before the Senate not later than to-morrow that I will not bring up the question at this time.

I ask that my motion be put.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate took a recess until to-morrow, Saturday, October 22, 1921, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

FRIDAY, *October 21, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in Heaven, accept our tribute of praise and thanksgiving for the bounties of this day as we say: Holy, holy, holy, Lord God Almighty! O let us strive to be worthy of all, and may evil lose its power over us. Imbue us thoroughly with a spirit of love for our country and devotion to its lasting welfare. When the way is steep and straight, long and lonely, O come from behind the clouds and be the beacon light on the upward journey. Through stress and strain and storm may we know that God is God and blessed forever more. At last bestow that blessing of eternal rest that shall make us forget our weariness forever. In the name of Jesus our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

ELECTION TO A COMMITTEE.

Mr. COLLIER. Mr. Speaker, by direction of the minority members of the Committee on Ways and Means, I offer the following resolution and move its adoption.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That Mr. TILLMAN B. PARKS, of Arkansas, be, and is hereby, elected as a member of the Committee on Rivers and Harbors.

The question was taken and the motion was agreed to.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had concurred in amendments of the House of Representatives to the bill of the following title:

S. 71. An act for the consolidation of the offices of register and receiver in district land offices in certain cases and for other purposes.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2508. An act granting the consent of Congress to the counties of Cass, N. Dak., and Clay, Minn., and their successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Red River of the North at a point suitable to the interests of navigation between the cities of Fargo, N. Dak., and Moorhead, Minn.;

S. J. Res. 114. Joint resolution accepting the invitation of the Republic of Brazil to take part in the international exposition to be held in Rio de Janeiro in 1922; and

S. 777. An act for the relief of John M. Green.

The message also announced that the Senate had passed with amendment bills of the following titles, in which the concurrence of the House of Representatives was requested:

H. R. 7848. An act authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes; and

S. 2474. An act to appropriate money for the payment of Swan Johnson and Agnes and Paul Antoine in connection with logging operations on the Flathead Indian Reservation in Montana.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2474. An act to appropriate money for the payment of Swan Johnson and Agnes and Paul Antoine, in connection with logging operations on the Flathead Indian Reservation in Montana; to the Committee on Indian Affairs.

S. 777. An act for the relief of John M. Green; to the Committee on Military Affairs.

S. 2508. An act granting the consent of Congress to the counties of Cass, N. Dak., and Clay, Minn., to construct a bridge across the Red River of the North, between the cities of Fargo, N. Dak.. and Moorhead, Minn.; to the Committee on Interstate and Foreign Commerce.

S. J. Res. 114. Joint resolution accepting the invitation of the Republic of Brazil to take part in an international exposition, to be held in Rio de Janeiro in 1922; to the Committee on Industrial Arts and Expositions.

ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, yesterday I announced that this morning I would ask unanimous consent that House joint resolution No. 200, accepting an invitation of the Republic of

Brazil to take part in an international exposition, to be held in Rio de Janeiro in 1922, be made in order Tuesday next. I now make that request.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming that House joint resolution No. 200 be made in order for Tuesday next?

Mr. MONDELL. Following the reading of the Journal and the disposition of matters on the Speaker's table?

The SPEAKER. The Chair is informed that the Senate passed the resolution yesterday, and the Senate resolution will probably be messaged over.

Mr. MONDELL. Well, when we take up the resolution we will probably ask unanimous consent to substitute the Senate resolution, if in the meantime the committee has not reported the Senate resolution.

The SPEAKER. Is there objection to the request?

Mr. GARRETT of Tennessee. Is the Senate resolution identical with the House resolution?

Mr. MONDELL. No; but that is a matter we can handle when the matter comes up.

The SPEAKER. Is there objection to the request?

Mr. WALSH. What is the request?

The SPEAKER. That House resolution No. 200 be made in order on Tuesday next after the reading of the Journal and disposition of matters on the Speaker's table.

Mr. MONDELL. Or the Senate resolution if it shall be in the meantime reported.

The SPEAKER. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, that is the resolution appropriating $1,000,000 for the participation in this exposition?

Mr. MONDELL. It is a resolution authorizing an appropriation for participation in an exposition to be held at Rio de Janeiro.

Mr. WALSH. Well, I object.

The SPEAKER. Objection is made.

Mr. MONDELL. Mr. Speaker, for the information of the House, I will say that in all probability this measure will be taken up for consideration on Tuesday. I announced yesterday that I would ask unanimous consent for the consideration of the bill H. R. 7077, a bill to increase the force and salaries of the Patent Office, on Tuesday next, but I have since learned that a number of gentlemen are disposed to object to the request, so I shall not submit it at this time. Mr. Speaker, it is the purpose of the Committee on Ways and Means to dispose of the bill which is the order for to-day before we adjourn, and if that bill shall be disposed of to-day I shall ask unanimous consent that when we adjourn we adjourn to meet on Monday.

Mr. LONGWORTH. Mr. Speaker, in view of the importance of the bill which is about to be presented, I make the point of order there is no quorum present.

Mr. GARRETT of Tennessee. Let us vote on the motion to go into the Committee of the Whole.

REFUNDING FOREIGN OBLIGATIONS.

Mr. FORDNEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8762, and, pending the motion, I ask if we can agree upon time for general debate. I think it was understood yesterday to be agreeable to that side of the House to have five hours of general debate and that that time be divided equally between both sides. Is that agreeable?

Mr. COLLIER. That is agreeable to the minority.

Mr. FORDNEY. I ask unanimous consent that the time be controlled, one half by myself and the other half by the gentleman from Mississippi [Mr. COLLIER].

The SPEAKER. The gentleman from Michigan asks unanimous consent that the general debate be limited to five hours, one half to be controlled by himself and one half by the gentleman from Mississippi [Mr. COLLIER]. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, is it the intention that debate shall be confined to the subject matter of the bill?

Mr. FORDNEY. I would rather not say that. Debate will be, with one or two exceptions, of 5 or 10 minutes. Some gentlemen want to speak on another matter, and ask unanimous consent to extend their remarks in the RECORD on some matters not political at all.

Mr. COLLIER. I will say to the gentleman that on this side of the House I think debate will be confined to the bill.

Mr. FORDNEY. I think it will on this side, with the exception I mentioned.

The SPEAKER. Is there objection?

Mr. GREENE of Vermont. Reserving the right to object, does the gentleman expect to make every effort to conclude the bill to-day and put it upon its passage?

Mr. FORDNEY. Yes, sir.

The SPEAKER. Is there objection as to the disposition of time? [After a pause.] The Chair hears none.

The SPEAKER. The question is on the motion of the gentleman from Michigan that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering this bill.

The question was taken, and the Speaker announced the ayes seemed to have it.

Mr. LONGWORTH. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. What will Members answer upon the call of the roll now?

The SPEAKER. The Chair thinks that they will answer "yes" or "no." There was a division, and the Chair thinks there is no quorum either on the division or in the House. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 272, nays 1, answered "present" 1, not voting 157, as follows:

YEAS—272.

Ackerman	Elliott	Kreider	Reed, N. Y.
Almon	Fairchild	Kunz	Reed, W. Va.
Andrews, Nebr.	Faust	Lampert	Ricketts
Arentz	Favrot	Lanham	Riddick
Aswell	Fenn	Lankford	Riordan
Atkeson	Fess	Larsen, Ga.	Roach
Bacharach	Fish	Lawrence	Robertson
Bankhead	Fisher	Layton	Robsion
Barbour	Fordney	Lazaro	Rodenberg
Bird	Foster	Lea, Calif.	Rosenbloom
Bixler	Frear	Leatherwood	Rouse
Black	Free	Lineberger	Rucker
Blakeney	Frothingham	Little	Sabath
Bland, Va.	Fuller	Longworth	Sanders, Ind.
Boies	Garrett, Tenn.	Lowrey	Sanders, Tex.
Bowling	Garrett, Tex.	Luce	Sandlin
Box	Gensman	Lyon	Scott, Mich.
Briggs	Gernerd	McCormick	Scott, Tenn.
Brooks, Ill.	Gilbert	McDuffie	Shelton
Browne, Wis.	Glynn	McFadden	Sinnott
Buchanan	Goodykoontz	McLaughlin, Mich.	Smith, Idaho
Bulwinkle	Graham, Ill.	McLaughlin, Nebr.	Speaks
Burdick	Green, Iowa	McLaughlin, Pa.	Sproul
Burke	Greene, Mass.	McPherson	Stafford
Burroughs	Greene, Vt.	Magee	Stedman
Burton	Hammer	Maloney	Stephens
Butler	Hardy, Colo.	Mapes	Stevenson
Byrnes, S. C.	Hardy, Tex.	Martin	Stoll
Byrns, Tenn.	Harrison	Merritt	Summers, Wash.
Cable	Haugen	Michener	Sumners, Tex.
Campbell, Kans.	Hawes	Miller	Swank
Cannon	Hawley	Millspaugh	Sweet
Carew	Hayden	Mondell	Swing
Chandler, Okla.	Hersey	Montoya	Tague
Chindblom	Hickey	Moore, Ill.	Taylor, N. J.
Christopherson	Hill	Moore, Ohio	Temple
Clague	Himes	Moore, Va.	Thompson
Clark, Fla.	Hoch	Morgan	Tillman
Clarke, N. Y.	Hogan	Nelson, A. P.	Timberlake
Classon	Huddleston	Nelson, J. M.	Tincher
Clouse	Hudspeth	Newton, Minn.	Tinkham
Cole, Iowa	Hukriede	Newton, Mo.	Towner
Cole, Ohio	Hull	Norton	Treadway
Collier	Hutchinson	O'Brien	Upshaw
Connally, Tex.	Ireland	O'Connor	Valle
Connell	James	Oldfield	Vestal
Cooper, Ohio	Jefferis, Nebr.	Olpp	Vinson
Cooper, Wis.	Johnson, Ky.	Overstreet	Volgt
Crago	Johnson, Miss.	Padgett	Walters
Crisp	Johnson, S. Dak.	Parker, N. J.	Ward, N. Y.
Cullen	Johnson, Wash.	Parks, Ark.	Ward, N. C.
Curry	Jones, Tex.	Parrish	Watson
Dallinger	Kearns	Patterson, Mo.	Weaver
Darrow	Keller	Patterson, N. J.	Webster
Davis, Minn.	Kelly, Pa.	Perkins	Wheeler
Davis, Tenn.	Kennedy	Peters	White, Kans.
Deal	Ketcham	Porter	Williams
Denison	Kincheloe	Pou	Williamson
Dickinson	Kindred	Pringey	Wilson
Dominick	Kinkaid	Quin	Wingo
Doughton	Kirkpatrick	Radcliffe	Wood, Ind.
Dowell	Kissel	Raker	Woodruff
Drane	Kline, N. Y.	Ramseyer	Woods, Va.
Driver	Kline, Pa.	Rankin	Woodyard
Dupré	Knight	Rayburn	Wright
Dyer	Knutson	Reavis	Wurzbach
Echols	Kopp	Reber	Wyant
Edmonds	Kraus	Reese	Yates

NAYS—1.

London

ANSWERED "PRESENT"—1.

Walsh

NOT VOTING—157.

Anderson	Anthony	Beck	Bell
Andrew, Mass.	Appleby	Beedy	Benham
Ansorge	Barkley	Begg	Bland, Ind.

Blanton	Freeman	Luhring	Schall
Bond	French	McArthur	Sears
Bowers	Fulmer	McClintic	Shaw
Brand	Funk	McKenzie	Shreve
Brennan	Gahn	McSwain	Siegel
Brinson	Gallivan	MacGregor	Sinclair
Britten	Garner	Madden	Sisson
Brooks, Pa.	Goldsborough	Mann	Slemp
Brown, Tenn.	Gorman	Mansfield	Smith, Mich.
Burtness	Gould	Mead	Smithwick
Campbell, Pa.	Graham, Pa.	Michaelson	Snell
Cantrill	Griest	Mills	Snyder
Carter	Griffin	Montague	Steagall
Chalmers	Hadley	Moores, Ind.	Steenerson
Chandler, N. Y.	Hays	Morin	Stiness
Cockran	Herrick	Mott	Strong, Kans.
Codd	Hicks	Mudd	Strong, Pa.
Collins	Houghton	Murphy	Sullivan
Colton	Humphreys	Nolan	Taylor, Colo.
Connolly, Pa.	Husted	Ogden	Taylor, Tenn.
Copley	Jacoway	Oliver	Ten Eyck
Coughlin	Jeffers, Ala.	Osborne	Thomas
Cramton	Jones, Pa.	Paige	Tilson
Crowther	Kahn	Park, Ga.	Tyson
Dale	Kelley, Mich.	Parker, N. Y.	Underhill
Dempsey	Kendall	Perlman	Vare
Drewry	Kiess	Petersen	Volk
Dunbar	King	Purnell	Volstead
Dunn	Kitchin	Rainey, Ala.	Wason
Ellis	Kleczka	Rainey, Ill.	White, Me.
Elston	Langley	Ransley	Winslow
Evans	Larson, Minn.	Rhodes	Wise
Fairfield	Lee, Ga.	Rogers	Young
Fields	Lee, N. Y.	Rose	Zihlman
Fitzgerald	Lehlbach	Rossdale	
Flood	Linthicum	Ryan	
Focht	Logan	Sanders, N. Y.	

So the motion to go into the Committee of the Whole House on the state of the Union was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. ZIHLMAN with Mr. MCCLINTIC.
Mr. HAYS with Mr. FLOOD.
Mr. SINCLAIR with Mr. LINTHICUM.
Mr. NOLAN with Mr. GARNER.
Mr. KAHN with Mr. STEAGALL.
Mr. ANTHONY with Mr. RAINEY of Illinois.
Mr. KIESS with Mr. KITCHIN.
Mr. DUNN with Mr. DREWRY.
Mr. BRENNAN with Mr. BARKLEY.
Mr. GORMAN with Mr. MONTAGUE.
Mr. SHREVE with Mr. GALLIVAN.
Mr. HERRICK with Mr. CANTRILL.
Mr. STINESS with Mr. BRAND.
Mr. PURNELL with Mr. TEN EYCK.
Mr. RHODES with Mr. WISE.
Mr. FOCHT with Mr. HUMPHREYS.
Mr. BEGG with Mr. JACOWAY.
Mr. WINSLOW with Mr. COCKRAN.
Mr. ANSORGE with Mr. FIELDS.
Mr. ROGERS with Mr. OLIVER.
Mr. LEHLBACH with Mr. THOMAS.
Mr. MADDEN with Mr. LEE of Georgia.
Mr. CRAMTON with Mr. BELL.
Mr. OSBORNE with Mr. MEAD.
Mr. SNYDER with Mr. SISSON.
Mr. GRIEST with Mr. GRIFFIN.
Mr. FRENCH with Mr. COLLINS.
Mr. BLAND of Indiana with Mr. SEARS.
Mr. MILLS with Mr. RAINEY of Alabama.
Mr. PAIGE with Mr. LOGAN.
Mr. SIEGEL with Mr. BRINSON.
Mr. CONNOLLY of Pennsylvania with Mr. TYSON.
Mr. LUHRING with Mr. CAMPBELL of Pennsylvania.
Mr. ANDERSON with Mr. CARTER.
Mr. VOLK with Mr. JEFFERS of Alabama.
Mr. ELLIS with Mr. MCSWAIN.
Mr. KING with Mr. FULMER.
Mr. MCARTHUR with Mr. SULLIVAN.
Mr. COUGHLIN with Mr. GOLDSBOROUGH.
Mr. GRAHAM of Pennsylvania with Mr. MANSFIELD.
Mr. PERLMAN with Mr. SMITHWICK.
Mr. KENDALL with Mr. TAYLOR of Colorado.
Mr. WHITE of Maine with Mr. PARK of Georgia.
Mr. TILSON with Mr. BLANTON.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present, the Doorkeeper will open the doors.

Mr. FORDNEY. Mr. Speaker, before we go into Committee of the Whole, the gentleman from Pennsylvania [Mr. PORTER] wants to address the House for one minute.

The SPEAKER. That can be done in committee.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, with Mr. TOWNER in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That a World War Foreign Debt Commission is hereby created consisting of five members, one of whom shall be the Secretary of the Treasury, who shall serve as chairman, and four of whom shall be appointed by the President, which appointments when other than Cabinet officers shall be made with the advice and consent of the Senate.

SEC. 2. That the commission created by section 1, with the approval of the President, is hereby authorized, from time to time, to refund or convert, and to extend the time of payment of the principal or the interest, or both, or any obligation of any foreign Government now owing to the United States of America, or any obligation of any foreign Government hereafter received by the United States of America (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government, and from time to time to receive bonds and obligations of any foreign Government in substitution for the bonds or obligations of such Government now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America, and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

SEC. 3. That this act shall not be construed to authorize the exchange of bonds or other obligations of any foreign Government for those of any other foreign Government, or cancellation of any part of such indebtedness except through payment thereof.

SEC. 4. That the authority granted by this act shall cease and determine at the end of three years from the date of the passage of this act.

SEC. 5. That the annual report of this commission shall be included in the annual report of the Secretary of the Treasury on the state of the finances.

Mr. FORDNEY. Mr. Chairman, I yield one minute to the gentleman from Pennsylvania [Mr. PORTER].

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. PORTER. Mr. Chairman, the Committee on Foreign Affairs this morning passed the following resolution:

That the chairman make a statement to the House that the Committee on Foreign Affairs does not regard the reference of H. R. 8762 to the Ways and Means Committee as a binding precedent, but in view of the fact that another committee has taken up the consideration of the bill and has reported it, we do not desire to raise a point of reference at this time.

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY] is recognized.

Mr. FORDNEY. Mr. Chairman and gentlemen of the committee, the Committee on Ways and Means have reported to the House a bill authorizing the Secretary of the Treasury, as one of the committee provided for by the bill, with the approval of the President, to settle the matter of foreign loans between this Government and foreign Governments.

I wish to say that if the administration at the time the loans were made had complied with the law that authorized those loans, we would not now be in the condition that we are in touching the settlement of these claims. They were not made strictly in accordance with the act which provided that the loans could be made. I will not quote the law; another gentleman will discuss this point quite fully. That law provided that our Government should purchase the obligations of foreign Governments, and so forth. But demand obligations have been taken for the entire amount of those loans.

I am not criticizing the former administration for not strictly complying with the law, because there may have been some obstacles in the way of compliance with the act. But, whether right or wrong, we are now confronted with a peculiar condition in reference to those loans. The Secretary of the Treasury takes the position that this Government is not clothed with authority to settle those loans further than to demand payment of all the Governments to which we have made loans. No other authority exists. These obligations are very great. Forty per cent of the entire outstanding obligations of this Government are covered by these loans.

Briefly, I want to call your attention to the principal due and the interest in detail. As stated by the Secretary of the Treasury in the hearings on the 21st of June last, before the Finance Committee of the Senate, Mr. Wadsworth, an Assistant Secretary of the Treasury, made the statement that up to the last interest-due date interest had been figured; but no fixed date was given, for the reason that there are so many of those loans

that there are a great number of due dates for the interest upon them to be paid. But having figured up the last due date, there was owing to this Government at that time $943,534,755.99 past-due interest.

Now, taking it for granted that the due dates that interest was figured to were sometimes perhaps one or two or three months prior to June 21, I am going to give you the estimated amount of those obligations down to date, as stated in the Secretary's statement of that date, June 21. There was $9,435,225,329.24 of direct loans to those various foreign Governments; obligations received from the American relief administration, $84,093,963.55; obligations received from the Secretary of War and from the Secretary of the Navy on account of the sale of surplus war materials, $565,048,413.80; and obligations held by the United States Grain Corporation, $56,899,879.09; or a total outstanding on that date—and to the due date there is an additional obligation of interest due—making $10,141,267,585.68. The accrued interest due at that date, as figured by the Treasury Department, was $943,534,755.99. The interest on the total sum on that date, at 5 per cent per annum, is, in round numbers, $1,532,000 per day, and, in round numbers, for 100 days to be added—there are $300,000,000 to be added to that sum—making a total of $11,085,000 or thereabouts due to-day. It will vary a little above or below that sum. It will very likely be $10,000,000 or $15,000,000 more, because several of these obligations to this Government draw 6 per cent interest, while I have figured the whole outstanding obligation at 5 per cent.

Now, the Treasury Department finds itself absolutely unauthorized by law to negotiate a settlement of those loans. Some of those Governments, perhaps, will be unable to pay for some time. There is a gentleman in the room, I believe, a Member of this House, Mr. ACKERMAN, who showed me yesterday a piece of paper money issued by the Austrian Government; and, by the way, the Austrian Government is included in the number of those Governments owing us $24,055,708.92 of principal. That money issued by the Austrian Government which before the war, as I remember he told me, was worth $2,000 of any kind of American money—in other words, gold—he purchased in Austria a few weeks ago for $6; and it is now worth but $3. That is an illustration of the depreciation of the Austrian paper money.

There is included in those items owing to our Government $187,500,000, in round numbers, by the Russian Government. They have no stable government at the present time. I do not know what position they are in to settle those claims, but I know this, that the Russian Government to-day has more than $80,000,000,000 of paper money in existence, an amount of paper money twice as much as has been issued by all the rest of the Governments of the world. It is rather an unstable Government.

Mr. FESS. Mr. Chairman, will the gentleman yield to a question?

Mr. FORDNEY. I yield to the gentleman from Ohio.

Mr. FESS. I notice Mr. Wadsworth states that $452,000,000, or near that, has been paid in interest.

Mr. FORDNEY. I was going to state that.

Mr. FESS. Where did the Government get that?

Mr. FORDNEY. I will say, from Mr. Wadsworth's statement, that there has been paid to our Government interest on those foreign loans a total sum of $465,271,288.92. But it is my understanding that those were the items paid while we were loaning the money to pay them with.

Mr. FESS. That is what I wanted to understand.

Mr. FORDNEY. And since we have discontinued the loans the payments of interest have been neglected by those foreign Governments.

Mr. FESS. In other words, all of the interest paid—unless it may be a very small amount—has been paid by them with money which we loaned them with which to make the payment.

Mr. FORDNEY. Not all, but the major portion. Some Governments have paid interest on the obligations that we hold for the sale to them of war supplies and food supplies and one thing and another.

Now, gentlemen, we have provided in the bill for a commission of five men to settle those claims, one of whom shall be the Secretary of the Treasury, who shall be the chairman of that board, to be appointed by the President of the United States, and when other than Cabinet officers such appointments shall be confirmed by the Senate. We felt that it was not at all necessary to have the Senate again confirm Cabinet officers who might be appointed. It is barely possible that the Secretary of the Treasury will call in the Secretary of State or some other member, or more than one member perhaps, of the Cabinet in the settlement of these claims.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. FORDNEY. I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. The gentleman, I think, inadvertently said that we were to appoint a commission to settle these claims.

Mr. FORDNEY. I said the bill provides for the appointment of a commission.

Mr. COOPER of Wisconsin. Is it to settle these claims?

Mr. FORDNEY. To settle these claims; yes.

Mr. COOPER of Wisconsin. I thought it was for the purpose of refunding bonded obligations.

Mr. FORDNEY. It provides for both. The Secretary stated that in making these loans to the Austrian Government we, together with other Governments—Great Britain and France, I believe, and perhaps Belgium—hold a mortgage, as it were, upon the government property in Austria, their forests and other government property, and in the settlement of our claims against the Austrian Government we are to settle them together with these other foreign Governments which have like claims and have an interest in those securities which we hold, because the loans were made by our Government and by Great Britain and France also at the same time to the Austrian Government and some other central European nations.

Mr. TREADWAY. Will the gentleman from Michigan yield?

Mr. FORDNEY. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. Possibly the gentleman from Wisconsin [Mr. COOPER] may have in mind the ordinary definition of a claim. Of course, the chairman will state that the greater part of this entire settlement is for cash loans, not for anything in the way of what it ordinarily regarded as a claim.

Mr. FORDNEY. I stated to the House before that of this total of $10,141,000,000 of principal, $9,435,000,000 were direct loans of money made during the war, and for those loans we hold the demand obligations in the form of notes of these foreign Governments issued to our Government.

Mr. DENISON. Will the gentleman yield for a question?

Mr. FORDNEY. I yield to the gentleman from Illinois.

Mr. DENISON. Will the gentleman from Michigan state when our Government loaned any money to Austria, and in what amount?

Mr. FORDNEY. It is in the report. I do not know that I have time to explain it all.

Mr. DAVIS of Tennessee. It is for flour furnished them through the United States Grain Corporation.

Mr. FORDNEY. The date was October, 1920.

Mr. DENISON. That was long after the war.

Mr. FORDNEY. The date of maturity is January 1, 1925.

Mr. DENISON. Was there any law passed by Congress authorizing our Government to make any loan to Austria?

Mr. FORDNEY. We sold them provisions. It was for the sale of provisions.

Mr. DENISON. It was not a war debt, then.

Mr. FORDNEY. No; the gentleman will remember that the House voted a loan of 5,000,000 barrels of flour to the starving people over there. France and Great Britain gave them other supplies, and those combined claims are owing to the three Governments.

Mr. DENISON. Then the money that Austria owes us is for claims we have against her for supplies?

Mr. FORDNEY. Yes.

Mr. KEARNS. Will the gentleman yield?

Mr. FORDNEY. I yield to the gentleman from Ohio.

Mr. KEARNS. This bill does not provide for the cancellation of any debt, does it?

Mr. FORDNEY. No; except by payment. It is not intended that we shall cancel any of these claims until they are paid.

Mr. FESS. Will the gentleman yield?

Mr. FORDNEY. I yield to the gentleman from Ohio.

Mr. FESS. What proportion of the $9,435,000,000 was loaned before the armistice?

Mr. FORDNEY. The amounts are all in the report, but I could not give them to the gentleman offhand.

Mr. FESS. Are there any commitments under which we are obligated to let them have further money?

Mr. FORDNEY. The greater portion of these loans were made before the armistice, but some after the armistice.

Mr. FESS. But under agreements that had been made before?

Mr. FORDNEY. Oh, yes; under commitments made before. And there are some loans that were authorized that have not yet been made.

Mr. FESS. That is what I wanted to know.

Mr. FORDNEY. But they are actual commitments.

Mr. FESS. That is what I want to know. Are we under any obligation to make further loans?

Mr. FORDNEY. To Armenia and Greece, I believe, but on certain conditions.

Mr. LONGWORTH. If the gentleman will pardon me, what he has been speaking of relative to claims will apply to only a very small proportion of the total.

Mr. FORDNEY. Oh, yes.

Mr. LONGWORTH. They were those that were included in the Liberty loan act.

Mr. FORDNEY. They are a very small proportion of the total. Now, I do not know what in the world ever induced them to loan $2,000,000 to Cuba, but the loan was made.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. FORDNEY. I yield to the gentleman from Illinois.

Mr. GRAHAM of Illinois. The original act under which these loans were authorized, as I remember, seemed to indicate that the interest that was to be paid by the foreign governments should be the same as we were paying our people.

Mr. FORDNEY. Not less than that.

Mr. GRAHAM of Illinois. I see that the minority of the committee in their views make the criticism that they say this refunding might be at a less rate than we are paying on our Liberty bonds.

Mr. FORDNEY. Oh, no.

Mr. GRAHAM of Illinois. I should like to hear the gentleman discuss that.

Mr. FORDNEY. There is no danger of that whatever, because the original act provided that the loans should be made at a rate of interest not less than we pay ourselves. That rate of interest has already been settled and is in the obligations our Government holds, and it is not less than 5 per cent in any obligation held by this Government. Those rates have been agreed upon at the time the loans were made and the foreign Governments are willing to pay that rate of interest.

Mr. STEVENSON. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. STEVENSON. The provision is made in the original act that it must not be less than the rate the United States bonds bear. But do you not sweep away all that precaution in these words—lines 13, 14, and 15, page 2:

in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America.

Does not that authorize the commission to accept a less rate or any rate or none at all?

Mr. FORDNEY. Does the gentleman think that anybody who is sensible would do anything of that kind?

Mr. STEVENSON. I am not asking whether anybody sensible would do it or not.

Mr. FORDNEY. We can not control the rate of interest as a condition by which the commission shall be bound with the settlement of these claims. Much of the money owing our Government were direct loans authorized by the original act and goods sold to these people. They are willing to pay 5 and 6 per cent interest, and these rates were agreed upon, and it is perfectly agreeable to the foreign Governments to pay the 5 per cent. One reason why the rates were fixed at 5 per cent, although we borrowed money for less than 5 per cent, was that we were making loans and nobody knew how long the war would last or what rate of interest we would be obliged to pay in order to get money if the war ran for three or four years, and therefore a lump sum of interest at 5 per cent was agreed upon between the representatives of this Government and foreign Governments with whom we made the loan. These obligations we hold to-day carry this rate of interest.

Mr. TREADWAY. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. TREADWAY. In reference to the matter of interest rate is not it the idea in these loans to permit the acceptance of a partial payment of interest? For instance, if we can not get the whole amount, would not we be lucky to get a partial payment, and that is the explanation of that phrase?

Mr. FORDNEY. Yes; just as a bankrupt might settle with an individual whose notes he held—in dealing with a bankrupt get what you can. Make the best settlement possible for Uncle Sam. [Applause.]

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. PARKER of New Jersey. I want to ask the gentleman whether there would be any objection to putting in the bill the rate of interest not to be less than 5 per cent?

Mr. FORDNEY. There would be an objection to binding the hands of the commission to a certain rate of interest when we know that we can get 5 per cent and that they are willing to pay it.

Mr. PARKER of New Jersey. Can we not say in the bill "not less than 5 per cent"?

Mr. FORDNEY. I have stated that we hold obligations of these Governments for all except a few open accounts, and all the obligations bear a rate of interest not less than 5 per cent.

Mr. KEARNS. Will the gentleman yield?

Mr. FORDNEY. Certainly.

Mr. KEARNS. Your bill says they can settle or rewrite such rates of interest and such security as shall be deemed for the best interests of the United States.

Mr. FORDNEY. Let me say that when the loans were made the House did not bind the Secretary of the Treasury in any way, shape, or manner, and these loans were made right and left to any nation on the face of the earth. They went outside of the nations engaged in the war and loaned to Cuba $2,000,000. Now, do you want to say to the Secretary of the Treasury we are going to bind your hands in making settlements?

Mr. KEARNS. The reason I suggested it is because the gentleman said that these loans would be rewritten at a rate of 5 per cent, and the bill does not provide for it.

Mr. FORDNEY. I said that these obligations bear a rate of interest not less than 5 per cent for the demand obligations, and all that it is necessary for the commission to do is to extend the demand obligations into long-time obligations at a rate of interest which these demand obligations bear, which rates of interest has been agreed to.

Mr. KEARNS. The bill does not say so.

Mr. FORDNEY. I say to the gentlemen of the House that the minority of this House have filed minority views. The reason why the minority members could not agree with the majority members of the Ways and Means Committee in a unanimous report in reporting this bill is that they say they want the Congress of the United States to approve each and every one of these claims settled by this commission. Why, they have that authority now. The Secretary can go out and settle these claims, or arrange to settle them, and come to Congress and say, "Here is the best settlement we could make and I want your approval or disapproval."

The suggestion has been informally made that the Secretary of the Treasury should be required to report the result of his findings to Congress for approval. A suggestion of that kind is equivalent to opposition to any legislation granting the Secretary additional authority. There is nothing in existing law to prevent the Secretary from negotiating with foreign countries and reporting back to Congress for acceptance, but such a procedure would be indeterminable. To protect the best interests of the country a means for expeditious and businesslike action is requisite. It may sound well back home to contend that you are defending the country's foreign obligations, but the real result would be long and costly delays. It may be good politics to obstruct at this time, but it is mighty poor business.

Mr. LAYTON. Then what is the use of this bill?

Mr. FORDNEY. Because our Government has no power to do anything except to demand payment. That is all the existing law authorizes it to do. That is the only authority our Government has given.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. FORDNEY. Not just yet. The outgoing administration claimed it had authority to settle these claims and came before the Ways and Means Committee and wanted the approval from our committee. No committee of this House can give authority to the Treasury Department of the Government; authority must come from Congress. We replied, "We can not give you any authority whatever or approval."

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. GARRETT of Tennessee. I want to ask the gentleman if he is stating quite accurately just what the Committee on Ways and Means did say to the Secretary of the Treasury in regard to that transaction? Did not the gentleman's committee, the gentleman himself writing in behalf of the committee, say:

I am instructed by the committee to state that upon further investigation a majority of the committee are of the opinion that there is no legislative bar to your proceeding with the extension plan last submitted by you to the committee.

Mr FORDNEY. Yes; we did at that time. The administration at the present time finds that the committee was in error in their opinion, and at the present time the administration takes the position that they do not have the authority and will not act without authority.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield further?

Mr. FORDNEY. Yes.

Mr. GARRETT of Tennessee. Will the gentleman state what legal authority of the Government has expressed the opinion that the Secretary of the Treasury had not the authority to proceed?

Mr. FORDNEY. Yes. That is the President of the United States, who is a pretty good authority. He stated so to me personally.

Mr. GARRETT of Tennessee. Will the gentleman point out in these hearings——

Mr. FORDNEY. Oh, I am not pointing out the law; I am taking his word for it, that he knew what he was talking about.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield for a suggestion?

Mr. FORDNEY. Yes.

Mr. LONGWORTH. The point involved in the letter written by the chairman to the Secretary of the Treasury related only to the question of whether they had authority to extend the payment or nonpayment of interest. It did not relate generally to the question of refunding.

Mr. FORDNEY. Mr. Davis, then Assistant Secretary of the Treasury, wanted to do this, and said that this was their plan, and they felt they had authority to do it. We did not agree to that opinion, but we did not dispute his authority, because we did not look the matter up, as it was not our duty to do so. They were deferring the payment of interest for three years on the $9,535,000,000, and then at the end of three years it was agreed by the foreign Governments with representatives of our Government that instead of giving additional obligations of the foreign Governments for the payment of that deferred interest and interest upon those sums the foreign Governments were willing then, after the expiration of three years, for the next two years to pay 5½ per cent interest instead of 5 on the total obligation, for the succeeding two years 6 per cent, and then for the succeeding eight years thereafter 6½ per cent. That additional interest of one-half of 1 per cent for two years, of 1 per cent for two years more, and 1½ per cent for eight years more would reimburse this Government to the amount of $1,425,000,000, which would be equivalent to the interest upon the interest for those 12 years, and instead of giving a direct interest-bearing obligation and going back to their Government for authority to issue more bonds, they would rather pay in that way. I approved of that plan personally, but our Government did not make that arrangement, and no such arrangement has been made. The interest will be due at the end of three years, agreed upon between the foreign Governments and the representatives of our Government, which would be May, 1922. At that time the interest payments are due.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. McFADDEN. Is it not a fact that the suggestion came from our Treasury Department to these foreign Governments that the extension would be granted on the unpaid interest?

Mr. FORDNEY. Yes.

Mr. McFADDEN. What authority had the Treasury Department, in the gentleman's judgment, to make that suggestion?

Mr. FORDNEY. I do not know. They claimed to have authority.

Mr. McFADDEN. It was made without authority?

Mr. FORDNEY. They said they had authority. We questioned it at one time, but we did not look up the law.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. WINGO. Is it not a fact that at least one of those Governments sent a gentleman to Washington, ostensibly in an unofficial capacity, to advise us that they were not able to pay interest and we were advised unofficially that they could not pay interest, so that the statement that we suggested to them that we would extend the interest is very erroneous?

Mr. FORDNEY. I do not know from which side the suggestion came, but that was the argument presented to us.

The whole upshot of the proposition is that the present administration say that they have no authority to do anything except to demand payment right now, and we know that would be suicidal. We know that those Governments can not pay, not only the principal but the interest as well. Some people think that we should demand payment from Great Britain right now of every dollar, both principal and interest, that she owes us. Is there a man here who believes that Great Britain could pay? No. Is there a man here who believes that one of those Governments to whom we have made loans could pay now? No; not a man.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. GREENE of Vermont. Is it not true, as a broader economic proposition, that these foreign obligations due us are more of a liability than an asset, so far as the world's trade or our participation in it is concerned?

Mr. FORDNEY. When we made the direct loans to those foreign Governments to aid them in maintaining their armies on the battle fields, we felt at the time that the more money we would loan to them to support their armies the less human blood would be spilled by our boys, and we most lavishly turned that money over to them. After the war we sold them war supplies at a very low price. To illustrate, we sold something like $1,700,000,000 worth of war supplies to France upon the assumption and the understanding that she would distribute those goods to her war-stricken people.

We sold them for $400,000,000, or about 25 cents on the dollar of their value. What happened? France turned right around and sold back to speculators in this country a major portion of those supplies at a profit. We took her obligations running for 10 years at 5 per cent interest in payment for those war supplies. To-day those war supplies are coming back to this country and are being sold on our markets at a reduced price, below the average price prevailing on the market for such goods.

Mr. GREENE of Vermont. What I had in mind to suggest to the gentleman is this, and I think he will agree with me, that it is a practical proposition among nations, as it is among private individuals, where the balance is entirely on one side of the ledger and where the other fellow has our money, that it is a hindrance to trade.

Mr. FORDNEY. We are taking trade right now from those foreign Governments, more than I want to do.

Mr. GREENE of Vermont. What have they got to pay with?

Mr. FORDNEY. Oh, they are not paying their debts with it; they are selling goods over here, goods that we can make in this country, and they are selling them in large quantities, an average for the first eight months of this year of $300,000,000 per month, and American labor is on the streets in idleness. If we are to take from those foreign Governments the product of their labor, articles that we can produce here at home, and let our people rest in idleness, then I would say cancel the debt and furnish employment to our own people.

The poorest asset in the Nation is the man out of work.

Mr. JOHNSON of South Dakota. Mr. Chairman, a parliamentary inquiry. I want to submit a parliamentary inquiry to the chairman—whether his eyesight was poor and he could not see a gentleman——

Mr. FORDNEY. Oh, I can see the gentleman. What does the gentleman wish?

Mr. JOHNSON of South Dakota. I am asking the gentleman that. The gentleman said there was an agreement made with the Government of France that they should not ship any of those goods to the United States.

Mr. FORDNEY. It is my understanding that was a verbal agreement, and the goods were sold at 25 cents on the dollar of their cost.

Mr. JOHNSON of South Dakota. The gentleman knows there is no record of any such agreement, does he not?

Mr. FORDNEY. I do not know, but that is my information.

Mr. FISH. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. FISH. I understood the gentleman from Michigan to say that none of the allied countries could pay the interest on the bonds at this time.

Mr. FORDNEY. By verbal agreement those interest payments have been deferred until the 1st of next May; the three years will expire the 1st of May, 1922, if I am correct.

Mr. FISH. I understood the gentleman to say none of those countries were in a position financially to pay the interest on their loans?

Mr. FORDNEY. That is my information; I do not know positively.

Mr. FISH. Does not the gentleman know that Great Britain has loaned $50,000,000 to Argentina to foster their trade there?

Mr. FORDNEY. And I know they have not paid the interest on their loans. I do not know the financial condition of all those countries, but my information is they are in bad shape financially. I know one thing, I know we won the war. They stood the brunt of the fighting there and we came in when Germany was staggering and we struck the deadly blow just at the opportune time and helped win the war. We ought to pay for it and we will pay for it, and we want to make it possible for them to pay back the money that we loaned when they are in a financial condition to do it.

Mr. FESS. Will the gentleman yield?

Mr. FORDNEY. I have occupied more time than I intended, but I will yield to the gentleman from Ohio.

Mr. FESS. The Secretary of the Treasury was asked by a Senator whether Great Britain had loaned to the Argentine Republic and I have not found where that question was an-

swered. The same Senator asked whether Great Britain was spending $70,000,000 on their navy. Is there anything in that or is it hot air?

Mr. FORDNEY. There was no such information came to me. Mr. Chairman, I yield the floor.

The CHAIRMAN. The gentleman from Mississippi is recognized for two and a half hours. [Applause.]

Mr. COLLIER. Mr. Chairman and gentlemen of the committee, we regret that in a matter of such importance as the refunding of $11,000,000,000 of obligations owed by foreign Governments to the Government of the United States we should not have a unanimous report. We recall that when this money was loaned it was done at a time of our country's greatest need. It was loaned at a time when we felt that every dollar we sent across the water might be the means of preserving the lifeblood of some American boy, and that this money was loaned cheerfully by a united Congress. As a member of the minority, it is, I repeat, with regret that when it comes to refunding these obligations we can not present a united front. This bill seeks to create a commission of five, of whom the Secretary of the Treasury will be chairman, with powers more vast than have ever before been granted by any legislative body in the world to any commission. These commissioners are vested with powers of administration and of legislation. They have the power to fix interest on these bonds and to take such security as they may deem wise and to make final settlement without making a report to Congress. Now, gentlemen of the committee, there is no need for this bill. There is no need for the Congress at this time to come in and change the law placed upon the statute books by this Congress safeguarding these loans, and it is not right for the Congress to pass a bill which will cast aside all of the limitations and the safeguards which a former Congress threw around the refunding of those loans. The Liberty loan acts of September 24, 1917, and of October 24, 1917, are plain and explicit. They do not give the Secretary of the Treasury or any commission great powers of discretion as this bill does; they do not give the Secretary of the Treasury or a commission authority to change the bonds of one Government to those of another Government; they do not give the Secretary of the Treasury or any commission authority to adjust and settle all claims now existing or which may hereafter arise between the Government of the United States and foreign Governments. They do not give the Secretary of the Treasury or any commission or any other body authority to fix the rates of interest on these obligations.

Mr. LONGWORTH. Will the gentleman yield?

Mr. COLLIER. In a moment. The provisions of these Liberty loan acts are plain, simple, and explicit. They are set out in the minority reports, but in brief they simply provide that it shall be the duty of the Secretary of the Treasury that when we loan money to the representatives of foreign Governments he shall with the money purchase at par from those foreign Governments their obligations at a rate of interest fixed—not like this bill, left to the discretion of a commission—but at a rate of interest fixed by law and not less than the highest rate of interest in any Liberty loan act bond that may be issued here in the United States. They further provide that these bonds so purchased at par by the Secretary of the Treasury shall bear in all their essentials resemblance to the bonds that have been issued here in the United States and which were purchased by the American people. I now yield to the gentleman.

Mr. LONGWORTH. The gentleman has been describing the act he referred to. Did Secretary McAdoo make those transactions under the provisions of those acts?

Mr. COLLIER. Do I understand by that, did he buy those obligations at par? Did he take those bonds? Did he refund them?

Mr. LONGWORTH. Yes.

Mr. COLLIER. No; he did not, and the gentleman from Michigan [Mr. FORDNEY] said a few moments ago that if the Secretary of the Treasury had taken those obligations as the act authorized him to do, we would not be having the trouble that we are having to-day. The chairman of the Ways and Means Committee and the gentleman from Ohio [Mr. LONGWORTH] ought to know that when those loans were made they were not made in one lump, at any one time, to the representatives of the foreign Governments.

When England came to the Treasury officials and stated that in 6 or 9 or 10 months they would need a billion or a billion and a quarter of dollars, and when the French representatives came to our Treasury Department and stated that in a certain period of time they would need half a billion or so of dollars, there was made, as the gentleman from Ohio ought to know and as the chairman of the committee ought to know, what were called commitments; that a provision was made for the loaning of these billions of dollars, but the actual money was not loaned at that time. The money was placed to the credit of these foreign Governments. One week a certain amount would be drawn and several weeks afterwards another amount, and how could the Secretary of the Treasury know what the rate of interest would be on bonds issued three or four months in advance? Experience proved that subsequent bond issues would have to authorize a higher rate of interest than the first issue. How could the Secretary refund those obligations and fix the interest when he himself did not know when the money would be raised by the Liberty bond act nor what the interest would be?

Mr. McFADDEN. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. McFADDEN. The gentleman is speaking of the authority conferred on the Secretary of the Treasury. It has been stated here that the Secretary of the Treasury agreed to an extension of the interest, the unpaid interest, for three years. Was such authority granted under the law?

Mr. COLLIER. I doubt whether there was any such authority. The question was simply this, that when a man has not the interest you can not get interest, and when they did not have the interest and we knew they could not get the interest, that was all the Secretary could do, of course.

Mr. MOORE of Virginia. It is a fact, is it not, that Secretary Glass and Secretary Houston in their annual reports advised Congress that the collection of interest was impossible and submitted the matter to Congress? If Congress had been of a different opinion, it could have taken action.

Mr. COLLIER. Congress was fully advised. I would like to say to the gentleman from Pennsylvania [Mr. McFADDEN] that the Secretary was a triweekly visitor to the Committee on Ways and Means, and, if my recollection is not at fault, I think on several occasions we had the gentleman from Pennsylvania [Mr. McFADDEN] with us there. Congress was thoroughly advised before the extension of interest was granted to the foreign Governments.

Mr. LONGWORTH. Would my friend at the time the Liberty loan act was before the Ways and Means Committee have voted to permit the Secretary of the Treasury to loan $3,000,000,000 without any security of any sort?

Mr. COLLIER. Without any security?

Mr. LONGWORTH. Yes; except a note of hand—an I O U.

Mr. COLLIER. I will say to the gentleman from Ohio that when I voted for the Liberty loan act I voted for an act which placed every limitation and safeguard possible around the refunding of our loans, which the bill you have brought in to-day does not do. I remember distinctly that on several occasions the Secretary of the Treasury reported to the Ways and Means Committee that the due bills or promises to pay by these representatives of the foreign nations was the best security that could be taken at that time. And I want the gentleman from Ohio [Mr. LONGWORTH] to bear this in mind, that when we were in the midst of the greatest war of all the ages, when the institutions of our own liberty and the liberty of the world were threatened, there was not then, my friends, the same time for coolness and deliberation as there is now, years after the war, when you come in and by a bill seek to destroy, throw away, and cast aside all the limitations and safeguards which Congress in a time of great stress saw fit to throw around the refunding of these obligations.

Mr. McFADDEN. Notwithstanding the statement the gentleman has made in regard to Congress being fully informed in regard to the extension of this interest by the Secretary of the Treasury without authority, as the gentleman from Ohio states, I must differ with him, because Congress was not informed on the subject. I do not think the gentleman can point to any public report or records showing that Congress was informed. My understanding is, from the record which I have read in the hearings, the Secretary of the Treasury was seeking from the Ways and Means Committee the authority to do this thing, and the Ways and Means Committee did not give him authority, but in spite of that this three-year extension of this interest was made.

Mr. ARENTZ. If you look on page 192 of the hearings on S. 1235 you will see the following.

Mr. COLLIER. The hearings in the House?

Mr. ARENTZ. No; in the Senate. This is what was addressed by the Secretary of the Treasury, Mr. Mellon, to the chancellor of the exchequer. He says:

The Treasury is prepared, at the convenience of the Governments of the Allies, to take up with their representatives the funding of the demand obligations which the United States holds into long-time obligations, and at the same time refunding during the reconstruction period—

say for a period of two or three years—of the interest on the obligations of foreign Governments acquired by the United States under the Liberty loan acts.

And then the chancellor of the exchequer replies to this as follows:

You are already aware that the British Government accepts, as far as they are concerned, the suggestions of the United States that the demand obligations of the Allies should be funded into long-time obligations and that for a period of two or three years—preferably three—the interest on the obligations of foreign Governments acquired by the United States should also be funded, and that we are ready to extend similar treatment to our allies in respect of their obligations to us.

Mr. COLLIER. Now, what is the question?

Mr. ARENTZ. That is the answer to the question put to you by the gentleman from Pennsylvania [Mr. MCFADDEN] as to whether or not there has been anything——

Mr. COLLIER. I am much obliged to the gentleman for saving me the trouble of answering the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. DENISON. Will the gentleman state whether or not under any of the bills passed by Congress authorizing the loans the Secretary of the Treasury was required to take anyone else into consultation with him in making the loans?

Mr. COLLIER. With the approval of the President.

Mr. DENISON. Were they not required to have the approval of the President?

Mr. COLLIER. Of course.

Mr. DENISON. But no one else?

Mr. COLLIER. That is the way the act reads.

Mr. DENISON. In any of these bills would the Secretary of the Treasury be required to report back to Congress or get the approval of Congress of any loan?

Mr. COLLIER. He was not; and the distinction between that bill and this bill is this, because the powers of the Secretary of the Treasury under the Liberty loan act were fixed and determined by law, and the powers of this commission are greater than have ever been given by any legislative body to any other commission in the legislative history of the world. Their powers are not fixed, they are not determined, and they are not limited. This bill changes the law and sets aside the limitation which Congress fixed in the Liberty loan act.

Now, there are a great many Members on the minority side who want to speak, and I want to get on with my remarks, and I will ask that I be not further interrupted.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I will yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I want to submit a statement in correction of the statement of the gentleman from Pennsylvania [Mr. MCFADDEN]. On September 26, 1919, Mr. Secretary Glass issued a public statement, giving the policy that it was proposed to follow in the refunding of this indebtedness, including interest. At the same time he wrote a letter to the chairman of the Committee on Finance of the Senate, giving the plan that was to be followed. That letter was made public, and it was in response, I may say, to an inquiry made by the chairman of the Committee on Finance as to what policy was to be pursued. No action was taken upon it, but on December 18, 1919, Mr. Secretary Glass, having seen observations that were made on the floor of the House of Representatives and probably in the Senate and statements in the press of the country, realized from them that there was misapprehension, and he addressed a letter to Mr. FORDNEY, chairman of the Committee on Ways and Means, the concluding paragraph of which is quoted in the minority report, stating that his advisers were firmly of the opinion that he had full authority. Mr. FORDNEY thereupon replied, suggesting some doubts, so far as the Ways and Means Committee was concerned, under date of January 19, 1920. On April 2, 1920, Mr. FORDNEY wrote a letter to Mr. Glass's successor withdrawing that former letter.

These facts ought to be stated, and all the facts fairly stated, and no such impression should be created as that which has been given out.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. LONDON. Under this bill the President can appoint five members of the Cabinet as the commission—that is the way the bill reads—without the advice and consent of the Senate. It is really conferring upon the President and his Cabinet the power to cancel all of these debts by indefinitely postponing their payment, or postponing them for a very long term. Is not that what it means?

Mr. COLLIER. I would not go so far as to say it confers on the President the power to cancel these debts. But it confers an immense power on him to fix the interest and the date and time of payment for them, whereas under existing law the time of payment of these debts and the rate of interest are both fixed.

Now, the gentleman from Michigan [Mr. FORDNEY] stated, in reply to a question on this side, that you could not fix the rate of interest by law. He must have meant you could not fix the rate of interest by a new law. This House could not do it by a new law, but existing law already fixes both the rate of interest and the duration of time for which the loans must be made.

Mr. MCFADDEN. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. MCFADDEN. In view of what the gentleman from Tennessee [Mr. GARRETT] has just stated in regard to these negotiations, I think it is only fair to say, in connection with that, that the negotiations for the extension of this debt were initiated long before that by an Assistant Secretary of the Treasury. An emissary had been over to Great Britain. There had been negotiations here, as the gentleman from Arkansas [Mr. OLDFIELD] recited, that were not made public. There was some initiative back of all this. There was some reason why these officers of the Treasury Department were insisting on getting authority to extend this interest. There must have been some understanding somewhere by somebody that was not made known to Congress.

Mr. COLLIER. I can not yield further to the gentleman from Pennsylvania.

Now, we know that we can not get interest when the foreign Government has not the interest to pay. We can not get interest when an individual has not the interest to pay. A government and an individual can not get interest when there is not the money to pay it with, and that is the reason, or one of the reasons, why we did not get interest.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. MOORE of Virginia. I read from the report of the Secretary of the Treasury, Mr. Glass, in which he says:

In view of the present arrangement of the foreign exchanges, it would add to the difficulty of the situation, and would not be to the advantage of the United States to require cash payment.

That is from his report in which he discusses foreign credits.

Mr. COLLIER. I thank the gentleman. I will ask now not to be interrupted for a few minutes.

Whether the Liberty loan act gave authority to the Secretary of the Treasury or not, I have been a Member of this House long enough to know that when the steam roller starts to rolling over there this bill now before the House is the one that is going to pass, and therefore if this bill does become a law, that if the majority have determined that the law now existing be changed and the safeguards and limitations which the Congress of the United States were careful to put into that law be cast aside, then we contend that if this vast power be placed in the hands of a commission without the limitations and safeguards which are found in the Liberty loan acts, then the Congress of the United States should at least have an opportunity to review the acts of this commission before final settlement is made.

We believe, if the existing law is to be changed, that then the Congress should only grant authority to the representatives of the United States to enter into negotiations with the representatives of the foreign Governments, so that these obligations may be refunded or converted into bonds or other obligations of such foreign Governments as in the judgment of Congress will fully protect the United States in all legal rights and interests which might arise in any one or in all of these transactions.

If the Liberty loan acts of 1917 are to be changed and set aside and authority to refund these obligations of the foreign Governments be vested in the hands of a commission, then this commission, the representatives of the United States, should be authorized only to make tentative agreements with the representatives of the foreign Governments as to the kind of bond which may be required, the time when final payments is to be made, provide for the payment of any part of the debt by installments or on the amortization plan, definitely fix the rate of interest, and then report these tentative agreements to the Congress of the United States for approval or disapproval by the representatives of the American people.

The Secretary of the Treasury first asked that he be given full authority to enter into negotiations with the representatives of the foreign Governments and refund or convert and extend the time of payment of both principal and interest of any obligations of any foreign Government now owing to the United States into bonds or other obligations and to exchange the bonds of one Government for those of another Government,

fix the rate of interest on these bonds, take such security as should be deemed best, and to adjust and settle all claims the United States now has or may hereafter have against any foreign Government.

H. R. 7359 was introduced by the chairman of the Ways and Means Committee giving this authority to the Secretary of the Treasury, and Senator PENROSE, chairman of the Finance Committee of the Senate, introduced the same bill, which was reported by the Finance Committee with an amendment which limited the time to five years. And on the 22d day of June, 1921, the President of the United States wrote a letter to Mr. FORDNEY, the chairman of the Ways and Means Committee, expressing the hope that the Congress would promptly sanction an act giving this authority to the Secretary of the Treasury.

Without at this time going into the merits of the proposal to exchange the bonds of one country for those of another country, yet I think the record ought to be clear.

The majority report recites on page 1—

> The popular belief seems to be that authority is sought by the Secretary either to exchange the obligations of one country for the obligations of some other country or to cancel a portion or all of the principal and interest due.
> Such authority—

Recites the report—

> was not sought by the Secretary of the Treasury.

Why, my friends, we ought to keep the record clear. Such authority was sought by the Secretary of the Treasury. Such authority was given in a bill introduced by the chairman of the Ways and Means Committee. Such authority was given in a bill introduced by Senator PENROSE and reported by the Finance Committee of the Senate. Such authority was asked by the President of the United States in a letter which is printed in the hearings.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. Does not section 3 expressly prohibit the exchange of such bonds?

Mr. COLLIER. It does; and I just stated, a few moments before, that I am glad, in the event that this authority is to be vested in a commission, that this section has been put in the bill; but I am not so sure that if this bill should be amended so that the Congress should pass finally upon these matters, that would be a wise provision.

I will say to the gentleman from Wisconsin [Mr. COOPER] that I simply want to keep the record straight. The report stated that the Secretary of the Treasury did not ask permission to exchange the bonds of one country for those of another. On page 9 of the hearings Mr. OLDFIELD asked the Secretary of the Treasury the following question:

> Mr. OLDFIELD (interposing). This bill also provides for the trading or exchanging of the bonds of one country for the bonds of another country; for instance, the British for the French or the French for the Austrian.
> Secretary MELLON. In regard to that, there is not any particular place where we expect that to apply. It was simply thought desirable to have broad authority so that if some contingency arose that would require an exchange of that kind, we would be in position to act on it. For instance, say, in Austria, there may be, in joining with these other nations, some other security we could take in exchange that might be better than the position we are in now. We have not anything in contemplation and there is not any contingency of that kind that we anticipate at all, but here are complicated negotiations with a variety of Governments, and almost any contingency is liable to arise, and therefore it is desirable and likely essential to have that authority.

While no one doubts the honesty and ability of the Secretary of the Treasury, nor doubts that in dealing with these debtor countries he would be as jealous of American rights and American interests as he would be of his own, yet such an authority should never be given to the Secretary of the Treasury or to a commission, no matter who insists that it should be done. This is a matter involving eleven thousand million dollars, and there are many viewpoints by which this matter may be surveyed. These eleven thousand million dollars belong to the American people, and in order to lend this money to our allies in the hour of their direst need, at a time when never before in the history of the Republic were the necessaries of life so high or the cost of living so dear, the American people made great sacrifices.

I believe that nearly 95 per cent of the money due the United States from foreign Governments is due from solvent countries, and this money can be and it should be paid. It is the duty of Congress to guard against the mistaken zeal of those who might believe that a transfer of some of the obligations of our solvent debtors to those less solvent, and take in exchange the obligations or bonds of those countries less solvent, might create what certain financiers are pleased to call "a financial equilibrium," which in their judgment may be necessary in order to restore commercial conditions throughout the world.

These $11,000,000,000 belong to the American people, and if conditions should so arise that it might appear that the best way to safeguard American interests in the broadest, fullest sense would be, in view of a world-wide financial situation and the distressing conditions in continental Europe; in view of the depreciated currency of nearly every country save our own and the pressing need of stimulating international trade relations so that our debtor countries may have their credit improved and their purchasing power strengthened; if it should appear that in view of all this the best way to safeguard American interests would be to relieve some of our largest debtor countries by taking in exchange for the bonds they should give to us the bonds they have taken and hold against less solvent countries; if this should appear to be best, let the American people who own these $11,000,000,000 instead of a few financiers decide through their accredited representatives, the Congress of the United States, whether or not such a sacrifice of the people's money would be for the best interests of the American Republic.

In the refunding of these $11,000,000,000 of obligations owing to the United States by the various foreign Governments, the amount involved and the number of nations interested may cause many complicated situations to arise, and in these complications of international settlements between the Government of the United States and the Governments of a number of foreign nations many different angles may be presented and many different viewpoints both at home and abroad may be found. All of these various viewpoints may be honest, yet few of them may be wise.

When asked why it was that when Great Britain owed the United States over $4,000,000,000, the Government of the United States less than six months ago, in settlement of certain claims paid to the Government of Great Britain $32,000,000 in actual cash instead of crediting this amount upon the indebtedness of Great Britain to the United States, the Secretary of the Treasury stated, among other reasons, that it was "such a small item." There is his viewpoint. We all remember that some time ago there was an honest sentiment expressed by many that a grateful recognition of the services of the illustrious Lafayette to the Colonial forces in their struggle for American independence could well be made and gracefully acknowledged by foregoing the $3,000,000,000 debt owed us by France. No one questions the honesty of that sentiment, however we may doubt its wisdom. The paying of $32,000,000 in actual cash to a country which owes us over ten times that amount in interest alone is an action the honesty of which no one can question, however much we may doubt and deplore the wisdom of it.

It has been repeatedly intimated here in this Chamber by some of the leading statesmen in this body that if the collection of this $11,000,000,000 should interfere with the prohibitive tariff rates which they hope to fasten on the American people they would rather relinquish the obligations owing to the Government of the United States by the foreign nations. This is another viewpoint, and yet no one questions the honesty of these protection-mad statesmen, who, in order to increase tariff rates so high that all legitimate competition will be stifled and strangled, would be willing, in addition to the destruction of our foreign markets, to sacrifice $11,000,000,000 belonging to the American people.

Therefore, my friends, it is the different angles and viewpoints, all of which may be honest but few of which may be wise, that make me want either to keep the law we have, which adequately safeguards the refunding of these loans by express limitations, or to amend the present bill and let Congress in its judgment and wisdom decide whether or not these obligations as refunded by the commission shall be ratified.

Now, my friends, in a few minutes I want to tell you why I said I believed nearly 95 per cent of these loans should be collected.

It seems that the total amount of obligations of the foreign Governments due the United States, without including interest, is $10,141,267,585.63, as evidenced by money received by them from the United States for advances made under various Liberty bond acts, obligations incurred by foreign Governments in the purchase of surplus war materials, obligations held by the United States Grain Corporation, and obligations received by the Treasury Department from the American Relief Administration.

Nine billion four hundred and thirty-five million two hundred and twenty-five thousand three hundred and twenty-nine dollars and twenty-nine cents of these obligations were derived from the sale of Liberty bonds. Eighty-four million ninety-three thousand nine hundred and sixty-three dollars and fifty-five cents were given Russia, Poland, Armenia, Czechoslovakia, Esthonia, Latvia, and Finland by the American Relief Administration. Obligations in the amount of $56,899,878.09 are held

by the United States Grain Corporation and are owed by Armenia, Austria, Czechoslovakia, Hungary, and Poland. Of this amount Austria alone received $24,055,708.92 and Poland received $24,353,390.97. Obligations to the amount of $565,048,413.90 were incurred by the purchase of surplus war materials, of which amount France is indebted to the United States in the sum of $400,000,000, Belgium in the sum of $27,588,581.14, Czechoslovakia $20,621,999.54, and the other countries of Russia, Poland, and southern Europe in the sum of $116,867,833.12. All of these obligations bear interest at the rate of 5 per cent.

Of the total indebtedness of $10,141,267,585.63 due, Great Britain is our largest debtor country, owing the United States the sum of $4,166,318,358.44. France owes the United States $3,350,762,938.19, Italy $1,648,034,050.90, Belgium $375,280,147.37, and Czechoslovakia owes $91,179,528.72, making a total of $9,631,575,023.62, together with all accrued interest. This amount of $9,631,575,023.62 is nearly 95 per cent of the entire indebtedness due the United States from the foreign Governments.

These five countries are recovering rapidly from the effects of the war, and there is no reason why in time they should not pay every dollar they owe the United States.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. COOPER of Wisconsin. I notice that the gentleman made no mention of the $80,000,000 or the $100,000,000 that we loaned to Mr. Bakhmeteff for the Kerenski government on his own signature.

Mr. COLLIER. I do not know anything about those millions; I am talking about the five debtor countries which I believe are solvent, and I include Czechoslovakia because that country owns the great grain belt in the Austrian Empire, and my information is that it is fast being rehabilitated and recovering from the ravages of war.

In conclusion, Mr. Chairman, I would be willing for the Secretary of the Treasury, with the approval of the President, to have the same powers given that commission, provided he reports to Congress. In objecting to this bill I do not do so because I may have any lack of confidence in either the Secretary of the Treasury or the commission which this bill seeks to create. It has been intimated, or was a while ago, that this commission will consist entirely of Cabinet members. If the commission is to be created and the powers as outlined in the bill given to the commission and the President is going into his Cabinet to appoint that commission, I have no criticism to make of a commission composed of such a personnel. I object to this bill not because I am not satisfied with the commission the President may appoint but because the bill destroys the limitations and safeguards existing law throws around the refunding of these obligations of the foreign Governments. I am opposed to that law being changed by the creation of any commission, no matter what the personnel of that commission may be. I am opposed to the creation of a commission to refund these foreign obligations which has more power and authority than has ever before been granted to any commission by any legislative body in the world.

I am opposed to all this power and all this authority being vested in one man or in five men, no matter how high their character may be, no matter how great their ability may be, and no matter how strict their integrity may be. The refunding of these foreign obligations is a matter in which the final settlement should be left to the American Congress, and I shall vote against the bill. [Applause.] Mr. Chairman, I reserve the balance of my time.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Chairman, nearly four years and a half ago our first advances of credit were made to the nations engaged with us in prosecuting the war with Germany. From that time until the close of the war, under the authority of various acts of Congress, the amount of our foreign loan has risen until it reached the sum of something more than $10,100,000,000. In addition to this, there is to-day due us in interest from debtor nations very nearly $1,000,000,000.

For this vast sum we possess no formal security of any sort or kind, and it is the purpose of this legislation to bring something like order out of absolute chaos and to place our affairs with our debtors upon something like a fair business basis.

Of the $10,100,000,000 representing the face value of the indebtedness of the various foreign Governments, exclusive of interest, about $9,500,000,000 represents advances made under the various Liberty loan acts, and it is my contention that had the plain spirit if not the letter of the law been followed by the then responsible officials of the last administration this entire indebtedness would now be represented by formal and good security instead of merely by notes of hand, or, as the present Secretary of the Treasury defined them to the Finance Committee of the Senate, merely I O U's.

I desire in the first place to read to the House the provisions of the first Liberty loan act under which the first advances of credit to our allies were made, and to ask your calm judgment as to whether any reasonable construction of this provision would justify the transactions negotiated and accomplished by the then Secretary of the Treasury. Section 2 of the first Liberty loan act, approved April 24, 1917, authorizing the extension of credits to foreign Governments, is as follows:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign Governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par, from such foreign Governments then engaged in war with the enemies of the United States their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

Is there anything, so far, in this section which would justify the advance of any money to a foreign Government except by purchasing from them at par their formal obligations of the same tenor and conditions as those issued by the United States for procuring the funds for loaning purposes?

The rest of the section goes on—

to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign Governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States bearing a higher rate of interest than 3½ per cent, then and in that event the obligations of such foreign Governments held by the United States shall be by such foreign Governments converted in a like manner and exchanged into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act.

And then the section goes on to appropriate $3,000,000,000 to carry out the purpose of the act.

Do you see one line or word in this section that authorizes the loaning of money except by the purchase of foreign securities? I asked a question of the gentleman from Mississippi [Mr. COLLIER] on this subject, but he did not answer me directly. I am confident that neither he nor any member of the Ways and Means Committee would have voted for that act as it stood if he had had any idea that it was going to be violated as it was. Nor would any one of us have voted to give the Secretary of the Treasury the authority he actually exercised to sell our bonds and give the cash to foreign Governments simply taking in return the I O U of that Government. There is not a man on that side of the House who would have voted for that proposition, and certainly no one on this side. And yet that is the exact form of the transaction that was carried out in arranging the loan of $9,500,000,000. To-day all we have as security are scraps of paper bearing the signature of whatever representative of that country who happened to be here when they received the money.

It is our purpose to get rid of this anomalous state of affairs and restore a businesslike condition.

Mr. FAIRCHILD. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. FAIRCHILD. If the Secretary of the Treasury under this act had been given as broad powers as are given by this bill to this commission, then what he did would be fully legalized by that legislation.

Mr. LONGWORTH. I do not quite understand the gentleman.

Mr. FAIRCHILD. If the power had been as broad as the power in this bill, what he did would be fully legalized?

Mr. LONGWORTH. Oh, no; I do not think so. I think this bill is an entirely different proposition. This bill would not authorize the making of any further loans on I O U's, not by any means. It is an extension of the power of the Liberty loan act to fund these obligations in the way they should have been funded originally. No valid excuse was ever offered, so far as I ever heard, for this departure from the plain intent of Congress with regard to substantial security for foreign loans. Several times Secretary McAdoo was before the Committee on Ways and Means and was questioned about the matter. The statements were never published in any printed hearing; they were never made to the House of Representatives. The gentleman from Mississippi [Mr. COLLIER] said that we all knew that these transactions were going on. They were absolutely secret in so far as any public statement issuing from the Treasury Department is concerned. Secretary McAdoo excused this sort of transaction by saying that it was more convenient and expeditious, and, furthermore, that we were receiving a higher rate of interest, to wit, 5 per cent, than we would have received if he had proceeded under the

law—whatever law happened to be in force at the time, whether the first, the second, or the third, or fourth Liberty loan act, providing different rates of interest; and he said that the income of the Government would be $500,000,000 a year instead of being only about $400,000,000 a year, when as a matter of fact we have never received one cent, practically, of actual interest. It is true that we have received, as was brought out by the chairman of the committee, in round numbers about $430,000,000 of what was called interest, but it was paid out of the money that we were advancing at the time, and was not properly any interest on the debt in any sense.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. GARRETT of Tennessee. I want to see if I understand clearly the contention of the gentleman as to the Secretary of the Treasury in not following the law. Do I understand it is on account of the form of the obligations which he took? Is it because of the fact that he took a note of hand, rather than an engraved bond?

Mr. LONGWORTH. Mr. Chairman, the gentleman from Tennessee is a good lawyer. Can he himself read into section 2 of either the first or second Liberty loan act any authority to loan cash and accept only a note of hand for it?

Mr. GARRETT of Tennessee. Does the gentleman desire an answer at this time?

Mr. LONGWORTH. Yes.

Mr. GARRETT of Tennessee. I do.

Mr. LONGWORTH. I would like to have the gentleman point out the authority.

Mr. GARRETT of Tennessee. Because the act reads—

to purchase, at par, from such foreign Governments then engaged in war with the enemies of the United States their obligations hereafter issued.

That does not say "bond." A note of hand is an obligation.

Mr. LONGWORTH. But what is the further provision? It is that the security shall be in the same form, bearing the same rate of interest, and having the same maturity as the bond issue from which the amount loaned was derived.

Mr. GARRETT of Tennessee. Precisely, and I say to the gentleman, according to the report of the Secretary of the Treasury in 1920, which includes a skeleton copy of the obligations that were taken, that the law is complied with in every particular.

Mr. LONGWORTH. If the gentleman can read that into the law, then he is a more resourceful lawyer than I thought he was.

Mr. SABATH. But the gentleman said that he is a great lawyer.

Mr. LONGWORTH. He is even greater than I thought.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. HUSTED. Does the gentleman think that a note of hand signed by an ambassador is a legal obligation of a foreign Government?

Mr. LONGWORTH. Of course it is not, and we could not possibly collect upon it in any legal procedure whatever. It is merely an I O U. And I claim that if not the plain letter, at least the intent and spirit of the law was violated by Secretary McAdoo in every transaction that took place in connection with the Liberty loans.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. McFADDEN. Has there been any acknowledgment by any of these countries to whom we loaned money of the validity of these obligations?

Mr. LONGWORTH. The gentleman will see that in the report of the Treasury Department these obligations are all put down as past due—$9,500,000,000 of them—no security whatever for them. We propose to get some security under this bill.

Mr. GARRETT of Tennessee. Is the gentleman able to state whether there is any single instance of any Government at any time anywhere ever questioning a single one of these obligations?

Mr. LONGWORTH. Whether they have ever been questioned or not, whether the policy pursued was justifiable or not under the circumstances, the fact remains that the plain intent of the law was not complied with in making these loans. The situation is that to-day the interest due upon any of our foreign loans is not an income to the United States and probably will not be for at least some years to come.

I do not mean by this statement to make any criticism of our allies for the nonpayment of interest upon these loans. Under present conditions the depletion of their gold reserve, which such payments would involve, would probably be disastrous to them, and a bad thing for the world at large until normal conditions are somewhat restored. I am only commenting upon the arguments used in defense of the system pursued by the last administration of neglecting to take any formal security, that thereby the income of the Government would be enhanced, whereas there has never been and probably will not be for some time to come any income whatever from this source.

This anomalous state of affairs has continued until to-day. It is true that in the latter part of the year 1919 some effort was made by the last administration to procure a refunding of part of the loan. For that purpose a Mr. Rathbone, one of the assistant secretaries of the Treasury, was sent abroad, and he conducted some negotiations with Great Britain and possibly some other countries in connection with the refunding of their loans, but nothing ever got further than a merely tentative state, and he returned home some months later without anything having been accomplished. It was during his absence that Congress for the first time was approached by the last administration to give some sort of legislative sanction to this procedure. It was claimed by the Treasury Department that under section 3 of the first and second Liberty loan acts, in arranging for refunding of the foreign war debt, the Secretary had authority to defer the payment of interest, and that was the main feature of the negotiations that Mr. Rathbone was conducting.

Attention was called by some gentleman on the other side this morning to a letter written by the chairman of the committee to the Treasury Department, saying that in the opinion of the committee there was legal authority to do what it was proposed to do. Now, that related only to the question of deferred interest, and that was the subject of the chairman's letter. I shall read, and I ask the attention of gentlemen on the other side of the House to the position taken at the time by the Treasury Department in asking the Committee on Ways and Means to O. K. their proposed transactions. What I shall quote is contained in hearings which were not printed, but I feel it proper to read Secretary Glass's opinion at that time. The question was whether the committee believed that the Secretary had the authority to proceed upon the program suggested. He said:

I may say that the Treasury has no desire and no purpose to exercise the authority if this committee raised an objection to it. I have not, of course, examined the matter myself. I do not know that I would be any better off if I were to, because I am not a lawyer. I know that Mr. Leffingwell, who is a lawyer, and Mr. Rathbone also, have assumed that the Treasury Department has authority under the statutes to refund the interest, but I can readily see that that procedure was not in contemplation of the law, even though it technically gives authority, and therefore I would say that the Treasury would be unwilling to exercise a technical power that this committee and Congress might think was not intended to be conveyed.

Mr. HAWLEY. Will the gentleman yield? Will the gentleman identify for the RECORD the hearing to which he refers?

Mr. LONGWORTH. The hearing I have referred to was before the Committee on Ways and Means on January 28, 1920. What I have quoted shows that in the opinion of the Treasury Department it was extremely doubtful whether they had any authority whatever to postpone the interest or to refund the foreign loan at various rates of interest, and it was admitted all along by both sides that it was never in contemplation of the Congress that the authority had been given.

Now, the Democratic Party here say they have ample authority and that there is no need for this bill, and that in face of the announced opinion of the Treasury Department when they were asking us to give that authority. What the committee did was, and that without partisanship, I am glad to say, was that in its opinion the Treasury Department at the time had the right technically to defer the interest, but it declined to express any opinion as to the wisdom of the policy.

Mr. McFADDEN. If the gentleman will yield, I understood the gentleman to say, in regard to the hearings from which he quoted, that they were not printed and were confidential?

Mr. LONGWORTH. They were not confidential, but they were not printed. As a matter of fact, some agreements were made by Mr. Rathbone, but the whole thing came to nothing, and for four and a half years the situation is that we have this enormous debt without any security whatever, and we propose by this bill to make an arrangement——

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. GARRETT of Tennessee. Can the gentleman state to the committee at whose instance these negotiations of Mr. Rathbone were broken off?

Mr. LONGWORTH. I think it was admitted he could not accomplish anything, and he was called home. I think it is stated in the hearing before the Senate committee by Assistant Secretary Wadsworth that he remained abroad from November

until May and having failed to accomplish anything, and Congress having taken no action, and the department being in grave doubt apparently whether they had any legal authority to act, nothing was done.

Mr. GARRETT of Tennessee. I can state to the gentleman upon authority of the former Secretary of the Treasury, Mr. Glass, that those negotiations were broken off at the instance of the British Government.

Mr. LONGWORTH. That may be possible, but at any rate nothing was ever done by the department in any way looking to a refunding of these loans; nothing was ever accomplished.

Mr. MONDELL. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. MONDELL. The gentleman made a rather broad statement relative to the negotiations to the effect that nothing came of it. There was a postponement of the interest for a period of years as an outcome of those negotiations.

Mr. LONGWORTH. Not an actual postponement, because the agreement was never ratified. The agreement was for a postponement of the interest for three years.

Mr. MONDELL. The Treasury Department did agree that there would be no demand made——

Mr. LONGWORTH. They made an agreement that they would not demand the interest, but they received no security from Great Britain, no consideration, at least no long-time security.

Mr. MONDELL. So far as the negotiations went it was simply a remission of the payment or a postponement of the demand for the payment of interest?

Mr. LONGWORTH. That is absolutely all that was accomplished.

Mr. MONDELL. That relieved our foreign creditors of the payment of approximately half a billion dollars.

Mr. LONGWORTH. Yes; we lost approximately the income of a quarter of a billion for three years. That was the sum and substance of it, but there was no further security obtained on the part of the United States.

Mr. MONDELL. But there was very important action on the part of our Treasury officials in agreeing not to demand or require or call for the payment of interest?

Mr. LONGWORTH. Exactly so.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. LONGWORTH. I yield.

Mr. GARRETT of Tennessee. In order that we may understand clearly, is the wisdom of that action in question?

Mr. LONGWORTH. Of what action?

Mr. GARRETT of Tennessee. The so-called deferring of interest payment?

Mr. LONGWORTH. I am expressing no opinion whatever. I asserted awhile ago that I would express no opinion as to the advisability of postponing interest. It may have been a wise thing to do. The fact I am stating is that without the exaction of any further security we have postponed the interest.

Mr. MONDELL. Along the line of the inquiry of the gentleman from Tennessee [Mr. GARRETT], while I think the present Secretary of the Treasury has expressed no opinion as to the wisdom of the agreement entered into or the action taken by our Treasury officials, he has announced that the action was bound by that understanding.

Mr. LONGWORTH. I believe he did.

Mr. GARRETT of Tennessee. I so understand it. Will the gentleman permit me to ask the gentleman from Wyoming if he questions the wisdom of the action that was taken?

Mr. MONDELL. I do not know that I am called upon to express an opinion on that subject. I have refrained from criticism of that act as I have tried to refrain from criticism of a good many acts which if it had not been for war conditions under which those acts were performed I might be disposed to criticize.

Mr. LONGWORTH. I think the gentleman will also say, and I shall agree with him whether that was a wise act or not, it is time that we received long-time obligations and securities.

Mr. MONDELL. I think it is very clear that in agreeing to an arrangement which was so extraordinarily favorable to our creditors it would have been well, wise, and entirely proper to have required some consideration in return.

Mr. LONGWORTH. Now, the situation simply is that four and a half years have elapsed and nothing has been done.

Mr. FESS. Will the gentleman yield?

Mr. LONGWORTH. I yield for a question.

Mr. FESS. Whether it was wise or not wise, it would not be wise now, would it, for us to keep ourselves in the same condition where we could not do more than violate the law than as before? We better cure it by this legislation.

Mr. LONGWORTH. Of course, and get it on something like a business basis.

Mr. GARRETT of Tennessee. Will the gentleman point out in this bill where there is any prevention against the Secretary of the Treasury deferring interest in the future?

Mr. LONGWORTH. It may be wise in the future to agree with other nations if we shall agree to the acceptance of long-time securities to postpone the rate of interest. The fact is, that so far nothing has been done. Four and a half years of experience has shown that without the legislation proposed in this bill it would be impossible to expect the necessary and highly desirable transactions looking to the refunding of our tremendous foreign war debt. Individually, I have grave doubts whether section 3, either of the first or second Liberty loan acts, would authorize any of the refunding of the foreign war debt not already secured with bonds of the same character and terms as bonds issued by this Government under the terms of this act. I have not time to go into the discussion of what those two sections mean, but they are printed here in the minority report, and I do not think any lawyer in this House can read either of those sections and find any authority there for either the postponement of interest or for the refunding at rates of interest to be determined hereafter. But even if, as claimed by the minority, those two sections give full authority to proceed to the refunding under the provisions of section 2 of each of those acts, what would be the result so far as these transactions would be concerned? Secretary Mellon answered that proposition in a sentence. He was asked by Senator REED during the hearings before the Senate Finance Committee:

> Why is it that you can not make those settlements in strict accordance with the terms of the acts of Congress authorizing these loans and specifying the conditions or obligations?

Secretary Mellon said:

> The reason is this: That the securities taken would not be in as good form for the purposes of our Government, because the authority is so restricted that it makes it very difficult. Our securities taken from England, for instance, would be split up, and some of them bear one rate of interest and others another rate of interest, because the rates of interest were different under the different Liberty loan acts, and we would have to follow each particular act as to that part of the claim.

Is not that very plain and simple? You would have to find the date of each particular loan to every foreign Government and see whether it came under the first, second, third, or fourth Liberty bond act before you could determine the rate of interest to be paid. It would be a perfectly senseless transaction to undertake to do it. And that shows the necessity for some such legislation as this.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. WILLIAMSON. Under section 2 here, would this commission be authorized to take any other security except Government bonds of foreign countries? Could they take municipal or State bonds or other securities of that character, or would they be confined to Government bonds?

Mr. LONGWORTH. Under section 2 of the bill?

Mr. WILLIAMSON. Yes.

Mr. LONGWORTH. Section 3 forbids taking any other bonds than those of the particular nation involved in the transaction.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield right there?

Mr. LONGWORTH. Yes.

Mr. COOPER of Wisconsin. Is not the answer to the question of the gentleman from South Dakota found in lines 9 and 10 of page 2?

Mr. LONGWORTH. I have not the bill before me.

Mr. COOPER of Wisconsin. They are authorized to convert them into bonds or other obligations of such foreign Governments. You would then have a Government obligation.

Mr. LONGWORTH. Yes. It will be a Government obligation.

This brings me to the consideration of some particular features of the pending bill. The bill as originally introduced was open, in my judgment, to certain very grave objections. It conferred upon one man authority and power practically without limit as to time and discretion to make any arrangements he might see fit in regard to the funding of a debt of more than $11,000,000,000. I think I would hesitate less to give such power and authority to the present Secretary of the Treasury than to any other living man, but who can tell whether there may not be another Secretary of the Treasury to-morrow who will not have the business sagacity and eminent skill in handling financial problems that Secretary Mellon possesses?

This bill, therefore, contains several restrictions which I believe are eminently proper, and which will not interfere in the

least with the business transactions to be made under the powers authorized. In the first place, it provides that the powers granted by the act shall cease and determine at the end of three years; that the transactions accomplished under it shall be made public; and that the authority granted by the act shall be administered by a commission of five, to be appointed by the President, and of which the Secretary of the Treasury shall be chairman, and no doubt the moving spirit.

If it is proper for me to say so, this provision as to the commission was adopted by the committee at my suggestion. It seemed to be almost the unanimous thought of the committee, and I believe it was practically the very general opinion at least of a majority of Congress, that all these powers should not be granted to one man, and various suggestions were made in the committee to add other men to the Secretary as his associates to conduct these negotiations. It was suggested by some members of the committee that there should be two Members of Congress associated with them, and by others that there should be four, and by others that the head of the Budget and the Comptroller of the Treasury and others should be added. But it became plain that such a proposition would be almost impossible to work out.

For instance, when Congress was not in session, how could these transactions be made if Members of Congress were to be on the commission and associated with the Secretary? It seemed that the creation of a commission to be appointed by the President and confirmed by the Senate would solve most of the difficulties, and it was adopted as a part of the bill.

Mr. BYRNES of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. BYRNES of South Carolina. In this first section is it contemplated that other than public officials shall be appointed? How does the gentleman propose to provide for their compensation?

Mr. LONGWORTH. No compensation is authorized.

Mr. BYRNES of South Carolina. It was intended that there should be no compensation authorized?

Mr. LONGWORTH. Yes.

Mr. BYRNES of South Carolina. And no authorization of any expense?

Mr. LONGWORTH. No authorization of any expense of any kind.

Another provision is included in section 3—that the bonds or obligations of one foreign country shall not be exchanged for the bonds or obligations of another foreign country, and that no part of their indebtedness shall be canceled except through payment thereof. Much time was occupied during the consideration of the bill by the Finance Committee of the Senate——

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Certainly.

Mr. FESS. No part of the debt can be canceled. It is contemplated that the unpaid interest, as I understand it, of over a billion dollars was also to be included in the funding?

Mr. LONGWORTH. Unquestionably. That was the suggestion of Secretary Glass at one time. It was that where the interest was postponed there should be added to the fixed rate of interest enough to pay for the entire term the full rate of interest.

Mr. FESS. At a higher rate?

Mr. LONGWORTH. At a higher rate.

Mr. FESS. Suppose that they would at once pay it. Then we would not get the advantage of the higher rate, because there would be no interest at all?

Mr. LONGWORTH. Of course, in such an event——

Mr. FESS. That is not in?

Mr. LONGWORTH. Oh, no. The interest is a part of the debt.

Mr. FESS. There has been a good deal of contention on this ground, that inasmuch as we have not had it funded, interest is not running.

Mr. LONGWORTH. I understand the gentleman means it shall be funded as a part of the obligation?

Mr. FESS. Yes.

Mr. LONGWORTH. That is not contemplated. The deferred interest will have to be paid as interest, and not included in the total capital.

Mr. TEMPLE. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. TEMPLE. It is not intended to charge any interest on the deferred interest? There is no element of compound interest?

Mr. LONGWORTH. No. No element of compound interest has been suggested.

A great deal of time was occupied in the Finance Committee of the Senate in the discussion of the question whether some of this debt could be repaid by foreign nations in German bonds, and possibly the reason for this discussion came from the fact that President Wilson, in a message to Congress in February, 1921, referred to the indorsement of this proposition by himself, Clemenceau, and Lloyd-George, that the Belgian debt to the various countries might be settled in German reparation bonds. At any rate the committee was of the opinion that it would not be wise to permit other nations to settle their indebtedness to us in the form of German reparation bonds, and therefore that is specifically prohibited by this bill.

Section 3 also provides that the foreign debt may not be canceled except by payment. With this proposition I am in hearty accord, and I think it a very appropriate time to set at rest rumors which have been more or less current, that it is in the mind of Congress to forgive the foreign war debt. Allusion was made this morning—it has been made once or twice in the last few days in debate—to the fact that I myself said on an occasion some time ago that I was willing to forgive the foreign war debt under certain conditions. Now, what I did say was this, and it is to be found on page 599 of the RECORD of December, 1920. These remarks, I may say, were made in connection with the proposal of President Wilson to further lower the tariff bars even below those provided under the Underwood law, against the markets of this country, to enable the foreign debt to be paid through the medium of actual importations, and it was in discussing that proposition that I said this:

> I hope that Europe's tremendous debt to us will prove to be collectible. I am not one of those who believe that any part of the debt ought to be forgiven. I do not think it quite respectful to the debtor countries to assume that their debts, properly and honorably contracted, are not eventually to be paid in full. But if it came to the last ditch, if it should eventuate that the only possible way to collect these debts would be to surrender to the nations of the world the home market of America, I would say, "Let us sacrifice every cent of the money owed us rather than sacrifice our industrial independence."

[Applause.]

That was my position then and it is my position now. But the possibility of contemplating any such contingency is removed by the election of a Republican Congress and a Republican President, because under such conditions the passage of a protective tariff bill is inevitable. [Applause.] There is no question of forgiving war debts any more.

It is a matter of very sincere regret to me that now for the first time since the first Liberty loan act was passed partisanship has been injected into the question of funding our foreign war debts. During the four and a half years that have elapsed since then no member of my party, whether we were in the minority or the majority, has ever hinted at politics in connection with this vitally important matter; but now, when the first concrete and workable proposition to provide for the funding of the war debt on terms satisfactory to all concerned is brought into the House the minority party opposes it. And what is it they propose? Either to have no legislation whatever or to provide that none of the transactions involving the refunding of our foreign indebtedness shall be legal until they have been passed upon favorably by the Congress. Is there a man here who can not see upon reflection that such a proposition would utterly hamstring the commission? It would be an insurmountable obstruction to negotiations and would tie the hands of the commission entirely and make it practically impotent. Then, too, it would prevent the conclusion of any negotiations within anything like a reasonable time unless the Congress were in session; and I am one of those who hope that the sessions of Congress from now on are not going to be so extensive as they have been in the past.

There is nothing constructive about the proposal of the minority. It is simply an effort to obstruct a measure vital to the business life of this country and to solve which during their time in power they made no serious or effective effort.

Mr. COOPER of Wisconsin. Will the gentleman permit a question right there?

Mr. LONGWORTH. I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. I made a suggestion of reply to the question asked by the gentleman from South Dakota, which question I think is very important; but my suggestion was not well founded, and I think the gentleman from Ohio [Mr. LONGWORTH] ought to interpret the language in the bill on page 2, line 16. The question of the gentleman from South Dakota is, I think, a very important one. The bill says the commission is authorized—

> to adjust and settle any and all claims not now represented by bonds or obligations.

Mr. LONGWORTH. There are no claims under the Liberty loan act that are not represented by bonds or obligations.

Mr. COOPER of Wisconsin. That is not what I had in mind, but the following words—

which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

What kind of securities? The gentleman from South Dakota asked if municipal bonds or local bonds of any kind could be accepted in the discretion of the commission, or whether by interpretation they were to be only Government securities.

Mr. LONGWORTH. In my judgment that does not apply to any of the loans made under the authority of the Liberty loan acts. It might possibly apply to some of the arrangements made after the war with regard to the purchase of supplies or something of that sort.

Mr. COOPER of Wisconsin. What sort of securities could they accept?

Mr. LONGWORTH. I can not answer the gentleman. I do not know. The bill gives the commission pretty broad authority.

Mr. COOPER of Wisconsin. The Committee on Ways and Means reports the bill, and this is one of the provisions of the bill, and the House is going to vote upon it. We would like to know just what that means.

Mr. LONGWORTH. I can not tell the gentleman what securities may be in contemplation by the Secretary of the Treasury.

Mr. COOPER of Wisconsin. No; but what class of securities is it possible for the commission to accept under that language?

Mr. LONGWORTH. Such securities as this commission should decide were in satisfaction of the claim; but I repeat that it does not apply to any of the $9,500,000,000 now out under the authority of the Liberty loan act.

Mr. LONDON. Will the gentleman yield for a brief question?

Mr. LONGWORTH. A short question. I think my time is about out.

Mr. LONDON. In dealing with nations, is is not true that the only form of security possible is the good faith of the nation? That is the only form of security you can have when you deal with a sovereign Government?

Mr. LONGWORTH. Of course, that is the only legal form. Any other would have to be collected by force of arms.

Mr. LONDON. Exactly.

Mr. DENISON. Not necessarily in this connection, because you might take additional securities——

Mr. LONGWORTH. That condition is where we have no bonds or obligations. It does not apply to the issues under the Liberty loan acts.

Mr. DENISON. You would have at all events the obligation of the Nation, and these others would be more security for that obligation. I do not care what form it was in. If it was merely in the form of an account, under the terms of this provision you might have municipal securities as additional to the original obligations.

Mr. LONGWORTH. Additional securities underlying the governmental obligations.

Mr. LONDON. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. LONDON. Is it not true that in dealing with nations the only form of security is the good faith of the Government with which you deal and no other security is possible.

Mr. LONGWORTH. The suggestion of the gentleman from New York is basically sound, but if this provision to which the gentleman from Wisconsin refers applies at all it is only to an insignificant amount. Now, gentlemen, I repeat that I regret that politics should be injected into this debate. During this great reconstruction period we have not received in any case the active assistance of our Democratic friends. They complain daily that Congress is doing nothing, but whenever we try to do something instead of helping us they obstruct us. But with it all I venture this prediction, that before this Congress shall have adjourned a program of constructive legislation unexampled in the history of the Republic will have been placed on the statute books, and this particular bill will be no insignificant feature of it. [Applause on the Republican side.]

Mr. COLLIER. Mr. Chairman, before I yield further time I ask permission to extend and revise my remarks in the RECORD.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to extend and revise his remarks in the RECORD. Is there objection?

There was no objection.

Mr. LONGWORTH. Mr. Chairman, I ask the same privilege.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLIER. Mr. Chairman, I yield 30 minutes to the gentleman from Arkansas [Mr. OLDFIELD].

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, I want to congratulate my good friend the gentleman from Ohio [Mr. LONGWORTH] on his optimism about this wonderful program of legislation that this Congress is going to place on the statute books before Congress adjourns. I trust that he will not be disappointed, but I very much fear that the country is going to be disappointed in the program you place on the statute books.

The gentlemen from Ohio also said in connection with this cancellation of the foreign debts—and I am mighty glad to see the gentleman from Michigan [Mr. FORDNEY] and the gentleman from Ohio [Mr. LONGWORTH] "back up" on the question of cancellation of the foreign debts—although I wish they would not speak about it at all because the propaganda is going to strike here soon calling upon Congress to try to elect Congressmen who are favorable to the cancellation of the foreign debts. I trust it will not be done. I very much fear, however, that some of the Republicans may be convinced in the future that it is necessary in order to keep out imports to cancel these debts. However, I shall hope for the best.

Now, gentlemen, this is a very simple proposition, and in answer to my friend the gentleman from Pennsylvania [Mr. MCFADDEN] I want to say this. The gentleman from Pennsylvania at some interruption a moment ago intimated that there was some doubt whether the obligations of these foreign Governments were properly authorized and properly signed. Gentlemen, there is no doubt about that. Secretary Mellon testified that these obligations were in such shape, authorized by representatives of the foreign Governments who had complete authority to bind their Governments so far as these loans were concerned. Therefore there is no doubt about that.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. OLDFIELD. Certainly.

Mr. GREEN of Iowa. Has the gentleman got the testimony that substantiates that?

Mr. OLDFIELD. Absolutely. This is in the hearings of Thursday, October 6, 1921, page 19. I so construe it and I believe the gentleman from Iowa will.

Mr. GREEN. I understand that you speak of what you now hold from the foreign Governments as evidence of the loans made under the various Liberty bond acts as obligations. Does the Government hold anything more than a mere receipt?

Secretary MELLON. Well, it is pretty nearly that. It is a duebill or note.

Mr. WADSWORTH. It is a definite form of note, and it is recited in the Secretary's report.

Mr. HAWLEY. It was signed in this country by the diplomatic representative and not by the fiscal agent of the country getting the loan.

Mr. WADSWORTH. It was signed by a representative of the Government, and that representative was duly authorized to sign.

Mr. GREEN. How do you mean duly authorized? No parliamentary or legislative action was taken.

Mr. WADSWORTH. In each case the State Department was asked to find out whether the individuals signing these obligations had authority from their Governments, and in each case the State Department inquired and found out they had. That is all on file.

Mr. GREEN of Iowa. That is what Mr. Wadsworth stated. I think I made a statement a little after that in the hearings that none of the foreign Governments had ever passed any legislation to authorize that procedure.

Mr. OLDFIELD. I will read it.

Mr. GREEN. If they had made a little further inquiry they would have found that they did not have very satisfactory authority, because they ought to have known that there was no legislative act passed authorizing anything of the kind, either in Great Britain, France, or Italy.

Mr. WADSWORTH. I do not understand that any of these countries question in any way the validity of these obligations; I have never heard a word about that.

Mr. GREEN of Iowa, Mr. Wadsworth made the assertion and I made the assertion and nobody can contradict it, that there was no legislation authorizing any of these so-called loans.

Mr. CRISP. Will the gentleman yield?

Mr. OLDFIELD. Certainly.

Mr. CRISP. Will the gentleman state, so that it may go into the RECORD, that Mr. Wadsworth was Assistant Secretary of the Treasury?

Mr. OLDFIELD. Yes; he was Assistant Secretary of the Treasury, and he did more talking before the committee than did the Secretary, Mr. Mellon. Therefore I assume that he is more familiar with the subject than the Secretary, and naturally so, if the Secretary designated him to look into these matters.

Mr. BANKHEAD. Was the Secretary of the Treasury present when these statements were made?

Mr. OLDFIELD. Yes; there is no doubt about the facts, I think. I make the statement; and if anybody doubts it, you can call up the Treasury of the United States on the telephone, and I believe the Treasury Department will say right now that there is no doubt about the validity of the authorization of these foreign Governments. There is no doubt about these facts as far as the original loans are concerned. Mr. FORDNEY opened the debate on this bill. Mr. COLLIER followed him, and did not say

one word about politics. Mr. LONGWORTH followed Mr. COLLIER, and Mr. LONGWORTH says that we have made this proposition a partisan matter.

Ah, gentlemen, is it partisanship for us to demand that this commission shall report to the Congress? Of course, Secretary Mellon will no doubt be the whole commission, and I have no objection to that. Especially is that true if they make other members of it Cabinet officers; but has the time come when we are to be accused of partisanship when we want a Republican commission to report to a Republican Congress what they have done about this great matter, the handling of $11,000,000,000—ten times as much as this Government owed when the war began, and almost one-half as much as our entire indebtedness to-day? And why not? They can refund these obligations. Do gentlemen know that the chancellor of the exchequer in England to-day has in the budget in Parliament a provision taking care of the interest that Great Britain owes us?

There is no doubt that this commission could refund these obligations within six or eight months and bring the matter back to a Republican Congress which has more than two to one in the House and two to one in the Senate, so that we may find out something about the details and the facts. I was interested in the question the gentleman from Wisconsin [Mr. COOPER] asked of either the gentleman from Michigan [Mr. FORDNEY] or the gentleman from Ohio [Mr. LONGWORTH]. He asked about the $84,000,000 that Ambassador Bakhmeteff had gotten. Not a Member of this House knows, not a Member of the Senate knows, and we will never know anything about it unless we compel this commission to submit this whole business in detail to the Congress of the United States to be ratified by the Congress.

Mr. CAMPBELL of Kansas and Mr. TREADWAY rose.

The CHAIRMAN. To whom does the gentleman yield?

Mr. OLDFIELD. I yield to the gentleman from Kansas.

Mr. CAMPBELL of Kansas. Mr. Chairman, were any detailed reports made to Congress at the time these loans were made to the several Governments, including the loan made to the Russian Government, through its agent Bakhmeteff?

Mr. OLDFIELD. I do not recall.

Mr. TREADWAY. That is the question that I want to ask.

Mr. OLDFIELD. I do not recall whether the Secretary did or not, but I will vote for a resolution now asking that we have that information.

Mr. CAMPBELL of Kansas. But it is rather late in the day, is it not, to ask for that?

Mr. OLDFIELD. Also, so far as that is concerned, I shall charge up the fault, if fault be found, to our Secretary and not to yours, because it was done under a Democratic Secretary of the Treasury. They can refund these foreign loans under the present law.

The gentleman from Ohio [Mr. LONGWORTH] has placed in the RECORD the two Liberty loan acts, one of April 24, 1917, and the other September 24, 1917, and the difference between this bill and the law is that we placed more restrictions around the law in time of war, when the world was on fire, when the greatest war in history was in progress, than you do in this bill, and I do not think that is fair to the American people and I do not think the American people will approve of it.

Mr. TREADWAY. Were those restrictions lived up to by the Secretary of the Treasury when he loaned the money?

Mr. OLDFIELD. Surely; and I am very glad that the gentleman has asked me that question. They were lived up to, and I want to correct a misapprehension right here. When Secretary Glass came before the Ways and Means Committee there was no question about the principal of these loans. Nobody questions that. The foreign Governments did not question that, but here was the trouble. The representatives of the foreign Governments with Mr. Rathbone in London and in Paris got it into their heads that the American Government wanted to charge those foreign Governments compound interest, and they did not want to pay compound interest; they said that they could not get their parliaments to agree to pay compound interest, and that is the way it looks to us, so that Secretary Glass said that they had authority so far as the principal of these obligations were concerned, but had not so far as the interest was concerned, to fix it and collect it in the way that the foreign Governments wanted to pay the interest.

Mr. CAMPBELL of Kansas. Is not the interest rate stated in the certificates or in the memoranda made at the time of making the obligations?

Mr. OLDFIELD. Yes; the interest rates heretofore agreed upon.

Mr. CAMPBELL of Kansas. And as was stated in such obligations as we hold?

Mr. OLDFIELD. I think that is true.

Mr. CAMPBELL of Kansas. What is the rate of interest?

Mr. OLDFIELD. It runs all the way from 5 to 6 per cent.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. FORDNEY. I think the gentleman will find that this information is correct, that those loans were made to Russia after the armistice was signed, and that that came about in this way: A commitment was made to the old Russian Government. That money was to be spent in this country for the purchase of supplies, and contracts by the Russian Government were placed in this country for railway supplies largely, but the people taking the contract refused to go on with it until the Russian Government would agree that when the goods were delivered the money committed to the Russian Government should be turned over to the contractor here. Those payments were made after the armistice. That is why the loans show to be after the armistice.

Mr. OLDFIELD. I do not dispute the statement of the gentleman. He knows more about that proposition than I. We see in both Liberty loan acts of April 24, 1917, and September 24, 1917, a certain fixed rate of interest. In this bill nothing of the kind is done. The bill provides:

> In such form and of such terms, conditions, date or dates of maturity and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America, and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

You can not easily make it broader than that. The only limitation that we put in this bill is the one prohibiting the commission from exchanging the bonds of one foreign Government for the bonds of another foreign Government. I think that is wise, and I urged that that be placed in the bill. I also urged that we should fix a rate or rates of interest. In the public press yesterday there was a dispatch from Italy complaining because the United States was not going to forgive the debts of Italy. I do not know whether it was authentic or not, but I do know that these men who get around the table will use every sort of cajolery, every sort of intrigue to try to get the rate of this interest reduced, and the commission has the authority here to reduce the rate of interest if they want to do that.

The Secretary of the Treasury and also Mr. Wadsworth testified that rates of interest had been agreed on in the memoranda, but there is no reason on earth why those gentlemen can not change their minds if they want to, and they will change their minds if they think they can get away with it, and we ought to have them come back to this Republican Congress and let the Congress of the United States take the responsibility.

Ah, gentlemen, we can not shift this responsibility. If we pass this bill as it is written and a scandal grows out of it, the Congress will be blamed by the American people for not placing proper safeguards around this legislation. This commission is not responsible to the people and does not have to be elected by the people. If anything goes wrong on account of the acts of the commission, the Congress will suffer and not the commission. Hence, why not have the commission report to Congress and let Congress assume its proper responsibility.

We ought not to abrogate our constitutional functions, gentlemen, and put all this power in the hands of a commission appointed by President Harding or by anybody else, if you please.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. GRAHAM of Illinois. I asked that same question a while ago whether this commission could reduce the rates of interest. In inquiry about that privately of a member of the committee my attention was called to the last two lines in section 3 prohibiting the cancellation of any part of such indebtedness except through payment, and it was stated to me then with some force, and I would like to have the gentleman's view about it, that the prohibition of the cancellation of any part of the indebtedness must necessarily mean that all, both principal and interest, must be paid. Now, what does the gentleman think about that?

Mr. OLDFIELD. I think this about it: I think it is subject to two constructions, and I think the gentleman will agree with me, but it ought to be plain and it ought to be definite.

Mr. GRAHAM of Illinois. It ought to be without ambiguity.

Mr. OLDFIELD. It ought to be clear and definite, gentlemen. There ought not to be any doubt about these things.

Mr. FORDNEY. My dear friend, when the interest becomes due upon the principal they are both principal.

Mr. OLDFIELD. Of course.

Mr. BYRNS of Tennessee. But the subject of cancellation, however, certainly could not apply to future interest upon the obligation——

Mr. OLDFIELD. It would be very easy to place in this bill a limitation, and there would be no doubt. There is doubt here in the mind of the gentleman from Illinois, there is doubt in the mind of the gentleman from Tennessee, and I think while we are at these things it ought to be written right so that there can not be any doubt about it. If you do not, gentlemen, you are liable to have the greatest scandal known to the history of this Republic; you are liable, and you know it, to have——

Mr. ROACH. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. ROACH. In reference to the interest due from foreign countries, I will ask the gentleman what is understood by lines 16 and 17, page 2, "and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or may hereafter have against any foreign Government and to accept securities therefor." This accumulated interest is not represented by bonds or obligations, either one. Would it not be possible for the commission under that broad and sweeping authority entirely to cancel the accumulated interest amounting to over $900,000,000?

Mr. OLDFIELD. I think there is room for that contention, and there ought not to be room for any such construction.

Mr. TREADWAY. There can be no question that the accumulated interest is an obligation. I think the gentleman is entirely in error.

Mr. ROACH. Represented by bonds.

Mr. OLDFIELD. I can not yield further at this time. Now, let me say to the gentleman who just interrupted me that I do not know what that means and he does not know, and there is not a man on the floor of this House who does know. Now it says, "Shall be deemed for the best interest of the United States of America, and to adjust and settle any and all obligations." What kind of obligations? "Not now represented by bonds or obligations." That is pretty broad power. "Which the United States of America now has or hereafter may have"—not even growing out of the war—"against any foreign Government and to accept securities therefor." What kind of securities? Gentlemen, I say to you now you are liable to do a very dangerous thing here to-day if you pass this legislation in this form. Do you know what might happen? The great international bankers of America have been buying up reconstruction bonds since the day after the armistice. They have been buying all sorts and character of industrial bonds, railroad bonds, and municipal bonds in France, in England, and elsewhere; railroad stocks and railroad securities of various kinds throughout Europe have been bought up. Now, gentlemen, under this provision there will be no trouble in the world, and the international bankers have a great deal of influence in America. The international bankers of America have also branch banks in every country of Europe. The time may come under that provision—and if it does come you will be sorry, everybody will be sorry—the time may come that the international bankers will be getting good bonds, British bonds, in the place of municipal bonds, by arrangement of this commission, and the United States Government get the industrial bonds—and if you pass this bill we will be helpless in the future to remedy the matter. And I take it to-day that there is no industrial bond in Great Britain as good as the British Government bond, because I think they are as good as gold, the same as this country. But the railroad bonds, municipal bonds, and various industrial bonds are not as good security as United States bonds. We all prefer United States bonds to these industrial bonds in this country at this time.

If I had money to invest, I would certainly invest it in United States Government bonds rather than in industrial bonds, even in our own country, and yet, gentlemen, under that provision it is possible for this commission to permit the international bankers who have bought all of these bonds for a song to trade these bonds and get the bonds of Great Britain, of Italy, and of France, and all those bonds are good, and the United States get the industrial bonds. Those are the three Governments who owe us between seven and eight billion dollars of the debt.

Mr. McFADDEN. Is the gentleman fearful this commission will take the German reparation bonds?

Mr. OLDFIELD. I do not know whether they will or not; but I will say the German reparation bonds in my opinion would be much better than a great many of the industrial bonds of Europe, if you please, now owned by the international bankers.

Mr. McFADDEN. Has the gentleman seen the letter——

Mr. OLDFIELD. I do not care anything about any letter now.

Mr. McFADDEN. This is pertinent to the subject. I wish to call the gentleman's attention to the agreement signed by the late President Wilson with Clemenceau and Lloyd-George.

Mr. OLDFIELD. I was going to keep this thing out of politics if I could, but when you gentlemen speak of Woodrow Wilson half of you go crazy. [Applause on the Democratic side.]

Mr. McFADDEN. Will the gentleman yield?

Mr. OLDFIELD. If the gentleman will hurry up.

Mr. McFADDEN. I will hurry. On June 16, 1919, this document was signed and reported from the Senate February 22, 1921, showing an agreement between the President of the United States and Lloyd-George and Clemenceau, to reimburse Belgium and take German reparation bonds. Does the gentleman think this commission will have to deal with that?

Mr. OLDFIELD. I do not know whether they will or not. What happened to that? That proposition of President Wilson to Clemenceau and Lloyd-George came to the Congress of the United States, and that is what I want done in this matter. I want it to come back to the Congress of the United States and let the Congress know all the facts about these settlements and adjustments, and permit the Congress, the direct representatives of the people of America, to say whether they acted squarely with the people. And I think the gentleman will agree with me on that proposition. [Applause on the Democratic side.]

Mr. McFADDEN. Is the gentleman in favor of accepting those German reparation bonds to reimburse ourselves?

Mr. OLDFIELD. Of course I am not going to be on the commission, but I would look into the matter very carefully before I would accept those bonds. But I would say that unless publicity is turned upon them by the House and the Senate, the commission may take much of worthless bonds.

Mr. TREADWAY. Is there any time when a resolution of inquiry can not be introduced if there is any trouble about securing information?

Mr. OLDFIELD. If you can pass it; yes. How can a hundred Members over there force 300 Members over here to pass a resolution to investigate your Secretary of the Treasury.

Mr. TREADWAY. It is not a resolution to investigate the Secretary of the Treasury, but it is a resolution of information.

Mr. OLDFIELD. If not incompatible with the public interest. And seeing these gentlemen come before our committee and making the statements they do, I am very much afraid it will be incompatible with the public interest to give the information. [Applause on the Democratic side.]

If you pass this piece of legislation you are going to open up an avenue here for a commission to do just as it pleases with about $11,000,000,000 of the people's money, hard-earned tax money, if you please, money of the people of this country, collected in time of war and in stress of the greatest war in the world's history. And now in times of peace you want to give a commission appointed by the President authority to settle and adjust and remove all the limitations of the Liberty loan acts. I say, gentlemen, when we do it we are going to abdicate our functions as direct representatives of the people of America, and we ought not to do it. And I trust, gentlemen, that you will not do it.

I thank the committee. [Applause.]

Mr. FESS. Will the gentleman yield for a question?

Mr. OLDFIELD. Yes; I yield.

Mr. FESS. The gentleman has fear that unless a set rate is fixed there might be taken an advantage?

Mr. OLDFIELD. They might do it. Does not the gentleman think so?

Mr. FESS. In the Liberty loans we only made a maximum rate, not to exceed a certain rate. Was your suggestion that there should be a minimum rate below which the bonds could not go?

Mr. OLDFIELD. The Liberty loan act says that we shall not charge less than the money of the various kinds that we borrowed cost us, but they could charge more.

Mr. FESS. But the rate of interest is fixed at a rate not to exceed a certain amount.

Mr. OLDFIELD. The rate of interest shall not be smaller than a certain amount.

Mr. FESS. Oh, no. Our point was that since the Government is paying the rate we are not going to fix the minimum but fix the maximum.

Mr. OLDFIELD. But the act says:

> But the rates of interest borne by any such obligations shall not be less than the rate borne by the short-time obligations so converted into long-time obligations.

Mr. FESS. That is economical, but what I am trying to get at is, your fear, as I understood, was that we might take these foreign bonds at too low a rate?

Mr. OLDFIELD. We might get a lot of worthless securities palmed off on us by the international bankers, too.

Mr. FORDNEY. They will be Republican Members on the commission.

Mr. OLDFIELD. I had hoped the gentleman would not say that. If there ever was an administration in this country con-

trolled by international bankers and big business generally, undoubtedly the present one is. [Applause on Democratic side.]

Mr. FESS. I am sorry this has degenerated into that.

Mr. OLDFIELD. I am sorry myself.

My fear is on two grounds. The first is, they have too much authority. I think that the United States of America should be paid every dollar in principal that we have loaned to these foreign Governments. I think also that these foreign Governments should return us in interest every dollar they owe us of interest, and not a single dollar more or less. I do not want this Government to practice usury. I do not want the Government to practice usury on any of those Governments, but they should pay us just what they owe and that is all. You can have them do it under this bill, and there is an opportunity to do something else.

Mr. FESS. It would strike me, I will say to the gentleman from Arkansas, it would be a better business proposition for our Government to leave the rate of interest and the conditions under which it is to be paid to the Treasury Department.

Mr. OLDFIELD. I am not concerned about the conditions as to the length of the bonds, because I realize that it will be 50 or 100 years before they are paid in full.

Mr. FORDNEY. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. FORDNEY. Here is a point that the gentleman overlooks. This interest deferred will amount to $4,120,000,000, and if we do not exact from these foreign Governments a rate equal to that paid on our bonds, what will become of that difference? There might be some leeway there.

Mr. OLDFIELD. That is what Secretary Glass was referring to. You might cover it by saying that the principal, which is fixed, should stand. There is no doubt about the interest on these long-time bonds; that interest is already fixed. Now, you may take the interest proposition and the Grain Corporation proposition and this American administration matter and lump those together, and they would make $1,750,000,000.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. COLLIER. Mr. Chairman, I yield to the gentleman two minutes more.

The CHAIRMAN. The gentleman from Arkansas is recognized for two minutes more.

Mr. OLDFIELD. In this bill you might arrange it so that you could give more latitude in regard to the interest on these other things, but there is no reason on earth why they should have authority to fix rates of interest that have already been fixed by previous acts of Congress; none in the world.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. HUDSPETH. If there is no power provided in this bill to supervise the acts of this commission——

Mr. OLDFIELD. None at all——

Mr. HUDSPETH. Suppose they should forgive a part of the debt? They can make any kind of a settlement?

Mr. OLDFIELD. Yes. They can take any securities they please. They can take railroad securities, railroad bonds of foreign countries. I have thought about this matter a good deal. What we should have done was to have given to the Secretary of the Treasury himself blanket power to do just what he pleases in this business and to report to Congress and let Congress determine whether it is reasonable and just.

Mr. CAMPBELL of Kansas. Merely for report or for ratification?

Mr. OLDFIELD. For ratification. Let Congress pass upon it. Ratify or reject the agreements on settlements.

Mr. PARKS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. PARKS of Arkansas. Has your committee any information that this Government under this administration has carried on any negotiations with foreign nations for the payment of either principal or interest?

Mr. OLDFIELD. I do not know of anything that they have done. Of course they have come before us and said they did not have authority so far as interest is concerned, and some gentlemen have claimed that they did not have authority as to principal. However, I have not heard that suggestion made, except upon this floor.

Mr. FORDNEY. Negotiations have been going on all the time, but no settlement has been made.

Mr. OLDFIELD. I hope gentlemen will vote so that the Congress of the United States can ratify this proposition. We talk here for hours and for days sometimes on an appropriation of $1,000 or $2,000, yet here is $11,000,000,000 to be turned over to a commission, and the clerks and secretaries will attend to it in the end. Mr. Mellon and Mr. Hughes can not do it. They are already overburdened. They will turn it over to clerks, and the Congress can never know anything of the details and facts. [Applause.]

Mr. Chairman, I desire to extend my remarks in the RECORD by printing an editorial recently appearing in the New York Times. While the editorial has nothing to do with this bill yet the editorial interested me and may be of interest to other Members:

[From the New York Times, Sept. 20.]

CHINA AT THE CONFERENCE.

Without recapitulating the unhappy history of the Chinese Republic since the revolution of 1911, it is enough to say that there are now two Governments—Northern China, with its capital at Peking, which has been recognized by the powers; and the Southern Government, with its capital at Canton, of which Sun Yat-sen, the first president of the Republic, is the head. Dr. Sun was elected president by the southern parliament and was inaugurated president of all China on May 5. The Northern Government is largely the puppet of the military oligarchists. Rightly or wrongly, it is charged with being under the influence of Japan.

It may plead duress for its consent to the notorious 21 demands and the corruption attributed to it may be exaggerated, but its representatives at the Washington conference are not authorized to speak for China. The de facto government in the South controls six of the most populous and wealthy Provinces. Other Provinces, paying little or no allegiance to the northern government, have representatives in the southern. One or two Provinces are or were neutral. It appears to be the fact that the southern de facto Republic represents a population of some 200,000,000, half the population of China. The southern government is maintaining order. It recognizes China's obligation to foreign powers. In June President Sun asked Mr. Harding for immediate recognition of his Government. It is the one representative constitutional Government in China.

Washington is fully aware of the importance of having a united China, so far as that is possible, represented at the conference, of such vast concern to the interests and integrity of that sorely tried country. Our Government has suggested that it would be pleased if the Peking Government, "as the only authority in China which is recognized by the powers which will participate in the Washington conference, would include in its delegation representatives of the south China government." Mr. Ma Soo, who represents the Canton Government in New York, says of that:

"The facts are that Peking is under Japanese influence, that Peking signed the 21 demands, that Peking has borrowed millions from Japan, that Peking and its delegation will be dominated by Japanese intrigue. * * * The Canton Government can not join with Peking."

In short, if Washington wants all China represented at the conference it must invite the Canton Government to send delegates. There are two governments in China. Dr. Sun's Government is not only de facto, but it appears to have a much better title to be called a de jure government than the creature of the war lords in the north. It should be represented at the conference.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MAGEE].

The CHAIRMAN. The gentleman from New York is recognized for 15 minutes.

Mr. MAGEE. Mr. Chairman, at the outset I ask leave to extend and revise my remarks.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MAGEE. Mr. Chairman, I trust that the Committee on Public Buildings and Grounds will report to the House early in the next session of the Congress a public building bill. The dates of public building bills heretofore approved and authorizations made are as follows:

First, June 6, 1902	$19,258,900
Second, Mar. 3, 1903	6,800,500
Third, June 30, 1906	26,600,500
Fourth, May 30, 1908	32,200,500
Fifth, June 25, 1910	35,137,700
The last, Mar. 4, 1913	41,580,850

The purposes for which these authorizations were made and the respective amounts authorized therefor are as follows:

	June 6, 1902.	Mar. 3, 1903.	June 30, 1906.	May 30, 1908.	June 25, 1910.	Mar. 4, 1913
Increase in limits of cost	$6,084,900	$4,025,500	$2,966,000	$3,873,500	$3,490,000	$3,861,800
Enlargements and extensions		306,000	3,850,000	2,723,500	2,103,200	3,348,050
Buildings on land owned by the Government	1,436,000	1,340,000	6,433,000	9,565,000	14,750,000	15,223,500
Sites and buildings	8,942,000		9,724,000	9,570,000	10,637,080	13,873,000
Sites only	840,000	474,000	3,612,500	6,423,500	3,952,500	1,596,500
Miscellaneous	1,956,000	655,000	15,000	45,000	205,000	3,678,000

I am informed by the Treasury Department that the amount to be paid for the rental of space in cities where Federal buildings are located as reported by the executive departments during the months of May and June, 1921, for fiscal year 1922 is as follows:

Department of Agriculture	$311,387.37
Department of Commerce	62,048.49
Department of the Interior	72,576.68
Department of Justice	74,744.48
Department of Labor	54,859.46
Navy Department	295,085.08
Post Office Department	1,663,076.00
Department of State	3,500.00
Treasury Department	1,990,149.89
War Department	43,948.24
Total	4,571,375.69

The above amount of $1,663,076 for the Post Office Department represents only the amount paid for space rented to relieve congestion in Federal buildings and does not include the amount paid for the various substations.

During the fiscal year ended June 30, 1921, there were expended for repairs, maintenance, and so forth, the following amounts from appropriations made for—

Repairs and preservation	$917,293.68
Mechanical equipment	706,062.21
Vaults and safes	125,516.56
Operating supplies	2,729,554.26
General expenses	397,024.55
Furniture and repairs	777,992.92
Operating force	3,560,505.97
Total	9,213,950.15

There are many cities and places in this country where it is imperative that additional postal facilities be promptly provided to meet reasonable public demands. A typical illustration can be found in my home city of Syracuse, N. Y. In reference thereto the Secretary of the Treasury in November, 1919, sent to the chairman of the Committee on Public Buildings and Grounds the following communication:

TREASURY DEPARTMENT,
Washington, November 14, 1919.

The CHAIRMAN COMMITTEE ON
PUBLIC BUILDINGS AND GROUNDS,
House of Representatives.

SIR: Reference is made to your request of June 9 for a report in connection with bill H. R. 3160, which proposes to amend the existing legislation providing for the erection of a post-office building at Syracuse, N. Y., by increasing the limit of cost to $1,000,000, to authorize the accommodation of United States court and other Government officials in the building, and to authorize the sale of the present post-office building and site for not less than $300,000.

In accordance with the legislation contained in the acts of June 30, 1908, May 30, 1908, and June 25, 1910, a site for a new building at Syracuse, N. Y., has been acquired. The act of March 4, 1913, authorized the construction of a post-office building at a limit of cost of $550,000. On July 14, 1916, letters were addressed to the chairmen of the Committees on Public Buildings and Grounds of the House of Representatives and Senate, jointly, signed by the Secretary of the Treasury, Postmaster General, and Attorney General, calling attention to the fact that under the existing legislation no other than post-office accommodations could be provided in the new building and, after setting forth the need for providing court facilities in the building, recommended that the legislation be amended so as to allow for the same. The attention of Congress was again called to the matter in a letter to the Speaker, of February 24, 1917. (H. Doc. No. 2090, 64th Cong.)

In the opinion of this department the need for the additional legislation providing for accommodation for court officials in the present building as well as for more adequate accommodations for the post office than exist at present is urgent. In reference to the latter need, your attention is respectfully invited to the letter of the Postmaster General to your committee, of October 18, 1918, in which it is shown that at that time only 49 square feet of space was available for each postal employee.

It is estimated that as a result of the present condition of the labor and material market the erection of a two-story building having 48,000 square feet ground area, required to accommodate the postal, court, and other Government officials, will cost $1,800,000.

There appears to be no reason why the present Federal building should not be disposed of for not less than $300,000, as provided for in the pending legislation.

Respectfully, CARTER GLASS, *Secretary.*

The first step toward meeting the needs of Syracuse was taken in June, 1906. Outside of the acquisition of a site, the razing of the buildings thereon, which has resulted in practically no annual revenue therefrom, and the authorized appropriation of $550,000 under the act of March 4, 1913, all that is apparent to the eye is a hole in the ground covering a whole block in the heart of the city, inclosed by an unsightly board fence. I do not refer to this as a matter of complaint, but rather as showing how extreme has been the public patience. The Post Office Department, the Treasury Department, and the Department of Justice, heartily cooperating together in the public interest and recommending that the Congress take appropriate action in this case, have been wholly unable to date to get any results from the Congress.

I am informed that there are many other cases where existing conditions are just as exasperating. In this connection we must bear in mind the tremendous increase in the parcel-post business, which has been growing and will continue to grow by leaps and bounds. The parcel post meets a great public need, and I respectfully submit that we should make proper and reasonable provision for this branch of the Postal Service.

When we consider the millions and millions of dollars appropriated for rivers and harbors, for public roads, and for many other public improvements, it does seem to me that imperative appropriations for public buildings ought to receive some attention from the Congress in a period of eight years. I appreciate the high cost of construction, but we all know that this cost has reached its peak and is constantly tending downward. The Committee on Public Buildings and Grounds in authorizing appropriations for public buildings can reasonably anticipate this downward tendency. The important thing now is to show that we are really alive and propose to take prompt and reasonable action to meet pressing public needs as to our postal facilities. The construction of needed Federal buildings, which will give additional employment to labor, provide sanitary and healthful working conditions for postal employees, and meet the needs of the Post Office Department in its purpose to attain the highest degree of efficiency, I feel, will meet public approval. [Applause.]

Mr. Chairman, I thank the committee for its courtesy. I yield back the balance of my time.

Mr. COLLIER. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. JOHNSON] five minutes.

The CHAIRMAN. The gentleman from Mississippi is recognized for five minutes.

Mr. JOHNSON of Mississippi. Mr. Chairman, I shall vote against this bill unless it is amended so as to safeguard the interests of the people of this Nation.

On the 21st day of last June a bill was introduced in the Senate by Senator PENROSE asking that full authority be given to the Secretary of the Treasury to refund or convert and to extend the time of payment of the principal or interest, or both, of any obligation of any foreign Government now owing to the United States of America, or any obligation of any foreign Government hereafter received by the United States of America, including obligations held by the United States Grain Corporation, arising out of the European war, into bonds or other such obligations of such or any other foreign Government, and from time to time to receive bonds and obligations of any foreign Government in substitution for those now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of of the people of the United States of America, and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government, and to accept securities therefor.

Not since the Government of the United States of America was established have such powers been requested or granted to any Government official, except in time of war. On the 22d day of June last, the next day after the bill was introduced in the Senate, President Harding, in a letter addressed to Senator PENROSE, chairman of the Committee on Finance, advocated the passage of the bill, but the people of the country protested so vigorously against the giving of this unusual and extraordinary power to one man that the Congress was as quick to drop the proposition as the "nigger dropped the incense pot."

Now we are confronted with the former bill camouflaged. It is proposed by the bill before the House to create a commission to be known as the World War foreign debt commission, consisting of five members, one of whom shall be the Secretary of the Treasury, who shall serve as chairman, and four of whom shall be appointed by the President, which appointment, when other than Cabinet officers, shall be made with the advice and consent of the Senate. The same powers are given to the commission as were proposed in the Penrose bill which I have just referred to. Nowhere in the bill is it proposed to pay to the commission anything for its services, thereby leaving the impression to every reasonable mind that the President is expected to appoint members of the Cabinet as members of this commission.

If the Secretary of the Treasury can induce two other members of the commission to agree with him, the three men will be empowered to settle a debt owing to the United States of America amounting to $11,084,802,341.67. Of this amount, $9,435,000,000 is for money raised under the various Liberty

bond acts. We all remember the means employed throughout the Nation to induce the people to purchase the Liberty bonds. No greater sacrifice was ever made by a people than the people of the United States in supporting the President in his efforts to win the war. No people more quickly responded to every call to duty than did our people in this great struggle. I know people in my State who had to borrow money and pay 6 or 8 per cent on the money with which to purchase Liberty bonds. From their meager earnings they finally paid for their bonds. and those who have been able to hold them are now unable to sell them at par. It was the money raised in this way, amounting to nearly $10,000,000,000, loaned to the foreign countries, creating the debt now due us, the settlement of which you propose shall be made by this commission.

You are about to establish a precedent repugnant to the Constitution of the United States. The Supreme Court of this country has on more than one occasion held that Congress can not delegate to another department nor to an individual nor commission the power generally or specially, to enact laws. This power is reserved alone to the legislative branch of the Government. By the bill now being considered by this House it is proposed to delegate to the commission power to change the rate of interest of the European debts, and this is violative of the Constitution of the United States.

You propose by this bill to give to the Secretary of the Treasury and two other men full power to say what shall be for the best interests of 110,000,000 people of the United States. If the commission sees fit to take worthless securities or reduce the rate of interest, or to refund the debt in a way that would not be for the best interests of the people of the country, their error or mistake could not be corrected. Why not authorize them to adjust the matter subject to the approval of the Congress of the United States?

Under Liberty loan acts the Secretary is authorized and is legally required to fund the demand obligations of these foreign Governments into bonds which will bear the same rate of interest and other terms of the Liberty bonds which our own hold. If these extraordinary powers now asked by the Secretary or the proposed commission be granted, certainly it will work to the detriment of the taxpayers of this Nation. The people are now bent by the weight of taxation. The great burden upon them is all that they can bear. Most of us know that the great banking interests of New York own millions of foreign bonds. They have advanced many millions to the European nations. We know that to give these extraordinary powers to the Secretary of the Treasury or commission, if he or it should refund the debts due the United States at a lower rate of interest than now due, or should extend the time of payment to a longer period than that which the Congress of the United States would be willing to accept, it would work a great benefit to the great banking interests of New York and would be to the detriment of the ordinary taxpayer of America. We must be careful in turning over to two or three men the powers to settle more than $11,000,000,000 indebtedness to the United States.

It has been charged on the floor of the House to-day that Secretary McAdoo violated the law in administering the Liberty loan act. That I deny, but if it be true, that was at a time when nearly all the world was at war. It was a time for quick action. Such is not the case to-day. We are at peace. We can think and reason coolly, calmly, and deliberately, and if a mistake was made in giving extraordinary powers during the war it is more the reason why we should safeguard the interests of the people now.

There is due the United States for interest on the European debt $943,534,755.99, which, added to the total obligations, amounting to $10,141,267,585.68, makes the sum total of $11,084,802,341.67.

Gentlemen of the House, are you willing to turn this matter over to the Secretary of the Treasury and two other men without any restrictions and authorize them to settle the debt or refund it, according to their notions? If you are, you are making a mistake which you will live to regret.

This ought not to be a party question. We ought to consider this together, Republicans and Democrats alike, for the good of the whole people of the United States, as was done when the Liberty bond acts were passed. We ought to adopt an amendment that will safeguard the interests of those who will be required to pay the enormous taxes with which to redeem these Liberty bonds.

Mr. FOCHT. In case an amendment is incorporated in the bill, will you vote for the bill?

Mr. JOHNSON of Mississippi. I reserve the right to vote as I believe to be to the best interests of the country when the matter comes up for a vote.

Mr. FOCHT. You are speaking of an amendment of your leader. That is the one I am asking you about.

Mr. JOHNSON of Mississippi. If our leader over here says it is all right I will vouch for it. If the proposed commission wishes, it can fix the rate of interest at 1 per cent, 2 per cent, 3 per cent, or no per cent, just as it sees fit, according to this bill. There is no need for hurry in this matter. Too much is involved to act hastily. There are other matters of great moment to the people of this Nation.

Why not take up the freight-rate question? This Congress has full authority to reduce the freight rates, and it can be done within a few hours. If this Congress is disposed, it can revive business in the United States within two weeks by granting the necessary reduction in freight rates. There is a stagnation of business throughout the country due to the unreasonable rates. When the railroads asked a few months ago to be allowed to reduce wages they led the people to believe that they were going to reduce the rates and give the people the benefits of the reduction in wages, but we need not expect anything voluntarily from the railroads. They are not going to do anything until they are made to do it.

Gentlemen, we ought to oppose this refunding bill in its present shape and adopt amendments that will protect the interests of the people of the country. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, referring to the unlimited power of the proposed commission without reference back to Congress, I desire to call the attention of the gentleman to the fact that while this measure may not be what is technically known as a treaty, nevertheless it is settling a matter between nations in such a way as to be practically a treaty between those nations. It is settling a matter which will affect directly the revenue of the United States Government for the next 20 to 40 years, and it has been the policy of this Government and of the House of Representatives, always maintained, that whenever an agreement between this Nation and other nations is negotiated by the Executive under any authority which affects the revenue of this country it must come back to the Congress of the United States for approval. That was settled very thoroughly in the Hawaiian proposition, when authority was given to the President to make a certain proclamation on finding a certain state of facts and thereby to admit certain products from Hawaii at a reduced rate of tariff. It was done also in the arrangements made between this country and Cuba. It has been done on various occasions. It is an established precedent in this House that whenever any executive authority is to be clothed with the power to negotiate an agreement with another nation which affects the revenue of this Nation it is never allowed to become effective until it has been submitted to Congress and Congress itself has approved it, and for a very good reason. It is practically an infringement of the right to say what shall be the revenue-producing power of the Government.

Mr. LONGWORTH. Will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from Ohio.

Mr. LONGWORTH. Why should not that apply equally to the bonds issued under the Liberty loan act?

Mr. STEVENSON. The bonds issued under the Liberty loan act, as has already been stated, were issued under an emergency. The gentleman need not smile on that ground. The rate of interest was fixed. The terms of the contract were set forth by Congress, and they had to bear that rate of interest, and therefore they were not allowed to make an open contract. That is the answer to the gentleman's proposition about the Liberty bond act.

Mr. LONGWORTH. As a matter of fact, none of them do bear a fixed rate of interest.

Mr. STEVENSON. As a matter of fact, the agreement entered into has always been understood to be subject to the terms of that act. And now, while I am on it, I want to direct the attention of the distinguished gentleman from Ohio to his position about the Liberty bond act, which he stated just a while ago. The gentleman said that the obligations of the securities taken from the foreign Governments by Mr. McAdoo should have borne all of the essentials of the bonds issued by the United States Government. In bearing out that position he read from the Liberty loan act of April 24, 1917, which says:

> Bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

Congress, according to that, fixed the contract that could be made. But the gentleman contends that the obligations taken were not in conformity with that agreement. Between the gentleman from Ohio and the gentleman from Tennessee there is an

issue, to which they themselves will direct their attention. I will not enter into it. But the gentleman from Ohio [Mr. LONGWORTH] overlooked reading from the act of September 24, 1917, under which the principal part of these advances was made, and he criticized Secretary McAdoo for not living up to the law, and read to you the wrong law. I will read what it says:

The Secretary of the Treasury is hereby authorized to purchase at par from such foreign Governments, respectively, their several obligations hereafter issued, bearing such rate or rates of interest, maturing at such date or dates, not later than the bonds of the United States then last issued under the authority of this act, or of such act approved April 24, 1917, and containing such terms and conditions as the Secretary of the Treasury may from time to time determine.

The gentleman failed to read that. That is the act under which he criticizes Mr. McAdoo for taking obligations which he says do not contain the terms which the bonds contain for which the money was obtained.

Mr. LONGWORTH. Then, as I understand the gentleman, he admits that the $3,000,000,000 issued under the first Liberty loan act were not in conformity with the law?

Mr. STEVENSON. No; I do not. I say that is an issue between the gentleman from Ohio and the gentleman from Tennessee; but the $7,000,000,000 that were issued afterwards certainly were not embraced within it, and the gentleman made an argument to this House this morning criticizing the great Secretary McAdoo as having violated the law, which law he did not read to you and which law did not bear out his position at all.

Mr. FESS. Will the gentleman yield?

Mr. STEVENSON. I beg the gentleman's pardon. I have not the time now. The gentleman from Ohio makes another proposition, that these obligations must bear in all respects the same provisions as the bonds which were issued on which we got the money. Well, then, I want to know why this provision was put in there:

Provided, That he shall have the right to convert any short-term obligations of foreign Governments which may have been first purchased under the authority of this act, or the act approved April 24, 1917, into long-time obligations.

Now, there was no contemplation of short-time obligations of the United States under either provision, and yet if he will read the very act under which he criticizes the Secretary of the Treasury he will find that it was expressly provided that he could take short-time obligations of foreign Governments and afterwards convert them into long-time obligations, which shows conclusively that the gentleman's position is entirely fallacious and void of anything on which he could stand.

Now, Mr. Chairman, so much for the politics that have been embraced in it. Now, I want to look at the bill for a minute. You will find if you will look at lines 16, 17, 18, and 19, page 2, that they have authority to adjust and settle any and all claims not now represented by bonds or obligations which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

I understood that this was for the purpose of refunding the war debt, the debts growing out of the war. If that is so, the last clause has brought this from now until eternity, and it simply shows how careless this act, dealing with the biggest sum of money any Congress has ever had to deal with, has been drawn.

Mr. TEMPLE. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. TEMPLE. The gentleman says "from now until eternity"; would not that be limited by section 4, which says that the authority granted by this act shall cease and determine at the end of three years from the date of the passage of this act?

Mr. STEVENSON. Very well, from now until three years from now any debt that arises between this Government and any other Government, regardless of whether it grows out of the war or not, is included.

Mr. TEMPLE. The gentleman reduces the time from eternity to three years. [Laughter.]

Mr. STEVENSON. Well, three years will be eternity for some of us, but not for others. [Laughter.] But all the same, you are providing ostensibly to take care of the war debts, and you are embracing all debts that may be created during the life of the commission.

Mr. LONDON. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. LONDON. Can they not in three years do enough mischief to last until eternity? [Laughter.]

Mr. STEVENSON. Yes; and before we get through with them, it may be an eternity. Now, the gentleman from Michigan this morning, in answer to a question from a Republican, said that this commission could not modify the rates of interest that they fixed by the Liberty bond act. My answer to that is there set forth. The gentleman fled from that position as he would from a Democratic caucus.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Will the gentleman give me three minutes more?

Mr. CRISP. Acting for the gentleman from Mississippi [Mr. COLLIER], who is out just at this time, I want to state that all of the time has been promised.

Mr. STEVENSON. Mr. Chairman, I ask leave to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. FREAR] 30 minutes.

Mr. FREAR. Mr. Chairman, the Constitution provides that certain duties are to be performed by Congress, and all Senators and Representatives are required to make oath or affirmation to support the Constitution before they are qualified to fill any office or public trust under the United States. Every public official, through the aid of his own conscience and judgment, must decide the meaning of his obligation well and faithfully to discharge the duties of his office. The Constitution does not suggest anywhere that either House shall be subservient to the other, nor is either House required to accept instructions direct or indirect from the other, nor does such authority extend to any committee of either House; nor does the Constitution provide that any departmental officer or officers, however exalted, shall direct or dictate legislation in either House.

Even if the fathers who drafted the Constitution had determined otherwise in such matters, we who represent constituencies throughout the country should not surrender prerogatives assumed by our predecessors in office nor should we permit either branch of the American Congress or any department of the Government to encroach upon the fundamental rights of Members to independent action. Advice, whether secret or open, may properly be offered and considered, but direction or attempted dictation from outside sources should be resented by every self-respecting Representative.

This observation is offered because of belief that Members have full right to untrammeled action in their individual judgment of legislative measures not limited by any other restriction than their oath of office. Party political action is conceded on every question that by convention, pronouncement, or popular vote has been determined by the people, but liberty of action by individual Representatives can not be restrained in matters of general legislation when party policies or party prestige are not involved.

The proposition was squarely presented in the bill prepared by the Treasury Department wherein exclusive authority was to be granted by Congress to the Secretary without limitation or restriction of any kind as to terms or time of settlement, adjustment, and refunding of obligations of foreign Governments now reaching over $11,000,000,000. Personal criticism can not be lodged against any official for properly urging such legislation nor for testifying before the Senate or House committees in its support, but any assumption that Congress is a mere rubber stamp ought to be repudiated by every Member of Congress. The practice has arisen, possibly because of recent legislative history during the war when little deliberation or consideration could be given important war measures, but it must not be forgotten that the power was carried to such extremes that an upheaval in the House turned a Democratic majority of 156 into a Republican majority of 169 within eight years and was largely caused by the American people repudiating the subserviency of Congress on the one hand and rejecting on the other an autocracy that sought its control. Over 7,000,000 majority was recorded in disapproval of the practice.

SUBSERVIENCY OF LEGISLATORS SET FORTH.

Mr. Chairman, let me be more specific and present evidence of announced subserviency of legislative judgment to which I will never subscribe. I quote from the Christian Science Monitor of October 11, 1921:

Favorable action on the administration bill authorizing the Secretary of the Treasury to negotiate with the allied and associated powers for the liquidation of the $11,000,000,000 debt owing to the United States is anticipated to-day by the House Ways and Means Committee. JOSEPH W. FORDNEY, the chairman, will endeavor to get his committeemen to vote on reporting the bill to the House at an executive session this morning.

Unless unforeseen obstacles arise the bill will be reported to the House containing practically all the provisions sought by A. W. Mellon, Secretary of the Treasury, which would clothe him with almost unlimited power to carry on negotiations with the debtor nations. Every

effort will be made by the administration to jam it through both Houses before the conference on the limitation of armament, though it is conceded that the Senate will probably balk at the proposal.

This easy program has been upset and needed amendments adopted, but who gave out this additional information sent by a reputable reporter, who in the same article says:

With the possible exception of JAMES A. FREAR (R.), Representative from Wisconsin, who bolted his party in reporting the tariff and tax bills, the debt-refunding measure will meet with a strict party vote in the Ways and Means Committee. While Mr. FORDNEY is confident of the bill being passed in the House, there will be substantial opposition to some of its provisions, particularly with reference to the amount of power lodged with the Secretary of the Treasury. It is possible that President Harding will have to exert executive influence to force the measure through the Senate. *The House, being amenable to the wishes of the administration, will pass it after a sharp but brief debate.*

Opposing two vulnerable committee reports, helping in committee and out to improve bills, and then swallowing completed measures because preferable to permanent law—that is the extent of my offending.

Clippings from Boston to Kentucky, in which I am reported to be out of harmony with my party colleagues on the committee, are also at hand of the same date. Whoever gave out the statement, and its source is not hard to find, guessed wrong. The committee kicked over the traces and refused to follow wrong leadership or to become "amenable" when such action violated the judgment of members of the committee.

My Republican colleagues vigorously protested four years ago against a vicious practice of congressional subserviency, and they demanded in debate by what authority of law and under what provision of the Constitution the last administration presumed to pass upon the policy, form, and purpose of legislative measures even prior to their introduction and action by Congress. Answer to their protest occurred in the November verdict.

POLITICAL MISTAKES PREVENTED BY THE HOUSE.

Let me go further and protest against constant efforts to draw party lines in committee or in the House on measures of purely economic purpose as shown by the article quoted, which represents a too common standard. When the soldiers' compensation bill was last before our committee, party lines were drawn in committee on a proposal to enact a turnover sales tax to raise funds for that purpose, although party members were in disagreement over the enactment of any compensation bill.

The sales-tax proposal was taken to a Republican conference and, against strong "party" appeals, the action of the committee was overturned by that conference and the sales tax stricken out of the compensation bill. At the beginning of the present session an effort was made to secure a "party" line-up on a turnover-sales tax provision for the revenue bill. Vigorous protests finally prevented such action and the attempt was defeated, although supported by strong committee members. A chemical embargo in the tariff bill was next made a "party" measure, and "party" leaders in and out of the committee sought to direct the action of the House in the matter, but the proposal was defeated, although the Ways and Means Committee divided practically on "party" lines. This verdict rendered by the House carried its own lesson. On a proposal to repeal the excess-profits tax and higher surtaxes as of date January 1, 1921, the committee again divided practically on "party" lines on a matter involving $540,000,000 in taxes that would be due in 1922, yet were to be remitted according to the demand of so-called "party" leaders of the committee and of the House. This time a Republican conference again reversed the committee.

The refunding proposal of $11,000,000,000 in foreign loans started out to give power to one Cabinet officer greater than was ever before possessed by man in time of peace. Protests against immediate action or acceptance of the departmental bill were vigorously made before the recess and thereafter. I leave it for any intelligent Member of Congress to say whether the bill has been improved over the bill referred to in the Christian Science Monitor and other papers or the funding bill as reported to the Senate. The committee refused to follow the lead of those who advocated swallowing the department bill—hook, sinker, and pole.

A FEW WORDS ON "BOLTING."

Mr. Chairman, "bolting" party dictum is not political treason unless a pledge has been given to its support; and "regulars" who proudly follow bellwethers like the Light Brigade, "theirs not to reason why," have an object lesson before them.

The Senate will without doubt sustain the House action on a dye embargo and on date of any repeal of excess profits and surtaxes, and the Senate is likely to take the position I did when the action of the committee was overthrown. The same is true of the turnover-sales tax; and, last but not least, the Senate may accept the present House funding bill in preference to its own measure, because the Secretary of the Treasury has found the limitations unobjectionable, even though he deems them unnecessary. Judged by this standard, my party colleagues are out of harmony with the House and Senate and in no position to talk about bolting.

But, apart from the high crime and misdemeanor implied in "bolting" a committee's or chairman's dictum, no man will doubt that ninety-nine out of every hundred of the people we represent will approve the action taken on the monopolistic dye embargo and against the effort to shift $540,000,000 in taxes onto those least able to pay, under the attempted retroactive repeal of excess profits and surtaxes as of January, 1921. Even the turnover-sales tax action and the funding bill as limited will be approved by the same people, because they bought Liberty bonds to raise the fund that we loaned the Allies and they will ask for every reasonable restriction in order to insure its repayment to settle our own debts.

I hold the highest respect for my colleagues on the committee for their ability, fairness, and generous treatment, but I believe when it is understood the House is "amenable" to no man, and that it refuses to become a "rubber stamp" for any department of Government, then we will be better able to return to the duties prescribed by the Constitution.

In all of the cases mentioned where efforts at outside dictation have been repudiated and "party" control of economic provisions has been attempted, the good sense of the House has prevented political and economic blunders, and as one Member who frequently has found himself out of harmony with party colleagues on these measures, but has been regularly sustained by the House or by party conferences, I urge upon my colleagues that we cease dividing on "party" lines when the subject under consideration has no political significance. Any other course is to play into the hands of interests that often move behind the scenes and have selfish ends to serve. It is a dangerous policy to pursue, and in every one of the cases cited carried a political liability without any justification for such action. It even caused party leaders frequently to reverse their own positions in order to line up political forces in the House. Partisanship does not call for such spectacles.

Far be it from my purpose to criticize any individual Representative, but as one who believes every legislative decision should be the untrammeled expression of the individual Member, I protest efforts to control or influence practically every action even down to framing of bills in committee under the plea of "party" regularity. When bills are received from outside sources the right to modify or change their terms should not depend on the acquiescence of anyone, but should be left to the action of Representatives who are responsible to their constituents for intelligent and just decisions.

"CRACKING THE WHIP" OVER THE AMERICAN CONGRESS.

Frequent news clippings in local papers that the Executive or other officials are expecting to crack the whip over the Congress of the United States are generally inspired by special interests which stand sponsor for such threats directed to the Congress and the country. The fathers of the Constitution to whom we refer on this floor so frequently would rise in their graves if able to do so, protesting against such usurpation of authority that recently sounded the overwhelming defeat of an Executive who cracked the whip over a coordinate legislative body.

Personally I believe the strong good sense and respect of the present Executive for a branch of government of which he was formerly a Member will never permit him to ignore the rights of legislators to untrammeled decisions. I say frankly that my remarks are not directed in any way to him, but to those who constantly assume to act in his name.

Mr. Chairman, this marked tendency of subordinating Congress to a position of unimportance in the functioning of government has never been more glaringly disclosed than by the policy pursued in handling our foreign loans. Aside from the vast financial interests involved that indirectly affect every taxpayer of the country, a fundamental objection existed to the passage of H. R. 7359 which is disclosed by a brief statement of facts. Congress has been ignored, its confidence abused, and its authority flouted heretofore in the administration of laws permitting Treasury officials to extend loans to foreign Governments, while the growing practice among certain officials of ignoring specific legislation is admittedly nonpolitical and is permitted by the easy acquiescence of Congress itself. The bill described in the newspaper article and as urged upon the Ways and Means Committee for passage, substantially as reported by the Senate Finance Committee to the Senate, is as follows:

THE PROPOSED TREASURY DEPARTMENT BILL, NO. 7359.

Be it enacted, etc., That the Secretary of the Treasury, with the approval of the President, is hereby authorized from time to time to refund or concert, and to extend the time of payment of the principal

or the interest, or both, or any obligation of any foreign Government now owing to the United States of America, or any obligation of any foreign Government hereafter received by the United States of America (including obligations held by the United States Grain Corporation) arising out of the European war, into bonds or other obligations of such, or of any other foreign Government, and from time to time to receive bonds and obligations of any foreign Government in substitution for those now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any shall be deemed for the best interests of the United States of America, and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government, and to accept securities therefor.

This foreign indebtedness ought to have been settled and funded long ago. It must be done without needless delay, and the Secretary of the Treasury is a proper party in such negotiations, but H. R. 7359 is a climax to demands made by officials for unrestrained authority. It contemplated unrestricted control of negotiations affecting $11,000,000,000, the largest financial transaction ever undertaken by any Government in the history of the world. Eleven billion dollars is now owing from nearly a score of foreign Governments, and notwithstanding specific law these debts are only evidenced by a few scraps of paper. This vast indebtedness was proposed to be adjusted and settled by one man; a man whose position in finance, however great, and whose integrity, however unquestioned, was unknown to the people of the country one year ago. Without direct responsibility to any constituency, accountable only to the Executive, whose approval of administrative and legislative acts is ordinarily perfunctory, the proposal insisted on the necessity for secret negotiations when conducting these settlements covering enormous amounts of money contributed by the American people "until it hurt," in order to win the war. Because of this tremendous power proposed to be placed in the hands of one man or one department, I offered several amendments in committee on October 10, the same day the country was advised by the press the Mellon bill would be passed as drawn by the Treasury Department:

AMENDMENTS PROPOSED IN COMMITTEE.

First. A commission or board to consist of the Secretary of the Treasury, the chairman and ranking minority member of both the Finance Committee of the Senate and the Ways and Means Committee of the House, and the Comptroller General, six in all.

Second. Interest in refunding of obligations not less than is provided in Liberty loan bonds, by which the loan money was raised.

Third. No obligations of foreign Governments should be canceled or materially reduced in amount or delinquent interest extended beyond two years without authority of Congress.

Fourth. No bonds of other countries should be substituted for indebtedness of any Government.

Fifth. Notice to Congress within 60 days after settlements of loan with any country should be given stating terms thereon.

Sixth. Authority of commission to settle shall not extend beyond two years from the approval of the act.

AMENDMENTS ADOPTED BY COMMITTEE.

These amendments offered in committee in the form of a substitute bill were substantially accepted in part by the committee and are contained in the pending bill as follows:

First. A commission of five members to be appointed by the President and confirmed by the Senate. This was a compromise and far preferable to leaving the power with the Secretary of the Treasury or anyone man alone as proposed in the reported Senate bill.

Second. An amendment was accepted prohibiting the exchange of foreign Government bonds.

Third. An amendment was accepted that ended authority to act in three years instead of unlimited time as proposed in the original bill.

Fourth. Amendment was accepted providing for notice of progress in settlements to be printed in the Secretary of the Treasury reports.

Fifth. A prohibition against cancellation of any part of any foreign debt.

These provisions were not asked because of lack of faith in any commission that may be appointed, but because of propaganda and pronouncements by reputable authority in favor of reducing interest and principal of loans, extending even to cancellation proposals. Any commission acting under the provisions of this bill will be relieved from individual embarrassment on the above score by a legislative declaration placed in the bill. Again, the country is entitled to this assurance, and no valid objection has been urged.

In order that comparisons may be made between the amended bill and the bill as introduced, a copy of the bill here reported by our committee is set forth. It is short, and because of its far-reaching importance carrying the right to "settle" eleven thousand million dollars it is inserted.

REFUNDING BILL AS REPORTED.

A bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes.

Be it enacted, etc., That a World War Foreign Debt Commission is hereby created consisting of five members, one of whom shall be the Secretary of the Treasury, who shall serve as chairman, and four of whom shall be appointed by the President, which appointments, when other than Cabinet officers, shall be made with the advice and consent of the Senate.

SEC. 2. That the commission created by section 1, with the approval of the President, is hereby authorized, from time to time, to refund or convert, and to extend the time of payment of the principal or the interest, or both, of any obligation of any foreign Government now owing to the United States of America, or any obligation of any foreign Government hereafter received by the United States of America (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government and from time to time to receive bonds and obligations of any foreign Government in substitution for the bonds or obligations of such Government now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interest of the United States of America, and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

SEC. 3. That this act shall not be construed to authorize the exchange of bonds or other obligations of any foreign Government for those of any other foreign Government or cancellation of any part of such indebtedness except through the payment thereof.

SEC. 4. That the authority granted by this act shall cease and determine at the end of three years from the date of the passage of this act.

SEC. 5. That the annual report of this commission shall be included in the annual report of the Secretary of the Treasury on the state of the finances.

A sixth amendment offered to the committee provided that no interest payment should be extended beyond two years from date and interest rates should equal the cost to the Government as evidenced by the rates provided in Liberty loans and accrued delinquent interest which is to be spread over the loaning period by additional interest rates.

The Treasury Department officials declared to the committee that a two-year period placed as an outside limitation of interest payments would be construed to mean a postponement for that period. That such interest payments were expected to be promptly made and for the full amount as now agreed by the debtor nations. On this understanding the amendment was not pressed.

LAWS THAT GOVERNED THE MAKING OF WAR LOANS.

An act to authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credit to foreign Governments, and for other purposes.

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign Governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par, from such foreign Governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign Governments and for the subsequent payment thereof before maturity * * *.

Provided, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign Governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

Attention is also asked to the following extract from act No. 43, Sixty-fifth Congress, H. R. 5901, approved September 24, 1917:

SEC. 3. That the Secretary of the Treasury is hereby authorized * * * to convert any short-time obligations of foreign Governments which may have been purchased under authority * * * into long-time obligations of such foreign Governments, respectively, maturing not later than the bonds of the United States then last issued * * * and in such form and terms as the Secretary of the Treasury may prescribe; but the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted * * *.

These acts and others of the same tenor were passed during the war when Congress was compelled to extend wide authority to administrative officers without time for review. Under the various acts the Secretary of the Treasury loaned the following amounts to the Governments named.

[From hearings before Committee on Finance, United States Senate, Sixty-seventh Congress, first session, on S. 2135, July 18–21, part 4, page 108.]

(Wadsworth Loan Exhibit, No. 1, July, 1921.)

Statement showing obligations of foreign Governments and so-called Governments held by the United States, interest accrued and unpaid

thereon, up to and including the last interest period, and interest heretofore paid on such obligations:

Country.	Total obligations.	Interest accrued and unpaid up to and including last interest payment.	Total debt to United States.	Interest heretofore paid.
Armenia	$11,959,917.49	$1,009,868.67	$12,969,786.15	.....
Austria	24,055,708.92	721,671.27	24,777,380.19	.....
Belgium	375,280,147.37	34,007,409.62	409,287,557.99	$13,014,918.42
Cuba	9,025,500.00	.....	9,025,500.00	1,282,369.54
Czechoslovakia	91,179,528.72	8,125,165.24	99,304,693.96	304,178.03
Esthonia	13,999,145.60	1,389,668.37	15,388,813.97	.....
Finland	8,281,926.17	598,339.79	8,880,265.96	.....
France	3,350,762,938.19	284,148,863.64	3,634,911,801.83	139,570,376.13
Great Britain	4,166,318,358.44	407,303,283.93	4,573,621,642.37	245,557,185.50
Greece	15,000,000.00	.....	15,000,000.00	784,153.34
Hungary	1,685,835.61	50,575.07	1,736,410.68	.....
Italy	1,648,034,050.90	161,078,880.80	1,809,112,931.70	57,598,852.62
Latvia	5,132,287.14	386,962.52	5,519,249.66	126,265.19
Liberia	26,000.00	1,568.85	27,568.85	861.10
Lithuania	4,981,628.03	498,162.80	5,479,790.83	.....
Poland	135,661,660.58	9,837,443.33	145,499,103.94	1,290,620.78
Rumania	36,128,494.94	3,477,534.09	39,603,029.03	263,313.74
Russia	192,601,297.37	26,120,560.18	218,721,857.55	4,842,534.33
Serbia	51,153,160.21	4,778,797.79	55,931,958.00	635,059.14
Total	10,141,267,585.68	943,534,755.99	11,084,802,341.67	465,271,688.92

From the foregoing statement it appears that up to and including the last interest period foreign obligations reached $10,141,267,585, and accrued interest $943,534,755, or a total indebtedness from foreign Governments to ours of $11,084,802,341.67. This does not represent any interest due on delinquent interest, although it has been contended such interest is properly due, because these loans were made by the American people through sacrifices that did not contemplate any different conditions than were imposed by the local banking institutions that carried their individual notes.

The acts of authorization passed by Congress in addition to prescribing terms of loans to foreign Governments also set forth that such loans were made "for the national security and defense and prosecution of the war by established credits" to foreign Governments "then engaged in war with the enemies of the United States." Authority to loan ceased upon the "termination of the war between the United States and the Imperial German Government."

According to available data, approximately $8,000,000,000 was loaned to foreign Governments prior to the date of the armistice, November 11, 1918. Since the date of the armistice about $1,500 000,000 more has been loaned to foreign Governments by the Secretary of the Treasury, without specific authority of law and in opposition to specific limitations.

AUTHORITY CEASED WHEN THE WAR ENDED.

Mr. Chairman, when the Secretary of the Treasury and Mr. Rathbone, Assistant Secretary, appeared before the Ways and Means Committee, February 15, 1919, asking for authority to make foreign loans as proposed by a bill there presented, the committee refused to act, but the Treasury Department continued making loans of public money to foreign Governments.

When asked by the committee what evidences of indebtedness are held by this Government for the $11,000,000,000 now due from foreign Governments, Secretary Mellon replied that the only documents in the Treasury are memoranda signed by the official representatives of the various countries, which are informal promises to pay and virtually I O U's from such officials. No pretense is offered that the obligations so accepted by the then Secretary of the Treasury are in the form of bonds or negotiable instruments or drawn in accordance with the terms of the Liberty loan acts, which provide that they shall bear the same rate of interest and contain in their essentials the same terms and conditions as those of the United States issued under the several Liberty loan acts.

These evidences of foreign indebtedness on file in the Treasury have been termed demand obligations, without any date of maturity. In other words, efforts by Congress to limit the term and restrict conditions of foreign loans by prescribing rates of interest, terms of loans, and purpose for which loaned were without effect, and the then Secretaries of the Treasury acted on their own judgment or lack of judgment. The foregoing statement in regard to foreign loans is offered to indicate the disregard evidenced by the Treasury Department in the past for acts of Congress that we call "law."

MONEY LOANED WITHOUT AUTHORITY OF LAW.

Nearly $1,500,000,000 loaned by the Treasury Department after hostilities ceased was raised from the American people by Liberty-loan drives and taxation that had been authorized to be used for the purpose of prosecuting the war. Treasury Department officials were aware of the fact that they had no authority to make loans after hostilities ceased. A writer on this subject, familiar with all the data on file, says:

> Millions of Liberty-loan money were loaned to Great Britain after all hostilities had ceased for the purpose of allowing her to build up her export trade and return to a normal basis. Thus the money raised from the American people to prosecute the war was used by Great Britain in competition with American foreign trade. From this public fund in the Treasury money was advanced long after the armistice to pay for expenses of certain delegates of foreign countries to the peace conference. Equally unauthorized were payments from the Treasury to foreign Governments wherewith to pay back installments of delinquent interest due from such Governments to our own.
>
> The Treasury Department continued making advances to foreign Governments while at the same time it was holding consultations and parleys with foreign Governments on a possible cancellation of all debts as proposed by these Governments.
>
> Most of the money loaned to foreign Governments was used to make purchases in the United States. By continuing the making of foreign loans to foreign Governments after the armistice so that they could return to normal the Treasury Department prevented the United States from returning to normal because the purchases made in the United States with such loans kept the prices in the United States at a war instead of a prewar level.

This is no attempt to frame an indictment against those who engaged in unauthorized acts, but when the Treasury Department asks unlimited power to control the settlement of $11,000,000,000 indebtedness in time of peace, it is time to fix responsibility on a department that has ignored the law under which such foreign indebtedness was created.

With this brief chapter disclosing official disregard for express provisions of law heretofore enacted by Congress for the creation of foreign loans, Congress was asked under H. R. 7359 to give large powers that invited restrictions, which I proposed for reasons that will be given.

POWERFUL INFLUENCES THAT WILL BE FELT IN SETTLEMENTS.

An effort will be made to point out influences that are certain to center their attacks upon those having authority from Congress to adjust and refund these foreign debts.

First. Private financial interests in this country known as international bankers who now hold foreign securities that depend for their payment on the course pursued in the refunding of these foreign debts to our Government. They are profoundly concerned in such settlements. In response to a question of the amount of privately owned foreign obligations thus held in this country Secretary Mellon estimated them at $4,000,000,000 or over at this time, which amount if given priority to claims held by our Government will then have a favored status.

Second. Pressure will be encountered for cancellation of foreign debts owed this Government. This desire may naturally be expected on the part of those last mentioned and especially from representatives of foreign Governments that would thus be relieved from debt.

Third. Efforts to secure reduction of loans if cancellation fails, also reduction of interest rate, are reasonably certain. Efforts to secure long extension of interest payments and long-time bonds in the belief that time may permit their eventual cancellation, and long extensions may enable foreign countries to accord priority to private debts that are being pressed for payment.

Fourth. Efforts to effect secret alliances or international agreements through settlement of these foreign obligations are openly suggested.

The foregoing suggestions are not intended to cover even a small part of the influences to which the Government refunding agency will be subject, but they are offered to remind those in another legislative branch of the Government that the funding bill reported to that body may not extend protection to which the country is entitled.

No interest has been paid on these foreign debts since May 5, 1919, or for nearly two and a half years. The policy of asking for interest on this amount is apparently determined against this Government and those who contributed the money are entitled to know that settlements hereafter will receive careful consideration from those who grant the authorization.

SECRETARY MELLON IN RELATION TO POSTPONING INTEREST.

When advised that claims had been made through the press and elsewhere that interest payments on foreign loans may be postponed for a long period, Secretary Mellon responded before the committee—

> As to that, there may exist such situation in the foreign trade conditions in regard to the rate of exchange, etc., that in the first place would make it very difficult for the debtor country and would add a very large percentage to the amount necessary to meet cash payments, and at the same time, if they were forced to pay, it might react against the interests of this country. That is, might be a block to the exporting of commodities from this country, if we forced payment of interest which would naturally depreciate their currency and raise the rate of exchange tending toward prohibition of sales from this country to that country, so there may arise conditions where it would be. I might say, necessary to defer the interest—it might be a great deal better for this country to defer the interest than to insist on its payment.

Mr. Chairman, I desire to discuss the proposed amendment, which is designed to prevent cancellation of any part of any foreign loan or the interest on such loan. On this question a few quotations from high authority will be offered.

POSITION OF ENGLISH OFFICIALS ON CANCELLATION OR REDUCTION.

From a letter dated October 10, 1921, addressed to Chairman FORDNEY of the Ways and Means Committee relating to this funding bill, copies of which were sent to me, I quote:

On February 4, 1921, the British chancellor of the exchequer, J. Austin Chamberlain, speaking at Birmingham, England, stated unequivocally that a proposal for cancellation of the British debts had been made to the Government of the United States. On February 12, 1921, Hon. David F. Houston, then Secretary of the Treasury, testified before the Senate Committee on Foreign Relations that Great Britain had not only once but repeatedly suggested the remittance of her indebtedness to the United States. Within the past week we have had a statement of Winston Churchill, one of the spokesmen of the present British Government, that Great Britain should again seek the cancellation of this debt in connection with the negotiations to take place at the forthcoming disarmament conference.

The foregoing has not been verified because of brief time afforded, but its publication throughout the country indicates its acceptance by the signers of the letter and by a large portion of our people who are familiar with its contents.

On September 18, 1921, about 30 days ago, John M. Keynes, who has been generously quoted on the floors of the Senate and House in recent times, expressed his judgment on the economic outlook in Europe. His article, carried in leading papers of this country, contains the following on cancellation of war debts:

The sum which Great Britain owes America is one which, if necessary, Great Britain can pay. But it is not likely that the sums which the other European Governments owe America can be repaid in any case. It is right that American opinion should face this distinction, which is obviously relevant. There are reasons for material self-interest for canceling the European debts which do not apply to the British debts. The arguments for an all-round cancellation are partly the foreign trade argument set forth above and partly connected with the origin of the debt which are not chiefly economic * * *. The settlement of the interallied debts is intimately bound up with the reparation settlement. The cancellation of the former would be a ground for a sensible conclusion of the latter * * *. It is also bound up with disarmament.

The following statement is equally significant. In a Washington newspaper of January 24, 1921, appears a report dated Paris, January 23, 1921, that the French minister of finance in an interview with a Paris journal gave his view of the suggestion that France's debts be canceled, and he is quoted as saying:

I think America is far more sympathetic to us than is believed. Time must be permitted to do its work; and as a new administration is to be installed, let us await March with confidence.

The new administration has been installed, and whatever confidence may be felt by the officials of France or of any other country in a change of administration can only be known by the representative of that country.

CANCELLATION NEARLY SUCCEEDED. (?)

On this subject of cancellation of indebtedness the following statement by Tardieu occurs in "The Truth About the Treaty" (pp. 343-345):

During the month of June I had several conversations on the same subject (foreign indebtedness) with Mr. House and Mr. Lamont. * * * It is thus that we considered the advantages and feasibility of a solution of which Mr. Keynes in his overweening pride has imagined that he is the author. I refer to the cancellation of all war debts. This cancellation would have been a first step toward thoroughgoing financial unity. Others would have followed. America, unanimous in not demanding for the time being either the repayment of our debt of $3,000,000,000 or even the interest thereon, was quite capable of taking such a step if its consequences had been fully explained. That is what Mr. Wilson intended to undertake immediately after his campaign for the ratification of the treaty of Versailles. * * * The result is that in 1920 we are further from our goal than in 1919. The Allies are partly responsible for this by having omitted for 10 months to enforce upon Germany the obligation to issue the bonds in their favor as provided for in the treaty. * * * The idea of unity which the peacemakers were about to realize is in eclipse. Will men be found to restore it to life and light?

In to-day's Washington Times, under large headlines, a cablegram from London proposes a cancellation all round or a wiping out of all obligations. This has been a proposition discussed in the past between our Treasury Department and English treasury officials, and, like Banquo's ghost, will not down.

I quote:

LONDON, *October 21.*

Debts owed by the various allies to Great Britain are as follows:

Russia	$2,245,600,000
France	2,228,000,000
Italy	1,907,200,000
Belgium	413,600,000
Serbia	88,400,000
Other nations	321,600,000
Dominions	576,000,000
Total	7,790,400,000

[Copyright, 1921, by International News Service.]

LONDON, *October 21.*

Great Britain is planning a great, spectacular move on the very eve of the Washington disarmament conference toward cancellation of allied debts.

The International News Service was informed by a high British authority to-day that Great Britain is considering a definite plan to wipe out all debts owed her by the other allied nations.

The movement has the approval of the cabinet, the treasury, and the foreign office, it was learned. Business men also have indicated they favored such a movement. The only doubt remaining is whether the British public will take kindly to the proposal.

British officials pointed out that such a step would enormously enhance British prestige and would have a strong influence upon exchange throughout the world in favor of Great Britain and would give the empire a strong grip on universal markets. It also, it was stated, would help to solve the unemployment problem.

It is likely the Government will embark upon an intensive campaign of propaganda, awaiting the most favorable moment to make announcement of the debt cancellation.

ANOTHER COUNTRY HEARD FROM.

England and France are not alone in hoping their debts will be canceled. Italy, the remaining member of the "big three," with obligations reaching over $1,800,000,000, is actively concerned. It is not necessary to go back to last year or last month or last week for information as evidenced by the following cablegram under date of October 18 of this week:

HOLDS UNITED STATES POLICY ON LOANS UNJUST—ITALIAN PAPER DEMURS AT REPAYMENT OF ADVANCES TO FOREIGN COUNTRIES.

[By the Associated Press.]

ROME, *October 18.*

The policy of the American Government regarding recognition of the payment of Europe's debts, especially Italy's, "is unjust and imprudent," declared the Popolo Romano in an editorial to-day.

"It is unjust," declared the editorial, "because America can not equitably claim payment of sums advanced to us for our needs which were directly and solely occasioned for continuation of the war in which Italy spent all her resources and was not able to continue without aid from the allied and associated nations, who were more powerful. The results of the war show who gained the major advantages. It is therefore logical that the burdens should be shared equally. Inasmuch as Germany will be unable to fulfill the financial obligations of the treaty of Versailles, it is unjust for America to force payment from us, who are materially impotent.

England lent the Allies £1,000,000,000 sterling. America in turn lent England £2,000,000,000. The London Government would remit the allied debt if America would remit hers.

"Italy is interested in making the Washington conference successful, because it would signalize the return of America into world affairs. We are the loyal ally of England, but we intend to remain America's best friend."

Mr. Tardeau, the French high commissioner to America, just quoted, speaks of his conferences with Mr. Lamont in reference to cancellation of foreign loans. It is possibly a coincidence that Mr. Lamont, who is a member of the American banking firm of J. P. Morgan & Co., is now and has been treasurer of the Italy American Society since its inception in 1918. Mr. Tardeau's interviews with Mr. Lamont and the editorial from the Rome paper speak for themselves.

OPINIONS OF OTHER AMERICAN FINANCIERS.

A report of a speech February 4, 1921, delivered by James G. McDonald at the annual meeting of the National Institute of Social Sciences is of especial interest in this connection. The society includes among its presidents and vice presidents Chief Justice Taft, honorary president, and Hon. Elihu Root, Charles M. Schwab, Oscar S. Straus, and others, vice presidents. The treasurer is "Henry P. Davison, care of J. P. Morgan & Co., New York City," and others of scarcely less prominence.

In his speech Mr. McDonald said regarding foreign indebtedness:

When we complain about the 12 per cent tax or about the impossibility of these German reparation terms, Lloyd-George may say, "I know they are pretty stiff, but, after all, allied indebtedness and reparations are all a piece of the same cloth." Whenever you think you can begin to talk to us about remission of interest or principal, why then we can talk about reparation terms. Lloyd-George in my estimate accepted this figure—this only my guess—as a means of bargaining with us about the allied indebtedness here.

Mr. McDonald then makes this significant statement:

The trouble with that calculation, if it is a calculation, is this: We can not talk about remission of debts to the Allies here. The country will not have it. Just because those in the particular circle in which we move are inclined to think it is a good thing makes me sure the country will not have it. Indeed, whenever my friends make up their minds about a certain policy I am almost sure it is a hopeless policy. I am perfectly certain this is the case about the remission of allied debts.

Among Mr. McDonald's "friends" and "particular circle," it may certainly be gathered, are the officers named. He adds:

My point about reparations is this: It seems to me if we can not be generous to France—and I don't believe at the present moment we are prepared to be generous—if we can't be generous to forgive her debts, let's be sensible.

And so forth.

Mr. Otto H. Kahn, who speaks for Kuhn, Loeb & Co., New York bankers, in a letter to the London Times of April 30, 1921, quoted in these same proceedings, says:

Whatever may be the shortcomings of the American people—

Mr. Kahn was a German soldier, according to Who's Who, and a British subject, before he became an American citizen in 1917—

no one can accuse them—Americans—individually or nationally of lack of willing generosity. Why then the distinct manifestation of public sentiment of late against the suggestions of relinquishing war indebtedness all around among those with whom we stood as brothers in arms barely more than two years ago? (P. 38.)

George E. Roberts, vice president National City Bank, New York, offers a contribution to the general desire for cancellation on page 26 of the same National Institute of Science report, previously quoted, when he said:

When the suggestion that the United States should forgive and cancel these debts was first made it must be conceded that the response in this country was very faint, but as the business public has been studying the ways and means by which international debts are paid and the influence of such payments upon exchange rates and foreign trade, interest in the proposal has grown in a very marked degree. Apparently a good many people are beginning to think that perhaps this country will do well to forgive its debtors and take advantage of whatever benefits are implied in the Lord's prayer, * * *. The sudden introduction into the exchange situation of a new factor, like $500,000,000 annually of interest payments, to say nothing about payments on the principal, would throw the exchanges, already badly demoralized, still more out of balance, tend to disrupt trade relations, and work especially to the disadvantage of American export business * * *.

In view of the fact that our own interests forbid the collection of the debts or the interest upon them at any near-by date, this question of whether the debts shall be canceled or not is not a pressing one and really of much less consequence than many people think.

Before the Senate Committee on Foreign Relations, Sixty-sixth Congress, first session (S. Res. 64), Mr. Frank Vanderlip said (p. 54):

There is a disposition in France and England to feel that it would be wise and just for us to forego the demand for the repayment of the large amounts of money we have loaned * * *. There is a distinct feeling in France and England that it would be a just thing for us to forego asking the repayment of the large amount of money we have loaned.

Senator McCUMBER. At any time or just at the present time?

Mr. VANDERLIP. No, sir; I really mean forego it.

Mr. Vanderlip's right to speak authoritatively appears from the fact that he was vice president of the National City Bank, New York City, from 1901 to 1909, and president of the same bank from 1909 to 1919. He is also stated to be chairman of the board of directors of the American International Corporation and of the International Mercantile Marine Co.

HIGH FINANCIAL STANDING OF MEN QUOTED.

With Mr. Roberts, before quoted, Mr. Vanderlip represents the sentiment of the First National Bank of New York City and of many of its affiliated organizations in their international interests. No man better represents Kuhn, Loeb & Co. than Mr. Otto Kahn. Mr. Lamont, of J. P. Morgan & Co., is quoted by Tardieu. Mr. Davison, of J. P. Morgan & Co., treasurer of the society, named among the friends of Mr. McDonald, carries much weight in his own right. Mr. Davison was formerly vice president of the First National Bank of New York, of which Vanderlip and Roberts were also officials. As a member of the J. P. Morgan Co. in 1915, before the war, Mr. Davison's company negotiated a loan to the French Government in addition to a $12,000,000 loan to the Russian Government. In 1915 Mr. Morgan was appointed commercial agent to the British Government and organized a syndicate in this country that floated a $500,000,000 loan to the Allies September 15, 1915. The foregoing is from Who's Who. Mark Watson, a financial writer, said of one transaction:

It is a striking commentary on the strange attitude exhibited by the most important clique of bankers in the country, which brought out the recent French notes, soaking the French Government pretty nearly all the traffic will bear.

What power these interests can wield now or in the future to influence action affecting settlement of foreign debts is a matter hard to determine.

Mr. Roberts and Mr. Vanderlip, of the great New York bank, and Mr. Kahn, of Kuhn, Loeb & Co., and those who stand in the background suggest pressure that may be in evidence from this side of the Atlantic, while the minister of finance of France, chancellor of the exchequer and prime minister of England, who have been quoted, are not adverse to postponement or cancellation of foreign debts now owing to America.

Mr. Chairman, singularly enough, among those quoted on foreign cancellations are financiers who were publicly charged with having knowledge of the peace treaty terms 10 days before they were communicated to the United States Senate. At that time public criticism was severe on the leak and fortunes to be made thereby, on one-man power, and on the apparent ignoring of a coordinate branch of Government immediately concerned in the result. The culmination of the disagreement resulted in a change of administration and a protest against one-man power, because it has no place in our kind of government.

The association of distinguished financiers in this country in any proposed settlement of foreign obligations is defended on the ground that they are familiar with business conditions here and abroad, but the policy of permitting in such negotiations outside bankers, however distinguished, is not calculated to represent the sentiment of those who largely contributed the money that was loaned to foreign Governments.

OPPORTUNITY FOR MONEY-MARKET MANIPULATIONS.

Again, "leaks" are punished severely when consultations and decisions of courts are revealed prior to public announcement, thereby enabling favored individuals to profit by the information. No such punishment is meted out to those in administrative or legislative circles, because both branches ordinarily are conducted in an open public manner.

When it was urged to have one man, however eminent, conduct and control all negotiations secretly, without restriction or limitation of any kind, without the interposition, direct or indirect, of a coordinate branch of Government, the possibility of leak scandals was certain, and the proposed abdication of responsibility by Congress as set forth by the bill first under consideration would have been indefensible.

In connection with proposed cancellation of foreign debts, other quotations could be submitted from press statements here and abroad, and from full-page propaganda advertisements in this country advocating cancellations of foreign debts, but no general discussion is here intended to show the extent to which such pressure is being urged by propaganda, both here and abroad.

Neither has any data been presented respecting efforts and representations that may have been made by foreign Governments officially to secure cancellation of debt. Quotations submitted are from public utterances of men open to the world, and indicate a sentiment here and abroad that will find no encouragement from limitations we have placed upon settlement authorizations.

A public advertisement is found in the Journal of Commerce, of Chicago, July 14, of this year, typical of others that may follow. Its publication was undoubtedly premature, because it could only serve to make the American people apprehensive of what may immediately follow the granting of authority to any agency by Congress for refunding of our foreign indebtedness. Propaganda with which financiers and Governments are past masters may be expected to follow the enactment of this bill into law. No pressure on Congress has exceeded the demand by large financial interests for the repeal of the excess-profits tax, the reduction of high personal-income taxes, and enactment of a general sales tax. What will be the effect of placing authority to settle these debts in the hands of any individual or of any commission when the financial interests involved reach the enormous sum of eleven thousand million dollars? Strong motive for propaganda in such cases is evidenced by the following advertisement, which will probably be reproduced in every conceivable form when the power is once laid by Congress with any individual or commission authorized to act:

[From the Chicago Journal of Commerce.]

SHALL THE ALLIED DEBT BE CANCELED BY UNITED STATES?

Should the debts of the Allies to the United States be canceled? Consider the following figures:

WHAT THE WAR COST IN MONEY.

England	$39,827,824,940
France	24,312,782,800
Italy	12,413,998,000
Belgium and other allies	3,963,867,914
United States	22,625,252,843

The $22,625,252,843 expended by the United States includes $10,000,000,000 loaned to the Allies.

WHAT THE WAR COST IN LIVES.

England	839,904
France	1,654,550
Italy	1,180,600
Belgium	272,000
United States	109,704

Following are estimated figures if the United States had entered the war at the beginning, as many think the United States should have done:

COST IN MONEY.

England	$30,000,000,000
France	20,000,000,000
Italy	10,000,000,000
Belgium and other allies	3,000,000,000
United States	30,000,000,000

COST IN LIVES.

England	500,000 to 1,000,000
France	1,000,000
Italy	500,000
Belgium	200,000
United States	500,000 to 1,000,000

Is $10,000,000 000 too much to pay for 400,000 to 900,000 lives of our American boys saved?

How much would it have cost to nurse and pension 1,000,000 wounded soldiers?

If we can not to-day discharge a debt of $3,000,000,000 to $5,000,000.000 asked by discharged soldiers as a bonus and rehabilitation appropriation (and President Harding solemnly warns us that we can not), what would we do with the obligation that would have accrued had we entered the war when the *Lusitania* was sunk?

Can business return to normal relationship before this allied-debt question is settled?

Did we ask Germany, who killed our boys, for any compensation?

Should we ask our allies, who saved our boys and civilization, to pay us?

Was not every dollar of the $10,000,000,000 which our allies owe us spent by them in keeping the common enemy away from our gates?

No bolder or more brazen attempt to misrepresent the attitude of this country could well be framed in equal space. It is presented without argument to show the viewpoint of those who demand the cancellation of foreign debts.

From the farmers' national council, claiming to represent 18 State or national organizations, the following extract from a letter sent the chairman of the Ways and Means Committee is pertinent. It indicates a sentiment more or less prevalent throughout the country that is not without some foundation, judging from extracts previously offered. I quote:

Of course, you know perfectly well what the plan of the big financial interests and investment bankers of our county is. They propose to remit these entire loans and accrued interest and make farmers and other workers pay the whole costs on the condition that our investment bankers get into the criminal game of grabbing concessions in backward nations and exploiting these peoples, as the financial interests of England, Japan, France, and Italy have done continuously and very conspicuously since the armistice which closed the war to make the world safe for democracy.

AMERICA ASKS NO FRUITS OF VICTORY.

The merits of the proposed cancellation will not be considered beyond a reminder that Great Britain, which is indebted to this Government for $4,500,000,000, under the peace treaty parceled off to itself 3,805,000 square miles of territory by the treaty, or as large an area as its ally, France, and of incalculable value in future business and in income to the empire.

In like manner France and other Governments were given slices of the earth's surface, and large quotas of the earth's people and future reparations evidenced by present indebtedness of Germany, Austria, or other Governments. New governments created from the wreck of war owe their present existence to the opportune military and financial aid of the United States, while our own country neither received nor asked one foot of territory nor one dollar of reparation for the losses sustained by our people. We spent $37,000,000,000 for war, and of this about $10,000,000,000 was loaned to Europe. A just repayment of moneys raised through sacrifices by our people and thereafter loaned to the Allies is all that is involved in the settlement and refunding proposal.

Public statements have been quoted showing sentiment among those whose influence may figure in the advice given any authorized settlement agency when such settlements are made. This judgment of men quoted may arise from purely altruistic motives, but it is immaterial whether influenced to any extent by financial consequences or whether private holdings of $4,000,000,000 on foreign debts have any bearing on the proposed postponement or cancellation of interest or obligations held by this Government against foreign Governments.

Congress and the country it represents are not concerned in motives or purposes, whether secretly or openly expressed, of powerful financial interests here and abroad that will advise in these settlements, but vital interest is manifest as to the effect of these influences upon any agency authorized to make foreign settlements, and as to the character of the settlements.

The question has been raised whether or not tentative proposals for settlement should be referred back to Congress for approval. I believe it would involve constant discussions in both Houses of Congress, similar to those which accompany debates on treaties in the Senate, because these settlements are in the nature of money treaties. It would involve similar discussions with every foreign Government, and in some Governments it would arouse strong opposition against any settlement on any basis, with long delays, great confusion, and possibly strained international relations because of such conditions.

These loans were authorized originally by the American Congress to be made direct by the Secretary of the Treasury without any limitation of amount or of interest, time, or payment to any country excepting under the general restriction placed in the Liberty loan acts. No further approval by Congress was suggested at that time, and the power here conferred on the commission is to refund these same loans. Many restrictions are placed in the present bill that were not provided for in the original act, which act permitted the Secretary alone to act with almost unrestricted authority.

If approval of settlements by Congress with 19 Governments was practicable we should certainly insist upon such action, but it looks like inviting countless disagreements, repudiations, and war. Strong opposition might occur in any country with attempted repudiation of such obligations, resulting in international complications. In my judgment it is not a question of principle so much as of practicability with which we are confronted, and I will support any further restrictions that are workable and that will carry out the will of Congress expressed in advance.

CONSTITUTIONAL DUTIES NOT TO BE IGNORED.

Mr. Chairman, no purpose exists to lay down any line of cleavage between legislative and administrative functions. That is a proposition to which many thousands of pages of mature thought have been devoted, and the only suggestion offered is for the purpose of presenting a proposition which must be passed upon by those to whom it is submitted.

Under its constitutional power Congress authorizes the raising of money needed for the common defense. Under that power Congress authorized the Secretary of the Treasury to make loans to our allies subject to the restrictions contained in the law. No approval by Congress or report to Congress of amounts loaned or terms thereof was required. Then was the time for such action, if at all. Based on that authorization loans were made practically without relation to conditions prescribed in the law and foreign Governments are indebted to ours to-day in the sum of over $11,000,000,000. This amount is practically three times the amount raised by taxes each year. If collected it will reduce the taxes collected each year. If remitted, canceled, or materially reduced, the direct tax on our own people will be affected by such action. A deferring of interest on such loans, not by action of Congress but by past administration officials, has prevented a promised reduction of taxes. No question of policy is here considered, but the matter of revenues is so directly affected by these foreign loans that no careful administrative officer under the power conferred by the Liberty loan acts would attempt to refund or settle those loans without specific authority to do so.

From the nature of things, it seems impossible for Congress to conduct settlements. On the other hand, the settlements proposed involve practically treaty powers. They are to fix terms with foreign Governments that are to be represented by specific obligations. If not performed or paid according to their terms they can only be enforced by arms. In the case of foreign Governments in this hemisphere we have placed force behind debts due private parties in Santo Domingo, Haiti, and elsewhere and equal significance must be attached to any default in debts in Europe when such debts are held by our own Government. No right of confirmation has been given the Senate to pass upon this proposed money treaty with a score of foreign powers when settlement is reached and no consideration hereafter is given either branch of Congress in H. R. 7359 or the committee substitute, both of which affect revenues as certainly as any revenue or tax law that may be passed.

For this reason every principle involved in the Constitution that calls for approval of treaties and determination of tax levies is called into force at the outset in the settlement of this foreign indebtedness. Congress should properly be represented on any commission that settles or refunds this indebtedness which reaches almost half of the present enormous public debt. Members from both branches of Congress and from both political parties should participate in such settlement as proposed in the first substitute amendment herein offered with the addition accepted from the minority members of the committee. I believe that substitute commission would have given general confidence to the country, but the substitute adopted is preferable in every way to one-man absolutism.

Secretary Mellon before the Finance Committee expressed his frank opinion when he said, "If a commission can be appointed, I would be very glad to be relieved."

The Secretary of the Treasury should not be relieved, but should be a member of the commission. Presumably pressure from great financial interests and from foreign Governments never before encountered will be brought to bear on the American agency selected by Congress to act. The necessity of reaching an agreement will bring a union of purpose and mutual concessions that always occur with all legislative bodies.

It will fix official responsibility that was originally incurred under a different political administration, and those selected to represent Congress and the country must command the confidence of both.

For this reason H. R. 7359 as originally presented to the committee and as reported was opposed. The amendments inserted are self-explanatory and of vital importance, first, be-

cause they serve as legislative limitations that point out the duty of the refunding agents of this country, not alone to govern themselves, but to guide those with whom they negotiate, and, second, such limitation will serve to relieve needless discussion throughout the country by providing limitations in advance. Experience has shown the importance for such action.

Mr. Chairman, I do not believe there ought to be any politics in this refunding proposal. I can not conceive of any purpose that would be gained by making a party issue of it.

Now, if that is true, let us see where we find ourselves at this stage of the proceedings. I am not going to discuss what has happened in the past, beyond the statement heretofore made, whether the authority existed in the Secretary of the Treasury to make the loans he made, whether he complied with the orders that appeared in the law or not, but I want to present to you the situation which confronts us in view of the proposal to have a tentative agreement entered into by the Secretary of the Treasury and this commission with foreign Governments. In this I am addressing myself to arguments offered to-day in debate favoring a referendum to Congress.

There are 19 Governments owing to us over $11,000,000,000. The gentleman from Arkansas [Mr. OLDFIELD], my colleague on the committee, whom I think very highly of, says it makes no difference to him whether we gave the entire power to the Secretary of the Treasury provided we refer the matter back to Congress for approval. Suppose, for instance, Great Britain, with her $4,500,000,000 debt, comes to the Secretary of the Treasury and after a long time they agree upon what they believe to be a satisfactory settlement. What is the next step according to the proposition urged by the minority report? Then it shall be sent back to the Congress of the United States for approval. It goes to the Senate and—without any criticism—we have had an exhibition of what will take place through what has taken place in the Senate on a treaty. For weeks it will be the subject of discussion. Then it must come to the House with 400 Members for consideration, and with the opportunity to make a partisan question, as has been done here to-day. But that is not the most serious side of it.

The agreement goes also to Great Britain. Great Britain then has the question presented to her and to her Parliament of whether or not they will agree to the settlement. It is not conceivable that England will repudiate it, but I hold in my hand a newspaper of to-day's issue containing a cablegram which affects this question. This article states that England may erase all debts, and the article goes on further to say that such a plan has the approval of the cabinet in Great Britain, and though it does not so state in the article, it is conditioned on this Government erasing the debts owed by the various Governments to us. That has been a matter of secret negotiations, as I presume the majority of the Members are aware. I am taking the strongest Government, Great Britain. It is discussed in their Parliament while it is discussed here. Possibly we will agree to the proposal because agreed to by our agents appointed to negotiate, and possibly we will not. If not agreed to by both House and Senate then it has to go back to the agents for reconsideration. There are 18 other Governments where we go through the same proposition and many times disagreements will occur in the legislative bodies of such Governments. It seems to me as a practical proposition that we must place the authority somewhere and provide the best possible restrictions so we can compel the agents selected to follow certain limitations. The gentleman from Arkansas [Mr. OLDFIELD] suggested that he will be satisfied with the Secretary of the Treasury to make tentative agreement, but I think the judgment of five men will be better, particularly when they are to be confirmed by the Senate, and after that their decision is to be approved by the President of the United States.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. CRISP. I know the gentleman to be a very able, conscientious legislator, and being on the committee with him I know that he has labored to throw safeguards around this bill. In my judgment it is only just to say that through his efforts, largely, was this bill changed from a one-man power to a commission power, and I think the gentleman is responsible for clause 3 being in the bill. What objection has the gentleman to this commission being empowered to open negotiations, their action to be binding only when ratified by the Congress?

Mr. FREAR. I thank the gentleman for his kind words, personally, but that is the very point I desire to offer for your consideration now—the practical end of attempted ratification. There are 19 Governments concerned. Some of these Governments have strong influences at home to-day advocating cancellation of their indebtedness. They are discussing that in their parliaments, in their legislative bodies. We throw wide open the door by referring all agreements for their ratification, and the moment we say that we are going to send back to Congress they surely will insist that the same right and power be extended to them.

It may be that Congress will not in six months get to a determination of whether or not we are going to accept the agreement of our agents, and then it goes back for another tentative agreement. We do not get to any decision as a practical proposition. We must put the authority and responsibility somewhere and with the President and Senate acting as to the commission we have done all that could be expected.

Mr. LONGWORTH. And also one of these agreements might be concluded on the 5th of March, when Congress is not in session, and hang fire until the following December.

Mr. FREAR. The suggestion of the gentleman from Ohio is correct. Let me say one word more in this particular. Suppose we can not come to an agreement. Remember, this is not a note, as has been referred to here, or an I O U, that can be placed in judgment and collected. How are you going to collect if you do not come to some agreement? There is only one way to do so, and that is by force of arms. It seems to me futile to suggest on a matter of international relations that we are going to turn to our own legislative bodies and they to theirs, and subsequently try to thrash out the matter here and there, bearing in mind a possible desire upon their part to escape their obligations. It shows the danger that confronts us on such a proposition.

Mr. STEVENSON. Mr. Chairman, I understood the gentleman to say that this was practically a money treaty.

Mr. FREAR. Yes; it may be so regarded.

Mr. STEVENSON. Is there any way to escape its being referred to the Senate and ratified by that body?

Mr. FREAR. I put that statement broadly, but the Senate has no more power than we have under the minority proposal. The entire Congress of 400 House Members and 98 Senators are to be consulted and placed in agreement with parliamentary bodies of 19 foreign Governments. We have endeavored in committee to cover the point by requiring the Senate to confirm the members of the commission appointed by the President, and thereafter the President approves their action. That is as far as we can go, it seems to me. The Senate acted on the peace treaty and it took five or six months in which to do it, and that possible result might come in a case of this kind.

Mr. STEVENSON. Giving them the right to confirm the members of the commission is the same as they have to confirm the appointment of an ambassador?

Mr. FREAR. Yes.

Mr. STEVENSON. Confirming the appointment of an ambassador does not discharge their duty as to confirming a treaty negotiated by an ambassador.

Mr. FREAR. I understand, but I am not entering into a technical discussion with the gentleman when I say that it is a money treaty. I mention that for the sake of bringing to our minds what will be the effect. There are 19 governments to be treated with in reaching 19 debt agreements. Suppose 5 or 10 of them refuse to pay and suppose they repudiate the debt in their legislative bodies after their agents have accepted the agreements. What are we going to do then?

Mr. STEVENSON. I want to ask another question.

Mr. FREAR. But what would we do in such a case?

Mr. STEVENSON. Is it contemplated that there is to be one agreement or 19 separate agreements?

Mr. FREAR. Nineteen separate ones. Agreements with each debtor nation.

Mr. STEVENSON. Then we will handle the fellows who refuse to pay when we reach that point.

Mr. FREAR. I am trying to get at a practical solution of it that will involve a payment of the indebtedness and not in any international complications certain to result unless authority to act is placed somewhere.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. GARRETT of Tennessee. I think it is somewhat important to get an expression from some member of the committee as to what the language means in the bill—

and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have.

And so forth.

I take it that language is broad enough to include claims entirely outside of these loans?

Mr. FREAR. Let me suggest this to the gentleman. I would be perfectly willing as an individual member of the committee to accept any restriction not only in regard to that, but in re-

gard to interest payments that is at all workable, and to take out the words "subsequent claims," but I can see that subsequent interest may be subsequent claims.

Mr. GARRETT of Tennessee. I know that, but it occurs to me that this might transfer any claims we might have on account of the *Lusitania*, say.

Mr. FREAR. If there is any danger of that the gentleman should perfect the bill if he deems it proper for him to do. One objection which to my mind is most serious that has been raised is as to the question of interest, and I will say I offered six amendments to this bill as it came in originally. The original bill, as you remember, placed all the power in the hands of the Secretary of the Treasury. It is not with any question of impeaching the Secretary's judgment, but it seemed to me some kind of a commission ought to be had. I preferred a commission that had representatives from this body and the Senate, but I realize the difficulties which would occur. So the commission form was eventually agreed upon as set forth in the bill before us. The amendment as to cancellation was agreed upon, and the question of the substitution of bonds was accepted. The question of the limitation to three years' authority of the commission, where unlimited under the terms of the original bill, was also agreed to.

The last provides for publicity, which seems to be almost vital. These amendments I offered in slightly different form and they were accepted. The question of interest regulation, however, was rejected. I had an amendment providing that no interest should be postponed for more than two years, but objection was raised to that by the Secretary of the Treasury that it might be taken as the purpose of Congress to permit the extension of all interest for two years, and that would be injurious to settlements, because in some cases they expected the interest to be paid at an early date.

Mr. J. M. NELSON. Would it not be a safeguard to the commission; would not they have something to rest upon when a claim is made that they should reduce the interest, in that they can point to that provision?

Mr. FREAR. I believe it would in reference to the question of cancellation and might well be a direction as to interest.

Mr. KELLEY of Michigan. What is the amendment?

Mr. FREAR. In line 14, after the word "interest," it has been suggested to insert "at not less than the rate now fixed by present agreements with such governments." Let me say that it is not original with me. The gentleman from Iowa [Mr. DOWELL] suggested something to that effect and I have drawn it crudely.

Mr. FESS. Will the gentleman yield for a question in reference to the interest? In the Liberty loan act we fixed the maximum rate because it was the Government who was paying the interest. Now, in this case it will be the other Governments who are paying the interest to this Government, where it is the minimum rather than the maximum below which it could not go.

Mr. FREAR. The minimum is suggested—"not less than."

Mr. FESS. And whether it would be safe to insert that inhibition as to fixing the minimum. I understand the maximum was fixed because we were dealing with our own people, but now, in fixing the minimum, we are dealing with a foreign country, and it might be we would fix it at a point where we would tie the hands of the Treasury to such extent that it could not function,

Mr. FREAR. Concede, for the sake of argument, that the gentleman from Ohio is right; in such a case a remedy would be to come immediately to Congress and present the situation and ask for further power, because, I believe, and I know you gentlemen do, that this is one of the most important propositions that we have had brought before us this session, and it is impossible to anticipate every situation; but the remedy will always be to refer back to Congress when further authority is needed.

We ought to make this law workable. Do not let us throw anything into the machinery. If there is any limitation that ought to be placed here, I for one, and I believe also the majority here are in favor of it if it can be made workable. If a case arises, as the gentleman from Ohio points out, of course, they could come back to Congress if necessary. The Secretary of the Treasury has said to our committee repeatedly that he believed the rates of interest now in force could be put into effect, but one thing that complicates or embarrasses the framing of an amendment is that delinquent interest is carried in the rate of interest here by agreement with foreign nations made by the Secretary. The original bill introduced here is the bill as it was introduced and reported to the Senate.

The only limitation put into it was five years given the Secretary in which to act. In other words, the Secretary of the Treasury had absolute power. He could do practically anything he chose. It was first urged it would be a lack of confidence to put in any limitation. To me it is a safeguard not only to Congress and the country but to him. It relieves him of great responsibility. So we have inserted these several safeguards. If there is anything along the same line that ought to be added I believe we ought to have it.

Mr. WINGO. Will the gentleman state what concrete proposals any of these nations have made for the refund of this debt?

Mr. FREAR. I can not. The Senate committee spent much time over that. The time limitation could not be fixed, of course, because it is all tentative. The British Government, as you probably know—and this is more a matter of correspondence—proposed various plans that were never made effective. There is nothing that can be determined until these gentlemen with authority, not only here but in the British and all other Governments, can sit down and say, subject to the limitations placed upon them, "We are going to reach a common agreement for the refunding of these loans and the payment of interest." That power must be placed somewhere, even if we tried to decide it on a referendum to Congress.

Mr. DUNBAR. On page 3 of the report there is a total of $465,271,688 paid by foreign Governments in interest. Has any been paid in the last year?

Mr. FREAR. I would rather that you would ask the chairman of the committee. I am discussing things that are to be placed in the bill and my time is limited. I understand interest payments have been postponed three years, to May, 1922.

Mr. ARENTZ. On page 2, line 15, of the bill are the words, "if any." Do they particularly refer to negotiations with nomad governments? Does that refer particularly to negotiations for security with so-called nomad governments, governments that are located in tents, like Armenia might be, or Turkey or Greece might be within a short time?

Mr. FREAR. You have got to assume that this commission is going to deal with the best kind of securities it can get from the best kind of governments. If you negotiate with nations like Armenia, you are up against the same proposition, whether you are Secretary of the Treasury, or if it is referred to Congress.

Mr. ARENTZ. And if it is a bond it is a government that is back of it?

Mr. FREAR. There has been no bond given by any government thus far.

Mr. ARENTZ. It is an I O U up to this time?

Mr. FREAR. That is all.

Mr. ARENTZ. And from now on we expect to exchange them for bonds?

Mr. FREAR. Now, we will accept the best we can get. When the war was on, we did not stop, as my friends on the Democratic side ought to keep in mind, to say to the Secretary of the Treasury, "Before you shall loan this money to this or that country at particular rates of interest you must refer it back to Congress." We gave blanket authority to the Secretary, and even limitations we did put on were not observed, as we know. That is one of the questions we have nothing to do with to-day. It will only be an obligation from the debtor government. Get the best obligation you can.

Mr. J. M. NELSON. What would be the objection to putting in the words "governmental security," so as to limit it to the obligations of a government?

Mr. FREAR. Let me say that in many countries an industrial bond is better than a governmental bond. That would be true in Austria. Of course, that is a matter of judgment.

Mr. TEMPLE. The phrase that "with such security, if any, as shall be deemed for the best interests," has raised a big question.

Mr. FREAR. Will the gentleman wait?

Mr. TEMPLE. Just one sentence. This authorizes the commission to accept bonds with security. Now, that certainly does not mean war bonds.

Mr. FREAR. I would prefer not to enter into further discussion at this stage. There has been a question raised here as to party regularity. I regret very much that we have gotten into a partisan discussion here even to the slightest degree. Word was sent out, as I have stated before, that I stood alone on the Republican side of the committee in my position on this bill. I have tried to perfect the bill, just like every other member of the committee wants to do; but I resent the idea that anyone, I care not who he is, can make a political proposition of a bill of this kind. I believe we have certain duties under the Constitution that we can not avoid, and I object to the party lash being cracked over me to compel me to vote for things until we have given them due consideration. If it

comes from a convention of my party, I may consent to it, but I do object to anyone saying to me that I must forego my own judgment on a bill of this character.

Now, Mr. Chairman, I want to thank my own committee members on both sides, and say in this case that the members of the committee made it possible—the members on the Republican side as well—to perfect and improve this bill. While I offered tentative amendments, they perfected them and improved them.

I have in my remarks given the history of these loans briefly, and I have given the judgment of a number of people who hope for cancellation or who are in sympathy with that idea. That is covered by a limitation in the House bill, although it is not contained in the Senate bill.

Mr. J. M. NELSON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. J. M. NELSON. I want to express the pleasure that I personally feel, as the colleague of the gentleman, at his success in making this bill a practically good one. Some weeks ago the gentleman showed me, among others, his proposed amendments. I did not think they would be adopted, but the committee adopted a good many. I want to say that the bill is now a very good bill.

Mr. FREAR. It could not have been done unless the members of the committee had acted as honestly and fairly as I did; and I appreciate their cooperation.

Mr. KELLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes. Certainly.

Mr. KELLEY of Michigan. I take it that the views advanced by the Secretary of the Treasury and by Dr. FESS and others relative to the incorporation of a provision respecting interest, impressed the gentleman from Wisconsin sufficiently, so that he thinks it advisable not to include limitations as to that?

Mr. FREAR. Not to include the limitation that I proposed, because it might be construed to postponement for two years. It is proposed in the suggested amendment I have read that no extension should be made at a lower rate. I believe that is a very good proposition to put in, if it is workable, and nothing suggested will interfere with its practical operation.

Mr. FAIRCHILD. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. FAIRCHILD. What is the purpose of this statement in lines 3, 4, and 5, on page 2, "or any obligation of any foreign Government hereafter received by the United States of America"?

Mr. FREAR. Well, all I can say on that is this: Section 2 was practically the resolution or bill as sent us from the Treasury Department and as reported by the Senate committee without amendment.

That is the Treasury Department's phraseology. The committee did not change that in any respect. The gentleman can form his own conclusion as to that as well as anybody.

Mr. FAIRCHILD. What does it mean? It says "hereafter received."

Mr. FREAR. "Including obligations held by the United States Government." We have certain commitments that are out at the present time.

Mr. FAIRCHILD. Is there any purpose after receiving the refunding bonds to take refunding bonds after three years?

Mr. FREAR. No. That is a matter for future consideration. The bill as amended is greatly improved, but is by no means perfect. My time has expired, and I thank you for your attention.

[Substitute bill H. R. 8762, carrying the five restricting amendments, passed the House October 24 by a vote of 199 yeas to 117 nays.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. OLDFIELD. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. LONDON].

The CHAIRMAN. The gentleman from New York is recognized for three minutes.

Mr. LONDON. Mr. Chairman, this country has inherited from the war, in addition to the heavy burden of taxation, two very grave problems; one, the Far Eastern problem, the situation which arises by reason of the increase of the power of Japan; and the other, the interallied debt question.

There can not be any doubt but that this country, as well as the rest of the world, would benefit by a mutual cancellation of debts. If the associated powers took seriously the object announced by the United States in entering the European war; if the world took us seriously when we said we were going to make the world safe for democracy; that we were going to save civilization from a dangerous enemy; then we were more than two and a half years late in beginning to defend civilization. Then, for two and one-half years, we martyrized the rest of the world and fattened the plutocracy of America. Then, for two and a half years, we permitted Belgium and France and England and England's colonies to bleed while we were revelling in luxury; and they may well say, "Since you have fought together with us to save the world, to save our civilization"—I do not know whether it is worth saving; I put that in parenthetically and incidentally—"but since you have, we invite you to pay for it."

They may ask us to pay for the phraseology we employed during the war. France has lost 70 per cent of her youth in this war. Neither France nor England can possibly make Germany pay adequate indemnities for the damages caused by Germany during the war; and no matter how cruel the Versailles Conference may appear, so far as the reparation features are concerned, so far as the recovery of the actual damages inflicted by Germany is concerned, it is utterly impossible to recover a substantial part of the damages.

Of course I do not believe in punishing the Germans for having overthrown their Government. And I do not believe at all in the principle of reparations. The imposition of so-called reparations is a fraud upon the German people who acted upon our invitation to overthrow their Government.

I am sorry I have not the time to develop the subject. I want to say a word or two about the bill itself. This bill is an attempt to take the question of the settlement of $11,000,000,000—to take it out of the broad daylight of congressional and legislative action into the dark room of financial conspiracy. Ultimately it will be a couple of financiers who will determine what shall be done with these debts. Under the first clause of this bill the President may appoint five members of his Cabinet to be the commission, and if he appoints members of his Cabinet, of course they need not be confirmed by the Senate, because they have once been approved as members of the Cabinet.

Now we come to the question of the payment of the debt, and I contend that the terms of this bill as drafted are so broad as to permit a virtual cancellation of the indebtedness by permitting the commission to postpone indefinitely the time of payment. Lines 12, 13, and 14 of page 2 of the bill read that the obligations may be paid—

> In such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America.

The commission may make the bonds payable in 75 years, in 100 years, in 200 years, and by prolonging indefinitely the period of payment of these bonds the commission may in effect cancel them.

If there is to be a cancellation of the debt let it be by the deliberate action of Congress, the very same Congress which has raised the billions of revenue by taxing the people, and let it be done in the open.

Next we come to the question of obtaining security. All this talk of getting security from a sovereign Government is nonsense. There is no security that England would give or could give, no security that France would give or could give without surrendering its sovereignty. So far as England, France, and Italy are concerned, who owe together more than $9,500,000,000, there can be no question of security. Nor can there be any so far as Belgium is concerned, because Belgium is under the protection of England and France.

Well, then, we come to the question of getting security from the smaller nationalities. Some of the Governments have no post-office address. [Laughter.] From some of these little Governments you can get security. Of what will the security consist? It may mean a mortgaging of their revenues. It may be a pledging of their railroads. It will be a pawning of their natural resources, which means again that the financial oligarchy of this country will get control and will engage in a race with the plutocracy of other lands for the capture of the natural resources of the smaller nations. That is what it means. And then we will be asked to build bigger armies and navies to protect our investments, the investments of our plutocracy.

I can not vote for this bill. I can not surrender the power of Congress.

Mr. J. M. NELSON. Will the gentleman yield?

Mr. LONDON. I yield to the gentleman from Wisconsin.

Mr. J. M. NELSON. How would the gentleman construct an amendment which would provide for a method of not postponing the date of payment?

Mr. LONDON. I have before me an appropriation bill wherein, in specific terms, permitting of no doubt and no equivocation, it is provided that $5,000 shall be paid to so-and-so, $2,400 to an assistant secretary, $1,600 to a clerk, 2 clerks of class 2

at $1,200, and so forth. We spend weeks and weeks in discussing in every regular session appropriation items involving $1,000. Here you permit a commission of five to take $11,000,000,000 collected from the toil of the people and to do with that gigantic sum as they please—an outrageous surrender of all the rights of Congress.

Mr. J. M. NELSON. But the gentleman has not answered my question.

Mr. LONDON. The gentleman wants to know how I would amend this thing? I would amend it by throwing it out. That is how I would amend it.

Mr. J. M. NELSON. No; but constructively, how can you prevent some action as to the postponement? If a Government can not pay, how can you prevent postponement?

Mr. GARRETT of Tennessee. By permitting the law to remain as it is.

Mr. LONDON. Suppose a Government does not pay you? What are you going to do about it? Are you going to fight? Are you going to war to recover the money?

Mr. J. M. NELSON. Unless there is some discretion given you would have to do that or forgive the debt.

Mr. LONDON. Whatever is to be done should be done by Congress. A proposition involving the economic stability of the world and fraught with far-reaching consequences to the peace of mankind should not be left to a commission over which neither Congress nor the people will have any control. Nor is the suggestion that the life of the commission is limited to three years of much value. As I said earlier in the day, the commission may in three years do enough mischief to last an eternity.

Mr. FORDNEY. I yield to the gentleman from Pennsylvania [Mr. TEMPLE] five minutes.

Mr. TEMPLE. Mr. Chairman, the most important part of this bill, of course, is the second section. The first section creates the commission, the second section gives it power. The third, fourth, and fifth sections put limitations on that power which are easily understood.

The second section authorizes the commission to refund, convert, and extend the time of payment of the principal and interest of any obligations that foreign Governments now owe to the United States—three things, either to refund, or to convert into another form of obligation, or to extend the time of payment of any obligation now owing to the United States, or of any obligation of a foreign Government which may hereafter be received by the United States, provided the obligation arises out of the World War. It includes all debts owed to the United States Government, whether for direct loans made under the Liberty loan acts or obligations growing out of the American Relief Administration, the sale of surplus supplies by the War and Navy Departments, or of wheat and other foodstuffs by the United States Grain Corporation. For the purposes set forth the commission may receive, in substitution for the obligations now or hereafter held, new bonds of foreign Governments with such dates of maturity, rates of interest, and with such security as may be deemed for the best interests of the United States.

In addition to that the commission is authorized also on page 2, lines 16 to 20—

to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

That is a very broad authorization. What claims are they? In the first place they are not the amount of the loans made under the Liberty loan acts, because we have already received bonds or obligations representing all these loans and this provision applies only to claims for which we have no bonds or obligations. Neither are the claims here referred to the debts owed to the United States Government for the sale of surplus war material, because for these debts also we have received the bonds or other obligations of those Governments, and this authorization applies only to claims for which we have received neither bonds nor any other obligations.

The same line of reasoning shows that this provision does not refer to debts owed on account of sales by the United States Grain Corporation. The Secretary of the Treasury has given us a list of those obligations with the dates of the obligations and their dates of maturity.

Neither does it apply to debts due on account of the work of the American Relief Administration, for the Treasury of the United States has already received from this agency the bonds or other obligations of Armenia, Esthonia, Latvia, and other countries, amounting to $84,000,000, and the letter of the Secretary of the Treasury gives us in each case the date of the obligation and the date of its maturity.

What, then, are the claims referred to in this provision—claims which the commission is to have power to adjust and settle?

The letter of June 21, addressed to the President by Secretary Mellon, will be found in the printed hearings before the committee which considered this bill. In this letter, near the bottom of page 4, is found this sentence:

It is also of importance that the department should have adequate authority to adjust and settle—

The same language contained in the bill—

to adjust and settle claims against foreign Governments which are not in the form of bonds or obligations; as, for example, the claim for cost of our military forces of occupation.

The example mentioned here indicates, then, that this provision is intended specifically to cover certain claims against Germany. The language is very broad—

any and all claims * * * which the United States of America now has or hereafter may have against any foreign Government—

though the general provisions of the bill apply, of course, to this matter and limit the activities of the commission to a period of three years and show that no claims are to be dealt with but such as arose out of the World War.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FORDNEY. Mr. Chairman, I yield three minutes more to the gentleman from Pennsylvania.

Mr. TEMPLE. Then there are also claims arising out of the World War. A short time ago Congress passed a resolution which was commonly called the peace resolution. It is recited in the preamble of the treaty with Germany, which was ratified the other day in the Senate. The resolution and the treaty reserve to the United States all the rights stipulated for us in the treaty of Versailles. Whether the provision I have been discussing is broad enough to refer to the commission all claims of that sort and to authorize it to make all the adjustments that will be necessary under the recently ratified treaty, I do not know. But it does include, as indicated by the Secretary of the Treasury, the claims against Germany for the cost of military forces of occupation. Now, I have no time to discuss this matter at length, but it is one of exceedingly great importance, and I call attention to it in order that you may have it in mind for consideration.

Mr. STEVENSON. Will the gentleman yield?

Mr. TEMPLE. Yes.

Mr. STEVENSON. Does the gentleman think it would be wise to have the losses sustained by the sinking of the *Lusitania* and the military occupation settled by a commission without having some action by Congress on them?

Mr. TEMPLE. We have had action by Congress, and we have now a treaty, ratified in due form by the Senate. Having settled general principles by the peace resolution and the treaty, there would be nothing unusual in appointing a commission to work out and adjust the details.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. TINCHER].

FREIGHT RATES.

Mr. TINCHER. Mr. Chairman, I take the floor for the purpose of congratulating the President of the United States upon the manly stand which the press accredits him with taking in regard to the proposed railroad strike. As I understand, the President has said the railroads and railroad labor must comply with the orders of the Government agencies or be outlaws. This is the commendable stand in which at last the Chief Executive of this Nation has decided that the hundred million people not engaged as operators, employees, or owners of railroads have some rights in this great public question.

It will be remembered that the long session of the Sixty-sixth Congress adjourned about the 5th of June, 1920, and it is still fresh in the memories of most of us that at that time the deflation policy was on, and that farm products were on the downward grade, and that the so-called deflation as a policy of the then Secretary of the Treasury, Mr. Houston, was a fact. Still, in the face of that, on July 20, 1920, came the Labor Board's decision, granting not only an increase of wages but dating that increase back, making it retroactive. Every good thinking man knew when he read of that action on the part of the Labor Board that it was absolutely improper, and that those two agencies of our Government, namely, the Secretary of the Treasury and the Labor Board, were working at cross-purposes. Most Members of Congress were at home. I live in a little town that has a railroad division. Times were hard there. In fact, the railroad employees of that town were the best paid labor in the town before the raise. They had more ready cash than any other labor, and they would be affected less by the deflation that was then a part of Mr. Houston's program than any other class of men.

I said then, and I still claim, that that order made the 20th of July, 1920, was made for political purposes, that it was an order that was striking at the very foundation of our Govern-

ment. Prior to the presidential election of 1916 we had had the notorious and now considered infamous Adamson Act; and then on the eve of the election of 1920 we had this order, which every good thinking man knew could only bring trouble for our Government, and which, apparently, did not even have the desired effect of bringing votes to the Democratic Party.

Any man who has had any experience with labor at all knows that to raise an efficient man's wages for the performance of a given work is easy, but to lower that same efficient man's wages for performing that same line of work, even though the lowering of the wages may be necessary by the conditions and the times, is one of the hardest things in the world to do and have any good feeling between employer and employee. When we stop to look back upon the wage raise of July, 1920, and the simultaneous raise in freight rates, not only to cover the wage increase but still beyond that, we wonder how anyone can justify it, and the result of that act was just as apparent to every good thinking man on that day as it is to-day.

Personally, I have never favored the Labor Board. I have never believed that it was a practical matter of business to have one board fixing wages and another board fixing rates. Surely, that objection is apparent now, as undoubtedly if the Interstate Commerce Commission had had the power to fix wages as well as rates it would not have had the nerve to have decreased the wages and still permitted rates that are improper and unjust, and that are destroying the business and commerce of this country, destroying the production of the country, to have remained.

I do not propose in this matter to follow Mr. BLANTON, nor do I propose to follow Mr. BURKE. They each represent a radical view. I believe from the President's expression, as reported by the press, that I will be able to follow him; and if I am any judge of the sentiment of this Congress, the railroad men and the railroad owners can be sure of two things—first, there will be no more Adamson Acts, or anything akin to them; second, freight rates are going to come down so that the commerce of this country can be carried on. Freight rates are going to be equalized; the people of the producing middle section of this country are tired of paying rates that are enabling the railroads paralleling waterways to destroy legitimate traffic on those waterways. There has been an awakening; the Interstate Commerce Commission should see it. People are beginning to realize that they are following in the footsteps of the railroads and permitting these gross inequalities in rates. We have had an idea in Kansas, and have been putting it into law, that the masses have an interest in such controversies.

In my judgment there will be no railroad strike. The men have voted, as I understand it, to put the power to strike in the hands of their leaders. I think the men have taken a desperate chance. A strike on the part of the brotherhoods, tying up the commerce of this country at this time, would arouse no sympathy upon the part of the public. The men know that, and I believe these leaders do. This Congress will not be held up by either the operators or organizel labor. The hundred million citizens interested though not connected with transportation have rights, and those rights will be considered by the present administration.

I am not on the Interstate and Foreign Commerce Committee. We have able representatives of the people on that committee. I do not like to suggest to a committee whose duty it is to originate these matters what they should do. I will say, however, that I believe that if this committee would decide to-morrow that an antistrike law was necessary or proper, the Congress would pass it. The American people will not tolerate the present freight rates, but the American people will proceed in an orderly, legal, and fair manner, within the law, and depend upon their Government for this adjustment. The American people will not tolerate the proposed strike. They will proceed, however, within the law, and depend upon the Government. Any organization that defies the Government at this time, defies law, will simply be courting its own downfall. A hundred million people in the United States are struggling now to get along on a prewar basis in their business. The railroad owners and organized labor should take this fact into consideration, and if they refuse to do so we, the representatives of that hundred million people, must do so.

Mr. FORDNEY. There will be only one more speech. Will the gentleman from Mississippi occupy the balance of his time?

Mr. COLLIER. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. TAGUE].

Mr. TAGUE. Mr. Chairman, I wish to say, as a member of the Committee on Ways and Means, that the question of partisan politics in this matter is the furthest thing from the mind of any member of the committee. There is a difference of opinion as to just how the details of our loans to foreign nations should be settled, and the question should not be political in any way, shape, or manner. I realize that during the war we did a great many things we would not have done under ordinary conditions. We were at war. There was a great emergency existing, and we gave to the powers in control in the management of the war authority never thought or heard of before, and no doubt we would do so again under the same conditions. But those days have gone by. Now the question is in the settlement of the debts that are owed to this country—not how much they are or how contracted. The debts are before us, and the question is how they are to be settled and under what conditions. I am opposed to this bill, first, because I believe it gives to this commission powers greater than are given to the President of the United States. They have the power to do as they please almost in the settlement of these debts, and they are responsible to no one except the President of the United States, who appoints them.

We are the body elected by the people to appropriate money, and we appropriated this money. We went before the country and we said to every man and every woman and child in this country, "Buy Liberty bonds; they are worth 100 cents on the dollar"; and we promised that these Liberty bonds would be paid when due at the rate of interest specified on the bonds. Now, what are the conditions? We then loaned this money borrowed from our people to our Allies to help carry on and win the war. The money is now due and we find many of the countries unable to pay. It is true that over 90 per cent of these debts is owed to us by four or five countries, and perhaps some of them are not in a condition to pay even the interest on the debts. Under such conditions we do not intend to do anything to cause embarrassment; rather do we want to help further. I am not so sure, however, but that some of them are in a position to pay at least the interest on the debt. In the daily papers we read of the great amount of money being spent and the work that is being done by Lloyd-George and the other British statesmen in building up their business in countries all over the world. The gentleman from New York [Mr. FISH] this morning said that they had loaned to Argentina $50,000,000. What for? For the purpose of getting their trade. A few days ago Lloyd-George asked for an appropriation of £10,000,000 to assist in solving the problem of unemployment. Why, we have men walking the streets of this country in every city and town unable to get employment, yet because of our enormous debt we are unable to help our unemployed. Therefore our unemployed remain idle and in want, while everything possible is being done by Great Britain to assist and secure employment for their people.

We promised our soldiers and sailors of the war that we would give them a bonus, and this House passed a bill to do so, but that bill was sidetracked in the other branch because the country, on account of its debt, was not in a position to pay that bonus; at least, such was the excuse.

Great Britain has paid a bonus to their soldiers and sailors, something that we are unable to do, yet they are not able to pay the interest on their loans from this country.

This country has practically stopped all work in the way of building and even repairs of our Navy, yet Great Britain keeps on building up their navy.

We have reduced our Army to the lowest possible size because of our debt, while Great Britain still maintains her large army on the money she owes this Government.

Yet you hear Members stand up here and say that they are willing to wipe out this debt, made up of the hard-earned money of the working people of this country, many of whom are to-day in want and who can not secure 90 per cent of the amount of their investment which they freely and gladly gave to help win the war.

This is one of the most important matters that has come before this body, and I contend that we have no right to vote to give any commission or set of men the power to settle, as they may see fit, the question of the payment of debts due us.

It is part of our duty as the direct representatives of the people of the country, if we are worthy of that trust, to face this question as we have faced all other questions.

I believe that there is sufficient power in the Liberty loan acts to allow the Treasurer of the United States to make settlement of these debts without this bill, but if we are to have a new bill, it should be provided with a section that would require the commission to report their findings and recommendations to the Congress before final settlement will be made.

Mr. COLLIER. Mr. Chairman, I would like to know how the division of time stands.

The CHAIRMAN. The gentleman from Mississippi has 47 minutes.

Mr. COLLIER. I will yield five minutes to the gentleman from Mississippi [Mr. QUIN]. [Applause.]

Mr. QUIN. Mr. Chairman, I do not presume that this measure is any surprise to any Member of this House, after witnessing the shameful spectacle of the enacting of the Fordney tariff bill and the so-called "great tax bill" which would oppress the American people. After those two performances on the part of the Republican majority of this Congress it is necessary to come forward and hit the people of this country under the belt. This is a bill to refund the debts that the foreign Governments owe the United States of America, giving power to the Secretary of the Treasury and four associates to be named as a commission by the President of the United States—to do what? To take $11,000,000,000 that is owed to the taxpayers of the United States and juggle it at any interest rate they may see proper, to accept any class or kind of security, so called, that they may see proper to accept for the taxpayers of the United States. To whom is this august commission obliged to report? To no one. The Congress of the United States, the representative of the people, had these bonds issued by special acts, and we taxed through the Congress of the United States the people of this country to raise the interest on $11,000,000,000 that the Governments of Europe owe us to-day and are not even paying the interest. I want to see our Government collect every dollar of that money in the proper manner.

The Congress authorized the loans and the Congress should supervise the refunding and the collection of them.

The Congress is the legislative body. Why should any of this legislative power be vested in a commission of five people over whom the Congress could exercise no power whatever?

This bill that the majority proposes, and which I assume they will put through this House, takes away from the representatives of the people any kind of control or consideration of the collection of that $11,000,000,000, and takes the power of control from the 110,000,000 people of this Republic and centralizes it into the hands of five men, responsible to whom? Not to the people of this Government, not to their representatives, not to either branch of Congress to even review it. I can not see in a democracy, in a republic that is presumed to be a representative government, how Congress can invest such power in the hands of a few. Gentlemen, it must be the work of some invisible government that is pushing this scheme through this House. Can you believe it comes before this Congress with clean hands? Why should not the Congress of this Republic have the right to review the report of those five men, the commission created in this bill? Why should the people of this country be divested of that power and have it placed in the hands of five men? In my mind, Wall Street, with its tentacles stretching from one end of this country to the other, unlimited in power with the international bankers of Europe and America, would revel in a carnival and saturnalia of high finance in a scheme that would be a blot on the Congress of the United States, which is presumed to safeguard and protect the interests of the people. I think this bill should be defeated. The Congress of the United States should have the power to review, accept, or reject any kind of deal that this commission might make. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLIER. Mr. Chairman, I yield the remaining portion of the time allotted to me to the gentleman from Tennessee [Mr. GARRETT.] [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, a number of years ago in one of the States with which I am somewhat familiar there was a very spirited contest over the election of a governor. The legislature which was to serve during his administration and his administration was to be charged with the duty and responsibility of refunding the debt of the State. The opposition to one of the candidates for governor stressed very earnestly an insistence that he was not a business man and that he ought not to be charged with the responsibility that a governor would have to bear in the refunding of the State debt. He replied to this by saying, in substance: "My fellow citizens, I resent that charge more than any charge that has been brought against me. I know what refunding a debt is. It is to take up an old note and give a new one, and I have had half a century of personal experience in that line of activity." [Laughter.] This amused the people of that State, but it so happened it did not appeal to their judgment when election day came.

Now, this bill which we have before us is not one to be dealt with trivially. I do not wish to speak in terms of exaggeration, but I feel safe in saying that this Congress will not have before it any proposition of larger portent or of greater magnitude than that which is involved in this bill. Your tax bill, which is in the slow process of being formed; your tariff bill, if you ever reach it to pass it, are to affect taxpayers of the future. If mistakes are made in them an early opportunity will be presented for the correction of those mistakes. But what have we here in this bill? We have loaned to other nations of the earth, let us say, in round numbers, $10,000,000,000. That is money that has been already raised.

From where did that money come? It came from all classes and kinds of people. It came from the millionaire; it came from the washerwoman; it came from the wealthy; it came from the children of the poor. Politics in this matter? There ought not to be. Peoples of all political faith contributed to this fund—Republicans and Democrats and Socialists—and all alike. As a Representative in the Congress which provided it, I voted for the legislation essential to raise those funds in the manner in which they were raised. I voted to give the authority to the Secretary of the Treasury to take the funds thus raised from millionaire and washerwoman, from business man and school child, and loan it to those with whom we had become associated in the war.

I do not believe, Mr. Chairman, that my responsibility as a trustee of this fund ended there. Being still a Member of the Congress of the United States, I for one feel that the responsibility rests upon me, in common with all my fellow Members of this House, to follow that fund in so far as it is legislatively possible and have a say in what shall be done in regard to the final settlement.

Politics? Indeed, no. We have not attempted to play politics here. It does happen that the minority report is signed only by members of the minority party. But that does not make this a partisan question. All of us would delight in the final and just settlement of these debts. We Members of the House are the trustees of an express trust. The responsibility, to my mind, rests with peculiar force upon this body, because under the Constitution of the country the House of Representatives is charged with the origination of revenue legislation.

Mr. Chairman, I have no patience with the suggestion that a vote against this measure can by any possibility be construed as a reflection upon the Secretary of the Treasury or any commission that may be appointed. With all possible respect to gentlemen who offer the suggestion that if we withhold the power which the Secretary of the Treasury seeks we are expressing a lack of confidence in him, that is the merest pettifoggery. It is not a lack of confidence. It is not a question of individual integrity. It is a question of the division of the powers of this Government. This measure proposes to commit to the commission, of which the Secretary of the Treasury shall be the head, not merely matters of administration, not merely matters of executing notes or accepting bonds and issuing receipts, but it proposes to commit to them broad questions of policy going to the very fundamentals of national indebtedness, questions which ought to be determined by the legislative branch and by the legislative branch alone.

It is necessary by reason of some things that have been said here—as it would be proper under any circumstances—to briefly recite the history of these loans. I had never heard before to-day the allegation, or, so far as I can remember, even the intimation, that the Secretary of the Treasury who happened to be then in office, in complying with the authority given by Congress to make loans to the foreign nations, had violated the act of Congress. Not until to-day, when it was intimated by the gentleman from Michigan [Mr. FORDNEY] and by the gentleman from Ohio [Mr. LONGWORTH] that they believed Mr. Secretary McAdoo had violated the spirit if not the letter of the law, have I ever heard even a suggestion to that effect.

In the interest of the truth of history I declare there is no foundation for such an intimation; not alone as a matter of defense of the integrity of the then Secretary of the Treasury, but for the credit of my country I dispute that allegation. [Applause on the Democratic side.]

The Secretary of the Treasury, Mr. McAdoo, performed a service such as no other Secretary of the Treasury in history, not even Alexander Hamilton, ever surpassed. Never before during wars were the finances of the Government handled so well. During the war of secession, when the administration sought to finance a Government fighting for its existence and bonds were issued as a matter of necessity, agents of the large financial interests were called into conference, were employed by the Government, and were paid large commissions to place those Government obligations in the hands of the people, and in many instances the obligations were sold at a discount. When this last war came the Secretary of the Treasury, Mr. McAdoo, handling five times, aye, ten times, as I remember it, the amount that was handled during the great war of secession, went forth himself to the people of the country and sold every bond for 100 cents on the dollar. [Applause on the Democratic side.] It was a great work that he performed. He had the assistance not alone of those in his own office; he had the assistance of substantially every Member of the Congress,

Democrat and Republican, and he had the assistance of private citizens everywhere. But back of the entire movement, back of all that was done, he stood as the organizer of the force, and to him is due everlasting credit for the magnificent service which he thus rendered his country. [Applause on the Democratic side.]

The gentleman from South Carolina [Mr. STEVENSON] has already pointed out to the House that the gentleman from Ohio [Mr. LONGWORTH] read only a part of the law under which he brought this indictment against the former Secretary of the Treasury. I do not wish to take up the time in repeating, but let it be said here that the gentleman from Ohio did read only a sentence from section 2 of the act of April 24, 1917, and omitted to read from section 2 of the act of September 24, 1919.

Mr. LONGWORTH. I read the entire act, the first one.

Mr. GARRETT of Tennessee. But the gentleman did not read the second.

Mr. LONGWORTH. With the comment that they did not extend the powers beyond that to the second.

Mr. GARRETT of Tennessee. Without reading—it is set forth in the minority report, and I do not want to take up the time—let gentlemen read the second act, the act of September 24, 1917, supplemental to the act of April 24, 1917.

Now, I understand that these loans were made in this way: A nation, say, for illustration, Great Britain, would go to the Treasury Department through a commissioner, or through the British Ambassador, and would say, "To meet our obligations we desire to obtain so much," let us say, for illustration, a billion dollars. Thereupon the Secretary of the Treasury would take from the agent or ambassador an obligation. And bear in mind that law does not say that the Secretary of the Treasury must accept bonds. Do you suppose that it was contemplated by the Congress of the United States that they should have bonds, gilded and printed, and ready to deliver? I do not think so. It says "obligations." I have always thought a promissory note or a due bill or I O U was an obligation. It goes further and says that that obligation must comply with the law and the terms of the law.

What happened? Having signed the obligation, the ambassador or the representative, whatever he might be, would be assured that there was placed to the credit of that country upon the books of the Treasury a billion dollars, if that was the demand, and from time to time that fund would be paid out; not all at once.

Now, how could the Secretary of the Treasury, complying with the law, have required a specific bond at the time the commitment was made? He could not. He could not determine the rate of interest. The law said it should not be less than the money cost the United States. If the money cost the United States 3½ per cent, he had the power to loan it at 3½ per cent; but he could not tell when this entire billion dollars was to be paid, or from what particular fund raised by sale of Liberty bonds that money so loaned the foreign Government would come. Some might come from the first issue; some might come from another issue in the future, the interest rate of which might not yet be determined by the Congress.

The Secretary of the Treasury accepted the obligation, and he wrote into that obligation the terms of the law. The Secretary of the Treasury in his annual report for the fiscal year ending June 30, 1920, gives us a specimen copy. He states that all of the obligations are of the same general character. He says, "The following is a skeleton copy of an obligation received under the fourth Liberty bond act," and even at the expense of time I wish to read it in full. I read:

CERTIFICATE OF INDEBTEDNESS.

$ (amount in figures).

The Government of (name of foreign Government), for value received, promises to pay to the United States of America, or assigns, the sum of (number of dollars in words) on demand, with interest from date hereof at the rate of (rate per cent) per cent per annum. Such principal sum and the interest thereon will be paid without deduction for any (name of foreign Government) taxes, present or future, in gold coin of the United States of America of the present standard of weight and fineness at the Subtreasury of the United States in New York, or, at the option of the holder, at the Treasury of the United States in Washington.

This certificate will be converted by the Government of (name of foreign Government) if requested by the Secretary of the Treasury of the United States of America at par with an adjustment of accrued interest into an equal par amount of (rate per cent) per cent convertible gold bonds of the Government of (name of foreign Government), conforming to the provisions of acts of Congress of the United States known, respectively, as second Liberty bond act, third Liberty bond act, and fourth Liberty bond act. If bonds of the United States issued under authority of said acts shall be converted into other bonds of the United States bearing a higher rate of interest than 4¼ per cent per annum, a proportionate part of the obligations of the Government of (name of foreign Government) of this series acquired by the United States under authority of said acts shall, at the request of said Secretary of the Treasury, be converted into obligations of said Government of (name of foreign Government), bearing interest at a rate exceeding that previously borne by this obligation by the same amount as the interest rate of the bonds of the United States issued upon such conversion exceeds the interest rate of (rate of this obligation) per cent, but not less than the highest rate of interest borne by such bonds of the United States.

——— ———,

(Signature of representative of foreign Government.)

For the Government of (name of foreign Government).

Dated the ——— day of ———.

Mr. SINNOTT. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. SINNOTT. I did not understand the gentleman to read any provision so far as concerns the payment of interest annually. Am I correct in my understanding that that does not provide for that?

Mr. GARRETT of Tennessee. That specific provision does not appear here. Of course the acts are cited here, and the gentleman knows that the law is a part of the contract.

Mr. SINNOTT. Does the act require the payment of interest annually from foreign Governments?

Mr. GARRETT of Tennessee. I do not for the moment remember. I have the act here before me. I do not think that provision is in there.

Mr. TEMPLE. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. TEMPLE. Do not the acts require that the obligations of foreign Governments shall have such dates of payment of interest and such dates of maturity as the obligations of the United States?

Mr. GARRETT of Tennessee. I think they do; yes; and undoubtedly the language in this skeleton which has been read here would be sufficiently broad to cover it.

Now, I want to get to the interest question for a minute——

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly, I yield to the gentleman.

Mr. LONGWORTH. The gentleman does not consider that the word "obligation" means a bond, but thinks it means any sort of note of hand. Why, then, was there added in the proviso at the end of section 2 of the first Liberty loan act the provision—

That the authority granted by this section to the Secretary of the Treasury to purchase bonds as aforesaid from foreign Governments as aforesaid shall cease upon the termination of the war between the United States and the imperial German Government.

Mr. GARRETT of Tennessee. The gentleman probably can answer that question better than I, because he was a member of the committee that drew this act.

Mr. LONGWORTH. Precisely; and we intended that bonds should be taken as security.

Mr. GARRETT of Tennessee. Does the gentleman mean that the committee intended that nothing but bonds should be taken?

Mr. LONGWORTH. Surely.

Mr. GARRETT of Tennessee. Then why did you use the word "obligation" in the first part of the act? Why did you not confine it exclusively to "bonds" there?

Mr. LONGWORTH. In order to remove any doubt we put in the word "bonds" in the proviso. That was the intention of the Congress at the time, and was so admitted by every Democratic member of the Committee on Ways and Means.

Mr. GARRETT of Tennessee. Does the gentleman think it would have been possible for the Secretary of the Treasury to require bonds in every instance at that time?

Mr. LONGWORTH. I do.

Mr. GARRETT of Tennessee. Let me call the attention of the gentleman to matter which he quoted this morning. One of the very reasons—and there were very few given, I must say, by the Secretary of the Treasury—why he desired this power was that the securities taken, if he were to take them under existing law, would not be in as good form for the purposes of our Government, because, he said—

The authority there is so restricted that it makes it very difficult. Our securities taken from England, for instance, would be split up, and some of them bear one rate of interest and others bear another rate of interest, because the rates of interest were different under the several Liberty loan acts, and we would have to follow each particular act for the settlement of that part of the claim.

Mr. LONGWORTH. Surely.

Mr. GARRETT of Tennessee. If the present Secretary of the Treasury can not do that without confusion, how much more confusing would it have been if the then Secretary of the Treasury, notwithstanding the committee had said to him that he might take obligations, and had used the express word "obligations"—if he had gone to this proviso and said that "because it says after the war I shall not buy bonds, therefore

I am confined in the whole text to the act merely to buying bonds and split these matters up."

Mr. LONGWORTH. Certainly. The word "heretofore" referred to the first part of the act, which provided that bonds must be taken.

Mr. GARRETT of Tennessee. If that was in the committee's thought at the time, why the committee did some very loose drafting.

Mr. LONDON. Will the gentleman yield just a moment?

Mr. GARRETT of Tennessee. I yield to the gentleman from New York.

Mr. LONDON. I see in the act of April 24, 1917, as well as in the act of September 24, 1917, wherever any reference is made to foreign obligations they use the word "obligations" instead of "bonds."

Mr. GARRETT of Tennessee. Throughout.

Mr. LONDON. Throughout the act.

Mr. GARRETT of Tennessee. And in that same connection let me call attention to the proviso in the act of September 24, 1917. I do not see anything about bonds there. What the act of Congress said there was:

Provided, That the authority granted by this section to the Secretary of the Treasury to establish credits for foreign governments as aforesaid shall cease upon the termination of the war between the United States and the Imperial German Government.

Let me ask the gentleman from Ohio [Mr. LONGWORTH] if it was the intention of the committee, by putting in the first act a proviso using the word "bonds," that the Secretary of the Treasury should be confined to taking bonds alone, if that was the full thought of the Ways and Means Committee throughout, why was it that when they came to write the proviso in the act of September 24, 1917, they disregarded the word "bonds" and said "to establish credits?" Ah, my friend from Ohio does not recall distinctly what was in the minds of the committee at that time.

Mr. LONGWORTH. Will the gentleman yield just a moment?

Mr. GARRETT of Tennessee. Certainly. I yield to the gentleman from Ohio.

Mr. LONGWORTH. When Mr. Davis, who was Assistant Secretary of the Treasury, appeared before the Ways and Means Committee—I read again from the unpublished hearing—I asked him this question:

Mr. LONGWORTH. Take a concrete example. Our first loans to the Allies were provided with the 3½ per cent Liberty loan. In return for that we were under the law to get a 3½ per cent bond of the same kind as the one we issued.

Mr. DAVIS. That is true.

Mr. GARRETT of Tennessee. If I understand this matter correctly, there is a distinct understanding on the part of the foreign nations that they will pay at least 5 per cent on these obligations, and there has never been any complaint about it.

Mr. LONGWORTH. Yes; but Mr. Davis admitted that under the law we should have received a 3½ per cent bond. He admitted that.

Mr. GARRETT of Tennessee. The gentleman is talking about that first Liberty loan. I have not the time to continue this quarrel with the gentleman from Ohio.

Mr. LONGWORTH. Oh, there is no quarrel.

Mr. GARRETT of Tennessee. Then we will call it this arguing of differences of opinion as to the Secretary's act. I think the Secretary of the Treasury, Mr. McAdoo, can very safely stand upon the record that he has made. The fact is that nowhere, not from any source, has there ever come a question on the part of any nation as to the legality of any of the obligations taken by the Secretary of the Treasury, nor is there ever any likely to come.

Now, Mr. Chairman, these acts passed the Congress, as I remember it, unanimously. They gave powers to the Secretary of the Treasury. They carefully limited the exercise of these powers, and, Mr. Chairman, every power given to the Secretary of the Treasury then is possessed by the Secretary of the Treasury now. This power was not conferred on Mr. McAdoo the man; this power was conferred upon the Secretary of the Treasury. This power in its completeness was not exercised by Mr. McAdoo the man; it was exercised by at least three men, McAdoo, Glass, and Houston, and it may be continued by Mr. Mellon. It is the office, not the man, upon which this power was conferred, and Mr. Mellon has to-day every iota of power that was conferred at the time Mr. McAdoo was Secretary of the Treasury.

I assert, furthermore, Mr. Chairman, that until the time the gentleman from Michigan [Mr. FORDNEY], as chairman of the Ways and Means Committee, indicated to Mr. Glass, the Secretary of the Treasury, by letter that there was a doubt in the minds of the Ways and Means Committee as to the power of the Secretary of the Treasury to deal with interest, that no question had ever been made concerning it. And subsequently, as has been already brought out in this debate, in April, 1920, the gentleman from Michigan, after full conference with the members of the committee, advised the Secretary of the Treasury, or his successor, Mr. Glass, that the majority of the committee was of the opinion that there was no legislative bar to his proceeding.

Mr. LONGWORTH. Only so far as the postponement of interest was concerned.

Mr. GARRETT of Tennessee. No legislative bar to proceeding along the lines that he was proceeding. The full letter of Mr. FORDNEY is here; it is in the minority report. It is as follows:

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 2, 1920.

Hon. DAVID F. HOUSTON,
Secretary of the Treasury, Washington, D. C.

DEAR MR. SECRETARY: Referring further to my letter to your predecessor under date of January 19, 1920, wherein I undertook to express the opinion of the members of the Ways and Means Committee that, at the time of the enactment of the Liberty loan acts, no thought was given to the possibility of the suspension of interest payments on foreign loans and that there was no intent on the part of Congress to grant or imply such authority to the Secretary, I am instructed by the committee to state that upon further investigation a majority of the committee are of the opinion that there is no legislative bar to your proceeding with the extension plan last submitted by you to the committee, although such contingency was not in the mind of the committee at the time the legislation authorizing foreign loans was framed.

With reference to the policy of the plan, the committee feels that in such matters as these, where no legislation is pending, it is not in accordance with the best practice that standing committees of Congress should express an opinion or advise executive departments as to the course to be pursued.

In the light of the foregoing, therefore, I will be pleased to have you consider my letter of January 19, 1920, as withdrawn.

Very truly, yours,

J. W. FORDNEY, *Chairman.*

Mr. LONGWORTH. The Secretary of the Treasury wanted to postpone the payment of interest. That related simply to the power to postpone interest.

Mr. GARRETT of Tennessee. The fact is that was what Mr. Glass was proposing to do and that was what he submitted to the committee, and he gave the reasons why he thought the payment of interest ought to be deferred. If the committee then felt that his actions were improper, the committee had the power, politically and numerically, to report legislation to check this action.

Mr. McFADDEN. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. McFADDEN. Is it the usual custom of the Secretary of the Treasury to go to the Ways and Means Committee for an interpretation of the laws passed by Congress?

Mr. GARRETT of Tennessee. No; it is not. The Secretary of the Treasury, Mr. Glass, stated, in substance, that his legal advisers were of one opinion, but he said that on account of statements made on the floor of the House there still seemed to be some doubt about it, and as a matter of precaution he came to a committee controlled by an adverse political party—I do not care to inject politics into it—but he came to a committee the majority of whom he knew was desirous of destroying so far as it could every iota of his activity as administrator of the Treasury Department, and submitted the question to it.

Mr. LONGWORTH. One of the members of the Ways and Means Committee who was against deferring interest was the gentleman from North Carolina, Mr. KITCHIN.

Mr. GARRETT of Tennessee. Then, you would have had a strong aid in opposing it, stronger aid perhaps than you could have had by anyone on your side of the House. [Laughter on the Democratic side.]

Mr. FORDNEY. The gentleman does not assume that the Ways and Means Committee has authority to grant privileges to the Secretary of the Treasury with the authority of Congress, does he?

Mr. GARRETT of Tennessee. I do not, but I do know that the Committee on Ways and Means has the power to report legislation, and if it is privileged in character can get it up without any difficulty.

Mr. FORDNEY. That is the very thing the Secretary of the Treasury requested we do not do, and that was to have legislation. He wanted authority from the Ways and Means Committee alone that had no power to give him authority.

Mr. GARRETT of Tennessee. He told you what he was doing; he said, "Gentlemen, I am doing this," and put all of his cards on the table. He gave out a public statement not only to the people of the United States but to the world, and for a part of which he was assailed by the British press with more vigor than any American statesman has ever been assailed. You knew what he was doing, and absolutely acquiesced in it.

Mr. FORDNEY. Will the gentleman yield?

Mr. GARRETT of Tennessee. I will yield to the gentleman.

Mr. FORDNEY. I do not want to bother the gentleman, but I want information. Let me say that I was quite in sympathy personally with Mr. Davis, then Secretary of the Treasury, and his request to help the Treasury Department, but I believe that every Democratic member on the committee opposed what the Treasury Department wanted, not only Mr. KITCHIN, but the entire minority.

Mr. GARRETT of Tennessee. Then, I suppose there must have been a considerable number of Republicans who were in sympathy with the administration.

Mr. FORDNEY. I was in sympathy with the purpose of the Treasury Department to get some satisfactory adjustment of that matter.

Mr. GARRETT of Tennessee. Of course, the entire upshot of the matter is this, and there is no use of going into the political features of it: The majority of the Committee on Ways and Means, whether party or numerical majority, I do not care, evidently agreed that what the Treasury Department was doing was all right, or else they would have brought in legislation to stop it.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARRETT of Tennessee. I will.

Mr. GREEN of Iowa. I want to be fair with Mr. Davis. I was one who thought that the extension of interest was perfectly proper, and approved of what was done and what was being done in reference to it. I still think it was the best thing to do, and I do not know of any particular complaint about it.

Mr. GARRETT of Tennessee. I think the gentleman from Ohio [Mr. LONGWORTH] and the gentleman from Wyoming [Mr. MONDELL] this morning both declined, when asked the direct question, to enter into any criticism of the wisdom of that transaction. As a matter of course, everyone knows——

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. Then I will ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORDNEY. Mr. Chairman, I yield the remainder of my time to the gentleman from Iowa [Mr. GREEN].

Mr. TEMPLE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I have not time to discuss these matters which occurred in the past, and in fact I have but very little interest in them. The question is, What ought to be done under the present situation? The attitude of gentlemen on the other side has been characteristic of what they have assumed throughout all of the proceedings of this session. They openly admit that they have no plan to present. They practically concede that they do not know what ought to be done. They do not dare to make a suggestion as to what should be done, but they say that this whole matter should be brought back to them by a commission, to be determined then by gentlemen who have no ideas on the subject of what course should be pursued.

The real question at this time is, What is the best manner to proceed to collect the vast amount which is due this country at this time—debts due us from certain nations, some of whom can pay in the future but none of whom can pay now? Some may pay in the future if they work and save; otherwise not. Some, and I have in mind those so-called nomadic governments, probably never can pay no matter what their will or their purpose may be. Yet gentlemen come in here and say that we ought to bring this whole thing back to this House to determine what conditions should be applied to each one of these 19 nations; that the commission should come back in each case and ask how much time should be granted to Great Britain and how much interest should be demanded of her, and that we should take the same course with France, with Belgium, with Italy, with Austria, with Armenia.

Mr. Chairman, what is to be done in the case of Austria? Is there a gentleman on the other side, which side has been so free in criticizing this bill, who is willing to undertake to say now what ought to be done with that nation which has been characterized as the poorhouse of Europe, where wan and starving children stagger about the streets of Vienna, a nation whose treasury is bankrupt, whose money is worthless, which has not the means of supporting itself now, but which has to be aided by charity?

Is any gentleman here ready to say what ought to be done in that case? Is any gentleman ready to determine what ought to be done in the case of Armenia, the remnants of whose people walk the earth, they know not where—the few who have escaped from the murder and destruction of the Turks, without any property, without any clothing, with insufficient food? Are we to collect that debt in full, or what is to be done with them, according to the arguments of gentlemen who are so determined that this commission should be given no power?

And what kind of a commission do we propose to create? A commission that goes forth and says, "Well, we will receive any proposals that you have to make and submit them to the American Congress." What is the use of such a commission? Why not simply send a letter of inquiry? If this is done will not the debtors insist upon the same privilege of submitting our proposals to their Government? Or will they in the first instance say, "We can pay so and so; will you accept that?" Our commission would then have to reply that they did not know, that they would go back to the Congress and perhaps in a year or so be able to tell them whether that thing can be done.

Mr. Chairman, every Member of this House ought to bear in mind that after all the payment of any of these debts depends on the good faith, the intentions, and the friendly feeling of the government which owes the debt. Not any of it can be collected except with the consent of the debtors. The richest of them could not pay now, and some are so poor that no amount of force could wring payment from them.

Some two years ago and over I went abroad. I passed over the field of the Somme, every foot of which has been bathed with the blood of an English soldier. I walked along with the gentleman from Texas, whom I now see sitting in his seat, over the blood-stained region of Verdun, with its vast caverns, with its holes blown by opposing artillery, where more than 100,000 Frenchmen went to an unknown grave asserting with their last breath, "They shall not pass."

Do we owe nothing to those nations? I stood at one time before some representatives of Belgium. They had kindly said that America had saved Europe. I told them that with more truth it could be said that Belgium had saved the civilization of the world. Do we owe nothing to England, to France, to Italy, to Belgium? Are we to say now that we will not give a commission authority to even extend the interest, to remit some little penalty, to be lenient with these people who have incurred these vast debts and poured out this flood of blood in order to save the world from subjection to a military autocracy?

Mr. J. M. NELSON. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. I have only 10 minutes.

Mr. J. M. NELSON. The complaint has been that this postpones the debt. Is not the situation such that there must be payment on demand, at once, or a postponment of some of it?

Mr. GREEN of Ohio. No gentlemen who sits before me but will concede that these nations can not pay this now.

Mr. J. M. NELSON. On demand.

Mr. GREEN of Iowa. It must be postponed, and the question is Who will be best able to determine the extent of the postponement, the terms of the postponement, and the rates of interest? Do gentlemen think they know all of the circumstances which relate to foreign business, exchange, the resources of each country, the amount of the indebtedness, so that they are able to better judge of this matter than a commission which will specially investigate these matters? If they are, why have the commission at all? Let us either give the commission some power or dispense with it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired; all time has expired, and the Clerk will read.

The Clerk read as follows:

SEC. 2. That the commission created by section 1, with the approval of the President, is hereby authorized, from time to time, to refund or convert, and to extend the time of payment of the principal or the interest, or both, of any obligation of any foreign Government now owing to the United States of America, or any obligation of any foreign Government hereafter received by the United States of America (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government, and from time to time to receive bonds and obligations of any foreign Government in substitution for the bonds or obligations of such Government now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America, and to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise.

Mr. FREAR. Will the gentleman withhold that a moment so that I may have an amendment pending?

Mr. CRISP. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CRISP. The minority has an amendment which they desire to offer at this time. If the committee now rises will it be in order to offer that amendment when the committee resumes the consideration of this bill?

The CHAIRMAN. Certainly.

Mr. FORDNEY. There is no purpose to shut off anybody.

Mr. CRISP. I did not think so, but I thought now was the time to have that settled.

Mr. FREAR. I would like to have my amendment offered and lie on the table and be pending.

Mr. TINKHAM. Mr. Chairman, I would like to offer an amendment also.

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY] offers a privileged motion. All amendments desired to be offered will, of course, have their place just the same as if offered at this time. The gentleman from Michigan moves that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TOWNER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 8762) had come to no resolution thereon.

LEAVES OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. RAINEY of Illinois, indefinitely, on account of illness in family.

To Mr. RYAN (at the request of Mr. KLINE of New York), on account of illness in family.

ELECTION OF A MEMBER TO A COMMITTEE.

Mr. COLLIER. Mr. Speaker, by direction of the minority of the Ways and Means Committee I offered the following resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That Mr. RILEY J. WILSON, of Louisiana, be, and he is hereby, elected a member of Elections Committee No. 2.

The resolution was agreed to.

ADJOURNMENT TO MONDAY.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Monday next.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. FORDNEY. I move that the House do now adjourn.

The motion was agreed to.

Mr. JOHNSON of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

Mr. WALSH. The gentleman can not do it, the motion has been agreed to.

The SPEAKER. The Chair is sorry, but it is too late.

Accordingly (at 4 o'clock and 50 minutes p. m.) the House, under its previous order, adjourned to meet on Monday, October 24, 1921. at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV,

244. A letter from the Secretary of the Treasury, transmitting request for the construction of a national archives building for the proper preservation of Government records, and for other purposes; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. RAKER, from the Committee on the Public Lands, to which was referred the bill (H. R. 8263) to provide for the consolidation of forest lands in the Eldorado National Forest, Calif., and for other purposes, reported the same with an amendment, accompanied by a report (No. 422), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

He also, from the same committee, to which was referred the bill (H. R. 5003) to provide for the consolidation of forest lands in the Plumas National Forest, Calif., and for other purposes, reported the same with an amendment, accompanied by a report (No. 423), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

He also, from the same committee, to which was referred the bill (H. R. 5004) to provide for the consolidation of forest lands in the Shasta National Forest, Calif., and for other purposes, reported the same with an amendment, accompanied by a report (No. 424), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. KINKAID, from the Committee on Irrigation of Arid Lands, to which was referred the bill (H. R. 4382) to provide for the application of the reclamation law to irrigation districts, reported the same with amendments, accompanied by a report (No. 425), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. WALSH, from the Committee on the Judiciary, to which was referred the bill (H. R. 6998) to amend section 17 of the United States bankruptcy law of July 1, 1898, and amendments thereto of February 5, 1903, reported the same with amendments, accompanied by a report (No. 426), which said bill and report were referred to the House Calendar.

Mr. NEWTON of Minnesota, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 8744) granting the consent of Congress to the State of North Dakota, the county of Cass, and the city of Fargo, N. Dak., and the State of Minnesota, the county of Clay, and the city of Moorhead, Minn., or any of them, and their successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Red River of the North at a point suitable to the interests of navigation between the cities of Fargo, N. Dak., and Moorhead, Minn., reported the same with an amendment, accompanied by a report (No. 427), which said bill and report were referred to the House Calendar.

Mr. BLAND of Indiana, from the Committee on Industrial Arts and Expositions, to which was referred the joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, reported the same with an amendment, accompanied by a report (No. 428), which said joint resolution and report were referred to the Committee of the Whole House on the state of the Union.

Mr. WALSH, from the Committee on the Judiciary, to which was referred the bill (H. R. 6053) to amend section 955 of the Revised Statutes by extending the jurisdiction of courts in cases of revivor, reported the same with an amendment, accompanied by a report (No. 429), which said bill and report were referred to the House Calendar.

Mr. JOHNSON of Mississippi, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 7394) granting the consent of Congress to the board of supervisors of Itawamba County, Miss., to construct a bridge across the Tombigbee River, reported the same with amendments, accompanied by a report (No. 430), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (S. 2447) to authorize the construction of a bridge across Pearl River, between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss., reported the same without amendment, accompanied by a report (No. 431), which said bill and report were referred to the House Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8489) granting an increase of pension to Sarah E. Squires; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8495) granting an increase of pension to Susan M. Haymond; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8532) granting a pension to Robert F. Foote; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. LANGLEY: A bill (H. R. 8791) to authorize an appropriation to enable the director of the United States Veterans' Bureau to provide for the construction of additional hospital

facilities and to provide medical, surgical, and hospital services and supplies for persons who served in the World War and are patients of the United States Veterans' Bureau; to the Committee on Public Buildings and Grounds.

By Mr. FOCHT: A bill (H. R. 8792) to make the necessary survey and to prepare a plan of a proposed parkway to connect the old Civil War forts in the District of Columbia; to the Committee on the District of Columbia.

Also (by request of the Commissioners of the District of Columbia), a bill (H. R. 8793) to amend section 196 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

Also (by request of the Commissioners of the District of Columbia), a bill (H. R. 8794) to amend an act entitled "An act to provide, in the interest of public health, comfort, morals, and safety, for the discontinuance of the use as dwellings of buildings situated in the alleys of the District of Columbia, approved September 25, 1914; to the Committee on the District of Columbia.

Also (by request of the Commissioners of the District of Columbia), a bill (H. R. 8795) to authorize the Chief of Engineers, United States Army, to grant permits for certain installations in public grounds under his control within the District of Columbia; to the Committee on the District of Columbia.

By Mr. SWEET: A bill (H. R. 8796) to establish a bureau of American merchant marine in the Department of Commerce, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

By Mr. FLOOD: Resolution (H. Res. 209) requesting information from the Postmaster General concerning the appointment of a rural mail carrier at Bremo Bluff, Va.; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLARK of Florida: A bill (H. R. 8797) validating and confirming a certain indemnity school land selection of the State of Florida; to the Committee on the Public Lands.

By Mr. COLE of Iowa: A bill (H. R. 8798) for the relief of Beresford G. Davis; to the Committee on Military Affairs.

By Mr. COOPER of Ohio: A bill (H. R. 8799) for the relief of Stanley Mazek; to the Committee on Claims.

By Mr. FREE: A bill (H. R. 8800) granting an increase of pension to Lucy S. Faser; to the Committee on Pensions.

Also, a bill (H. R. 8801) for the relief of Jose Conde; to the Committee on Claims.

By Mr. GREEN of Iowa: A bill (H. R. 8802) granting a pension to Charles C. Cooper; to the Committee on Pensions.

By Mr. HAUGEN: A bill (H. R. 8803) granting an increase of pension to George Eppens; to the Committee on Pensions.

By Mr. KLINE of New York: A bill (H. R. 8804) for the relief of Edward R. Wilson, lieutenant commander, Supply Corps, United States Navy; to the Committee on Claims.

Also, a bill (H. R. 8805) for the relief of James P. Lyons; to the Committee on Claims.

By Mr. KOPP: A bill (H. R. 8806) granting a pension to John Cunniff; to the Committee on Pensions.

By Mr. LONGWORTH: A bill (H. R. 8807) for the relief of Benjamin A. Waybright; to the Committee on Military Affairs.

By Mr. O'CONNOR: A bill (H. R. 8808) granting an honorable discharge to Joseph L. Galle; to the Committee on Military Affairs.

By Mr. TINKHAM: A bill (H. R. 8809) for the relief of Andrew Browning Atwell, alias Andrew Browning; to the Committee on Military Affairs.

By Mr. WATSON: A bill (H. R. 8810) authorizing the Secretary of War to donate to the John Winthrop Post of the American Legion, of Bryn Mawr, Pa., one German cannon or field-piece; to the Committee on Military Affairs.

By Mr. WINSLOW: A bill (H. R. 8811) for the relief of Nelson S. Walker; to the Committee on War Claims.

Also, a bill (H. R. 8812) for the relief of Clara E. Walker; to the Committee on War Claims.

By Mr. WOODRUFF: A bill (H. R. 8813) to correct the military record of Alonzo C. Shekell; to the Committee on Military Affairs.

By Mr. WOODYARD: A bill (H. R. 8814) granting a pension to Cora McCullough; to the Committee on Invalid Pensions.

By Mr. SWANK: Resolution (H. Res. 208) for the relief of the widow of John T. Taylor; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2791. By Mr. COLTON: Petition of James E. Thompson and sundry citizens of Spring City, Utah, asking Congress not to pass compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2792. Also, petition of L. A. Garrison, presiding officer for the First Baptist Church of Ogden, Utah, indorsing the proposed constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2793. By Mr. CULLEN: Resolution urging that the large number of seamen and sailors from foreign countries unable to secure employment be returned to their native countries; to the Committee on Immigration and Naturalization.

2794. Also, copy of resolutions adopted by the American Federation of Labor urging the recognition of the Irish Republic; to the Committee on Foreign Affairs.

2795. Also resolution of the Ace Social Club, composed of 1,000 employees of the third naval district of New York, earnestly imploring the Government to be prepared against any possible condition which may arise; to the Committee on Military Affairs.

2796. Also, resolution of the League of Foreign-Born Citizens of New York, strongly advocating the removal of the present post-office building from City Hall Park; to the Committee on the Post Office and Post Roads.

2797. Also, resolution of the board of directors of the New York State Farm Bureau Federation, opposing the proposed transfer of certain bureaus under the Agricultural Department; to the Committee on Agriculture.

2798. Also, resolutions of the National Manufacturers of Soda Water Flavors, opposing the proposition of requiring the payment of $6.40 per gallon on alcohol, etc.; to the Committee on Ways and Means.

2799. By Mr. FENN: Resolution of South Park Methodist Episcopal Church, of Hartford, Conn., indorsing constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

2800. By Mr. GORMAN: Petition of Colonel Mulligan Council and Molly Pitcher Council, of the American Association for the Recognition of the Irish Republic, and 10,017 citizens and voters of Chicago, opposing the passage of Senate bill 2135; to the Committee on Ways and Means.

2801. Also, resolutions of the Thomas Fitzsimmons Council, of the American Association for the Recognition of the Irish Republic, opposing Senate bill 2135; to the Committee on Ways and Means.

2802. By Mr. JOHNSON of Washington: Resolution adopted by the First Baptist Church of Brush Prairie, Wash., favoring enactment of House joint resolution 159; to the Committee on the Judiciary.

2803. By Mr. KISSEL: Petition of the Eisemann Magneto Corporation, of Brooklyn, N. Y.; to the Committee on Ways and Means.

2804. By Mr. MOORE of Illinois (by request): Petition of the Rev. C. F. Juvinall, of Villa Grove, Ill., in support of House joint resolution 159; to the Committee on the Judiciary.

2805. By Mr. RAKER: Petition of J. M. Stewart, of Standard City, Calif., urging the passage of the Dyer antilynching bill; to the Committee on the Judiciary.

2806. Also, petition of Council No. 31, American Association for the Recognition of the Irish Republic, urging public hearings by the Ways and Means Committee on the Penrose bill; also, petition of Chester N. Weaver, of San Francisco, Calif., protesting against a discriminatory manufacturer's tax on the automobile; to the Committee on Ways and Means.

2807. By Mr. SNYDER: Petition of Clinton (N. Y.) Grange for the enactment of House bill 8086, prohibiting shipments of "filled milk"; to the Committee on Agriculture.

2808. Also, resolution of the board of directors of the New York State Farm Bureau Federation, against the proposed transfer of certain bureaus in the Department of Agriculture to other departments or bureaus, thus separating related divisions, resulting in loss of their usefulness and strength; to the Committee on Agriculture.

2809. By Mr. SWING: Telegram from the grand matron of the Order of the Eastern Star, State of California, indorsing the creation of a department of education; to the Committee on Education.

2810. By Mr. VOLSTEAD: Resolutions from members of the Methodist Episcopal Church of Porter; First Methodist Episcopal Church of Hector; and of the Epworth League of the Methodist

Episcopal Church of Canby, all of Minnesota, urging a constitutional amendment prohibiting sectarian appropriations; to the Committee on the Judiciary.

2811. Also, resolution of members of the Methodist Episcopal Church of Canby, Minn., urging a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2812. By Mr. WATSON: Resolution adopted by the Searles Memorial Methodist Episcopal Church, of Pottstown, Pa., indorsing House joint resolution 159; to the Committee on the Judiciary.

SENATE.

SATURDAY, *October 22, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll and the following Senators answered to their names:

Broussard	Gooding	McKellar	Ransdell
Bursum	Hale	McKinley	Reed
Calder	Harris	McLean	Sheppard
Cameron	Harrison	McNary	Shortridge
Capper	Heflin	Moses	Simmons
Caraway	Hitchcock	Myers	Smoot
Culberson	Johnson	Nelson	Spencer
Cummins	Jones, N. Mex.	New	Stanley
Curtis	Kellogg	Newberry	Swanson
Dial	Kendrick	Norbeck	Townsend
Dillingham	Kenyon	Oddie	Trammell
du Pont	Keyes	Overman	Underwood
Edge	King	Owen	Walsh, Mass.
Ernst	La Follette	Page	Watson, Ga.
Fernald	Lenroot	Penrose	Watson, Ind.
Frelinghuysen	Lodge	Poindexter	Williams
Gerry	McCumber	Pomerene	Willis

Mr. SHEPPARD. I desire to state that the Senator from Montana [Mr. WALSH] is absent on official business.

Mr. CURTIS. I wish to announce that the senior Senator from Maryland [Mr. FRANCE] is detained on official business.

The VICE PRESIDENT. Sixty-eight Senators having answered to their names, a quorum is present.

REPORT OF SOUTH CAROLINA BOLL WEEVIL COMMISSION.

Mr. DIAL. Mr. President, I desire to offer a resolution and ask for its immediate consideration. I will state that it merely provides for a reprint of a public document.

Mr. PENROSE. I would like to inquire what has been presented to the Senate?

The VICE PRESIDENT. Without objection, the Secretary will read the resolution offered by the Senator from South Carolina.

Mr. PENROSE. For information only.

The reading clerk read the resolution (S. Res. 158), as follows:

Resolved, That the manuscript entitled "Report of the South Carolina Boll Weevil Commission, Bulletin No. 20, of Clemson Agricultural College, of South Carolina," be printed with accompanying illustrations and corrections to date as a Senate document.

Mr. PENROSE. I object to the consideration of the resolution at this time, and I shall object to the consideration of any business other than the revenue bill, requiring unanimous consent, until a unanimous-consent agreement can be reached concerning a part or all of the revenue measure.

The VICE PRESIDENT. Under objection, the resolution goes over.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The VICE PRESIDENT. The question is on the amendment of the Senator from Nebraska [Mr. HITCHCOCK] to the amendment of the Senator from North Dakota [Mr. MCCUMBER].

Mr. HITCHCOCK. Mr. President, I would like to perfect the amendment to the amendment by inserting after the words "calendar year 1922" the words "and thereafter." That is to make it harmonize with the McCumber amendment, which makes the reduction apply not only to 1922 but thereafter, so that my amendment will read as follows:

The rate of surtax for the calendar year 1922 and thereafter on net incomes exceeding $100,000 shall be the same as for the calendar year 1921.

Mr. President, under the existing circumstances I do not think that any reduction should be made this year or next year in the taxation of incomes. We are still too near to the war expenditures to make any such reduction desirable. It is true these taxes were put on for the purpose of raising great revenues to carry on the war, but those revenues are still necessary to maintain the present cost of Government. Our cost of Government has not returned to normal, and it is therefore too early to return to the normal on the taxation of incomes or anything else.

Confessedly we have to raise this year four or five times as much revenue as we raised for the support of the Government before the war. That is not quite as much as we had to raise during the war, but it is four or five times as much as we had to raise before the war. It can not be said, therefore, that the country has returned to normal times where wealth can expect to be relieved in any large part of taxation.

The committee have proposed small reductions in taxes on incomes that are below $100,000 a year. Those reductions are very small. They aggregate considerable because there are very many such incomes, but on any particular income the reduction is small. When it comes to incomes of $100,000 and over per year, the committee amendment proposes a very radical reduction, and that is where I differ from the committee. My amendment, while it does not affect the reduction of taxation on incomes below $100,000, proposes that as far as incomes are concerned which are over $100,000 they shall remain next year and thereafter the same as they are now. When I say "thereafter" I mean until Congress finds that the needs of the Government will permit their reduction. Of course, I do not believe that the present rate of taxation on incomes is normal nor should forever continue, but the special occasion still exists for heavy taxes on incomes.

Mr. President, we hear violent denunciation of the high rate of taxation on great incomes. I have heard owners of great incomes complain bitterly. The man with an income of $1,000 a day for every working-day in the year will denounce the tax and tell you that the Government takes from him every year perhaps $150,000. He dwells upon that fact as an enormity and an outrage. Ask him if he is able to spend the remainder of his income and he will regard it as an impertinence. The fact is that that man is enjoying something more than an income; he is enjoying a yearly increase of his capital. What he objects to is a system of taxation which puts a slight check upon the piling up of his wealth. He already has more than he can spend, and a large part of what he calls income, what we tax as income, is nothing but a capital increase which he invests in additional securities.

Take a man whose income is a million dollars a year, Mr. President—and there are a good many such—under the present law his surtax is $583,000. That seems a tremendous amount of tax for him to pay to the Government. Undoubtedly when he comes to add his State taxes and his normal tax he has less than half of his income remaining. The fact is, however, that after he has paid this large tax and his local tax such a man still has hundreds of thousands of dollars received during the year which he can not spend. What he wants is the privilege of piling it up, piling it up for his heirs, piling it up for his children, so that they may come into the world with a great unearned fortune.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. HITCHCOCK. I yield.

Mr. SIMMONS. I wish to say to the Senator from Nebraska that the man to whom he refers would have much less under the present law than one-third of his income remaining. Under the present law the man with a yearly million-dollar income is paying to the Government 72 per cent. It is estimated that the State taxes will average about 12 per cent, which will make his total taxes 84 per cent. Under this bill as proposed to be amended at the instance of what we call the "bloc" such a man would pay to the Government 58 per cent, to the State he would pay 12 per cent, which would make 70 per cent, while under the pending amendment he would pay more than two-thirds of his entire income.

Mr. HITCHCOCK. My experience is that when it comes to paying taxes in the various States the possessors of large fortunes to a considerable extent evade taxation by establishing country homes, and one device and another, so that they escape much of the State taxation which poorer people are compelled to bear. However, whatever the exact figures are, however much such a man does pay out in taxes—and the amounts are now temporarily large—he still has remaining hundreds of thousands of dollars. He does not intend to use that money as income, but he intends to use it to make other capital investments, so that year by year his fortune grows larger and larger, and as it descends from father to son it increases with the snowball process of accumulation without any particular merit.

Mr. SIMMONS. With reference to the exactions of the States, I wish to say to the Senator, while I do not know how it is with other States, in my State we levy for State purposes no property tax whatever; we raise all our taxes for State purposes by license taxes, automobile taxes, income taxes, and inheritance taxes.

Mr. HITCHCOCK. I know the Senator's State is somewhat peculiar in that respect; that it differs from most States.

Mr. SIMMONS. So that the levy in my State upon incomes and inheritances is very heavy, indeed.

Mr. HITCHCOCK. But whatever the circumstances are, the man with an income of a million dollars a year has a constant accretion to his capital; he becomes richer and richer every year, just simply by the accumulation of hundreds of thousands of dollars that remain after his taxes are taken out. Mr. President, it is hard for me to sympathize with a man in such circumstances.

Mr. REED. Mr. President, will the Senator from Nebraska pardon a suggestion there?

Mr. HITCHCOCK. I yield to the Senator from Missouri.

Mr. REED. As to the man who has an income of a million dollars a year, on the first $5,000 of that income he pays exactly what the individual pays who has only a $5,000 income; upon the next $5,000 he pays exactly, and no more, what an individual pays who has a $10,000 income; and upon his income—not to follow the illustration into detail—up to $100,000 he pays just what the man pays who has an income of $100,000, and so on. The highest surtax applies only to that part of the income which is in excess of the smaller brackets of the bill.

Mr. HITCHCOCK. Undoubtedly that is correct, and there is a false impression existing as to that.

Mr. REED. Therefore, when we say that such a man pays a certain tax upon his income it is not a tax levied upon the whole million dollars at the high rate which is fixed, but he pays just the same rate on the smaller income that the recipient of the smaller income pays; he pays these high taxes only when his income becomes so excessive that the excessive part is reached by the high rates.

Mr. HITCHCOCK. Undoubtedly the Senator from Missouri has stated the matter very clearly.

Mr. SIMMONS. And very correctly.

Mr. HITCHCOCK. But, Mr. President, there are people at this time who need not only the sympathy of Congress but they need the assistance of Congress. It seems to me strange that an effort should be made so directly to bring relief at this time to those people whose incomes are greater than they can expend, when we have in this country hundreds of thousands of people who have no income whatever this year.

Out in the West where I live there are hundreds of thousands of farmers and stock raisers who find themselves not only without any income for the current year, but find themselves this fall poorer than they were at this time last fall. They have been compelled to go into their capital, they have been compelled to go into debt in order to live. The price of their products has gone down so terribly—their corn, their wheat, their live stock and everything almost that they produce upon the farm—that they can not get for them in the market enough money to pay for the cost of production. So they have gone to their local banks—generally small banks, as we know—and borrowed money until the banks can lend them no more; and hundreds of banks in the West, finding themselves already in an embarrassed condition, are using every effort to compel those borrowers to market their products; and every time such an attempt is made to market their products, the price is reduced again and their losses are increased. They can get a mere fraction of what they formerly got for their cattle, their hogs, their corn particularly, and their wheat. Income to them is an unknown thing. They are the people we have got to sympathize with; they are the people who produce the food of this country.

I have a great many letters from my State and I know from them something of the conditions prevailing. I am not going to weary the Senate with reading any considerable number, but let me read a paragraph from a letter from a banker in what has been a rich and prosperous part of Nebraska. The paragraph reads as follows:

> The farmers, cattle men, sheep men, and cotton interests are bankrupt. Something should be done at once, and even now it is too late to save half of the stockmen and farmers. Let me hear from you, and you will oblige—

I have another letter here from a banker in the northern part of Nebraska. I will not give his name, nor the name of his bank, nor the name of the town, but will read what he says:

> DEAR SENATOR HITCHCOCK: For some time I have thought of writing this letter, but have daily put it off, hoping for some improvement in conditions; but, instead of improving, the conditions have been gradually getting worse. It does not seem to me that Congress can realize the situation this locality is in; but the truth is that, unless there is an immediate substantial raise in the price of corn, the farmers are all bankrupt, and if the farmers go there is absolutely no hope for the country banks.
>
> The price of oats to-day is 21 cents a bushel and the price of corn is 26 cents, and it is practically certain that new corn will start less than that.
>
> Now, as far as a renter is concerned, when he pays for shelling his corn, as well as the landlord's share, and pays for husking the same, he will not have enough left even to pay the interest on his obligations, let alone apply anything on the principal; and, from the landlord's side, there are very few farms which are not encumbered, and there is not a farm in this locality that will pay the taxes and the interest on the loans or come anywhere near it.
>
> I know you have no idea of the conditions here or the frame of mind the farmers are in. They took their medicine like good sports last year, and have worked faithfully and been very saving this year, many and many denying themselves absolute necessities in the hope of getting on their feet again; but the prices offered now have knocked the last hope from the most optimistic ones. The condition here is desperate, and nothing will save this community except an immediate advance in the price of corn. Is there any way we can get the least encouragement?

That letter is dated this month.

Then I have a communication dated October 11 from the Chamber of Commerce at Kearney, Nebr., in the middle western part of the State. The letter is addressed to me, and the writer says:

> DEAR MR. HITCHCOCK: I hand you herewith copy of resolutions unanimously adopted by the 420 members of the Kearney Chamber of Commerce at their regular meeting Monday, October 10, 1921. As outlined in the resolutions, we hope for your hearty consideration on this most important problem. I might also add, the situation in Nebraska is quite serious.
>
> Yours, very truly,
>
> MRS. ESTHER STOCK KROGER, *Secretary.*

Here is the resolution:

> KEARNEY CHAMBER OF COMMERCE, *October 11.*
>
> The following resolution was offered and adopted unanimously by the Kearney Chamber of Commerce Monday, October 10, 1921:
>
> "Whereas prices of agricultural products have fallen far below the cost of production; and
>
> "Whereas bankruptcy and financial ruin are confronting the farmers of this State unless immediate steps can be taken to relieve the situation: Now, therefore be it
>
> "*Resolved by the Kearney Chamber of Commerce,* That the Representatives and Senators from Nebraska be urged for the time being to lay aside other matters, and to immediately promulgate and press legislation that will save from financial bankruptcy the farmers of this State.
>
> "*Resolved further,* That a copy of this resolution be sent to the Congressmen and Senators from Nebraska by the Secretary of the organization."

Mr. President, Nebraska is a fruitful State, a State that produces enormous quantities of the animal food and the grain food that the world needs, and the farmers have worked hard this year. One of those letters says they have denied themselves everything, and yet, after a second year of hard work, in desperate circumstances, they find that the product of their year's labor will not sell even for enough to repay to them the cost of producing it. You talk under these circumstances of changing your legislation so as to take the taxes off of men who have $200,000 a year or $300,000 a year or half a million dollars a year or a million dollars a year! These farmers are the people that need attention, these people who are producing for the country, and not the people who have these great incomes; and yet, in saying that, I am not one who can be called a socialist. I am not one who is in favor of spoliation of the rich just because they are rich; but I say it is the duty of these rich people, who have incomes greater than they can consume, greater than they can use, to continue to bear for a time, at least, the burdens which have grown out of the war.

Mr. CUMMINS. Mr. President—

Mr. HITCHCOCK. I yield to the Senator.

Mr. CUMMINS. I have a great deal of sympathy with the views expressed by the Senator from Nebraska, generally speaking, and I do not want the inquiry that I am about to make to be construed into any hostility to his view; but this is what is bothering me: I have not taken any part so far in either the formation or the discussion of this bill. The Senators who favor a reduction in the rate of taxation upon the large incomes defend their position by insisting that the reduction in the rate of taxation upon the large incomes is not in order to help the men who have the large incomes but in order to help the very people of whom the Senator from Nebraska is speaking, namely, the men with no incomes or with small incomes. I have not heard all the discussion, but I have not had the opportunity to hear anyone who is seeking to maintain the present rate of taxation upon high incomes, or to increase it, discuss that view of the case; and I want the Senator from Nebraska, in whose economic judgment I have great confidence, to say something before he concludes with respect to the contention made by the members of the Finance Committee.

Will a reduction of taxation upon high incomes help the laboring men of the country? Will it help the farmers of the country, who have at this time, at least, no income? Will it help those who are really suffering the distress which we now experience?

That, I think, is the real proposition here. It is not because these men of high incomes ought not to bear, equitably speaking, the rate of taxation which has hitherto been imposed upon them, but it is because it is alleged—and I am not satisfied with regard to the proposition—that if they are relieved from this taxation to a degree, that will have a tendency to bring up the prices of agricultural products, that it will have a tendency to increase the production of the country in a manufacturing way, and that it will have a tendency to put to work a vast army of men who are now unable to find employment of any kind.

That is the phase of the situation which I should like to hear discussed on the part of those who are against this reduction, because I think that is the critical and the crucial question involved in the bill which is proposed by the committee.

Mr. REED. Mr. President, will the Senator pardon me if I make a suggestion—that the assertion that taking the taxes off those who enjoy every large income will benefit the men who enjoy no incomes is a proposition that ought to demand the proof from the man who makes the assertion. He ought to show the fact. The burden certainly is on him.

Mr. CUMMINS. Mr. President, if I may reply for a moment to that, that is a matter of the future, and it depends upon the judgment of men. The judgment of Senators ought to be as good as the judgment of anyone else with respect to such a subject, and I want the Senator from Nebraska to give some attention to it.

Mr. HITCHCOCK. That is a fair question, and I shall take it up in a fair way. I should like, before I do so, to read extracts from another letter along the line of those I have already read. This is a letter just received, and I will simply read extracts from it. This correspondent of mine, who is a farmer, says:

> Permit me, as a plain, ordinary, hard-working Nebraska farmer who has been practically made a bankrupt along with thousands and thousands of other poor devils of farmers who have been exploited by economic reformers and uplifters both in and out of Congress until we are flat broke—permit me to say—

Now, I will read extracts:

> At central and eastern Nebraska points we are offered 16 to 18 cents for new corn. December corn in Chicago is 48 cents, which means that it takes 2 bushels of corn to pay the freight and commission of 1 bushel, and then we can buy 3 tons of soft coal for $15. After we pay the sheller, we can get a ton of very ordinary coal for 3 tons of good shelled corn delivered at the elevator, and if we should be so reckless as to want hard coal we can get it for $23 per ton. After paying 3 cents per bushel to the shelling machine, we can buy a ton of hard coal for from 150 to 200 bushels of shelled corn, according to locality.

Then he says, later on:

> I have seen good butcher cows, shipped from this town ninety miles from Omaha, bring the shipper as little as $1 per hundred.

I have read those letters, and I could read a hundred others, to show the terrible condition existing in the agricultural West among the people who have worked a solid year to produce a crop that they can not sell for the cost of production. What is true in the producing West is true in the producing South, where cotton is the chief product; and here we have this great nation with this enormous body of producers actually reaching this fall season not only without any income for this year, but poorer than they were a year ago!

Those are the people that I say should have the attention of Congress, and not the men of great wealth whom you seek to relieve from taxes in this bill—not only income taxes, which you propose to reduce for them, but you propose to take off the excess-profits taxes on the business enterprises in which they are engaged.

The Senator from Iowa [Mr. CUMMINS] asks me whether I think there is any force in the argument that the taxes on the incomes of these men of great wealth should be reduced, not for their benefit, but for the benefit of the industrial interests of the United States and the workingmen of the United States who otherwise may find themselves out of employment to a greater extent than they are now, who otherwise will not be provided with work because capital will be lacking in the enterprises which provides them with work. I consider that an incandid argument. I will not say that Senators who make it here are insincere, but I mean that every time it has originated it has come from the mouths of the very men who seek to escape taxation. Naturally, they will not come forward and ask to be relieved of taxation on the ground that they feel it too much, on the ground that it prevents them from accumulating wealth as rapidly as they otherwise would; so, in order to gain favor, they say that the rest of the country, the untaxed man, is suffering because they are taxed too much.

Mr. SMOOT. Mr. President, I know that the Senator wants to be perfectly fair in this matter, and so do I, and I want to assure him that there are two sides to this question without a doubt.

The Senator says that the man who asks this reduction in the high rates of taxation on incomes is the man who is going to be benefited by it. I do not think that Secretary Houston stood in that position. I do not think that even Secretary McAdoo, as Secretary of the Treasury, stood in that position. I do not think to-day that any Secretary of the Treasury would do it because of any personal interest he might have in it; and I assure the Senator that if I did not believe with all my soul that it can be proved beyond a question of a doubt that wherever the rates are as high as the 50 per cent bracket would be, together with the normal tax, the money will not go into industries but will find tax-exempt securities, I would not for a moment suggest such a thing.

I can not see, I say to the Senator frankly, why it should be 50 per cent. Fifty per cent will not keep this money out of tax-exempt securities any more than 65 per cent will. I can not see any reason for that change. If they are not going to have a rate which will not force it to at least give the man an equal chance if he goes in the new industry, and possibly a little more, there is no need of any change at all.

Mr. HITCHCOCK. I am glad to hear the Senator admit that the proposed committee amendment will not prevent the men with great incomes from investing their money in tax-free securities. That ends one of the arguments in favor of this amendment which the Senator from North Dakota offers.

Mr. SMOOT. Will the Senator object to my stating a case which shows succinctly what will happen in the case of a man who has an investment of $12,500,000?

Mr. HITCHCOCK. I yield to the Senator.

Mr. SMOOT. I will make it very short, indeed. Mr. President, the man who has a capital wealth of $12,500,000 and who invests that amount of wealth in tax-free securities at 5¾ per cent would have an income of $718,750. His income, if that were invested in preferred stock at 8 per cent, would be $1,000,000. The surtaxes on the dividends from the preferred stock would be $583,510 and the net income, after the surtaxes were paid, would be only $410,000. The rate he would make upon that 8 per cent investment, if these surtaxes were imposed, would be 3.3 per cent. He can put all of that money in tax-exempt securities and get at least 5¾ per cent. Is a man going to do that? That is the whole question in a nutshell.

Mr. HITCHCOCK. I have heard that argument before. It is to the effect that high income taxes on great incomes defeat themselves; that they drive big fortunes out of desirable enterprises into the refuge of tax-free bonds. To that I say, very well. When invested in tax-free bonds, capital will be limited to a return of 5 or 6 per cent, and a limitation on income in such cases is one of the desirable things to attain. The more profitable enterprises will be undertaken by those having moderate means. If the fortunate possessor of an income of more than $100,000 a year chooses to escape the high rate of taxation by selling his coal stock, or his oil interests, or his manufacturing stock, or his hotel stock, or his newspaper stock, or his bank stock, or his elevator stock, or any other form of highly profitable investment, and put his capital into State or municipal bonds, which are tax free, let him do it. His profitable holdings will be purchased by smaller capitalists not afraid of the income tax.

In this respect the tendency is to distribute the highly profitable stocks and bonds to a larger number of people. That process has been going on in recent years, since we put on the graduated income tax. To the same extent that the big fortunes have been getting rid of highly profitable stocks and bonds, small capitalists, not afraid of taxes, have been taking them over. We are decentralizing the ownership of those enterprises, and confining big capital and great fortunes more to the tax-free bonds, which yield only small incomes. Thus we have put in operation a force which tends to limit the big fortunes and big incomes. We have given to small capital access to more profitable securities.

These enterprises are not going begging. When companies can make large profits in oil, or coal, or newspapers, or hotels, or manufacturing, or mining, or any other form of enterprise, capital will be found to go into them, and if the men of great

fortunes are not able to do so, and prefer to hide under the smaller incomes they derive from tax-free securities, let them do it. One of the purposes of the income-tax legislation is undoubtedly to produce some amelioration of the evil this country suffered from for years, of the centralization of wealth in the hands of the few by reason of the enormous profits they made.

The graduated income tax takes away from the wealthy man the inducement to go into great ventures where enormous profits are won at the expense of the general public. It leaves open to the more modest and more moderate incomes of the world the opportunity of investment in these profitable ventures, and confines the great wealth of the country to the smallest possible income which it is willing to receive in order to escape the payment of taxes.

Mr. REED. Mr. President, will the Senator pardon a suggestion from me?

Mr. HITCHCOCK. Certainly.

Mr. REED. I do not want to interrupt the Senator's line of thought, but if it is true that the way to benefit the farmers of Nebraska and Missouri and the South is to take these taxes off very large incomes, so that the possessors of those great fortunes may rehabilitate industry and start the wheels of commerce going, if that is the right remedy, why do we not apply it? Why do we not take all of the taxes off of big incomes, and let them go out and take care of the rest of the world?

Mr. SMOOT. Mr. President, there is a good reason why, I will say to the Senator; but I do not want to take the time of Senators now to state it.

Mr. HITCHCOCK. I want to say that this country is not suffering from lack of active capital.

Mr. SMOOT. This country is suffering, however, from having its capital invested in industries which could be developed and would be developed if it were not for the larger brackets of the income tax law.

Mr. HITCHCOCK. I disagree with the Senator absolutely. This country is suffering at the present time because it produces more than it can consume, and because it must ship its surplus to the rest of the world, and because at the present time the rest of the world is not able to buy that surplus. We are suffering because we have more than half of last year's cotton crop unsold because Europe can not buy it. We are suffering because we have an enormous accumulation of copper and other raw materials in this country that Europe has not been able to buy, although she needs them, and the mines that produce that copper and other raw materials are shut down, and the men who work the mines are idle. We are suffering because the output of our manufacturing institutions at the present time, which are unable to sell the surplus which they formerly sold abroad, is reduced, and they are now operating only on 30 or 35 per cent of their capacity, and more than half of their men are out of work. We are suffering because the farm products of the West have been overmarketed, because the farmers have been forced to throw them upon the market, and the foreign demand being in an embarrassed situation and they being unable to pay, we have more farm products than the market has been able to absorb, and the price has been forced down below the cost of production.

We are suffering because the result of all these matters is that the railroads have had their business enormously curtailed, and we are suffering at the present time because the railroad rates have been put so high as to absolutely prohibit the shipment of goods to market in the Western States. That is one of the things we are suffering from. As one of these men whose letters I have read said, it takes two bushels of corn to ship one to the market in Chicago.

Mr. REED. Mr. President, will the Senator not add that one of the chief causes of our suffering is that the manufacturer and the wholesaler and the retailer are charging war prices to-day, and the farmer, the producer, is getting something less than prewar prices to-day; and we are suffering because a farmer has to sell the hide of a good steer for $1.25 and still has to pay $10 for shoes, which he ought to be able to buy for $5.

Mr. HITCHCOCK. Mr. President, I have not very carefully answered the question of the Senator from Iowa [Mr. CUMMINS], but I feel in my soul that reducing the taxation upon the great incomes of the country is not going to induce any additional investments in enterprises which will employ labor. During the very highest years of the prosperity of the United States, when everything was running at the highest tension, and when production was at the highest point, we had these surtaxes. Business men paid them, and had an enormous surplus left over. They were not attempting to abandon and get out of their productive enterprises at that time, except as they found it more profitable to do so by buying tax-free securities, and when they found it more profitable to buy tax-free securities they had to sell the securities they had in profitable industries, and when they sold those upon the market, as they have upon the stock market in New York and elsewhere, they were purchased by the smaller capitalists of the country, and you have seen the ownership of the railroads get more and more diffused, you have seen the number of stockholders in the great steel trust enormously increase, you have seen the figures showing that the stocks of the Standard Oil Company have been much diffused, but for every great fortune which is taken out of those investments a hundred small fortunes eagerly go in to take the stock they dispose of. So I say there is no evil to come from allowing the smaller capitalists of the country to come into the enjoyment of these highly profitable enterprises and to compel the great fortunes to be invested in low interest-bearing securities in order to escape taxation.

Mr. JONES of New Mexico. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from New Mexico?

Mr. HITCHCOCK. I yield.

Mr. JONES of New Mexico. Very much has been pressed upon the attention of the Senate as to money going into tax-exempt securities. I want to offer this suggestion, demonstrating, I think, that that is not being done to the extent it is urged here.

Prior to the war, good State securities, municipal securities, and so on, were being put upon the market at a rate of 4 per cent. It is now admitted that the rate of interest upon all those securities has been greatly increased. The Senator from Utah uses the illustration of such securities bringing 5¾ per cent. I rather think the figure which he mentions is about correct. So that the rate of interest on these so-called tax-exempt securities has increased from about 4 per cent, prior to the war, to 5¾ per cent now. Does not that demonstrate that there is no undue scramble for such securities at this time? If there were such a scramble, the rate of interest would be decreased, there would be more bidders for them, and they would be willing to take them at a less rate of interest. But we find the actual fact to be that the rate of interest on all these tax-exempt securities has increased in about the same proportion as the interest on all other kinds of securities.

Mr. HITCHCOCK. I think the Senator makes a very legitimate argument, but I am admitting the premises stated by the Senator from Utah and others that the effect of maintaining high tax rates on large incomes will be to drive them into tax-free securities. I say let them go, let them leave to the smaller capitalists of the country, who have moderate incomes, the use of their money in the more profitable enterprises.

Mr. SMOOT. There is another side to that question which I think I ought to call to the Senator's attention and I think he will agree with me. I never want to see the time come in the United States that a man of small means will invest all he has in these hazardous industries. When a man asks me whether he shall invest in a mining company or the development of a mining company, I say, "No; not unless you can afford to lose every dollar you put in."

Mr. HITCHCOCK. I am not talking about such companies. I am talking about the acknowledged profitable investments in the country.

Mr. SMOOT. That does not apply to the manufacturing concerns, nor is it so of general business. The industries that pay the large profits are the ones that were referred to by the Senator a few moments ago—the oil companies, mining companies, and industries of that kind. They are all hazardous in their nature, and I do not think that a man of ordinary means should invest in them.

Mr. HITCHCOCK. Mr. President, we do not want to stray to that issue. That is not really the issue we are on now. One of the recognized economic evils in the country a few years ago was the pronounced concentration of great wealth in the hands of a few people. It stirred the whole country. It was recognized to be an evil. It has grown largely out of the formation of trusts and the exploitation of the great resources of the country. It was due to speculation and various other causes, but we know that we passed through an era of enormous concentration of wealth in the hands of comparatively few people. The American people were looking around for some sort of restraint upon that tendency.

That fact was one of the inducements for the constitutional amendment giving Congress the power to tax incomes. It was not altogether to raise revenue. It was one of the reasons why Congress made the tax a graduated tax instead of making it a flat rate on incomes of all sizes. It was a governmental effort to check the piling up of great fortunes by the snowball process by

which a fortune grew in size as it rolled along from father to son. It was an effort to force a partial return to the public from time to time, in taxes, of the enormous fortunes taken from the general public by speculation, exploitation, monopoly, and enterprise. I believe in this principle of taxation and I always have. We must have taxes to maintain government. Taxes are a burden. Let that burden be distributed so as to fall upon the taxpayer—

First, in proportion to his ability to bear it.

Second, in proportion to the benefits which he receives from civilized society which protects his life and his property.

Third, let it fall in such a way as to put a restriction on the undue concentration of this country's capital in the hands of the few.

Mr. President, in closing, I wish to reiterate that these taxes on the great incomes are to restrain undue increase in the capital of those who enjoy those incomes. Any great income that goes up into the hundreds of thousands or millions of dollars a year means an increase of capital for that individual.

There is only a certain amount of wealth produced in the United States every year. There ought to be a fair distribution of it. Capital ought to have its fair share. There are gentlemen who are very anxious that labor should not get more than its fair share. There is a very general and popular desire at the present time to crowd down labor on the theory that it is getting more than its share. Shall we allow capital to get more than its share? Shall we allow these accumulated fortunes to grow and increase in size because they go to men who can not use them as income and who simply use them to increase the vast capital holdings which they already have?

I do not wish to be thought a Socialist, but I believe it is to the interest of the people to continue these high taxes on great incomes as long as this emergency lasts, while the country is compelled to raise four or five times the amount of revenue that it formerly raised and probably thousands of millions of dollars more than it ought to raise for the maintenance of Government. As long as this emergency lasts let the special taxes remain as they were.

Mr. President, I ask unanimous consent to insert at the proper place in my remarks a number of telegrams from bankers and farmers in the West similar to those that I read.

Mr. PENROSE. Mr. President, I do not want to make any objection to the printing of the telegrams. I merely want to say that these hard-luck letters and telegrams can be duplicated from Pennsylvania and from every State of the Union in almost identical language.

The VICE PRESIDENT. Without objection, the telegrams referred to by the Senator from Nebraska will be printed in the RECORD.

The telegrams are as follows:

Senator HITCHCOCK, *Washington, D. C.*

The farmers of Cheyenne County, Nebr., must have financial relief within 60 days. Decline in wheat market will break them. Kindly use your influence toward obtaining relief.

—

Senator GILBERT M. HITCHCOCK, *Washington, D. C.*

Will you use your influence to stop further demoralizing of wheat market? Unless farmers can realize more on present crop, bankruptcy will be result. Present price will not pay taxes and expenses of raising crops.

—

GILBERT M. HITCHCOCK,
United States Senator, Washington, D. C.

We earnestly request you take immediate steps to catch the declining market on grain. Present prices mean ruin to farmers and other lines of business.

—

Hon. G. M. HITCHCOCK,
United States Senator, Washington, D. C.

Do not believe you fully realize just how serious a position the farmers of the Middle West are in after deducting excessive freight rates. Farmers' products will not pay what they owe the banks, to say nothing of interest delinquent and falling due on their farm mortgages. For 30 years we have been in farm loan business. It has never been so hard to collect interest as it is to-day, and we are making no attempt to collect principal; but investors all over the country who have bought farm mortgages must have interest. Farmers can not pay under present conditions. Immediate action should be taken by the Government to stabilize prices, or our farmers will go bankrupt by thousands.

Mr. CALDER. Mr. President, I shall oppose the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK]. I represent a great agricultural State. The second in the United States in the value of its production. I speak here for that great State with its 11,000,000 people.

I have received the same sort of letters the Senator from Nebraska has, hundreds of them, from farmers all over my State; from business men, from manufacturers, from workingmen, and from many men out of employment. From every phase of life in that great State I have received the same complaints the Senator from Nebraska has received from his State. I have been trying to find a way to relieve the conditions of which he complains.

It has seemed to me that if we are to hope for relief it can only come from inducing the business men of America to take the risk of business, and for that reason I differ with the Senator from Nebraska. He complains that the men who produce on the farm can not find a market for their products, and where they do it is at such low prices as to make production hardly worth while. That is true all over the country. That is true to-day in manufacturing to a large degree as well as in agriculture.

But the Senator in his remarks does not propose a remedy. He does not come to us and say, "Incorporate in this bill these ideas and it will bring relief." On the other hand, those of us who differ with him argue that these high rates of surtaxes have tended to detract from active business the means of the wealthy men of America. I live in New York City, and I have watched the development of industry there. I have noticed the effect of these large surtaxes, for instance, upon our mortgage market. I know many men in New York City who have in the past invested a very large proportion of their income—in fact, of their wealth—in mortgages upon homes and every sort of real estate. These mortgages to-day are unprofitable; because of the high taxes the investor finds himself unable to earn a return within 50 per cent of the amount he can secure from tax-exempt securities. So to-day the rich man of America is gradually withdrawing from that form of investment. In fact, they have been doing so for the last three years and are putting their money into other things with a larger and surer profit.

There are many men with money invested in all sorts of enterprises. I have in mind one particular transaction where a man could have sold a piece of property at a profit and have been able to place the results of that sale in other construction developments. He did not do so, however, because the Government would have taken away from him over 50 per cent of his profits, and with that deduction he could not replace the property at the present construction costs.

So, Mr. President, I advance the thought that if we reduce these taxes to the point that will attract capital back into active industry again it will immediately create a confidence in the business of the country that will materially remedy the conditions of unemployment of which we complain. For with our labor employed we will have a demand for the products of the farm that will stimulate business everywhere.

The executive departments of the Government have made their estimates for next year. They have carefully gone into every proposed expenditure and have eliminated every unnecessary item. A specified sum must be raised to meet our obligations. The interest on our debt exceeds $1,000,000,000. We must contribute toward the amortization of that debt. Our Victory loans must be refunded in the near future, and at the time of the refunding a portion of the principal must be paid. We must make the appropriations necessary to provide for our sick and wounded soldiers; the pension list for the Spanish and Civil Wars exceeds $250,000,000. An appropriation of $700,000,000 is needed to operate the Army and Navy. I need not refer further to the fixed expenditures of the country, because they have been discussed time and time again, but the fact is that we must raise a sum exceeding $4,000,000,000 through the taxes provided in this bill and from other sources. We can not get out of it. There is no possible way to cut down the cost of government below a certain rock-bottom figure, and means must be found to obtain revenue necessary to meet the Government's requirements.

We are met by the insistent demand that taxes be levied upon the rich and not placed upon the backs of the poor. The demagogue decries a tax levied directly upon the articles consumed by the people of moderate means; but it is a simple fact that the poor man pays his share, no matter what the method, for an indirect tax is handed down to him through adding an additional sum to the things he consumes in everyday life; and that can not be avoided.

Under the terms of the pending bill we repeal the transportation tax and many of the so-called luxury or nuisance taxes. In repealing these taxes the committee has recommended amendments which provide for a maximum surtax of 50 per cent upon incomes and a tax of 15 per cent on the net profits of corporations.

I had hoped it would be possible to fix the maximum surtaxes on the higher incomes not to exceed 25 per cent. The House bill fixed the rate at 32 per cent. The Finance Committee has raised this to 50 per cent. I am utterly opposed to the tax being increased beyond 32 per cent. Despite the opinion of tax experts, I believe that a 32 per cent tax will raise more money than 50 per cent.

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER (Mr. EDGE in the chair). Does the Senator from New York yield to the Senator from Ohio?

Mr. CALDER. I yield.

Mr. POMERENE. Assuming that Congress should reduce these taxes to 25 per cent in harmony with the views of the Senator from New York, out of what subject of taxation would he raise the amount which the Government would thus lose?

Mr. CALDER. I had intended to deal with that subject a little later on in my remarks, but inasmuch as the Senator has asked the question, I will say to him that I would levy a manufacturers' tax of 1 per cent, not 3 per cent as the Senator from Utah proposes, and that 1 per cent would make up the difference, in my opinion.

Mr. PENROSE. Mr. President, will the Sentor permit an interruption in answer to the Senator from Ohio?

Mr. CALDER. Certainly.

Mr. PENROSE. It is clearly demonstrated to my mind, after a very careful investigation of the matter, extending not only over the consideration of this bill but preceding revenue bills, that the 25 per cent rate would in a very few years produce a much larger revenue than the present rate. The answer to the Senator's inquiry, therefore, is that the Government would not lose money but would be better off by not trying to draw all the blood at one operation, but by taking it in a sensible, logical, and gradual way.

Mr. POMERENE. I have heard that statement made before. I realize that that is the position many students of the subject take. It may be that they are right; but it has seemed to me that when a conclusion of that kind is stated we have to accept it rather on faith than on actuality.

Mr. PENROSE. I take it, Mr. President, that it is a case where one opinion is as good as another, and I think my opinion is a little better and more fully sustained.

The PRESIDING OFFICER. The Senator from New York will proceed.

Mr. CALDER. Mr. President, we are told by those who are well versed in tax matters that when surtaxes pass 32 per cent, men of large incomes withdraw their money from industry and invest it in securities not required by law to pay a just proportion of Federal taxation.

It was my privilege last year, as chairman of a subcommittee of the Senate, to make an exhaustive study of the construction industry in this country. The report of my committee indicated that the Nation needed $20,000,000,000 of new construction work. In this connection, Mr. President, I may say that this statement is agreed to by the recent unemployment conference presided over by the Secretary of Commerce, Mr. Hoover.

In that estimate was included the extension of our railroad systems, both trackage and equipment, the building of factories, the improvement of our highways, and the construction of homes for our people. I say $20,000,000,000 is needed for these purposes, for to-day many construction enterprises are halted for lack of financing at reasonable rates. The funds are not available because of the high rate of taxes upon incomes derived from industrial securities and business generally. Men and women who formerly invested in securities of this kind now invest in Federal, State, and municipal bonds which are tax exempt. This question has been discussed pro and con for the last day or two in the Chamber.

It is said that there are from fifteen to seventeen billions of dollars worth of tax-exempt bonds in the United States. A man with an income of from $100,000 to $500,000 can derive a greater net return by investing his money in such tax-exempt bonds bearing interest at 5 per cent than he could if his money were invested in railroad securities or other industrial bonds bearing interest at 10 per cent. This is particularly true as contrasted with the net return from investments in mortgages on real estate.

Mr. CUMMINS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Iowa?

Mr. CALDER. I do.

Mr. CUMMINS. Does the Senator from New York want to bring about a state of affairs in which Government bonds, State bonds, municipal bonds, and other bonds that are tax free can not be sold?

Mr. CALDER. No, Mr. President; I do not; and I am not sure that I should favor an amendment to the Constitution that would enable the Federal Government to levy the same tax upon income derived from State and municipal bonds as is levied upon other incomes. I would not do that because the States and municipalities must raise money for their improvements.

Mr. CUMMINS. I am quite in sympathy with the Senator from New York on that point. I think that all wealth ought to be taxed, no matter whether it is represented in a Government bond or in a State bond, but I think it would not be good policy to adjust the Federal taxation upon the theory that we intended to drive out of the market the bonds which may be issued by the Government and by States and municipalities.

Mr. CALDER. Mr. President, I quite agree with the Senator from Iowa; I would not do that; but I think if we levied a tax of approximately 30 per cent upon the incomes from industrial enterprises, from public utilities, and from business generally, that would afford a sufficient margin to attract an adequate supply of money to State and municipal securities and to level up the taxes derived from business enterprises and those from other forms of investment; but I shall deal with that question a little later on.

Mr. POMERENE. Will the Senator permit a further interruption?

Mr. CALDER. I yield to the Senator.

Mr. POMERENE. The Senator from New York has just said that there is a shortage of buildings, and that that is due to the fact that the rate of tax on higher incomes is such that moneyed men refuse to invest in mortgages or in other similar securities. I recognize it to be a fact that when we encourage investments of any kind we are improving the country as a whole; there can not be any doubt about that proposition; but I have not been able to get the consent of my mind to the proposition that the shortage of building funds is due to the high rate of taxation, which, of course, only touches those whose incomes fall within the higher brackets. Rather, I think the condition is due to this reason: Primarily there is a lack of building because of the high price of building material and the high price of labor. When men invest their money in mortgages or in buildings they know that ultimately there is going to be a shrinkage in the value of the buildings; they know that when a building costs 60 per cent more than it ought to cost under normal conditions, if there shall come a depression in real estate values their interests will be jeopardized.

We are all concerned in the proper housing of the laboring classes; everyone wants that done; but I do not know whether it is serving the laboring man to build a house for $3,000 that ought to be built for $1,800 and have him take that house off the contractor's hands at $3,000, thus making him pay $3,000 for a house that is worth only $1,800. I think that condition is the reason why there is a shortage of funds for the building of houses and other structures at the present time. It is that rather than the high rate of taxes which is imposed in some of these higher brackets.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from New Jersey?

Mr. CALDER. I yield.

Mr. EDGE. While the illustration of the Senator from Ohio as to the increase in the cost of construction is unquestionably correct, as showing in the case given an increase from $1,800 to $3,000, at the same time have not the wages of the men who would occupy such houses shown a proportionate increase?

Mr. POMERENE. Certainly, their wages have been increased; I realize that; but I am speaking especially of the benefit which may accrue to the man who is to buy the house; he is the man I am thinking about. It is to me a shocking proposition to ask the laboring man, who has his family to support, to pay $3,000 in installments for a house which normally would cost him only from $1,500 to $1,800.

Mr. CALDER. Mr. President, the Senator from Ohio refers to the cost of the construction of houses under normal conditions. By "normal" does he mean the cost during the period before the war?

Mr. POMERENE. No, Mr. President, I do not think that in many of the centers of population costs and prices will ever get back to what they were before the war, but they are going to drop.

Mr. CALDER. Mr. President, the cost of building to-day is about 60 per cent more than it was five years ago. The Senator has the figures about right; a building that cost $1,800 in 1913 or 1914 now costs $3,000 to erect. There are two elements that enter particularly into the increased cost of construction, namely, the cost of material and the price of labor.

In the years 1919 and 1920 building material costs were about 150 per cent higher than they were in 1914. I refer to building material generally, such as lumber, brick, plumbing material, roofing, and commodities of that kind. They are now 60 per cent higher than they were in antewar days. Material prices have dropped off at least 40 per cent below the 1920 level. They have dropped, I will say, Mr. President, more than the prices of any other commodity.

It is true that in the large centers of population—and I speak of New York City particularly, because I know the conditions there—the labor costs continue at the very highest point. To-day we are paying masons, plasterers, and carpenters as high wages as were being paid to them at the peak of labor costs during and since the war. I doubt very much if we can hope for some years to reach much lower material costs, and I am speaking particularly of lumber, brick, and cement, the three principal commodities that enter into construction. We may, Mr. President, have lower labor costs, but I doubt if we will have much lower labor costs until the commodities which labor has to buy for its wage are reduced in price.

I repeat, in answer to the Senator from Ohio, that I believe one of the greatest contributing causes, if not the greatest—and it is even greater, in my opinion, than the high wages and high material costs—which is retarding building is the lack of sufficient financing. In New York and other large cities where I have had occasion to look into the matter, I find plenty of money for mortgages of $3,000, $4,000, and $5,000 on improved real estate, but very little or no money for mortgages of $50,000, $75,000, $100,000, and $500,000 for the larger building developments, which house so many families and which give employment to so many men.

In my own State the law forbids the charging of more than 6 per cent interest on mortgages. Under these conditions a man with an income of $500,000 only nets about 2 per cent, as against over 5 per cent derived by the purchase of State, city, or Federal bonds, and with the latter he has no difficulty, except to draw his interest when it becomes due.

Now, with a maximum 32 per cent income tax we arrive at a point when it is really not profitable to invest one's money in tax-exempt bonds as against industrial or public utility bonds drawing 7 or 8 per cent.

I can not understand how Senators can take the ground that the reduction of surtaxes to 32 per cent takes the burden from the backs of the rich and puts it on the poor. After all, the man of moderate means, the working man, and the business man with an income which is practically all spent for living expenses finds himself meeting the entire burden of taxation, while the rich man manages to evade most of it. Another material factor in this situation is the fact that many of these investments in Federal, State, and municipal securities are for nonproductive improvements, such as the construction of courthouses and many other public improvements. A million dollars spent in constructing a courthouse, while desirable and often quite necessary for the proper and convenient conduct of public business, is just so much money invested without bringing in a return.

Mr. NELSON. Mr. President, may I ask the Senator a question?

Mr. CALDER. I yield to the Senator.

Mr. NELSON. The Senator a moment ago referred to the rich, and intimated that it was easy for them to evade taxation. Can the Senator explain why the rich have a disposition to evade taxation on all occasions? Does not that indicate a certain species of moral depravity?

Mr. CALDER. Oh, Mr. President, I can not agree with that statement. If the rich sought to evade taxation during the war, perhaps we might accuse them of that; but I venture the statement that, perhaps, with the exception of the distinguished Senator from Minnesota, there is not a Senator in this Chamber who does not try to pay just as little taxes to the State, to the city, and to the Federal Government as he can legally do.

Mr. REED. Mr. President, the Senator has just indicted the Senate. I wonder if he will apply that to the country generally, or does he think that Senators are worse than the remainder of the population?

Mr. CALDER. Why, Mr. President, of course I think that, with the possible exception of myself, Senators are more patriotic when it comes to paying taxes than any other people. I think that every man and every woman in America pays just as little taxes as he or she possibly can in these times of peace, and that they maneuver in every way to get out of paying taxes when they can do so legally.

Mr. President, money invested in mortgages on real estate and the development of our railroads, or, in fact, in any going business, has an earning capacity from the very minute the investment is made. It is a productive investment which pays its way over and over again.

Mr. President, with our present system hundreds of millions yes, billions, have been withdrawn from business and invested in securities which are really of little direct benefit in developing our communities.

Mr. HITCHCOCK. Mr. President, will the Senator explain how that money is withdrawn?

Mr. CALDER. I have intimate knowledge, Mr. President, of just how it is withdrawn from real estate mortgages. When the mortgages are due they are called, and, because of the great demand for real estate generally, the men carrying such investments have been able to realize 100 cents on the dollar. I doubt very much if it is the policy generally of business men to sacrifice their holdings unless in sacrificing them they make money by doing so. They find it more profitable to invest in tax-exempt securities; but from my examination of the question I will say to the Senator from Nebraska that these men with large incomes do not, as a rule, sell their holdings except when they find it absolutely profitable; but they do invest in tax exempts all of their surplus income.

Mr. HITCHCOCK. So the Senator thinks they are still holding on to their investments that are paying 20 per cent, say?

Mr. CALDER. Of course, they are; I will say to the Senator from Nebraska that the man of large income is not selling investments netting 20 per cent because they are more profitable than 5 per cent.

Mr. HITCHCOCK. Then the Senator really thinks they are not withdrawing their money, but are simply investing their surplus?

Mr. CALDER. They are investing their surplus, and they are selling their securities where it is more profitable to invest their means in tax-exempt securities.

Mr. HITCHCOCK. Who purchases these securities when they sell them?

Mr. CALDER. When they are sold at a sacrifice, very often the public buys them.

Mr. HITCHCOCK. Does the Senator mean by "the public" the people of more moderate means?

Mr. CALDER. Wherever it is profitable for them so to do; yes.

Mr. HITCHCOCK. Is it not a good process to let those people have those securities?

Mr. CALDER. It is a good process, of course; but my contention is that because of the attractiveness of these nontax-paying securities large sums of money are taken out of active industry which otherwise would be put into business that would turn over and over again, earning money, putting money into active business circulation, and therefore making profits and business for the country generally.

Then, too, Mr. President, people with large incomes to-day are in the habit of dividing up their properties in order to avoid high taxation. Under the present law it is possible for an individual to divide his property among four or five members of his family, and thereby materially reduce his taxes, while the business man of moderate means is compelled through his business needs to keep his capital intact, and is required to pay taxes on his entire income.

The whole idea of excessive surtaxes being a tax on the rich alone is a fallacy, and until we understand that we can not hope for a complete revival of business activity.

I shall vote, Mr. President, to fix 32 per cent as the maximum surtax rate, and I shall do so with the conviction that my vote will be in the best interest of the whole country, for in my judgment the continuance of a rate of taxation in excess of that will be most damaging to the real prosperity of the Nation.

Mr. President, I favor the elimination of these so-called "nuisance taxes," and I shall join with other Members of the Senate in an endeavor to find a substitute; and if one can be found that will levy taxes really equitably upon all of the people, it will have my support.

It has been difficult, Mr. President, to bring myself to believe that a manufacturers' tax of 3 per cent on all finished products would be welcomed by American business men. It is true that we have organizations here who claim they represent the great manufacturing interests of the country, who are willing to have a tax of 3 per cent levied on their business; but these men in the main are already paying a sales tax to the Government, and they insist that if they are taxed, and very properly, too, that every other industry should likewise be taxed.

I am sorry that in the measure proposed by the Senator from Utah the rate is not fixed at 1 per cent. I do not believe there would be serious objection to this by the people of the country, and I believe the Government would be furnished with sufficient revenue to make up the items we have eliminated. I have in mind the small "nuisance" taxes, the reduction of surtaxes to 30 per cent, and the reduction of the corporation tax to 10 per cent.

For my part I am fully convinced there is little to be gained out of these higher levels of taxes; and indirectly they will do great harm in materially retarding the business prosperity

which, if this Congress acts intelligently, is at our very door. We should by all means repeal the excess-profits taxes, reduce the maximum surtax, and encourage necessary investment in productive industry.

Mr. LENROOT. Mr. President, I should like to ask the Senator from Nebraska a question, if I may. What is the Senator's construction of the amendment that he has proposed as to what surtaxes, in his opinion, it would apply to?

Mr. HITCHCOCK. It would apply to the surtaxes on all incomes over $100,000.

Mr. LENROOT. Is it the Senator's intention that it should apply only to the brackets over $100,000?

Mr. HITCHCOCK. What I mean is that every income in excess of $100,000 shall be taxed the same next year that it has been taxed heretofore.

Mr. LENROOT. Is it the Senator's intention, so far as those incomes are concerned, to apply a different rate in the lower brackets as well as in the higher ones?

Mr. HITCHCOCK. I have just accepted the amendments of the committee on all incomes under $100,000.

Mr. LENROOT. No; I mean in the case of an income of over $100,000 the brackets that would be applied upon that income of over $100,000 up to $1,000,000 would be what?

Mr. HITCHCOCK. The same brackets as the present law provide.

Mr. LENROOT. So the Senator's construction, then, is—and I think it is correct—that upon brackets below $100,000 he would have one rate of surtax for incomes below $100,000 and a different rate for incomes above $100,000, whereas under the present law and under the committee amendment they are the same?

Mr. HITCHCOCK. I had not the intention of bringing about anything of that sort. The committee has offered an amendment to the present law, and I am willing to accept it as far as I am concerned up to the point of $100,000 incomes, because it makes very trifling reductions; but above incomes of $100,000 I think the same brackets ought to apply that prevail under the present law.

Mr. LENROOT. That is, brackets from $5,000 up?

Mr. HITCHCOCK. The brackets as far as they affect incomes of $100,000 and over.

Mr. LENROOT. Of course, the Senator understands that under the present law each bracket is considered in a class by itself; and all incomes, whether $1,000,000 or $10,000, pay in the bracket to which they belong, and then, in addition, in other brackets for any additional income.

Mr. HITCHCOCK. I doubt whether the Senator is justified in making the construction which he seeks to make. I am only attempting to change the amendment of the committee to the extent that it applies to the excess over $100,000.

Mr. LENROOT. Yes. Now, clearly the Senator's amendment does not accomplish that, because the surtaxes are the sum of all the brackets upon a given income.

Mr. McCUMBER. Mr. President, the Senator from Nebraska has tried his hand at simplification, and if you will read his amendment you will see that it is very simple, indeed. He says:

> The rate of surtax for the calendar year 1922 on net incomes exceeding $100,000 shall be at the same as for the calendar year 1921.

That sounds simple until you begin to apply it; and he begins to apply it, as is suggested by the Senator from Wisconsin, on the $100,000 basis, where the preceding brackets have been changed, so that the rate upon the $100,000 and above the $100,000 must necessarily be different, because they include what is paid upon all of the preceding brackets. The error of the amendment of the Senator is that in reality it restores the 1921 rates on the brackets below $100,000 as well as on the brackets above $100,000.

With the assistance again of the experts, whom I have called upon to get the results of the Senator's simplification of the law, we have this: The tax on $100,000 under the amendment proposed by the majority, or the bloc amendment, would be $30,140. Under the Hitchcock amendment the tax on $100,000 would be $30,140. So far there is no difference, but the tax on $100,001 proposed by the majority amendment would be $30,140.56. In other words, there would be 56 cents more tax for that one dollar; but under the Hitchcock amendment the tax on $100,001 would be $31,190.60, or a difference of $1,050.04 upon that one dollar of earnings above the $100,000.

In other words, an increase of one dollar of net income under the proposed majority amendment brings about an increase of 56 cents in tax, while under the Hitchcock amendment as drawn an increase of one dollar in income brings about an increased tax of $1,050.04.

Mr. REED. Mr. President, all that may be true. It may be that technically the Senator from Nebraska has not properly fitted his amendment to a bill which is absolutely nonunderstandable by anybody except an expert; but we understand the purpose of the amendment, and it can be framed easily enough. The purpose of the amendment is to keep the surtaxes on incomes above $100,000 where they are under the present law, and if the amendment is not in exactly the proper form it can soon be put in form. It is no reflection on the intelligence of any Senator that he has not been able to draw hastily an amendment which fits into this complicated scheme.

Mr. President, in the physical condition in which I find myself this morning I think I shall only want to occupy the floor for a few minutes; but I desire to call attention to some fallacies which I think have been long enough repeated on the floor of the Senate. One of these fallacies is the reason given for industrial depression and unemployment, namely, because the people who have money are asked to pay taxes upon what they have. The theory that has been argued here to-day was advanced with great vehemence when the committee reported a bill which refused to advance surtaxes beyond 32 per cent regardless of what the income might be. It is contended that when high taxes are levied upon the profits of wealth, wealth will immediately cease to be invested in those things producing large profits, and that investments yielding smaller returns will be eagerly sought; in other words, that in order to escape giving up part of their profits in the way of taxation, gentlemen will be so foolish as to put their money into something that pays so small a profit that they will not have any taxes to pay, thus depriving themselves of the difference between the taxes and the gross income, which leaves them a net amount far in excess of the small interest bearing investment.

Mr. NELSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Minnesota?

Mr. REED. Gladly.

Mr. NELSON. Does not the Senator think that those wealthy men who invest their money in State and municipal bonds are, after all, conferring a blessing on the States and the municipalities by furnishing them funds by which they can carry on development and improvement, and in that way help the development of the country?

Mr. REED. Yes, Mr. President; I had occasion to say so a few days ago; and the Senator from Minnesota, with his usual good common sense, which is the best kind of sense in the world, puts it very clearly and directly.

Mr. NELSON. Mr. President, if the Senator will further allow me, would it not be too bad to deprive those rich people of the privilege of helping the States and municipalities in their development? Is it not a good plan to encourage them in that task?

Mr. REED. I think we are in no danger of having too many bidders for our State, county, and municipal bonds. I think the more we have bidding for them the better.

Another fallacy which is akin to the one I have just mentioned is that the way to benefit the farmer who is making no money, and the laboring man who is out of a job, is to take the taxes off the men who are making enormous incomes. The Senator from Iowa [Mr. CUMMINS] asked the Senator from Nebraska [Mr. HITCHCOCK] to answer that claim. It would have been more in line with the usual custom if he had asked those who make that startling proposition to adduce their evidence in support of it. I have heard no evidence in support of it. I have heard assertions, but when a man makes an assertion that the way to take care of the man who has suffered a loss, and yet must pay taxes, is to take the taxes off a man who has made profits that year, I think it requires some very conclusive and convincing evidence before it ought to be accepted.

Such an argument is akin to the one we have heard for a good many years in this country—in fact, I think it is its child, either legitimate or illegitimate—that is, if you take care of big business, big business will take care of the country. It always has taken care of the country by taking care of itself out of the country.

We might as well discuss this question here to-day in its broad sense, because it applies not only to surtaxes upon incomes but to the question of excess profits as well. We are told now that the excess-profits tax is to go; that that has been agreed upon as a compromise between certain unknown patriots, who met in secret and served notice upon the chairman of the Finance Committee that unless there was a yielding on certain other things they would help defeat the bill. We are told that they compromised by agreeing to sacrifice the excess profits.

The argument which applies to excess profits, and the argument which applies to surtaxes upon very large incomes, are basically the same, namely, that if you tax great incomes or great profits the patriotic gentlemen enjoying the great incomes or profits will refuse to invest their money; that the business of the country will languish; that everybody will suffer; and that the only way we can get business reestablished is to take the burden off the man who is making money and put it on the man who is not making money. That is the whole question in a nutshell.

Mr. President, the last thing in the world I want to do is to put myself in a class with individuals who make war upon men who have made money. I think we ought to encourage men who make money, but I also think when a man makes money he ought to be willing to help bear the expense of the Government that protects him in the possession of that money.

Sir, it is proposed to levy a tax upon a farmer who raises his produce at a loss, and who is confronted by an increased mortgage upon his farm, and to reduce the taxes upon the man who made an enormous profit in his business by pricing the things he sold to that farmer so as to make an outrageous profit. Moreover, it is argued that it is done for the benefit of the farmer. The man who advocates a proposition of that kind could advocate any kind of a proposition, however insane or idiotic it might be. You may tell that to the Members of the Senate of the United States, but none of you will go out and tell it to your people.

I know I will be met with the proposition that if the farmer has lost money he has neither an excess-profits tax to pay nor has he a surtax to pay upon his income; but, nevertheless, I assert that he does pay his tribute, although he may not have to pay a tribute directly to the Government, and I propose to take the time of the Senate just a moment to make that very plain.

I am speaking of the farmer, not because I am a professional farmer, but because he represents to-day 49 per cent of the people of the United States, and his welfare, therefore, concerns not only himself but the entire population of the United States. He is to-day selling his produce at prewar prices and below. We need not pause for the moment to consider why that is, although a little later I think I can point out the whys and the wherefores. He is bringing that produce to the market and sacrificing it at prewar and below prewar prices. When he buys the things which he must buy, he must pay almost war prices for them. He is paying a gentleman eleven or twelve dollars for a pair of shoes which he ought to be able to get for four or five dollars if the shoes had been reduced as his prices were reduced. He is paying corresponding prices for his harness, for his agricultural machinery, for clothing for himself and his family. To whom is he paying it? He is paying it to gentlemen who have enormous incomes, on which surtaxes are to-day levied, and to institutions that are making enormous profits and will come within the excess-profits clauses of the law.

The necessary revenue of this Government must be collected from somebody, and if it is not collected from those who reap high profits it will have to be collected from those who earn moderate profits, those who make no profits at all, and those who are obliged to pay by contributing out of the capital they now possess; yet the battle on this bill, which is yet to come, and which is allied with the present contest, is a battle over the question whether the man who has made 20, 30, 40, 100, or 1,000 per cent profits shall pay taxes upon those profits or shall be permitted to escape taxation on those profits, and the question whether the taxes shall be wrung from the rest of the people of the United States. That is all there is in it.

There never was a bolder proposition put forward in the interest of the profiteer than the assertion that we shall take the burden off the profiteer at the very time the great mass of the people of this country are suffering losses and making no money.

I am going to reduce it to a very simple illustration, which, of course, is purely an illustration. As I look at the Senator from Minnesota [Mr. NELSON] it comes to me that a farmer in Minnesota who raises a crop of 1,000 bushels of spring wheat, and who has to sell it in Minnesota to-day for about 90 cents a bushel, hauls his 1,000 bushels of wheat to town, gets $900 for it, and is actually out money by the transaction. He is poorer than when he began. He goes to an emporium dealing in agricultural implements to buy the plows and farm machinery necessary for next year's tillage. I shall assume that the institution he deals with makes 40 or 50 per cent profit, and hence would be called upon to pay an excess-profits tax under the law as it stands now. I want somebody to tell me what aid it will be to my farmer to have the excess-profits tax forgiven that institution which extorts and always has extorted the last dollar it can get from him.

What it pays to the Government it will pay to the Government because it is forced to do so, and if it is not required to pay it will have that much more money to distribute to its stockholders. A flattering letter will be sent out to the stockholders telling how much money they have made; the stockholders will take those profits and add them to their incomes. In addition, if they pay surtaxes, then by the provisions of the pending bill the surtaxes will be reduced.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. REED. Gladly.

Mr. NELSON. The Senator from Missouri omitted one step in the program, and that is the stockholder would try to get his income in the shape of stock dividends, and be entirely immune.

Mr. REED. He would be immune until he reached the surtax point, and now when we get to the surtax we propose to reduce that. Let us see who is affected by the surtaxes. Let me see if I can make this thing so plain and so simple that the country can understand it. I believe the Senate understands it now.

We start with the tax on a man who only makes $1,000 if he is single, or the girl who only makes $1,000 and who works in a store or an office. Upon that thousand dollars they must pay a tax, and the man who has a million dollars income pays on the first thousand dollars of that income just exactly the same as that girl who earns $1,000 and has no more, and has to spend every dollar of it. Following, if the man who has a million dollar income is married he does not pay any tax on the first $2,000; that part of his income is exactly on a par with the man who earns not a cent more than $5,000 and who has to spend it all to support his wife and his children. What is the hardship there? The millionaire as to the first $5,000 of his income is on a par with the poor man who has nothing but that income and spends it all.

Let us follow that a little further. Here is a man who earns $10,000 and pays on that $10,000 a stipulated per cent. The millionaire, the man who has a million dollar income, pays on the first $10,000 of his income exactly the same as the poor man or the man with the moderate income. So we proceed to the $20,000 income, the $60,000 income, or $100,000 income, and in each instance on that part of his income which reaches the $100,000 bracket or the $20,000 or $10,000 bracket, the man enjoying the income of a million dollars pays just the same tax as the individual who has an income of only the amount which brings him within the bracket.

So we proceed until we reach the income of $68,000. It was at that point that the overstrained heart of the majority members of the committee broke and they proposed that when a man has an income of more than $68,000 he shall not pay an increasing tax on the amount of income he has above $68,000. In other words, there were 12,000 men in the country having incomes above $68,000, which certainly represents a fortune of more than $1,000,000. When we reach that class of 12,000 millionaires there should be no further increase in the surtax. Coupled with that is the proposition to wipe out the excess-profits tax. As to both of them we are told the same story, namely, that if we do not wipe out this tax these gentlemen will refuse to invest in business and the farmer will not have any market; that that is going to wipe out the farmer's market.

Now, how will it wipe out the farmer's market? Let us ask that question in all seriousness and see if it can be answered. Will it make the people of the United States eat any more corn meal, any more flour, any more cattle, wear any more shoes, consume any more of what the farmer produces, if we take the tax from these 12,000 millionaires and take the tax from the profiteers who have fattened and battened upon the country? Why, the tax upon the profiteer if properly levied only makes the profiteer disgorge a part of his loot. There have been Senators who have advocated laws to punish as criminals men who exacted more than certain profits, and some of them will vote to take the tax off of the profiteer altogether. Some of those very individuals will undoubtedly vote that way when the roll is called.

Mr. POMERENE. Mr. President, the Senator ought not to forget, however, that the majority aided the farmer by placing 35 cents a bushel on the value of his wheat and 15 cents a bushel on the value of his corn crop.

Mr. REED. That is true. The theory of the bill is that if A has an income of $1,000,000 a year and we reduce his taxes upon that $1,000,000 he is going out and distribute to the people as benefactors the money which he otherwise would have paid

to the Government. Will some of the Senators who advocate this add an amendment to the bill to provide that the money saved by this reduction of taxes shall be loaned to farmers at a certain rate of interest, that it shall be invested for the benefit of the people, or that it shall be used in public benefactions? Will some of you introduce an amendment of that kind? You know and I know and every man with any sense at all in his head knows that the money will be used by those people as they properly have a right to use it. It will go into their bank account or into their future investments. It will be kept by them as they have a right to keep it if we demand it by taxation.

The next astounding theory is that we must lower these taxes because they are evaded. We have the statement of the distinguished Senator from New York [Mr. CALDER] to the effect that citizens everywhere, including Members of the Senate, are trying to dodge taxes. Well, if everybody is trying to dodge his taxes, then taxes will be dodged whether we reduce them or whether we do not reduce them. If we are going to deal with this proposition upon the basis that everybody is a scoundrel and will dodge his taxes if we do not reduce them, and that the people who now pay low taxes are already dodging, then the argument gets nowhere because they are going to keep on trying to dodge, no matter what the taxes are.

But I do not agree with the wholesale indictment of Members of the Senate or the wholesale indictment of the country by the Senator from New York. I think that the great majority of the people of the United States are entirely willing to pay the taxes that the Government levies, and try to make an honest return, and do make an honest return as far as they are able. It is only occasionally that somebody intentionally defrauds the Government, and that is becoming a more and more dangerous proposition every day.

That there have been honest mistakes made, growing out of a law that nobody could understand, that had to be construed, and that the department has frequently construed one way and the courts another, is, of course, true. In those instances there are disputes, but the great mass of people of the United States propose to make honest returns and try to do what is fair by their Government.

If it is true that men enjoying incomes of a million dollars and more are defrauding the Government by false returns, as has been argued here, then I say that they are the last people in the world deserving any consideration at the hands of the Government, and that the Government had better get busy in order to compel them to pay what is justly due from them.

I say that the argument that the Government is powerless and therefore we must take off the tax is a coward's argument. Can it be argued that the Government is so impotent and that it can not collect taxes from the rich while it can exact them from the poor? Such an argument does not commend itself to my judgment. I invite Senators on the other side of the aisle to proceed, if they dare proceed, with the proposition to take the tax off the profiteer and put it upon the man who has made no profit.

Now, Mr. President, every time an advocate of a cause wants to have a change for the benefit of some class of people he comes forward with the assertion that present hard times are caused by the particular condition he asks to have changed. If a man wants the taxes taken off the rich, he says it is the taxes on the rich that make the hard times. If he wants the taxes taken off the profiteer, he says it is the tax on the profiteer that makes the hard times. If he has a pet theory of internationalism, he says that it was our failure to go into the League of Nations that made the hard times. And so we go. "Hard times" is the general excuse offered for every ill of mankind.

I should like to appeal to the common sense of this body and to an observation of the obvious, if you please. The obvious solution from which there is no escape is found in the toil and labor of many years.

Mr. President, prior to 1914 the world, working and toiling in peace, found itself barely able at the end of the year to meet its responsibilities and liabilities. At that time Europe was clamoring for better conditions. The labor of England was almost at the point of some kind of industrial revolt. The labor of our own country was none too well employed. Yet we were living under conditions of absolute peace and no industry was disturbed by any threat of war. Notwithstanding, with everybody working, without the waste of war, the world was finding it hard to make both ends meet.

Then, in 1914, what happened? First and last, a call from the creative industries of the world for 30,000,000 men. If there had been a general strike of 30,000,000 men in the world, if they had simply quit work for five years, without firing a shot, the world would have faced an overwhelming industrial crisis.

A mere civil strike would have produced unspeakable conditions; but we did more than that, sir. These men started fighting, and when they fought they not only destroyed themselves but they destroyed the accumulated property that had been gathered for years. Back of the lines of fighting men it was also necessary to mobilize the whole industrial force of the world. Instead of forging implements for the farms, building habitations for the people, or manufacturing steel and iron and wood and all kinds of material that would go again into the creative industry of the country, we massed these forces on the battle fields and destroyed them.

What has been the result of all that? A burden that must continue with us for many years. To meet that burden is our task to-day.

Mr. President, when we look into the question of hard times we find the answer in the inability of people to purchase. We may pass all the laws we wish to pass, we may resort to all the artificial things we desire to conceive, but the fact of the matter is that the man in Europe who has been impoverished and who has scarcely clothing for his back can not purchase the amount of goods that he would have been able to purchase if there had been no war and if he had his income unimpaired and his property in hand. A nation stripped of wealth can not be a large purchaser.

We need not look far for an illustration of that. The South was a great purchaser, a great customer of the North before the Civil War; we were held together in the closest kind of commercial unity, but when the South had gallantly stood upon the battle line until the best of her sons were dead, when her fields had gone to weeds, when her cities had been burned, when her factories had been destroyed, when men who had possessed large fortunes were reduced to absolute poverty, the South, though she needed everything the North had, could not purchase. She had to wait until she had created wealth with which to purchase.

When we ask for the great basic causes of our inability to market goods in Europe we are confronted by the fact that Europe has been impoverished and that a pauper—and I do not use the term offensively—can not buy as does a prince.

Mr. OVERMAN. Mr. President, I suggest the absence of a quorum.

Mr. PENROSE. Mr. President, I was on the point of making the suggestion because——

The VICE PRESIDENT. Does the Senator from Missouri yield?

Mr. PENROSE. For a considerable period the Senator from Missouri has been addressing a Chamber which is practically empty.

Mr. REED. That is very true. I am glad the Senator from Pennsylvania put the fact in the record. Every time a Senator begins discussing one of these questions in a way that does not exactly suit, Senators console themselves by leaving. They do not offend me at all by doing so; I do not blame anybody for not staying here to listen to me.

Mr. PENROSE. Neither do I. [Laughter.]

Mr. REED. Certainly not.

Mr. PENROSE. And I should like to say at this point, if there is no objection, that after to-day there will be ample opportunity during the evening sessions for the Senator from Missouri to indulge in such performances.

Mr. OVERMAN. I rise to a point of order. I suggested the absence of a quorum.

Mr. REED. Before the roll is called, let me merely say to the distinguished Senator, who is the chairman of the Finance Committee, that he may not like my remarks——

Mr. PENROSE. I have not heard them.

Mr. REED. I thought he had not.

The VICE PRESIDENT. The Chair supposes the only thing which is in order is the calling of the roll to ascertain the presence of a quorum.

Mr. REED. It is, Mr. President.

The VICE PRESIDENT. The Senator from Missouri will have ample opportunity to continue his remarks after the calling of the roll shall have been concluded.

Mr. REED. I do not object. Let the roll call proceed. I shall not be at all perturbed by the call of the roll.

The roll was called and the following Senators answered to their names:

Ashurst	Edge	Harreld	King
Borah	Ernst	Harris	La Follette
Broussard	Fernald	Harrison	Lenroot
Bursum	Fletcher	Heflin	Lodge
Cameron	France	Hitchcock	McCormick
Capper	Frelinghuysen	Jones, N. Mex.	McCumber
Cummins	Gerry	Kellogg	McKellar
Curtis	Gooding	Kendrick	McKinley
Dillingham	Hale	Keyes	McNary

Nelson	Penrose	Smoot	Warren
New	Poindexter	Swanson	Watson, Ga.
Newberry	Pomerene	Townsend	Watson, Ind.
Oddie	Ransdell	Trammell	Weller
Overman	Reed	Underwood	Willis
Owen	Sheppard	Walsh, Mass.	
Page	Shortridge	Walsh, Mont.	

The PRESIDENT pro tempore. Sixty-two Senators have answered to their names. There is a quorum present.

Mr. REED. Mr. President, I do not intend to pursue the colloquy with the distinguished and polite Senator who asserted that I was saying nothing. I did not intend to undertake to convince him, and I did not expect that any argument I had to make or anything I might say would appeal to him in any way. I am content to remark that whenever the Senator from Pennsylvania is ready to hold his night sessions, I will try to be here and sit up with him the while he holds wake on a bill that, since it has already been dismembered, ought to be dead.

We are chastised for venturing to criticize this bill. Yet criticism has already resulted in compelling the committee to back away from its infamous and indefensible proposition that the surtax should cease advancing at 32 per cent; that all incomes above $68,000 should be taxed no higher than the tax levied at $68,000. It makes a difference to the Public Treasury, as I estimate it, of about sixty to seventy million dollars, and it was worth taking even the valuable time of the distinguished chairman of this committee in order to save that outrage to the American people and that much money to the Treasury.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Florida?

Mr. REED. I do.

Mr. FLETCHER. May I interrupt the Senator long enough to suggest further that the result of the criticism has been that the committee itself now proposes 77 amendments to its own bill?

Mr. REED. Mr. President, a little further along we are going to confront the question that I have been discussing, because it is akin to this question, and that is a proposition to relieve the profiteers of $450,000,000, and we intend to make you back up on that; and if we do not do it here, if I may adopt a slang phrase, we will back you off the boards in the next congressional election.

Whenever I become trained to speak in this body only by the kindly permission of the Senator from Pennsylvania I will gladly retire, for that would be a position too ignominious for any gentleman to want to occupy very long.

Mr. President, when interrupted I was stating the fact that we must recognize that the market of the United States, either in its bonds or in its stocks or in its produce, is affected not by the ipse dixit of a few men who control capital in this country but by great world conditions; that the impoverished people of Germany have not the money with which to buy as they would have had if there never had been any war; that you can not destroy the accumulated wealth of the world and still have it. What is true of the people of Germany is true to a greater extent of the people of Austria, and it is true to practically the same extent of the people of France and the people of England. These countries simply have burned up their resources. Consequently, they must deal on a hand-to-mouth basis, and sometimes the hand does not reach the mouth.

What is true of them is, in a measure, true of ourselves. Just put the touch of actual experience to these questions. Why have we a housing shortage in this country, which the Senator from New York [Mr. CALDER] discussed at length this morning? Every year in the United States our population increases, and every year we built a certain percentage of houses; but when this war began, by orders of the Government itself, the material for building houses was diverted to the great business of war, and properly diverted; the result is that we lost four or five years of building.

Over and above all the waste of the war we have piled up a world debt so stupendous that it takes a large percentage of the production of the people every year to pay its interest. My colleague [Mr. SPENCER] some time ago placed in the RECORD tables showing the cost of the war. According to these tables, the war in gross cost the allied powers $177,000,000,000. If we assume an equal amount as the cost to the Central Powers, we have a gross total of $354,000,000,000, largely represented in debts to-day. In the face of that condition, when we find that we can not sell what we produce and get good prices for it in Europe, the reason is plain. Europe is impoverished and almost bankrupt. She must work herself out of that condition by the slow and painful process of economy coupled with production.

Mr. President, our own country is feeling this. The farmer is feeling it. The laborer is feeling it. All classes of people are feeling it. The proposition to which we are asked to subscribe to-day is to take the taxes off the gentlemen who have great incomes and who in many instances made a large part of their money because of the war; moreover, to forgive taxes to the gentleman who is still profiteering, and relieve them instead of relieving the great host that is staggering under its burdens.

What a mockery it is! Here comes a boy back from the war. He has served over there for $30 a month. He had a job that paid him $1,800 or $2,000 a year, perhaps. Possibly it only paid him $500 or $600 a year. He comes back here. He has to take off his uniform and buy civilian clothes, and when he does so they ask him $125 for a tailor-made suit that he could have bought when he went away for $50 or $55; or, if he buys ready-made clothing, they ask him $50 or $75 for a suit that he could have bought for $25 or $30. You propose by this bill to take the tax off the man who makes the profit on those clothes. You propose by this bill to relieve from a tax upon his excess profits the man who is still making the profit on those clothes; you propose that this lad shall continue to pay those prices, and that the extortioner shall not contribute anything additional to the Government. Pass it, if you will; drive on, gentlemen; but when you meet your people on the hustings you will have to answer.

The condition is that wealth is still wealthy. Prosperity is still rife among these people. The bill as it is framed relieves no one but the man with the high income and the man who makes the excess profits. You propose to turn to the crowd that you picture here as hungry and as in want and as walking the streets, and tell them: "We benefited you, gentlemen. Behold what we did for you! We took the tax off the men that had incomes of over a million dollars," or over $68,000, if you please, "and we took the tax off the profiteers. What are you kicking about? Why are you not content? Go back to your beds hungry. We have legislated for your benefit."

That is the proposition you have. My elucidation of it may be a "performance," in the opinion of the Senator from Pennsylvania, but it is a performance that will be repeated on many a platform of this country by men who think as I think.

Mr. President, the amendment of the Senator from Nebraska ought to be agreed to. There is no reason why these enormous incomes should not pay heavily. Let us look at the equity of it for a moment. Here is a man with no property. He pays no tax, but still there is something he does do. The Government has a lien on his body every minute, and at any moment can call on him to put his body between the bullets of an enemy and the heart of his country. That service can be exacted alike from the millionaire and from the pauper. But what does this individual get? He gets protection by the Government of his person, and nothing else. The millionaire gets that, and thus far they are equal.

But now, sir, if my friend the Senator from Wisconsin [Mr. LA FOLLETTE] will allow me to put him in the position of the man with no money, and myself in the position of a great millionaire. I would like to assume that rôle for a few moments in this hypothetical case. We will say that I acquire ten or twenty million dollars' worth of property; that it is in farms, that it is in mines, that it is in banks, that it is in manufactories, that it is scattered over the United States, in 10 or 20 States. What is the protection the Senator from Wisconsin gets? He gets protection of his body. I get protection of my body, and both of us are alike subject to military service, and such civil duties as jury service, and so forth.

When we proceed beyond that point, I get protection on all this vast property. The courts of all the States are open to me. The constabulary of all the States is there to protect my property. Nearly all the civil expenses of the Government are taken up in the protection of property. The Army is there to protect it, and the Navy is there to protect it, potentially, at least. If my friend from Wisconsin had a little modest fortune of eight or ten thousand dollars, the proportion of his individual service would be large as to that property; but if I have a fortune of $10,000,000, the proportion of my individual service is very small, and, as the fortune grows, the individual equation ceases to have any importance. The result of it is that it is just and equitable that the man with an enormous fortune, rendering but slight personal service to his country, ought to pay a tax that gradually increases, because the fortune after a while becomes so large that individual service ceases to be of account in the general equation.

That is the principle upon which a surtax is levied, and it is a just principle. The man with his ten or twelve million dollars, and with an income of a million dollars a year, can not protect that property; the Government has to protect it for him. You can largely protect the house in which you live; you can largely protect your personal business and police your own

office. When I have property scattered over 25 or 30 States, the Government has to police it and protect it for me. This should appeal to the sense of justice of every man who will properly consider it.

I am in favor of allowing these surtaxes to remain just as they are under the present law. If they were to be reduced anywhere, they ought to be reduced on the very small incomes, because the small individual must spend his entire income, and when he spends it, he must pay the very high prices which everybody has to pay, and hence his income is reduced greatly; but, as was well said by the Senator from Nebraska [Mr. HITCHCOCK], a man who enjoys one of these very large incomes can not spend it, it goes into his capital account; it is in fact, capital, for it has gone beyond the point of being in the true sense of the word an income which is to be enjoyed by an individual.

Mr. President, as far as I am concerned, I do not care to discuss this amendment at the present time any further. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McKellar	Sheppard
Broussard	Hale	McKinley	Shortridge
Calder	Harreld	McLean	Simmons
Cameron	Harris	McNary	Smoot
Capper	Harrison	Myers	Spencer
Caraway	Heflin	New	Townsend
Culberson	Hitchcock	Newberry	Trammell
Cummins	Jones, N. Mex.	Norbeck	Underwood
Curtis	Kellogg	Oddie	Walsh, Mass.
Dial	Kendrick	Overman	Watson, Ga.
Dillingham	Keyes	Page	Watson, Ind.
Edge	La Follette	Penrose	Weller
Ernst	Lenroot	Poindexter	Williams
Fletcher	Lodge	Pomerene	Willis
France	McCormick	Ransdell	
Gerry	McCumber	Reed	

The PRESIDENT pro tempore. Sixty-two Senators have answered to their names. There is a quorum present.

Mr. LENROOT. Mr. President, I shall briefly discuss the pending amendment, but before doing so I want to spend a few minutes upon the question of blocs, concerning which we have heard so much recently in the Senate. The Senator from New Hampshire [Mr. MOSES], my very good friend, whose seat is next to mine, who I am sorry is not in the Chamber at the present time, made a speech the other day in which he took exception to what he charged was the existence of blocs in the Senate, and in that speech stated that—

> The reaction to these declarations, these demands, these promises—

Speaking of the Republican platform—

> is now before us in a multiplex form. First, that of the revenue bill as it came from the House; second, that of the bill as it came from the Finance Committee here; and, third—

And this is the point I wish to emphasize—

> that of the amendments forced upon committee recognition by that division of the invisible empire, which now seems to be ruling us and which may be styled, I hope without irreverence, as the Ken-Cap Klan.

Referring to the Senator from Iowa [Mr. KENYON] and the Senator from Kansas [Mr. CAPPER], neither of whom needs any defense from me.

Mr. President, I know of but two blocs in the Senate, and I do not have the honor to belong to either of them. One of them is what is known as the agricultural bloc, consisting of many Senators from agricultural States from both sides of the aisle. The other bloc, of more ancient origin, and still existing to some degree, may be termed the old-guard bloc, of which my friend from New Hampshire has recently become a member, and apparently one of its innner circle.

In years past, Mr. President, this old-guard bloc absolutely controlled this side of the aisle, and it controlled the body at the other end of the Capitol. When I first came to Congress that bloc controlled all legislation. They gave their orders. Their orders were obeyed. As to Senators who did not belong to that inner circle it was a case of—

> Theirs not to reason why,
> Theirs but to do or die.

And they usually did. It was that system that took the Republican Party out of power for eight years, and if that system had been continued it would drive the Republican Party out of power again. But that system does not longer prevail. The Senator from New Hampshire may grieve that it does not. The Senator from New Hampshire may be disappointed because a little group that would like to control legislation here if it could can not longer give orders and have those orders obeyed.

Mr. President, the old guard may propose, but to-day the Senate disposes. Senators upon this side of the aisle, as it is their constitutional duty to do, are doing their own thinking and following their own convictions for the welfare of the country and the welfare of the party. So Senators upon this side have independent opinions. They do consult together occasionally, and that consultation on one question may be one group and upon another question another group. But they do exercise the right to confer together concerning matters of legislation. While the members of the old-guard bloc senior to the Senator from New Hampshire have recognized the situation and no longer follow the old saying of the old guard, from which the name comes, that they die, but never surrender, realizing that Republicans all have rights upon this side of the aisle, they have properly taken the position that it is their duty to compromise differences, and that sometimes it is better to surrender than fight.

But the Senator from New Hampshire grieves over this and would rather fight. I admire his courage, but I am afraid that he is going to have many other disappointments as time goes on. I would not be surprised, Mr. President, if before long we may think of the Senator from New Hampshire as being the only one left who insists upon the old-guard bloc controlling legislation in this body. We may think of him in the lines—

> The boy stood on the burning deck,
> Whence all but him had fled.

I wish to congratulate the majority members of the Finance Committee for being willing to compose differences upon this side of the aisle and willing to agree upon a program that does meet the views of the majority upon this side. I wish to say to our friends upon the other side of the aisle that it is true that in this so-called compromise we have robbed you of an issue in the next campaign that you would dearly liked to have had, but, as in this matter, I hope and believe that in other matters as well there will be no bloc that will control legislation in this body, but that every Senator will have a right to have his opinion, have it considered, and that he will not jump at the crack of the whip for anybody against his own convictions, as was the case with some many years ago.

Having said that much about blocs, Mr. President, I wish to come to the pending amendment.

The amendment is bitterly attacked by some Senators on this side of the aisle who are just as honest in their conviction as those of us who favor the amendment. I do not question that in the least, but doubt whether there are many Senators who realize just what it is that these men are really fighting for, perhaps without knowing it. It has been assumed that this compromise amendment entailed a very large increase in taxes upon all men of wealth. As a matter of fact, upon incomes under $86,000 the pending amendment imposes a less amount of tax than the committee amendment or the House bill provision. No one can question that.

I put into the RECORD the other day a table prepared by the actuary of the Treasury, Mr. McCoy, showing that the total number of individuals in the United States reporting incomes of $100,000 a year and over is 3,400, so that practically it is 3,400 people and their investments that these Senators are fighting for when they attack the pending amendment.

I have this to say about that proposition: Granting, if you please, for the moment that these 3,400 individuals would place their investments in business and in industry if their tax were greatly lowered, when the statement is made that the depression from which we are now suffering is due to the fact that those 3,400 individuals are refraining from putting their money into business, it must at the same time be admitted that the prosperity of the United States rests in the hollow of the hands of 3,400 people in the United States. I can not concede that, and if I did I would still be in favor of the pending amendment, because if it is true that 3,400 men in the United States can bring on a business depression, that we can not have prosperity without them, then I say the United States had better suffer a little longer the conditions which now exist and say to those 3,400 men, "Rather than that you shall control industry in the United States, you had better put your money in tax-exempt securities where you can not control industry here." So that from either standpoint I can not admit the contention that is made by these Senators.

Now, what does the bill do? Under the present law there is a substantial reduction upon incomes under $86,000 and an increase, it is true, upon incomes over $86,000 amounting, in all, it is estimated, to $73,000,000. It is said that unless we yield to the demands of those 3,400 individuals we can not have prosperity, because, it is said, capital has gone on a strike. Granted that is true, we have not heard any Senator attacking this amendment condemn capital for going upon that strike. Rather they excuse capital. They take the position that capital equitably is entitled, irrespective of conditions in the country, to get all it can out of the employment of its capital.

But when it comes to labor, where a strike is threatened, what do most of these Senators do?

Do they say that labor is entitled to force its demands upon the public? Do they say that labor is entitled to the highest wage it can get? Do they say that labor is entitled to come to Congress and say to Congress, "Unless you do thus and so we shall strike"? I have not heard any of these gentlemen make any such assertion as that. I say that neither labor nor capital has any right to any such demand. Both labor and capital ought to take into consideration the condition of the country and men who own the capital have a duty to their country just as much as the men who labor upon the railroads. I do not like the idea of excusing the one and condemning the other.

Now, Mr. President, it is said that this capital will go into tax-exempt securities. In so far as they control industry, as I said a moment ago, rather than increase their control or increase the concentration of control, I would let them go into tax-exempt securities, because these great fortunes will do the country no harm if they are invested in tax-exempt securities.

Then comparison has been made, or attempted to be made, concerning the proposed tax, between the tax imposed under the present law and the English tax. My good friend from New Jersey [Mr. EDGE], in a very able speech the other day, used this language:

> Great Britain repealed the so-called excess-profits tax months ago. I am informed the maximum surtax on incomes in Great Britain is 40-odd per cent. Has it occurred to you that the employment situation there as compared to our own may have had something to do with a more favorable British tax system?

Let us see whether the British tax system is more favorable than our present tax law. I put into the RECORD yesterday a table showing the amount of taxes paid in Great Britain to-day upon given incomes, and I would like to call attention to what they are.

Upon an income of $50,000, under the British tax, there is paid $22,945. Under the present law in the United States that income pays a tax of $9,190, less than one-half of what the taxpayer in Great Britain pays upon the same income.

Mr. EDGE. Mr. President——

Mr. LENROOT. I yield to the Senator from New Jersey.

Mr. EDGE. The Senator from Wisconsin in his very able manner has pointed out that in an address I delivered to the Senate a few days ago I stated that I had been informed, or words to that effect, that the British surtax was 40-odd per cent. The Senator now goes on to demonstrate that on certain types of income the tax paid is greater in Great Britain than in the United States. He is entirely correct.

In my contention that the surtax in Great Britain was 40-odd per cent I was entirely too liberal. As a matter of fact, as I am sure the Senator from Wisconsin will admit, the maximum surtax in Great Britain is only 30 per cent, not 40-odd per cent, as I stated. At the same time, the normal tax in Great Britain, it is quite true, ranges from 15 to 30 per cent, so that the total maximum tax on the largest incomes in Great Britain would necessarily be 30 plus 30, or 60 per cent. In other words, the maximum tax on the largest incomes in Great Britain could not exceed 60 per cent, while in this country under the existing law, as is well known, the maximum tax can equal 73 per cent; that is, 65 per cent surtax plus 8 per cent normal tax.

Mr. LENROOT. The Senator I know wishes to be correct. It would not be quite that much, because there could be no taxes imposed under our law which combined would amount to 73 per cent.

Mr. EDGE. The surtax under the existing law is 65 per cent, is it not?

Mr. McCORMICK. Will the Senator allow me to suggest——

Mr. EDGE. Just one moment, until I finish the statement. Therefore, I think the Senator will admit that, while it is true with a normal tax in Great Britain of from 15 to 30 per cent and a surtax ranging up to 30 per cent, on incomes of a certain size, no doubt the British tax is much heavier than the tax of the United States, but on the larger incomes in Great Britain a less tax will be paid than will be paid on the larger incomes in the United States under the amendment upon which the Senator is now speaking.

Mr. LENROOT. Does the Senator refer to the amendment now pending?

Mr. EDGE. I refer to the amendment now pending, according to the tables.

Mr. LENROOT. Upon the amendment now pending, if it should become the law, there is no income of any size, running to any amount, that will pay as large an income tax as is imposed by the British law.

Mr. SMOOT. Will the Senator from Wisconsin yield to me?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LENROOT. I do.

Mr. SMOOT. There is no tax to-day in the United States, taking the 8 per cent normal tax and the high bracket of 65 per cent, that reaches 73 per cent, and there is no tax of England that reaches 60 per cent. In the English law the steps or brackets are not quite so many; but the principle is exactly the same. There is no surtax under the law of the United States which reaches 65 per cent upon any amount of income, and there is no surtax in England which reaches 30 per cent.

Mr. LENROOT. That is correct, referring of course to total income.

Mr. SMOOT. Yes; total income is what I had in mind.

Mr. EDGE. Mr. President——

Mr. LENROOT. I wish to make a correction if the Senator will allow me. The Senator asked me about "the pending amendment." I forgot that the pending amendment was the amendment of the Senator from Nebraska. I referred to the committee amendment.

Mr. EDGE. I did not refer to the amendment of the Senator from Nebraska; I had reference to the so-called committee amendment which has been suggested. I have not had an opportunity to go carefully over the tables which I hold in my hand, but from a cursory glance at those tables, which were published in the RECORD by the Senator from Wisconsin last evening, I still feel that, figured out on incomes of over $1,000,000 or over $500,000, the American tax is somewhat in excess of the British tax, although, as I have stated, I have not had an opportunity to carefully examine the figures.

Mr. McCORMICK. May I suggest that such incomes are not very numerous in this country?

Mr. LENROOT. I think if the Senator will calculate the whole matter he will find that under the committee amendment there is no income in the United States that will pay as high a tax as would the same income in Great Britain. If I find that I am mistaken in that statement I shall be very glad to correct it.

Mr. EDGE. It is a matter of calculation.

Mr. LENROOT. It is a matter of calculation.

Mr. EDGE. While on the subject—and I do not want to delay the Senator longer, because I am very much interested in his presentation of the pending amendment—I wish to ask, Is it not true that the so-called committee amendment, the amendment which the Senator is now discussing, will provide for a very much larger tax on incomes in America?

Mr. LENROOT. I am ready to make the correction now. On an income of $1,000,000 the proposed committee amendment will impose a less tax than the British tax upon a similar income, but in excess of that sum, at about $1,100,000, the tax proposed by the committee amendment will be greater. I wish to make that correction.

Mr. EDGE. I thank the Senator. I was just in the middle of propounding another query. Is it not true that the so-called compromise amendment, leaving the "bloc" entirely out of it, provides for larger tax payments upon all large incomes? I think the Senator has already stated that on incomes in excess of $86,000 a greater tax will be imposed than is sought to be imposed either by the bill as it came from the other House or by the original Finance Committee bill as reported to the Senate.

Mr. LENROOT. Yes; it is at incomes of $86,000 where the lines cross; that is true.

Mr. KELLOGG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Minnesota?

Mr. LENROOT. I yield.

Mr. KELLOGG. I think the Senator from Wisconsin overlooked the fact that in England they have only one tax, which is imposed by Parliament, but here the States impose in addition to the Federal tax a local income tax.

Mr. LENROOT. Is the Senator from Minnesota prepared to state that no form of income tax is imposed by municipalities in England?

Mr. KELLOGG. Yes. So far as I know there is no such tax.

Mr. SMOOT. They have no such tax in England.

Mr. LENROOT. I am going to come to that in a moment; but I will say right now that that is one of the reasons why I shall vote for a reduction of the present 65 per cent surtax to a minimum of 50 per cent.

Mr. President, I desire to spend a moment upon the question of whether exacting as high a surtax as 50 per cent upon the highest bracket, plus a normal tax of 8 per cent, is any injustice

to the taxpayer. We have repeatedly heard it stated by all of the Senators who have spoken in favor of the 32 per cent rate that men possessing very large incomes have already put their investments in tax-exempt securities to a very large degree.

Given a man with an income of $1,000,000, $500,000 of it coming from tax-exempt securities and $500,000 from business or taxable bonds, that man has an income of $1,000,000, yet, on half of his income, he is not paying one penny for the support of the Federal Government. With a maximum of 50 per cent surtax upon his income, the highest tax that he would pay is less than 29 per cent of his entire income, and the greater the extent to which the investments of such a man are placed in tax-exempt securities to an increasing degree will the statement which I have just made hold true. No one, I think, has had the temerity to urge, although I have had many letters making the claim, that there is anything unjust to the taxpayer in exacting as the highest surtax 50 per cent; yet the plea is made that we shall violate a principle of taxation that has been the very foundation of the tax systems in this country and in England that men should bear the burdens of Government according to their ability to pay.

With reference to taxes now men say, "The war is over." So it is; but what makes the taxes burdensome? It is the war; and shall men be exempted from paying their fair share of the cost of the war upon the plea that they will not engage their capital in business unless they are taxed less than their fair share? And mind you, Mr. President, a very considerable percentage of the incomes of more than $500,000 a year were acquired because of profit made in the war, and if it had not been for those exorbitant profits the debts of the United States, and consequently the taxes that must be imposed, would not be as large as they are.

Mr. President, there is an angle to this controversy which seems to have entirely escaped some gentlemen. They say that the high surtax prevents money from being invested in corporations and hence retards business development. I want to ask if the same rule does not apply in another way? Does not the high surtax prevent from being taken out of corporations and insure its being kept in business money that would otherwise be taken out by way of distribution of dividends? Mr. President, I am confident that one at least may balance the other, for the higher the surtax the less in amount will be the dividends paid out of accumulated earnings; the earnings will be kept in the business for the extension of the business, which will not be true if we reduce the surtax so greatly that men would rather withdraw their money from business and engage in speculation and manipulation, which will not further the productive capacity of the United States in any degree.

Mr. President, I said that I was willing to vote for a reduction of the highest bracket of the surtax from 65 per cent to 50 per cent. One of the reasons that impels me to do that is this: Since this high bracket was first adopted many States which at that time had no income tax laws at all have passed income tax laws. It is also true that many States that had income tax laws when this high bracket was first adopted have increased their State income taxes since that time. So as a matter of fact the aggregate income tax that is required to be paid to-day, combining both Federal and State taxes, is very much higher in many States, at least, upon the same income to-day than it was when the bracket was first adopted. It seems to me that presents a very cogent reason why we should take into consideration the income tax imposed by States upon incomes and is a very good reason why we should make the reduction that is proposed by the pending amendment.

Mr. President, again referring to the very able speech of the Senator from New Jersey day before yesterday, I am very sure that the Senator is the last man in the Senate intentionally to mislead either his colleagues or the country; and yet in the speech which he delivered, unintentionally upon his part, he made statements based upon figures furnished to him that will mislead the country and would naturally mislead the Senate if the errors were not called to their attention. He puts into the RECORD a table prepared, he states, by Henry R. Fernald, a certified public accountant of New Jersey, purporting to show what income would be required upon taxable bonds on given incomes to equal the return of a 5 per cent tax-exempt bond. Senators will find the table on page 6536 of the RECORD. The table is erroneous; and the unfortunate part of it is that this speech goes to the country, and will be read by men having incomes of $50,000 up to $100,000, and they will most naturally accept the figures given in the Senator's speech as being correct, and, accepting those figures, they would naturally refrain from continuing their investments in taxable securities when, if they knew what the fact was, they would do so.

Calling attention to that table, Mr. President, we find this heading:

Rate of interest on taxable bonds necessary to yield 5 per cent net.

The heading of one column is:

Annual income.

The next column:

Maximum tax rate (normal and surtax).

The next column:

Rate of interest on taxable bonds necessary to yield 5 per cent net.

The first income is given as $50,000. The percentage is given as 30. The rate of interest on taxable bonds required to yield 5 per cent net is given as 7.14. As a matter of fact, there is no 30 per cent tax upon any $50,000 income under the present law or under any proposed amendment of it.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. LENROOT. Yes.

Mr. EDGE. These seem to be days when experts and accountants who furnish statistics for the benefit of either the Finance Committee or individual Senators are more or less under pressure, but referring to the figures as presented, headed as they are "Maximum tax rate—normal and surtax"—taking the two together on an income of $50,000 under the existing law, is it not true that it does provide for a total tax of 30 per cent?

I thoroughly appreciate that that might be and probably is misleading, upon having it drawn to my attention and giving it some further consideration; but, still, the actual statement as made by the accountant I believe to be a true one. It is true that any man with a $50,000 income or a higher income would get certain credits on his income which would, of course, apply; and as a matter of final net payment to the Government in the case of a $50,000 income, I believe, it figures up somewhere in the neighborhood of 18 per cent.

Mr. LENROOT. Surely, when the Senator said "$50,000 income," he meant taxable income and not the net income plus credits, did he not?

Mr. EDGE. I can well conceive that that interpretation could be made; but, simply in explanation or defense of the table as furnished, I think that a man who was figuring out whether he would make an investment in a tax-exempt bond or in a tax-bearing bond in the ordinary way would figure on the percentage he paid on what you might call the top of his income and it would be natural to so compute in making further investments. Is it not true that under the present law he would pay 30 per cent on $2,000 and above on a $50,000 income?

Mr. LENROOT. Yes. Would the Senator figure his investments that way?

Mr. EDGE. Just a moment. I am simply attempting to demonstrate that while perhaps the figures could be misinterpreted or misleading, they are not entirely incorrect. As you go from $50,000 up and get to the higher brackets, including those men who would be more inclined to buy tax-exempt securities, for instance, if you go up to the bracket of $300,000, according to the figures put in the RECORD by the Senator, that would call for a total payment, surtax and normal-tax payment, of $161,190. Anyone can see that that is over 50 per cent of an income of $300,000. Fifty per cent of the income would be $150,000; and the same table I read into the RECORD presents an income of $300,000 as having a total normal and surtax of 58 per cent. So I really believe that an investor would naturally be more or less influenced by considering the tax levied at the top of his income, rather than giving so much consideration to the credits that he would have, and would undoubtedly invest accordingly.

I am not entirely in accord with the way in which this table has been made up, but I can see the possible reason for the accountant presenting it in this way.

Mr. LENROOT. Let me ask the Senator a very frank question. In preparing and delivering this speech, did not the Senator himself assume that there would be a tax of 30 per cent on a $50,000 income?

Mr. EDGE. I must very frankly answer the Senator from Wisconsin that I did.

Mr. LENROOT. Then, if the Senator himself was misled by his own expert, will not the Senator concede that every other man in the United States would be likewise misled?

Mr. EDGE. That is probably true, Mr. President; but, as I think I have very clearly explained, the man does pay the sum specified here for the top of his income, and that is the figure that is naturally in his mind. He is then in the 30 per cent class.

Mr. LENROOT. Let us see about that. The expert who furnished these figures to the Senator did not stop with merely giving the income and the purported amount of tax, but he

undertook to figure for the Senator on given incomes what rate a taxable bond would have to pay to equal a 5 per cent tax-exempt bond; did he not?

Mr. EDGE. It appears there.

Mr. LENROOT. And in the next column we find that figure. As a matter of fact, on a $50,000 income, instead of a taxable bond bearing a rate of interest of 7.14 per cent being required to equal a 5 per cent income, it would only require a taxable bond bearing a rate of interest of 6.12 per cent under the original committee bill, and under the pending amendment a rate of 6.08 per cent.

Mr. EDGE. As a matter of fact—while this does not particularly apply to the actual figures as presented—we must give the accountant credit for having been fairly modest in making up the table in his basis of figuring on a 5 per cent tax-exempt bond. I think the Senator from Wisconsin appreciates that to-day, through the advertisements in the public press, you can buy tax-exempt bonds bearing a rate of 6 per cent.

Mr. LENROOT. I am glad we can find something to give this expert credit for.

Mr. McCORMICK. You can buy excellent taxable bonds bearing 8 per cent. Nobody decries the modesty of the expert. It is his accuracy which troubles us.

I sincerely hope that the Senator will correct this table for the permanent RECORD, and before the speech goes out to the country.

Mr. President, this becomes of the greatest importance. Let me follow it a trifle further.

On an income of $100,000 this expert states that a taxable bond bearing 11 per cent interest would be necessary to equal a 5 per cent tax-exempt bond. What are the facts? The fact is that upon a $100,000 income a taxable bond bearing 7.27 per cent interest will equal a 5 per cent tax-exempt bond. So that, Mr. President, upon incomes going up to $100,000, the Senator by this misleading table is discouraging hundreds and thousands of people from continuing their investments in business where they would find, if they knew the truth, that there would be more money for them by continuing that investment than by investing it in tax-exempt bonds.

I want to put in the RECORD an illustration showing how misleading this table is. The figures of the Senator's expert on a $50,000 income, instead of a rate of interest of 7.14 per cent on taxable bonds to equal a 5 per cent tax-exempt bond, should be 6.12 per cent. The total tax on a $50,000 income under present law is $9,190, or 18.38 per cent, instead of 30 per cent, as shown in the table, leaving a net income after the tax is paid of $40,810. This is 5 per cent on $816,200; and to produce an income of $50,000 upon that amount will require a return of 6.12 per cent instead of 7.14 per cent, as stated in the table.

Mr. EDGE. Will the Senator put in the RECORD the figures on the higher brackets?

Mr. LENROOT. I have not figured them all.

Mr. WALSH of Massachusetts. Mr. President, will the Senator state for the RECORD who is the author of his table?

Mr. LENROOT. I am presenting my own computation of the table presented by the Senator from New Jersey. The Senator from New Jersey, of course, was not responsible for the table. He employed a registered accountant to make a table for him, and he relied upon it.

Mr. WALSH of Massachusetts. Have the Treasury actuaries examined the Senator's table?

Mr. LENROOT. I have not presented any table. I have simply worked it out, as the Senator can do. It is a very simple proposition to work out.

Mr. WALSH of Massachusetts. I thought the Senator had had a table worked out by some expert.

Mr. LENROOT. No; I did not. If the Senator will take the table put into the RECORD yesterday and see what the total tax is on $50,000 and the percentage that that is to the whole, he will find the first error in the Senator's table. He gives it as 30 per cent, when it should be 18.38. Then, if he will likewise work out the result, capitalizing what is left after the tax is paid at 5 per cent, he will then find easily what per cent of return would be required on a taxable bond to equal the return upon a 5 per cent tax-exempt bond.

Mr. WALSH of Massachusetts. I am not disputing the Senator's conclusions. I simply wanted the authenticity of the figures vouched for.

Mr. EDGE. Mr. President, inasmuch as the Senator has not attempted to figure out the proportions above the $50,000 income, and in order that it may be clearly shown that as the incomes increase the difference becomes very much less between the maximum, which has been the basis of the table furnished by the accountant, and the actual income as paid after credits have been given, I think in fairness that the entire table should be figured both ways. In other words, the highest income that the accountant has figured on is $300,000, with a maximum tax rate, normal and surtax, of 58 per cent. As I remarked a few moments ago, according to the Senator's table the actual tax on this particular income under the existing law or under the committee amendment, I do not recall which, would be $161,190, which, it is plainly evident without figuring it, is in the neighborhood of 53 per cent instead of 58—a difference of 53 as to 58, as compared with a difference of 18 as to 30 as to the lower incomes. This may furnish some defense if the computation is inaccurate, as with larger investors the difference is less misleading.

Mr. LENROOT. I do not think the Senator will defend that table in any respect.

Mr. McCORMICK. Mr. President, I wonder if the Senator would not ask the actuary to prepare a correct table, in order that it may be inserted in the RECORD.

Mr. EDGE. You may be quite sure that the actuary will hear of this colloquy on the floor of the Senate, and undoubtedly he will have his own defense.

Mr. LENROOT. Of course, Mr. President, what he did he probably did innocently. He may have assumed that the highest brackets carried the total tax all the way through.

Mr. WALSH of Massachusetts. Will the Senator from Wisconsin state for the RECORD what the revenues of the Government will be from these different propositions, the revenue which will be yielded from the operation of the provisions of the amendment originally suggested by the Finance Committee, the revenue which would be yielded to the Government under the compromise amendment, so called, and the revenue which the Government would receive under the present law, or the amendment which the Senator from Nebraska suggests?

Mr. LENROOT. Mr. President, I have only had the computation made comparing the present law with the committee's proposition, and I think the majority report shows the differences between the committee proposition and both the present law and the bill as it passed the House. The table I put in the RECORD yesterday shows the total amount of taxes which will be collected under each bracket, under the bill as it passed the House, the original committee amendment and the pending amendment, which will give the Senator the information which he desires, except that the increase in this bill over the committee bill, in brackets over $68,000, amounts to $73,600,000, but our reductions below offset that, so that there would be a net increase of revenue under the operation of the pending proposition, over the original committee proposition, of approximately $50,000,000.

Mr. President, I have talked longer than I intended to. I hope this substitute proposed by the Senator from North Dakota will be adopted. I do not believe it is unjust to any whose incomes it may affect, and I want to say, in conclusion, just this: That we hear it constantly said that this is a violation of party platform and party pledge. It is not, Mr. President. There was no promise by the Republican Party that they would reduce the taxes of the rich and increase the taxes of those who are in moderate circumstances. If we take the $50,000,000 off of the higher incomes, we have to put that $50,000,000 somewhere else. These gentlemen can not blow hot and cold in the same breath. Half of the time we hear it said that these taxes are all passed on to the consumer, and that the consumer pays, anyway. If that is true, then the men of large incomes have nothing to complain of. If they get it back from the consumer, they have nothing to complain of, have they? They are still getting their fair profit. If it is not passed on to the consumer, then this $50,000,000 has to be put on somebody else if it is taken off these very large fortunes.

You can figure as you will, you can not take $50,000,000 off the incomes in excess of $68,000 without putting that $50,000,000 on a class of people who are less able to pay.

So that from either angle, Mr. President, there is nothing unjust in the amendment proposed by the Senator from North Dakota, and I sincerely hope it will be adopted by the Senate.

Mr. EDGE. Mr. President, I have no intention of delaying the Senate more than a moment, because I have already expressed my views as to the policy of the pending legislation and endeavored to make them perfectly clear; and so far as the general viewpoint then expressed and the result of this type of legislation are concerned, I have no qualification whatever to make of what I have already presented to the Senate.

But the closing remarks of the Senator from Wisconsin, in which he expressed the sentiment that he did not understand what those men who were under the higher brackets had to complain about, leads me to observe that I do not believe they are the class who are complaining particularly. They buy tax-exempt securities and do not pay large sums to the Government.

In my attitude toward the present policy, that of continuing the high surtaxes, I am not in the slightest degree, and I want it clearly understood, in sympathy with any objection those men of large fortunes might have to the high surtaxes.

I claim, however, we are now facing a condition and not a theory; that those men who are receiving high incomes, not necessarily alone the possessors of very huge fortunes, but those in active business all along the line having incomes from $20,000 up to $70,000 are apparently making little effort to help start again the wheels of industry in this country.

I consider it a bad policy to continue a system where it is admitted that the actual income to the Government from the high surtaxes is comparatively small. We thus only deceive ourselves and continue retarding development. The testimony develops that we only collect approximately $80,000,000 from surtaxes above 32 per cent; then above 50 per cent, as contemplated by the pending amendment, we will, of course, collect so much less.

Mr. McCORMICK rose.

Mr. EDGE. I think I can anticipate what the Senator from Illinois is going to ask me. If I do not, I will be glad to answer his question.

I appreciate that the pending amendment does provide for lower tax payments for that range of brackets between, I will say, $10,000 and $86,000; but, in my judgment, Mr. President, it does not go far enough. That is the entire objection I have. I am opposed to the idea of extreme surtaxes in any event, whether they are on high incomes or in between, because I consider it an unscientific and a destructive type of taxation. My conviction in connection with this, Mr. President, is not founded at all on a desire for protection of those men who have incomes of hundreds of thousands of dollars, or millions of dollars; far from it. If any man can devise a method through which we can really secure payments from that type of men beyond what they are actually paying now, those fortunes which are not used in industry, I will be glad to support such a measure.

It is my understanding that even in Great Britain, which system has been cited several times, they have two types of taxation—one for earned income and one for those incomes which have been passed down by inheritance. I think that is a very wise system, because they usually represent two types of citizens and two types of activity.

I repeat that my real fundamental objection is not so much to the high surtaxes as it is to all surtaxes. Even in Great Britain, again citing that country, the maximum surtax is only 30 per cent. True, their normal tax is very much higher than ours, and they believe in the system of taxing every income, where we do not. We do not tax any income under $2,000, whereas in Great Britain they tax every income. They tax the most humble laborer with the smallest income. I question, however, whether that is wise.

The fact exists, however, that they do not believe in large surtaxes, nor do I, because I think it is a false method and a false theory of trying to get at huge fortunes. Their unemployed is proportionately less than ours. Perhaps that is one of the reasons.

We must raise revenue. No one, of course, can dispute that. The question then reverts as to which is the better method and less disturbing to business. My feeling is that we will show a very much more careful analysis and study of the entire subject, and provide a solution that will be real and lasting in this country, if we still further cut down the surtaxes all along the line and, in order to raise the necessary revenue, impose in their place a general sales tax similar to that we have discussed on the floor so frequently; a tax that is a tax on expenditure rather than a tax on energy and thrift; a tax a man pays only when he wants to pay it, by purchasing goods; a tax that taxes the wealthy man just the same, in proportion, as it does the poor man, because the wealthy man, of course, spends a great deal more money in the ordinary course of his life. It is a scientific tax, and will permit us to abolish all these numerous so-called nuisance and excise and special discriminatory business taxes, and will encourage industry again in this great country, encourage men to go back to work, and will do the very thing my good friend from Minnesota [Mr. NELSON] spoke of yesterday—help develop markets.

How can it be done? We have proportionately the same population we had before the war, when we apparently had markets. The purchasing power has not greatly changed in this country, but we have not markets because we have not confidence. When there is a market it simply means that employers and employees alike, being fairly prosperous, are purchasing things, are developing, living better than under present conditions enable them to live. You create markets, you make markets, only by developing a confidence and cooperation between all classes of citizens.

In conclusion, Mr. President, certainly the present system is not a correct one, or we would not have five or six million men unemployed. Yet we are facing a situation where we are contemplating passing a new revenue bill, continuing practically the same system, with very little change. There is some change in the surtaxes—yes, and may I say the changes, as far as they go, are very good, and I approve of them heartily; but no general change in the system of levying taxes in the country is provided, and I can not see how we can expect the country to respond, the wheels of industry to restart, and we reach anywhere near a maximum productivity in this country, if we are going to give to the country only a slightly amended tax system, which does not in any way, in my judgment, offer a solution of the great problem 105,000,000 people are waiting on us to solve.

Mr. McCORMICK. Mr. President, will the Senator answer a question?

Mr. EDGE. Certainly; if I can.

Mr. McCORMICK. If we adopted such a system of taxation as the Senator himself might propose, does he think that would cure the industrial situation without regard to conditions in Europe or in Asia?

Mr. EDGE. Mr. President, I am very glad the Senator from Illinois has asked me that. Of course, we all recognize the general upset conditions of the world; but we recognize with that that this country, of all countries, is a country prepared, with its abundance of raw material and with its citizenship, the enterprise and the will and the determination and the energy of the American people, to take advantage of the gradually recovering markets and the necessity of supplying the world, and that America could do a great deal more if it were at work, and America could do a great deal more toward solving this problem and radiating happiness throughout the world if Americans had confidence among themselves that would encourage them to take advantage of these possibilities.

I am sure the Senator does not mean to infer for one moment that there are not to-day just as many possibilities as there were 10 years ago for men with capital and initiative and determination to develop industries and employ men and to make successful enterprises out of such activities. The trouble is simply that men apparently are not encouraged to do it. I would regret very much to think that the world had practically come to an end, so far as possible industrial development was concerned. It is waiting on energy and initiative and a feeling of confidence, the feeling that a fair remuneration will come from the risk business men are compelled to take. Then you will have plenty of markets.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] to the amendment proposed by the Senator from North Dakota [Mr. McCUMBER].

Mr. HITCHCOCK. Mr. Presient, I have taken the privilege again of perfecting my amendment in order to meet the objections stated by the Senator from Wisconsin [Mr. LENROOT]. I doubt whether the phraseology he complains of is subject to the interpretation he places upon it, but in order to make the matter absolutely clear I put my amendment now in the form in which I send it to the desk and ask the Secretary to read it.

The VICE PRESIDENT. The Secretary will report the amendment as modified.

The READING CLERK. Amend the amendment proposed by the Senator from North Dakota [Mr. McCUMBER] to the surtax provisions on page 28 by striking out all after the bracket reading "47 per cent of the amount by which the net income exceeds $98,000 and does not exceed $100,000" and insert in lieu of the part stricken out the following:

52 per cent of the amount by which the net income exceeds $100,000 and does not exceed $150,000;
56 per cent of the amount by which the net income exceeds $150,000 and does not exceed $200,000;
60 per cent of the amount by which the net income exceeds $200,000 and does not exceed $300,000;
63 per cent of the amount by which the net income exceeds $300,000 and does not exceed $500,000;
64 per cent of the amount by which the net income exceeds $500,000 and does not exceed $1,000,000;
65 per cent of the amount by which the net income exceeds $1,000,000.

Mr. HITCHCOCK. Mr. President, I will say that simply reenacts the present law on those large incomes and fixes the maximum at 65 per cent instead of as is proposed in the McCumber amendment at 50 per cent. On my amendment to the amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HITCHCOCK. I would like to have a rising vote to see if the demand is not sustained.

Mr. McCUMBER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McKellar	Shortridge
Borah	Hale	McKinley	Simmons
Broussard	Harreld	McLean	Smoot
Bursum	Harris	McNary	Spencer
Calder	Harrison	Moses	Stanley
Cameron	Heflin	Myers	Townsend
Capper	Hitchcock	Nelson	Trammell
Caraway	Johnson	New	Underwood
Culberson	Jones, N. Mex.	Newberry	Walsh, Mass.
Cummins	Kellogg	Norbeck	Walsh, Mont.
Curtis	Kendrick	Oddie	Warren
Dial	Kenyon	Overman	Watson, Ga.
Edge	Keyes	Owen	Watson, Ind.
Ernst	La Follette	Page	Weller
Fernald	Lenroot	Poindexter	Williams
Fletcher	Lodge	Pomerene	Willis
France	McCormick	Ransdell	
Frelinghuysen	McCumber	Sheppard	

The VICE PRESIDENT. Seventy Senators having answered to their names, a quorum is present. The question is on the amendment to the amendment, offered by the Senator from Nebraska [Mr. HITCHCOCK].

Mr. HITCHCOCK. Mr. President, a number of Senators seconded my demand for the yeas and nays, and the Presiding Officer stated that the demand had not been sustained. It is a constitutional right to have a yea-and-nay vote. I ask for a rising vote to decide that question.

The VICE PRESIDENT. The Chair was about to ask that those who are in favor of a yea-and-nay vote shall rise.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I am paired with the Senator from Colorado [Mr. PHIPPS]. In his absence I withhold my vote.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL], who is absent. I am unable to obtain a transfer and therefore must withhold my vote.

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I am unable to obtain a transfer and therefore withhold my vote. If permitted to vote I would vote "yea."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. CALDER (when Mr. WADSWORTH's name was called). My colleague [Mr. WADSWORTH] is unavoidably detained from the Chamber to-day. If present he would vote "nay."

The roll call was concluded.

Mr. DILLINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I transfer that pair to the Senator from New York [Mr. WADSWORTH] and vote "nay."

Mr. HALE (after having voted in the negative). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Connecticut [Mr. BRANDEGEE] and allow my vote to stand.

Mr. McCUMBER (after having voted in the negative). I notice that my pair, the junior Senator from Utah [Mr. KING], has not voted. I transfer my pair with that Senator to the junior Senator from Colorado [Mr. NICHOLSON] and allow my vote to stand.

I also desire to announce that the senior Senator from Pennsylvania [Mr. PENROSE] is necessarily absent. He has a pair with the senior Senator from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Bound by the pair to which the Senator from North Dakota has just referred, and having no transfer of the pair, I must abstain from voting.

Mr. EDGE (after having voted in the negative). I transfer my pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Oregon [Mr. STANFIELD] and allow my vote to stand.

Mr. CURTIS. I wish to announce the following pairs:

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. ROBINSON]; and

The Senator from Washington [Mr. JONES] with the Senator from Virginia [Mr. SWANSON].

The result was announced—yeas 23, nays 43, as follows:

YEAS—23.

Ashurst	Hitchcock	McKellar	Stanley
Borah	Johnson	Norbeck	Trammell
Caraway	Jones, N. Mex.	Overman	Walsh, Mass.
Culberson	Kendrick	Pomerene	Walsh, Mont.
Harris	Kenyon	Sheppard	Watson, Ga.
Heflin	La Follette	Simmons	

NAYS—43.

Broussard	France	McKinley	Ransdell
Bursum	Frelinghuysen	McLean	Shortridge
Calder	Gooding	McNary	Smoot
Cameron	Hale	Moses	Spencer
Capper	Harreld	Myers	Townsend
Cummins	Kellogg	Nelson	Underwood
Curtis	Keyes	New	Warren
Dillingham	Lenroot	Newberry	Watson, Ind.
Edge	Lodge	Oddie	Weller
Ernst	McCormick	Page	Willis
Fernald	McCumber	Poindexter	

NOT VOTING—29.

Ball	Glass	Penrose	Sterling
Brandegee	Harrison	Phipps	Sutherland
Colt	Jones, Wash.	Pittman	Swanson
Dial	King	Reed	Wadsworth
du Pont	Ladd	Robinson	Williams
Elkins	Nicholson	Shields	
Fletcher	Norris	Smith	
Gerry	Owen	Stanfield	

So Mr. HITCHCOCK's amendment to Mr. McCUMBER's amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I desire to give notice that I shall ask for another vote upon this amendment in the Senate.

Mr. CALDER. Mr. President, I wish to offer an amendment to the substitute by striking out all after "31 per cent of the amount by which the net income exceeds $66,000 and does not exceed $68,000" and to insert "32 per cent of the amount by which the net income exceeds $68,000." That will make 32 per cent the highest rate.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from New York to the amendment of the Senator from North Dakota.

Mr. WATSON of Indiana. May we have the amendment to the amendment stated from the desk, Mr. President?

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. In the amendment proposed by the Senator from New York [Mr. CALDER] it is proposed to strike out all after the bracket, which reads, "31 per cent of the amount by which the net income exceeds $66,000 and does not exceed $68,000" and to insert "32 per cent of the amount by which the net income exceeds $68,000."

Mr. TRAMMELL and Mr. HEFLIN asked for the yeas and nays, and they were ordered.

Mr. REED. Mr. President, I should like to have the amendment again stated, in order that we may be sure we understand it.

Mr. LODGE. Mr. President, I wish simply to make an inquiry. As I heard the amendment of the Senator from North Dakota read I understood it not to leave the rate at 50 per cent but to make it 32 per cent.

The VICE PRESIDENT. The question is on the motion of the Senator from New York to amend the amendment of the Senator from North Dakota.

Mr. LODGE. I understand, but I desire to ascertain what was the final figure fixed by the amendment offered by the Senator from North Dakota on behalf of the committee. Was it 50 per cent or 32 per cent?

Mr. LA FOLLETTE. It was 50 per cent.

Mr. CALDER. My proposition is to fix it at 32 per cent.

Mr. LODGE. The Senator from New York has moved to make it 32 per cent?

Mr. CALDER. I have moved to make it 32 per cent.

Mr. SIMMONS. The vote is upon the amendment to limit the maximum surtax rate to 32 per cent, as I understand?

Mr. CALDER. Yes.

Mr. REED. Which is substantially the way the bill was when it was brought into the Senate by the committee?

Mr. SIMMONS. The bill as originally reported by the committee?

Mr. LODGE. That is what I understand, and that is what I desired to bring out.

Mr. REED. And the amendment would reduce the surtax on incomes above $68,000 from a graduated scale running from 32 per cent to 65 per cent to a flat 32 per cent rate.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I again announce my pair and withhold my vote.

Mr. DILLINGHAM (when his name was called). I have a general pair with the Senator from Virginia [Mr. GLASS], which I transfer to the Senator from New York [Mr. WADSWORTH] and vote. I vote "yea."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair as previously, I withhold my vote. If privileged to vote, I should vote "nay."

Mr. HALE (when his name was called). Making the same announcement as to my pair and its transfer as previously, I vote "yea."

Mr. McCUMBER (when his name was called). I transfer my general pair with the junior Senator from Utah [Mr. KING] to the junior Senator from Colorado [Mr. NICHOLSON] and vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement in regard to my pair and its transfer as heretofore, I vote "nay."

Mr. CALDER (when Mr. WADSWORTH's name was called). My colleague [Mr. WADSWORTH] is unavoidably detained from the Senate to-day. If present, he would vote "yea."

Mr. WILLIAMS (when his name was called). I am not at liberty to vote because I have a pair with the senior Senator from Pennsylvania [Mr. PENROSE]. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. WILLIS. I desire to announce the absence of the senior Senator from North Dakota [Mr. STERLING] on account of illness.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. Being unable to secure a transfer of that pair, I am unable to vote. If permitted to vote, I should vote "nay."

Mr. EDGE (after having voted in the affirmative). I transfer my pair with the Senator from Oklahoma [Mr. OWEN] to the Senator from Delaware [Mr. DU PONT] and allow my vote to stand.

The result was announced—yeas 15; nays 51, as follows:

YEAS—15.

Bursum	Edge	Hale	New
Calder	Ernst	Keyes	Page
Cameron	Fernald	McLean	Smoot
Dillingham	Frelinghuysen	Moses	

NAYS—51.

Ashurst	Heflin	McNary	Spencer
Borah	Hitchcock	Myers	Stanley
Broussard	Jones, N. Mex.	Nelson	Townsend
Capper	Kellogg	Newberry	Trammell
Caraway	Kendrick	Oddie	Underwood
Culberson	Kenyon	Overman	Walsh, Mass.
Cummins	La Follette	Poindexter	Walsh, Mont.
Curtis	Lenroot	Pomerene	Warren
France	Lodge	Ransdell	Watson, Ga.
Gerry	McCormick	Reed	Watson, Ind.
Gooding	McCumber	Sheppard	Weller
Harreld	McKellar	Shortridge	Willis
Harris	McKinley	Simmons	

NOT VOTING—29.

Ball	Harrison	Owen	Sterling
Brandegee	Johnson	Penrose	Sutherland
Colt	Jones, Wash.	Phipps	Swanson
Dial	King	Pittman	Wadsworth
du Pont	Ladd	Robinson	Williams
Elkins	Nicholson	Shields	
Fletcher	Norbeck	Smith	
Glass	Norris	Stanfield	

So Mr. CALDER's amendment to the amendment of Mr. McCUMBER was rejected.

Mr. HITCHCOCK. Mr. President, I desire to say to the Vice President and to the Senate that in making a momentary protest a short time ago against what I thought had been a decision of the Chair that I should be denied a yea-and-nay vote, I labored under a misapprehension. I understand now it was the intention of the Chair to put the question again to the Senate; so my protest was really not necessary.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota to the amendment reported by the committee.

Mr. REED. Mr. President, I desire to have the amendment to the amendment stated, so that we may know just what it is we are voting upon.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to strike out so much of the committee amendment as begins on page 28 with the numeral "(2)," down to and including line 20, on page 30, and in lieu thereof to insert——

Mr. McCUMBER. Mr. President, let me say to the Senator from Missouri that the amendment is simply a revision of the entire surtax according to what has been called the "bloc" amendment.

Mr. REED. And it is printed in the little document which has been placed before us?

Mr. McCUMBER. It has been printed and has been read in full.

Mr. REED. I have no desire to have it read again. I understand that what we are voting on is the substitution of the proposition submitted by the Senator from North Dakota for the committee amendment?

Mr. McCUMBER. On the amendment submitted by me for the committee amendment.

Mr. REED. It is certainly preferable to the committee amendment.

Mr. SIMMONS. Mr. President, I ask for the yeas and nays.

Mr. HITCHCOCK. Before the yeas and nays are called, let me say that, as I understand, the amendment upon which we are about to vote raises the maximum surtax from 32 per cent, as provided in the House bill, to 50 per cent.

Mr. McCUMBER. That is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from North Dakota to the amendment reported by the committee, on which the yeas and nays are demanded.

The yeas and nays were ordered.

Mr. BORAH. Mr. President, I wish to ask the Senator from North Dakota a question. If the amendment upon which we are about to vote is defeated, the bill will stand as it came over from the House, will it not? In other words, the maximum rate would remain 32 per cent?

Mr. McCUMBER. If the amendment to the committee amendment should be defeated, then the question would be on agreeing to the committee amendment. In case the pending amendment should be defeated, the committee amendment if adopted would make the higher surtax rate 32 per cent, although the committee amendment is not the same as the House provision in several of the brackets.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. McCUMBER] to the amendment of the committee, on which the yeas and nays have been requested and ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I announce my pair as on the previous vote, and withhold my vote.

Mr. DILLINGHAM (when his name was called). Making the same announcement as to pairs as on the last vote, I vote "nay."

Mr. FLETCHER (when his name was called). I make the same announcement as before as to my pair, and withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. McCUMBER (when his name was called). Making the same announcement as to pairs as on the previous vote, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the previous vote regarding my pair, I vote "yea."

Mr. CALDER (when Mr. WADSWORTH's name was called). My colleague [Mr. WADSWORTH] is unavoidably detained from the Chamber. If he were present, he would vote "nay."

The roll call was concluded.

Mr. WILLIS. I desire to repeat the announcement heretofore made concerning the absence of the senior Senator from South Dakota [Mr. STERLING], and to state that I am advised that if he were present he would vote "yea."

Mr. WILLIAMS. I have a general pair with the Senator from Pennsylvania [Mr. PENROSE], who is absent. I therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. As he is not present, and I am unable to get a transfer, I can not vote. If at liberty to vote, I should vote "yea."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Washington [Mr. JONES] with the Senator from Virginia [Mr. SWANSON]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 54, nays 13, as follows:

YEAS—54.

Ashurst	Bursum	Culberson	Ernst
Borah	Capper	Cummins	France
Broussard	Caraway	Curtis	Gerry

Gooding	McCormick	Owen	Trammell
Harris	McCumber	Page	Underwood
Heflin	McKellar	Poindexter	Walsh, Mass.
Hitchcock	McKinley	Pomerene	Walsh, Mont.
Jones, N. Mex.	McNary	Ransdell	Warren
Kellogg	Myers	Reed	Watson, Ga.
Kendrick	Nelson	Sheppard	Watson, Ind.
Kenyon	New	Shortridge	Weller
La Follette	Newberry	Simmons	Willis
Lenroot	Oddie	Stanley	
Lodge	Overman	Townsend	

NAYS—13.

Calder	Fernald	Keyes	Spencer
Cameron	Frelinghuysen	McLean	
Dillingham	Hale	Moses	
Edge	Harreld	Smoot	

NOT VOTING—28.

Ball	Glass	Norbeck	Smith
Brandegee	Harrison	Norris	Stanfield
Colt	Johnson	Penrose	Sterling
Dial	Jones, Wash.	Phipps	Sutherland
du Pont	King	Pittman	Swanson
Elkins	Ladd	Robinson	Wadsworth
Fletcher	Nicholson	Shields	Williams

So Mr. McCUMBER's amendment to the amendment of the committee was agreed to.

The ASSISTANT SECRETARY. The committee also proposes, on page 30, beginning on line 21, to insert a new subdivision, as follows:

(b) In the case of a bona fide sale of mines, oil or gas wells, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration and discovery work done by the taxpayer, the portion of the tax imposed by this section attributable to such sale shall not exceed, for the calendar year 1921, 20 per cent, and for each calendar year thereafter 16 per cent, of the selling price of such property or interest.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the section as amended.

Mr. FRELINGHUYSEN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. FRELINGHUYSEN. Is this the amendment providing for a maximum of 50 per cent which we have just agreed to?

The VICE PRESIDENT. The question is on agreeing to the section as amended, which includes the matter to which the Senator refers.

Mr. FRELINGHUYSEN. I call for the yeas and nays.

The yeas and nays were not ordered.

The amendment as amended was agreed to.

Mr. McCUMBER. Mr. President, unanimous consent was given the other day that the Senator from Rhode Island [Mr. GERRY] might revert to the normal tax and offer an amendment. I think it would facilitate the consideration of the business before the Senate if we could dispose entirely of the normal as well as the surtax at this time, and I simply ask the Senator from Rhode Island if he is not willing to present his amendment at this time, with a view of cleaning up the matter of income taxes.

Mr. GERRY. Very well, Mr. President. In view of the request of the Senator from North Dakota, I offer the amendment which I send to the desk and ask that it be read, and then I shall make some remarks upon it.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was agreed to will be considered as not having been taken. The Chair hears no objection. The amendment offered by the Senator from Rhode Island will be stated.

The ASSISTANT SECRETARY. It is proposed to amend section 210 by inserting in the proviso on page 23, line 1, after the words "United States," the words:

For each taxable year up to and including the calendar year 1921—

And by adding the following proviso at the end of line 2, page 23:

Provided further, That for the calendar year 1922 and each calendar year thereafter, in the case of a citizen or resident of the United States, the rate upon the first $5,000 of such excess amount shall be 2 per cent; the rate upon the second additional $5,000 of such excess amount shall be 4 per cent; the rate upon the third additional $5,000 of such excess amount shall be 6 per cent.

The VICE PRESIDENT. The question is upon agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

Mr. GERRY. Mr. President, the purpose of this amendment is to grade and lower the normal tax. The present normal tax is 4 per cent on the first $4,000 and 8 per cent on all above that amount. My amendment puts the normal tax at 2 per cent on the first $5,000, 4 per cent on the amount between five and ten thousand dollars, 6 per cent on the amount between ten and fifteen thousand dollars, and 8 per cent on all above that amount.

The original bill as reported by the committee reduced the higher surtaxes on all amounts above $66,000. It looked after the man or woman with a very large income. It did very little, however, for the vast majority of the American citizens who have the smaller incomes. In fact, it did very little, practically nothing, for the great middle class of American citizens who furnish so much of the wealth and the brains and the industry of the country, and upon whom taxation was bearing most heavily. It did not seem to Senators on the minority side that this was a correct principle of taxation, and I am glad that it is proven by the vote just taken that it also did not appeal to the sense of justice of the majority of the Senators on the other side of the Chamber. The result is that the revenue bill has been amended and the surtaxes have not been reduced to such a great extent; but, on the other hand, as I have said before, practically nothing has been done to redeem campaign pledges and lower the taxes of the man of smaller income except in a slight degree in the grading of the surtax and certain exemptions.

When the bill came into the Senate the Senator from Massachusetts [Mr. WALSH] and I introduced certain amendments which we thought dealt with the most important features of the bill, namely, the income tax and the corporation tax. Both the Senator and I worked on those amendments, studied them, and were entirely in accord on them. As a matter of convenience I introduced the income-tax amendment and the Senator from Massachusetts introduced the amendment in regard to corporations which he will call up at the appropriate time. Not only that, but we gave out a statement dealing with our views on this subject, which was signed by the Senator from North Carolina [Mr. SIMMONS], the Senator from Massachusetts, and myself.

Mr. President, the change in the normal tax that is proposed in this amendment will cut in half the tax on the man who has an income of $5,000. It will cut in half the tax on the man who has an income of $6,000. Under the committee amendment which has just been agreed to, the man who has an income of $6,000 will pay $160. If the amendment now before the Senate is agreed to, that tax will be cut to $80.

Under the amendment just adopted and the section just adopted a man with an income of $10,000 would pay a tax of $520, and under my amendment he would pay $260.

Under the committee amendment just adopted the man with an income of $12,000 would pay $720, as compared with $380 under this proposal.

Under the committee amendment a man with an income of $16,000 would pay a tax of $1,180, and under my plan would pay $760.

Mr. FLETCHER. May I ask the Senator what change he makes by the proposed amendment, if any, in regard to exemptions?

Mr. GERRY. I make no change in regard to exemptions. I simply accept the exemptions which the committee has put in the bill. Where husband and wife are living together, the exemption is $2,500, provided their income does not exceed $5,000, and the exemption for each child is $400, if the children are dependent.

Mr. FLETCHER. Instead of $200?

Mr. GERRY. Instead of $200.

Mr. FRELINGHUYSEN. Mr. President——

The PRESIDENT pro tempore. Does the Senator yield to the Senator from New Jersey?

Mr. GERRY. I yield.

Mr. FRELINGHUYSEN. I simply want to ask the Senator if he has made any estimate as to how much the cutting of the normal tax as he has cut it will reduce the revenue?

Mr. GERRY. Yes; I have, and I was coming to that. I ask unanimous consent to insert certain tables in the RECORD. I think that may be helpful to Senators.

There being no objection, the tables referred to were ordered to be printed in the RECORD, as follows:

Committee amendment amended.

Net income.	Maximum surtax rate.	Normal tax.	Surtax installment.	Total tax.
	Per cent.			
$3,000		$20		$20
$4,000		60		60
$5,000		100		100
$6,000		160		160
$8,000	1	320	$20	340
$10,000	1	480	20	520
$12,000	2	640	40	720
$14,000	3	800	60	940

Committee amendment amended—Continued.

Net income.	Maximum surtax rate.	Normal tax.	Surtax installment.	Total tax.
	Per cent.			
$16,000	4	$960	$80	$1,180
$18,000	5	1,120	100	1,440
$20,000	6	1,280	120	1,720
$22,000	8	1,440	160	2,040
$24,000	9	1,600	180	2,380
$26,000	10	1,760	200	2,740
$28,000	11	1,920	220	3,120
$30,000	12	2,080	240	3,520
$32,000	13	2,240	260	3,940
$34,000	15	2,400	300	4,400
$36,000	15	2,560	300	4,860
$38,000	16	2,720	320	5,340
$40,000	17	2,880	340	5,840
$42,000	18	3,040	360	6,360
$44,000	19	3,200	380	6,900
$46,000	20	3,360	400	7,460
$48,000	21	3,520	420	8,040
$50,000	22	3,680	440	8,640
$52,000	23	3,840	460	9,260
$54,000	24	4,000	480	9,900
$56,000	25	4,160	500	10,560
$58,000	26	4,320	520	11,240
$60,000	27	4,480	540	11,940
$62,000	28	4,640	560	12,660
$64,000	29	4,800	580	13,400
$66,000	30	4,960	600	14,160
$68,000	31	5,120	620	14,940
$70,000	32	5,280	640	15,740
$72,000	33	5,440	660	16,560
$74,000	34	5,600	680	17,400
$76,000	35	5,760	700	18,260
$78,000	36	5,920	720	19,140
$80,000	37	6,080	740	20,040
$82,000	38	6,240	760	20,960
$84,000	39	6,400	780	21,900
$86,000	40	6,560	800	22,860
$88,000	41	6,720	820	23,840
$90,000	42	6,880	840	24,840
$92,000	43	7,040	860	25,860
$94,000	44	7,200	880	26,900
$96,000	45	7,360	900	27,960
$98,000	46	7,520	920	29,040
$100,000	47	7,680	940	30,140
$150,000	48	11,680	24,000	58,140
$200,000 [1]	49	15,680	24,500	86,640

[1] Over $200,000, 50 per cent.

Gerry amendment.

Net income.	Maximum surtax rate.	Normal tax.	Surtax installment.	Total tax.
	Per cent.			
$3,000	----------	$10	----------	$10
$4,000	----------	30	----------	30
$5,000	----------	50	----------	50
$6,000	----------	80	----------	80
$8,000	1	140	$20	160
$10,000	1	220	20	260
$12,000	2	300	40	380
$14,000	3	420	60	560
$16,000	4	540	80	760
$18,000	5	680	100	1,000
$20,000	6	840	120	1,280
$22,000	8	1,000	160	1,600
$24,000	9	1,160	180	1,940
$26,000	10	1,320	200	2,300
$28,000	11	1,480	220	2,680
$30,000	12	1,640	240	3,080
$32,000	13	1,800	260	3,500
$34,000	15	1,960	300	3,960
$36,000	15	2,120	300	4,420
$38,000	16	2,280	320	4,900
$40,000	17	2,440	340	5,400
$42,000	18	2,600	360	5,920
$44,000	19	2,760	380	6,460
$46,000	20	2,920	400	7,020
$48,000	21	3,080	420	7,600
$50,000	22	3,240	440	8,200
$52,000	23	3,400	460	8,820
$54,000	24	3,560	480	9,460
$56,000	25	3,720	500	10,120
$58,000	26	3,880	520	10,800
$60,000	27	4,040	540	11,500
$62,000	28	4,200	560	12,220
$64,000	29	4,360	580	12,960
$66,000	30	4,520	600	13,720
$68,000	31	4,680	620	14,500
$70,000	32	4,840	640	15,300
$72,000	33	5,000	660	16,120
$74,000	34	5,160	680	16,960
$76,000	35	5,320	700	17,820
$78,000	36	5,480	720	18,700
$80,000	37	5,640	740	19,600
$82,000	38	5,800	760	20,520
$84,000	39	5,960	780	21,460
$86,000	40	6,120	800	22,420
$88,000	41	6,280	820	23,400
$90,000	42	6,440	840	24,400
$92,000	43	6,600	860	25,420

Gerry amendment—Continued.

Net income.	Maximum surtax rate.	Normal tax.	Surtax installment.	Total tax.
	Per cent.			
$94,000	44	$6,760	$880	$26,460
$96,000	45	6,920	900	27,520
$98,000	46	7,080	920	28,600
$100,000	47	7,240	940	29,700
$150,000	48	11,240	24,000	57,700
$200,000 [1]	49	15,240	24,500	86,200

[1] Over $200,000, 50 per cent.

1918 and 1921 law—Present law.

Net income.	Maximum surtax rate.	Normal tax.	Surtax installment.	Total tax.
	Per cent.			
$3,000	----------	$40	----------	$40
$4,000	----------	80	----------	80
$5,000	----------	120	----------	120
$6,000	1	160	$10	170
$8,000	2	320	40	370
$10,000	3	480	60	590
$12,000	4	640	80	830
$14,000	5	800	100	1,090
$16,000	6	960	120	1,370
$18,000	7	1,120	140	1,670
$20,000	8	1,280	160	1,990
$22,000	9	1,440	180	2,330
$24,000	10	1,600	200	2,690
$26,000	11	1,760	220	3,070
$28,000	12	1,920	240	3,470
$30,000	13	2,080	260	3,890
$32,000	14	2,240	280	4,330
$34,000	15	2,400	300	4,790
$36,000	16	2,560	320	5,270
$38,000	17	2,720	340	5,770
$40,000	18	2,880	360	6,290
$42,000	19	3,040	380	6,830
$44,000	20	3,200	400	7,390
$46,000	21	3,360	420	7,970
$48,000	22	3,520	440	8,570
$50,000	23	3,680	460	9,190
$52,000	24	3,840	480	9,830
$54,000	25	4,000	500	10,490
$56,000	26	4,160	520	11,170
$58,000	27	4,320	540	11,870
$60,000	28	4,480	560	12,590
$62,000	29	4,640	580	13,330
$64,000	30	4,800	600	14,090
$66,000	31	4,960	620	14,870
$68,000	32	5,120	640	15,670
$70,000	33	5,280	660	16,490
$72,000	34	5,440	680	17,330
$74,000	35	5,000	700	18,190
$76,000	36	5,760	720	19,070
$78,000	37	5,920	740	19,970
$80,000	38	6,080	760	20,890
$82,000	39	6,240	780	21,830
$84,000	40	6,400	800	22,790
$86,000	41	6,560	820	23,770
$88,000	42	6,720	840	24,770
$90,000	43	6,880	860	25,790
$92,000	44	7,040	880	26,830
$94,000	45	7,200	900	27,890
$96,000	46	7,260	920	28,970
$98,000	47	7,520	940	30,070
$100,000	48	7,680	960	31,190
$150,000	52	11,680	26,000	61,190
$200,000 [1]	56	15,680	28,000	93,190

[1] Over $200,000, up to 65 per cent.

Mr. HITCHCOCK. Will the Senator permit an inquiry?

Mr. GERRY. Certainly.

Mr. HITCHCOCK. Do the comparative figures which the Senator has given of what the taxpayer would pay under the bill as it is drawn up to date and under the amendment which he proposes include only the normal tax?

Mr. GERRY. No, Mr. President; in the tables I prepared I included the surtax rate, the normal tax rate, the surtax installment, and then have given the total.

Mr. HITCHCOCK. They certainly were not included in the figures the Senator has already given.

Mr. GERRY. The tables I have put in the RECORD I think are fairly clear. I included in those tables the tax under the committee amendment as amended, and under my amendment, and under the present law.

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator yield to the Senator from North Dakota?

Mr. GERRY. I yield.

Mr. McCUMBER. I desire to ask the Senator whether his tables included what the tax would be upon a given income

under the present law, which is 4 and 8, and also what it would be upon the same income if it were 2, 4, 6, and 8?

Mr. GERRY. Yes; that is included; and my tables are computed on a flat exemption of $2,000, which is that of the ordinary married couple. I did not want to go into the complicated exemptions, where there are children involved and where they have a special exemption. In fact, on looking at the table I find I have allowed the $2,500 exemption up to $5,000 and $2,000 above that. I did not take into account the amendment the Senator offered last night, and which was agreed to.

Mr. McCUMBER. Has the Senator any tables showing what the loss will be in revenue under his proposed amendment?

Mr. GERRY. I have figures, I will say to the Senator from North Dakota.

Mr. McCUMBER. Can the Senator give it to us in round numbers?

Mr. GERRY. As originally estimated, from the best information I could get, the loss would be about $105,000,000. On further consideration, and on examining the matter more closely, I have come to the conclusion that probably the more accurate figure would be something like $135,000,000.

Mr. President, I submit that the loss could very much better be made up by other forms of taxation than by placing the tax on the people of smaller incomes. The class I am trying to relieve consists of something like 3,000,000 taxpayers, and under the conditions under which we are suffering now, the conditions of unemployment, of hard times, of difficulties from lack of employment and otherwise, from which these classes of people are suffering, it seemed to me that it was only fair that remedial legislation should be given to them, and certainly no bill such as that reported by the committee, which sought only to take the burden off those paying very high surtaxes and do nothing for the man with a small income, could be considered for a moment on the grounds of economics or of fair play.

Mr. President, when the committee considered this bill and reported it to the Senate, I think it would have lived up to the campaign promises of the Republican Party much better, and would really have accomplished something, if they had given more time to the consideration of the bill in committee, had studied it more carefully before they reported it, and they would have passed it much more quickly through this body. I think the events of the last few days have proven that, and I think the more we study this bill the more we realize what a hodgepodge piece of legislation it is.

Mr. LODGE. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Rhode Island yield to the Senator from Massachusetts?

Mr. GERRY. Certainly.

Mr. LODGE. I understand from what the Senator has said that his amendment, if adopted, would reduce the revenues $135,000,000. How does he propose to make that up? By retaining what are called the nuisance taxes?

Mr. GERRY. No. I was coming to that in a moment, when the Senator interrupted me. My idea is that if the committee had given a little more time and a little more careful consideration to the bill in the committee, they would have found it very easy to make up this loss and would have done justice by so doing.

For example, the Senate has already put back capital stock tax on corporations, which will raise $75,000,000. That the committee struck out. If it was thought wise to place that tax at 2 per cent, it would raise $150,000,000. I am only throwing this out as a suggestion. The amendment suggested by the Senator from Massachusetts [Mr. WALSH] of a tax on gasoline at the refinery of 1 cent a gallon would raise $50,000,000.

Mr. LODGE. Then the Senator proposes to cover the reduction in the income taxes by putting a tax on gasoline and doubling the capital-stock tax?

Mr. GERRY. No; I did not say that.

Mr. LODGE. The Senator just said that.

Mr. GERRY. No; I said it could be done by that method.

Mr. LODGE. I asked the Senator to suggest how he was going to do it, and he suggested two taxes.

Mr. GERRY. I suggested methods of doing it, and I think probably they would be very good methods.

Mr. LODGE. What other method is there to get rid of the nuisance taxes at the same time?

Mr. GERRY. Mr. President, I do not think it is necessary for me to try to rewrite the bill here on the floor. It has already been done half a dozen times, and it probably will be done again.

Mr. LODGE. We are not going to rewrite the bill.

Mr. GERRY. I am simply showing how it could have been done in the committee. For example, the committee brought in a bill with a capital-stock tax in it.

Mr. LODGE. The committee had the benefit of the Senator's advice.

Mr. GERRY. Mr. President, the bill was reported as a party measure. The Democratic Senators were present during the hearings on the bill, and then the majority met and decided what they would put through.

Mr. LODGE. That did not prevent the Senator from making suggestions?

Mr. GERRY. I made suggestions, and I am making some now. The committee has taken its own course.

Mr. LODGE. The Senator is proposing to take off $135,000,000 of revenue, and he proposes to substitute for that a gasoline tax and a double tax on capital stock.

Mr. GERRY. I am suggesting that those methods could be adopted.

Mr. LODGE. Many methods could be adopted. I asked the Senator what means he proposed to take to supply this tax.

Mr. GERRY. I have told the Senator that I suggest those methods of doing it.

Mr. LODGE. It can be done in that way, no doubt.

Mr. GERRY. Undoubtedly it can be done. Undoubtedly many amendments could be put in this bill that would greatly improve it.

Mr. LODGE. Is the Senator in favor of the two amendments he suggested?

Mr. GERRY. Yes; I am in favor of the amendments I have suggested.

Mr. LODGE. I mean, is the Senator in favor of those two taxes?

Mr. GERRY. I am in favor of putting a 1 per cent tax on the capital stock of corporations, which has already been provided for by an amendment which has been adopted.

Mr. LODGE. That has been done already.

Mr. GERRY. That has been done already, and I do not see any reason why it possibly could not be 2 per cent.

Mr. LODGE. Precisely, and keep the nuisance taxes, of course.

Mr. GERRY. Oh, no; I have not said anything about them.

Mr. LODGE. The Senator will need them if he is going to reduce the total revenue $135,000,000.

Mr. GERRY. Probably I will need them, if I agree to the Senator's bill as it is now before the Senate. However, the bill has not yet been passed through the Senate.

Mr. LODGE. I am aware of that. I know the stage of the bill.

Mr. GERRY. Does anybody know, I might ask the Senator from Massachusetts? It seems a little doubtful when it comes to a vote.

Mr. LODGE. I know what the stage of the bill is, and I know the Senator proposes a new tax that can be offered at this stage of the bill. The bill is still in Committee of the Whole and open to amendment.

Mr. GERRY. Certainly. I think if my amendment is adopted, then we can see in what form the bill can be further amended so as to make it an efficient bill. We are trying now to perfect the bill. The bill came out of the committee in frightful shape. It came out without squaring at all with campaign promises. The trouble is, and what really happened was, the revenue bill did not come over to the Senate until September, and then it was rushed through the committee without proper consideration.

Mr. LODGE. The bill came over to the Senate on the 24th of August. I dislike to question the Senator's dates.

Mr. GERRY. I think the committee commenced consideration of the bill about the 1st of September. The bill was then rushed through the committee very hurriedly, as I believe the facts prove, and a very bad bill came out.

Mr. LODGE. It was a month in the committee.

Mr. GERRY. And a very bad bill it was.

Mr. LODGE. No doubt the Senator thinks that.

Mr. GERRY. I believe that very many others think so.

Mr. LODGE. No doubt the Senator thinks that it was a hodgepodge. I have heard it so stated many times. I know what the Senator thinks.

Mr. GERRY. The Senator from Massachusetts must have also heard that stated by others.

Mr. LODGE. What I am anxious to know is where we can make up the revenue which the Senator so generously gives away.

Mr. GERRY. I have already suggested two means.

Mr. LODGE. Gasoline?

Mr. GERRY. If they agree to my amendment——

Mr. LODGE. Double the corporation tax and put a tax on gasoline?

Mr. GERRY. That could very well be done, and probably other methods could be devised if my amendment is agreed to.

Mr. LODGE. And it will be necessary to keep the nuisance taxes?

Mr. GERRY. I think many of the so-called nuisance taxes could be eliminated.

Mr. LODGE. They must be retained?

Mr. GERRY. No; not all of them.

Mr. LODGE. I only desired to get the Senator's views.

Mr. GERRY. Oh, no; the Senator misunderstands me.

Mr. LODGE. I wished to get the Senator's idea of what he thought was a really good bill.

Mr. GERRY. No; the Senator misunderstood me. I did not say to keep the nuisance taxes. I said to keep some of the so-called nuisance taxes on great luxuries.

Mr. LODGE. I merely wanted to find out what the Senator thought a really good bill.

Mr. GERRY. It could not be worse than this one.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Rhode Island yield to the Senator from Tennessee?

Mr. GERRY. I yield.

Mr. McKELLAR. As I understand it, the Senator from Rhode Island agrees with public opinion in general that this is the worst possible tax bill that could be presented to the Senate.

Mr. GERRY. I will say to the Senator from Tennessee that I think I am with the vast majority in my position on the bill.

Mr. McKELLAR. I think the Senator is, too.

Mr. GERRY. The bill was prepared hastily without proper consideration, and the result was that since it came before the Senate it has been revised, and will continue to be revised.

The sole purpose of the bill as originally introduced was to take the taxes off of the very wealthy and off of the large corporations. Those were the two main features of the bill. Since the bill has come into the Senate it has been amended in regard to the individual income taxes, and I do not know what is going to be done in regard to the corporation taxes. We can only tell that as the debate develops.

They have also struck out the nuisance taxes, many of them very wisely. I think many of those taxes were indefensible and should have been stricken out, but I think some of them, on some of the great luxuries, might possibly be left in.

My attitude in presenting the amendment is that I believe it does justice to a majority of our people. It does something that ought to be done. I simply suggested two methods that could very well be worked out, and I am sure there are many others which would not do an injustice to the community and would enable it to bear the burden of taxation very much better than as it is being distributed by the pending bill.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Rhode Island yield to the Senator from Florida?

Mr. GERRY. With pleasure.

Mr. TRAMMELL. I wish to state, in the first place, that I am heartily in sympathy with the object which the Senator seeks to accomplish. I should like to know with regard to the amendment whether or not it is intended that this reduced rate shall apply to the taxable year 1921.

Mr. GERRY. No. I have made it conform to the rest of the bill, to apply to the year 1922. It will be so late in the year before the bill will be passed that it would be impracticable to make it apply to the year 1921, although I do think it would have been much better if we had reduced the taxes for this year. That is probably another one of the results of the delay of our friends on the other side of the Chamber. However, in addition to that, there was a practical reason. I felt that if I had any chance of having my amendment agreed to, it was better to make it applicable to the year 1922.

Mr. TRAMMELL. As I said, I am heartily in sympathy with the general purpose and object of the Senator from Rhode Island, but I do not quite sympathize with that provision of his amendment which seeks to give this reduction beginning only with the taxable year 1922.

Mr. GERRY. It is the calendar year 1922, not the taxable year 1922.

Mr. TRAMMELL. I call the Senator's attention to the way his amendment reads: On page 23, line 1, after the words "United States," to insert the words: "for each taxable year up to and including the calendar year 1921."

Mr. GERRY. It is the calendar year 1921 there, and then the Senator will see that it is provided further for the calendar year 1922, and so forth.

Mr. TRAMMELL. As I construe the proposed amendment it means that as amended the section would read as follows:

Provided, That in the case of a citizen or resident of the United States for each taxable year up to and including the calendar year 1921 the rate upon the first $4,000 in excess of such amount shall be 4 per centum.

That means that the tax which is assessable for the year 1921, the returns upon which will be made during the calendar year 1922, shall not participate in this reduction. Very largely it is the policy throughout the bill, where a reduction is made, for that reduction to be made applicable to the taxable year 1921 which is returnable during the calendar year 1922. I would very much prefer having the reduction made applicable for the year 1921, just the same as is true in regard to certain other reductions proposed relative to the surtax and such rearrangement and modification as proposed by the bill in regard to many other features of taxation.

Mr. GERRY. I entirely concur in the desire of the Senator from Florida, but as I said I did not think it was practicable, and as the revenues estimated to be raised for the later year were a less amount, I thought that it was probably wiser to make it 1922, especially if I had any hope of having my amendment agreed to.

Mr. POMERENE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Rhode Island yield to the Senator from Ohio?

Mr. GERRY. Certainly.

Mr. POMERENE. It was contended during the debate when the effort was made, and successfully, to reduce the surtax from 68 per cent to 50 per cent above certain brackets that if that were done it would encourage investment and industry. If that argument is true as applied to those who were taxable under the higher brackets, would it not be true likewise as to the three million or more business men who would be affected by the proposed amendment of the Senator?

Mr. GERRY. The Senator from Ohio is entirely correct in that. That is one of the objects of my amendment. It would undoubtedly encourage prosperity and the turning of more money into business channels, the building of small houses, and so forth. As the number of people in the brackets affected is so large, it would undoubtedly have a very beneficial effect.

Mr. McCUMBER. Mr. President, the Senator from Rhode Island stated a short time ago that the bill had not received proper consideration in the Finance Committee; that if it had received that proper consideration, of course, it would have been modified, as the Senator thinks, in accordance with his wishes. I do not understand that the Senator from Rhode Island offered this amendment at all in the committee, but he can correct me if I am in error on that.

Mr. GERRY. The Senator is correct in that. After the committee completed its labors I studied the entire bill, and then introduced the amendment in the Senate when the bill was reported. When the bill was reported to the Senate I think the transcript of the evidence of the experts was just then completed, or perhaps was not completed until after the bill was reported.

Mr. McCUMBER. One of the difficulties under which the committee labored was the continued absence of the Senator from Rhode Island. I am not criticizing the Senator; he undoubtedly was so busy in the other senatorial duties that it was impossible to attend the Committee on Finance very often. Nevertheless, the committee was without his advice on these matters at a time in which it would have been valuable.

I wish to say that the junior Senator from Massachusetts [Mr. WALSH] was seldom absent a moment from the committee meetings, and he assisted the committee greatly in the matter of perfecting the bill and making it, as I thought, better. The suggestions and amendments offered by him were very often adopted by the committee. If we had had that constant attendance from those others who now criticize the efficiency of the committee, probably we would have had a bill that would have suited us all the better.

Mr. GERRY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Rhode Island?

Mr. McCUMBER. Certainly.

Mr. GERRY. The Senator from North Dakota has just stated that the Senator from Rhode Island was continually absent from the committee.

Mr. McCUMBER. He was absent from most of our meetings.

Mr. GERRY. I am quite willing to let the record show whether that is true or not. The Senator from Rhode Island was not absent, he is very sure, more than a day or two at the time when the bill was under consideration. As a matter of fact, the Senator from Rhode Island was in attendance a good deal more than the Republican members of the committee, not even excluding the chairman.

Mr. McCUMBER. I do not remember the Senator assisting us a great deal in suggestions or otherwise in the committee. I was present at all the committee meetings, and I do not think the committee is subject to the criticism of inattention that has

been made of it by the Senator from Rhode Island, because I know that Democratic Senators were present at our meetings. The Senator from Massachusetts [Mr. WALSH] was there continuously. The Senator from North Carolina [Mr. SIMMONS] was present most of the time. Those Senators had considerable to do in the matter of discussing every point, and I think everything was pretty fairly well considered.

Mr. GERRY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Rhode Island?

Mr. McCUMBER. I yield.

Mr. GERRY. The Senator has made a statement which I do not think is borne out by the facts. If the Senator will get the record of the committee, I think he will find that the attendance of the Senator from Rhode Island compares very favorably with that of any other member of the committee.

Mr. PENROSE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Pennsylvania?

Mr. McCUMBER. I yield.

Mr. PENROSE. I do not want to get into a discussion of this trivial character, but the Senator from Rhode Island [Mr. GERRY] has gone out of his way to reflect on the efficiency of the Finance Committee. I want to say to him and to the Senate, since he brings the subject up, that his presence and participation with the committee was negligible. I do not believe 1 per cent of the meetings of the committee were attended by him. A complete record was kept by my direction of those Senators who attended the committee meetings and answered the various roll calls. If the Senator from Rhode Island wants to be confronted with that record, I will produce it next week.

So far as his giving any advice or lending any assistance or expressing any willingness to serve on any subcommittee are concerned, absence and indifference were the predominating notes. For him now to have the effrontery to refer in the way he has to the actions of the committee after his own course ill becomes him.

Mr. GERRY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota again yield to the Senator from Rhode Island?

Mr. McCUMBER. I yield to the Senator.

Mr. GERRY. Mr. President, the Senator from Pennsylvania I know can not well judge whether I was at the committee meetings or not. His statement that I was there only 1 per cent of the time is absolutely unfounded in fact. The Senator from Pennsylvania himself was rarely at the committee meetings at any time in the afternoon, and probably was absent more than nearly any other Senator. The Senator from North Dakota [Mr. MCCUMBER] had charge of the bill. Of course, if Senators on the other side wish simply to make assertions which are not in conformity with the facts of the case, the Senator from Rhode Island can say nothing but deny them.

Mr. PENROSE. Mr. President——

Mr. McCUMBER. I yield to the Senator from Pennsylvania.

Mr. PENROSE. In that connection I desire to say that since the Committee on Finance was organized, after the 4th of March, not a single meeting, in good or bad weather, has been missed by me. Not only have I been there promptly, not a moment late, but I have attended sessions, so far as it was reasonable to expect me to attend them or as was necessary for me to attend them. When not actually in the committee room, although I do not need or care to speak in my own defense, for I do not need one, I was in the committee suite, frequently seeing constituents of the Senator from Rhode Island who were unable to find him or to secure information as to the progress of the bill.

Mr. McCUMBER. Mr. President, I want first to call the Senator's attention to the amount that is involved in his amendment. The Senator places the figures, after a reconsideration, at $135,000,000, but Dr. Adams, of the Treasury Department, estimates that, in his opinion, the amount would be nearer $150,000,000. Of course, as suggested by the Senator from Massachusetts, if we deduct that amount from the lower brackets of the income tax, we have got to make it up somewhere else; and I do not know of any way of making it up anywhere else unless we increase some of the other taxes instead of reducing them.

However, I wanted to give to the Senator and to the Senate what the taxes would be under the present law. I have not the complete figures as to what they would be under the amendment which has been adopted to-day; but take a person who now receives an income of $2,000 per annum, if he be a married man, even though he has no children, he pays no tax whatever. If he has an income of $2,500, he pays eight-tenths of 1 per cent; if he has an income of $3,000, his income tax is 1.33 per cent; if he has a net income of $3,500, his tax is 1.71 per cent; if he has an income of $4,000, his tax is 2 per cent; if he has an income of $4,500, it is 2.22 per cent; if he has an income of $5,000, his tax is 2.40 per cent; and on an income of $5,500 the tax is 2.64 per cent.

Mr. POMERENE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Ohio?

Mr. McCUMBER. I yield.

Mr. POMERENE. I am not sure that I understand the figures which are now being stated by the Senator from North Dakota. Is he giving the percentage of the tax to the total income?

Mr. McCUMBER. Yes; I have stated the amounts which the taxpayer would pay on his total income.

Under the amendment which has been adopted to-day I have a few figures applying to incomes above the amount last named, but I have not the figures for incomes below that amount. If a man had an income of $6,000 he would pay an income tax of 2.7 per cent; if he had an income of $7,000, as the bill now stands, he would pay 3.6 per cent; if he had an income of $8,000 he would pay 4.3 per cent; if he had an income of $10,000 he would say 5.2 per cent; if he had an income of $12,000 he would pay 6 per cent.

Now, reducing the figures to dollars and cents, a person who had an income of $2,500 would pay $20; if he had an income of $3,000 he would pay $40; if he had an income of $3,500 he would pay an income tax of $60; and if he had an income of $4,000 he would pay an income tax of $80. These are not really heavy income taxes, and no allowance is made for children. If there were any children the tax would be considerably reduced.

As I say, I have not all the figures under the revised proposition, but probably the taxes would be 10, 15, or 20 per cent lower than the sums I have stated. So the tax in the lower brackets is not a heavy one after the deductions of $2,000 and $2,500 have been made; and inasmuch as there is no way, so far as I can see, of conveniently making up the deficiency somewhere else, it seems to me that it is inadvisable, to say the least, to make a reduction that would affect $150,000,000 of revenue.

Mr. REED. Mr. President, will the Senator permit me to ask him a question?

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. McCUMBER. Certainly.

Mr. REED. If a very moderate excess-profits tax was retained in the bill, it would take care of the reduction brought about in the revenues by the amendment proposed by the Senator from Rhode Island, would it not?

Mr. McCUMBER. It might, Mr. President; I can conceive of many ways, of course, by which we could make up the deficiency, if the Senate wants to adopt such means, although it is generally understood that for the benefit of the business of the country, present and future, the excess-profits tax had better be eliminated. However, there is no necessity of going into that question again; we have argued that here over and over again on both sides, perhaps for months, and it seems to me that as to those questions the time has now arrived to vote rather than further to discuss them.

Mr. REED. Mr. President, the Senator from Massachusetts asked the Senator from Rhode Island where we were to get revenue to replace the revenue which would be taken away? The Senator from Rhode Island suggested one or two sources, and I ventured to suggest that a very moderate excess-profits tax would realize a sufficient sum so that the amendment offered by the Senator from Rhode Island could be adopted and the so-called nuisance taxes taken off.

In that connection I wish to say that the very popular phrase "nuisance taxes," like a good many other catch phrases, sounds better than it is. My own judgment about the matter is that there are a very large number of such so-called taxes that ought to be retained because the burden falls very lightly upon the people. They are largely luxury taxes; they are a nuisance only to the people who have to pay them.

Mr. LODGE rose.

Mr. REED. I wish to inquire now if it is the purpose to have an executive session or to go on with this bill?

Mr. LODGE. I did not hear the Senator's question.

Mr. REED. The Senator from Massachusetts was on his feet, and I thought perhaps he intended to move an executive session.

Mr. LODGE. What I intended to do, Mr. President, was to ask that the amendment proposed by the Senator from Rhode Island may go over, because I desire to secure some official figures in regard to what it will cost and also, if I can, to secure

some official figures as to what revenue is likely to be raised by a tax on gasoline and other taxes proposed to take the place of the tax which it is suggested be eliminated. We have not those figures here to-night, and I should like to get them from the Treasury before we go further with the matter.

Mr. REED. I think the request is a very reasonable one.

Mr. LODGE. If it is agreeable, however, I should be very glad to move a short executive session.

Mr. PENROSE. Mr. President, I recognize that there is a widespread desire for an executive session at the week end. I had hoped to continue somewhat longer the consideration of the pending bill, but I will not oppose a motion to have the Senate proceed to the consideration of executive business. I wish to say, however, to the Senate—and in making the statement I hope and believe I will have the support of the majority party—that after Monday next I shall ask the Senate to hold evening sessions and meet, perhaps, very soon thereafter at 10 o'clock in the morning in order to secure the early disposition of the bill. The delays have frequently been frivolous and unprofitable, and I shall not any longer sit idly by and permit, so far as I am concerned, the Senate to continue to tolerate such practices as have been indulged in without going distinctly on record before the American people as to whether the purpose is to pass this bill or not.

Mr. LODGE and Mr. REED addressed the Chair.

The PRESIDENT pro tempore. The Senator from Massachusetts.

Mr. FRELINGHUYSEN. Mr. President——

Mr. LODGE. I will yield to the Senator from New Jersey, if he desires.

Mr. REED. Mr. President, I merely wish to remark that of all the frivolous and useless things that have occurred during this debate, it seems to me that the constant lecturing of the Senate by the chairman of the committee stands preeminent.

Mr. LODGE. Mr. President, I thought I had the floor.

Mr. SIMMONS. And the chairman of the committee has frequently lectured the Senate when there was no occasion for such lectures.

Mr. WATSON of Indiana. Mr. President——

Mr. LODGE. I have been recognized.

Mr. WATSON of Indiana. I was merely about to ask the Senator to yield to me for a moment.

Mr. LODGE. I will yield to the Senator from Indiana if some Senator on the other side does not intervene and prevent my doing so.

Mr. WATSON of Indiana. I merely wish to make a statement as to the necessity for early action on the pending measure.

Mr. President, at the last session Congress passed a budget law, which provides:

> The President shall transmit to Congress on the first day of each regular session—

That is the first Monday in December—

> the budget, which shall set forth in summary and in detail:
> (a) Estimates of the expenditures and appropriations necessary, in his judgment, for the support of the Government for the ensuing fiscal year.

Mr. UNDERWOOD. Mr. President, I ask for order in the Chamber. The Senator from Indiana, I presume, desires to secure unanimous consent. We can not understand what he desires unanimous consent for until we hear his request.

The PRESIDENT pro tempore. The Senator from Indiana will suspend until Senators take their seats and there is order in the Chamber.

Mr. WATSON of Indiana. Mr. President, I merely wish to make a brief statement occupying about a minute.

Mr. UNDERWOOD. I wanted to hear the Senator, and I could not do so.

Mr. WATSON of Indiana. The law provides further that the budget transmitted by the President shall also set forth—

> (b) His estimates of the receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the budget is transmitted and also (2) under the revenue proposals, if any, contained in the budget.

In order that the provisions of the budget law may be fulfilled it is almost imperative that we should have just as early action on the bill now pending as is possible without rushing it through with too great haste.

Mr. WALSH of Massachusetts. Mr. President, will my colleague yield?

Mr. LODGE. I yield to my colleague; certainly.

Mr. WALSH of Massachusetts. Before the Senate adjourns I wish to say a brief word about the reference that has been made by the chairman of the Finance Committee concerning the Senator from Rhode Island [Mr. GERRY].

I do not want any impression to go forth, from what has been said here, that the Senator from Rhode Island has not been diligent and painstaking in attending to his duties as a member of the Committee on Finance. I have reason to know that at one time his own personal illness and later illness in his own family prevented him from attending some meetings of the Committee on Finance, not only while this revenue bill was before the committee but also while the tariff question was before the committee; but my recollection is that upon the whole his attendance has been very good and compares favorably with that of the other members of the committee. I want to say further that I know that he has given a great deal of thought and study and a great deal of time to this matter which he has presented to the Senate to-day. He has discussed it with the experts of the department, and at his own expense, out of his own pocket, has paid money to employ experts to assist him in obtaining complete information on questions involved in his amendment and this revenue bill.

I thank my colleague for giving me this opportunity by yielding the floor to say what I have in behalf of the Senator from Rhode Island. I repeat, the services of the junior Senator from Rhode Island have been valuable and useful, and he has been a capable and able member of the committee and one whom the minority members of that committee esteem, and whose special knowledge of certain features of the revenue laws, such as the estate tax laws, for instance, is unexcelled.

Mr. STANLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Kentucky?

Mr. LODGE. I yield.

Mr. STANLEY. Not as a member of the Finance Committee but as a member of this body and a member of this side of the Senate, I desire to say that assertions as to a lack of diligence on the part of the Senator from Rhode Island are preposterous and amusing. We upon this side know the grave responsibilities that are placed upon his shoulders. We understand his disinterestedness, his exalted devotion to duty, and his constant attendance upon those duties in this body whenever it has been physically possible.

REPORTS OF BOARD OF VISITORS TO NAVAL ACADEMY.

The PRESIDENT pro tempore laid before the Senate a communication from the Secretary of the Navy, transmitting, in partial response to Senate resolution 132, agreed to August 15, 1921, the reports of the Board of Visitors to the United States Naval Academy for the years 1917, 1918, 1919, and 1920, which, with the accompanying reports, was referred to the Committee on Naval Affairs.

PETITIONS AND MEMORIALS.

Mr. TOWNSEND presented a petition of a select committee representing the St. Stephen African Methodist Episcopal Church, of Detroit, Mich., praying for the enactment of House bill 13, to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Greenville, Mich., praying for the enactment of legislation repealing the present stamp tax on medicine, and opposing any other kind of tax on medicine, which was ordered to lie on the table.

He also presented a resolution adopted by the Grand Rapids (Mich.) Circle of the Child Conservation League of America, favoring the holding of such a conference on limitation of armaments as will be open to public knowledge and criticism and reflect a consciousness of the public mind, which was referred to the Committee on Foreign Relations.

Mr. WILLIS presented a resolution of the city council of Cleveland, Ohio, protesting against the enactment of legislation making building and loan associations subject to income tax, etc., which was referred to the Committee on Finance.

Mr. CAPPER presented a resolution adopted October 6, 1921, by Joabert Lodge of Perfection No. 6, Ancient and Accepted Scottish Rite, of Fort Scott, Kans., favoring the enactment of legislation providing adequate relief for disabled ex-service men, which was referred to the Committee on Finance.

REPORT OF COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS.

Mr. FRELINGHUYSEN, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 2425) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post office building, and for other purposes, reported it without amendment.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GOODING:

A bill (S. 2616) to empower the Commissioners of the District of Columbia to convey certain land; to the Committee on the District of Columbia.

By Mr. McKELLAR:

A bill (S. 2617) granting a pension to Johnson Ensor; to the Committee on Pensions.

MISSOURI RIVER BRIDGE.

Mr. CALDER. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. LODGE. I yield.

Mr. CALDER. The Senator from Minnesota [Mr. NELSON] is very anxious to have an important bridge bill reported from the Committee on Commerce and passed this evening. The bill is unanimously reported, and there is no objection to it. I also submit a report (No. 302) thereon.

The PRESIDENT pro tempore. Without objection, the bill will be received.

The READING CLERK. From the Committee on Commerce, the Senator from New York reports back favorably the bill (S. 2588) extending the time for the construction of a bridge by the Chicago, Milwaukee & St. Paul Railway Co. across the Missouri River at Chamberlain, S. Dak.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent for the present consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the time for completing the construction of the bridge authorized by section 1 of the act of Congress approved April 28, 1916, is hereby extended three years from April 28, 1922.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

RECESS.

Mr. LODGE. I move that the Senate take a recess until Monday at 11 o'clock.

The motion was agreed to; and (at 4 o'clock and 45 minutes p. m.) the Senate took a recess until Monday, October 24, 1921, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate October 22 (legislative day of October 20), 1921.

MINISTER RESIDENT AND CONSUL GENERAL.

Solomon Porter Hood, of New Jersey, to be minister resident and consul general of the United States of America to Liberia.

RENT COMMISSION OF THE DISTRICT OF COLUMBIA.

The following-named persons to be members of the Rent Commission of the District of Columbia (reappointments):

A. Leftwich Sinclair.

Mrs. Clara Sears Taylor.

William F. Gude.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY.

Anton Stephan to be brigadier general from October 14, 1921.

POSTMASTERS.

ALABAMA.

Tracy W. Bass to be postmaster at Butler, Ala. Office became presidential October 1, 1920.

Skipwith C. Taylor to be postmaster at Calvert, Ala. Office became presidential October 1, 1920.

Effie Jordan to be postmaster at Chatom, Ala. Office became presidential July 1, 1920.

Robert O. Spiegel to be postmaster at Falkville, Ala. Office became presidential January 1, 1921.

Florence H. Furr to be postmaster at Fulton, Ala. Office became presidential October 1, 1920.

Ella L. Rentz to be postmaster at Gilbertown, Ala. Office became presidential April 1, 1921.

James D. Silvey to be postmaster at Altoona, Ala., in place of J. R. Horton. Incumbent's commission expired January 15, 1921.

Julius E. Smith to be postmaster at Corona, Ala., in place of C. M. Sumner, resigned.

Robert H. Mangum to be postmaster at Selma, Ala., in place of D. M. Scott, resigned.

Samuel D. Buck to be postmaster at Uniontown, Ala., in place of R. E. Blackburn, jr., deceased.

ARIZONA.

Walter J. Kowalski to be postmaster at Springerville, Ariz. Office became presidential July 1, 1920.

CALIFORNIA.

Clarence L. Pratt to be postmaster at Pacific Beach, Calif. Office became presidential January 1, 1921.

John A. Perry, jr., to be postmaster at Chowchilla, Calif., in place of J. A. Perry, jr. Incumbent's commission expired July 10, 1920.

John P. Dickey to be postmaster at La Verne, Calif., in place of W. D. McClellan, resigned.

COLORADO.

David J. Phillips to be postmaster at Sopris, Colo. Office became presidential April 1, 1921.

CONNECTICUT.

Manley J. Cheney to be postmaster at Milford, Conn., in place of W. S. Clarke. Incumbent's commission expired July 21, 1921.

FLORIDA.

Oliver H. P. Faus to be postmaster at Lemon City, Fla. Office became presidential April 1, 1921.

ILLINOIS.

Matthew G. Yarnell to be postmaster at Bowen, Ill., in place of O. H. Johnson. Incumbent's commission expired March 13, 1920.

IOWA.

Lowrie W. Smith to be postmaster at Scranton, Iowa, in place of J. B. Lower. Incumbent's commission expired January 19, 1920.

Alfred Jones to be postmaster at Shenandoah, Iowa, in place of E. F. Gauss. Incumbent's commission expired January 30, 1921.

Mayme L. Petersen to be postmaster at Titonka, Iowa, in place of M. L. Peterson. Incumbent's commission expired March 16, 1921.

KANSAS.

John E. Scruggs to be postmaster at Kincaid, Kans., in place of S. S. Irwin. Incumbent's commission expired December 20, 1920.

MICHIGAN.

Ellen L. King to be postmaster at Morley, Mich. Office became presidential October 1, 1920.

Ellis A. Lake to be postmaster at Colon, Mich., in place of J. G. Watson. Incumbent's commission expired March 7, 1920.

John A. Semer to be postmaster at Escanaba, Mich., in place of John O'Meara. Incumbent's commission expired January 6, 1920.

MINNESOTA.

Anna E. Baker to be postmaster at Brownton, Minn., in place of A. E. Baker. Incumbent's commission expired January 8, 1921.

James E. Ziska to be postmaster at Silver Lake, Minn., in place of W. O. Merrill. Incumbent's commission expired January 8, 1921.

MISSOURI.

Harry D. McHolland to be postmaster at Chillicothe, Mo., in place of J. H. Taylor, removed.

Robert L. Jones to be postmaster at New Cambria, Mo., in place of R. L. Goodson. Incumbent's commission expired December 20, 1920.

NEBRASKA.

Mamie E. Lindeman to be postmaster at Milford, Nebr., in place of J. A. Cocklin, resigned.

NEW HAMPSHIRE.

Albert A. Bennett to be postmaster at Center Harbor, N. H., in place of A. A. Bennett. Incumbent's commission expired March 16, 1921.

Frank J. Aldrich to be postmaster at Pike, N. H., in place of F. J. Aldrich. Incumbent's commission expired January 30, 1921.

NEW YORK.

Rennie T. Dayton to be postmaster at Center Moriches, N. Y., in place of B. B. Tooker. Incumbent's commission expired May 24, 1920.

Herbert L. Smith to be postmaster at Cortland, N. Y., in place of Hugh Duffey. Incumbent's commission expired March 2, 1919.

Henry J. Chichester to be postmaster at East Moriches, N. Y., in place of H. J. Chichester. Incumbent's commission expired December 20, 1920.

Frederick W. Ashenhurst to be postmaster at Little Falls, N. Y., in place of W. H. Nolan. Incumbent's commission expired March 28, 1920.

Frank E. Dickens to be postmaster at Middleville, N. Y., in place of J. F. Mumford. Incumbent's commission expired March 22, 1920.

James Kilby to be postmaster at Nyack, N. Y., in place of A. A. Blackledge. Incumbent's commission expired January 12, 1918.

Lottie Allen to be postmaster at Perrysburg, N. Y., in place of P. H. Cantillon. Incumbent's commission expired January 18, 1920.

NORTH CAROLINA.

Justus E. Armstrong to be postmaster at Belmont, N. C., in place of D. P. Stowe, resigned.

NORTH DAKOTA.

William C. Farman, jr., to be postmaster at Hankinson, N. Dak., in place of F. O. Hunger. Incumbent's commission expired May 15, 1920.

OHIO.

Smith T. Meyers to be postmaster at Amanda, Ohio, in place of L. L. Reed. Incumbent's commission expired March 16, 1921.

Carl W. Appel to be postmaster at Lucasville, Ohio, in place of J. M. Cockrell, resigned.

OKLAHOMA.

John L. Coyle to be postmaster at Rush Springs, Okla., in place of G. H. Crittendon. Incumbent's commission expired April 26, 1920.

PENNSYLVANIA.

Lucinda Abbott to be postmaster at New Eagle, Pa. Office became presidential January 1, 1921.

SOUTH CAROLINA.

Bessie P. Lamb to be postmaster at Enoree, S. C. Office became presidential April 1, 1921.

WASHINGTON.

Oscar A. Kramer to be postmaster at Asotin, Wash., in place of A. H. Graves, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 22 (legislative day of October 20), 1921.

MEMBERS OF THE RENT COMMISSION OF THE DISTRICT OF COLUMBIA.

A. Leftwich Sinclair.
Mrs. Clara Sears Taylor.
William F. Gude.

ASSAYER IN THE MINT.

Ambrose E. Moynahan to be assayer in the mint at Denver, Colo.

POSTMASTERS.

ARIZONA.

Charles L. Beatty, Nogales.

NEW JERSEY.

Clara C. Hurry, Atco.
Laura Mennel, Maple Shade.
Lurelda Sooy, Somers Point.

OHIO.

Frank A. Gamble, Van Wert.

OKLAHOMA.

William B. Carroll, Okemah.

RHODE ISLAND.

Ernest P. Shippee, North Scituate.

WITHDRAWALS.

Executive nominations withdrawn from the Senate October 22 (legislative day of October 20), 1921.

PROMOTIONS IN THE NAVY.

The nomination of Ensign George B. Birdsall, for temporary service, to be an ensign in the Navy from the 6th day of June, 1919, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Lieut. Mark A. Mangan, United States Naval Reserve Force, to be an ensign in the Navy from the 4th day of June, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

SENATE.

MONDAY, *October 24, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gerry	McLean	Shortridge
Borah	Gooding	McNary	Simmons
Brandegee	Hale	Moses	Smoot
Broussard	Harreld	Nelson	Spencer
Bursum	Harris	New	Stanley
Cameron	Harrison	Newberry	Sterling
Capper	Heflin	Nicholson	Sutherland
Caraway	Hitchcock	Norbeck	Swanson
Culberson	Johnson	Oddie	Townsend
Cummins	Jones, N. Mex.	Overman	Trammell
Curtis	Kellogg	Owen	Wadsworth
Dial	Kendrick	Page	Walsh, Mass.
Dillingham	Keyes	Penrose	Walsh, Mont.
du Pont	King	Pittman	Warren
Edge	La Follette	Poindexter	Watson, Ga.
Ernst	Lenroot	Pomerene	Watson, Ind.
Fletcher	McCormick	Ransdell	Williams
France	McKellar	Reed	Willis
Frelinghuysen	McKinley	Sheppard	

Mr. McKELLAR. I wish to announce that the Senator from Iowa [Mr. KENYON] is detained at a hearing before the Committee on Education and Labor.

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

SENATOR FROM PENNSYLVANIA.

Mr. PENROSE. Mr. President, I rise to a question of privilege. I present the credentials of Hon. WILLIAM E. CROW as a Senator from Pennsylvania and ask that they be read.

The VICE PRESIDENT. The credentials will be read.

The reading clerk read the credentials, as follows:

IN THE NAME AND BY AUTHORITY OF THE COMMONWEALTH OF PENNSYLVANIA.
EXECUTIVE DEPARTMENT.

To the President of the Senate of the United States:

This is to certify that pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Pennsylvania I, William C. Sproul, the governor of said State, do hereby appoint WILLIAM E. CROW a Senator from said State to represent said State in the Senate of the United States until the vacancy therein caused by the death of the Hon. PHILANDER C. KNOX is filled by election as provided by law.

Witness: His excellency our governor and our seal hereto affixed at Harrisburg this 17th day of October, in the year of our Lord 1921.

[SEAL.] WM. C. SPROUL, *Governor.*

By the governor:

BERNARD J. MYERS,
Secretary of the Commonwealth.

The VICE PRESIDENT. Without objection, the credentials will be placed on the files of the Senate.

Mr. PENROSE. I ask that Mr. CROW be now permitted to take the oath of office.

The VICE PRESIDENT. The Senator appointed will come forward and be sworn.

Mr. CROW, escorted by Mr. PENROSE, advanced to the Vice President's desk, and, the oath prescribed by law having been administered to him, he took his seat in the Senate.

JOURNAL, HOUSE OF REPRESENTATIVES, HAWAIIAN LEGISLATURE.

The VICE PRESIDENT laid before the Senate a communication from the secretary of the Territory of Hawaii, transmitting, pursuant to law, copy of the journal of the House of Representatives of the Eleventh Legislature of the Territory of Hawaii, regular session, 1921, which was referred to the Committee on Territories and Insular Possessions.

PETITION.

Mr. HARRIS presented a resolution adopted by the Bainbridge (Ga.) Board of Trade, favoring the proposed objects contemplated in holding the conference on limitation of armaments, particularly a drastic reduction of naval and military expenditures so as to decrease taxation, which was referred to the Committee on Foreign Relations.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 2618) to authorize the exchange of certain lands within the Wasatch National Forest, Utah; to the Committee on Public Lands and Surveys.

By Mr. POINDEXTER:

A bill (S. 2619) granting an increase of pension to Annie King; to the Committee on Pensions.

By Mr. FRANCE:

A bill (S. 2620) to create a board of adjustment, which shall constitute a wage board and board of appeals for employees of navy yards and arsenals, and to define its powers and duties; to the Committee on Naval Affairs.

By Mr. WADSWORTH:

A bill (S. 2621) authorizing the President to dispose of certain arms and ammunition seized in pursuance of the act approved June 15, 1917, along the Mexican border; to the Committee on Military Affairs.

By Mr. LODGE:

A bill (S. 2622) to incorporate the American Mathematical Society; to the Committee on the Judiciary.

AMENDMENT OF TAX REVISION BILL.

Mr. KING submitted an amendment intended to be proposed by him to House bill 8245, the tax revision bill, which was ordered to lie on the table and to be printed.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The VICE PRESIDENT. The question is upon agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee, proposing to insert section 210. The amendment to the amendment will be stated.

The READING CLERK. It is proposed to amend section 210 by inserting in the proviso on page 23, line 1, after the words "United States," the words:

For each taxable year up to and including the calendar year 1921—

And by adding the following proviso at the end of line 2, page 23:

Provided further, That for the calendar year 1922 and each calendar year thereafter, in the case of a citizen or resident of the United States, the rate upon the first $5,000 of such excess amount shall be 2 per cent; the rate upon the second additional $5,000 of such excess amount shall be 4 per cent; the rate upon the third additional $5,000 of such excess amount shall be 6 per cent.

Mr. PENROSE. On that I ask for a vote, Mr. President.

Mr. WALSH of Massachusetts. Mr. President, I wish to make a few observations about the pending amendment. A very general and serious criticism that has been made of this revenue bill is that it is discriminatory. In relieving our people of the war burdens of taxation the bill as reported has sought to relieve only two classes of our citizenship, the highly successful corporate interests of the country and the extremely wealthy class. Every Senator in the Chamber who has spoken against the measure has referred to this fatal weakness—its favoritism to certain classes.

Personally, I think that there is a good deal to be said in favor of the removal of some of the war-time tax burdens from the corporations of this country; I think there is something to be said in favor of lessening somewhat the high surtaxes upon the extremely wealthy class of this country; but there is nothing that can be said in favor of removing the burdens of taxation from those two classes without relieving also the great middle class of American people—those of moderate incomes. The same arguments for relief apply to all alike. All classes should at once have their taxes lowered.

Upon what theory was the tax law framed during the World War? I was not in the Senate; but I have been told again and again that great care and consideration were given in the measure with the end in view of making the corporation interests, the wealthy class, and the great middle class of individuals, equally bear the financial burdens of the war. All were to pay in equal proportion the taxes which were necessary to be levied and thereby provide revenue which had to be raised in order successfully to wage the war. If it is true that all were burdened alike, on the theory of ability to pay, then the pending bill is subject to very serious criticism, in that it has not sought in distributing relief to extend it equally to all classes.

Three classes were to be heavily taxed when we sought to raise taxes in order to meet the expenses of the war. Every individual was required to pay an income tax, those possessing wealth or receiving excessively large incomes were to pay surtaxes, and the corporations of the country were to pay corporation taxes of various kinds. The war is over, but the burdens of the war remain and will continue for years to come; the necessity of raising money to pay for the expenses of the war will exist for years to come; yet in the very first effort to relieve the people of the country, to readjust our burdensome taxes, what has been suggested by the majority party of this Senate?

Mr. PENROSE. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WALSH of Massachusetts. I yield.

Mr. PENROSE. Will the Senator permit an inquiry at that point?

Mr. WALSH of Massachusetts. Certainly.

Mr. PENROSE. Has the Senator from Massachusetts any idea as to how much revenue the Treasury would be deprived of under the amendment he is discussing?

Mr. WALSH of Massachusetts. Yes, sir.

Mr. PENROSE. What is the Senator's estimate of that amount?

Mr. WALSH of Massachusetts. I am informed that it would be about $135,000,000.

Mr. PENROSE. I am informed that it would be nearer $150,000,000.

Mr. WALSH of Massachusetts. I must say to the chairman of the Committee on Finance, with all due respect to the experts, that I never yet have obtained the same answer from the experts on a second or third inquiry when attempts have been made to ascertain what the losses or gains were to be from certain forms of taxation. I do not say that in any criticism of the experts, because I think it is very often impossible to obtain a uniform answer.

Mr. PENROSE. I agree with the Senator from Massachusetts, and I know that it is difficult to get more than an approximate estimate in reference to these matters. The difference between $135,000,000 and $150,000,000 is considerable, but it is evident, whichever figure may be correct, that there would be a great loss of revenue involved. I should like to ask the Senator from Massachusetts what substitute he has in mind for this loss of revenue?

Mr. WALSH of Massachusetts. I shall be very glad to discuss that matter when I develop my argument.

Mr. PENROSE. Of course, it would be a wonderfully desirable thing if the amendment could be adopted and the revenue could be made up from some other convenient source.

Mr. POMERENE. May I have the attention of the chairman of the Committee on Finance?

Mr. PENROSE. Yes.

Mr. POMERENE. The figures which the Senator from Pennsylvania has just given were the same as the estimates given on Saturday afternoon last?

Mr. PENROSE. Yes.

Mr. POMERENE. At that time the senior Senator from Massachusetts [Mr. LODGE] suggested that he desired an adjournment so that more definite information on the subject might be obtained. Has the Senator from Pennsylvania obtained that information or are the figures which he now has given simply confirmatory of the statement which was made on Saturday last?

Mr. PENROSE. I think that the Senate is in possession of figures which are approximately near enough to show a very substantial loss of revenue and to justify the query as to the source from which the deficiency shall be made up.

Mr. SIMMONS. Mr. President——

Mr. WALSH of Massachusetts. I want to resume my argument, and I shall be glad to answer the question asked by the Senator from Pennsylvania later. However, I will yield now to the Senator from North Carolina.

Mr. SIMMONS. I think the figures which were given by the Senator from Rhode Island [Mr. GERRY] on Saturday last are correct—at least, those were the figures which I understand were furnished by Mr. McCoy—that $135,000,000 would be lost by the adoption of the amendment proposed by the Senator from Rhode Island.

Mr. GERRY. The Senator from North Carolina is correct The figures were around $135,000,000, which estimate was agreed to by Mr. McCoy.

Mr. SIMMONS. That is my understanding. Will the Senator from Massachusetts pardon a further interruption?

Mr. WALSH of Massachusetts. Certainly.

Mr. SIMMONS. While I recognize the fact that if any of the taxes proposed to be imposed by the pending bill are reduced it will be necessary to make up the loss of revenue in some other way, it does not seem to me that that is a conclusive answer and even a good answer to make why an unjust tax should not be eliminated.

Mr. WALSH of Massachusetts. Exactly. If there is an unjust tax in the law, it should be eliminated and some other method found to raise the revenue that is necessary.

Now, Mr. President, I wish to resume my argument in reference to the bill generally. There are two defects in this bill that must certainly condemn it before the country. Although a great deal has been done to improve the bill as reported out by the majority of the committee by amendments which have been suggested on the floor—and, no doubt, the bill will be improved further by other amendments which will be suggested later—yet there are still left in the bill errors or discrepancies which make it absolutely indefensible.

The first is that this bill reduces the taxes of profit-making corporations and increases the taxes of all nonprofit-making corporations. That can not be denied. Every corporation which has been making more than 14 per cent will have its taxes reduced, while every corporation which has been making from 1 to 14 per cent will have its taxes increased. That is what it means to take off the excess-profits tax and to increase the income corporation tax from 10 to 15 per cent. That is how this change is going to work out.

Mr. FLETCHER. Mr. President, will the Senator point out how that is brought about?

Mr. WALSH of Massachusetts. At the present time all corporations are taxed 10 per cent on their net income, and those that make a profit of over 8 per cent on their invested capital have, in addition, to pay an excess-profits tax. The excess-profits tax is to be eliminated, but a flat increase from 10 to 15 per cent is to be made on the net income of all corporations regardless of whether or not they make excess profits. What will be the result? The result will be that all corporations earning less than 8 per cent on their capital stock and now only paying 10 per cent on their net income will after the enactment of this bill have to pay 15 per cent, so that the poor, struggling, limited profit-making corporations will have their burdens of taxation increased under this bill, notwithstanding the fact that it is a peace time, not a war tax, bill which seeks to lessen the burdens of taxation rather than to increase them. To cover this injustice I have an amendment to propose, which I shall discuss later. Now, recurring to the other proposition——

Mr. POMERENE. Mr. President, are all excess-profits taxes eliminated?

Mr. WALSH of Massachusetts. All excess-profits taxes of every kind and description have been eliminated in this bill, and in their place an increase from 10 to 15 per cent has been made in the corporation net income tax. That will apply to every corporation, whether it makes excess profits or not.

Mr. POMERENE. Mr. President, what is the argument which is used in favor of increasing the corporation tax on those corporations earning the lesser percentage of profits and advancing it on those with the higher percentage of profits?

Mr. WALSH of Massachusetts. The only argument that I know is that $450,000,000 has been taken away from the Treasury of the United States by the elimination of the excess-profits tax, and some means—some way—has got to be found to make up that loss. The only means, so far as I have been able to see, that have been suggested in this bill are to increase from 10 to 15 per cent the net income tax upon all corporations.

Mr. POMERENE. So, Mr. President, it must follow then that, instead of decreasing the taxes of the corporations which were occasioned by the war, we are increasing them if they have a low earning power?

Mr. WALSH of Massachusetts. That is absolutely the fact.

Mr. PENROSE. Mr. President, did I understand the Senator from Massachusetts to make the statement that he could possibly see his way clear to support a proposition to reduce the surtax adjustment very considerably in case the excess-profits taxes are retained?

Mr. WALSH of Massachusetts. I do not think that I quite catch the purport of the question of the Senator from Pennsylvania. I have been trying to say that I can see something in the argument for the reduction or the elimination of the excess-profits tax; I can see force in the argument for the reduction of the surtaxes; but I can not see any force whatever in the removal or the reduction of those taxes while not one single cent is taken off the normal tax which the average moderate-income citizen must pay. That is one of the fatal weaknesses of the bill.

If the Senator from Pennsylvania and those who stand sponsor for this bill desire to confound their enemies and to prevent any opposition whatever from any political party to this bill, they have it in their power to do so by going before the country and saying: "Yes; we have reduced the excess-profit taxes of corporations, we have reduced the surtaxes of the rich, but we have also reduced the taxes of the three millions or more of people who pay only a normal tax or a very slight surtax." I repeat, they can confound their enemies, they can stifle the opposition to this bill in the country and in this Chamber with a proposition of reducing the taxes on all classes and not merely on two classes. Why the majority fail to see their opportunity to stifle opposition is incomprehensible. Who are these people that the Senator from Rhode Island suggests in his amendment should be given some relief?

Mr. POMERENE. Mr. President, let me ask a further question. I am asking these questions because I am obliged to go to a committee meeting. As we were only relieving those who pay the surtaxes and the excess-profits taxes, what reason is there to differentiate them from the others which prompted the pending measure?

Mr. WALSH of Massachusetts. Mr. President, the Senator from Ohio has suggested a very pertinent question. The reason is this: The corporations are organized. The wealthy class are organized. They have political influence. They are prominent in the leadership of political parties. They have mantained a propaganda that has been tremendous in favor of the reduction of their taxes. On the other hand, the normal tax class are unorganized, they have no propaganda agencies, they have no political influence in shaping legislation. There has been no propaganda whatever in favor of the reduction of the taxes of the average citizen of America, the great middle class. Those taxpayers are busy earning an honest and comfortable livelihood; they have no time to lobby. I repeat, who are they? The very backbone of America. They are the men of limited incomes; the men who have incomes of from $1,000 to $15,000, whom somebody has described as the "bone and sinew" of America.

A great deal has been said here about the excess-profits tax and the high surtaxes taking money of the capitalistic class away from production enterprises. It is claimed the productive forces and the financial investment class have limited and restricted their business ventures because of these high surtaxes and the excess-profits tax. Let us see. Who are the citizens who do not invest their money in tax-exempt securities, but who build homes and who buy stocks in the industrial enterprises of this country? Who are the group that do more for production than any other class in this country? Who are those who take chances by investing in uncertain and new business undertakings? It is the man who, with a capital of $50,000 or $100,000, has an income of $5,000 to $15,000 per year. It is the man who has a salary of $5,000 or $10,000 a year. That is the great investing class. That is the class that buy the industrial bonds. That is the class that buy the industrial stocks. That is the class that invest in real estate. The other class put their money into the most conservative investments. More than half the Members of this body are lawyers, and we have all had to deal with estates; and what have been the securities that you have found in the estates of the very wealthy class? Tax-exempt securities almost invariably; but you will find that the men who have a capital of $100,000, yielding an income of $5,000 a year, invariably invest in those investment securities that pertain to the industrial life of the country and are included in what we call the productive class of investments. Not one word has been spoken for this class. There is not one sentence in this bill to give after-war relief to this great class of American citizens. They are still to bear the same tax burdens as during this war. Scarcely one penny will come off their tax bills; but the great profit-making corporations and the wealthy surtax payers are to receive the first relief that this Government gives at the end of a war which was won by the sacrifices of all, the poor as well as the rich.

How can you face the voters of America? You can go before a public audience in America and ask those who pay the excess-profits tax to stand up and tell them that the Republican Party is entitled to their support because you have eliminated their taxes. You can ask the taxpayers who have incomes of over $100,000 to stand up in any public audience and ask them to be grateful to you. But what of those who have incomes of $5,000 or $10,000? What shall you say to them? You must say to them: "The Republican Party has forgotten you, has refused in any substantial manner to lessen your tax burden, notwith-

standing the fact that the war is over, and notwithstanding the fact that there has been a general revision of our war taxation laws."

Of course if during the war you had let the individual off free, or with very little taxes, and you had unitedly—for I understand it was a practically unanimous vote, Democrats and Republicans—agreed that the war should be paid for by the rich alone, then you would be justified at this stage in relieving only the rich; but, my friends, the utmost care, the utmost study and thought was given to the principle of making those best able to pay carry their proportion of the tax burden imposed upon the American people during the war, and the figures were worked out so admirably well, increasing the burdens step by step as incomes and profits accumulated.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WATSON of Georgia. Just at that point, to illustrate what the Senator is saying, I call his attention to the fact that the administration published their program in August, and put the whole country on notice that their intention was to take $450,000,000 off the excess-profits taxpayers, $262,000,000 from the railroad companies or those who bought the tickets of the railroad companies, $90,000,000 from the surtaxes of the extremely rich, and $15,000,000 from those who can buy expensive furs and sporting goods. They said so in August, and the Democratic Party had a fine opportunity to go before the country on that issue, and did not do so.

Mr. WALSH of Massachusetts. The Democratic Party has always lost the confidence of the American people when it has abandoned domestic issues, and made the international issues paramount.

Mr. WATSON of Georgia. I agree with the Senator.

Mr. WALSH of Massachusetts. The Democratic Party's strength in this country is its program upon domestic issues, its position on economic questions, with instilling the masses of the American people with confidence in its ability to champion their cause, and to hold back and to check the selfishness and the greed of that class of extremely rich who look to the Government to relieve them of burdens of taxation and to extend special privileges to them.

Do you want to make this measure nonpartisan? Do you want to stifle Democratic opposition Do you want to remove this issue from the next campaign? There is one way of doing it. Say to the country that all, every class, rich and poor, those of limited income and those of excess-profit incomes, shall be equally relieved in part of the burdens of war taxation.

I can not understand why the Senators upon the other side of the Chamber have allowed this bill to be reported and are about to enact it into law, leaving this weapon in the hands of the minority, and, as the Senator from Ohio [Mr. POMERENE] says, without even discussing its merits.

Mr. PENROSE. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WALSH of Massachusetts. Certainly.

Mr. PENROSE. Will the Senator permit me to call his attention to a matter which he seems to have overlooked, or not to have reached?

Mr. WALSH of Massachusetts. Yes.

Mr. PENROSE. The Senator does not mention the additional exemption of $500 to married persons in the case of incomes not in excess of $5,000, and the additional exemption of $200 each for dependent children, causing a loss in revenue, I am informed—and I only speak approximately; I do not think it is seriously disputed—of $70,000,000 to relieve the particular class that the Senator now maintains is being oppressed, not to mention the relief to the extent of what I am informed is roughly $55,000,000 from the taxation under the present law on incomes not over $68,000. The Senator has that in mind, has he?

Mr. WALSH of Massachusetts. Yes, Mr. President; I have in mind the relief to which the Senator refers which is given to the heads of families, which, in the most extreme cases, amounts to only about $20 to each individual, and the relief to which the Senator refers extends only to that class of taxpayers whose income is between $2,000, or $2,500 under the new amendment, and $5,000. It is a mere trifle. It does not begin to give any substantial relief to the class under $5,000 income and no benefit to the class with over $5,000 incomes.

There is nothing whatever in this bill, I know the chairman of the committee will agree, which lessens the normal tax upon individuals. Is not that a fact?

Mr. PENROSE. It is a relief to the extent of $70,000,000.

Mr. WALSH of Massachusetts. A relief through exemptions, not through a rate reduction. Heads of families numbering millions are relieved $70,000,000 under this bill. Corporations, only a few thousand of them, are relieved $450,000,000, by the elimination of the excess-profits tax. It is very easy to give figures. I have seen figures given one day and denied the next. It is all a guess. I do not mean to say these men do not mean and intend to give us their very best judgment, but the conditions in this country to-day are such that no man can tell what the yield in taxes will be from any class or any tax in the coming year, and I think the chairman of the committee will agree with me about that.

Mr. PENROSE. The Senator from Massachusetts has been very courteous in permitting interruptions. I want to make only one more statement, and then I shall cease to interfere with the trend of his very able argument. He talks lightly of an income of $400,000,000 from corporations. He loses sight entirely of the additional 5 per cent tax imposed in the bill as it stands on corporations, which will reduce the loss to the Treasury to some $310,000,000.

Mr. WALSH of Massachusetts. What does the Senator say will be the increase in the net income corporation tax if we increase the tax from 10 to 15 per cent?

Mr. PENROSE. Two hundred and sixty-seven million dollars. It is hardly fair to proclaim to the Senate and to the country that $400,000,000 is being given up and entirely overlook the little item of $267,000,000.

Mr. WALSH of Massachusetts. I say to the Senator from Pennsylvania that that is an outrageous tax. To compel the nonprofit-making corporations to pay $267,000,000 in order to relieve the profit-making corporations of paying $450,000,000 is worse than the failure to reduce the normal tax.

Mr. PENROSE. Mr. President, that statement is hardly worthy of the Senator. The tax is on net income and can not be collected from a nonprofit-making corporation.

Mr. WALSH of Massachusetts. Does the Senator from Pennsylvania say that the change of net-income tax from 10 to 15 per cent does not mean an increase in the tax on corporations that have not been making excess profits?

Mr. PENROSE. On the net income.

Mr. WALSH of Massachusetts. Exactly. I say it does.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I yield.

Mr. WATSON of Georgia. I can say, in answer to my good friend the Senator from Pennsylvania, that the official reports of the Internal Revenue Bureau show that there are 10,000 corporations out of thirty thousand-odd which have made net profits of $38,000,000,000 in the last five years, and most of those are in the Senator's own State, I may say.

Mr. WATSON of Indiana. For what year was that?

Mr. WATSON of Georgia. I said for the last five years.

Mr. WATSON of Indiana. During the war period. Does the Senator know what the profits are now?

Mr. WATSON of Georgia. We were not in the war five years.

Mr. WATSON of Indiana. No; but the last five years include the war period. Does the Senator know what were the incomes of those corporations for the last year or two years?

Mr. WATSON of Georgia. I could tell the Senator by a reference to the reports, but it would take me some few minutes to look up that information.

Mr. WATSON of Indiana. That is quite true, but I thought perhaps the Senator had it in mind.

Mr. WATSON of Georgia. Not just at this moment; but I can easily refer to it, and will do so if the Senator from Indiana wants the information.

Mr. WATSON of Indiana. Of course, the increase of 5 per cent in the corporation-income tax, as my friend from Massachusetts well knows, is an increase of 50 per cent in the tax on the net incomes of corporations, and, of course, net income means profits of the corporations.

Mr. WALSH of Massachusetts. Exactly; but the dividing line, I think the Senator from Indiana will agree with me, is said to be 14 per cent; in other words, the taking off of the excess-profits tax and the increasing of the net corporation income tax from 10 to 15 per cent results in increasing the taxes of all corporations that have made heretofore from 1 to 14 per cent, while it relieves and lessens the tax of those who have made in excess of 14 per cent.

Mr. WATSON of Georgia. Mr. President, with the permission of the Senator from Massachusetts, I will say to my friend the Senator from Indiana that the reports of the United States Steel Corporation show that, after all deductions made for taxes and the enormous salaries drawn by such men as Elbert Gary, that

one corporation has made more net profits every year during its existence than all the millions of men, women, and children, white and black, engaged in agriculture.

Mr. WATSON of Indiana. In the first place, I dispute the Senator's figures.

Mr. WATSON of Georgia. The Senator is disputing those of the Steel Corporation, if he does.

Mr. WATSON of Indiana. In the next place, the Senator forgets the great number of people who are engaged in working for that institution; and, again, the Senator does not state what rate of interest that represents on the money originally invested or at present invested in the Steel Corporation. However, we are wandering away from the argument.

Mr. WATSON of Georgia. Yes; and the Senator will wander away a little further if the Senator from Massachusetts will allow me to make him wander.

Mr. WATSON of Indiana. I am not a bit alarmed about that proposition, I will say to my namesake from Georgia. When we come to discuss the question of aggregate wealth, the returns upon investment, and all that sort of thing, I shall be very glad to go into that with the Senator.

Mr. WATSON of Georgia. I will say to the Senator from Indiana that I have studied that question very closely, and that the Steel Trust, as we commonly call it, takes out, as a part of its expenses, all the wages it pays its men, whom it works day and night, Sunday and Monday, whereas the agricultural class do not allow anything at all for the labor of the man, the wife, and the children.

Mr. WATSON of Indiana. I shall be very glad to go into all that at the proper time. I would be delighted to do it, but this is not the proper time. I want now to ask the Senator from Massachusetts a question.

Mr. WATSON of Georgia. Why should we not discuss it right now?

Mr. WATSON of Indiana. Because it is wide apart from the purpose of the discussion we now have before us. We might as well talk about the doctrine of the transmigration of the soul.

Mr. WATSON of Georgia. If the Senator from Indiana wishes to lower his flag and salute it as he does so, that is his privilege.

Mr. WATSON of Indiana. I want to ask the Senator from Massachusetts a question. Of course, it is the primary business of the Committee on Finance to in some way obtain revenue to run the Government. If the amendment proposed by the Senator from Rhode Island were adopted it would mean a loss in revenue of a hundred and thirty-five million dollars. Will the Senator kindly tell us where the Government would get that much revenue to make up that loss?

Mr. WALSH of Massachusetts. There are many ways in which we could get the revenue; but I will say right off, without very much reflection, that I would get the revenue, first of all, by not eliminating all excess-profits taxes—eliminating only a part of the excess-profits taxes. Let me repeat—Senators on the other side of the Chamber know that I have not been very much of a partisan in my attitude on this bill—what I said before: You have two serious weaknesses or defects in this bill which make an issue between the Democratic Party and the Republican Party. One is your treatment in this bill of over 150,000 corporations whose taxes are increased, the poorer corporations, so called, by increasing the tax from 10 per cent to 15 per cent of their incomes; secondly, while reducing the taxes of the profit-making corporations and of the extremely wealthy, you have failed to give any relief to the millions who are not wealthy and do not belong to the corporation-profit class or surtax class.

Mr. McLEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Connecticut?

Mr. WALSH of Massachusetts. I yield.

Mr. McLEAN. Does the Senator from Massachusetts know whether the United States Steel Corporation pays an excess-profits tax or not?

Mr. WALSH of Massachusetts. I understand it will not this year, and has not the past year.

Mr. McLEAN. Then, as far as that corporation, which has been mentioned with so much vigor by the Senator from Georgia, is concerned, it would not be affected by the provision relating to excess-profits taxes.

Mr. WALSH of Massachusetts. I think, if the Senator will permit me a moment, one of the fatal defects of this bill also is that we are abandoning forever the principle of taxing profits.

Mr. McLEAN. If the Steel Corporation does not pay an excess-profits tax this year, we are increasing their taxes by this bill, according to the view of the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Yes; that is true.

Mr. McLEAN. Adding 50 per cent to it.

Mr. WALSH of Massachusetts. We are increasing the tax on their net income; that is very true.

Mr. McLEAN. So that the favoritism for corporations complained of by the Senator from Georgia is not carried out by the Senator from Massachusetts.

Mr. WALSH of Massachusetts. That is true; but, while a corporation like the United States Steel Corporation, which does not pay excess profits because of its watered stock, has to pay an increase upon its net income, the United States Steel Corporation is only one of the 99 other corporations which have been making less than 14 per cent, and will have to pay a higher tax than they have in the past.

What are we going to do about it? What can be done about it? A tax bill which relieves the excess-profits tax class, which relieves the surtax class—and there are arguments for relief to both those classes—and a tax bill which relieves the normal tax of the individual is almost immune from any political attack or any attack from an economic tax standpoint.

Mr. WATSON of Georgia. I would like to ask the Senator from Massachusetts and my good friend the Senator from Connecticut, why a Government pretending to administer equal and exact justice to all men should allow any corporation to make excessive profits?

Mr. WALSH of Massachusetts. I will answer the Senator by stating that, in my opinion, the only way to stop profiteering in this country, and the only way it will ever be stopped, is through a tax upon excess profits beyond a certain amount.

Mr. WATSON of Georgia. That necessarily follows, Mr. President.

Mr. WALSH of Massachusetts. That is the only way to stop it. Confiscate excess profits and profiteering will stop.

Mr. WATSON of Georgia. If any body, corporate or otherwise, makes excessive profits, there must be those who make no profits at all.

Mr. PENROSE. Mr. President, will the Senator from Georgia permit an inquiry on that point?

Mr. WATSON of Georgia. Certainly.

Mr. PENROSE. I am curious to know, Mr. President, what would be the idea of the Senator from Georgia about this case: Suppose a corporation—the United States Steel Corporation or any other—went through a period of five years, for instance, without making a penny, when there were hard times or a period of depression from any cause. Does he contemplate making up the losses? Do not the good years have to be added to the lean years to make a general average over 20 years?

Mr. WATSON of Georgia. I would like to ask the Senator what corporations there were which made losses during the war? We had the dollar-a-year men. Did they lose any money, the men who worked for us at a dollar a year?

Mr. PENROSE. I think they all came here prompted solely by patriotism, and at great sacrifice.

Mr. WATSON of Georgia. And they made a lot of money out of it, too. They bought and sold to and from themselves.

Mr. PENROSE. I do not know about that. They were here regardless of party, and I never suspected the motives of any of them. Mr. Baruch, one of the leading Democrats of the country, Mr. Ryan, and others, were here performing gallant service, together with men like Mr. Vauclain, Mr. Schwab, and others. Whether they made or lost, I do not know. I do not think the incentive of profit ever entered into the thought of any of them. But that was an extraordinary time. I refer to times of peace. Suppose there are extraordinary profits during one year, and five years of lean profits, or no profits showing during a period of 10 years, an even standoff, is it the theory of the Senator from Georgia that the bad years ought to be made good by taking away from the good years?

Mr. WATSON of Georgia. Mr. President, I will answer the Senator with all the candor of my nature and with what knowledge I have of economic questions. I think that every corporation and every individual has a perfect right to make a fair profit on his investment, replacement in the way of repairs, and then a reasonable amount for his personal services in managing his business. I called attention to the fact that the high courts of New York passed on that very question two or three years ago and fixed the limit of net profit, absolutely net profit, of one of these trusts at 8 per cent. I will say that there is not a corporation or an individual in all the world who is subject to competition and the law of supply and demand who can make excessive profits unless he steals from somebody.

Mr. WALSH of Massachusetts. Mr. President, let me put in another way what I have been saying.

Mr. REED. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Missouri.

Mr. REED. By courtesy of the Senator from Massachusetts, I wish to say this: The Senator from Pennsylvania makes the point that there should be no excess-profits taxes, because a corporation making a profit this year and being subject to a tax upon it might not make any profit next year, and that because the corporation might make no profit next year it should not be taxed upon its profits this year.

If that principle applies to the question of excess profits it ought to apply everywhere. If a man enjoys an income this year of $10,000 he must pay upon that income, although next year he may not make a single penny. If we are to let the gentleman off who makes excess profits this year because he may have a loss next year, we ought to let the individual off this year who has made a profit because next year he may make nothing. That principle applied would wipe out all taxes, for all of us are liable to make losses in a year or at any time.

The fallacy has been advanced in behalf of the profiteer, but not in behalf of the common people of the land. If it is true, I repeat, with reference to the excess profits a man may make this year that he is entitled to employ them to recoup his possible losses next year, then out of my income, if I had one, of $20,000 this year I ought to be allowed to recoup, or not to pay taxes, because next year I may make no money at all. So the argument advanced hardly rises to the dignity of a fallacy. It is not logic; it is mere slobber.

Mr. WALSH of Massachusetts. Mr. President, what I have been trying to say amounts to this: In undertaking to revise a war-tax measure we, the Senate of the United States, have undertaken to relieve the burdens of the war from only two classes. How much do those classes deserve consideration? I have on my desk, but shall not take the time to read it, a statement of the Secretary of the Treasury, Mr. Mellon, in which he said that every conceivable device that the most ingenious lawyers in America could invent has been resorted to by the rich class to avoid taxation, and yet that is the class that is given first consideration at our hands.

Mr. WATSON of Georgia. I would remind the Senator from Massachusetts that the Supreme Court of the United States recently said the same thing in a decision.

Mr. WALSH of Massachusetts. You have listened only to the loud voices of protest of the excess-profits taxpayers and the excess-surtax payers. The murmurs and whisperings of discontent of the millions who are unorganized, who belong to your own political party and my political party, who control and own no press propagandists, who can hire no able lawyers, evidently have not reached you. Practically no relief whatever has been extended to them under the provisions of the pending bill. Change the corporation tax from 15 per cent to 10 per cent, and reduce the normal tax, and the opposition to this measure will melt like snow in the spring sun. Your forgetfulness of this class spells defeat for this measure with the American people when it is submitted to them. You can not afford to do it. The normal tax class needs relief to-day. They are among the unemployed class. Their incomes, too, have been reduced. Not only the great manufacturing interests of the country, but the farmer and the cotton planter and the professional man, with an income of a few thousand dollars, have had to curtail living expenses and have had to bear a great many hardships as the result of the business depression throughout the country.

So I ask you Republican Senators before the bill is finally put in shape for enactment to be able to say to your enemies, "Yes; we have reduced the war-tax burdens from every class, from the unorganized and the organized, from the rich, from the middle class, from the poor, from the man with a family, and from the man with an income of substantially from $5,000 to $10,000."

If the amendment proposed by the Senator from Rhode Island [Mr. GERRY] fails, I am going to move an amendment which I have, which will give the Senate an opportunity to decide whether it is willing to go halfway. The amendment of the Senator from Rhode Island seeks to reduce the normal tax on incomes of less than $5,000 from 4 per cent to 2 per cent, on incomes from $5,000 to $10,000 from 8 per cent to 4 per cent, and on incomes between $10,000 and $15,000 from 8 per cent to 6 per cent.

The amendment which I shall offer seeks only to reduce the normal tax on incomes of less than $5,000 from 4 per cent to 3 per cent and on incomes between $5,000 and $10,000 from 8 per cent, which the law provides now, to 6 per cent. So we will have an opportunity to see if even that small reduction is going to be given to the normal taxpayer.

Mr. President, while I am on my feet I wish to refer to two other amendments which I think should be made. The chairman of the committee I know is very anxious to have a vote on the amendment and anxious to have the bill disposed of. However, I wish to refer to two other parts of the bill which I think can be improved.

Mr. PENROSE. Mr. President, on that point permit me to say that I have listened with very great interest to the Senator's able remarks, and I do not wish to have him feel that I am in a bit of a hurry about his concluding. I am waiting anxiously to know whether he has any thought in his mind as to how the loss of revenue which would be brought about by the adoption of the amendment he is discussing is to be made up.

Mr. WALSH of Massachusetts. I am very glad the Senator from Pennsylvania has renewed his suggestion as to how this loss of revenue can be made up. First of all, if it is unfair not to treat all these classes alike we ought not to consider how we can make up the revenue until after we have removed any unfairness in the measure. But let us assume that this is a fair normal tax upon the individual and that we are in a desperate plight for revenue.

There are innumerable ways in which this can be made up. One is suggested in an amendment by me, a tax upon gasoline. That tax was suggested by the best expert in America as probably a proper tax, a tax upon luxury, so that every gallon of gasoline used in pleasure riding by those who use automobiles would pay a tax of 1 cent or 2 cents. Let me say that the refiners of gasoline are only about six or eight in number and the whole tax would be paid by six or eight people in the country. The estimated revenues, depending on whether the tax is 1 cent or 2 cents, would vary from $50,000,000 to $200,000,000.

Mr. TOWNSEND. Mr. President, does the Senator believe that a tax of 1 cent or 2 cents a gallon would be paid out of the profits of the refiners, or would it be paid by the users of the gasoline?

Mr. WALSH of Massachusetts. I think it would be paid largely by the users of gasoline, and I think they are one class that could afford to pay a tax. The class that have traveled upon the steam railways for the last few years have had to pay a tax, and I do not see any objection to the class which can afford to ride in motor cars paying a tax upon the gasoline that propels them.

Further, the corporation capital-stock tax could be doubled and practically a sufficient revenue obtained from that source to meet this obligation.

Thirdly, the surtax reduction and the excess-profits tax reduction could be so scheduled as to permit this reduction in the normal tax of the individual.

You may ask the question, How are you going to get the necessary revenue? But the individual normal taxpayer will not ask that question when he reads this bill. He will say, "Who have had their taxes reduced? What has been done for me? How much consideration have I been given? Where is my relief? Am I still to go on with practically the same burdens that I paid in the midst of this terrible war?" That is the situation that exists in the bill as at present framed. It is easy to find sources of revenue. I heard it suggested that a meter ought to be put in every automobile, and that the Government ought to fix a mileage charge, a rate per mile, which would yield a very large revenue. The opportunities for getting revenue are innumerable. We could increase the estate tax, if necessary.

I repeat that I recognize the force of your argument for a reduction in the excess-profits tax. I recognize the force of your argument for a reduction in the surtaxes. I am not taking issue with you on that, but these arguments amount to nil unless you also recognize the right of the great middle class, the bone and sinew of American life, to be relieved a little of the burdens of war taxation.

While I am on my feet I wish to refer to two other amendments which I have to offer to the bill. A terrible leakage that has come to the revenue of this country has been from the making of gifts and the creation of trusts.

The able Secretary of the Treasury especially refers to this means which is resorted to by the payers of heavy surtaxes in order to escape taxation. I repeat, I have sympathy with the argument that the surtaxes have been excessive, and that the class upon which those taxes are imposed are entitled to some reduction; but gifts have been made by the possessors of large incomes in order to reduce their taxes and to avoid the payment of the high surtax brackets and to bring their incomes

within the lower brackets. Are we powerless to prevent such evasion of our tax laws? Certainly not. That evil can be very easily eliminated by an excise tax upon every gift; and I have an amendment which at the proper time I shall offer to provide for a tax upon every gift which is made. Every gift which is made at death is now taxed. Why should not a gift which is made by a man who is living be taxed? Why may I make a gift to another to-day and have it pass untaxed, and if I die and in my will make a gift to another such a gift have to bear a tax? There is, of course, no answer to that question.

Mr. McKELLAR. Has the Senator from Massachusetts any figures as to how much such a tax would produce?

Mr. WALSH of Massachusetts. I have not; and I do not wish to discuss that matter now, but merely to refer to it while I am on my feet. When I move my amendment I shall go into the matter in detail.

Mr. President, a great deal has been said about tax-exempt securities. Are we powerless to prevent the possessors of great incomes escaping the taxes which we impose upon them in good faith? Shall we make no effort to prevent their escaping taxation? Can we do nothing but fold our arms and say, "Go on, go on; there is no law against it, and we do not propose to devise any means of checking and restraining you"? I have now on my desk a letter which I clipped last week from the New York Times, which was written by a citizen of New York, in which he made this bold assertion:

> I have just completed the transfer of my entire fortune of $500,000 into tax-exempt securities, and the politicians at Washington can do what they damn please.

That is the attitude of some of these men. I do not propose to let them escape, and I am going to ask the Senate to support an amendment which I shall offer which provides that on the death of a man whose estate is made up in any degree of tax-exempt securities those securities shall be segregated and a special tax be imposed upon them in addition to the estate tax; in other words, I propose that we shall say to such a man, "If through the limitations of our constitutional power you can escape during your life, when you die, and propose to bequeath and devise tax-exempt securities to relatives and friends, we propose to impose a tax upon them which will, in part at least, bring back to the Government some of the revenue the payment of which you have escaped." I merely refer to these proposed amendments now, but I believe we should give a great deal of consideration to them, for, if adopted, I think they will be helpful.

I wish now to say a closing word. Senators on the other side of the Chamber have it in their power to remove this question from all political discussion; they may take away from this side of the Chamber every argument which we may urge against the pending bill. Originally we drafted the law; its present form is ours, for it was drafted as a war measure; but if the majority shall do as well by the poor, struggling corporations as they have done by the large corporations, and if they shall do as well and act as favorably and as kindly toward the individuals with small incomes as they have toward the individuals with surtax incomes, then, I repeat, opposition from this side of the Chamber must disappear; it must pass away; because no man can object to the rich having their taxes reduced if the poor have their taxes reduced; no one can object to a corporation having its taxes reduced if the individual business man has his taxes reduced; but if Senators on the other side pick out only certain classes to be relieved and leave the others resting under their present burdens, they will find the American people very resentful of a measure which purports to be a tax-relief bill but which gives substantially no relief to the great army of American taxpayers.

Mr. McLEAN. Mr. President, I desire to ask the Senator from Massachusetts whether or not his proposal to impose an additional succession tax on tax-exempt securities embraced in large estates would be constitutional?

Mr. WALSH of Massachusetts. I think so, if we segregate the securities which are proposed to be taxed. We already tax tax-exempt securities when they pass into an estate. I merely propose to increase those taxes.

Mr. McLEAN. Are such securities now taxed?

Mr. WALSH of Massachusetts. Absolutely. Tax-exempt securities do not go untaxed in an estate. I merely propose to place a higher tax upon them; in other words, such securities will be segregated in the estate, and a higher tax will be placed upon that class of securities on the theory that they have escaped taxation during the lifetime of the holder. I do not think there is any doubt about the constitutionality of such a tax, because it is practically a tax upon a gift.

Mr. McLEAN. The Senator knows that taxation must be equal.

Mr. WALSH of Massachusetts. Absolutely.

Mr. McLEAN. That is the point. It is not an equal tax on a certain class of securities; it is an additional tax on such securities.

Mr. WALSH of Massachusetts. Yes; but I am quite certain that there is not any constitutional objection to gifts of a certain kind of securities being taxed differently from other securities.

Mr. McLEAN. The Senator may be right, but the constitutional question occurred to me.

Mr. SIMMONS. Mr. President, the classification of property does not constitute inequality under the law, provided property of the same class is all treated alike.

Mr. WALSH of Massachusetts. Of course, tax-exempt securities are a classification of securities distinct from other kinds of securities, just as gasoline is different from tobacco; and in the tax law there could be one rate upon gasoline and another rate upon tobacco. So there would be one rate upon tax-exempt securities and a different rate upon other kinds of intangible securities.

Mr. McLEAN. There might be no distinction whatever in the securities. A community might issue a million dollars of taxable securities and another million dollars of nontaxable securities. In both instances the nature of the security would be the same. That is a point which I think would have to be considered.

Mr. SIMMONS. The Senator does not mean to say that the Constitution would be violated if the Government issues tax-free securities and at the same time issues securities that are not tax free?

Mr. McLEAN. Oh, no.

Mr. SIMMONS. We do not violate the Constitution in that case. Neither would we violate the Constitution if after a man dies we segregate his estate in two classes and impose one rate upon one class of property and a different rate upon another class of property.

Mr. McLEAN. My point is that the tax-exempt security might not be considered as another class, because it is secured by precisely the same property; it is precisely the same nature of security and belongs to the same class, except that in one instance it is not taxed by the community and in the other instance it is. I do not know, however, but that the Senator may be right about it.

Mr. WALSH of Massachusetts. After considerable study and thought, I will say to the Senator from Connecticut, as to how we could reach these securities, I have arrived at the opinion that the method proposed by me is a perfectly legal method of doing it.

Mr. McLEAN. I am frank to say that if it can be done, I think it is worthy of consideration.

Mr. WALSH of Massachusetts. I know the Senator from Connecticut feels that some effort should be made in some way to reach tax-exempt securities.

I yield the floor, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Rhode Island to the amendment of the committee.

Mr. PITTMAN. I ask for the yeas and nays.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McKinley	Sheppard
Borah	Glass	McLean	Simmons
Brandegee	Gooding	McNary	Smoot
Broussard	Hale	Moses	Spencer
Bursum	Harris	Nelson	Stanfield
Cameron	Harrison	New	Sterling
Capper	Heflin	Newberry	Sutherland
Caraway	Johnson	Nicholson	Swanson
Culberson	Jones, N. Mex.	Norbeck	Townsend
Cummins	Kellogg	Oddie	Trammell
Curtis	Kendrick	Overman	Wadsworth
Dial	Kenyon	Owen	Walsh, Mass.
Dillingham	Keyes	Page	Warren
du Pont	King	Penrose	Watson, Ga.
Edge	La Follette	Pittman	Watson, Ind.
Ernst	Lenroot	Poindexter	Williams
Fletcher	Lodge	Pomerene	Willis
France	McCormick	Ransdell	
Frelinghuysen	McKellar	Reed	

The VICE PRESIDENT. Seventy-four Senators have answered to their names. There is a quorum present.

Mr. REED. Mr. President, as a number of Senators have come into the Chamber since the argument of the Senator from Massachusetts [Mr. WALSH] was concluded, I desire to take sufficient time merely to state the import of the pending amendment in order that those Senators who did not have the

benefit of the argument referred to may have full grasp of the import of the amendment upon which we are about to vote.

Under existing law a surtax upon incomes begins at $5,000, and by gradual raises is increased until the tax remains at 65 per cent upon all incomes in excess of $1,000,000. This graduated scale imposes a tax of 32 per cent on incomes of $68,000. The proposed bill at that point continues to levy a 32 per cent rate without any increases, no matter how large the income may be.

The result is that some 12,000 millionaires, enjoying incomes in excess of $68,000, are relieved of $90,000,000, as estimated.

The bill also proposes to wipe out entirely the excess-profits tax, which amounts to $450,000,000. In a word, the standpatter organization proposes to reduce the taxes upon the very rich and upon the profiteers in the aggregate sum of $540,000,000.

At this point a bloc was formed to prevent the passage of the iniquitous measure. The bloc threatened to join with the Democrats and thus produce enough votes to overthrow the measure. Thereupon a secret conference was held and a compromise worked out. The result of that compromise is that surtaxes are to be levied as high as 50 per cent.

This would produce about $20,000,000 more of surtaxes than would be paid under the standpatters' bill, but will still reduce the revenues from surtaxes by the amount of $70,000,000. At the same time the bloc has agreed to stand with the standpatters to remove the excess-profits tax. The result of the trade, therefore, is that the bloc agrees with the standpatters to help them take from the public revenues $520,000,000 in consideration of the concession to them of $20,000,000; that is to say, where the standpatters wanted to deprive the Government of $540,000,000 from the profiteers and the very rich, the bloc has agreed to aid them in their scheme, provided they will reduce the amount they propose to save the profiteer and the very rich from $540,000,000 to $520,000,000.

Let me say to my friends of the bloc that I venture to predict that even this small concession will be taken away from them; that when the bill gets into conference the leader of the standpatters will see to it that the highest surtaxes are again reduced to 32 per cent. When the bill gets back from conference it will be rammed down the throats of the members of the bloc and they will have to take it, no matter how much they may gag.

The bloc having agreed to help the standpatters reduce the taxes upon very large incomes, we are now asking them to assist us in a very moderate reduction upon moderate incomes. That is the effect of the pending amendment. In a word, we are asking the bloc which is assisting the standpatters to reduce the tax upon very large incomes to help the Democrats reduce the tax upon small incomes. We appeal to them to broaden the mantle of their sympathy, which now covers the very rich, so that it may spread its protecting folds over folk of moderate means.

Mr. WATSON of Georgia. Mr. President, with the permission of my friend from Missouri, who has the floor, I will say to him for the information of the other members of the agricultural bloc that my colleague and myself represent an agricultural State, producing under normal conditions the second largest crop of cotton in the Union, and we are no party to any agreement of that sort. We are members of the agricultural bloc, but we are not going to vote in any such way as the Senator has stated.

Mr. REED. I thank the Senator. My understanding is that there was an agricultural bloc which may be said to have represented in a certain sense the farming communities; that this bloc appeared to be powerful enough by uniting its votes with the Democrats to write this bill; that when this situation developed, some shrewd gentlemen closely allied with the standpatters got hold of a part of the bloc and persuaded it that the right thing to do was to compromise with the majority leaders. Accordingly the majority leaders conceded to the bloc, as I have said, an increase of surtaxes on incomes of $68,000 and more, from a flat rate of 32 per cent to a graduated rate running as high as 50 per cent; but that the bloc paid the fearful price of agreeing to support the standpatters in reducing the taxes upon excess profits and upon very high incomes.

I exonerate the agricultural bloc as a bloc, but some of its members were reached. The standpatters "plowed with some of the agricultural heifers." I repeat that these gentlemen of the bloc, by whatever name they are known, have voted to reduce the surtaxes upon very high incomes and they have agreed to vote to wipe out the excess-profits tax.

It is said, in excuse for taking the tax off of excess profits, that a corporation may make a very large profit this year and it ought to be allowed to go tax free because next year it may make no profit at all. Will you not please apply that to the man with the income? The man with an income of $5,000 this year may not have a job next year. He may not make a cent. The man who makes $2,000 this year may be walking the streets hunting a job next year. The man who makes $10,000 this year may be impoverished next year; yet you propose to tax him on his income this year, and to make no allowance for his loss next year. When, however, you come to the profiteer, to the man against whose action criminal statutes were sought to be framed in this Chamber, you propose to take the tax off of him when he has made his profit; off of his earnings, which sometimes amounts to nothing but robbery, scoundrelism, and to do it on the pretext that next year he may not make any profit at all.

Let us feed all the people of the United States with the same spoon. If you are going to adopt that doctrine with reference to the profiteer, why not adopt it with reference to everybody?

But, coming back to the immediate question I am discussing, the tax burden rests most heavily upon the man who has to spend all that he makes, and we are asking some relief for that man. You have helped to take the tax off the man who does not spend all he makes, who makes so much that he can not spend it. Will you not help give a little relief to the man of moderate income and moderate means who has to spend all that he makes buying goods from profiteers whom you propose to relieve from the excess-profits tax?

Mr. HEFLIN. Mr. President, I am in hearty sympathy with what the Senator from Massachusetts and the Senator from Missouri have said upon this question. I know that there is a desire upon the part of the chairman of the Finance Committee, who has this bill in charge, to obtain a vote on it, probably the latter part of this week. I suppose that arrangements have been made to pass this bill, which was characterized the other day by my colleague, the minority leader [Mr. UNDERWOOD], as the worst tax bill ever presented to Congress, and the able leader of the minority has had service in the two Houses of more than 20 years.

I do not want to delay unnecessarily action by the Senate upon this measure. The responsibility is upon the majority, and the majority will be held accountable for whatever measure passes this body; but the country will suffer, as the Senator from Missouri says, and I feel, as one of the Members of this body charged with the responsibility of doing what I can to perfect legislation and to obtain the very best legislation possible, that we ought to take the time to condemn before it is everlastingly too late some of the obnoxious, oppressive, and tyrannical provisions contained in this bill.

Certain Senators on the other side talk to us about "soaking the rich." Mr. President, there are more loopholes and avenues of escape in this bill for the mighty rich than any bill ever presented to Congress.

Enough votes will be obtained on the other side, it seems, to arrange for bringing down the taxes of those most able to bear this burden and to unload the taxes upon the men and women least able to pay them.

Mr. President, it was never intended by those of us who favored an income tax—and I am one of the men who supported it originally in the House—to reach out and get the small man struggling to get upon his feet. We never intended that the income tax should reach that class of people. We intended that the income tax should reach a class of people who had been escaping all taxation, and they did escape Federal taxation.

The common man has a tax burden on him in the locality in which he lives. He has a county tax, he has a State tax, and on top of that a tariff tax when the Republican Party is in power. So that is enough for him to have to pay; but in order to make the income tax law unpopular, you have reached out and spread it over a larger class of people, men and women with little capital struggling to get a start in the world.

If I had my way about it, I would not put an income tax on any man or woman whose income was less than $6,000 a year. If I had my way about it, I would arrange to collect all the taxes under the head of income tax without calling any of it a surtax. I would put it in the income tax straight, so that the taxpayer would know when he had finished paying his taxes. You have so drawn this bill that it will take a Philadelphia lawyer to tell the common taxpayer when he is through paying his taxes. There will be thousands of instances under this patchwork bill that you have drawn where the taxpayer will be called upon to send in more taxes, although he holds a receipt and thinks he has paid his taxes. That is going to happen under the hidden provisions referred to by the minority leader in his speech the other day.

Why should you not simplify this bill so that the ordinary man or woman will know, when you send him a notice about his taxes, just how much his taxes are? They will not know that under the bill that you are writing. What is your purpose, Senators? The minority leader suggested that you were trying to deceive both yourselves and the public. It is unfair for you to do that. We ought to be very frank and open and above-board in this legislation. This legislation affects very vitally the people of this country. You are pulling at the purse strings of every man and woman in the country, and certainly they have a right to be heard.

I know that you want to speed up and get quick action on this bill, but I intend to enter my solemn protest before such legislation gets through this body. Mr. President, has the time come when we will have no debate at all in this Chamber?

An editorial in the Washington Post this morning threatens those who stand here demanding light upon these tax provisions which you are jamming into this bill. That editorial suggests that you are going to meet earlier, and that you are going to sit at night also, which is all right with me, and that the time has come to do away with speeches and have a vote. That is always the way with a man who has a bad case. He does not want it talked about. He wants to close the issue; he wants to get it out of the sight of the people as soon as possible. He wants to get it into that conference committee; and, Mr. President, when it is delivered over to that conference committee you may say farewell to it, for you will not know it when you see it again. What they will do to that bill in conference will be a plenty. Then they are going to expect western Republicans to vote for it. I think I know some of you who will not vote for it, but I am afraid that the tactics of the old guard are having a very dangerous effect upon some.

Mr. President, what sense is there in a man paying a certain per cent on a certain amount of income up to $10,000, then a different per cent on an income up to $20,000, then 1 per cent of surtax up to $10,000 and 2 per cent up to $20,000, and so on? Why not simplify it and put it all under one head? I suppose that it is done to confuse the people, and you are not going to get away with it.

We had a remarkable situation here the other day. The brilliant and genial Senator from Indiana [Mr. WATSON] called upon the Senator from Nebraska [Mr. HITCHCOCK] to write a certain provision. The Senator from Nebraska called upon the Senator from Indiana to explain the provision.

The Senator from Indiana said, "I understand it, but I am not going to explain it." What was the purpose of keeping secret a tax provision which affects the purse of the American people? Why should a Senator be permitted to carry a secret like that around in his mind and not tell it to a Senator who is seeking light, so that he may know how to vote intelligently? The Washington Post, the mouthpiece of the administration, has an editorial demanding that Senators sit with sealed lips while this tax-gouging business goes on, and they unload this big tax burden upon the small man, the man with but little capital, the man with moderate means, and upon the common necessities of life.

That is what you are going to do. You are going finally to settle upon a sales tax. You are going to decide upon that and unload this burden upon the consuming mass of the American people. You are going to call it a manufacturers' tax. That is what the Senator from Utah [Mr. SMOOT] wants.

Here is the retailer, here is the wholesaler, and there is the manufacturer. They say, "Let us put it on the manufacturer. He is three times removed from the consumer." Let me show you how quickly it will get to the consumer. You lay that tax on the manufacturer. The wholesaler walks up and says, "I want $100,000 worth of goods." The manufacturer says, "All right," and makes him a price. The wholesaler says, "Your price has advanced. What's the trouble?" The manufacturer says, "That advance is to cover the tax imposed by Congress." The wholesaler says, "Have I got to pay that?" The manufacturer answers, "Oh, yes." And he pays it.

The retailer comes up to the wholesaler. He says, "I want $10,000 worth of goods to carry out yonder with which to supply the people where I live. He says "All right." The retailer says, "Give me your figures." The wholesaler gives them to him, and he says, "The price has gone up." The wholesaler says, "Yes; that is to take care of the tax imposed by Congress." The retailer says, "Have I got to pay that?" The answer is, "Oh, yes."

Then the retailer goes to his store at home, and the consumer comes in, a farmer out in the West, maybe, selling his corn and hogs below the cost of production; he leads his bare-footed children up to the counter, and he says, "Winter is here and I want some shoes for my children. What is the price of shoes?" The merchant gives him the price, and he says, "The price has gone up, hasn't it?" The merchant says, "Yes; that is because of the tax imposed by Congress." So they unload upon the bare-foot children, upon the little boys and girls, upon the farmer who is now selling his produce below the cost of production. You are going to unload upon him.

Then what will happen? He has to mortgage his little farm, and he has to sell it a little later on, and you turn him loose in the road, without a dollar in the world, without a roof under which to place himself and his family, and you have done it by your burdensome taxation, while the Wall Street brigade, escaping taxes, rides in pompous fashion to the music of a brass band, while they exclaim, "Hurrah for the Republican Party!" That is what you are doing.

I do not blame you for wanting to cut off debate. Senators, you have a serious situation confronting you. This day you are holding in power the Federal Reserve Board, your board, which is using the money made out of the people at high rates of interest to build marble banking establishments with bronze doors costing $25,000 apiece. What do you think of that? No wonder you want to shut off debate. Why do you not take this money away from them and compel that board to put it out here in the West to help the poor farmer who is selling his corn to-day at about 20 cents a bushel? Why not put some of it in the South to aid the farmer in obtaining at least the cost of production for his cotton.

I told you the other day, Senators, that you could buy one of these little saucers full of cornflakes for 15 cents. That does not represent 50 grains of corn. Yet it costs within 5 cents of what the farmer can get for a whole bushel of corn. That is what is going on under your Republican administration.

We passed a resolution here the other day, offered by the able and distinguished Senator from North Carolina [Mr. OVERMAN], calling on the Federal Reserve Board to give us the facts about the salaries in the New York Federal Reserve Bank, where they increased the salary of the governor of that bank from thirty to fifty thousand dollars, and increased clerks' salaries from twelve hundred to twelve thousand, from sixteen hundred to sixteen thousand, from twenty-two hundred to twenty-two thousand, and the like of that. We called on them to give us the amounts paid at other reserve banks and how the salaries had been increased in all of them. That board is located within a mile of where we are sitting to-day, and we have been sitting every day since that resolution was passed, except Sunday, but we have not received the information sought. You Republicans are just smiling. They are doing exactly what you want done. You have the authority to turn that board out. I repeat what I said to you before, that board has lost the confidence of the honest business men of the South and West, and why will you persist in holding that board in power?

I would not permit the farmer of the West to sell his corn and hogs below the cost of production. I would not permit the cotton producer to sell his cotton below the cost of production.

I have had a considerable number of letters from the West, just as I have from the South, where by that deadly deflation policy you denied the South and West money to hold their crops off the market until the price would yield a profit. Those letters told of distressing conditions that that policy produced.

I repeat that the corn man, the cattleman, and the cotton man were all sacrificed under that ruthless policy.

Do you know what that board did? They commenced talking about the Bank of England raising interest rates to 7 per cent. Watch the trail. The next thing it said the Bank of New York raised the rate to 7 per cent, of course—Wall Street. The next thing they put it into effect in the country. So it started in England, leaped over to Wall Street, and then the Federal Reserve Board took it up and passed it around through the South and the West—7 per cent—and made it impossible for a man to obtain money.

Your board created a condition that made the people bring their Liberty bonds up and sacrifice them for $85 on the $100. Your board created a condition that caused them to come to the bank counter and stand there with these Government securities in their hands—4 per cent bonds, gilt edged, as good as gold, you told them when you sold them. That board turned them away from the bank and said you could not loan money on them. What do you think of that?

The poor fellow who did everything in his power to lay by a little money went to the bank and said, "I want to help the boys over yonder." I have seen them; I have spoken to them, urging them to buy Liberty bonds. I have seen them take out their handkerchiefs and wipe their eyes and say, "I will subscribe for so much; I have a boy over there." They went down to the bank and the bank said, "That is all right; if you can not pay for it now, you can pay for it month by month." He

said, "Good; give me $200 more or $250 more." That was a good deal for him. Then the time came when his cotton price fell down 18 cents a pound under the cost of production, and his obligation at the bank was due on the bonds. The bonds fell in price, too.

The bonds were depreciating in value. His cotton went down below the cost of production, and he appeared at the bank and said, "What am I going to do about it?" The banker said, "I do not know. I will tell you what I will do. If you will put your cotton in the warehouse, I will take your bonds and take your cotton and O. K. your paper and send it up to the Federal reserve bank, and I will help you to hold your cotton. I will carry that bond obligation if the Federal reserve bank will permit me to do it."

They sent the papers up to the Federal reserve bank, and your Federal Reserve Board would not let them discount those papers, so they went back, and the banker said to him, "The Federal reserve bank would not discount your paper, so you will have to dispose of your cotton and pay for your bonds." He said, "There is no market for my cotton. That cotton cost me 18 cents a pound more than the present price to produce it. I ought not to have to sell it." The banker said, "I agree with you, but the Federal reserve bank will not let us have the money needed."

That is what you are doing. That is what you did in the West. That is what you did in the South. What happened to those bonds? They went trooping over to New York and the bond sharks bought them up, bought them for $80 and $85 on the $100, and they are in the hands of the money kings over there and now you are going to let them escape taxation. What happened after they got them? The bonds went up 6 points after they got them out of the hands of the poor fellow, who put his very heart's blood in the money that he bought them with to help win the war.

Still you have this thing going on down here by a discredited Federal Reserve Board. Many bankers in the country have discredited it and condemned it. Some newspapers have condemned and discredited it. Senators and Congressmen have condemned and discredited it, and I am one of them, and still the board sits, accounting to nobody for its conduct in charging high interest rates and making out of the distress of the people from $70,000,000 to $100,000,000 a year.

One of the Senators on the other side said the other day, "You are going to 'soak the rich' so much that capital will get mad and retire." Mr. President, there is no place for the farmer to go, no place for the laboring man, no place for the small merchant, no place for the doctor, the lawyer, the preacher, and the teacher to go but to work. They have to keep on in this ceaseless warfare in the struggle for existence, but as to the big capitalist you tell us if you tax him he will withdraw his capital, retire in scorn, and defy the Government and escape his fair share of the burden of government.

Will you permit that? What did you do to the American boy who sought to keep out of the war in Europe? You put the uniform on him and sent him to the front. Is the capital of the money lords more precious than the blood and life of one of these boys? Yet that is your position. You said capital would retire. I would not permit it to retire and escape taxation. If I were at the head of the Government and these men undertook to shirk their duty at a time like this I would not permit it. I would make that capital help to pay the war debt.

Withdraw and retire. You did not let the soldier withdraw with his blood and life. Thousands and millions of them went willingly. Some did not go willingly, but they went. So with the taxpayers. Thousands of them had to help bear the burdens of government, especially to pay the war debt following a war like this, where we were fighting for humanity, civilization, and all that is dear to the race. Are you now going to permit capital to withdraw? Do you think you are going to frighten the people's representatives away by saying that they are trying to soak the rich? What you will soak them in will be a gold solution. That will be very pleasing to the big bugs of Wall Street. They will like it. Like one of your Republican Presidents when he dissolved a trust, they got up a little hymn that they used to sing:

Hallelujah, Thine the glory,
Hallelujah. Amen.
Hallelujah, Thine the glory,
Dissolve us again.

So history is about to repeat itself.

Talk about soaking the rich! The soaking that you are going to give to the mighty rich will cause them to ask you to repeat it very frequently.

Mr. President, there are 6,000,000 men out of employment. That is a sad and solemn scene. If we had extended credit to the South and West and credit to certain foreign countries, that would not have happened. You sat here and would not revive the War Finance Corporation until December, 1920, when we formed a combination between southern Democrats and western Republicans and with the aid of a few northern Democrats passed that measure. You had had control of the House and the Senate for two years, lacking about three months. You permitted them to tear down that War Finance Corporation and put it out of commission, and you would not revive it until this bloc that you hear so much about got in action and had a few meetings, and then we revived the War Finance Corporation.

But what did you do then? We had section number 2 in that resolution which required the Federal reserve banks to go to the aid of the farmers of the country, and we put it through here, but you put it to sleep over yonder in your Republican House, and it is dead at the feet of the Republican Party now in power. That shows where you stand. The Federal Reserve Board did not want that resolution to pass and it died. The Federal Reserve Board sits there to-day discredited, as I have said, by honest business men in the South and West, and yet you are not saying anything against them because they are doing what you want done. Mr. President, whither are we drifting? An enormously wealthy favored few seem to be in control. Senators, when Rome fell 2 per cent of her population owned 98 per cent of her wealth. Countries can not live under conditions like that. If your tax bill prevails, if your leaders are permitted to write in this bill what you want to put in it, it will not be long until a very small per cent of our population will own 90 per cent of the wealth of the United States.

Six millions of men out of employment because industries are not running, and yet they threaten us over there that if we make these mighty rich pay their share of the taxes they will retire and withdraw their capital and put more people out of employment and make the burden heavier and still heavier for the common masses of the people.

Mr. President, who is it that is going to be benefited under this bill? There is not a small taxpayer in the country that will be benefited one cent; there is not a small taxpaying woman in the United States who will be benefited one cent; but those who contributed to the campaign fund of the Republican Party last fall are the favored few; they are going to be helped; they are going to have their taxes cut down.

Something was said here the other day about Mr. Wrigley, the Chewing Gum Trust man. He was a shining light in the last campaign, directing people down to Marion to hear the candidate for the Presidency speak from the front porch. Mr. Wrigley said, "Come this way, ladies and gentlemen; go right over and take your stand in the yard; the candidate for President will appear in a few moments and will make a speech; I am Mr. Wrigley." Then Mr. Wrigley comes here and we hear from him again when the tax bill comes up and it is proposed by Senators on the other side to take the tax off the Chewing Gum Trust. Does the majority intend to make of this measure a vehicle to carry out their preelection pledges to those who contributed to their campaign fund? It looks like it, because we are told ever and anon, "You are about to soak the rich."

Mr. President, I am reminded of a story which was told by Representative HUMPHREYS, of Mississippi, about a Negro down in that State, which illustrates just the result to the masses of the taxes which are to be imposed by this bill. A northern man went down to Mississippi and bought a farm. He went over to talk to a Negro who lived on a part of the plantation about the soil and its productivity. He said, "Uncle, I understand you make fine crops here." The Negro said, "Yes, sir; I do, but de ducks get it." The northern man said, "The what?" The Negro repeated, "De ducks get it all." "Why," the northern man said, "the gentleman from whom I bought this land never told me anything about any ducks eating up the crop." But the Negro repeated, "De ducks get it." The northern man said, "I will go back to see the man of whom I purchased the farm." He went back, and he asked, "What about that place you sold me? The Negro says that the ducks eat the crops." "Why," the man said, "I never heard of any ducks being there. I will go with you over and see about it." The former owner of the place asked the Negro, "What about the ducks eating the crops? I never saw a duck here." The Negro said, "Well, yes, sah; you know when I go up there to settle my accounts you say, 'the cotton has come to so much, but you bought $125 worth of sugar,' and you say, 'I de duck that'; you say, 'You bought $500 worth of meat and I de duck that; you bought coffee; you bought flour; you bought clothes, shoes, hats, and all,' and each time you says 'I de duck that.' So when we get through with it it just about evens up, and I just tell them 'de ducks' got it." [Laughter.]

That is exactly what Republican Senators are doing in the pending bill—"de ducks" are going to get what the little fellow has got. The man with but little working capital, the

man of moderate means, the common man, who requires necessities upon which to live, is going to pay the tax; and when he gets through with it under the Republican administration "de ducks will have got it all." [Laughter.]

Mr. President, I can not refrain from reading a little poem at this point. It fits the situation precisely:

The people regret and
Rue the hour
When the Republican
Party went into power.
Everything is out of joint.
That party does nothing but disappoint.
The money lords are in control,
They own that party, body and soul.
The people can only wait and say,
"God speed the next election day."
Listen to this mournful tale:
The common masses have no kale—
There's the empty pocket and the empty pail—
And unemployed are put up for sale.
The farmers' business is on the bum,
The wheels of industry do not hum,
And the people are sore because of the hour
The Republican Party went into power!

Mr. WATSON of Georgia. Mr. President, it is very edifying to hear one of the pots get after some of the kettles and call them black. I beg to remind the Senator from Alabama [Mr. HEFLIN] that President Woodrow Wilson threatened to fix the price of cotton, and the price went down 15 cents in 48 hours. I beg to remind him, also, that delegations representing all the farmers' organizations came to Washington and sent representatives to the White House who saw President Wilson, but President Wilson told them in so many words that the farmers of this country need not expect any relief from his administration. I believe in being perfectly fair. I myself am a fighter from the ground up, but I believe in fighting fair, and if we can not get anything better than to swap off the devil for the witch, I am willing to just rock along for a while and see if we can not split up the Republicans and thereby obtain a bill which will produce revenue and yet not ruin the country.

Something has been said here about the general condition of the people. Let us look the facts in the face. Who is responsible for that situation? The great common people loaned the Government $25,000,000,000. Where is that money? The New York Herald of June 24 last contains a list of the loans that were made to foreign countries by the former administration. It will not do any harm, and it may do some good, to have the figures go into the CONGRESSIONAL RECORD and become official. We loaned to Great Britain more than $4,000,000,000—I am going to use round numbers for convenience sake—we loaned to France more than three and a quarter billion dollars; we loaned to Italy more than a billion and a half dollars; we loaned to Belgium $375,000,000; we loaned to Russia $192,000,000—and Russia is the only country that has offered to pay us, and to pay us in gold. That payment was rejected by the Wilson administration, and, up to this present moment, is being rejected by the Harding administration. We loaned to Poland $135,000,000; to Czechoslovakia, $91,000,000; to Serbia, $51,000,000; to Rumania, $36,000,000; to Austria, $24,000,000; to Greece, $15,000,000; to Esthonia, nearly $14,000,000; to Armenia, nearly $12,000,000; to Cuba, $9,000,000; to Lithuania, $5,000,000; to Finland, $8,000,000; to Latvia, $5,000,000; to Hungary, nearly $5,000,000; to Siberia, $26,000.

With our money Poland waged aggressive war upon Russia. With our money the King of Greece was brought back to his throne and is making war upon Turkey, against which nation we never declared war. Our money has thus been taken out of the pockets of the common people and sent to the other side of the ocean, where it remains; and it was presumably J. P. Morgan, in the New York World on May 28 last, who is reported as saying that it would be a great blow to the United States if we collected this past due debt. Why did he say that? Because he wanted to collect his own first. According to the New York World he had, before we entered the war, floated one loan for Great Britain in connection with which his commission was $12,000,000. Of course, he floated many others; and he now wants to be treated as preferred creditor.

Mr. President, $25,000,000,000 has been taken out of the pockets of our common people by all sorts of propaganda, speeches, pamphlets, circulars, patriotic parades and appeals, and that money has not been returned. Is it any wonder that business lags and that people are unemployed? If, in addition to that, we have a governmental agency representing the money power which is robbing our people of incredible sums of money, how can our people resist their own Government and its powerful agencies?

I am not going to rely entirely upon the statements of Mr. John Skelton Williams. He was a trusted officer of the last administration. He holds the rank of a gentleman. His business associations are respectable. He once had a railroad stolen from him by the elder J. P. Morgan, who also stole the Central Railroad of Georgia, and watered its stock up from seven and a half million dollars to fifty-four millions. Mr. John Skelton Williams came here and was put under oath, and the rule is that the testimony of a witness under oath is to be taken, unless he is impeached in one of the ways known to the law.

My friend from Indiana [Mr. WATSON] asked me if I could tell him what were the profits of the manufacturers in any one year. I did not at that time have the Treasury report before me, nor a memorandum carefully made from it. I have it now, and I will give him that information.

In the year 1916 the net incomes of the corporations were $8,765,000,000.

In the year 1918 they were slightly less.

In 1917 the corporations of three States—Illinois, New York, and Pennsylvania—earned incomes amounting to four and a half billions; and this increase, as shown by the Government report, is equal to 25 per cent of the total increase in farm values throughout the United States for a period of 10 years. That is a staggering statement, based upon an official report very courteously furnished me last week.

Mr. WATSON of Indiana. Mr. President, I could not quite catch what the Senator said. He was not speaking very loud. The last year for which he gave the statistics was 1918?

Mr. WATSON of Georgia. Yes.

Mr. WATSON of Indiana. Has the Senator given them for 1919 and 1920 and up to June of this year, the close of the fiscal year?

Mr. WATSON of Georgia. I have not. They are probably here in the abstract, but they were not taken out by my clerk.

Mr. WATSON of Indiana. Now, I want to ask the Senator whether he has the amount that was invested in all of those manufacturing plants, so as to show what per cent of returns they made on the investment?

Mr. WATSON of Georgia. Mr. President, it is a very peculiar fact, that this official report of the estimated valuation of national wealth does not disclose corporation wealth at all. It discloses the income only, but I will remind the Senator of a fact which must be familiar to him, that the capital invested in railroads is, in round numbers, $20,000,000,000, half of which has been shown to be water. They are earning an income upon that half which represented money, as well as upon the other half which represented no investment whatever.

Mr. President, the other day there was some question as to a Supreme Court decision which exempted profits declared in stock dividends. A Senator on the other side said the Supreme Court reasoned that the shares of stock had not been apportioned, and a Senator on this side corroborated that statement. It did not conform to my recollection of the case. I therefore sent for the volume of the report (252 U. S., Oct. term, 1919), and the decision shows that the stock had been apportioned and was to the credit of the stockholders of the bank at the time this decision was made. In rendering his opinion on the case—which differed, I should say, from that of the majority of the court—Mr. Justice Brandeis pointed out the various ways in which these wealthy corporations dodge their taxes. Therefore, I said this morning that they were under condemnation by the Supreme Court of the United States.

In my judgment, it is entirely germane to this question to go into the operations of the money power as operated by our Government. If it can be shown that this money power is directly robbing the people, and that the present administration is condoning it, just as the former one did, then I think the country is entitled to have the facts in connection with this bill, which proposes to raise three or four billion dollars of revenue to pay current expenses.

There was a controversy in the newspapers between Mr. John Skelton Williams and Gov. W. P. G. Harding, of the Federal Reserve Board. Mr. Williams said that the salaries were too high, and he named their increases, which the Senator from Alabama [Mr. HEFLIN] briefly recounted, as to the New York bank. Mr. W. P. G. Harding in replying to Mr. Williams took refuge in the countercharge that Mr. Williams, while Comptroller of the Currency under President Wilson, had voted for some of these increases. That kind of an answer does not strike me as being very strong. The question, after all, is, Are the salaries reasonable? Gov. Harding went further and said that he thought he was worth $50,000 a year, and that is the reason why he took it and is still taking it. He thought these various employees, who were worth so much less last year and are getting so much more now than last year, were also worth it.

Let us see about that. If the governor of the Federal Reserve Board is worth $50,000 a year, what is the value to the country of the President of the United States? What is the

value of the Vice President? Gov. Harding enjoys the luxurious and luxuriant privilege of fixing his own salary. That is a privilege which the President does not enjoy. It is a privilege which the Vice President does not enjoy. It is a privilege that no Senator enjoys, no Congressman enjoys, no admiral in the Navy, no general in the Army, no member of the Supreme Court. W. P. G. Harding is the only man that I know of who has been given the power to fix his own salary and to fix the salaries of his subordinates.

Was the Federal Reserve System created for the purpose of making enormous profits out of the people? We have been told here often that the system is a good one, but that the administration is bad. I take issue with that statement. Any system which gives to any set of men, taking it away from the Government, the right to create and control the volume of currency is *necessarily* a bad system. It puts too much power in the hands of a few men, and they would be more than human if they did not abuse it.

We limit the power of the President. We are constantly criticizing him in his public capacity. That is our right. He may criticize us in our official conduct. That is his right. The press enjoys the privilege of criticizing all public men as to their public work. That is their privilege; but this Federal Reserve Board and its branches resent criticism. The governor of it made the attempt to commit at least assault and battery upon a witness who was testifying about his doing in a committee room in this building; and a defense by the method of assault and battery is not generally considered a good defense, unless you yourself are physically assaulted.

As I say, Mr. President, it is the money power of the Government that is being exerted by this Federal Reserve System. Much has been said about its origin. There was a disagreeable colloquy between two Senators here one day as to that origin. My memory of it is this:

That bill was framed in Europe by the banking firm of Warburg and it was brought to this country by Paul Warburg. Samuel Untermyer, of New York, published an interview, in which he said that it would be injurious to the financial credit of this country unless that system were adopted. It was advocated by the late Senator Aldrich, of Rhode Island. It was advocated by all those who were called standpatters in those days. The Democrats opposed it and defeated it.

The elder J. P. Morgan came here in person and stayed so long that there was criticism leveled at him and he left. The Democrats killled his bill when the Republicans presented it, but immediately after the Republicans were defeated and the Democrats went in there were immaterial changes made in the bill, it passed, and became the basis of the present system, and Paul Warburg was put on the board by President Wilson as one of the original members. Those are the facts.

I think a statement of these things is entirely pertinent to this discussion, and I shall be brief about it. We will take the Boston bank. The capital paid in was less than $8,000,000. The gross earnings were $12,000,000. The expenses were $2,000,000. The total net earnings were $10,000,000. In other words, $7,000,000 in one year earned $10,000,000. What right did the Government have to do that to the people of Massachusetts who were patrons of that bank?

Take the bank at Philadelphia. The capital paid in was $8,000,000, in round figures; the gross earnings were more than $11,000,000, expenses $2,000,000, total net earnings, $9,672,000, or more than the entire capital stock. It was the Government that was doing that. What right did the Government have to exact such a profit from the people of Pennsylvania who wished to avail themselves of the resources of that bank?

Take the bank at Cleveland, Ohio. The capital paid in was $10,000,000. The total net earnings were more than $11,000,000. Is not that more than 100 per cent? Has the Government a right to make more than 100 per cent out of the people who patronize the Government's own bank? If the Government sets that example, what will the private banker do?

We will take the bank at Richmond, Va. The total capital was $3,500,000. The total net earnings were $5,000,000, very nearly double the capital stock.

Mr. DILLINGHAM. Mr. President, will the Senator tell us what period is covered by those earnings?

Mr. WATSON of Georgia. I take this from the seventh annual report of the Federal Reserve Board for the year 1920. There has been no report since then, so far as I can learn.

Now we come to the Atlanta bank, in my own State. The capital paid in was $4,000,000. The gross earnings were $7,500,000. The expenses were $1,355,000. The total net earnings were $6,000,000, or $2,000,000 more than the capital stock. What per cent is that? Nevertheless, my stately friend from Utah [Mr. SMOOT] seemed to be indignant that anybody was charging corporations with making excessive profits. But this report relates to last year, and it is the Government making these huge profits. If the Government profiteers, then private corporations will profiteer.

Take the Chicago bank. The capital stock was less than $14,000,000. The net earnings were $25,000,000. What per cent was that?

Let us go on to St. Louis. The capital stock was slightly less than $3,500,000. The total net earnings were $5,250,000.

Take Kansas City, Mo. The capital paid in was $4,500,000 in round numbers. The total net earnings were $5,500,000.

Take the Dallas (Tex.) bank. The capital was slightly less than $3,500,000. The total net earnings were $1,678,000.

Take the San Francisco bank. The capital paid in was less than $7,500,000. The total net earnings were $10,000,000. What percentage is that? What is that but an excessive profit, and why should the Government be maintaining a lot of bankers on the board here at the head of the regional banks robbing the people in this way? It is not legitimate business. It is robbery under the forms of law.

Consider the salary list of the reserve bank in New York as given by the Washington Times of October 21, 1921:

"The list of salaries paid officers of Federal Reserve Bank of New York, indicating increases paid in salaries from time of their employment to 1920–21, follow: Benjamin Strong, $30,000 to $50,000; Pierre Jay, $16,000 to $30,000; J. H. Case, $20,000 to $30,000; E. R. Kenzel, $4,000 to $25,000; L. F. Saller, $7,000 to $25,000; G. L. Harrison, $4,000 to $22,000; L. H. Hendricks, $6,000 to $18,000; Shephard Morgan, $5,000 to $15,000; A. W. Gilbart, $1,800 to $12,000; J. D. Higgins, $2,500 to $12,000; J. W. Jones, $2,500 to $12,000; L. R. Rounds, $2,000 to $12,000; J. L. Morris, $9,000 to $12,000; W. D. Matteson, $1,500 to $10,000; A. J. Lins, $1,500 to $10,000; G. E. Chapin, $1,500 to $9,000; W. H. Jefferson, $3,000 to $8,000; J. E. Crane, $1,500 to $7,500; W. H. Hamilton, $1,500 to $7,500; R. M. O'Hara, $1,500 to $7,500.

"I have been told," continued Mr. Williams, "that 60 per cent of those 'officers' never received over $1,500 to $2,500 before they came to the reserve bank, but they are now drawing salaries as high as those paid to Cabinet officers.

"The salaries paid to about 30 'officers' by the New York Federal Reserve Bank, exclusive of the salaries of other employees, amount to about as much as the combined salaries of one-half of the Members of the United States Senate plus the salaries of the President and Vice President of the United States."

You would be astounded if I should give you a list of the salaries these men pay themselves. I will read only a few. This one relates to the Boston bank. The officers paid themselves for the year $116,000. They paid the clerical force $784,000. They paid special officers and watchmen $20,000, and for printing and stationery $65,000. There is a final item for "all other expenses," and no items were given. We have to itemize our mileage accounts, and are limited as to our stationery; but these bank officers took $65,000 for stationery, and then grouped under "all other expenses," without a single item being given, $60,000 for one year.

There is a list of the examiners on page 280, one at $16,000 per annum, another at $12,000, two at $10,000, and so on for the 19 different examiners, whose aggregate salaries are $149,000 a year. Every one of those banks, including the bank of Atlanta, is managed in that same extravagant way.

I noticed that the legal services paid in New York, as I now remember, the sum of $9,000, while Boston paid $3,000, and that in Atlanta they paid their lawyers $8,000. The Atlanta bank paid $80,000 for printing and stationery. They were squandering the people's money.

At the same time that the currency is being contracted and enormous injury inflicted upon the valuation of property, Gov. W. P. G. Harding says that the circulation has not been reduced. Mr. President, I examined and have here now in my desk his own report for August of this year, which shows that since August of last year he has contracted the currency $500,000,000; or, to put it more understandingly, perhaps, to the ordinary person who may hereafter read what I have said on this subject, it means less money by $5 apiece for the use of every man, woman, and child in the United States; and that was done in one year.

Those who would look carelessly or casually at the Treasury reports would think we have in circulation something like $50 per capita. The Bank of Venice, which was founded in 1171 and lasted until 1797—when Napoleon Bonaparte crushed it with the military heel at the dictation of Parisian bankers—circulated $80 per capita. Venice was the richest country on earth under that circulation, and she had no gold standard, either. It was a circulation of governmental credit, paper, if you please, and for more than 500 years Venice led the commercial world in the rich commerce of the Near East and of the Mediterranean.

As shown in the official reports, nearly half of the money which we suppose to be in circulation is held in the bank vaults

as reserves and is not in circulation at all. We have not more than $20 per capita in actual use. We have taken the blood out of the arteries of trade, and the operation has been sudden and heroic, and the results have been sudden and disastrous. The figures may be found on page 20 of the official report of the Comptroller of the Currency for 1920.

I also made the statement that the manufacturers had made, every year, more net earnings than all of the millions and millions and millions of people, young and old, black and white, had ever made in agriculture during any year.

I repeat that the United States Steel Corporation, according to its own published report, make more clear profits per year than all the farmers make any year. That is an astounding statement, but I am prepared to prove it by governmental reports and by the reports of the United States Steel Corporation itself. We have a great mountain of gold rapidly approaching $3,500,000,000 piled up, useless, dangerous, an Ararat upon whose summit no ark of safety rests for the human race, while the floods are pouring over the earth. It is a fearful situation.

Mr. President, why can not some of this money be put in circulation? Why not relieve the people of this enormous taxation? Why not do it now? As I said, the published program of the Republican Party was to relieve the people who make excessive profits. If there is a class of people in the country who can make excessive profits, it must be that the law gives them an advantage over their fellow citizens. There is no other explanation to be given.

This money power which is now enthroned is exactly the same that was combated in Washington's Cabinet by Edmund Randolph and Thomas Jefferson. It was put upon the country by Alexander Hamilton. The old bank died, as we all know, by the expiration of its charter. Then the money power came back, and during the time of President Andrew Jackson a bitter fight was made on the floor of the Senate against the renewal of the charter which was advocated by Henry Clay and Daniel Webster, large debtors of the bank. Thomas H. Benton succeeded in carrying the Senate with him, backed by the tremendous influence of Andrew Jackson, and the recharter measure was killed. But Mr. Benton said then, "The snake is not dead. It is only scotched. It will come back." It has come back.

There live in literature, and always will live there, some classical speciments of oratory of the highest sort, and the majority of those masterpieces of human speech are denunciations of the money power. Students in college and elsewhere read and recite, thrilling themselves and their audiences as they do so, the immortal indignation expressed in the words of Cicero when he denounced the depredations committed in Sicily by a Roman proconsul by the use of the money power. I said here once before that Julius Cæsar had grappled with the money power and was trying to destroy it, at the time the usurers conspired against him and killed him in the senate chamber. Froude's Cæsar relates the facts.

As Adam Smith says, in his Wealth of Nations, page 73, Brutus was lending money at 48 per cent; but here the Government's report shows that the Government itself is robbing our people of from 100 to 1,000 per cent every year in these Federal reserve banks.

Mr. McAdoo said the Coal Trust was robbing the people of a thousand per cent a year. I wish he had said it when he was in office. He said it after he got out of office, and that discounts his statement somewhat. Still their published reports show dropsical profits not good for them, harmful to the country.

In national wealth there is an increase of about 9 per cent a year. When any one corporation, or group of corporations, gets more than 9 per cent, there are millions of men just as deserving, just as patriotic, who are getting less than 9 per cent. The division is inevitable, and it should be equitable. As I said this morning, while the Senator from Massachusetts [Mr. WALSH] was addressing the Senate, no one should be allowed to make excessive profits. There is a crime in excessive profits, just as Sam Jones, our immortal evangelist, used to say that God only knew how much damnation there was in a good bargain. It is a thought that goes deep. When one man gets advantage of another in a trade and swindles him, he does it on purpose, and it is a crime that involves moral turpitude.

I will remind Senators that the finest oration, perhaps, in the English language is Edmund Burke's arraignment of the East India Co., which had been robbing the Hindus. The subject of that speech, if Senators wish to look it up, is The Nabob of Arcot's Debts; and all Senators will remember the splendid peroration with which the great Irishman wound up his arraignment of Warren Hastings, at the bar of the House of Lords in England.

The same kind of speeches were made in France when the privileged few of church and state were robbing the producers of four-fifths of all that they could bring forth by their industry. The king had, as a last resort, to call the people together in congress, the states general. There came up the representatives of the third estate, and their complaints were the same that we are making here now of the outrageous taxation of the poor in behalf of the rich and privileged. The speeches that were made in behalf of those suffering people were so moving, appealing then as they did to the whole world, that on one night in August—August 4, 1789—a sort of epidemic of patriotism and self-sacrifice broke loose in the great constituent assembly of France, and one after another the nobles, who had been enjoying these privileges, renounced them, until not one was left. France adopted her declaration of the Rights of Man, as fine a state paper as the Virginia Bill of Rights, which in my judgment is finer than our Declaration of Independence.

Once upon a time, Jesus Christ lost his temper and committed assault and battery upon the money changers in the temple of his race, in the holy place which the bankers, the men of the money power, had invaded and desecrated by plying their trade in the house of worship. The lowly Nazarene lashed them with a scourge, as we are lashing them here with our tongues.

I will say that I am a conservative business man myself and have been so all my life, but the manner in which I and my people have been robbed by this money power makes me see red. If these men high in position who are contracting our currency and taking away the sinews of business do not take heed in time, some sort of scourge is going to fall on them, and it will fall heavily. Our people are not always going to be robbed of what they make and of what their wives and daughters help them to make. They are not always going to eat bread, while others live in luxury on the surplus products of the country. They are not always going to be insufficiently clothed, while the pampered few have more than their share and more than any human being can properly use. The time limit will come sooner or later, and I look for it to come just as it came in England, just as it came in France, just as it came in Germany, just as it came in Russia, when no clouds were on the horizon and when the sun shone clearest. It will come.

Mr. KING. Mr. President, will the Senator yield?

Mr. WATSON of Georgia. Certainly.

Mr. KING. I have not heard all of the Senator's speech, but he just alluded to the contraction of the currency. I am not sure just what the Senator had reference to. I call the attention of the Senator to the fact that our gold supply was never greater than at present, and the issue of paper money—and I use the term paper money as representing all types except metallic money—was never greater per capita than at present, except for a few months at the peak of the war. The circulating medium of the United States to-day being considerably more than $50 per capita, as the Senator knows, is greatly in excess of what it was during our days of prosperity before we went into the war. For information, I should like to know what the Senator particularly had in mind when he alluded to the contraction of the currency.

Mr. WATSON of Georgia. Mr. President, I am sorry that my friend the Senator from Utah was out of the Chamber when I explained that very thing.

Mr. KING. Then, I shall not ask the Senator to repeat it.

Mr. WATSON of Georgia. The Senator is suffering under what is a very general misunderstanding as to the volume of currency. He is not allowing for the fact that the required bank reserves in the vaults of the national banks amount to $450,000,000; in the vaults of other banks and trust companies, under State supervision, $626,000,000; and in the Federal reserve banks, $960,000,000. If the Senator will rapidly add up those sums in his head, he will see that those reserves take out of circulation about one-half of the volume of our money. I alluded to the very figure which the Senator used, namely, that most people seem to think we have $50 per capita in circulation, whereas the Bank of Venice, as I have said already, had $80 per capita in circulation. We do not have in actual circulation more than $25 per capita at the outside; I think it is nearer $20.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from Georgia yield to the Senator from New Mexico?

Mr. WATSON of Georgia. I yield, with pleasure.

Mr. JONES of New Mexico. I think I may state from recollection that only a day or two ago the last report of the Treasury Department which I saw stated the maximum circulation had been $58 and some cents per capita, while now it was $52 and some cents, showing a reduction of about $6 per capita, or in the neighborhood of 10 per cent.

Mr. OWEN. What the Senator from Georgia says is true, however, that the moneys which are supposed to be in circulation, and which are stated by the reports to be in circulation, are not in circulation as a matter of fact. The very figures show that they are tied up as reserves and not available as circulation. The figures also show that during the last year the currency which we had based upon commodity bills has contracted over a thousand million dollars.

Mr. WATSON of Georgia. Mr. President, the Senator from Oklahoma [Mr. OWEN] is perfectly correct, and the Senator from New Mexico [Mr. JONES] has taken the face of the figures, without taking into consideration the reserves which are required by law.

Mr. JONES of New Mexico. I may add that I merely stated what I did as the showing of the Treasury Department itself, and I did not intend to make the statement as indicating any opposition to the views of the Senator from Georgia. I think the Senator from Georgia is quite right in presenting the argument which he is presenting.

Mr. OWEN. Mr. President, if the Senator from Georgia will pardon me, the point of his argument is the more emphasized, because that which has the same effect as a contraction of the currency—that is, the contraction of credit—has taken place on a perfectly gigantic scale in this country under the policy of the Federal Reserve Board, against which policy on three separate occasions I have entered my solemn protest in this Chamber, beginning in January two years ago. The Federal Reserve Board then began to raise the discount rates; they began to use their influence over the country and to exercise that influence upon member banks and upon the directors of member banks and upon the business men of this country until their false policies have paralyzed the credit of the country.

Mr. WATSON of Georgia. The Senator from Oklahoma is correct. He can prove every word that he has said, just as I can prove every word I say.

The Senator from Alabama [Mr. HEFLIN] alluded to the fact that 98 per cent of the wealth of the country was owned by 2 per cent of the population. He may not have recalled the coincidence that that was the exact proportion of concentrated wealth at the time of the downfall of the Babylonian Empire.

Mr. HEFLIN. If the Senator from Georgia will permit me, I do not think he caught all that I said just at the point to which he refers. I said that at the time when Rome fell 2 per cent of the population owned 98 per cent of the wealth, and that if present conditions continued it would not be long before 3 or 4 per cent of the people would own 90 per cent of the wealth of the United States.

Mr. WATSON of Georgia. To that extent I did misunderstand the Senator; but it is a well-known fact, Mr. President, to every student of economics that civilization can not be maintained, a State can not be maintained, where the greater number of the people are destitute; it simply can not be done. Here [exhibiting] in the finest work on civilization that I have ever read, by the Frenchman Du Coudray, a standard work, he distinctly corroborates what the Senator from Alabama said, to wit, that the Roman Empire fell, not so much on account of the barbarians as because of the concentration of wealth in the hands of the few that enervated the Roman rich and deprived the country precincts of population.

It is a well-known fact that the great miasmatic plains which are now inhabited by cattle and a few herdsmen who do not dare to sleep on the plains at night—the Roman Campagna—was once as flourishing as the garden which the church of the Senators from Utah has made out of a sandy waste. Those plains of Italy became depopulated because the present proprietor was wiped out by the land grabber, the land monopolist, by the usurer. It is literally a fact that the Roman Empire was eaten out from within by the usurer. I am citing these facts to Senators now with no hope of their having any effect here, but with some hope that they will have an effect upon the country. I say that the 30,000 corporations which admittedly make excess profits do so at the expense of the unprivileged. Those excessive profits ought to be taxed out of their pockets and put into the pockets of Uncle Sam, and the enormous profits and expenses of the Federal reserve system should be made illegal; indeed, if I had my way, I would stamp the life out of the whole system right now.

It has always been a characteristic of chaos when the power to coin money was vested anywhere except in the Government. During the Dark Ages every feudal lord claimed the right to administer justice, "the low, the middle, and the high," and to coin money. The crowning work of the great Cardinal Richelieu was to break the power of those feudal lords and bring them into subjection to the Crown; he took away from them the right to coin money.

Mr. President, it is a fact that the privilege of private citizens to coin money never passed from the hands of the Crown in England until the time of Charles II, when the goldsmiths of London—who were then her bankers—bribed one of the courtesans of that dissolute king to persuade him into granting them the privilege to coin money for use in Hindustan. She did what she was paid to do, and the act carrying that privilege, taking that much sovereign power away, stipulates the bribe that was paid to that woman by the goldsmiths. Since then, bankers everywhere consider crazy, in a sense, the man who says that they should confine their business to making loans, receiving deposits, making discounts, effecting exchange, and so forth. That is what banks are for. It was never intended that banks should rule the country through the agency of a money monopoly. Did not the National Government tax our State banks out of existence by a 10 per cent tax? That tax still exists, and no State bank can issue or control money.

The power to coin money and control it is an attribute of sovereignty; as much so as the power of the President and the Congress to declare a war and make peace; as much so as the right to establish post offices and post roads; as much so as to say how many soldiers shall serve under the flag, how many sailors and marines shall man our battleships. We have abdicated to private greed, which never becomes satisfied, whose appetite is insatiable—as cruel as the grave and as inevitable as death—a sovereign power.

This country will never be free and prosperous in any commercial or industrial sense, even if in a political sense, while this system remains. Those in charge of the Federal reserve system spend millions of dollars every year on a publicity agency, but I doubt very much whether the Senator from Alabama could get half a column in any daily paper in his State or if I could get half a column in any daily paper in my State for just such an attack as he has made and as I have made on them to-day, which attack I mean to repeat unless the Finance Committee brings out the resolution which I introduced requesting the President to remove these robbers from office.

Mr. HEFLIN. Mr. President, will my friend from Georgia yield to me for a moment?

Mr. WATSON of Georgia. Certainly.

Mr. HEFLIN. I made a speech here some weeks ago—the Senator was present when I made it—in which I accused the governor of the Federal Reserve Board of misrepresenting the Democratic nominee for President, Gov. Cox, as to what Gov. Cox had said to him about indorsing the deflation policy. I also read an editorial from the Washington Times charging the governor of the Federal Reserve Board with going over to the Republicans last fall during the Democratic campaign and voting the Republican ticket, and not a line about either one of them ever got into the daily press—not a line.

Mr. WATSON of Georgia. Which bears out my statement that their money controls the press—at least to a certain extent. They will not publish anything that you say against them if they can possibly prevent it, and if they do publish it it is apt to be a misrepresentation or a distortion or a garbled extract.

Mr. HEFLIN. If my friend will permit another interruption——

Mr. WATSON of Georgia. Certainly.

Mr. HEFLIN. I know a Senator in this body who received a letter the other day from a very responsible man in the country who charges the Federal Reserve Board with having a publicity bureau in Washington, the chief of which is paid $15,000 a year, and others who assist this man on down—I do not know what their salaries are, but it is charged in that letter that that situation exists now in the Capital of the country. Perhaps that accounts for the fact that we can not get this information to the country.

Mr. WATSON of Georgia. I think it quite likely. Just such an agency could not serve these criminals any better; and when I use the word "criminals" I mean it. They are criminals. Any set of men who would take the Government's power to issue and control money and then use it to give themselves incredible salaries, wasting it with profligacy, almost larceny after trust—any set of men who would make for themselves with a governmental agency profits running from 100 per cent to 1,000 per cent are not honest men. They do not know the first instincts of honesty.

They are at least as bad as the men whom Christ drove out of the temple in Jerusalem. They are at least as bad as the robber that Sheridan and Fox denounced in the English Parliament. They are at least as bad as the men that were denounced

in the French Assembly. They are at least as bad as the men that Andrew Jackson denounced in his veto message. They are at least as bad as the men that Thomas H. Benton denounced on the floor of the United States Senate.

I have asked the President to remove them. The resolution is before the committee. I mean to bring up this subject from time to time until we get some sort of action, or I will endeavor to get unanimous consent here some day to consider that resolution. We will have a record vote on it and we will see who are for the people and who are for these robbers.

The VICE PRESIDENT. The question is on the amendment of the Senator from Rhode Island [Mr. GERRY] to the amendment of the committee.

Mr. GERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. I am unable to obtain a transfer and therefore will have to withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HALE (when his name was called). I have a pair with the senior Senator from Tennessee [Mr. SHIELDS], which I transfer to the senior Senator from Iowa [Mr. CUMMINS], and will vote. I vote "nay."

Mr. HARRIS (when his name was called). I have a pair with the junior Senator from New York [Mr. CALDER], who is absent, and therefore am not at liberty to vote. If at liberty to vote, I should vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I understand that he is absent on official business. I am unable to get a transfer, but if at liberty to vote, I should vote "yea."

Mr. KING (when his name was called). I have a general pair with the Senator from North Dakota [Mr. MCCUMBER]. He is not present, so I am not able to vote. If at liberty to vote, I should vote "yea."

Mr. STERLING (when his name was called). I have a pair with the Senator from South Carolina [Mr. SMITH]. I transfer that pair to the Senator from North Dakota [Mr. LADD] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], who is absent. I transfer that pair to the junior Senator from Delaware [Mr. DU PONT] and will vote. I vote "nay."

Mr. SWANSON (when his name was called). I am paired with the senior Senator from Washington [Mr. JONES]. I do not know how he would vote if he were present, consequently I can not vote. If I were at liberty to vote, I should vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT], who is absent. Being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. DIAL. I have a pair with the Senator from Colorado [Mr. PHIPPS] and therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

The result was announced—yeas 28 nays 46, as follows:

YEAS—28.

Ashurst	Hitchcock	Overman	Simmons
Broussard	Johnson	Owen	Stanley
Caraway	Jones, N. Mex.	Pittman	Underwood
Culberson	Kendrick	Pomerene	Walsh, Mass.
Gerry	La Follette	Ransdell	Walsh, Mont.
Glass	McKellar	Reed	Watson, Ga.
Heflin	Myers	Sheppard	Williams

NAYS—46.

Borah	Frelinghuysen	Moses	Spencer
Brandegee	Gooding	Nelson	Stanfield
Bursum	Hale	New	Sterling
Cameron	Kellogg	Newberry	Sutherland
Capper	Kenyon	Nicholson	Townsend
Crow	Keyes	Norbeck	Wadsworth
Curtis	Lenroot	Oddie	Warren
Dillingham	Lodge	Page	Watson, Ind.
Edge	McCormick	Penrose	Weller
Ernst	McKinley	Poindexter	Willis
Fernald	McLean	Shortridge	
France	McNary	Smoot	

NOT VOTING—22.

Ball	Elkins	King	Shields
Calder	Fletcher	Ladd	Smith
Colt	Harreld	McCumber	Swanson
Cummins	Harris	Norris	Trammell
Dial	Harrison	Phipps	
du Pont	Jones, Wash.	Robinson	

So Mr. GERRY's amendment to the amendment of the committee was rejected.

Mr. LENROOT. Mr. President, in reference to the amendment of the Senator from Rhode Island [Mr. GERRY], which was disagreed to a moment ago, I would like to read a statement concerning the effect of the bill as it now stands upon incomes of less than $5,000. It is as follows:

Under the bill as it now stands, a married man without dependents having an income of $3,000 per year now pays $40. Under the pending bill he will pay $20, a reduction of 50 per cent.

If his income is $4,000 per year now he pays $80. Under the pending bill he will pay $60, a reduction of 25 per cent.

This assumes a married man without dependents. If he has dependents, the reduction would be proportionately greater.

If his income is $5,000 per year he pays $120. Under the pending bill he will pay $100, a reduction of 16⅔ per cent.

If his income is $6,000 per year he pays $170 per year. Under the pending bill he will pay $160, a reduction of about 6 per cent.

If his income is $50,000 per year he pays $9,190 per year. Under the pending bill he will pay $8,640, a reduction of 6 per cent.

If his income is $100,000 per year he now pays $31,190. Under the pending bill he will pay $30,140, a reduction of about 3⅓ per cent.

If his income is $1,000,000 he now pays $663,190. Under the pending bill he will pay $550,640, a reduction of about 17 per cent.

The greatest reduction in percentage therefore is the married man with an income under $3,000 per year.

I may say that if a man has an income of $2,500 per year under the pending bill he is relieved of all taxes, a reduction of 100 per cent.

The next greatest reduction is under $4,000 per year, and the reduction given the man with an income of $5,000 per year and the man with a million dollars a year is about the same.

The smallest reductions in the bill apply to the man between $6,000 per year and $100,000 per year.

Mr. President, it is the man with an income between $5,000 and $8,000 who really receives the smallest proportionate reduction under the bill, but the amendment of the Senator from Rhode Island, which has been disagreed to, proposed to apply a lower normal rate up to incomes of $15,000, at different rates.

Under the bill as it now stands the man with an income of $10,000 gets a reduction of 12 per cent, as under the existing law; with a $12,000 income he gets a reduction of 13 per cent; and with a $14,000 income he gets a reduction of 15 per cent. So if the amendment of the Senator from Rhode Island had been adopted it would have given the man with an income between $10,000 and $14,000 a much greater reduction proportionately than it would have given the man with an income under that sum.

Mr. HARRIS. Mr. President, I offer the amendment to the amendment of the committee which I send to the desk, and ask that it be read.

The VICE PRESIDENT. The Secretary will read the amendment to the amendment.

The READING CLERK. On page 23, line 2, after the word "centum," strike out the period and insert a colon and the following:

Provided further, That upon that amount of the net income which is received from the labor or personal service of the taxpayer the rate upon the first $4,000 or fraction thereof of such excess amount shall be 2 per cent and upon the second $4,000 or fraction thereof of such excess amount 4 per cent. In ascertaining the income subject to the tax imposed by this proviso the credits provided in section 216 shall be first allowed against such income received from the labor or personal service of the taxpayer, and in computing net income the deductions provided in section 214 shall be properly apportioned under rules and regulations prescribed by the commissioner, with the approval of the Secretary, between such income from the labor or personal service of the taxpayer and other income.

Mr. HARRIS. Mr. President, this amendment to the amendment makes a difference between earned and unearned incomes in the first and second $4,000 and fraction thereof of income. It is not just to tax a man receiving his income from bonds, rents, interest, or like sources, the same as we tax the man who labors or performs personal services for his income. The income of a man who labors depends upon his health and many other things, while the income of the man who has bonds, or gets his income from rents, is not. When the income tax law was passed, Mr. President, it was not intended that the man who worked and received a small income should be taxed; it was intended to tax the man with a large income. This amendment would make the tax just half upon the first $4,000 and the second $4,000 of his income from labor or personal service. Under the provisions of this bill the large incomes from wealth have been lowered, and I am trying to lower the tax on those who work for their incomes, most of which is taken up in the expenses of living.

Mr. TOWNSEND. I would like to ask the Senator from Georgia, in explanation of his amendment, if the services of a Representative or a Senator are regarded as personal labor or activity?

Mr. HARRIS. Mr. President, personal services would include the services of professional men, and the reference to labor would include all those who labor.

Mr. TOWNSEND. Where would a Congressman come in?

Mr. HARRIS. I should think it would include a Congressman. He has to labor for his salary.

Mr. ASHURST. Mr. President, I see justice and merit in this amendment. All labor, whether of hand or brain, is honorable and useful, but no one will contend that the blacksmith and the lawyer should be held strictly to the same rule, because a blacksmith uses his muscle and his thews and his sinews. His labor is debilitating. No one will say that, while we labor diligently here in the Senate, our labor is as debilitating and is as wearing as that of the man who works 12 or 14 hours in a mill or in a steel factory. So, while there is merit in this amendment, I think it would be better if it had one additional feature added to it, and I hope the Senator will accept this amendment and perfect his amendment accordingly, so that it will read:

That upon that amount of the net income which is received from the labor or personal service of the taxpayer, other than salaries paid by the United States, etc.

I hope the Senator will accept that.

Mr. HARRIS. I shall be very glad to accept that amendment, Mr. President.

Mr. ASHURST. Then, Mr. President, after the word "service," in line 2, add the words "other than salaries paid by the United States."

Mr. PENROSE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I yield.

Mr. PENROSE. I only wanted to make a statement about the proposition.

Mr. ASHURST. Of course, I will sit down at once if the Senator wants to talk.

Mr. PENROSE. I only wanted to say, Mr. President, if the Senator will permit, that not only in the course of the consideration of the pending bill, but in the course of the preparation of the bill which is now the law, the question of earned and unearned incomes was most exhaustively considered by the committee, by the Senate, and by the Treasury Department, and the opinion was nearly unanimous on the part of all who have examined it that any such provision is impossible of administration. Undoubtedly it is plausible, and on its face conclusive as to certain phases, but as a general proposition it is absolutely impossible of practical administration, in my opinion, and in the opinion of every one conversant with the subject with whom I have talked. I therefore hope, in the interest of effective legislation, that the amendment will not be agreed to.

Mr. SIMMONS. Mr. President, this question of the differential in favor of earned incomes compared with investment incomes is one which has received consideration from the Finance Committee in the past and about which there has been discussion in this Chamber in the past.

When we were preparing the bill of 1918 and the question was raised in the committee, it presented many complications, and because of the hurry under which that bill necessarily was framed and passed no serious effort was made to work out a practical system of taxation for unearned incomes as distinguished from investment incomes; but I recall distinctly that the committee at that time was sympathetic with the suggestion that in fairness and justice there should be a difference, and when the idea was raised upon the floor of the Senate and pressed with considerable vigor I recall that I, as chairman of the committee at that time, made the statement that the committee had considered it, but on account of the difficulties of framing a good system in the midst of the pressure of haste under which we were then acting, while the committee sympathized with the suggestion, no action had been taken.

No action of a general character was taken, but the act of 1918 recognized the principle for which the Senator from Georgia now contends. When we went to work to frame the provision of the bill with reference to personal-service corporations, I think, as the Senator from Wisconsin probably will remember, there was discussion to the effect that personal-service earnings ought not to be put upon the same basis as investment earnings, and while we were not able to formulate a general system at that time, we did recognize that the earnings of personal-service corporations ought not to be taxed as highly as the earnings of investment corporations, and in order to adjust that question so far as we could as it respected personal-service corporations, we deliberately provided that personal-service corporations should be treated as partnerships to the end that they might be exempt from excess-profits taxes. That was done for the express purpose of differentiating the earnings of individuals brought about through the exercise of their mental or their physical powers from the earnings of a corporation which invested nothing but money.

Mr. WALSH of Montana. Mr. President——

Mr. SIMMONS. I yield to the Senator from Montana.

Mr. WALSH of Montana. In view of the statement made by the Senator from Pennsylvania a few moments ago as to the impracticability of carrying out such a system as is proposed by the amendment printed by the Senator from Georgia, I inquire of the Senator whether the provision of the law to which he now adverts has been found impracticable of operation.

Mr. SIMMONS. It has not been found impracticable of operation. It has operated very justly and very fairly. The idea I mean to convey to the Senate is that while we at that time did not undertake to work out a comprehensive system of differentiation between those two classes of earnings, we found that such could be easily accomplished as far as it applied to personal-service corporations, and having thus found, we so applied the principle in that particular. We exempted them from excess profits for no reason in the world except that we recognized the principle that the earnings of a man's hand and the earnings of his brain ought not to be taxed upon the same principle and to the same extent as the earnings of mere dollars. So that it can not be said, as the chairman of the committee has suggested, that it has been found impracticable. It was not found impracticable, to that extent, nor is it impracticable when applied to the extent that the Senator from Georgia proposes.

Mr. LA FOLLETTE. Mr. President——

Mr. SIMMONS. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. The Senator from North Carolina, of course, knows well that Great Britain has maintained exactly this system of taxation for scores of years.

Mr. SIMMONS. Exactly, and I was going to refer to that. I thank the Senator for reminding me of it.

It would require considerable time to work out a complete system to make this differentiation all along the line, but the instance to which I have referred was one where it could be easily done, and this is another instance where it can be easily done. All the Senator from Georgia proposes is that the earnings of a man's hand and the earnings of a man's brain shall, up to $4,000, pay but 2 per cent as a normal tax, as compared with the 4 per cent normal tax up to that amount if earned upon investment, and that between $4,000 and $8,000 shall pay a tax of only 4 per cent by way of normal tax so earned, as compared with 8 per cent if earned upon investment, just one-half as much. It is only to apply to those small earnings of not more than $8,000.

As to earnings of that character, we must recognize the fact that the majority, probably, of taxpayers, if not the majority then a very large per cent of taxpayers, are those whose taxable incomes are only $4,000 to $8,000 and who earn that $4,000 to $8,000 by personal service.

When we reach the higher brackets the earnings from personal service are small compared with earnings from investment, but in the low brackets to which the Senator's amendment applies earnings are largely those of labor, physical labor, trained physical labor, and intellectual labor. I hope the day has not come in the United States when we are to refuse to treat the earnings that come as the result of human effort, earnings that represent the heart throbs of a man, earnings that represent so much taken out of every man's life in many instances, on a different basis from investment earnings, or when we shall say that they shall be estimated no higher than the earnings made out of dollars and cents.

Mr. ASHURST. Mr. President, will the Senator yield to me at that point?

Mr. SIMMONS. With pleasure.

Mr. ASHURST. This same humanitarian impulse makes itself manifest in the State statutes of many States in that all personal earnings in many, if not most, of the States are exempt from attachment except for certain kinds of debts. To the carpenter's tools the same rule applies. It is a humanitarian statute, which attempts to get away from the harsh old rule where the workman debtor's last penny could be taken, the old English rule where the very furniture upon which the family served their simple meals could be taken, the bed upon which the woman who was ill could be taken. This is along the same humanitarian line. It is the personal earnings, as the Senator has well said, which represents the sweat and life and strength of the individual. We should have a care to it. It is not special legislation to have a regard for such earnings.

Mr. SIMMONS. The differentiation is small. It applies only to small earnings and small incomes.

Mr. WATSON of Indiana. Mr. President, will the Senator permit an interruption?

Mr. SIMMONS. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. On the other hand, take an estate where bonds, for instance, have been left to a widow and orphans. Under the provisions of the amendment proposed they would be taxed a higher rate up to the $8,000 than the salary of the Congressman.

Mr. SIMMONS. If their income was made from money.

Mr. WATSON of Indiana. Or the salary of the President about whom we have heard to-day. On the other hand, whatever may be said of the general merits of the proposition as a theoretical scheme, suppose a grocery where there are two partners and they have certain earnings taxed at a certain rate. Suppose those two partners form a corporation and are then taxed on their income. The Senator sees, does he not, that in the case of a corporation they would be taxed at a lesser rate than in the case of the individual partnership? What justice can there be in a proposition of that kind?

Mr. SIMMONS. I do not know that I follow the Senator. The Senator said as a corporation they would be taxed less.

Mr. WATSON of Indiana. Certainly at a higher rate because taxed on the dividends.

Mr. SIMMONS. The Senator means the income tax imposed upon a corporation. I do not follow the Senator clearly.

Mr. WATSON of Indiana. I mean the dividends declared to the individual from corporate income taxed to the individual.

Mr. SIMMONS. That is, dividends derived from investment?

Mr. WATSON of Indiana. Certainly.

Mr. SIMMONS. And the Senator from Georgia proposes to tax them higher than the income derived from personal service. That is what the Senator from Georgia proposes and exactly what I say is fair. If the taxpayer made his income from his corporate investments, then he is taxed 8 per cent; but if he made it from his personal service he is taxed a lesser rate.

Mr. WATSON of Indiana. But in a close corporation like the one I spoke of, the earnings are made quite as much by personal service in the corporation as in the partnership.

Mr. SIMMONS. But in the corporation they pay him a salary, and that salary represents personal earnings.

Mr. WATSON of Indiana. They might or might not pay him a salary.

Mr. SIMMONS. If he does not charge a salary, then he has no personal earnings in that corporation except as they might be absorbed in the total earnings of the corporation. But in the other case, if a salary is paid to the members of a partnership, that salary would be subject to the smaller tax rate which the Senator from Georgia proposes. If a salary is paid him for his work in the corporation that salary would be taxed at a lesser rate, which the Senator from Georgia proposes.

Mr. WATSON of Indiana. And in the case of all these estates?

Mr. SIMMONS. In every case, if the Senator will pardon me, where income is compensation for personal services, whether it be by way of salary or day wages, it will be taxed according to the lesser rate which the Senator from Georgia provides, but in every case where the income has no connection with the personal services of the man who draws it, but represents merely the dollars that he has put into that business, then it is taxed at the higher rate.

Mr. WATSON of Indiana. Of course, the Senator has already admitted that in the case of an estate where money is left to widows and orphans under this arrangement they would be taxed a higher rate than applies to the salaries of the Members of Congress.

Mr. SIMMONS. Why, of course, if the income was derived from property which they owned.

Mr. WATSON of Indiana. Certainly; or bonds.

Mr. SIMMONS. We can not make a law to impose a different rate upon the earnings of a widow's property than upon the earnings of a man's property. That is begging the question. That gets us nowhere. Of course, the case of the widow appeals to us, but we can not make a law to differentiate between the tax upon the earnings from her property and the tax upon the earnings from a man's property, and the Senator knows that. That is too plain to be argued.

Mr. REED. Mr. President——

Mr. SIMMONS. I yield to the Senator from Missouri.

Mr. REED. How does that argument lie in the mouth of the Senator who just made it when he is advocating a bill now—the present bill—which does not make the distinction which he urges?

Mr. SIMMONS. Of course, no law ever has.

Mr. REED. His argument against this proposition is that it does not make a distinction which his own bill does not make.

Mr. WATSON of Indiana. What I am asking for is uniformity. The Senator from Missouri is mistaken about that. I am asking for uniformity of taxation. The Senator is seeking here to discriminate. Not only that, but I believe his proposition is unworkable.

Mr. SIMMONS. We have not yet worked out an entire comprehensive system, but we found the principle not unworkable when we applied it to incomes of personal-service corporations. For the same reason it will not be unworkable when applied to the limited extent proposed in the amendment offered by the Senator from Georgia.

Mr. SWANSON. Mr. President, as I understand, it has been worked out in Great Britain.

Mr. SIMMONS. Yes; but it will take time to work it out here.

Mr. SWANSON. Great Britain has worked it out, and her success would seem to justify us in trying it.

Mr. SIMMONS. The only reason why the committee in 1918 did not attempt to work it out—because I say now, as I said upon the floor of the Senate when that bill was up, that the committee had sympathy for the suggestion—was because we were hurried and we recognized it would require considerable time to work out a comprehensive system, and hence we did not undertake to do it at that time. I said upon the floor of the Senate that thereafter that question would confront us and we would have to solve it; and, indeed, we shall have to solve it.

Not only have we given the question consideration in the Senate in recent years and partially worked it out, but there are many States in the country that adopted the system and where it is in operation to-day. In my own State in the last campaign it was an issue. I discussed it upon the stump in that State just in the way I am discussing it here now. I said then as I say now that it is an outrage and an injustice of the grossest kind to impose the same taxes upon the earnings of a man's heart and brain and soul that are imposed upon a dollar.

There ought to be a differentiation, and in my State we decided so. Many other States in the Union have so decided. I think the great State of New York to-day has a system of that kind. There are many countries in the world to-day that have systems of that kind. My own information is that Great Britain has a system of this sort radically differentiating between incomes derived from personal service and human effort and incomes derived from the investment of money.

Mr. President, the Senator's amendment does not go very far, and it is entirely practicable. It will be easily applied; it will give relief as to earnings up to $8,000 that are made by human effort. I think the Senator has put his finger upon a point where, more than in any other instance of which I can now think, the relief proposed will be of wide application. It will be small, it is true, but in that $8,000 of first earnings is embraced, Mr. President, a large part of the money which is made in this country year after year by the personal efforts of human beings. The Senator, in my judgment, has done a distinct service in suggesting a way by which we may recognize the right of the men making small earnings to different treatment from that accorded those who make other millions out of the investment of their millions.

Mr. HARRIS. Mr. President, I wish to ask the Senator from Indiana [Mr. WATSON] if he would be willing to support the amendment if there should be added a provision including the income of widows—the matter to which he has referred—so as to allow to widows and orphans the same reduction that is allowed to income from personal service? I should be very glad to have such a provision added to the amendment; and I wondered if the Senator from Indiana would be kind enough to support the amendment in the event that such a modification were made.

Mr. WATSON of Indiana. Mr. President, it would greatly aid the amendment, in my estimation, if such a provision should be added, but I have no authority on the part of the committee to accept the amendment.

Mr. REED. Mr. President, let me make a suggestion to the Senator from Georgia.

Mr. HARRIS. I shall be glad to have a suggestion.

Mr. REED. Suppose we adopt the amendment as it is, and then let the Senator from Indiana consult the committee and see if the committee will not let the Senator from Georgia add the provision which he suggests relative to widows by way of an amendment? We will all support such a proposition when it comes to a vote.

Mr. WATSON of Indiana. I am trying to ascertain, as soon as the experts can give me an estimate, about how much difference it would make in the revenue if the amendment were adopted, because always at this stage of the proceedings that is an essential point of inquiry.

Mr. REED. And, Mr. President, always I reply that Senators on the other side are proposing to take off $450,000,000 in the way of excess-profits taxes; and all we have got to do is to put a part of that back on, and we shall have money enough to make up for the reductions.

Mr. WATSON of Indiana. Which, to my mind, is no reply whatever, as I shall attempt to show when we come to discuss the question of the excess-profits tax.

Mr. REED. I shall be glad to meet my friend at Philippi on that question.

Mr. WATSON of Indiana. I shall be very happy if we may. I am not, however, issuing any challenge on the floor of the Senate, to which I am very averse. I may say to the Senator from Georgia, now that the experts have just informed me, that we would lose by the proposed reduction $135,000,000 of revenue. In view of the fact that many complications would be involved in the administration of such a plan, which the gentlemen from the Treasury Department say is not workable, and in view of the fact that at this particular time we are not able to see where we could get back the $135,000,000 of revenue, I am unwilling to vote for the proposed amendment.

Mr. BORAH. Mr. President, I wish to ask the Senator from Indiana a question.

Mr. HARRIS. Will the Senator from Idaho permit me a moment?

Mr. BORAH. Certainly.

Mr. HARRIS. I should like to add to my amendment the words "the labor and personal service and income of widows and orphans."

Mr. WALSH of Montana. I suggest to the Senator not to add that, as it will introduce a doubtful question.

Mr. HARRIS. I will withdraw the suggestion and will offer it separately.

Mr. BORAH. Mr. President, I do not wish to discuss this matter at length. I do not think that the question of the incomes of widows and orphans ought to enter into this particular question at all. The proposed amendment is based upon what has long been considered as a fundamental principle in income tax legislation, and that is, where it is practical and possible, to distinguish between earned and unearned income. The amendment is designed to make that distinction. I read in the newspaper only a few days ago of a child two years of age who had inherited $60,000,000. In other words, there is an entirely different principle involved. I do not know as to the present situation, not having looked into it lately, but prior to the World War for years England in her income tax laws distinguished between unearned and earned incomes—incomes coming from personal service and incomes coming from investments. The design of this amendment is to put that principle into the pending bill. It seems to me a perfectly sound principle.

As to the actual workings of the principle, of course, I am unable to say, and I do not know what the view of the Treasury Department is in regard to it. I do know, however, that it has been worked out in Great Britain as a practical proposition and that they adhere to it now, or have done so for years. I do not see why it could not be worked out as a practical proposition here; and certainly, Mr. President, there is a fundamental reason why the man who earns $4,000 by his hands should be taxed upon a different basis than the person who has an income of $4,000 by reason of bonds or some property which has been left to him or by reason of investments of other kinds. It is that distinction which makes the amendment attractive to me.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Michigan [Mr. TOWNSEND] asked the Senator from Georgia [Mr. HARRIS] whether the salaries of Senators would be considered earned income under this bill. I am sure Senators will be pleased to have called to their attention something that has not been called to their attention heretofore, that there is under this bill practically an exemption to all Representatives and Senators. We know what trouble there was in 1913 when a direct exemption was provided for public servants; but under this bill, in a disguised form, there is provided the means for every Representative and Senator to eliminate entirely the income tax on his salary. I will call attention to that provision. I read from page 38, under the title "Deductions allowed individuals":

SEC. 214. (a) That computing net income there shall be allowed as deductions—

And for the first time there has been inserted these words—

traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business.

The department has already ruled that public servants away from home are in pursuit of a trade or business. So that provision of this bill will permit every Representative and Senator to deduct from his income all that he may pay for board and lodging while he is in attendance upon his duties in Washington.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question with regard to another paragraph in the bill?

Mr. WALSH of Massachusetts. Certainly.

Mr. TRAMMELL. There has been some criticism directed against the amendment proposed by the Senator from Georgia [Mr. HARRIS] because of the possibility of Senators and Representatives being allowed the same deductions from their salaries as would under his amendment be made on the income of all other citizens. If the amendment of the Senator from Georgia is subject to that criticism, is not the bill as reported by the committee subject to a similar criticism, for on page 23 we find a reduction to 4 per cent upon incomes of $4,000 in excess of the deductions allowed? Will not Representatives and Senators secure the benefit of that provision if the bill passes in its present form just the same as every other taxpayer? If the amendment which has been proposed here for the benefit of those having small incomes is objectionable because Representatives and Senators might enjoy alike that benefit, will not Senators and Representatives secure the benefit of the reduction to 4 per cent on the first $4,000 in excess of the net amount over the deductions allowed by the bill?

Mr. ASHURST. Mr. President, the observations of the Senator from Florida do not apply to the amendment offered by the Senator from Georgia, because the Senator from Georgia has perfected his amendment by accepting the language which I proposed, to wit, on line 2, after the word "service," to insert "other than salaries paid by the United States." So whatever evils might be lurking in the bill at another point, surely it can not be said, after the Senator has accepted that language, that anything in his amendment would ipso facto or even inferentially exclude the salaries of Members of Congress from taxation. The amendment seems to me, whatever may be in the bill elsewhere, to be free from that vice.

Mr. SIMMONS. Mr. President, I do not think there is anything in the bill to that effect.

Mr. ASHURST. Mr. President, I did not say there was. I do not believe salaries of Senators and Representatives should be exempt from income tax. I think such earnings should be taxed.

Mr. SIMMONS. The committee bill applies to all earnings alike, whether from personal service or otherwise.

Mr. ASHURST. But an observation was made to the effect that if we should adopt the amendment of the Senator from Georgia, we would relieve the salaries of Senators and Representatives from taxation. The Senator from Georgia has accepted language which would preclude the possibility of such a construction.

Mr. SIMMONS. The point I was making was that there was no necessity of language precluding that conclusion until there is submitted an amendment which makes a differentiation.

Mr. ASHURST. Exactly.

Mr. SIMMONS. And the bill now does not differentiate in that way.

Mr. TRAMMELL. The point I was making was that the amendment offered by the Senator from Georgia could not be criticized in that respect if consistency were observed in dealing with the amendment proposed by the committee, because the committee in its amendment proposed that upon the first $4,000 the rate shall only be 4 per cent instead of being 8 per cent. That would certainly reach Representatives and Senators, so that they would participate in the reduction from 8 per cent to 4 per cent the same as would everybody else in the country.

So far as I am concerned, I do not take seriously the criticism that is offered by some who are opposed to legislation of this kind on the ground that Senators or Representatives might secure some benefit that every other person in the country similarly situated would obtain under such measure. I think the contention is more of a subterfuge than it is a real, substantial argument. It might just as well be said that there should not be any exemption of $2,000 or $3,000 because, forsooth, Representatives and Senators, as all other taxpayers, are entitled to it. I do not think there is very much in that argument. We have got to deal with the American people as a whole, and if a Member of Congress happens to come in a class that some of the others come in, he should be entitled to

the same recognition. I am not arguing for Representatives and Senators, but I am taking the position that the argument which has been made is rather inconsistent. I am very glad, so far as I am concerned, to support the amendment offered by the Senator from Georgia with the provision in it that it shall not apply to officials' salaries. That unquestionably relieves his amendment from the objection raised on that particular point. I do not think he intended to give Senators or Congressmen the benefits of his amendment. They should not be allowed the deduction he proposes.

Mr. WALSH of Massachusetts. Mr. President, I wish to say that when the language to which I have referred was considered by the committee it was discussed from the standpoint of allowing the exemption to traveling salesmen. It was thought that their traveling expenses were a matter for proper deduction and that their meals and lodging should also be included in such deduction; but I have no doubt whatever that the department will so interpret the provision, for already in similar cases they have so interpreted it as to permit a Senator or a Representative while here in Washington attending his duties to an exemption for board and lodging. I am not discussing the merits of the question, whether it is wise or unwise; but the fact still remains that that language will permit a Representative or a Senator to charge off as an exemption the amount expended for board and lodging.

Mr. SIMMONS. Mr. President, I do not think any member of the committee had that matter called to his attention. Probably if it had been called to the attention of members of the committee they might have agreed with the Senator from Massachusetts; but if there is any danger of such a result, I suggest to the Senator from Massachusetts that I do not believe that any Senator would oppose an amendment providing that it shall not apply.

Mr. WALSH of Massachusetts. I recall the fact that in the committee no reference was made to its effect upon Senators or Representatives. The matter was called to my attention since the bill came from the committee, and the question was propounded to me as to what effect it would have upon deductions that Representatives and Senators could make. I made inquiries and found out what the rulings of the department were, and I came to the conclusion that these deductions could be made by Representatives and Senators as well as by anybody else.

Mr. BORAH and Mr. WATSON of Indiana addressed the Chair.

The VICE PRESIDENT. Does the Senator from Massachusetts yield; and if so, to whom?

Mr. WALSH of Massachusetts. I yield first to the Senator from Idaho.

Mr. BORAH. I did not understand what the deduction is that may be made, and how it may be made, as the Senator claims, by Members of Congress.

Mr. WALSH of Massachusetts. Traveling expenses, including the entire amount expended for meals and lodging while away from home in the pursuit of a trade or business.

Mr. BORAH. Does that mean that we could exclude all our meals and lodging while we are away from home and here in Washington, year after year?

Mr. WALSH of Massachusetts. I so understand it.

Mr. WATSON of Indiana. Mr. President, I am informed, of course, by those who are here representing the Treasury Department that being a Member of Congress is not carrying on any trade or business. The language is:

> All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered—

That is, in carrying on any trade or business—

> Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business.

In other words, you would have to construe that being a Member of Congress was either a trade or a business, and these gentlemen tell me that there is no possibility of any such construction, and, furthermore, that so far as the transaction of the business in which we are engaged is concerned, this is our home in the pursuit of this business.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WALSH of Massachusetts. I yield to the Senator from Mississippi.

Mr. WILLIAMS. The Senator from Massachusetts has just informed us that there has been a decision by some department of the Government to the effect that being a Senator or a Representative is a trade or a business. I do not know whether there has been any such decision or not. I take it for granted that the Senator has looked into it and that he has correctly quoted what he has heard. If that be true, it merely proves what asses the bureaucracy and the so-called experts are. To pronounce that a man who is a Senator of the United States or a Representative of a district in Congress is thereby engaged in a trade is belittling all democracy and belittling all government.

Mr. WATSON of Indiana. Mr. President, will the Senator yield?

Mr. WILLIAMS. Wait a minute. To say that a man who is a Senator or a Representative and is attempting to carry on the public business is thereby and for that reason engaged in a private business is belittling all democracy and all government.

Mr. JONES of New Mexico. Mr. President——

Mr. WILLIAMS. I deny that when I am doing my duty here as I understand it I am carrying on a trade or that this is my business. My business is planting—farming. Another man's business is practicing law. Another's is carrying on something else; and if this idiotic bureaucracy—and all bureaucracies are idiotic; they become so by routine following—has decided that public service is a trade and that public business is a private business it is about time we were getting rid of some of them. It never would have struck me, speaking for myself, to have attempted to deduct as an exemption due me as a Senator my living expenses in Washington because they were a part of the expenses of my trade or my business.

I pity the man whose only business is politics. I pity the man whose trade is politics, and I pity a government that has found even experts asses enough to declare that a public service is a trade, or is a private job, or is a business. It may be true that there are Senators and Representatives who could not live without their salaries as long as they are neglecting their other business; but, still, doing your work here in the Senate is not private business. It is public business, and you are not entitled to deduct expenses as if it were a private business; and although it has been urged by others—amongst others, by James Bryce in his "Modern Democracy"—that too much of American politics consists in making a trade of public business, still the servants of the Government, the so-called experts, the bureaucracy who are becoming more and more representative of the Government every day, and more and more the invisible empire that governs us outside of the two Houses of the National Legislature, ought to have been ashamed of themselves to have made any such public declaration.

I should like to ask the Senator from Massachusetts if he can put his finger upon the decision of the department upon which he relied in connection with this matter, so that, if possible, we can trace it back to the man who had so false an idea of public duty as to be guilty of that decision?

Mr. WALSH of Massachusetts. Mr. President, I can not cite the decision, but I can state to the Senator that an expert in the department stated to me that the rulings of the department would permit a Senator or a Representative to make the deductions that I have mentioned.

Mr. WILLIAMS. Oh, well, Mr. President, then perhaps the expert is mistaken. I have known a greater number of mistaken men among experts than among any other class of people. The expert is by necessity narrow-minded. He runs in a groove. He can not conceive of a general idea. He is incapable of abstract reasoning. He is merely led by one little departmental precedent after another, and maybe he saw somewhere something that led him to infer that that would be the decision of the department. I will undertake now to say that no full-blooded American in any department, even though he calls himself an expert, will ever issue a departmental decision that my duties as a Senator constitute a trade, and that the public business to which I pay my attention in my inefficient way is my private business.

Mr. WATSON of Indiana. Mr. President, will the Senator permit me to interrupt him?

Mr. WILLIAMS. Yes.

Mr. WATSON of Indiana. The only experts on the floor representing the Treasury Department, three of them, have distinctly stated to me since this matter came up, and I so stated a while ago when the Senator was not present——

Mr. WILLIAMS. I have been present. I did not hear the Senator.

Mr. WATSON of Indiana. They stated that by no possible construction could the proposition announced by the Senator from Massachusetts be included within the provisions of the bill.

Mr. WILLIAMS. I am glad to hear that.

Mr. WATSON of Indiana. I knew the Senator would be.

Mr. WILLIAMS. I am glad to hear that, because then we have at least three narrow-groove men against one narrow-

groove man, and even three narrow-groove men are better than one narrow-groove man, although one broad-gauge man would be better than all four of them.

Mr. President, I want to say just a few words about the danger of the American people sinking into Prussianism through a stereotyped civil service.

I remember, with an affection that I can hardly describe, a deceased friend, formerly a Senator from the State of Indiana, Mr. Shively, one of God's noblemen, one of the choicest products of American private and public life. He and I were once placed upon a subcommittee of which I was chairman and he was a member. I said, "Ben, do you want to hear any experts about this?" He said, "John, I do not." I said, "Well, I do not." We consulted the other member of the subcommittee, who was at that time the blind statesman from Oklahoma, Mr. Gore, and he said he did not; and Shively and Gore and I had a great deal less trouble explaining our department—for everything then was divided among several subcommittees—to the Senate and to the Congress and to the country than the men who had permitted themselves to be limited and hamstrung by so-called experts.

I have an immense admiration for a real expert, but a little departmental clerk in Washington is not a sure-enough expert. He does not know anything except what another little departmental clerk a little bit higher than he is told him a little while before that, and then the lower and subordinate expert clerk undertakes to instruct the Senator from Massachusetts; and then, finding that they are in a fix, three experts double on one expert, and they undertake to instruct the Senator from Indiana.

We are either fit to represent the country here and to legislate for it or we are not. Of course, it is true, as James Bryce says, that too many men in public life in America were never trained for public life, were never educated for it, never read for it, never thought for it; but, still, there are plenty to carry on the public business. There is a use for an accountant now and then. There is a use for a man to make an estimate as to how much revenue may come from a certain tax. We can not make of ourselves public or private accountants or bookkeepers in the Treasury Department; but when it comes to taking advice upon the nature or character or tendency of a tax, for God's sake do not take it from a bureaucracy.

They can not get out of their rut. They differ in the color of their eyes and their hair and their stature and their weight, but they do not differ from one another at all in the bureaucratic tinge which marks them all as one. After a while, if you continue that sort of thing, you will sink to Prussianism, where really the only thing stronger than the divine right of the Kaiser was a bureaucracy that told him what to say and what to do—a military bureaucracy, a naval bureaucracy, and a civil bureaucracy of some description or other.

Mr. President, if, contrary to the opinion of the three Watson experts and in accordance with the opinion of the one Walsh expert any employee of this Government shall ever determine that a Senator's public business is a private job or that it is a trade, then the departmental chief who does not discharge that fool ought himself to be impeached.

Mr. WALSH of Montana. Mr. President, the President of the United States is required to do a considerable amount of traveling in the ordinary discharge of his duties, and much more in the discharge of incidental duties. I was wondering whether he would be denied the right to get credit for his expenses in traveling upon the ground that he did not pursue a trade or business. A minister of the gospel, traveling around on a circuit, undoubtedly incurs considerable expense for traveling and for meals during his absence from home, and I was wondering whether he would be denied the right to take credit upon the ground that he did not pursue a trade or business.

Mr. CARAWAY. Mr. President, no minister ever got pay enough to warrant him in making this deduction.

Mr. WALSH of Montana. Perhaps that is true. But, Mr. President, I did not rise to discuss that matter. I rose to call attention to information given by the Senator from Indiana, in charge of the bill——

Mr. WATSON of Indiana. I beg the Senator's pardon; I was consulting with the expert.

Mr. WALSH of Montana. I was saying that I rose to call attention to information given by the Senator from Indiana, in charge of the bill, to the effect that the amendment offered by the Senator from Georgia would result in a loss of revenue amounting to $135,000,000. I suppose this was merely a rough guess upon first impression by the experts, but I refer to it for the purpose of indicating how much reliance ought to be placed upon information of that character which comes to us.

Mr. WATSON of Indiana. Will the Senator permit an interruption?

Mr. WALSH of Montana. I am glad to yield.

Mr. WATSON of Indiana. I consulted Mr. McCoy, the Treasury expert as to estimates, whom we all on both sides of the Chamber consult, and, so far as I know, he is a most reliable and trustworthy man, at least I have always found him so, and I think the Senator has if he has ever had occasion to consult him. I handed him this amendment, while several Senators around were asking him questions, and asked him what in his judgment would be the loss of revenue occasioned by the adoption of the amendment, and offhand he said $135,000,000. Afterwards he got the amendment and went back and studied it, and then came up to me and said, "I gave you too hasty an opinion. It will mean a loss of from about $80,000,000 to $85,000,000." He added, "I had not even had a chance to glance at the amendment when I answered you offhand."

Mr. WALSH of Montana. My purpose in rising was simply to call attention to the fact that no opportunity had been given to the experts to study the problem, and I take it that this modified and reduced estimate also is merely in the nature of a guess.

I deemed that it must be, because we were apprised only the other day, and again this morning, in connection with the amendment tendered by the Senator from Rhode Island [Mr. GERRY], that his amendment would result in a reduction of $135,000,000, and it contemplated that all incomes—not those alone derived from personal service of the taxpayer but all incomes—should pay a normal tax of only 2 per cent up to $5,000, of 4 per cent from $5,000 to $10,000, and of 6 per cent on incomes from $10,000 to $15,000, while the amendment before us contemplates a reduction only of from 4 to 2 on incomes up to $4,000, and from 8 to 4 on the second $4,000. One making a rough estimate would say that the loss occasioned by the amendment tendered by the Senator from Georgia should not be to exceed one-third of the amount that would be lost had the amendment tendered by the Senator from Rhode Island been adopted. Accordingly, the loss of revenue, if that is the appropriate expression, does not seem to be very great in connection with the amendment tendered by the Senator from Georgia. It will be observed that it is only in the case of incomes derived from personal services that the deduction is to be made, and, in the second place, that the deduction does not go beyond incomes of $8,000.

Mr. CARAWAY. Mr. President, if I understood correctly, the Senator from Indiana advanced two reasons why he would not be willing to accept the amendment offered by the Senator from Georgia, the first being that the Treasury could not bear the loss of revenue and the second that it was not workable.

What I am curious to know is, if the Treasury expert can tell you in 10 minutes how much revenue you will lose, why can not that same expert finally evolve some rule for administration? If he can so differentiate the incomes which will be affected by the amendment so that in 10 minutes he can tell you how much money the Treasury will be deprived of if the amendment is agreed to, how can he say in the next breath it is not a workable plan at all? It seems absolutely absurd to me that both reasons should be advanced, one that you can not tell what it is going to do and that they can not administer it, and in 10 minutes have the expert tell you how much will be lost by the Treasury Department. Certainly the Senator from Indiana does not want both of those to stand as reasons.

Mr. REED. Mr. President, we have gone a little aside from the question before the Senate. I do not know whether it was the introduction of the question of widows into this discussion that scattered everybody and started Senators going in different directions, but we have done so. Before I say what I want to in regard to the bill, let me say a word as to these experts.

I have sat on the committee with these gentlemen from the Treasury Department, and they have been called upon many times to answer questions very quickly as to the amount of revenue which would be derived under a certain plan of taxation, the amount of money that might be lost by a suggested change, and so forth. They have necessarily been obliged to make estimates, because no man can tell the amount of business which will be carried on in this country, therefore he can not tell absolutely the amount of a tax; but I have been struck with the fact, first, that they have apparently always answered according to their best judgment regardless of whether it was a Democratic Senator who asked the question or a Republican, and regardless of whether it was the proponent of a proposition or a critic of a proposition who asked the question.

They were called in for the purpose of dealing with technique of this matter. I think they are very competent men for the performance of that kind of work. I have only one criticism to make. I think in a few instances they have been too much inclined to say that some plan suggested was not workable, or was difficult of administration, and perhaps being engaged in the business of administration they very naturally incline somewhat toward the removal of difficulties and the escaping of difficulties. That, however, is but human.

The proposition which is now made, namely, to distinguish, in levying a tax upon incomes, between the income which is the result of personal labor and service and the income which is the result of invested capital, seems to me to be one which is not surrounded with nearly as many difficulties as the administration of other provisions already in the law. In all of these laws the Treasury Department is authorized to make rules and regulations, and that rules and regulations could be adopted which would carry the purpose of this bill into effect I do not entertain the slightest doubt.

To begin with, if a man earns a salary, if that is the sole source of his income, that question settles itself; it can be nothing but personal earnings. If he earns a salary, and then collects dividends upon certain stocks which he holds, it is very easy to distinguish in that case. So in the great majority of cases the line of demarcation between an income personally earned and an income which results from capital is very simple.

I grant you that there is a difficult field. A man may be engaged in conducting a business. He may take no salary from the business, but may receive his income in the nature of profits from that business. In that event there is a combination of two things, his personal labor and his invested capital, and the earnings from both sources flow into one common stream. But is it impossible, therefore, to ascertain how much ought to be charged to capital and how much ought to be charged to personal earnings? You know the amount of his invested capital. You know what a fair return upon it would be, and you can ascertain the fair salary which ought to be paid to a man engaged in the kind of business he is engaged in. Rules and regulations can be adopted, and I am unwilling that this proposition should be defeated upon any such puerile ground as that it can not be administered, because, Mr. President, if we can administer the other intricate features of this bill, the difficulties of the one I am now discussing can be readily solved.

Now, we are met by another argument to which I wish to give just a moment's attention. It is stated by my very good friend, whom I so very much admire, the Senator from Indiana [Mr. WATSON], that the principle involved in the pending amendment, namely, that a distinction should be made in the levying of taxes between the income which is the result of personal service and the income which is the result of invested capital, is a sound principle, and that it ought to be written into the bill; but the Senator objects that, although sound in so far as it goes, this sound principle, which would improve the bill, ought not to be put into the bill because we do not go a step further and distinguish as to the incomes of widows and orphans in the same way.

Let us see where we come out with that sort of logic. The present law does not distinguish between the income from invested capital and the income from labor, neither does it distinguish between the income from labor or from capital and the income of the widow. That is the present law and that is in the proposed bill. How can it be said that we should not distinguish between the income from personal labor and the income from invested capital merely because we do not go a step still further than the present law and make a distinguishing feature as to the income of the widow?

In other words, the present bill combines both defects. It does not distinguish between the personal earnings and capitalistic earnings, neither does it distinguish between the income of the widow and the capitalistic earnings. That being the case, it is argued that we should not wipe out one of those inequalities because we can not and do not at the same time wipe out both. That is very much like saying to a man, "There are two things that I ought to do—I ought to protect your house against robbers and I ought to pay you my debts."

Mr. PENROSE. Mr. President, will the Senator permit me to ask him a question?

Mr. REED. In a moment. "Under the existing conditions I am going to do neither; but if you propose to protect my house against robbers I will refuse to join you in that unless you also propose at the same time to pay me the debt that you owe me."

I now yield to the Senator from Pennsylvania.

Mr. PENROSE. I at one time thought just as the Senator from Missouri does on this subject, until I had a little more experience with the question. I should like to ask him how he would treat the case of a man who was running a garage and had a certain amount of capital invested in the building and the parts of the machines and automobiles and at the same time did the work principally himself? How would he segregate the income coming to that individual?

Mr. REED. That is the very proposition that I stated a while ago as one of the most difficult.

Mr. PENROSE. Would not that occur in a vast number of cases?

Mr. REED. It will occur in many cases. It will not occur in the majority of cases, but will occur in many cases.

Mr. PENROSE. When it occurs how can it be handled?

Mr. REED. The answer which I sought to make a little while ago was that the Government can ascertain the amount of capital invested, and knowing the capital invested, can ascertain the gross income and can apportion to the capital that part of the income which will be a fair return upon the capital, and then can charge the rest of it to the personal services of the individual. Rules and regulations can be laid down by the department which will work no injustice in that behalf. In any event it will work for the benefit of the individual in saving him payment upon that which he has wrought with his hands. To that extent he will be benefited even though he should get less than he was entitled to. The present bill lumps it all together and compels him to pay on his total income, while the proposed amendment would grant him an exemption upon that part which was adjudged or ruled was the result of the work of his hand. I think there is no difficulty about that.

We have other problems in the bill, as the Senator in charge of it, I think, will agree, that are very difficult and very hard to work out; yet they have nearly all been solved. It was said that we could not work out the problem of separating the income upon stock which was partly from the earnings before 1913 and partly from the earnings since 1913, a very difficult and intricate thing, and yet the Treasury Department made its rules and regulations and has solved that very difficult problem; and so I might proceed. But it is soluble. It can be done.

While I am talking about that perhaps we will get a little light, not on this direct question but on the whole question of taxes levied upon incomes and levied upon profits, if we will look to our sister—I had almost said republic—on the north. It is the nearest approach to a republic that there is in the world outside of a real and absolute republic—Canada. They are a very intelligent and very wonderful people, and having paid them that compliment I pay them the further compliment of saying they most nearly approach American civilization of any people in the world.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER (Mr. FERNALD in the chair). Does the Senator from Missouri yield to the Senator from New Mexico?

Mr. REED. I yield.

Mr. JONES of New Mexico. I should like to call attention to a provision of the bill which it seems to me would present a problem very much akin to that which the Senator from Missouri has just been discussing, and that is the administration section of the law which defines a personal service corporation. It strikes me the problem presented by the Senator from Pennsylvania would not be any more difficult than that which has been administered under this very bill and proposed to be continued for a year as follows:

> The term "personal service corporation" means a corporation whose income is to be ascribed primarily to the activities of the principal owners or stockholders who are themselves regularly engaged in the active conduct of the affairs of the corporation and in which capital (whether invested or borrowed) is not a material income producing factor.

It occurs to me that if that sort of law is workable then the amendment suggested by the Senator from Georgia and now being discussed by the Senator from Missouri would not be any more difficult than that, and it would certainly be as easy to work out the problem suggested by the Senator from Pennsylvania as the one which they now have relating to personal service corporations.

Mr. REED. I thank the Senator. With his usual clarity of statement he has put the matter so that I can not improve it. However, I affirm that any man who will take paragraph 7 of section 200, which the Senator from New Mexico has just read, and give it a moment's study will be compelled to say that the problem there presented is more intricate than the problem presented by the proposed amendment of the Senator from Georgia.

What I am going to say for a moment has only an indirect bearing upon the particular question now before the Senate, but it is matter which I think is of interest to those who are really

studying the bill and that it will be of use to us not only now but a little later on.

Turning to Canada, here are the taxes laid in Canada. I am referring now to income taxes:

Four per cent upon all incomes exceeding $1,000 but not exceeding $6,000 in the case of unmarried persons and widows or widowers without dependent children, and persons who are not supporting dependent brothers or sisters under the age of 18 years, or a dependent parent or parents, grandparent or grandparents, and exceeding $2,000 but not exceeding $6,000, in the case of all other persons, and 8 per cent upon all income exceeding $6,000.

That is where they strike the 8 per cent level.

In addition thereto the following surtax:
(b) One per cent of the amount by which the income exceeds $5,000 and does not exceed $6,000;
Two per cent of the amount by which the income exceeds $6,000 and does not exceed $8,000.

Mr. President, the Canadian law proceeds by that sort of step and I ask to print it entire as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to reads as follows:

(b) One per cent upon the amount by which the income exceeds $5,000 and does not exceed $6,000;
Two per cent upon the amount by which the income exceeds $6,000 and does not exceed $8,000;
Three per cent upon the amount by which the income exceeds $8,000 and does not exceed $10,000;
Four per cent upon the amount by which the income exceeds $10,000 and does not exceed $12,000;
Five per cent upon the amount by which the income exceeds $12,000 and does not exceed $14,000;
Six per cent upon the amount by which the income exceeds $14,000 and does not exceed $16,000;
Seven per cent upon the amount by which the income exceeds $16,000 *and does* not exceed $18,000;
Eight per cent upon the amount by which the income exceeds $18,000 and does not exceed $20,000;
Nine per cent upon the amount by which the income exceeds $20,000 and does not exceed $22,000;
Ten per cent upon the amount by which the income exceeds $22,000 and does not exceed $24,000;
Eleven per cent upon the amount by which the income exceeds $24,000 and does not exceed $26,000;
Twelve per cent upon the amount by which the income exceeds $26,000 and does not exceed $28,000;
Thirteen per cent upon the amount by which the income exceeds $28,000 and does not exceed $30,000;
Fourteen per cent upon the amount by which the income exceeds $30,000 and does not exceed $32,000;
Fifteen per cent upon the amount by which the income exceeds $32,000 and does not exceed $34,000;
Sixteen per cent upon the amount by which the income exceeds $34,000 and does not exceed $36,000;
Seventeen per cent upon the amount by which the income exceeds $36,000 and does not exceed $38,000;
Eighteen per cent upon the amount by which the income exceeds $38,000 and does not exceed $40,000;
Nineteen per cent upon the amount by which the income exceeds $40,000 and does not exceed $42,000;
Twenty per cent upon the amount by which the income exceeds $42,000 and does not exceed $44,000;
Twenty-one per cent upon the amount by which the income exceeds $44,000 and does not exceed $46,000;
Twenty-two per cent upon the amount by which the income exceeds $46,000 and does not exceed $48,000;
Twenty-three per cent upon the amount by which the income exceeds $48,000 and does not exceed $50,000;
Twenty-four per cent upon the amount by which the income exceeds $50,000 and does not exceed $52,000;
Twenty-five per cent upon the amount by which the income exceeds $52,000 and does not exceed $54,000;
Twenty-six per cent upon the amount by which the income exceeds $54,000 and does not exceed $56,000;
Twenty-seven per cent upon the amount by which the income exceeds $56,000 and does not exceed $58,000;
Twenty-eight per cent upon the amount by which the income exceeds $58,000 and does not exceed $60,000;
Twenty-nine per cent upon the amount by which the income exceeds $60,000 and does not exceed $62,000;
Thirty per cent upon the amount by which the income exceeds $62,000 and does not exceed $64,000;
Thirty-one per cent upon the amount by which the income exceeds $64,000 and does not exceed $66,000;
Thirty-two per cent upon the amount by which the income exceeds $66,000 and does not exceed $68,000;
Thirty-three per cent upon the amount by which the income exceeds $68,000 and does not exceed $70,000;
Thirty-four per cent upon the amount by which the income exceeds $70,000 and does not exceed $72,000;
Thirty-five per cent upon the amount by which the income exceeds $72,000 and does not exceed $74,000;
Thirty-six per cent upon the amount by which the income exceeds $74,000 and does not exceed $76,000;
Thirty-seven per cent upon the amount by which the income exceeds $76,000 and does not exceed $78,000;
Thirty-eight per cent upon the amount by which the income exceeds $78,000 and does not exceed $80,000;
Thirty-nine per cent upon the amount by which the income exceeds $80,000 and does not exceed $82,000;
Forty per cent upon the amount by which the income exceeds $82,000 and does not exceed $84,000;
Forty-one per cent upon the amount by which the income exceeds $84,000 and does not exceed $86,000;
Forty-two per cent upon the amount by which the income exceeds $86,000 and does not exceed $88,000;
Forty-three per cent upon the amount by which the income exceeds $88,000 and does not exceed $90,000;
Forty-four per cent upon the amount by which the income exceeds $90,000 and does not exceed $92,000;
Forty-five per cent upon the amount by which the income exceeds $92,000 and does not exceed $94,000;
Forty-six per cent upon the amount by which the income exceeds $94,000 and does not exceed $96,000;
Forty-seven per cent upon the amount by which the income exceeds $96,000 and does not exceed $98,000;
Forty-eight per cent upon the amount by which the income exceeds $98,000 and does not exceed $100,000;
Fifty-two per cent upon the amount by which the income exceeds $100,000 and does not exceed $150,000;
Fifty-six per cent upon the amount by which the income exceeds $150,000 and does not exceed $200,000;
Sixty per cent upon the amount by which the income exceeds $200,000 and does not exceed $300,000;
Sixty-three per cent upon the amount by which the income exceeds $300,000 and does not exceed $500,000;
Sixty-four per cent upon the amount by which the income exceeds $500,000 and does not exceed $1,000,000;
Sixty-five per cent upon the amount by which the income exceeds $1,000,000.

Mr. REED. So it proceeds in that way until it reaches the $66,000 income. Let us see what Canada did after that. When it reaches $66,000 this is the language:

Thirty-one per cent upon the amount by which the income exceeds $64,000 and does not exceed $66,000;
Thirty-two per cent upon the amount by which the incomes exceeds $66,000 and does not exceed $68,000;
Thirty-three per cent upon the amount by which the income exceeds $68,000 and does not exceed $70,000.

So, proceeding in that way and raising 1 per cent for each $2,000 of income, the law continues until we reach incomes of $500,000. At that point the law reads:

Sixty-four per cent upon the amount by which the income exceeds $500,000 and does not exceed $1,000,000, and 65 per cent upon the amount by which the income exceeds $1,000,000.

So, Mr. President, Canada leaves her surtaxes on incomes of $1,000,000 plus at 65 per cent. The attempt was made here for a flat reduction to 32 per cent as soon as the income reached $66,000, and from there on, no matter how great the income, the tax was to be 32 per cent. The agricultural "bloc," or a part of the agricultural "bloc," agreed to a maximum of 50 per cent, which applies to incomes of $200,000, with no increase after that.

Mr. JONES of New Mexico. May I state that the increase from $100,000 to $200,000 is only in the last one of the brackets, so that really the gradations are only up to $100,000 substantially. It practically includes the $200,000 with it, making a difference only of about 1 or 2 per cent between $100,000 and $200,000.

Mr. REED. I am obliged to the Senator.

Mr. President, if Canada can levy and collect these very large income taxes, while I do not say that the action of Canada or of any other country is binding on us, it is highly persuasive of the fact that the income taxes can be collected and that they do not destroy business. Canada is not out for the destruction of business any more than are we.

Mr. SMOOT. Will the Senator yield?

Mr. REED. I will.

Mr. SMOOT. I might say to the Senator that the Canadian surtaxes are exactly the same as is the present law in the United States; that they took their law from our law. There is not a penny difference between the Canadian law and the present law of this country.

Mr. REED. Very well, but we are proposing to change our present law. If the Canadians took their law from our present law—and I have not compared the two statutes word for word—then, Mr. President, they are keeping theirs while we are proposing to change ours.

There is another thing I wish to say about that matter at this time.

Mr. POMERENE. Have the Canadians made any effort to change the law?

Mr. REED. I have only got the statutes. What efforts have been made to change it I do not know.

Let us look at the excess-profits tax, which is the burden which it seems our friends are so determined they will take off at all hazards. I do not know why they are so tender about the excess-profits tax; I do not know how much campaign contributions have had to do with party pledges; but I am doing some thinking about that, and I believe that the people of the country will ultimately do some thinking about it.

Let us see what Canada is doing. It is said that these high surtaxes destroy business; that is, if a man can not make a thousand per cent profit he will get mad and quit, or if he can not make a hundred per cent he will just shut up shop. I showed the other day that with the highest rate which we propose to levy—40 per cent on excess profits—the man making a thousand per cent still had over $60 left out of every $100 of excess profits he has made. We only propose to take 40 per

cent in any event, and to leave him $60 out of $100. Then he will have the lesser taxes upon his lesser profits. So I can see this crowd of cormorants—and that is what a man is who wants to make a thousand per cent; if you trace his ancestry back far enough to get into the bird creation you would find that his blood springs ended in a condor—quitting business. Do Senators think a man of that kind is going to forego the $60 profits which he is going to have left because he is made to pay $40 out of the $100 that he has made?

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Ohio?

Mr. REED. I do.

Mr. POMERENE. The Senator from Missouri has been on the Committee on Finance during all of the session, and this very subject has been discussed in that committee repeatedly. Has the Senator yet heard the name of one of the men who would surrender these securities for a nontaxable security?

Mr. REED. Oh, no; I have heard no names. Look at the absurdity of it! Here is a man making 500 per cent. All right. The Government comes along and says, "Out of the 500 per cent you have made we are going to take something less than 40 per cent"—I will merely call it 40 per cent to make easy figures—"you are going to make $50,000, and that is 500 per cent, and when you have made it, we are going to take $20,000 of it away from you and still leave you $30,000—300 per cent of your profit." That gentleman, it is stated, is going to say, "I will not take that 300 per cent; I will just quit business; I will go and invest my money in a 4 per cent security!" There may be Senators in the Senate who believe that, but they will never make the people of the United States believe it.

I have traveled that road until there is no use in going over it again; but let me call the Senators' attention to the Canadian law on excess profits. Here is their act of 1916, which was "assented to on the 1st of July, 1920," which I take means that it is the present, living law of the Dominion of Canada:

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Section 3 of the business profits war tax act, 1916, chapter 11 of the Statutes of 1916, is amended by adding thereto the following subsections:

"(2) The profits earned in any business during any accounting period ending in the year 1920 which do not exceed 10 per cent per annum upon the capital employed in such business shall be exempt from the tax prescribed by this act.

We ourselves exempt 10 per cent from the excess profits. While the law says 8 on the face of the statute, the exemptions which are allowed raise it to 10 per cent.

Upon any such profits exceeding 10 per cent per annum and not exceeding 15 per cent per annum upon the capital employed, there shall be paid a tax equal to 20 per cent of such profits.

Upon any such profits exceeding 15 per cent per annum and not exceeding 20 per cent per annum upon the capital employed, there shall be paid a tax equal to 30 per cent of such profits.

Upon any such profits exceeding 20 per cent per annum and not exceeding 30 per cent per annum upon the capital employed, there shall be paid a tax equal to 50 per cent of such profits.

Upon any such profits exceeding 30 per cent per annum upon the capital employed, there shall be paid a tax equal to 60 per cent of such profits.

(3) In any business with a capital of not less than $25,000 and under $50,000, a tax shall be paid of 20 per cent of the amount by which the profits earned during any accounting period ending in the year 1920 in such business exceeds 10 per cent per annum.

(4) The rates of taxation set forth in section 3 of this act, as amended by chapter 6 of the statutes of 1917, shall apply in respect of the profits earned in any accounting period ending in the years 1917, 1918, and 1919 by any business liable to taxation under this act having a capital of less than $50,000, if 20 per cent or more of such profits have been derived from the manufacture or dealing in munitions of war or materials or supplies of any kind for war purposes.

2. Section 26 of the said act, as enacted by chapter 39 of the statutes of 1919, is amended by substituting the word "twenty" for the word "nineteen," in the third line thereof, and by substituting the word "seventy-two" for the word "sixty," in the fourth line of the first proviso in the said section.

3. Section 7 of the said act is amended by adding the following subsection thereto:

"(6) In the case of two or more incorporated companies merged or consolidated at any time after the 1st day of January, 1916, for the purposes of this act the capital employed in the business of the company into which such other company or companies are merged or consolidated, or of the company created on such merger or consolidation, shall not exceed the capital of the companies so merged or consolidated as the same existed before such merger or consolidation, together with any additional capital that may have been invested in such business in cash at the time of such merger or consolidation or thereafter."

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Utah?

Mr. REED. I yield.

Mr. SMOOT. If the Senator will allow me to do so, I desire to call his attention to the fact that the excess profits law in Canada from which he has read was repealed on December 31, 1920.

Mr. REED. The statute which I have read was enacted July 1, 1920.

Mr. SMOOT. The act of December 31, 1920, repeals the act of July 1, 1920.

Mr. LA FOLLETTE. How much does Canada levy as a flat tax on the income of corporations?

Mr. SMOOT. Does the Senator mean as a corporation tax?

Mr. LA FOLLETTE. Great Britain levies 30 per cent, while this bill proposes to levy but 15 per cent.

Mr. SMOOT. Great Britain levies 30 per cent as a normal tax on incomes.

Mr. LA FOLLETTE. Great Britain levies a flat tax of 30 per cent on business or corporations.

Mr. SMOOT. That may be the rate.

Mr. LA FOLLETTE. It is.

The PRESIDING OFFICER. The Senator from Missouri [Mr. REED] has the floor.

Mr. SMOOT. I was merely calling the Senator's attention to the fact——

Mr. REED. I want to get this matter exactly as it is. I was quoting from the statutes as late as July, 1920. If that tax has been repealed since then, I want to know what has been enacted in lieu of it. The income tax has not been repealed since then, has it? So that the income tax stands, although something has been done with the excess-profits tax.

Mr. SIMMONS and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to whom?

Mr. REED. I yield first to the Senator from North Carolina.

Mr. SIMMONS. We simply reduce it from 60 and 40 to 40 and 20.

Mr. REED. But we are speaking about the Canadian law.

Mr. SMOOT. I will say to the Senator the income tax in Canada has not been repealed, but is still exactly as our present tax is. Corporations and joint-stock companies, however, pay 10 per cent. I will read each bracket so that the Senator may understand it.

Mr. REED. From what is the Senator about to read?

Mr. SMOOT. The last Canadian law.

Mr. REED. Very well.

Mr. SMOOT. It reads:

CORPORATION TAX.

(2) Corporations and joint-stock companies, no matter how created or organized, shall pay 10 per cent upon income exceeding $2,000. Any corporation or joint-stock company the fiscal year of which is not Any corporation or joint-stock company the fiscal year of which is not computed upon its income for its fiscal year ending within the calendar year for which the return is being made.

In other words, our tax to-day is 10 per cent upon the corporate income and so is the Canadian tax.

Mr. REED. Is that all the corporations pay?

Mr. SMOOT. That is all the corporations pay on their net income.

Mr. REED. What else do they pay?

Mr. SIMMONS. Do they not pay an excess-profits tax?

Mr. SMOOT. The excess-profits tax in Canada was repealed on December 31, 1920.

Mr. REED. What else do they pay?

Mr. SMOOT. When a corporation's earnings are distributed, of course they fall under the income tax, just as in the case of this country dividends when distributed fall under our income tax.

The Senator said that there had been no change contemplated in the income tax law of Canada.

Mr. REED. I did not say that no change had been contemplated; I said I knew nothing about what was contemplated, but I said there had not been a change, as I understood.

Mr. SMOOT. I will say to the Senator that he is correct; but I understood him to refer to a contemplated change. I dislike to take the time of the Senator at this particular moment.

Mr. REED. It is perfectly agreeable to me to have the Senator interrupt.

Mr. SMOOT. Then while I do not wish to make it as a positive statement I saw in one of the New York papers about a month ago, when the pending bill was being considered, that Canada intended to repeal the higher brackets of her income tax law, just as the committee reported in the case of the bill now before us, and that they were going to repeal many of the irritating and nagging taxes and increase their sales-tax rates. I do not know whether that is so or not. I only saw it in the papers as reported by an Associated Press dispatch.

Mr. REED. Very well. That leads me to remark, just in passing, that the present so-called "nuisance taxes" are nuisance taxes because they are levied on some of the things we buy. We propose to wipe that out and do away with the nui-

sance business by spreading the nuisance tax over everything we buy. That is another one of the astonishing theories—that it is a nuisance tax if you go to a soda fountain and pay a tax on your drink, but if you have to pay on everything you buy in the world that is not a nuisance at all.

I do not want to discuss that, however.

Mr. SMOOT. Of course, I do not want to discuss it with the Senator; but that is not the theory on which they were designated "nuisance taxes." There is a good reason why they are called nuisance taxes, and I think I have already stated it before the Senate.

Mr. REED. Yes; I heard the Senator's argument, and it was a very able argument.

Mr. SMOOT. It is not because of the fact that they are simply imposed at a higher rate, because that is hardly a fair designation. Another thing I will say to the Senator is that I do not think we have collected 40 per cent of the special taxes that ought to have been collected under the existing law. It is left entirely with the retailer as to whether he shall pay the tax or not, and we know that in certain industries there has not been 25 per cent of the tax collected. A general turnover tax does not affect the Treasury of the United States in that way, however, nor does it require the seller of goods to keep special accounts for special goods at a special price, but the tax is imposed at a low rate upon all the goods that are sold.

Mr. REED. I understand the Senator's argument. It is only a question of degree, and I do not care to go into it at this time, because I am not going to discuss the sales tax at this time; but it appears from the Senator's statement in regard to the Canadian law that the law as to excess profits has been repealed.

Mr. SMOOT. Yes.

Mr. REED. I shall take the trouble, if I can possibly get the time, to find what other taxes they have in lieu of that repeal, for it is certain that the Canadian Government is compelled to increase its revenues. At least, we know that it has kept the high taxes upon the incomes, and that it is now, according to the Senator's idea—and I know he is giving us the best of his judgment—contemplating the adoption of a sales tax.

Mr. SMOOT. They have a sales tax to-day. They are contemplating increasing the rate.

Mr. REED. They are contemplating an enlargement of it.

Mr. President, I have been on the floor much longer than I had expected to be. I did want to say a word on behalf of these experts who are not permitted to defend themselves, and I did want to say that in my judgment it is utterly ridiculous to say that the amendment proposed by the Senator from Georgia [Mr. HARRIS] can not be administered.

In the great majority of cases—I apprehend in 90 per cent of the incomes that fall below $5,000—it is purely a question of salary, so that it will largely solve itself. There is not much use in talking about it. I think the other side have made up their minds, regardless of the merits of any question that is presented, that they are going to carry through this compromise. They prevented a loss of about sixty or sixty-five million dollars on surtaxes on large incomes, and in order to get that they swapped off their birthright for an excess-profits tax that would bring us $450,000,000, and I think from their attitude in the Chamber that they agreed to stand by this bill as it is, with the one exception.

Since Jacob and Esau met and traded, there never has been a lot of honest gentlemen more effectually buncoed. It will be remembered that Jacob was a very smart individual, and as far as I could ever make out Esau was a very good-hearted, good-natured chap. He had some excuse for making his trade. He was very hungry, and the greens that were cooking smelled good, and he allowed his appetite to overcome his judgment. I have always sympathized with him, for I have been hungry myself. But why a lot of patriots organizing themselves into a solid bloc, and knowing that they had the votes, if they would but add them to some votes they already had on their side—and they were Democratic votes—to have accomplished any reforms in this bill they desired, should sit down and say: "If you will concede to us a restitution of the surtax up to 50 per cent on high incomes, we will agree with you that we will stand by the profiteers along with you, and relieve them of $450,000,000 of taxes that they ought to pay"—why a lot of patriots, and I know they are all patriots, would have made that sort of a bargain is beyond my comprehension.

I do not know who negotiated on behalf of the majority in that trade, but I apprehend it was a down-east Yankee, or at least a down-east Yankee engineered the deal. I do not say that in an uncomplimentary way, but rather in a complimentary way. I have always had a profound admiration for the ingenuity, the skill, and the brain power of the down-east Yankee.

I once heard a story which I think I may tell without offense—that an old Hebrew doing business out in Chicago had accumulated a fortune, and when his son became of age he gave him a quarter of a million dollars and said to him, "Now, my boy, don't try to stay here in Chicago and trade with these sharpers. They will get this away from you. Find a simple people, a pastoral people, and go down and trade with them." So the young man went down and looked around in New England, and he thought they looked like a pastoral people, and he located. In about a month's time he called up on the long-distance telephone and said, "Father, I want $50 to get home on." The father said, "What has become of your money?" He said, "Father, they got it all away from me." The old man said, "What! That pastoral people?" The son replied, "Pastoral people, thunder, father! These are the 10 lost tribes of Israel down here." [Laughter.]

I am wondering who it was that set up this job and put it over on the bloc. You saved a reduction to 32 per cent flat on incomes above $68,000 in part—that tax had run to 65 per cent—and you got it up as far as 50, and then you traded off the tax on the profiteer, the man who makes 50 per cent, 100 per cent, 500 per cent; the man, as I have said before, that you gentlemen on the other side of this aisle were talking about passing statutes to declare a criminal only a few months ago; the man whose profits are fixed only by the amount he can extort. No man ever asks more than 25 or at the outside 50 per cent profit who is regulated in his business by simply what is a fair and just and reasonable profit. Certainly when he goes above those figures the only limit there is to his cupidity is the ability to exact profits. He is not doing business; he is robbing. He is not trading; he is stealing. He is not trafficking; he is picking pockets. He is not entering the marts of commerce for the purpose of exchanging goods at a fair and reasonable advance; he has set up a shop in which to pick the pockets of the unwary, and take advantage of necessity or of ignorance.

You propose to say to the gentleman who runs a shop of that kind: "You go tax free, except that we will tax you the normal tax on your income." Then you undertake to justify it, and when we ask to have this little reduction made here for the benefit of the man of moderate income, you say: "How much is it going to take out of the revenue?" Well, somebody guesses it at $85,000,000, and you throw up your hands and say, "We would like to do it, but we can not do it. We can not spare that $85,000,000." But why can you not spare it? Because you are taking $450,000,000 off of the gentlemen who are making more than 10 per cent profit, and some of them are making a thousand per cent profit.

I ask the question again and again, and I get again and again in answer the pretense that if you do not let a man make a thousand per cent profit, if you take away from the man who is making a thousand per cent profit 400 per cent of the thousand per cent and leave him 600 per cent, because he can not have the whole thousand per cent he will not take the 600 per cent, but will rush off and invest his money in 4 per cent securities!

The intelleetual gorge rises at that. There is not any use in arguing with a man who will advance that sort of a theory. You might as well have an argument with a white swelling, or hold a discussion with a steam whistle, or expound your logic against a stone wall.

A good many people talk about this 40 per cent excess-profits tax as though you take 40 per cent of all man's income. You do nothing of the kind. You take 40 per cent of the profit he has made, provided that profit exceeds 20 per cent, and if he makes a 20 per cent profit plus, then you take 40 per cent of that. If he has made 20 per cent, you leave him with a profit of 16 per cent, and if he has made 40 per cent, you leave him with a profit of 24 per cent, as I figure it.

But the bloc, as they moved forward gallantly in defense of the taxpayers, as they swarmed out of the bastions and unfurled their gallant banners and cried:

Come one, come all, this rock shall fly
From its firm base as soon as I.

Us & Co. surrendered everything, simply claiming for themselves, and securing, the honors of war. They were allowed to march out with their side arms and their colors flying, but with their pockets rifled and their fortress surrendered.

What a glorious thing it will be, along in the dog days of next year, when the assembled masses gather in the quiet shade of the groves to listen to the words of wisdom that will fall from the lips of their appointed tribunes, when they stand and picture to these masses of people the service they have rendered. They will say, "There are a lot of old standpatters in the Republican Party, and you know they have always been

controlled by the corporations, and I am going to explain to you, my countrymen, why we found it necessary to differ from them. We were progressives. They proposed to take the taxes off profiteers to the amount of $450,000,000. They proposed to take the tax off of incomes above $68,000, reducing them to a flat level of 32 per cent, and that meant a loss of $90,000,000; and, my countrymen, we rallied to your support, and we got into a room and we compromised and agreed that if they would put the surtaxes on incomes up to 50 per cent, which are at present 65 per cent, we would yield to them on the $450,000,000 of excess profits. What a glorious service we rendered to you. How thoroughly we defeated the old standpatters. What a wicked lot they are. It is true we saved the horns and tail, but they carried off the carcass and the tallow."

Then there will be great applause from the listening multitude.

No; you will not tell them that. When it comes to the contest, you will go out and talk generally about having been progressives and how you saved them money, but you will not tell what you lost to them; and I propose, as far as my weak voice or my influence will go, to let the country know this afternoon and to know hereafter that you traded off the excess-profits tax, and you did not need to trade off one penny of it. There sat on this side of the Chamber a solid vote, and all we needed on your side was 11 votes to keep the excess-profits tax in the law; and if you thought it was too high, that it ought to be modified, although we think it is just about where it ought to be, we would have yielded some to you in order to have saved the excess-profits tax in a more moderate degree.

We make you that proposition now. We say to you now, before the house is burned, before the battle is entirely lost, that we will join with you gentlemen over there in putting an excess-profits tax on, and while we want to write it high, rather than see it all go, if you write a lower one we will join with you in that, provided you still make it a substantial tax. I am speaking, I know, the sentiment of my associates on this side, and I know it so well that I do not hesitate to venture to make that statement.

If you should not accept this, you of the bloc, pull down your flag which fluttered so gaily over you, and run up the crêpe, the black crêpe of surrender, for you are not entitled to a white flag to march out under; it ought to be a black one.

Mr. President, that is all I want to say at this particular time, and unless we are going into executive session I will suggest the absence of a quorum.

Mr. ASHURST. Mr. President, we are making deplorably slow progress. When are we going to begin to hold night sessions?

The majority of 24 on the Republican side are charged with this responsibility, and ought to move with celerity. I do not like this bill. I think it is a bad bill, but it seems to me a shame that the American people should be denied action of some kind by this Congress. Why do you not manfully hold night sessions, and hold the Senate in session from 10 o'clock in the morning until 10 o'clock in the evening? Do you fail to perceive that Christmas will be here before you pass this bill if the situation is going to drag on as it has for the past 10 days? Have you not the mental processes to see that you will not pass this bill for 90 days? It seems to me it is an insult to the intelligence of the American people to continue to permit, day after day and day after day, such deplorably slow progress as you are making on this bill.

Here are 20 or 30 Democrats urging you to move more rapidly and hold night sessions on this bill and get through with it.

Mr. STANLEY and Mr. McCORMICK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arizona yield, and if so, to whom?

Mr. ASHURST. I yield to the Senator from Kentucky.

Mr. STANLEY. I simply wanted to suggest to the Senator that if we postpone the passage of this bill, not for 90 days but for 90 years, this country would be inestimably benefited. I would hesitate to urge them to any celerity in the imposition of this thing upon the American people at this time.

Mr. ASHURST. I urge that the majority attend to the business of the day.

Mr. REED. No matter how bad it is?

Mr. ASHURST. If it be bad, the sooner we find it out the better. The Democrats during the recent campaign were accused of a lack of efficiency. I have heard of the Penrose machine, and have heard of the Aldrich machine, and during the campaign you said, "Give us the reins of power and we will show you efficiency; we will show you how to proceed." We proceeded——

Mr. McCORMICK. And look what you did to the country.

Mr. STANLEY. That is not half what the Republican Party is prepared to do to it.

Mr. ASHURST. I ignore the sarcasm of the Senator from Illinois.

Mr. WATSON of Indiana. Will the Senator yield to me?

Mr. ASHURST. I yield for a moment.

Mr. WATSON of Indiana. I wanted to ask the Senator what right he had to charge us on this side with delay, when Senators on the other side have done more talking——

Mr. ASHURST. You are responsible for adjournments. Every motion for recess or adjournment, with but one or two exceptions, came from your side. You are responsible for the lack of progress.

Mr. WATSON of Indiana. But four-fifths of the talking on this bill has been done on the other side of the Chamber.

Mr. ASHURST. That does not deter me from asking that you do more work.

Mr. WATSON of Indiana. We are quite willing to do it.

Mr. ASHURST. I will venture to say that you will adjourn in a few minutes.

Mr. REED. I hope we will.

Mr. WATSON of Indiana. If Senators on this side will stand back of the proposition that beginning to-morrow night we hold night sessions——

Mr. ASHURST. To-morrow night! It is the same old story.

Mr. WATSON of Indiana (continuing). There will be night sessions.

Mr. ASHURST. Why not to-night?

Mr. McCORMICK. Make it to-night.

Mr. WATSON of Indiana. The only reason why we do not make it to-night is because several Senators went to the Senator from Pennsylvania to-day and asked him not to have a night session to-night——

Mr. ASHURST. Why not?

Mr. WATSON of Indiana. And he acceded to their request, because they were not prepared for night sessions, and had all sorts of arrangements made for this, that, and the other thing; but beginning to-morrow night night sessions will be held, and if necessary the sessions will begin at 10 o'clock in the morning, not for the purpose of choking off debate, but for the purpose of preventing talk that does not bear upon the subject in hand, and has no relevancy to the matter under immediate consideration by the Senate. I mean no reflection upon any man who has been occupying the floor.

Mr. ASHURST. Neither do I.

Mr. WATSON of Indiana. But we all know that when miscellaneous and promiscuous debate is started upon these topics, Senators wander far afield from a discussion of the particular matter under debate at the moment, and that, of course, means a consumption of time. I am not charging anybody with conducting a filibuster purposely. That I would not charge. But I do know that there is a very great indifference as to whether or not time is lost, and so far as this side of the Chamber is concerned, responsible as we are to the country for legislation we intend to have legislation, and if necessary we intend to stay here until we get it, be it by night or by day, or by night and by day.

Mr. ASHURST. Mr. President, that is a very bold statement and it will probably fail, like many other bold statements, especially the statement to the effect that the country was to have immediate relief. I wonder if Senators fail to perceive the serious situation of this country. I wonder if Senators fail to perceive the enormously important problems before this country. I dislike to take time saying these things, but with your twenty-odd majority, I fail to perceive why you do not keep your promises.

Mr. REED. To do what?

Mr. ASHURST. To pass the bills and give the relief the country has been promised.

Mr. REED. Does the Senator know of any bills that are contemplated by the other side which are going to benefit the country? I would like to know what they are.

Mr. ASHURST. Mr. President, that is no answer to my question.

Mr. REED. Certainly it is an answer. Unless there is something good to come, there is no reason for rushing forward.

Mr. McCORMICK. Mr. President, I now understand the interruptions which have been made on the other side.

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Illinois?

Mr. ASHURST. I yield to the Senator for a moment.

Mr. McCORMICK. I am waiting for the Senator from Arizona to conclude.

Mr. ASHURST. I wish to make it manifest that I think that a Senator on the Democratic side and a Senator on the Republican side can serve his country now by proceeding with the business of the country.

Mr. SIMMONS. Mr. President——

Mr. ASHURST. I yield to the Senator from North Carolina.

Mr. SIMMONS. I have listened to the debate to-day and every bit of the discussion that has taken place upon this floor to-day has been upon the bill. It was not always upon the amendment that was before the Senate, but it was upon the bill. A Senator has the right, when an amendment is under discussion, to discuss that amendment, or to discuss any general provision in the bill to which the amendment applies.

Mr. ASHURST. Certainly. My friend tells me nothing new.

Mr. SIMMONS. There has been no irrelevant discussion to-day. There has been nothing but legitimate discussion to-day, and a large part of the discussion, the most of the discussion to-day, has been exceedingly illuminating and exceedingly able.

Mr. PENROSE. Mr. President——

Mr. ASHURST. I yield to the Senator from Pennsylvania.

Mr. PENROSE. Why, they were so extremely interesting that at least three Senators whom I might mention, and who took up over one-half the day, were not listened to by two Members of this body during a period of several hours, including the Senator from North Carolina.

Mr. SIMMONS. Mr. President, I have been in my seat all this day, except when I was eating my luncheon——

Mr. PENROSE. It must have been an exceedingly good luncheon.

Mr. SIMMONS. The Senator from Pennsylvania constantly rises upon the floor and states things that he knows are not true.

Mr. HEFLIN. Mr. President——

Mr. ASHURST. I yield to the Senator from Alabama.

Mr. HEFLIN. If the Senator from Arizona will permit me, it is a rare thing during the day that there are half a dozen Republicans in the Chamber while we are considering the bill. We have to make points of no quorum constantly to bring them to the Chamber where they can transact business for the people. I insist that they stay in the Chamber hereafter and let us get along.

Mr. ASHURST. Mr. President, in conclusion, I ask unanimous consent that the Senate remain in session until 11 o'clock to-night.

Mr. REED. Mr. President, the Chair need not bother with that. I will object now.

Mr. McCORMICK. Mr. President, that is an appropriate conclusion for the remarks of the Senator from Arizona, who has upbraided the majority. The Senator from Arizona knows very well that four-fifths of the futile discussion of the bill has taken place on the other side of the Chamber—discussion which has consisted of complaints without constructive proposals.

I am not one of those who think the bill is perfect, that it was perfect when it came from the committee, or that it will be perfect when it goes from the Senate to conference; but it reaches approximate perfection, and it is improved only through discussion.

This sort of complaint has been common on the other side of the Chamber from the very moment also that the special session was convoked. Before the recess it was general that the Republican administration and the Republican majority were accomplishing nothing.

Mr. JONES of New Mexico. Mr. President——

Mr. McCORMICK. That was said again and again in this Chamber. I yield to the Senator for a question.

Mr. JONES of New Mexico. I should like to ask the Senator, who has just stated that there was no constructive suggestion from this side of the Chamber, if he has not overlooked the fact that Senators on this side have proposed a number of amendments to the bill.

Mr. McCORMICK. Oh, Mr. President, I said four-fifths of the discussion on that side consisted of futile criticisms. It was like the criticism which preceded the recess, which utterly ignored the record of legislation which Congress had made before the recess, the legislation——

Mr. JONES of New Mexico. Mr. President——

Mr. McCORMICK. I will not yield to the Senator now. I refer to legislation which had been written on the statute books before the recess, the legislation which was summed up in the letter of the President addressed to my humble self, and which was a matter of such derision and ridicule by the Senator from Mississippi, which, after all, summed up the facts upon which turned the elections in New Mexico and in Massachusetts. The country is not going to be deceived because Senators say that nothing has been accomplished. The country has a measure of the situation with which we were confronted when we came into office.

I hope the Senator from Pennsylvania will not yield to the importunities of those Senators who have complained and who do not want to sit here at nights. I hope we will hold a session to-night and to-morrow night and every night until the bill comes to a final vote. Then we shall see how many absentees there are on this side of the Chamber and on the other side of the Chamber.

Mr. JONES of New Mexico. Mr. President, I do not know by what authority the Senator from Illinois characterizes the discussion as futile. If we are to understand by that that there is a majority made up here pledged to put through the bill as it is, then perhaps discussion is futile. If it is not in that sense that the Senator uses the term, I should like to know in what sense it is used.

So far as the discussions themselves are concerned, I submit that I have never listened to more able, more logical discussion of any question than I have listened to when Senators have been discussing the pending bill.

Mr. McCORMICK. Mr. President, will the Senator yield for a question?

Mr. JONES of New Mexico. I gladly yield.

Mr. McCORMICK. The Senator alludes to the discussion of the delinquencies of the Federal Reserve Board and the decay of classic societies to which the Senate has been treated during debate to-day, I take it?

Mr. JONES of New Mexico. Then I understand the word "futile" was not used with respect to the discussion of the bill. It may be that at times there has been discussion upon subjects other than the bill.

Mr. REED. Less than usual.

Mr. JONES of New Mexico. Yes; I was just going to make the statement which the Senator from Missouri has made. I do not recall having listened to discussion upon any bill of importance since I have been in the Senate where Senators confined themselves so closely to the bill as they have while we have been discussing the pending bill, and, as suggested to me by the Senator from Ohio [Mr. POMERENE], of all the bills which have come before this body for discussion this bill needs discussion more than any other.

This bill is framed up with an idea of putting upon the country a principle which I believe the country does not want. I am not in sympathy with those who say that the bill was not thoroughly considered by the Finance Committee. According to my judgment it was considered, but the bill has been framed up based upon a fundamental principle which the majority of the Republicans in this Chamber want to frame up. I think it is the Republican policy which underlies the bill, and that policy is to relieve the few who ought to pay the expenses of the Government from a vast burden and put it upon the many. I think the principle of the bill is worked out in a deliberate way. The votes, I believe, which have been taken upon the amendments proposed to the bill will show that.

If Senators will look at the bill from the beginning to the end, they will find a primary purpose apparent upon its very face. Republicans desire to remove the high surtaxes and they desire to repeal the excess-profits taxes, and those are the two chief things which are sought by the bill. I submit that it is not only the deliberate plan for accomplishing that purpose but it has been gone about in a very adroit way.

Mr. WATSON of Indiana. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. Suppose all that be true and the Republican Party desires to commit political suicide, why does not the Senator from New Mexico stand aside and let us do it? We are willing to pass the bill with such amendments as sane discussion may suggest from time to time. Why does the Senator stand in the way of our doing this appalling thing that is going to oppress everybody in the United States?

Mr. JONES of New Mexico. Mr. President, I am not willing that the people of this Nation shall be made to suffer in order that the shortcomings of the Republican Party may be made apparent. I am not willing that this thing shall be placed upon the American people if I can prevent it. I do not intend to do it by any filibuster, but I do believe we ought to have thorough consideration and full discussion, so that the people of the country may understand just what is being put upon them.

Mr. WATSON of Indiana. Does the Senator mean by that that he intends to prevent the passage of the bill by a filibuster?

Mr. JONES of New Mexico. I just said that I did not.

Mr. PENROSE. It is a pity the Senator did not give the benefit of his sagacious advice while the bill was in the committee.

Mr. JONES of New Mexico. I rather apprehended the Senator from Pennsylvania might make just that sort of a remark.

Mr. PENROSE. I only make it in a casual way and do not intend to press it.

Mr. JONES of New Mexico. Yes; the Senator's remarks are usually casual. But I wish to say that the Senator from Pennsylvania understands why I was necessarily absent from the city during the time or a portion of the time the committee was considering the bill.

Mr. PENROSE. I suppose it was in the enjoyment of scenery and fresh air. I hope it was.

Mr. JONES of New Mexico. No; the real purpose of it was to get out and tell my people about some of the vicious things the Republican Party was attempting to put upon the people of the country.

Mr. PENROSE. Apparently the Senator failed to make them believe it.

Mr. JONES of New Mexico. I do not care to enter into a discussion of what occurred in New Mexico during the late campaign, but I think I can safely predict that if the bill passes the result of the next election will be quite different.

I wish to say this in regard to the framing of the bill: I have been back in Washington for some time. There has not been a meeting of the committee called, or at any rate I have had no notice of a meeting, and my understanding is that for some time the chairman of the committee has taken the position that he did not want cooperation of the minority members of the committee; that the various amendments, 75 in number, I believe, have been framed up by the majority of the committee without any consultation with the minority at all.

It has been generally given out that the majority of the committee does not propose to have any meetings of the full committee, that instead of having the meetings of the full committee to discuss the merits and provisions of the bill they have been holding secret or private conferences with the so-called "bloc" or some few members of the "bloc," because it has been stated on the floor here that those things have been agreed upon. Agreed upon by whom? There was no consideration in the full committee of these things.

I submit that this is the time for free and honest discussion of the bill, and it ought to be discussed, and its very deleterious character displayed. I was about to use a stronger term which I think it deserved. I do not believe it lies in the mouth of anybody to complain that the discussion which has been going on here regarding the measure has not been helpful.

Mr. McCORMICK. Mr. President, I hope the Senator from Arizona will feel duly chastened and rebuked by his neighbor and colleague from New Mexico.

Mr. ASHURST. I do not know what the Senator refers to about being chastened.

Mr. McCORMICK. No; the Senator has been engaged with his correspondence and probably did not hear the remarks of the Senator from New Mexico.

Mr. ASHURST. Mr. President, I did not chasten or rebuke anybody, and I pass the Senator's sarcasm by because I do not understand it. Nothing was further from my intention than to rebuke individual Senators. "Seest thou a man diligent in his business? He shall stand before Kings."

What irritates me more than the vicious nature of the bill is the fact that Senators on the other side proceed with such deplorably slow progress. By nature I want to do the business of the hour. It is one of the principles by which I live. Senators will find out that there is no rule in life that pays better anywhere than to do the business of the hour.

I have no criticism to make of any Democrat who sees fit to speak, howsoever long he may, about this or any other bill. That is his privilege. One of the rules of the Senate gives Senators the right to speak as long as they wish to on any subject at any time when a bill is before the Senate which is debatable.

If the Senator from Illinois [Mr. McCORMICK] thinks I attempted to rebuke anyone, he is mistaken; and I feel no rebuke from anyone, because I feel there is no occasion for me to be rebuked. There is no man in the Senate who could rebuke me; there is no man in the Senate who would do it; because I have tried to conduct myself so that I do not need a rebuke.

Mr. REED. Mr. President, I wish to speak for just a moment on the proposition which has been made by my very good friend from Arizona [Mr. ASHURST]. I want, however, to preface my remarks by replying to my almost equally good friend from Indiana [Mr. WATSON], who asks, If the Republican Party is going to commit suicide, why do we not let the execution proceed? Mr. President, I am not willing to have the country murdered even though the Republican Party shall commit suicide to escape the whip of justice. It frequently happens that suicides are preceded by murder. I have no objection to the Republican Party going out by itself and committing suicide, but I do not want it to slaughter the country before it does that very proper act.

Mr. WATSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Indiana?

Mr. REED. I do.

Mr. WATSON of Indiana. Has not the Senator from Missouri for many years made the same gloomy predictions and uttered the same dismal forebodings about what was going to happen to the country if the Republican Party succeeded in its nefarious schemes? Has he not said the same thing over and over about the protective tariff and all the principles and policies which the Republican Party has advocated for so many years, and has he not in most eloquent words—for the Senator from Missouri is always eloquent—inveighed against the principles and policies of the Republican Party because of the dire things that were about to befall the country when it should succeed in carrying the next election? And yet none of those things have come to pass.

Mr. REED. Mr. President, the United States of America and its 110,000,000 people are so powerful and so great that even the mistakes of my friend from Indiana can not destroy the country.

Mr. McLEAN. Nor could eight years of the administration of the Democratic Party.

Mr. REED. No; nor could eight years of Democratic rule destroy the country.

Mr. McLEAN. But it came pretty near doing so.

Mr. PENROSE. It could humiliate the country also.

Mr. REED. The Senator from Connecticut [Mr. McLEAN] says that Democratic control came pretty near ruining the country. Well, Mr. President, I am not standing here now to pronounce any eulogies upon the Democratic Party; I will take care of that at the proper time. I have criticized very liberally where I thought criticism belonged; but this much I wish to say: Notwithstanding all the mistakes that the Democratic Party has made, we went through the greatest war of history under a Democratic administration; and, whatever its mistakes, the flag of the United States to-day is floating at the highest point that the banner of any country has ever floated.

Mr. SMOOT. Thanks to the Republican Party.

Mr. REED. I do not pretend to say that the Republicans did not help, but the Democratic Party did not destroy this country.

Mr. McLEAN. But the Treasury is pretty empty.

Mr. REED. Well, Mr. President, the Treasury is pretty empty. Why? If the Senator from Connecticut wishes to enter that field, I will go into it with him. The Treasury is "pretty empty" because we put into the field nearly 5,000,000 troops; because we sent food to supply England and France and Italy; because we prepared an armament within an almost miraculously short space of time that saved this country.

Many people think it saved the world. All those things cost money; they empty treasuries. We are considering now how, after the war is over, to raise revenue, and there is a difference of opinion as to how that revenue ought to be raised. The Secretary of the Treasury has practically put himself on record in favor of forgiving to our allies the interest upon their debt to the United States, which amounts to over $10,000,000,000. There is a difference of opinion about that.

Mr. PENROSE. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Pennsylvania?

Mr. REED. I do.

Mr. PENROSE. I deny that statement. If there has been any forgiveness of interest, the Wilson administration forgave the interest. The Senator from Missouri knows that perfectly well. We are endeavoring to redeem the errors and mistakes of the incompetent statesmanship of the Wilson régime.

Mr. REED. O Mr. President, that is easily said, but if they are never redeemed until they are redeemed by those who are now undertaking to take control of this Government, then they will never be redeemed.

I say that the testimony given by the Secretary of the Treasury before the Finance Committee in the hearings on this bill and on the refunding bill will show that we were absolutely unable to get him to say that he proposed to try to collect the deferred interest on our foreign loans.

Mr. SMOOT. Mr. President, I know the Senator wants to be perfectly fair.

Mr. REED. I certainly do.

Mr. SMOOT. The Secretary of the Treasury never said that he was going to forgive any interest to any country whatever, but he did say that he was not in a position to say that he could compel payment of interest at this time.

Mr. REED. My statement was that we were unable to get him to say that he proposed to collect that interest or to try to collect it.

Mr. SMOOT. Oh, no.

Mr. REED. I can produce the record to-morrow.

Mr. WATSON of Indiana. Will the Senator yield to me?

Mr. REED. Yes.

Mr. WATSON of Indiana. The Senator will remember that when the Secretary of the Treasury was before our committee he produced the statement of former Secretary Houston as to a promise he had made to the British Government, and, I think, perhaps to the French Government, that on account of the condition of Europe the collection of the interest would not be pressed until two years after that time. The Senator well remembers that. The present Secretary of the Treasury said that he was of the opinion that that constituted an agreement as between this country and those foreign nations, and that he did not see fit to put pressure on them contrary to an agreement that was made by Secretary Houston.

I wish to say further that while every Senator who sat as a Republican around that table believed in the collection of the interest, no Senator who sat there as a Republican ever was in favor of breaking that solemn agreement which had been made with these other nations and upon which they were acting as a people.

Mr. REED. Now, Mr. President——

Mr. WATSON of Indiana. Is not that right?

Mr. REED. No; it is not right. I do not like to disagree in that sharp way with my very good friend, but it is absolutely not right, and I shall be glad to-morrow to bring the record here, if we do not have night sessions every night so that we will have no time to do anything. I claim this, and I propose——

Mr. SMOOT. Does the Senator claim——

Mr. REED. Wait a moment, and I will tell the Senator what I claim. Nobody can twist a word that comes out of my mouth except in the way I want it to come out. The Secretary of the Treasury came in and asked for authority under his bill practically to do whatsoever he pleased in the matter of the settlement of our foreign debts. We then sought to elicit from him what he did propose to do if he were given this carte blanche authority. We asked him, among other things, what was proposed to be done with reference to forgiving the accrued interest upon these debts. After some evasion he stated that correspondence had passed between the former Secretaries of the Treasury and foreign Governments which, in his opinion, might embarrass us in the collection of this money. The answer, of course, was made that if there was any such correspondence it was without authority of law and could not bind us, and that it was not thought to amount to a promise in any event, but if a promise, it was clearly unauthorized. We then asked him what his policy would be, and the substance of his reply was that he did not think we were in a position to insist upon the payment of that money.

Mr. SMOOT. Mr. President——

Mr. REED. I stated—and that is what raised this controversy—that we could not get him to say that he intended to collect the interest. The Senator can not find in the record his statement that he intended to collect it.

Mr. SMOOT. Will the Senator yield?

Mr. McCORMICK. May I ask the Senator a question?

Mr. REED. I yield to the Senator from Utah.

Mr. SMOOT. Was the Senator present when I asked the Secretary the direct question whether he, as Secretary of the Treasury, had any intention whatever of forgiving the foreign countries the interest that was due from them, and the Secretary answered "None whatever"?

Mr. REED. And was the Senator there when I then asked the Secretary if he meant that he proposed to insist upon the payment, and he answered that he thought we were not in a position to insist upon it?

Mr. SMOOT. That is, not immediately; not until the end of two years.

Mr. REED. No; at any time.

Mr. SMOOT. There is, however, no question in the world, Mr. President, that the Secretary of the Treasury stated to the committee that he did not feel that he was justified under the agreement that had been made to force the payment of the interest at the time the committee was in session.

Mr. REED. Mr. President, we will put the record in here, and will let the Senate have the benefit of it.

Mr. SMOOT. I am perfectly willing to stand on the record.

Mr. REED. I say now that no Secretary of the Treasury who ever occupied that position, whether he was a Democrat or a Republican, had any authority of law or any moral authority to waive one penny of the debt that is due this country from foreign nations.

Mr. McCORMICK. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. McCORMICK. Mr. President, will the Senator tell the Senate in what sense or in what measure the discussion of the foreign debt of the United States will advance the consideration of the bill before the Senate, the delay of which has been objected to on the other side of the Chamber?

Mr. REED. Oh, well, Mr. President, this discussion grew out of the statement that came from the other side of the Chamber that the Democrats had left an empty Treasury, and I am telling them one reason why it is empty. It came from the other side.

Now, if the Senator will compose himself just a minute and recover his Illinois equanimity, I will proceed to discuss the question that I want to discuss.

We all know that this country, just like any other country, has to have some revenue, and we have been trying to settle how it is to be raised. There has been criticism here of the length of this discussion. I have not been in the Senate long enough to call myself an old Member, but during the last 10 long years I have never observed in this body a closer attention to any bill than has been evidenced in the discussion of this bill. It is true that we have not always discussed the particular amendment that was pending, but there is not one of these important amendments that does not affect the aggregate of the revenue, and you can not consider one amendment which cuts down the revenue without the suggestion coming, "Where are you going to obtain revenue to take its place?" That necessarily leads to the discussion of other items.

Has this debate been fruitful?

This bill was brought in here, and I do not criticize the chairman of the committee or the committee for bringing it in at the time they did. They seemed to think that it must come in here in a hurry. We brought it in here when it had not been completely written. It had to be withdrawn the next day or the second day afterwards for a more complete copy.

Mr. PENROSE. The bill had been completely written, and was never altered in one line.

Mr. REED. It was not in form; that is what I mean.

Mr. PENROSE. The printer printed it in different type; and the Senator knows when he makes that statement that it is calculated to mislead.

Mr. REED. I do not mean to mislead anybody. Anyway, I would not mislead the Senator from Pennsylvania. I could not do that.

Mr. PENROSE. No; the Senator could not.

Mr. REED. Certainly not. Nobody could mislead the Senator from Pennsylvania.

The bill was put in so hastily that it was not printed in the form that was desired. It had to be withdrawn and printed in a different form.

Mr. PENROSE. Mr. President, will the Senator permit me to correct his recollection?

Mr. REED. Yes.

Mr. PENROSE. In order to gratify the Senator's peculiar taste as to the kind of italics, type, and punctuation in which the bill should be printed, and the taste of other members of the committee, the printing was changed; but when the Senator says that it was not written or not fully written or not complete or has been changed since that report, his statement is absolutely and deliberately misleading.

Mr. REED. Oh, Mr. President, I can not discuss questions with men who indulge in that sort of language, particularly under the existing circumstances.

Mr. PENROSE. Well, look at the Senator's language.

Mr. REED. What I said was that the bill was not in form.

Mr. PENROSE. It was in form.

Mr. REED. It was introduced in substance the same as it is now, but it was not printed in the form in which we wanted it for consideration, and by the action of the majority of the committee on a vote it was ordered to be otherwise printed. We have spent about 15 minutes in discussing an absolutely inconsequential matter.

The bill came on for discussion. What happened to the bill as the result of debate? Let us see if that debate was worth while.

Here is a bill that was written so blindly in its very form that the average man can not tell anything at all about what it means unless he spends about a week studying it. We know

that the Members of the Senate not on the committee will not give it that kind of study, and very naturally. Indeed, if they undertook it, they would need an expert beside them to explain it. But what happened? It was proposed to take off $75,000,000 of the tax on the capital stock of corporations. The result of this debate has been to put back that $75,000,000. Was it worth the discussion?

Mr. ASHURST. Mr. President, that is the reason why I want the discussion to go on this evening.

Mr. REED. The Senator wants it to go on night and day. We who have to work would like to have a little time to sleep and a little time to reflect and study.

Mr. ASHURST. They sleep while the Senator is speaking.

Mr. REED. It was proposed to take $90,000,000 off of surtaxes. About $65,000,000 of that amount has been saved. Was the discussion worth it? It was worth the time of the Senate, I think, to discuss a question of that kind.

It was proposed here to make some exceptions in regard to American corporations that were doing business outside of the United States.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I do.

Mr. STANLEY. If it had not been that somebody sold the agricultural bloc a tallow candle for a banana, we would have saved two or three hundred million dollars by this discussion.

Mr. REED. Why, certainly.

Mr. SIMMONS. Mr. President, I want to remind the Senator that if it had not been for this discussion, probably one-half of the railroad transportation tax would have still been in the bill.

Mr. REED. Yes; I was coming to that, but I thank the Senator for putting it in. You proposed to retain one-half of the railroad transportation tax, amounting to about $130,000,000 a year, if I remember rightly, and we have removed it as the result of this discussion. Was it worth taking a little time to discuss?

I mentioned a moment ago the tax upon corporations doing business abroad. That was an important item. It has been changed. Was it worth while? I think it was.

We next approach the question of the excess-profits tax, $450,000,000, and that has been discussed to some extent. Some votes have been changed by this discussion. If the bill had merely come in here and been read, it would have passed just as it was introduced.

The result of the discussion has been light. I have taken a great deal of time. I do not pretend that I am able to talk on any question so that I will illuminate the intelligence of any man in the world, any member of the committee, or even my good friend from Arizona, but I have deemed it my duty to talk about some of these propositions. Singularly enough, the things I have been talking for, the things that the Senator who is the leading Democratic member of the committee [Mr. SIMMONS] has been talking for, the things that the Senator from New Mexico [Mr. JONES], the Senator from Massachusetts [Mr. WALSH], and the Senator from Rhode Island [Mr. GERRY] have been talking for, as well as other Senators, notably the Senator from Ohio [Mr. POMERENE], who are not members of the committee, are in most instances the very items which have been remodeled in this bill. There remain to be considered a multitude of other important things.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. ASHURST. Of course, the Senator knows that the RECORD discloses that I have been constant in my support of the various amendments to which the Senator refers.

Mr. REED. Certainly the Senator has.

Mr. ASHURST. The Senator lost his temper because——

Mr. REED. On the contrary, I have seldom been so good-humored.

Mr. ASHURST. I was judging by the Senator's expressions.

Mr. REED. As to that, I can not say. But the Senator has urged that we work under impossible conditions. I say that kindly. I would not have a controversy with my friend.

Mr. ASHURST. I am not seeking any.

Mr. REED. I will illustrate what an additional burden these night sessions will impose. I attempted to-day to draw an amendment to this bill. I thought I could draw an amendment to anything ever created by man. When I came to fit my amendment to this bill I was by no means sure that it meant what I wanted it to mean, because of the technical language of the bill. I went to one of the experts and asked him what the effect would be, and asked him to give me some figures as to the revenue. That was before dinner to-day. An hour or two ago he told me that he had been called to other work and could not get to it. So we are asked to come in here and work all night to carry on this matter, regardless of everything else, to do what? The Senator says the bill is a bad one. 'Why hasten the evil day? Why stand upon the mountain top and cry, "For God's sake, bring us to destruction quickly?"

Mr. ASHURST. Mr. President, the Senator says that other people can not put into his mouth words that he does not use. There are other Senators here who occupy that same attitude. The Senator must not put into my mouth words that I do not use.

Mr. REED. I do not want to.

Mr. ASHURST. The Senator will not. I will not let him do it. It is not simply that he does not want to, but I will not permit him to do it; and I do not say that unkindly.

The Senator must know that nine-tenths of the discussion in the Senate—and if he does not know it he is too unpretending a simpleton to stay in the Senate—goes out on an unreturning parabola and never comes back to touch the subject. Nine-tenths of the talk in this body does not relate to the subject under discussion; and there is not a Senator here who will say that it relates to the subject, except that he says his own speeches relate to the subject. My learned friend from Georgia [Mr. HARRIS] introduced an amendment that should have been disposed of in 20 minutes, and it is now nearly 6 o'clock, and that amendment is undisposed of, although five councilmen in the smallest town in Arizona would have disposed of it correctly in 10 minutes; and yet the Senate of the United States takes 6 hours!

I complain against inefficiency. I do not refer now to the Senator from Missouri alone——

Mr. REED. No; I hope not.

Mr. ASHURST. But to others as well.

Mr. REED. The Senator from Arizona, of course, has a perfect right to have whatever opinion he pleases regarding my utterances or those of other Senators. He has assumed the right lately to lecture the whole Senate in regard to its method of doing business. I do not agree with him that the talk in this body is idle. I have heard speeches made here that might as well not have been made, but in the main the discussion in this body is illuminating. The men who complain most are, mayhap, the chief offenders.

Mr. President, I was reciting what has already been accomplished by the discussion of this bill. A board of five aldermen might have done it better and more quickly. The remarkable thing is that these remarkable gentlemen from Arizona do not come down here and take possession of the Congress.

In addition to what I have already mentioned we have had discussions of matters that are yet to be settled, and if we could simply get the Members of the Senate to listen to these discussions it would not be necessary to repeat them four or five times.

In regard to night sessions, if this bill is bad we need not be in a hurry on this side. If the rest of the Republican program is equally bad, then the longer we discuss it and the slower we are in adopting it the better. I do not know of any proposition now being made whose adoption would relieve this country.

The Republican majority has laid aside its tariff bill, because those Members did not know what to do with it. I do not blame them. I am glad they laid it aside. Every day it is laid aside so much the better for the country.

They laid aside the soldiers' bonus bill, and that is not on the program. They do not intend to bring that out and pass it. If we hold night sessions until they get to the bonus bill, we will all die in our seats for want of sleep before they bring it out. I know of nothing that lies in the future that is so alluring that we need sit here all night in wait. Such a vigil will not hasten the dawn.

In the meantime the bloc, the celebrated bloc, which started in to save the country, has surrendered to the profiteers. I congratulate them.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Georgia [Mr. HARRIS] to the amendment of the committee.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as to my pair and its transfer as before. If permitted to vote, I would vote "yea," but I can not secure a transfer of my pair.

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Pennsylvania [Mr. CROW], and vote "nay."

Mr. HARRIS (when his name was called). I have a general pair with the junior Senator from New York [Mr. CALDER], which I transfer to my colleague, the junior Senator from Georgia [Mr. WATSON], and vote "yea."

Mr. JONES of New Mexico (when his name was called). I have a pair with the Senator from Maine [Mr. FERNALD]. In his absence I am not permitted to vote. If I were at liberty to vote, I would vote "yea."

Mr. KING (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. MCCUMBER]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SUTHERLAND (when his name was called). I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Delaware [Mr. DU PONT], and vote "nay."

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Washington [Mr. JONES]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence, being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. HARRIS (when the name of Mr. WATSON of Georgia was called). I desire to announce that my colleague [Mr. WATSON of Georgia] has been compelled to go home on account of illness. If he were present, he would vote "yea."

The roll call was concluded.

Mr. CURTIS. Mr. President, I desire to announce the absence on official business of the Senator from Massachusetts [Mr. LODGE] and the Senator from Alabama [Mr. UNDERWOOD], who are paired. I desire to announce also the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

Mr. McLEAN (after having voted in the negative). I transfer my general pair with the Senator from Montana [Mr. MYERS] to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

Mr. EDGE (after having voted in the negative). Has the senior Senator from Oklahoma [Mr. OWEN] voted?

The VICE PRESIDENT. He has not voted.

Mr. EDGE. I have a general pair with that Senator, which I transfer to the junior Senator from Oregon [Mr. STANFIELD], and allow my vote to stand.

Mr. DIAL. I have a general pair with the senior Senator from Colorado [Mr. PHIPPS], and in his absence I withhold my vote.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. In his absence, not being able to secure a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. McCORMICK (after having voted in the negative). Has the junior Senator from Wyoming [Mr. KENDRICK] voted?

The VICE PRESIDENT. He has not.

Mr. McCORMICK. I have a standing pair with that Senator, which I transfer to the junior Senator from California [Mr. SHORTRIDGE], and allow my vote to stand.

The result was announced—yeas 21, nays 36, as follows:

YEAS—21.

Ashurst	Heflin	Pomerene	Swanson
Borah	Hitchcock	Ransdell	Walsh, Mass.
Broussard	La Follette	Reed	Walsh, Mont.
Caraway	McKellar	Sheppard	
Gerry	Overman	Simmons	
Harris	Pittman	Stanley	

NAYS—36.

Brandegee	Frelinghuysen	McLean	Penrose
Bursum	Gooding	McNary	Poindexter
Cameron	Hale	Moses	Smoot
Capper	Harreld	Nelson	Spencer
Cummins	Kellogg	New	Sutherland
Curtis	Keyes	Newberry	Warren
Edge	Lenroot	Nicholson	Watson, Ind.
Ernst	McCormick	Norbeck	Williams
France	McKinley	Oddie	Willis

NOT VOTING—39.

Ball	Dial	Fletcher	Jones, Wash.
Calder	Dillingham	Glass	Kendrick
Colt	du Pont	Harrison	Kenyon
Crow	Elkins	Johnson	King
Culberson	Fernald	Jones, N. Mex.	Ladd
Lodge	Page	Smith	Underwood
McCumber	Phipps	Stanfield	Wadsworth
Myers	Robinson	Sterling	Watson, Ga.
Norris	Shields	Townsend	Weller.
Owen	Shortridge	Trammell	

So Mr. HARRIS's amendment to the amendment of the committee was rejected.

Mr. PENROSE obtained the floor.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Massachusetts?

Mr. PENROSE. I yield for a question.

Mr. WALSH of Massachusetts. There is still one amendment dealing with the normal tax that has not been disposed of, and that is an amendment which I now offer. I understand after a record vote is had on this amendment the chairman of the Committee on Finance will move to take a recess, and if this amendment is acted on now all matters in connection with the normal tax provision will be disposed of.

Mr. TRAMMELL. I think the Senator is mistaken in saying that all amendments regarding the normal tax provision will then be disposed of, because there will be some other amendments proposed to this particular section.

Mr. WALSH of Massachusetts. I must be absent from the Chamber to-morrow on official business, and I would like to have this amendment acted upon to-night if possible.

Mr. PENROSE. Let it be read and acted on.

Mr. WALSH of Massachusetts. The amendment is very similar to the one offered by the Senator from Rhode Island [Mr. GERRY]. It is not as drastic as the amendment offered by the Senator from Rhode Island. His amendment sought to reduce the normal tax on net incomes of less than $5,000 to 2 per cent, on net incomes between five and ten thousand dollars to 4 per cent, and on net incomes between ten and fifteen thousand dollars to 6 per cent. The amendment which I offer seeks to reduce the normal tax on net incomes of less than $5,000 to only 3 per cent, and on net incomes between five and ten thousand dollars to 6 per cent, making all incomes over $10,000 pay the present rate, namely, 8 per cent.

The loss of revenue, I am informed, if this amendment is adopted, will be about one-half what the loss would have been if the amendment of the Senator from Rhode Island had been agreed on, namely, about $75,000,000.

As there has been a full discussion upon the subject, and all aspects of the question have been fully debated, I do not think it is necessary to have any further discussion. I ask for a yea-and-nay vote, and will be content with the result.

The VICE PRESIDENT. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. On page 23, at the end of line 2, insert the following additional proviso:

Provided further, That for the calendar year 1922 and each calendar year thereafter, in the case of a citizen or resident of the United States, the rate upon the first $5,000 of such excess amount shall be 3 per cent; the rate upon the second additional $5,000 of such excess amount shall be 6 per cent.

The VICE PRESIDENT. On this amendment to the amendment of the committee the Senator from Massachusetts asks for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. DIAL (when his name was called). I have a general pair with the Senator from Colorado [Mr. PHIPPS]. In his absence I withhold my vote.

While on my feet I desire to announce that my colleague [Mr. SMITH] is detained at home on account of illness. He has a general pair with the Senator from South Dakota [Mr. STERLING].

Mr. EDGE (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. HALE (when his name was called). Making the same announcement that I made on the previous vote with reference to my pair and its transfer, I vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. JONES of New Mexico (when his name was called). Making the same announcement in regard to my pair that I made a while ago, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. KING (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. MCCUMBER]. I transfer that pair to the senior Senator from Missouri [Mr. REED] and vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. SWANSON (when his name was called). Making the same announcement with reference to my pair and transfer that I made on the previous vote, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as before in regard to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. HARRISON (after having voted in the affirmative). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. In his absence, being unable to obtain a transfer, I withdraw my vote. If permitted to vote, I would vote "yea."

Mr. McCORMICK. Making the same announcement as before as to my pair and transfer, I vote "nay."

Mr. CURTIS. Mr. President, I wish to announce the following pairs:

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Connecticut [Mr. McLEAN] with the Senator from Montana [Mr. MYERS]; and

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER].

The result was announced—yeas 21, nays 32, as follows:

YEAS—21.

Ashurst	Hitchcock	Pomerene	Walsh, Mass.
Broussard	King	Ransdell	Walsh, Mont.
Caraway	La Follette	Sheppard	Williams
Gerry	McKellar	Simmons	
Harris	Overman	Stanley	
Heflin	Pittman	Swanson	

NAYS—32.

Brandegee	Frelinghuysen	McKinley	Penrose
Bursum	Gooding	McNary	Poindexter
Cameron	Hale	Moses	Smoot
Capper	Harreld	Nelson	Spencer
Curtis	Kellogg	Newberry	Sutherland
Edge	Keyes	Nicholson	Warren
Ernst	Lenroot	Norbeck	Watson, Ind.
France	McCormick	Oddie	Willis

NOT VOTING—43.

Ball	Fernald	McCumber	Shortridge
Borah	Fletcher	McLean	Smith
Calder	Glass	Myers	Stanfield
Colt	Harrison	New	Sterling
Crow	Johnson	Norris	Townsend
Culberson	Jones, N. Mex.	Owen	Trammell
Cummins	Jones, Wash.	Page	Underwood
Dial	Kendrick	Phipps	Wadsworth
Dillingham	Kenyon	Reed	Watson, Ga.
du Pont	Ladd	Robinson	Weller
Elkins	Lodge	Shields	

So the amendment of Mr. WALSH of Massachusetts to the amendment of the committee was rejected.

Mr. PENROSE. Mr. President, I desire to announce to the Senate that I intend to move that the Senate take a recess until 11 o'clock to-morrow morning. Prior to making that motion I desire to state to the Senate, and I hope the country will take note of it, that I propose to move to hold an evening session to-morrow; and on Wednesday I shall submit to the Senate, or there will be submitted to the Senate, a resolution which I hope by that time will be indorsed by a majority of the Senate in writing, and which has already been indorsed by all Senators available this afternoon, pledging themselves to remain in the Capitol and maintain a quorum night and day until the pending bill is disposed of. That will be submitted to the Senate on Wednesday.

Now, I am informed that it is desired and desirable to hold a short executive session, and therefore I move that the Senate proceed to the consideration of executive business.

Mr. WILLIAMS. Mr. President——

Mr. PENROSE. Then later I shall move, as in legislative session, that the Senate take a recess until 11 o'clock to-morrow.

Mr. WILLIAMS. Before the motion is put I should like to ask the Senator why he does not resort to the rule of the Senate under which a two-thirds majority may bring about a cloture of debate?

Mr. PENROSE. I seek my own method in bringing the result. I think a continuous session of the Senate night and day will enable all to be heard, and those who desire to discuss the evils of Wall Street, the iniquities of the Federal Reserve Board, and many ancient and medieval topics can be heard anywhere during the morning hours from 4 or 5 until daylight. I desire to accommodate those Senators. I now move that the Senate proceed to the consideration of executive business.

Mr. WILLIAMS. Mr. President, before the Senator——

The VICE PRESIDENT. The question is not debatable except by unanimous consent. Is there objection to hearing the Senator from Mississippi?

Mr. PENROSE. I object.

The VICE PRESIDENT. There is objection. The question is on the motion of the Senator from Pennsylvania.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The question is, Shall the Senate——

Mr. WILLIAMS. Mr. President, you can not cut me off in that way. That may be the Massachusetts method, but——

Mr. PENROSE. Mr. President, I had the floor and I yielded for a question to the Senator from Mississippi and then made a motion. I ask that the question be put on my motion.

The VICE PRESIDENT. The question is, Shall the Senate proceed to the consideration of executive business?

Mr. WILLIAMS. Mr. President, I asked the Senator to withhold his motion for a moment while I made a few remarks, and now I ask him again to do so.

Mr. PENROSE. The Senator from Mississippi has not the floor, and I press my motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

Mr. WILLIAMS. Mr. President, what is the parliamentary situation? Am I recognized or not?

The VICE PRESIDENT. The motion for an executive session is not debatable.

Mr. WILLIAMS. I understand that.

The VICE PRESIDENT. The Chair asked if there was unanimous consent to hear the Senator from Mississippi, which was objected to, and the roll call is now proceeding.

Mr. WILLIAMS. If unanimous consent is asked for anything, of course, I shall decline——

The VICE PRESIDENT. The Secretary will proceed with the roll call.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hale	McKellar	Sheppard
Brandegee	Harreld	McKinley	Simmons
Broussard	Harris	McNary	Spencer
Bursum	Harrison	Moses	Stanley
Cameron	Heflin	Nelson	Sutherland
Capper	Hitchcock	Newberry	Swanson
Caraway	Jones, N. Mex.	Nicholson	Trammell
Curtis	Kellogg	Norbeck	Walsh, Mass.
Edge	Kenyon	Oddie	Warren
Ernst	Keyes	Overman	Watson, Ind.
France	King	Penrose	Willis
Frelinghuysen	La Follette	Pittman	
Gerry	Lenroot	Poindexter	
Gooding	McCormick	Ransdell	

The VICE PRESIDENT. Fifty-three Senators having answered to their names, a quorum is present.

Mr. HARRIS. I wish to announce that my colleague [Mr. WATSON] is temporarily detained from the Senate on account of illness.

EXECUTIVE SESSION.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania that the Senate proceed to the consideration of executive business.

Mr. WILLIAMS. Mr. President, if I understand the rules of the Senate, that question is not debatable.

The VICE PRESIDENT. It is not debatable.

Mr. WILLIAMS. Very well.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 1 hour and 25 minutes spent in executive session the doors were reopened.

RECESS.

Mr. CURTIS. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 7 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, October 25, 1921, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 24 (legislative day of October 20), 1921.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

Franklin E. Morales to be envoy extraordinary and minister plenipotentiary to Honduras.

POSTMASTERS.

COLORADO.

John H. McDevitt, jr., Durango.
William D. Woodward, Grover.

CONNECTICUT.

John M. Donaldson, Fairfield.

INDIANA.

John P. Switzer, Bryant.
Carl McKinley, Borden.
Clarence H. Magenheimer, Haubstadt.
Jacob F. Ruxer, St. Meinrad.

IOWA.

Albert H. Dohrmann, Charlotte.
Omar H. Brooks, Cleghorn.
William Foerstner, High.

HOUSE OF REPRESENTATIVES.

MONDAY, *October 24, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in Heaven, Thou hast not been far from us at any time; Thy promise is not broken, but enlarged. Truly Thou art our everlasting portion, and we bow and bless Thy sacred name in life and in death. O be present in our lives and carry forth our little knowledge into wisdom. Bless the flower and the fruit of our service which is for the common good. May we always get strength and vision from the life of Him who is altogether holy. If any clouds hang over our heads, may they break in blessings and open the gates of difficulty which may be before us. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Friday, October 21, 1921, was read and approved.

AGRICULTURAL ENTRIES ON ALASKAN COAL LANDS.

Mr. SUTHERLAND. Mr. Speaker, under instructions from the Public Lands Committee I desire to submit a privileged report on the bill H. R. 7948, a bill to provide for agricultural entries on coal lands in Alaska.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska.

Mr. GARRETT of Tennessee. Mr. Speaker, is that a privileged report?

The SPEAKER. The gentleman from Oregon [Mr. SINNOTT] has called the attention of the Chair to the question as to whether or not it is privileged, and the Chair is uncertain. As the Chair understands, the gentleman from Oregon [Mr. SINNOTT] intends to argue the question before the House as to whether it is a privileged report or not.

Mr. SINNOTT. Mr. Speaker, I think there is no question about the privilege of the bill. If the Speaker desires to hear me now——

The SPEAKER. The Chair will be glad to hear the gentleman at some other time.

Mr. SINNOTT. Mr. Speaker, then I ask unanimous consent to extend my remarks in the RECORD on the jurisdiction of the Committee on Public Lands relating to the bill. The subject is an important one, and I have given some time to the collation of the authorities, which may help the Speaker.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

JURISDICTION OF THE COMMITTEE ON THE PUBLIC LANDS TO REPORT PRIVILEGED BILLS.

Mr. SINNOTT. Mr. Speaker, in presenting the question of the privileged character of H. R. 7948, under Rule XI, clause 56, we are first met with the question, assuming the bill to be privileged, can it now be reported from the floor as a privileged bill, since it was originally reported on August 3, 1921, through the basket? Fortunately this question has been decided by Speaker Reed, volume 4, Hinds' Precedents, section 3146:

3146. Bills from a committee having leave to report at any time must be reported from the floor of the House and not by filing them with the clerk.

Although a privileged matter may lose its privilege by an informal manner of making the report, the injury may be repaired by a new report.

Rule XI as it relates to the Committee on the Public Lands is as follows:

The following-named committees shall have leave to report at any time on the matters herein stated, viz, * * * the Committee on the Public Lands, bills for the forfeiture of land grants to railroad and other corporations, *bills preventing speculation in the public lands, and bills for the reservation of the public lands for the benefit of actual and bona fide settlers.*

CONSTRUCTION BY DIFFERENT SPEAKERS ON RULE XI, CLAUSE 56, AS IT RELATES TO THE COMMITTEE ON THE PUBLIC LANDS.

The leading decisions on the rule giving privilege to the Committee on the Public Lands are cited in volume 4, Hinds' Precedents, sections 4633 to 4639, inclusive.

DECISIONS BY SPEAKER CARLISLE.

The bill H. R. 7901, the subject of Speaker Carlisle's decision on March 17, 1888, Fiftieth Congress, first session, page 2195, cited and copiously quoted in section 4633 of Hinds' Precedents, may be found in the House library, volume 34, House bills, Fiftieth Congress, first session.

Speaker Carlisle held this bill privileged, although its title was as follows:

To secure to actual settlers the public lands adapted to agriculture, to protect the forest on the public domain, and for other purposes—

And the bill, which is too long to read now, in addition to provisions relating to actual and bona fide settlers, covered the following subjects:

Section 2 provides for classification and sale of mineral lands under existing law.
Section 3 provides for entry by a citizen or association of citizens on 160 acres of vacant iron or coal lands.
Sections 4, 5, 6, and 7 provide for sale of timber.
Section 8 provides for reserving timberlands as public reservations.
Section 10 provides for the disposition of lands chiefly valuable for stone, unfit for cultivation, and destitute of timber.
Section 11 provides for public or private sale of isolated tracts.
Section 27 makes it unlawful to cut or destroy timber on the lands of the United States, or to set fire to any tree on such lands, or to knowingly manufacture any lumber from such timber.
Section 28 dedicates 2 rods of each side of the section line on said lands for public highways.

When section 2 of the bill was read, which is as follows:

SEC. 2. That all public lands chiefly valuable for mineral deposits—namely, iron, coal, gold, silver, cinnabar, lead, copper, nickel, and tin—and every contiguous 160 acres or less quantity thereof, in legal subdivisions, the greater part of which is unfit for cultivation, shall be classified as mineral lands, and shall be disposed of under existing laws, except as herein provided. All iron lands shall be disposed of in like manner as is provided by law for entry of coal lands.

Mr. Adams contended that enough had been read to show that the bill was not privileged, on the ground that it had been decided that a matter can not be privileged which contains other matter not privileged in its character. Speaker Carlisle in overruling the point of order among other things said:

In other words, it is impossible to enlarge the area of the public lands subject to entry under the homestead law without in some way legislating in respect to lands that are not now subject to homestead entry.

This quotation is from Hinds' Precedents, Volume IV, section 4633, where excerpts from the decision are given.

Another decision by Speaker Carlisle may be found in CONGRESSIONAL RECORD, Fiftieth Congress, second session, volume 20, part 1, on page 47. This decision is copiously quoted in Volume IV, section 4637, Hinds' Precedents, from which I take the following quotation:

The Chair has invariably placed a very liberal construction upon that rule—

Referring to said Rule XI. On this same page 47 of the RECORD of the Fiftieth Congress, second session, Mr. Holman, who reported House bill 7901, in the first session, in his argument as to the privileged character of House bill 1368, the subject of Speaker Carlisle's decision, referred to House bill 7901, held by the Speaker privileged in the first session as follows, showing the character of the bill which Speaker Carlisle held privileged:

I refer especially, Mr. Speaker, to the decision made by the Chair on the question of order raised on the general land bill at the last session. The general purpose of that bill, the general scope of it, was to secure the public lands to actual settlers, but it necessarily involved a vast amount of other matters; protection of coal fields from monopoly, protection of water courses from monopoly, protection of forests from destruction, and a multitude of other incidental matter. That bill bristled with legislative provisions which are prominent and yet only incidental, and, in some cases, only remotely incidental, to the general purpose of protecting to the actual settlers the public lands, yet the point of order was overruled; whereas this bill contains but a single subject matter and the provisions directly necessary to secure the purpose sought to be attained, namely, that certain lands heretofore granted by Congress to a corporation shall be restored to the public domain and secured for the benefit of actual settlers.

Another decision of Speaker Carlisle is cited in the second footnote under section 4638 of volume 4, Hinds' Precedents, on page 963. In addition to the subjects mentioned in the footnote the bill related to the desert-land law where no settlement is required. The bill also required a map of the irrigation plan showing its sufficiency, and also related to abandoned military reservations, land warrants, and land scrip.

DECISION BY SPEAKER CRISP.

The bill, S. 3643, held privileged by Speaker Crisp, cited in volume 4, section 4635 of Hinds' Precedents, is printed in CONGRESSIONAL RECORD, volume 24, Fifty-second Congress, second session, January 26, 1893, on page 864. The following is a copy of the bill held privileged:

Be in enacted, etc., That all public lands now remaining undisposed within the abandoned military reservation in the State of Wyoming known as the Fort Bridger Military Reservation, are hereby made subject to disposal under the homestead law only: *Provided*, That actual occupants thereon upon the 1st day of July, 1892, shall have the preference right to make one entry not exceeding one quarter section under existing laws if qualified, which shall include their respective improvements: *Provided further*, That any of such lands as are occupied for town-site purposes and any of the lands that may be shown to be valuable for coal or minerals shall be disposed of as now provided for lands subject to entry and sale under the town-site coal or mineral land laws, respectively.

It will be noted that while in the first part of the bill the land is to be disposed of under the homestead law only, yet the last proviso provides that any of the land occupied for town-site purposes and any land valuable for coal or minerals shall be disposed of under the town-site, coal, or mineral land laws, respectively. This decision of Speaker Crisp may be found in the RECORD for the Fifty-second Congress, second session, page 2177, February 25, 1893.

DECISION BY SPEAKER REED.

An important decision of Speaker Reed is cited in section 4638, volume 4, Hinds' Precedents, wherein Speaker Reed is quoted:

The Chair thinks that this provision has always had a liberal construction, and will decide that it is a privileged matter.

The provision referred to, of course, is Rule XI, clause 56, as it relates to the Committee on the Public Lands. I shall read the bill, which is printed in the RECORD of the Fifty-fourth Congress, first session, page 1760, February 15, 1896, which Speaker Reed held privileged:

Be it enacted, etc., That suits by the United States to vacate and annul any patent to lands heretofore erroneously issued under a special grant shall only be brought within five years from the passage of this act, and suits to vacate and annul patents hereafter issued shall only be brought within 10 years after the date of the issuance of such patents. But no patent to any lands held by a bona fide purchaser shall be vacated or annulled, but the right and title of such purchaser is hereby confirmed.

SEC. 2. That if any person claiming to be a bona fide purchaser of any lands erroneously patented or certified shall present his claim to the Secretary of the Interior prior to the institution of a suit to cancel a patent or certification, and if it shall appear that he is a bona fide purchaser, the Secretary of the Interior shall request that suit be brought in such case against the patentee, or the corporation, company, person, or association of persons for whose benefit the certification was made, for the value of said land, which in no case shall be less than minimum Government price thereof nor more than the amount paid by the purchaser to the original grantee of the United States, and the title of such claimant shall stand confirmed. An adverse decision by the Secretary of the Interior on the bona fides of such claimant shall not be conclusive of his rights, and if such claimant or one claiming to be a bona fide purchaser, but who has not submitted his claim to the Secretary of the Interior, is made a party to such suit, and if found by the court to be a bona fide purchaser, the court shall decree a confirmation of the title and shall render a decree in behalf of the United States for the value of the land as hereinbefore provided. Any bona fide purchaser of lands patented or certified to a railroad company, and who is not made a party of such suit, and who has not submitted his claim to the Secretary of the Interior, may establish his right as such bona fide purchaser in any United States court having jurisdiction of the subject matter, or, at his option, as prescribed in sections 3 and 4 of chapter 376 of the acts of the second session of the Forty-ninth Congress.

SEC. 3. That if at any time prior to the institution of suit by the Attorney General to cancel any patent or certification of lands erroneously patented or certified, a claim or statement is presented to the Secretary of the Interior by or on behalf of any person or persons, corporation or corporations, claiming that such person or persons, corporation or corporations, is a bona fide purchaser or are bona fide purchasers of any patented or certified land by deed or contract, or otherwise, from or through the original patentee or corporation to which patent or certificate was issued, no suit or action shall be brought to cancel or annul the patent or certification for said land until such claim is investigated in said Department of the Interior; and if it shall appear that such person or corporation is a bona fide purchaser as aforesaid, or that such persons or corporations are such bona fide purchasers, then no such suit shall be instituted and the title of such claimant or claimants shall stand confirmed; but the Secretary of the Interior shall request that suit be brought in such case against the patentee, or the corporation, company, person, or association of persons for whose benefit the patent was issued or certification was made for the value of the land as hereinbefore specified.

It is obvious from these decisions of Speakers Carlisle, Crisp, and Reed that a liberal construction has always been given this Rule XI, clause 56, as it relates to the rights of the Committee on the Public Lands.

Examining H. R. 7948 in the light of these decisions, it is apparent that the bill is entitled to a privileged character. Section 1 of the bill grants actual settlers a surface homestead right on public lands containing coal, oil, or gas, which are not now subject to homestead settlement. Section 1 enlarges the area of the public domain subject to homestead settlement. Section 2 of the bill provides for the issuance of a patent with a reservation to the United States of all the coal, oil, or gas in the land patented. Section 2 further protects and safeguards the rights of the homestead settler by restricting the operations of the coal, oil, or gas permittee or lessee in the interest of the homestead settler; it also requires the permittee or lessee to give a bond for the payment of damages to the crops or improvements on the land. It will be remembered that the coal, oil, or gas deposits in the land covered by H. R. 7948 are now subject to disposition under the Alaska coal leasing act of October 20, 1914 (38 Stat., 741), and the oil leasing act of the Sixty-sixth Congress, Public 146, approved February 25, 1920, United States Statutes at Large, volume 41, page 437. Said acts provide for the removal of said minerals by permit or lease.

Therefore, Mr. Speaker, the main provisions of section 2 are to insure to the settler the fullest use of the homestead with the least possible molestation from the permittee or lessee; the means for accomplishing this object are by requiring a bond or undertaking against damages to crops and improvements, also by restricting the permittee or lessee to so much of the surface only as may be reasonably required for his mining operations. Without such safeguards and restrictions the privilege of the homestead settler would be bootless and nugatory. This proposition is well stated in that part of Speaker Carlisle's decision on H. R. 7901, Fiftieth Congress, first session, not quoted in Hinds' Precedents, section 4633, and which I shall read:

The Chair supposes that a bill reported from this committee might include matters having no relation to the public lands or to the privileged subjects mentioned in the rule, and thus might lose its privilege; but the Chair will state that in such a bill all provisions relating to the preservation of the public lands for actual settlers, and providing the means for accomplishing that object, are certainly privileged; otherwise the privilege would amount to nothing.

EXTENSION OF REMARKS.

Mr. DYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

EXPUNGING OF REMARKS FROM THE RECORD.

Mr. MONDELL. Mr. Speaker, I move to expunge from the RECORD of Saturday, October 22, the remarks printed as an extension of remarks by Hon. THOMAS L. BLANTON, of Texas, beginning on page 7417. And as explanatory and in justification for the motion I make, I call the attention of gentlemen to a copy of a letter which is found on page 7420 of the RECORD, beginning at the bottom of the page.

The SPEAKER. The gentleman from Wyoming moves to expunge from the RECORD the remarks indicated. Those in favor——

Mr. BLANTON. Mr. Speaker, I would like to be heard on that. These are my remarks. Will the gentleman from Wyoming [Mr. MONDELL] yield me some time? I would like to be heard on it. My remarks will be proper.

Mr. MONDELL. How much time does the gentleman desire?

Mr. BLANTON. I would like 10 minutes. This is an important matter. It is a matter——

Mr. MONDELL. The gentleman ought to apologize to the House instead of asking 10 minutes.

Mr. COCKRAN. Perhaps he will.

Mr. MONDELL. I think anyone who reads the RECORD will agree that it was an unpardonable breach of the privileges of the House to have inserted in the RECORD such a letter.

Mr. Speaker, I move the previous question on the motion.

The SPEAKER. The gentleman from Wyoming moves the previous question.

Mr. BLANTON. Mr. Speaker, certainly some of these remarks are not objectionable.

The SPEAKER. The gentleman from Texas is out of order. Unless the gentleman from Wyoming will yield——

Mr. BLANTON. Will the gentleman grant me some time?

Mr. GREENE of Vermont. Mr. Speaker, I ask for the regular order.

Mr. MONDELL. Mr. Speaker, I move the previous question.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 153, noes 1.

Mr. MALONEY. Mr. Speaker, I ask for information. Does that strike out the entire remarks?

The SPEAKER. The previous question is ordered.

Mr. BLANTON. The motion is to strike out the entire speech.

The SPEAKER. The gentleman from Wyoming will state his motion.

Mr. MONDELL. Mr. Speaker, I move to expunge from the RECORD the entire extension of remarks indicated.

The SPEAKER. Will the gentleman please indicate it?

Mr. MONDELL. Beginning on top of page 7417 of the RECORD of Saturday, October 22, and extending down to the bottom of page 7424.

The SPEAKER. The gentleman from Wyoming makes a motion, which the Clerk will report.

The Clerk read as follows:

Mr. MONDELL moves to expunge from the RECORD the extension of remarks beginning on page 7417 and concluding at the bottom of page 7424.

Mr. MONDELL. Down to the end of the extension of remarks on page 7425.

The Clerk read as follows:

Down to the end of the extension of remarks on page 7425.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Wyoming [Mr. MONDELL].

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 146, noes 1.

Mr. BLANTON. Mr. Speaker, I object to the vote because it shows there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point that there is no quorum present, and it is clear that no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees. Those in favor of the motion to expunge will, as their names are called, vote "yea" and those opposed will vote "nay," and the Clerk will call the roll.

The question was taken; and there were—yeas 314, nays 1, answered "present" 2, not voting 114, as follows:

YEAS—314.

Ackerman	Cooper, Wis.	Hawley	Lyon
Almon	Coughlin	Hayden	McClintic
Anderson	Crago	Hersey	McCormick
Andrew, Mass.	Crisp	Hickey	McDuffie
Andrews, Nebr.	Crowther	Hill	McFadden
Anthony	Cullen	Himes	McLaughlin, Mich.
Appleby	Curry	Hoch	McLaughlin, Nebr.
Arentz	Dallinger	Hogan	McLaughlin, Pa.
Aswell	Darrow	Houghton	McPherson
Atkeson	Davis, Tenn.	Huddleston	McSwain
Bankhead	Deal	Hudspeth	MacGregor
Barbour	Denison	Hukriede	Madden
Barkley	Dickinson	Hull	Maloney
Beck	Dominick	Ireland	Mapes
Bell	Dowell	Jacoway	Martin
Benham	Drane	James	Merritt
Bird	Driver	Jefferis, Nebr.	Michaelson
Bixler	Dunbar	Jeffers, Ala.	Michener
Black	Dupré	Johnson, Ky.	Miller
Blakeney	Dyer	Johnson, Miss.	Millspaugh
Bland, Ind.	Echols	Johnson, S. Dak.	Mondell
Bland, Va.	Edmonds	Johnson, Wash.	Montague
Boies	Elliott	Jones, Tex.	Montoya
Bowling	Ellis	Kearns	Moore, Ill.
Box	Evans	Keller	Moore, Ohio
Brennan	Fairchild	Kelley, Mich.	Morgan
Briggs	Fairfield	Kelly, Pa.	Nelson, A. P.
Brinson	Favrot	Kendall	Nelson, J. M.
Brooks, Ill.	Fenn	Kennedy	Newton, Minn.
Brown, Tenn.	Fess	Ketcham	Newton, Mo.
Browne, Wis.	Fish	Kincheloe	Norton
Buchanan	Fisher	Kinkaid	O'Connor
Bulwinkle	Fitzgerald	Kirkpatrick	Oldfield
Burroughs	Fordney	Kissel	Oliver
Burton	Frear	Kline, N. Y.	Olpp
Butler	Free	Kline, Pa.	Osborne
Byrnes, S. C.	Frothingham	Knutson	Overstreet
Byrns, Tenn.	Fuller	Kopp	Padgett
Cable	Funk	Kraus	Parker, N. J.
Campbell, Kans.	Gallivan	Kreider	Parker, N. Y.
Campbell, Pa.	Garrett, Tenn.	Kunz	Parks, Ark.
Carew	Garrett, Tex.	Lampert	Parrish
Chalmers	Gensman	Lanham	Patterson, Mo.
Chandler, Okla.	Gernerd	Lankford	Patterson, N. J.
Chindblom	Gilbert	Larsen, Ga.	Perkins
Christopherson	Glynn	Larson, Minn.	Peters
Clague	Goodykoontz	Lawrence	Porter
Clark, Fla.	Gorman	Layton	Pou
Clarke, N. Y.	Graham, Ill.	Lazaro	Pringey
Clouse	Graham, Pa.	Lea, Calif.	Purnell
Codd	Green, Iowa	Leatherwood	Quin
Cole, Iowa	Greene, Mass.	Lehlbach	Radcliffe
Cole, Ohio	Greene, Vt.	Lineberger	Raker
Collier	Hadley	Linthicum	Rankin
Collins	Hammer	Logan	Ransley
Colton	Hardy, Colo.	London	Rayburn
Connally, Tex.	Hardy, Tex.	Longworth	Reavis
Connell	Harrison	Lowrey	Reber
Connolly, Pa.	Haugen	Luce	Reece
Cooper, Ohio	Hawes	Luhring	Reed, N. Y.
Reed, W. Va.	Sinnott	Swing	Volstead
Ricketts	Sisson	Tague	Walsh
Roach	Smith, Idaho	Taylor, N. J.	Walters
Robertson	Smith, Mich.	Taylor, Tenn.	Watson
Robsion	Smithwick	Temple	Weaver
Rodenberg	Speaks	Thompson	Webster
Rogers	Sproul	Tillman	Wheeler
Rose	Stafford	Timberlake	White, Kans.
Rouse	Steagall	Tincher	Williamson
Ryan	Stedman	Tinkham	Wilson
Sabath	Steenerson	Towner	Winslow
Sanders, Ind.	Stephens	Treadway	Wood, Ind.
Sanders, N. Y.	Stevenson	Tyson	Woodruff
Sanders, Tex.	Stoll	Upshaw	Woodyard
Sandlin	Strong, Kans.	Vaile	Wright
Scott, Mich.	Summers, Wash.	Vare	Wyant
Scott, Tenn.	Sumners, Tex.	Vestal	Zihlman
Shaw	Swank	Vinson	
Shelton	Sweet	Voigt	

NAYS—1.

Blanton

ANSWERED "PRESENT"—2.

Cockran Wingo

NOT VOTING—114.

Ansorge	Focht	McArthur	Schall
Bacharach	Foster	McKenzie	Sears
Beedy	Freeman	Magee	Shreve
Begg	French	Mann	Siegel
Bond	Fulmer	Mansfield	Sinclair
Bowers	Gahn	Mead	Slemp
Brand	Garner	Mills	Snell
Britten	Goldsborough	Moore, Va.	Snyder
Brooks, Pa.	Gould	Moores, Ind.	Stiness
Burdick	Griest	Morin	Strong, Pa.
Burke	Griffin	Mott	Sullivan
Burtness	Hays	Mudd	Taylor, Colo.
Cannon	Herrick	Murphy	Ten Eyck
Cantrill	Hicks	Nolan	Thomas
Carter	Humphreys	O'Brien	Tilson
Chandler, N. Y.	Husted	Ogden	Underhill
Classon	Hutchinson	Paige	Volk
Copley	Jones, Pa.	Park, Ga.	Ward, N. Y.
Cramton	Kahn	Perlman	Ward, N. C.
Dale	Kiess	Petersen	Wason
Davis, Minn.	Kindred	Rainey, Ala.	White, Me.
Dempsey	King	Rainey, Ill.	Williams
Doughton	Kitchin	Ramseyer	Wise
Drewry	Kleczka	Rhodes	Woods, Va.
Dunn	Knight	Riddick	Wurzbach
Elston	Langley	Riordan	Yates
Faust	Lee, Ga.	Rosenbloom	Young
Fields	Lee, N. Y.	Rossdale	
Flood	Little	Rucker	

So the motion of Mr. MONDELL was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. BACHARACH with Mr. KITCHIN.

Mr. FOSTER with Mr. RIORDAN.

Mr. FAUST with Mr. GARNER.

Mr. GRIEST with Mr. FLOOD.

Mr. WILLIAMS with Mr. WOODS of Virginia.

Mr. HAYS with Mr. SULLIVAN.

Mr. MCARTHUR with Mr. HUMPHREYS.

Mr. SHREVE with Mr. DREWRY.

Mr. KAHN with Mr. GOLDSBOROUGH.

Mr. MAGEE with Mr. TEN EYCK.

Mr. CANNON with Mr. MOORE of Virginia.

Mr. DAVIS of Minnesota with Mr. RAINEY of Illinois.

Mr. STINESS with Mr. KINDRED.

Mr. ROSENBLOOM with Mr. FIELDS.

Mr. BROOKS of Pennsylvania with Mr. WISE.

Mr. PAIGE with Mr. CARTER.

Mr. NOLAN with Mr. GRIFFIN.

Mr. DUNN with Mr. O'BRIEN.

Mr. BEGG with Mr. RUCKER.

Mr. PERLMAN with Mr. WARD of North Carolina.

Mr. RHODES with Mr. DOUGHTON.

Mr. SNYDER with Mr. BRAND.

Mr. VOLK with Mr. PARK of Georgia.

Mr. BURDICK with Mr. SEARS.

Mr. SNELL with Mr. MEAD.

Mr. SIEGEL with Mr. LEE of Georgia.

Mr. MUDD with Mr. CANTRILL.

Mr. SINCLAIR with Mr. THOMAS.

Mr. BOWERS with Mr. MANSFIELD.

Mr. HUTCHINSON with Mr. TAYLOR of Colorado.

Mr. KIESS with Mr. FULMER.

Mr. KNIGHT with Mr. RAINEY of Alabama.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

Mr. STAFFORD. Mr. Speaker, on the bill reported by the Delegate from Alaska, which he claims to be privileged, I wish to reserve points of order.

The SPEAKER. The Chair stated to the gentleman from Tennessee [Mr. GARRETT] that points of order were reserved.

REFUNDING FOREIGN OBLIGATIONS.

Mr. FORDNEY. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8762.

The SPEAKER. The gentleman from Michigan moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the refunding bill. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Iowa [Mr. TOWNER] will please take the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8762, with Mr. TOWNER in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8762, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes.

ANNOUNCEMENT.

Mr. GARRETT of Tennessee. Mr. Chairman, I want to ask unanimous consent that the gentleman from Mississippi [Mr. LOWREY] may address the House out of order for two minutes, to make an announcement that he wants to make to the House.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the gentleman from Mississippi may address the House out of order for two minutes. Is there objection?

There was no objection.

Mr. LOWREY. Mr. Chairman, I just wanted to announce what I think will be a most interesting and most helpful meeting to-night in the general caucus room at the House Office Building. There will be two addresses by two Americans who have been in Japan, one for 20 years and the other for 30 years—Dr. Walne and Dr. Axling. They are both very much interested in the cordial relations between this country and Japan, and they are both men of ability. The two speeches will last together, I suppose, about an hour, and we can depend upon it that they will be wise, that the speeches will be helpful and interesting. I invite every Member to hear those speeches if possible. [Applause.]

REFUNDING FOREIGN OBLIGATIONS.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] desires to offer an amendment.

Mr. FREAR. Mr. Chairman, at the conclusion of the speeches on Friday I offered an amendment. I ask permission to withdraw that, and to substitute another amendment.

Mr. STAFFORD. No amendment has been offered yet.

Mr. FREAR. Then I offer an amendment, if I may.

Mr. COLLIER. Mr. Chairman, I offer an amendment. I intended to offer the amendment when the motion to rise was made on Friday.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] was on the floor at the same time, as the Chair recalls. The Chair will recognize the gentleman from Wisconsin. The Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. FREAR: Page 2, line 14, after the word "interest," insert "*Provided*, That the total amount of interest payable on any such obligation received hereunder shall not be less than an amount equal to interest on the principal thereof at the rate of 5 per cent per annum.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] is recognized for five minutes.

Mr. FREAR. Mr. Chairman, I offered an amendment Friday night. It referred to a limitation on interest rates placed on the refunded foreign obligations and was allowed to lie on the table. I have asked leave to withdraw it.

This amendment which I now offer as a substitute is one presented by the chairman of the committee [Mr. FORDNEY] as preferable, and meets, as I understand, with no objection from the Treasury Department. It provides for a total 5 per cent rate of interest, which I think will quiet much of the apprehension which has been expressed on both sides of the aisle, and at the same time serve as a complete protection to the Treasury Department and an assurance that we will receive back the full amount of the interest that has been called for.

I do not care to discuss it further, except to say that it meets with the approval, as I understand, of the Treasury Department. It certainly is an improvement over the amendment I offered. I have no pride of authorship in the matter. It covers, as I understand, the interest provision placed in the original acts authorizing foreign loans and the delinquent three years' interest agreed upon, all of which is included in the 5 per cent rate.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Certainly.

Mr. FESS. I understand the gentleman's amendment is that the total shall not fall below 5 per cent, which gives some latitude if the commission finds it advisable in the different terms, long and short, that one might be higher than 5 and one might be lower than 5, but at the same time the total will amount to but 5 per cent?

Mr. FREAR. That is my understanding, and it was explained to the House the other day that of course there had been three years' interest which have been delinquent and outstanding, and the purpose is to carry that along with the other interest; and that is the only manner in which it can be clearly expressed.

Mr. FESS. My concern was whether, in giving the legal authority, we might find it wise on economic matters to repudiate what we give legal authority for. You do not think that would do it?

Mr. FREAR. This was prepared by the Treasury Department, and it seems to me it is as reasonably protected as we can draw it.

Mr. COCKRAN rose.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. STEVENSON. I would like to ask the gentleman if he does not also contemplate fixing some limit on the length of time that the bonds shall run, so that they can not put it at 100 years?

Mr. FREAR. That is another proposition, standing by itself.

Mr. COCKRAN. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Certainly.

Mr. COCKRAN. The question I want to ask the gentleman is, What particular virtue attaches to 5 per cent? Is there any particular reason why 5 per cent is fixed as the rate?

Mr. FREAR. The Treasury Department has inserted that rate because that is the amount they are charging to-day. It covers the amount of delinquent interest and the rate fixed in the original loan authorizations. It reaches the amount of 5 per cent and has been agreed upon between the countries of Europe and our own.

Mr. COCKRAN. Is there any provision made for contingencies—suppose the interest rose to 7 or 8 or 9 per cent, is it the intention that these obligations shall forevermore and for all time bear 5 per cent interest?

Mr. FREAR. I can not say anything beyond what the amendment itself states. It is clear in its terms. But if we refund we can refund at any rate we agree upon.

Mr. MADDEN. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. MADDEN. I was wondering whether it provided for payment of interest in annual or semiannual periods.

Mr. FREAR. There is no provision in relation to that. Let me say that we are dealing with Governments, some able to pay and some unable to pay. It is thought best to let the department have some degree of discretion. Let me say that, as I understand, this meets with the consent of the Treasury Department. It is offered by the chairman of the committee, or, at least, he handed it to me; and it is, in the judgment of the department, preferable to the substitute which I offered. We can not put all restrictive conditions in this bill. We are dealing with 19 Governments and with varying questions of economics, so I think we ought to leave the department some discretion while we are placing restrictions on it.

Mr. TREADWAY. Will the gentleman yield?

Mr. FREAR. I will.

Mr. TREADWAY. The question I wanted to ask has been perhaps answered by the gentleman as to what was the attitude of the Treasury Department. Do I understand that the Treasury Department offered this amendment?

Mr. FREAR. The Treasury Department handed it, as I understand, to the chairman of the committee, who handed it to me, as something that they would accept if it met with the approval of the House.

Mr. LONGWORTH. Will the gentleman yield?

Mr. FREAR. I will.

Mr. LONGWORTH. I think in order to be absolutely accurate it ought to be stated that the Treasury Department does not favor this amendment. It prefers the bill as it was reported by the committee, but if the House desires to adopt any limitation it feels that this would be the most desirable.

Mr. FREAR. I think that statement of the gentleman from Ohio is correct. Let me add that the Treasury Department says it is not objectionable to the bill as introduced by the

Treasury Department. The bill as introduced gave the Secretary of the Treasury sole power. The committee put on five amendments and this will make the sixth amendment, and this saves the commission from pressure that will be brought to bear later urging a reduction in interest rates. All that is desired is to meet the conditions named in the original act of authorization and to include the delinquent interest, all of which I believe is a matter of general agreement between the Governments interested.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent to address the House for 10 minutes and to revise and extend my remarks.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to address the House for 10 minutes and to revise and extend his remarks. Is there objection?

There was no objection.

Mr. FORDNEY. Mr. Chairman and gentlemen, I took up with the Treasury Department the amendment offered by the gentleman from Wisconsin [Mr. FREAR] on Friday evening. The Treasury Department had serious objection to that amendment, but prepared an amendment, which has been offered by the gentleman from Wisconsin this morning, and said that the Treasury Department would much prefer no amendment at all, but if the House insisted upon an amendment the one offered by the gentleman from Wisconsin this morning would be the most preferable, because such amendments throw about the commission a great handicap.

Now, I want in the time I have to address the House to call attention of gentlemen to the contradictions in the existing law, one paragraph with another.

Section 2, page 6, provides—and I will not read it all, but that portion which bears upon the subject of interest:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign Governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par from such foreign Governments then engaged in war with the enemies of the United States their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

* * * * * * *

The act further authorizes the Secretary—

to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign Governments and for the susequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States bearing a higher rate of interest than 3½ per cent, then and in that event the obligations of such foreign Governments held by the United States shall be by such foreign Governments converted in a like manner and exchanged into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act.

Now, then, on page 12 this language is found:

The Secretary of the Treasury is hereby authorized to purchase at par from such foreign Governments, respectively, their several obligations hereafter issued, bearing such rate or rates of interest, maturing at such date or dates, not later than the bonds of the United States then last issued under the authority of this act, or of such acts approved April 24, 1917, and containing such terms and conditions as the Secretary of the Treasury may from time to time determine, or to make advances to or for the account of any such foreign Governments, and to receive such obligations at par for the amount of any such advances; but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under authority of said act approved April 24, 1917, or of this act, and any such obligation shall contain such provisions as the Secretary of the Treasury may from time to time determine for the conversion of a proportionate part of such obligations into obligations bearing a higher rate of interest if bonds of the United States issued under authority of this act shall be converted into other bonds of the United States bearing a higher rate of interest, but the rate of interest in such foreign obligations issued upon such conversion shall not be less than the highest rate of interest borne by such bonds of the United States.

There is a law stating that in converting those short-time obligations into long-time obligations the rates of interest in the long-time obligations shall not be less than the highest rates that our bonds carry.

Reading, now, further from this compilation of Liberty loan legislation, on page 14, subdivision (b), we find the following:

The Secretary of the Treasury is hereby authorized from time to time to convert any short-time obligations of foreign Governments which may be received under the authority of this section into long-time obligations of such foreign Governments, respectively, maturing not later than October 15, 1938, and in such form and terms as the Secretary of the Treasury may prescribe; but the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations. * * *

The short-time obligations bear a rate of interest at 5 and 6 per cent, most of them, but there are some obligations issued by the foreign Governments that carry a rate of interest at 3½ per cent. However, while we were making loans to these foreign Governments they paid the interest semiannually to our Government on all obligations issued up to that time, and on the obligations which they have given to our Government which are demand notes that bear 3½ per cent interest they paid 5 per cent, because it was agreed between our Government and the foreign Governments that the rate of interest should be 5 and not 3½ per cent.

Mr. J. M. NELSON. Mr. Chairman, what is the gentleman reading from?

Mr. FORDNEY. I am reading from the law which authorized those loans, under which they were made. In section 3, page 15, of this pamphlet, there is another paragraph that relates to interest, being the acts of April 24, 1917, and later, and in it we find this provision:

But the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations.

That is the existing law.

Mr. WALSH. From what law is the gentleman reading?

Mr. LONGWORTH. Section 3 of the second Liberty loan act.

Mr. WALSH. But the gentleman has read from two or three different bond acts.

Mr. FORDNEY. Yes; and those loans were made under two or three different acts. I am reading from the act approved September 24, 1917, referring now to the last paragraph which I read. The other paragraphs were in the act of April 24, 1917.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. FESS. I notice the law to which the chairman refers has this proviso, that the authority granted by the section to the Secretary of the Treasury to establish credits for foreign Governments as aforesaid shall cease upon the termination of the war. My question is whether the law the gentleman is reading will be operative when the exchange of treaties has been made.

Mr. FORDNEY. Yes; the authorization of the loans will cease at the time, and no loans could be made after that time; but we are still officially at war with Germany.

Mr. FESS. But we will not be very much longer.

Mr. LONGWORTH. The distinction, I will say to my colleague, as I understand it, is this, that the authority to make further loans ceases after the date of the termination of the war, but the powers to be exercised under the acts are indefinite.

Mr. FORDNEY. The cessation applies only to the time when the loans can be continued to be made. So far as the amendment offered by the gentleman from Wisconsin [Mr. FREAR] is concerned, on Saturday last I conferred with the Treasury Department, and they concluded that the amendment that was then suggested by the gentleman from Wisconsin would be very objectionable indeed and greatly handicap the commission. They prepared the amendment which the gentleman has this morning offered, and stated that if they were to have any amendment they would prefer this. Personally I would prefer no amendment at all.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORDNEY. The reason why I would prefer no amendment at all is this: The 3-year extension of time for the payment of this interest expires on the 1st of May next year. The interest due for the first year in round numbers was $500,000,000. For easy figuring let us say that each year the past due interest is $500,000,000. Therefore on the 1st of May next year there will be $1,500,000,000 of interest due. That has been due for three years, and if we are to receive 5 per cent on those deferred payments of interest the interest on the $500,000,000 for three years would amount to $75,000,000.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Just a moment. Let me conclude this statement. Then for two years the interest would be $50,000,000 and for one year $25,000,000, or a total of $150,000,000 on accrued interest past due. Some leeway must be given to our representatives to obtain from the foreign Governments the interest due us on those past-due obligations, and I do not believe we should tie the hands of the commission in settling these accounts and getting a right amount from those foreign Governments that belong to our people; and how in the world we can at this time dictate and determine by law just what course shall be pursued by the commission, I am unable to say. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I did not very clearly catch the reading of the amendment offered by the gentleman from Wisconsin. Is that amendment broad enough to provide that there shall be 5 per cent interest charged on deferred interest?

Mr. FORDNEY. It provides that we shall receive not less than an average of 5 per cent. That is the substance of the amendment.

Mr. GARRETT of Tennessee. That is on the principal?

Mr. FORDNEY. It does not say principal, but it means the obligation, because when the interest becomes due it becomes a part of the principal, in my opinion. It will have to cover the entire amount then due when the settlement is made, principal and interest. That is what I should say, although in that I might be in error.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. GARRETT of Tennessee. I think in the ordinary transactions between individuals—I know it is the law in my State, and I think it is the law generally in all the States—unless compound interest is specifically provided for it can not be collected in an action at law.

Mr. FORDNEY. I think you are in error. In the State which I have the honor to represent, any obligation that bears interest annually compounds for one year at least, but not longer unless specifically provided for. Under the laws of the State a provision in a contract providing for compounding interest is unconstitutional, but if you hold a mortgage on a piece of property and the interest is payable annually, and there is a default of interest, that interest for the first year bears interest, but not after one year's time. Whether that might be the same law in the various States I do not know, but that is the law in the State of Michigan.

Mr. GARRETT of Tennessee. Will the gentleman yield further?

Mr. FORDNEY. I will yield.

Mr. GARRETT of Tennessee. I have gained the impression, whether from the hearings or from other sources I can not for the moment recall; I do not know whether there is anything in the hearings about it, but certainly I have obtained the opinion that the representatives of the foreign Governments, in so far as this matter has been discussed, have very earnestly insisted that it would be pretty difficult for them to explain to their Governments under the practices of those Governments how they could agree to compound interest.

Mr. FORDNEY. If the gentleman will permit me right there, I am afraid my time has about expired——

Mr. GARRETT of Tennessee. We will try to get the gentleman more time; this is a very important matter.

Mr. FORDNEY. Mr. Davis, the Assistant Secretary of the Treasury, explained——

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I ask unanimous consent—how much time does the gentleman want?

Mr. FORDNEY. Five minutes.

SEVERAL MEMBERS. Take 10 minutes.

Mr. GARRETT of Tennessee. I ask unanimous consent that the gentleman may have 10 minutes additional.

Mr. FORDNEY. I will try to conclude in five.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the gentleman's time be extended 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. LONGWORTH. If the gentleman will yield I think——

Mr. FORDNEY. I was saying to the gentleman that Mr. Davis, then Assistant Secretary of the Treasury, made this statement to our committee, that in the deferring of these payments of interest the foreign Governments were willing to do this—that is to say, they did not want to go back to their Governments and ask authority to issue more interest-bearing obligations, but they were willing to do this, that if we would defer the payment of interest for three years at the end of three years the foreign Governments would be willing to add one-half of 1 per cent to 5 per cent, making it 5½ per cent for the first two years' interest upon all these obligations, and for the next two years 6 per cent, and for eight years, making a total of 12 years, they would pay interest at the rate of 6½ per cent, and one-half per cent at this would reimburse us for the $1,425,000,000 of interest deferred. It is 5 per cent on $9,500,000,000 for three years. That would give to our Government exactly the same amount of money, $1,425,000,000, that the interest upon interest would amount to in that length of time.

Mr. STAFFORD. Will the gentleman yield?

Mr. FORDNEY. That arrangement was not entered into by the foreign Governments, although the foreign Governments were ready and willing at that time to agree to that sort of a plan and perhaps this commission can induce the foreign Governments to agree to something of that kind to reimburse us.

Mr. LONGWORTH. Would not then the specific answer to the question of the gentleman from Tennessee be this, that neither the existing law nor the amendment of the gentleman from Wisconsin, which practically reenacts, would permit the collection of compound interest, but only interest enough which at the end of the time would have been the full amount if paid from the beginning?

Mr. FORDNEY. Absolutely. The average interest would be not less than 5 per cent. Now, it is not the purpose of our Government to punish these people over there. It is the purpose of our people to obtain by these settlements the very best interest of the people of the United States and get what justly and equitably belongs to us. But this must be remembered, too, that in borrowing money from our people which we received from the sale of our Government bonds during the war and making these loans to foreign Governments much time elapsed between the time we received the money on our bonds and the time we made the loans, and we lost interest during the time while that money rested in the hands of the Treasury Department; and the expense in taking care of this in one way or the other means considerable and we are entitled to be reimbursed for all those expenditures.

Mr. DUNBAR. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. DUNBAR. The gentleman has been talking a good deal about interest. Have any negotiations been entered into between the United States Government and the Allies regarding the settlement so far as the principal is concerned?

Mr. FORDNEY. Our Government holds short-time notes—demand notes, rather—for all loans made during the war.

Mr. DUNBAR. Do the foreign Governments have any proposition to make as to what they will give for these short-time notes?

Mr. FORDNEY. They have agreed and have paid, so far as they have paid any interest, 5 per cent on all these obligations.

Mr. DUNBAR. This bill is for the purpose of refunding the debt. Have there been any negotiations that would indicate——

Mr. FORDNEY. To refund the debt, providing for long-time obligations and the rate of interest to be paid in the future, whereas the demand obligations we now hold bear various rates of interest, ranging from 3½ to 6 per cent.

Mr. DUNBAR. My question does not concern itself so much about the interest as it does with the assumption of obligations in some tangible form by our allies.

Mr. FORDNEY. In taking the long-time obligations there must be a provision relating to the interest, and as short-time obligations, as I have said, bear various rates of interest, we want to settle upon a final rate, and provided for in the long-time obligation.

Mr. DUNBAR. Has there been any negotiations between the United States and her allies regarding the settlement to be made as to the principal of the debt?

Mr. FORDNEY. The principal is provided for by law. There is no question about that. There is no question about the amount they owe us. They are ready and willing to give us their long-time obligations if we will only send representatives there authorized to take those long-time obligations.

Mr. DUNBAR. What are these long-time obligations they propose to give us?

Mr. FORDNEY. I do not know, but the law provides the year 1938.

Mr. DUNBAR. Does not the gentleman believe that a knowledge of what these long-term obligations are would have considerable influence in our voting for this bill?

Mr. FORDNEY. Very likely. But I am not ready to tie the hands of the commission right now and say something that I do not know anything about. I do not know whether it would be advisable to take a short-time obligation from some of those bankrupt nations over there and know that they would not be paid when due or take long-time obligations. If I were to settle those claims, if I were sent there to represent the people, I would not want you to tie my hands in meeting such conditions as confronted me.

I have confidence in the President of the United States and the Secretary of the Treasury, and I have confidence especially when there is a commission of four men added to the Secretary of the Treasury, making a total of five. When we made the loans without any restrictions whatever upon the Secretary of the Treasury we had confidence in our Secretary of the Treasury, by and with the advice and consent of the President, to make the loans. Have you no more faith in the Republican representatives in the same position that the Democrats were in?

Mr. SANDERS of Indiana. As I understand the gentleman from Michigan, notwithstanding he thinks the proposed amendment is better than the one that was suggested at our last meeting, he thinks this amendment ought to be voted down?

Mr. FORDNEY. I do.

Mr. KNUTSON. Has any understanding ever been had between this Government and foreign countries as to the rate of interest to be paid on the indebtedness?

Mr. FORDNEY. Yes; and they have paid 5 per cent interest, as far as they have paid any interest. They have already paid as far as they had money to pay with, and they paid 5 per cent, although the obligation only called for 3½ per cent.

Mr. TINKHAM. Was there any evidence given by the Secretary of the Treasury that there had been any negotiations, either by word of mouth or in writing, concerning the funding of the debt and the payment of interest?

Mr. FORDNEY. The Secretary of the Treasury takes the position that they have no authority to convert those short-time obligations into long-time obligations.

Mr. TINKHAM. Mr. Chairman, that is not an answer.

Mr. FORDNEY. Perhaps I did not understand the gentleman.

Mr. TINKHAM. My question was, Did the Secretary of the Treasury indicate in any way to the committee that in any way, either by word of mouth or in writing, any negotiations had been entered into with any foreign Governments concerning refunding of that interest?

Mr. FORDNEY. He determined that they have no authority to do anything of that kind, and they are asking for it by the adoption of this bill.

Mr. GRAHAM of Illinois. Would it be possible, if this Frear amendment is adopted, for us to be attempting to procure from the foreign Governments, or any of them, more interest than we are paying on the Liberty loans for the money we are using?

Mr. FORDNEY. We are now. The interest they have paid is greater than what we paid to our people.

Mr. GRAHAM of Illinois. That hardly was the spirit of the original notes, was it? It was intended originally they should pay as much as it cost us, and no more.

Mr. FORDNEY. They agreed to pay 5 per cent, and have been paying it, and are willing to pay it. Mr. Chairman, I now insert at this point a letter handed me by my good friend Congressman MADDEN, written by John G. Shedd, president of Marshall Field & Co.

JOHN G. SHEDD, PRESIDENT OF MARSHALL FIELD & CO., REPLIES TO CONGRESSMAN FORDNEY'S ATTACK ON THE FIRM'S ATTITUDE TOWARD THE FORDNEY TARIFF BILL.

Our attention has been directed to published statements said to have been made in Congress last Tuesday by Representative FORDNEY, of Michigan, to the effect that Marshall Field & Co. is opposed to the American valuation plan in the Fordney tariff bill because of its large purchases in Germany and Japan.

In 1909 newspapers quoted Mr. FORDNEY as stating definitely that we owned hosiery factories in Japan. We wrote Mr. FORDNEY denying this. At the same time there was read into the CONGRESSIONAL RECORD of April 10, 1909, page 1080, an affidavit made by us in which we stated that we had no financial interest in foreign factories.

Again, in 1913, Mr. FORDNEY stated at a hearing before the Ways and Means Committee that we had not answered his inquiry as to whether we were interested in factories in Japan. We wired denial to Congressman RAINEY, of the Ways and Means Committee, on January 22, 1913.

Mr. FORDNEY evidently has a poor, or convenient, memory, as on October 18, 1921, he again declared that Marshall Field & Co. buys the entire production of factories in these countries in order to get the benefit of cheap foreign labor; that it spends millions of dollars in Chemnitz, Germany, and in Japan for goods that it sells to American citizens; that it buys the entire product of not one but many mills in Germany making hosiery and knit goods; that it buys the entire product of knit underwear and hosiery of four factories in Japan.

With due respect to the position of Congressman FORDNEY, chairman of the Ways and Means Committee of the House of Representatives, we can not permit such repeated misrepresentations to go unchallenged.

Marshall Field & Co. has not bought the entire product of German hosiery or knit goods mills and has never bought or made hosiery or knit underwear in Japan.

In the year 1920 we did the largest volume of business in our history. In that year we paid for goods made in Germany less than one-half of 1 per cent of our volume of business and for goods made in Japan less than 1 per cent. In fact, all the money paid for goods made in all foreign countries, including commodities on which there is no duty assessed, constituted considerably less than 10 per cent of our entire business.

We have buying offices in the principal markets of the world and are constantly seeking the novel productions of foreign labor which has not been produced in this country.

Mr. FORDNEY asks, "Why not employ people at home and pay their money here?"

We are manufacturers in America on a large scale, owning and operating domestic manufacturing enterprises in seven States, having in the neighborhood of 17,000 American citizens on our manufacturing and distributing pay roll. The products of our mills include silks, carpets, rugs, sheetings, sheets, pillow cases, comforters, ginghams, outings, bedspreads, wool and cotton blankets, knit underwear, laces, lace curtains, handkerchiefs, towels, crochet and embroidery cottons, threads, yarns, cotton damask, burlap bags, cotton batts, men's and boy's clothing, perfumes and toilet goods, and many other articles that go into consumption in our country. We are probably the largest buyer and distributor of textile production of American labor. We import cotton yarns, China cotton, and burlap and manufacture them in this country into laces, curtains, blankets, burlap bags, etc., giving employment to hundreds of American workers in this country. Our entire capital is invested in America.

Our experience in buying and distributing merchandise for more than 50 years convinces us that the practical and successful method of assessing duties in vogue for over 100 years should not be discarded for a theoretical, untried, and impractical plan that will inevitably increase the cost of living to the already overburdened consumer, and, in our judgment, bring disastrous results to the United States. We have therefore felt it our duty and right to express our opinion to Congress, to the press, and to the merchants of the country that they might realize its danger.

Mr. Chairman, if this company imports such small quantities of foreign-made goods, why are they so vigorously opposing the American valuation provision of our new tariff law? I do not wish to do an injustice to anyone. I am happy to insert Mr. Shedd's letter, and if I am incorrect will most humbly apologize, but have been somewhat misquoted.

Mr. MONDELL. Mr. Chairman, let us get clear in our minds this matter of the payment of interest. There have been no interest payments on the foreign debt up to this time of any considerable amount by any nation out of their own funds. Some of our foreign debtors have left in the Treasury a portion of the allotments and loans made to them, with a view of meeting accrued interest on foreign loans. Whatever payment of interest there has been has been out of funds we furnished. Remember that. Now, Mr. Chairman, I rather regret I can not agree with any of these suggestions for fixing or attempting to fix an interest rate. I admit the gentleman from Wisconsin presented some rather forceful arguments in favor of an attempt to do that. Perhaps the best argument in favor of an attempt at fixing interest rates by Congress is that by fixing the minimum rate we shall relieve the commissioners to a certain extent from importuning and embarrassment. But the gentleman from Wisconsin himself will now admit that the amendment he first suggested, if not absolutely unworkable, would be so difficult of administration as to render it clearly unwise to adopt it.

The interest rates fixed or suggested by the statutes under which the various loans were made vary considerably, and under the gentleman's amendment we might charge England 3½ per cent and Czechoslovakia 5 per cent, though I am quite certain the gentleman from Wisconsin would not want to do that.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. FREAR. The gentleman refers to the first amendment now?

Mr. MONDELL. Yes; the first amendment the gentleman offered. The chairman of the committee [Mr. FORDNEY] has discussed the matter of interest with the Secretary of the Treasury, and the Secretary, who prefers that there shall be no interest rate fixed, suggested that if there must be one he preferred an amendment such as has just been offered by the gentleman from Wisconsin [Mr. FREAR] rather than the amendment offered by the gentleman from Wisconsin in the first instance. But the Secretary can not, it occurs to me, be favorable to such an amendment.

I can not believe that he gave the effect of such an amendment careful consideration; and while suggestions from the Treasury Department and the Secretary of the Treasury are persuasive with me, they are not conclusive by any manner of means.

What is the situation? Europe, now in serious financial straits, owes us vast sums. So far as Great Britain is concerned, I think there can be no doubt of her ability to meet her obligations, or of the fact that she will do so. With regard to France, our next largest debtor, her financial situation is not so favorable. France will, I fear, have a very hard time of it in meeting her obligations. As to some of the countries heavily indebted to us, it seems quite clear they can not pay us much of anything now. I do not pretend to know just when they may be able to pay.

I am one of those who have believed and said that we should approach this entire matter without any other thought than that we should eventually receive the total of the principal of the sums the countries of Europe owe us.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that I may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MONDELL. These debts should be paid, and, so far as the sums due us from the major powers of Europe are concerned, I have no doubt they will be paid. And yet, taking that view of it, we must admit that if we did enter the war, as

it has been said we did, to save civilization, we were a little tardy in getting in, and the money that was loaned was for the saving and perhaps did save civilization.

However, notwithstanding the fact that these loans were a contribution to the saving of civilization, we made enormous contributions on our own account in men and money, and I think these obligations should be met, and I think the nations of Europe are prepared to meet them.

When we come to the question of interest, I am of the opinion that the provisions of this bill are quite sufficient as a guide to the commission. The interest rate shall be such—page 2, lines 15 and 16—"as shall be deemed for the best interest of the United States of America."

Who is going to make this settlement? In the last analysis, as Uncle JOE CANNON would say, the President of the United States; for whatever is done by this commission under section 2 is done with the approval of the President. When it is all done by these five men appointed by the President and confirmed by the Senate, representing, I hope, the minority as well as the majority, the President will finally pass upon all the questions involved.

Just how can we now wisely determine the question as to what the interest rates should be? Under the amendment that has been offered, perhaps the Secretary of the Treasury had in mind a reduction of the interest rate in certain cases, possibly at the beginning of the period of the loan, with an increase of rate as time passes. That could be done under the amendment. The loan could begin at 3½ and close at 7. It may be that in the case of some of these obligations the interest rate ought to be as low as 3½ per cent. I do not know. But I do not believe we should put ourselves in the position of holding the obligations of friendly foreign nations with an interest rate that may run as high as 6 or 7 or 8 per cent in the latter years of the loan.

Well, gentlemen say you can come back to Congress and have that all adjusted. That is the trouble now. If former Secretaries of the Treasury had performed their full duty under the law, it would not be necessary for the Congress to be considering this question now at all.

The entire matter would have been settled long since. It is only because former Secretaries under the last administration failed to perform their whole duty under the law that this question is now before us, for the law provided specifically what should be done and how it should be done, and under the law a large portion of these obligations would have had an interest rate of 3½ per cent.

If the world ever gets back to normal, or to what has been considered normal in the past, the obligations of solvent powers will sell at par bearing a rate as low as 3 per cent or 3½ per cent. That was the situation prior to the war, and there is no reason why it may not be the situation 3 or 4 or 5 or 10 or 15 years from now. I doubt the wisdom of a provision that under no circumstances shall the interest charged in the aggregate be less than 5 per cent. I believe we can well leave this whole matter to the discretion of the President and the commissioners, so far as interest rates are concerned, in the expectation and belief that they will make such arrangements touching the interest on these foreign debts, foreign obligations due us, as shall be deemed by them to be for the best interests of the United States of America. I doubt if they will decide that our interests or fairness and justice demand so high a rate as 5 per cent in all cases.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. It may be necessary to be very lenient with some of these debtors, some of the smaller countries of Europe, in the matter of interest charges. I think it is very unwise to lay down a hard-and-fast rule touching this matter.

Now I yield to the gentleman.

Mr. CHINDBLOM. Does not the gentleman believe that if we adopt this amendment, which provides that the total interest received shall not be less than an amount equal to the interest at the rate of 5 per cent that fact shall preclude the charging of interest at a higher rate than 5 per cent on the principal?

Mr. MONDELL. Well, from my reading of the amendment I was under the impression that it would authorize an interest charge beginning at a lower rate than 5 per cent and rising to a rate above 5 per cent, provided the total interest for the period during which the obligation ran would amount to 5 per cent.

Mr. CHINDBLOM. If we limit the interest rate to 5 per cent, of course it will never exceed 5 per cent, will it?

Mr. MONDELL. I think it might be more than 5 per cent under this provision.

Mr. CHINDBLOM. In practical effect?

Mr. MONDELL. It says that it shall not be less than 5 per cent in the aggregate. I think it might begin at a lower rate and run to a much higher rate.

Some gentleman may deem it wise for us to demand the last ounce of the pound of flesh, but I doubt it. I think we should insist on the payment of the principal. I think it is fair and just and reasonable that we should do so; but if we are to have these obligations funded in such a way that it will be possible for some of the lesser powers to meet their obligations, there must be a good deal of leeway left the commission and particularly in the matter of interest charges. The gentlemen operating under this act must have a very considerable amount of discretion. There is little doubt with regard to the interest rates on the major portion of the obligations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. May I have one minute more, Mr. Chairman?

The CHAIRMAN. The gentleman asks an extension of one minute. Is there objection?

There was no objection.

Mr. MONDELL. The very fact that the Secretary of the Treasury suggested the amendment before us as a possible substitute for the amendment heretofore proposed indicates that he has it in his mind to charge at least an interest rate that will meet all the expenditures and obligations of the American people under these loans. I think the very fact of his making the suggestion warrants us in the belief that there will be no disposition to reduce the interest rate below a figure that will return to the United States her outlay on these loans; and if we are compensated in the amount these loans have and shall cost the American people, I think that is quite enough. We certainly do not desire to make a profit on the transaction. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Mississippi offers a substitute for the amendment, which the Clerk will report.

The Clerk read as follows:

Substitute offered by Mr. COLLIER for the amendment offered by Mr. FREAR: Page 1, line 10, after the word "authorized," insert:
"To enter into agreements with representatives of foreign nations."
On page 2, at the end of section 2, insert:
"*Provided*, That no agreement or agreements so entered into with respect to any matter herein authorized shall be deemed to have been completed nor to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. LONGWORTH. Mr. Chairman, I reserve a point of order that that is not properly a substitute for the amendment of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Ohio reserves the point of order.

Mr. COLLIER. I do not care to discuss the point of order.

Mr. LONGWORTH. Then I will make the point of order.

Mr. COLLIER. I should like to discuss the amendment.

Mr. COCKRAN. I hope the gentleman from Ohio will give the gentleman from Mississippi an opportunity to be heard on the merits of his amendment.

Mr. LONGWORTH. I said I would reserve the point of order, and of course I shall be glad to do so if the gentleman desires it.

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi on the reservation, if he desires to be recognized.

Mr. LONGWORTH. Certainly.

Mr. COLLIER. I understood the gentleman from Ohio had made the point of order.

Mr. LONGWORTH. I understood the gentleman to say that he did not care to debate it. Of course, I shall be very glad to reserve the point of order.

Mr. COLLIER. The gentleman misunderstood me. I do not care to debate the question whether this is in order, but I do want to debate the merits of the proposal.

The CHAIRMAN. The gentleman is recognized to discuss the amendment.

Mr. COLLIER. Mr. Chairman and gentlemen, this amendment seeks to restore in a way the limitations which existing law throws around the refunding of these obligations. The present bill destroys all the limitations, all the safeguards, that the Liberty loan act of 1917 throws around the refunding of these obligations.

The reason I offer this as a substitute is that if this amendment be adopted then there will be no use for the amendment offered by the gentleman from Wisconsin [Mr. FREAR], because if the amendment which I have offered be adopted then we may give this authority either to the Secretary of the Treasury or to a committee. We may give them blanket authority to enter into negotiations with these foreign Governments, or to make such arrangement as they deem best in reference to interest,

in reference to the length of time when these payments are to be made, because the arrangements that they make are not final, but will have to be sent back to Congress for review and revision.

The position taken by the minority from the start is that there is no need for this bill, that the bill now before the House seeks to take the place of an existing law which has thrown every safeguard possible around the refunding of these obligations. This existing law has determined and limited the amount of interest to be paid upon these bonds, for the Liberty loan acts have determined and fixed the duration of those bonds by having them expire at the same time when the Liberty loan bonds issued in the United States expire. All that this amendment seeks to do is to have the Congress finally pass upon the agreements made by our representatives with the agents of the foreign Governments.

Mr. J. M. NELSON. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Wisconsin.

Mr. J. M. NELSON. I wish the gentleman would tell us what proportion of these obligations are payable on demand. I can not reconcile statements made on the floor of the House. Some gentlemen say they are all payable on demand and others say not.

Mr. COLLIER. What is payable on demand?

Mr. J. M. NELSON. These obligations.

Mr. COLLIER. If the gentleman will read the Liberty loan acts he will find that in those acts the Secretary of the Treasury was instructed to purchase at par the obligations of the foreign Governments and to accept from them obligations in all their essentials bearing a resemblance to the bonds that were issued in the United States in order to get the money for them.

Mr. J. M. NELSON. Do I understand that the periods are all now fixed on these loans and that there are no demand obligations?

Mr. COLLIER. The periods of time for which the obligations are to run, I think, are fixed by existing law. That is the position I take.

Mr. GREEN of Iowa. Mr. Chairman, I would recommend gentlemen on the other side the following amendment, which would have practically the same effect as the one offered by the gentleman from Mississippi [Mr. COLLIER], and apparently answer all their purposes. I would recommend an amendment striking out all after the enacting clause creating a commission composed of five errand boys who would be authorized to go to Europe, receive whatever proposals were made by European Governments, and hand them back to the Congress. That is the practical effect of the amendment of the gentleman from Mississippi. It will reduce the commission to a nonentity without any power.

Mr. LAYTON. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. LAYTON. Does the gentleman think that in a matter of this magnitude, involving $11,000,000,000, which even the little children of this country are interested in, does he think that this body should abdicate its functions and place them in the hands of five men? I do not.

Mr. GREEN of Iowa. The gentleman from Iowa thinks nothing of the kind. It is the first time in the history of any nation of any importance that settlements of matters in dispute, settlement of debts difficult of collection, settlement of matters belonging to the Treasury, have been undertaken by a legislative body. So we are not abdicating our functions in the least when we undertake anything of that kind. Let me proceed a little further. Some gentlemen think that you are going to get more money in the manner undertaken here, but I will tell you now that you are simply fixing things so that you will never get a nickel on a large portion of these obligations by undertaking to say that you will not concede anything, you will yield nothing, but will insist on the last penny and the extreme rate of interest.

Mr. DUNBAR. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. DUNBAR. Are there any of these obligations in dispute? England owes us $5,000,000,000; is that in dispute?

Mr. GREEN of Iowa. There is no dispute about that. If the gentleman will look into the matter, he will find that there is a dispute as to the amount due on sales that have been made.

Mr. DUNBAR. That is a small portion of the bill; what we are interested in is the money borrowed by European nations. If that is in dispute, we have not been so informed.

Mr. GREEN of Iowa. Nobody has claimed that that was in dispute, but there conditions have arisen which make an adjustment necessary. As I said on last Friday, some of these nations can pay in the future; not one of them can pay to-day the principal amount or part of the interest. Some can pay later on. There are some of them that are in a condition of bankruptcy to-day. If I held a debt against a bankrupt, or went out as a lawyer to collect it, would I insist on the last penny? Would I want to go out without authority to yield anything to him? He would throw up his hands in despair and say he never could pay it, and what was the use. That is the position some gentlemen want us to take in collection of the debt.

Mr. DUNBAR. France, Great Britain, and Italy owe in principal and interest over $10,000,000,000 of the $11,000,000,000 that are owed us by European countries. Does the gentleman believe that either of these three nations are bankrupt?

Mr. GREEN of Iowa. Does the gentleman know the condition of Italy?

Mr. DUNBAR. I will say that I believe that Italy is bankrupt. I do not believe that England will ever pay her debt, and she never expects to pay the principal. What we should do, and do quickly, not in three years' time, is to provide in the bill——

Mr. GREEN of Iowa. If my friend wants to make a speech I will aid him in getting time, but I do not want to yield too much time now.

Mr. LAYTON. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. LAYTON. Where is the objection to this Congress, assuming it to be an intelligent body of men, sitting in final judgment of the facts ascertained by the commission in each case?

Mr. GREEN of Iowa. Does the gentleman think that a commission will be of any use whatever? Some gentlemen have said that this commission was liable to give away a portion of the debt. If so, I do not want to hear anything from them. Some gentlemen have said that the commission would deliberately act contrary to the interests of the country. If so, I do not want to hear any further from them.

Mr. LAYTON. Whether they propose to give away a part of the debt or remit a portion of the interest, let the Congress of the United States say what it will do.

Mr. GREEN of Iowa. If that is the way to treat a debt of this kind, it is something new to a lawyer who has spent a considerable part of his life in collecting hard debts.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. JOHNSON of Washington. Is it not a fact that the agents of foreign Governments have to report back to their Governments before they can get final action?

Mr. GREEN of Iowa. No.

Mr. JOHNSON of Washington. Why not?

Mr. GREEN of Iowa. Because they proceed in a more sensible way. They have authority to say to the other Governments, If you do this we will do that, and that is the only way you can get an advantageous settlement of the matter. These nations are struggling to-day to get money enough to carry on the administrations. Many of them are not able to raise money enough to pay the current expenses. Proceed in the way you are proposing, and as to a large portion of these debts you will never get anything. Here are nations who fought side by side with us, like Belgium, which held back the Germans at the beginning of the struggle, nations like France, giving the lives of a million men to save the civilization of the world. They have exhausted their resources. In some cases the very existence of their Governments is threatened by reason of their financial condition. Are we going out now and say to them that we have appointed a commission that will exact the last penny from them and then make no concessions whatever? Are we to say to them that we will make no terms, that we will authorize this commission to make no concessions as to the time of payment or as to the rates of interest? We have already put in the bill a provision that no portion of the debt can be canceled, and now what more do you want? Gentleman, if you proceed in this manner we might just as well dispense with this commission entirely, for it will be of no use whatever and it could be of no benefit. The Secretary of the Treasury can receive proposals from these foreign Governments at any time now. The commission would be utterly worthless.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. COCKRAN. Mr. Chairman, I may have to ask the indulgence of the committee for an extension of time, because I hope to present an aspect of this matter which can not be discussed in five minutes and which, though, so far as I know, it has not yet been discussed, is fraught with the utmost importance, not merely to this country but to the whole world. We are dealing now with a situation that has never before faced any civilized society. Like every other question which has arisen in the extraordinary times through which we are passing, this one is obscured and embarrassed by the necessity of employing a terminology which was developed under totally

different conditions. When we apply to the problem of dealing with the enormous debts due to this country by foreign nations, principles which have governed debts due by Governments to private individuals, we are in grave danger of being betrayed into grievously erroneous conclusions.

National debts are of comparatively recent origin. Hitherto they have been due to individuals. Never before has a debt—a stupendous debt—existed where several nations were the debtors and one other nation the creditor. This creates a position of surpassing and overshadowing difficulty. It is one for which no parallel or precedent can be found in all the past experience of mankind, and therefore one which I think ought to be approached in a spirit of the purest patriotism, without the slightest tinge of political partisanship or prejudice.

National debts may be said to have begun at the close of the seventeenth century, when King William III, in the era of momentous military enterprises, found himself at variance with his Parliament. He could not undertake to raise money after the methods invoked by Charles I, because to do that it had been shown would cost the King his head. And so the idea of borrowing money on a systematic or comprehensive plan was evolved out of the necessities of the King, who was contemplating a war on the Continent.

The first attempt was something in the nature of a gamble or lottery. It was what we would call nowadays a kind of tontine life policy. A number of persons were invited to subscribe; I think it was £100 each. As one died a certain proportion of the fund went to the survivors and the rest to the Crown. But these methods were found very inadequate, when—I think it was in 1694—a Scotchman named William Thompson appeared in London and proposed that he would loan to the Crown £1,200,000 in return for a charter authorizing him to do a banking business and to issue paper money against this debt, on which the Government was to pay 8 per cent interest, a very moderate rate at that time.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COCKRAN. Yes.

Mr. COOPER of Wisconsin. Was it William Thompson or William Patterson?

Mr. COCKRAN. Did I say Thompson? It was Patterson. I thank the gentleman for his correction. I meant William Patterson. The amount was raised by public subscription—the whole of it paid into the Treasury before the period fixed for the first installment. The charter was issued to the "governor and the company of the Bank of England," and out of that transaction may be said to have arisen the entire financial system of modern times. That debt never has been paid, but it has been increased at various intervals. The bank has always exercised the right to issue its own notes for an amount equal to the debt owed it by the Government. All its other promises to pay, at least until the last war—I do not know what changes in its system may have occurred under the stress of that emergency—being covered and balanced by actual bullion held in its vaults.

Mr. Chairman, the system of borrowing money by Governments thus established has spread all over the world. But, remember, until now it has always been the Government, that is to say, the sovereign that has asked and accepted advances from his subjects, which he promises to repay. There was no abasement of sovereignty in that transaction. The sovereign had always accepted loans from his subjects, even when he tried to force moneys from them, without the consent of Parliament; he always called these levies "benevolences," thus giving them the name at least of voluntary advances, even when they were anything but voluntary in fact. A Government could always afford to borrow money, because the sovereign could not be sued. He could not be compelled to pay principal or interest. There was no tribunal before which he could be haled, and, therefore, when he borrowed money there was no impairment or abasement of his sovereignty whatever. Nobody could call him to account. His honor might be tarnished, but his sovereignty was in no way compromised. If the loan were floated in foreign countries and money raised in them, those foreign citizens or subjects who advanced it placed themselves in the position of his own subjects. They were equally without power to compel payment of the debt, or even to sue for it, and thus we see that raising of a loan by Government involved no surrender of sovereignty.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I ask unanimous consent that the time of the gentleman may be extended for 15 minutes.

The CHAIRMAN. Is there objection?

Mr. BLACK. Mr. Chairman, reserving the right to object, I shall not object at this time, but I shall to any further extension of time, because I have an amendment which I think is in order, and I presume that a substitute will be offered later on and that debate will follow.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COCKRAN. Mr. Chairman, we are now confronted by a very different condition. For the first time in its history the world now faces the necessity of dealing with an enormous debt due by sovereigns where the creditor is also a sovereign. Here is the momentous feature of our situation and of the situation in which the debtor Governments find themselves that I think this House should very carefully consider.

What is the true, ultimate significance of this condition without precedent in human experience, where a debt of unparalleled magnitude oppresses the energies of men everywhere and the debtors and the creditor are all sovereigns. Is such a relationship possible without the gravest danger of disturbance and disaster?

Conceive its possibilities. We are the creditor of countries which, we are told here, can not possibly pay even a fraction of the interest that is due. Practically all of them are maintaining huge military establishments; some of them are maintaining military establishments and maintaining practically nothing else. If we are their creditors in the ordinary sense of the relationship we have a right—is it not, in fact, our duty—to step in and say to those debtor nations: "You have no right to waste your resources in such unproductive—not to say destructive—enterprises, because in doing so you are impairing the security of our debt." But the moment we did that we would have invaded their sovereignty, and they, to defend that sovereignty, would be bound to repudiate our interference. Thus, we may see our debt jeopardized and perhaps destroyed. Yet if we are to respect the integrity of those very sovereignties whose integrity we entered the war to defend and sustain, we must be content to remain passive spectators while the security of our property is in process of destruction. What remedy can there be for that condition? There is none that I can suggest. There is none that mortal man can suggest. For the situation is absolutely unprecedented.

But this much surely is clear—every step we take must be governed by realization of the fact that at this time a mistaken ill-judged, intemperate act or word might kindle a flame that would enwrap the world in a conflagration which must reduce our civilization to hopeless ruin.

Mr. Chairman, it must be remembered that if we should undertake to compel regard for our interests as a creditor against some action or policy of a nation indebted to us that we might consider dangerous to the security of our debt, there is but one way in which we could do it, and that is by force of arms. Surely it is no exaggeration to say that we have here a condition pregnant with disaster to all the world, a condition the like of which never before confronted human beings and which therefore demands the utmost prudence in dealing with it on our part.

On the other hand, we can not and we should not forget the fact that, in addition to the enormous expenditures which we have incurred to make this war a success, we have advanced to these countries the enormous sum of $11,000,000,000. And it is our sworn duty to protect the interests of this country in that stupendous debt where lies the path of duty leading to peace and good will and effective industrial cooperation between nations with this unexampled difficulty to face and overcome.

Mr. Chairman, our own debt is of staggering proportions. The debts of these other countries are so large that there is grave reason to doubt whether any of them can be paid. Some gentlemen have said that certain countries are insolvent and that others are not. If every debtor country should undertake to pay the obligations now due us they would all be insolvent, and since they can not meet their obligations they are actually insolvent if we are to measure solvency by the usual standards.

But while the difficulty these conditions create is enormous it is by no means insuperable. It may, indeed, open the way to a future of progress and prosperity greater than the world has ever known.

There is one feature about national debts running through all history since they became elements of civilized society which ought to be reassuring in these days of doubt and perplexity. It is this: As they have risen in volume so always has the prosperity of the countries that contracted them. After the peace of Utrecht England's debt was £50,000,000, and then it was believed and stated by some men considered among the wisest of their time that it was a burden that must

permanently cripple the body politic. After the wars of the Austrian succession the debt rose to £80,000,000, and then men of the highest repute, including Tobias Smallet, in his history of England, declared her case to be desperate. And after the vigorous and memorable administration of the elder Pitt when the debt had risen to £140,000,000 the very wisest men of England were declaring it was impossible to bear that obligation and remain solvent. Even David Hume, one of the most profound philosophers and accomplished economists of his generation, declared it would have been better if England had been conquered in war than saddled with such a debt. And Adam Smith, while he did not absolutely despair of the future, yet said, in his Wealth of Nations, that the extreme limit had been reached; any increase would be fatal. It was because the English people were universally convinced that it was absolutely necessary to obtain aid from the colonies in order to meet those burdens that the attempt to tax them was undertaken. That attempt resulted not merely in failure, but it piled £100,000,000 more on the debt, and then it was almost universally conceded that the very end had been reached and that hopeless bankruptcy was inevitable. But in a few years the expenses of the French revolutionary wars raised the debt to £800,000,000; and, extraordinary to relate, after each of these tremendous increases of national expenditures and of the debts contracted to meet them the country instead of sinking in the mire rose by leaps and bounds to prosperity greater than had ever been known. In the light of all history I can not feel that these great debts are necessarily causes of despair. As I have already said, it is well within the range, not merely of possibility but of probability, that we may emerge from those conditions of difficulty and doubt to a prosperity greater than the world has ever known. But to do this we must see that some definite advantage is gained by mankind commensurate with the extent of the sacrifices they have made and the greater sacrifices they may be required to make.

The wars of the French Revolution, which left England with a debt of £800,000,000, inflicted still more extensive burdens and inflicted much greater losses on all other European countries. But it wrought benefits which more than compensated for the sacrifices it entailed. By it men gained access to the soil on which they lived. The survival of old feudal systems made it impossible to purchase land. These were all swept away, and that liberation was followed by the wonderful progress of the nineteenth century, when the productive power of human hands was reinforced by a succession of inventions which wrought such improvement in conditions of human existence as a previous generation could not have conceived. The expenditures and the waste of the last war are vastly greater than any ever waged on this earth. This debt due to us by England as compared with her entire debt at the close of the French Revolutionary war is as eleven billions to four. And this is but a small fraction of her total debt. Our own debts have mounted up till they reached the stupendous figures of twenty to thirty billion dollars. The debts of other countries have piled up to a degree that it is hardly possible even to compute. And yet, if the result of all this terrible experience should be universal disarmament, not limitation of armaments, but actual disarmament—complete, universal, and immediate—the reduction of all military establishments to the point necessary to maintain domestic peace, this expenditure of money, vast though it has been, the loss of life and the injury to private property, which were still more distressing features of the dreadful conflict, would prove to be the wisest investment of money, the grandest enterprise of which the world has ever been the theater. It would make the war itself, not a scourge laid by an angry Providence on a world that had forfeited His favor, but a merciful dispensation of a beneficent God to lift humanity to the highest plane it had ever reached.

Now, this brings me to my conclusion. I believe these enormous debts due us should be treated by this country as the greatest forces to show men that they must disarm, that they can not continue to maintain huge armaments and at the same time meet these obligations. And the moment they show willingness to disband their military forces, then we should by our treatment of these debts and by every other means in our power aid them to restore their industrial prosperity.

There may be some Governments willing to ignore their obligations to us. I doubt it, but even if there should be the fact that they have at one time acknowledged the debts by issuing their obligations could not fail to lend great weight to representations by this country in favor of disarmament. But there is one country that certainly can never dispute an obligation which she has once issued. England's greatness depends entirely upon her reputation for commercial probity. She was not the leading country of the world when the Bank of England was established about the same time that the system of coinage established on the advice of Locke and Newton assured every man who deposited a thousand pounds in an English bank, that he would get it back in money of precisely the same value. It was this reputation for commercial probity that made her the depository of the money of the whole world. And it was from the profits of banking that she was able to finance the wars against revolutionary France. And when in the middle of the last century by a system of war trade she made the whole world the unobstructed source of raw materials for her factories she established that extraordinary position throughout the world which one of her poets characteristically described when he sang:

> Set in these stormy Northern Seas,
> Queen of these restless fields of trade,
> England, what shall men say of thee
> At whose feet the worlds divide?

The world has for many years divided at the feet of England, not because of her fleets or her armies but because her commercial probity has never been questioned, and I believe, no matter what might be her disposition, she can not afford to ignore any demands that may be made on her to meet an obligation. Her debt to us may therefore be a factor of enormous weight in effecting disarmament if our Government uses the position of creditor to induce England to join us in ridding the world of the dreadful curse of military establishment. But this enormous power which may be exercised by this fund I do not want intrusted to any hands but the hands of Congress, where the Constitution places it. By the pending bill you intrust to this commission the power practically to abolish these enormous debts, because the right to fix the rate of interest carries with it the right to determine the character of the debt itself. That is a power with which angels could not be trusted. If you should put it in the hands of angels you would soon find it was being exercised by the hands of devils. Methods of corruption are so subtle and extensive that to bestow such a power on any limited number of human beings would be almost certain to bring scandal on the Government and profound discontent on the country. There is no occasion for giving such power to a small commission when we have here a body which will be as generous as the most generous, just as the most just, patriotic as the most patriotic, humane to the degree required by the utmost requirements of humanity.

I do not want to fix at this time the rate of interest prescribed by the amendment. There is no more sacredness in 5 per cent than in any other rate. And therefore there is no reason for making that rate permanent. But if this resolution proposed by the gentleman from Mississippi [Mr. COLLIER] is not adopted, there will be no limitation at all on the power of the commission. I would not——

Mr. LONGWORTH. I want to call the attention of the gentleman to the fact that none of the acts of this commission are in force and effect unless approved by the President.

Mr. COCKRAN. I am not willing to put this power in the hands of the President, for the reason that the founders of the Constitution put it in the hands of this body after the fullest discussion.

It may be that in time a rate of even 3 per cent would be excessive. It may be, on the other hand, that 8 or 9 per cent would be reasonable. But whatever rate of interest may be finally fixed on we can not refuse to retain in our hands the final determination of what should be done with this enormous fund without being recreant to our oath of office. We are appointed to control the public purse. We can not trust that control to anybody else and remain loyal to our duty. But apart from all technical constitutional provisions, I believe the policy of statesmanship, of humanity, and of patriotism requires us to keep the final power to deal with this debt in our own hands. We surely will not write ourselves down incapable of acting with discretion and prudence and even with generosity in this matter of supreme moment. I appeal to the Republican majority to assert the dignity of the Congress it controls, not merely to make our own position more exalted, but to perform our duty in a manner which will redound to the credit and prosperity of this country and contribute immeasurably to the welfare of the whole human race. [Loud applause.]

Mr. BLACK. Mr. Chairman, I make the point of order that the debate on the point of order is exhausted. I have no objection at all to the discussion proceeding indefinitely, but I would like to get an amendment that is in order before the House.

The CHAIRMAN. The Chair understands the gentleman demands the regular order. Does the gentleman from Ohio [Mr. LONGWORTH] press his point of order?

Mr. LONGWORTH. I am willing to reserve it until especially the gentleman from Tennessee [Mr. GARRETT] may ex-

press his opinion. I am clearly of the opinion that the substitute is not in order, but I also maintain, Mr. Chairman, that debate of the reservation of the point of order is under the five-minute rule, and gentlemen may obtain the floor by making an amendment to strike out the last word, or a similar motion.

The CHAIRMAN. The Chair will state for the information of the committeee that if a gentleman demands the regular order, where the reservation of a point of order to an amendment is pending before the committee——

Mr. BLACK. I reserve the demand for the regular order to make this statement.

The CHAIRMAN. Allow the Chair to make this statement. It is necessary then for the person who reserves the point of order to make that reservation of the point of order.

Mr. LONGWORTH. Do I understand the Chair to rule that debate on the reservation of the point of order is by unanimous consent?

The CHAIRMAN. The debate on a reservation of a point of order is by unanimous consent, and it is within the privilege of any member of the committee at any time to demand the regular order, when it is incumbent on the member who has made the point of order to either withdraw the point of order or make it. I understand the gentleman from Texas makes the point of order, and the Chair is inquiring of the gentleman from Ohio whether he desires to withdraw the point of order or make it.

Mr. JOHNSON of Washington. I make the point of order.

The CHAIRMAN. The gentleman from Washington makes the point of order. Does the gentleman from Ohio withdraw the point of order or make it?

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. GARRETT of Tennessee. Does the gentleman make the point of order that it is not germane to the amendment?

Mr. LONGWORTH. For the moment I am simply making the point of order that it is not offered properly as a substitute for the amendment of the gentleman from Wisconsin. I am not now making the point of order that, if offered to the body of the bill, it may not be germane. I will reserve that to a later period. I submit now, Mr. Chairman, that the amendment of the gentleman from Wisconsin relates to specific authority already granted under the bill.

The CHAIRMAN. The Chair is ready to rule. The amendment of the gentleman from Wisconsin [Mr. FREAR] provides that "the total amount of interest payable on any such obligation received hereunder shall not be less than an amount equal to interest on the principal thereof at the rate of 5 per cent per annum." The object of the amendment of the gentleman from Wisconsin is for the sole purpose of restricting the discretion of the commission as to the interest arrangements that may be entered into. The substitute offered by the gentleman from Mississippi [Mr. COLLIER] goes much further. In fact, it makes no reference whatsoever to the purport, directly or indirectly, of the amendment of the gentleman from Wisconsin. It relates to agreements that may be entered into. It has a much broader scope than the pending amendment. In fact, it has no relation to it except in a very distant degree, and therefore it can not be considered a substitute, and the Chair sustains the point of order.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2588. An act extending the time for the construction of a bridge by the Chicago, Milwaukee & St. Paul Railway Co. across the Missouri River at Chamberlain, S. Dak.

REFUNDING FOREIGN OBLIGATIONS.

The committee resumed its session.

Mr. BURTON rose.

Mr. BLACK. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. For what purpose does the gentleman from Ohio rise?

Mr. BURTON. I rise to oppose the amendment.

Mr. BLACK. Mr. Chairman, I make the point of order that the debate is exhausted.

Mr. BURTON. Mr. Chairman, I move to strike out the last word.

Mr. BLACK. That is a pro forma amendment, and I offer an amendment to the substance.

The CHAIRMAN. The Chair has not been here the entire time while the amendment was pending, but if no Member heretofore has offered the pro forma amendment to strike out the last word, the Chair will recognize the gentleman from Ohio [Mr. BURTON], who offers a pro forma amendment.

Mr. BURTON. Mr. Chairman, I am unalterably opposed to this 5 per cent amendment. When we survey the history of the wonderful struggle in which the happiness and the civilization of the whole world was at stake, it emphasizes our relations with our associates in that awful contest. Their sufferings were far greater than ours; frightful though ours may have been. The very shadow of death extended over almost all of Europe, and that dark shadow has not yet been removed; and this Congress, speaking for the American people, can not afford to drive a hard bargain with those who were our allies in that struggle in which the future of the whole human race was involved. [Applause.]

This is no time to insist upon what is termed "honest usance." It is a time for generosity. It is a time for recognition of the frightful sufferings of those who stood by us, who fought our fight, who labored for the protection of our own welfare as a nation and our firesides and homes.

I wish to make one or two practical suggestions. Five per cent under normal conditions is a very high rate of interest for any country to pay. Three per cent was the rate prevailing in England and in France down to a comparatively recent period. The rate in Great Britain was shaded to 2½ per cent. Due to a rising rate of interest, beginning about the commencement of this century, Government bonds drawing 2½ to 3 per cent fell in value considerably below par in the two countries. It is a very interesting phenomenon, but one, I think, readily explained. Our own Government commenced in the Civil War to issue bonds at 7.3. That rate was dropped to 6 per cent, and then by successive grades it fell to 4; and then in the case of the bonds which could be used as the security for the issue of national bank-note currency, to 2 per cent. But any nation would feel under ordinary conditions that 5 per cent was an almost prohibitive rate and carried a threat of probable bankruptcy. I trust we have already passed the peak in the high rates of interest, and I judge that is so from present indications.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. BURTON. Certainly.

Mr. FREAR. This is simply intended to make it equal to the amount placed in the Liberty loan act for three years' indebtedness.

Mr. BURTON. From the language of the amendment I can not make out anything except that 5 per cent shall be the rate of interest charged. I shall ask that the amendment be read again before a vote be taken upon it.

That rate we ought not to impose upon those countries. We are soon to have a conference convening here that promises, I trust, far-reaching and beneficent results. Not Paris, nor Versailles, nor Berlin, nor The Hague, nor London was ever the theater of a meeting of the nations of greater importance or holding out, I trust, greater promise than this meeting at Washington on the 11th day of November next. [Applause.] And let us not arouse suspicions, let us not throw distrust or possible ill will over that gathering by proclaiming to the nations of the earth, who should join with us in the cause of peace and good will, that we insist upon a rate of interest which, until the exceptional conditions of this war, was almost unprecedented among the debts of the nations.

Mr. Chairman, if I can have some further time, there is another phase of the question that I would like to discuss.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. COCKRAN. How much time does the gentleman want?

Mr. BURTON. I should like to have five minutes.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. BURTON. I am altogether opposed to the reference of this question of the loans back to this Congress. There is no one who more than I would be reluctant to relinquish any proper prerogative of this body. But neither the executive nor the legislative branch can gain by intruding into the province of the other. The details of this settlement do not properly belong to a legislative body. Let the Congress lay down general rules such as that no debt shall be released, if you will. There must be a great deal of negotiation and of bargaining of agreements with reference to rates of interest and as to date of payment, and I may say in regard to these rates of interest, suppose some country would say, "If you will give us a low rate of interest we will pay in five years, but if you

charge us a high rate of interest we can not pay until 30 years." Do you wish the commission to be restrained in its action in the face of such questions as that?

The settlement of these questions does not belong to the Congress. A reference back to Congress would mean interminable delay, and the nations with which we deal would claim the same right. When the broad authority was given to lend billions upon billions, resulting in the loaning of $10,000,000,000 or $11,000,000,000, why was it not provided that the granting of the loans by the Secretary of the Treasury should be approved by the Congress? That was a power far greater than this.

Mr. STEVENSON. Will the gentleman yield?

Mr. BURTON. I regret that I can not yield, because my time is so limited.

Considering that to be a proper function to rest in the discretion of the Executive, the right was given to the Secretary of the Terasury, with the approval of the President.

If we leave the final settlement of this question with Congress, it is inevitable that there will be numerous amendments, and so no agreement can be final. Any tentative agreement made by the commission will be referred back to that commission again. I have had much experience in legislatures, and I have noticed the penchant for amendments. I served once with a man of whom it was said that if the Ten Commandments were laid down as a platform, he would be prompt to move an amendment; and if any proposal of the commission goes through here without substantial modifications, it will be a miracle.

Let me call your attention to still another practical fact. The parties with whom you are dealing will not go to the length to which they would go, will not make the agreements which they would make, if they know there is behind the agreement which they enter into the condition that it be referred here to the action of Congress, which will inevitably demand concessions and conditions. When I think of the ambitious action of persons in seeking to control the Executive I am reminded of the remark of Jack Cade, who was oftentimes a forerunner of many ideas regarding modern finance. He sent word to King Henry, "I am content that he shall be king, but I will be protector over him." When anyone attains very considerable influence in any position there is the idea of overshadowing the executive department. Can we not rely upon the honesty of those who are chosen by the President? The light of publicity rests upon them. Sooner than indulge in any neglect of the interests of the United States or any shadow of dishonesty they would rather face the pistol of an adversary, for an aroused public opinion will demand that those commissioners observe the requirement of the statute, that they do that which is for the United States. They will be loyal to our country's best interests and will be enabled to safeguard the interests of the people.

Mr. Chairman, I wish to say one thing more. Do not let us count here as if we could reach out our hands and obtain the amount of these debts. There is the threat of bankruptcy over all of our debtors, not excepting even those who are financially the strongest. It is a time for recognizing that situation; and there is yet a stronger appeal. In view of the relations, present and future, of this country to those countries, it is time for friendly consideration, for generosity, for mercy even, rather than for harshness in insisting upon our rights. [Applause.]

Mr. FORDNEY. I move that all debate on this amendment and all amendments thereto close in 20 minutes.

Mr. BLACK. I have a substitute which I wish to offer.

Mr. GARRETT of Tennessee. The amendment pending is merely a pro forma amendment. I should like to be recognized in opposition to that amendment.

The CHAIRMAN. Does the gentleman from Texas wish to discuss his substitute for the amendment?

Mr. BLACK. I do if I can ever get the chance to offer it.

The CHAIRMAN. It is the right of the gentleman who has charge of the bill, after five minutes on an amendment, to move to close debate at any time, instanter if he desires. It is within his privilege now if he desires to make the motion. As the Chair understands the motion of the gentleman from Michigan, it is to close debate on the amendment of the gentleman from Wisconsin and all amendments thereto in 20 minutes. Is that the motion?

Mr. FORDNEY. On the amendment offered by the gentleman from Wisconsin [Mr. FREAR] and all amendments thereto.

Mr. BLACK. Does the gentleman mean to include any amendments to the amendment?

Mr. FORDNEY. The amendment of the gentleman from Wisconsin [Mr. FREAR] and all amendments to that amendment, not amendments to the section.

Mr. BLACK. The pro forma amendment had better be withdrawn, then.

The CHAIRMAN. That is not necessary. The gentleman from Michigan moves that all debate on the amendment of the gentleman from Wisconsin [Mr. FREAR] and amendments thereto close in 20 minutes.

Mr. GARRETT of Tennessee. Before the Chair puts that, I want to make some remarks on this.

Mr. FORDNEY. On this amendment?

Mr. GARRETT of Tennessee. Yes; and the nature of the remarks will involve a broader aspect than the amendment itself. I would be glad, before we come to the vote upon this amendment, to have the opportunity of expressing myself not only upon this amendment but upon the other aspects of it.

Mr. FORDNEY. I will add 5 minutes, and make it 25 minutes, and yield the 5 minutes to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. I want more time than that.

Mr. FORDNEY. How much more time?

Mr. GARRETT of Tennessee. At least 10 minutes.

The CHAIRMAN. The Chair will inquire of the gentleman from Michigan how the time is to be controlled.

Mr. FORDNEY. There were 20 minutes asked for on this side of the House to oppose the amendment. If the gentleman from Tennessee wants 10 minutes, I will add 10 minutes and make it 30 minutes.

Mr. SANDERS of Indiana. The gentleman can not move to close debate can he, in the committee?

The CHAIRMAN. After there has been five minutes' debate on an amendment the gentleman has that right.

Mr. FORDNEY. I will modify my motion and make it 30 minutes.

The CHAIRMAN. While it is not within the province of any Member to designate the persons who shall have control of the time, nevertheless, for the benefit of the Chair, in recognition it is sometimes of value for the gentleman in charge of the bill to suggest the names of the Members who have asked for time. The gentleman from Michigan [Mr. FORDNEY] asks unanimous consent to modify his amendment and to make it 30 minutes. Is there objection?

Mr. FORDNEY. I also ask unaimous consent that I control 15 minutes of that time and that the gentleman from Mississippi [Mr. COLLIER] control the other 15 minutes.

The CHAIRMAN. The gentleman from Michigan modifies his request and asks unanimous consent that all debate on the amendment of the gentleman from Wisconsin [Mr. FREAR] and all amendments thereto close in 30 minutes, one-half of the time to be controlled by himself and one-half by the gentleman from Mississippi [Mr. COLLIER]. Is there objection?

Mr. BLACK. I object.

Mr. FORDNEY. Then, Mr. Chairman, I move that all debate on the amendment of the gentleman from Wisconsin and all amendments thereto close in 30 minutes.

The motion was agreed to.

Mr. HILL. Mr. Chairman, foreign Governments owe the United States $10,141,267,585.68, in addition to certain accrued interest. Of this huge sum, $9,435,225,329.24 is due from advances made by our Government from money it raised under the Liberty loan acts. That money came from the pockets of our patriotic people, who bought Liberty bonds until it hurt. It came even from the pay of our soldiers, who also bought Liberty bonds until it hurt. I well remember the Liberty loan campaign we waged among the soldiers of the Twenty-ninth Division and the great sum its members subscribed. Poor and rich, soldier and civilian, all contributed to the sums our Government lent to foreign nations because of the war. Why we lent Cuba $9,025,000 I do not know. What Esthonia did with the $13,999,146.60 we lent it I do not know, but I do know that beside all of the great loans—$4,166,318,358.44 to Great Britain, $3,350,762,938.19 to France, $1,648,034,050 to Italy—the United States paid out of its own pocket for its huge Army and Navy and financed itself its deciding military part in the war.

To-day all nations of the world need money. The United States itself needs money. We need money to lift the burdens of present taxation, and we need money to pay such obligations as those commonly called the soldier bonus. The people of the United States are to-day watching to see what action this Congress will take in reference to the refunding of the foreign loans.

The United States need not have gone into the war as it did. It could have selfishly raised its armies, built its navies, and used its treasures to fortify its coasts so that no foreign nation could have ever successfully attacked it. It did not do so, and I am glad it did not do so, but there is no reason why we should

remit the loans of money we made on top of our enormous contributions of men and money as represented by our independent participation in the war. The American people will be glad to see in this bill that the World War Foreign Debt Commission will not have power to cancel "any part of such indebtedness except through payment thereof."

This legislation which we shall soon pass is one of the great steps toward returned American normalcy.

I take this occasion to bring to the attention of the Congress a matter which touches deeply upon the historic past of this Nation—a matter which touches deeply a vital source of national inspiration. It has recently been announced that the War Department would sell to the highest bidder that sacred birthplace of the Star Spangled Banner, Fort McHenry. Our Secretary of War, Mr. Weeks, has repudiated this announcement, but at the same time he stated that Congress was responsible for the disposition of forts, arsenals, and camps for which there is not a present prospective military use. I know that this House, and I know that the Military Affairs Committee of this House, with membership on which you have honored me, will never consent to any such disposition of Fort McHenry. Sanctified by the shellfire of an enemy fleet which gave birth to our National Anthem, indissolubly associated by the immortal Francis Scott Key with the patriotic soul of America, Fort McHenry stands as one of the heritages of the whole Nation, and I do not believe that this Congress will ever consent to its disposal as a useless war property. [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, I regret exceedingly that the parliamentary situation is such that we can not have a vote upon the proposition contained in the amendment proposed by the gentleman from Mississippi before we vote upon that offered by the gentleman from Wisconsin [Mr. FREAR]. I would be less than frank with the House if I did not state that I am exceedingly dubious about the desirability of adopting the amendment of the gentleman from Wisconsin. And yet, if it is to be determined by this House that this authority over questions of both administration and policy, policy which I said in my remarks the other day ought to be determined by the legislative branch, are to be turned over to a commission, then I do feel that we must vote for some limitations other than the bill itself carries. If the Collier amendment could be the first proposition voted upon and was carried, then, so far as I am concerned, I would not support the Frear amendment. More than that, I would be willing to strike from this bill some, if not all, of the limitations placed upon the commission.

The gentleman from Ohio [Mr. BURTON], for whose ability we all have great respect, has after all in arguing this question and insisting this power should be turned over to a commission, used only the argument of convenience. That is an argument which might be made on unnumbered questions that arise, because 5 men can act more speedily and more promptly than can 435. But that is not the question. As the gentleman from New York [Mr. COCKRAN] so well said just now, and as was said in general debate the other day, the Constitution imposes a duty on the Congress in regard to moneys raised by public taxation. Furthermore, as was so well said by the gentleman from New York, it is a question which in its broadest aspects goes far beyond the mere matter of the money already owed us. Have you thought, my fellow Members, that in these debts now due to the United States there probably lies the germ of more difficulties, dissensions, differences, and irritation for the future than anything that has ever arisen in the history of this country?

This is no debt between individuals; it is a debt between nations. This is a transaction between sovereigns. There is no world court to which we can go to enforce our rights as individuals can go. There is but one way that this indebtedness ultimately can be collected unless the nations voluntarily pay it, and that is by war. Not only should the Congress retain in its hands that power which it will have, even if this commission is created, of determining, in accordance with the bill, what policy it will adopt in a matter of collection in the years to come as fixed by the commission, but it should retain now, at the time of the settlement, those questions of policy that will constitute the possibilities of irritations of two generations yet to come. Congress is the war-declaring body and has all the responsibilities that attend upon that power.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. Can I have 10 minutes more?

Mr. BLACK. I ask, Mr. Chairman, that the gentleman from Tennessee be allowed to proceed for 10 minutes, not to be taken out of the 30 minutes, because the majority leader [Mr. MONDELL] used 15 or 20 minutes.

The CHAIRMAN. The time has been limited to 30 minutes, and it is only fair that 15 minutes should be accorded to this side of the House. The Chair would be glad to accede to any arrangement gentlemen may make as to the use of that time.

Mr. GARRETT of Tennessee. I will say that there are 10 minutes remaining that belong to this side, and I will simply ask to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GARRETT of Tennessee. Now, Mr. Chairman, I wish to emphasize in this presence, and I do this particularly because of certain suggestions made by the honorable gentleman from Ohio [Mr. BURTON]—I wish to emphasize in this presence that the attitude I take, and I know the attitude which my fellow Members on the minority side take, is not to be construed as a lack of confidence in the integrity of the Secretary of the Treasury or the President of the United States.

I said the other day that an insistence of that sort was merely pettifogging. It is a question of the proper division and correct exercise of the powers of government. There are functions concerning the revenues of this country that the Congress is peculiarly charged with under the Constitution and that, in my opinion, can not be delegated. Danger of encroachment on the Executive? Oh, no, indeed. Desire to limit the Executive? Indeed not. I do not desire to limit the Executive in the exercise of any executive power, but I am not willing to confer upon any executive the exercise of legislative power, because the Constitution of my country forbids it.

The Collier amendment will be offered in due time, but the trouble is that we have first to vote upon the amendment offered by the gentleman from Wisconsin [Mr. FREAR]. In apprehension of the fact that the amendment of the gentleman from Mississippi may not prevail, I think I shall, though reluctantly, vote for the amendment offered by the gentleman from Wisconsin in Committee of the Whole, but if subsequently when the gentleman from Mississippi offers his amendment it should prevail and this bill goes back into the House, I myself shall ask, if no one else does, for a separate vote on the Frear amendment, and shall then record my vote against it.

Bear in mind just what is involved here. The authority exists now in the Secretary of the Treasury to deal, according to the acts of April 24, 1917, and September 24, 1917, with all this indebtedness except that which is held by the Grain Corporation, the Armenian Relief Administration, and those products that were purchased by foreign Governments from the War and Navy Departments. Outside of them the Secretary of the Treasury has ample power, and I assert again now that no legal adviser of the Secretary of the Treasury has ever yet officially let it be known that he believed there was any doubt about that power.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. STAFFORD. If the law authorizing the sale of Liberty bonds delegated the power to the Secretary of the Treasury to accept foreign bonds in payment of the loans or credits advanced to foreign Governments, why did not the prior Secretaries of the Treasury, Mr. GLASS and Mr. Houston, exercise that power?

Mr. GARRETT of Tennessee. Mr. Chairman, it was pointed out here, and the hearings are full of the statements, that under Mr. Secretary GLASS in 1919 negotiations began, and upon the authority of Secretary GLASS I can state that under his administration and under the administration of Mr. Houston an agreement had practically been reached, when suddenly for some reason unknown negotiations were broken off by Mr. Lloyd-George, the premier of England—not upon the initiative of the Government of the United States.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. HUSTED. Mr. Chairman, it seems to me there are two compelling reasons why the interest rate should not be fixed in this bill at 5 per cent. The first reason is a purely selfish, business reason, and the second is a moral reason. Of course the business reason is much the less important and I shall discuss that first.

I am opposed to it because I believe it is absolutely contrary to the interests of good bargaining. We are proposing to negotiate with some 19 Governments for the settlement in some form of these loans. Some of these Governments are insolvent and some of them are on the brink of insolvency. From a purely selfish, business standpoint we are in very much the situation of a board of directors of a bank that is trying to settle with an insolvent debtor, or with a debtor who is on

the brink of insolvency. If the board of directors should say to the cashier that he may settle only upon the basis of the recovery of the principal and 5 per cent interest thereon, that board would not get very much of a settlement, and no wise board of directors would adopt a resolution of that kind. They would give the cashier authority to make the best settlement he could under the circumstances, assuming always that there was a cashier equal to his job.

The second reason is of vastly more importance. It is a moral reason. As has been said on this floor, we went into the war with those nations and we were rather slow going in. I have always felt, and I believe I always shall feel, that we should have gone in immediately after the sinking of the *Lusitania* [applause], but that is neither here nor there now. We went in, and, thank God, we accomplished victory, but these nations with whom we went in suffered vastly more than we did in loss of life and in the destruction of property, and if we attempt now to collect from them more interest than we are paying upon the funds that went into these loans, we will be doing a wrong and an immoral act, which will subject our country to just criticism throughout the world. [Applause.]

Mr. BLACK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLACK to the Frear amendment: After the word "provided" strike out the balance and insert the following: "Any such bond or obligation of any foreign Government accepted under the authority herein granted may contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments sufficient to cover, first, a charge on the loan as interest at the rate of 4 per cent per annum; and, second, such amounts to be applied on the principal as will extinguish the debts within an agreed period of not more than 35 years."

Mr. BLACK. Mr. Chairman, I want to make this statement to the House, even though the time for discussion is so limited that I may not get any opportunity to discuss the amendment which I have offered. I do not often object to the extension of time in debate or call for the regular order in the House as I did when the reservation of a point of order was pending to the amendment proposed by the gentleman from Mississippi [Mr. COLLIER], and the only reason I have done so this afternoon is because I anticipated that sooner or later the gentleman from Michigan [Mr. FORDNEY] would move to close debate and that I would have no adequate time in which to discuss my amendment. I have no objection to the discussion proceeding all of the afternoon, as far as I am concerned, if it is the will of the House to do that. But I do want to take this opportunity to say that I think it is the duty of the Chair to recognize Members who have amendments which they desire to offer and which carry substantive propositions, rather than to recognize Members to propose pro forma amendments, such as to strike out the last word. I regret now that the debate has been limited to a very short range of time by the gentleman from Michigan [Mr. FORDNEY], and I will have no adequate time to discuss what I think is a very important proposition and one which we might well consider and upon which we might well take favorable action.

Throughout the debate much has been said about the collection of the principal and interest due us by our allies in the Great War. Yes. "Hurry up; get busy," say some. "Get the money," say others. It is all very well to talk about the collection of this interest and this principal as if it could be done by the mere waving of a hand; but when we come to figure out how it may be done we are confronted with some very real and practical difficulties. Prior to the war the United States had an annual balance of trade in its favor of about $500,000,000 which was settled by European nations by their offsetting against it the payment of interest on the securities and obligations which European investors held in American industrial enterprises and municipal improvements and by sums which our merchants and exporters owed for services of their merchant marines. These conditions now, as everyone knows, are greatly changed. Europe has resold us all of our securities, or practically so; we have a merchant marine of our own which is finding it hard to secure sufficient commerce to keep it busy and is losing large sums of money every day. As a matter of fact, one of the reasons for the present stagnation of commerce and industrial depression throughout the country is the difficulty of our customers abroad finding ways to settle the balance of trade in our favor. In fact, the system of exchange with some countries has all but broken down completely. The only time that the world really enjoys prosperity is when there is a free exchange of commodities and services, and certainly all will admit that this essential element is sadly lacking at the present time.

So as I view it this question of collecting our debt from our allies presents a problem of great difficulty and the solution is not going to be easy, and yet there is one solution which neither our people will accept nor are the Allies asking, and that is a cancellation of the debts. But while the American people are not willing that the debt should be canceled, I do believe that they are willing that we, their representatives, should be generous and forbearing in the rate of interest and the terms of payment. In this attitude they are moved by generous impulse toward our allies and by intelligent appraisal of the difficulties which confront the world.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. BLACK. I regret I have only five minutes. I will state briefly the purpose of my amendment, and then if I have time I will yield. Now, the purpose of my amendment is to authorize the commission in such cases as they may see proper to fix a 4 per cent rate of interest and to provide that a sum in addition to that sufficient to amortize the debt in 35 years shall be paid. An annual payment of 5 per cent on the indebtedness of any particular nation will accomplish the purpose which I propose. It will afford a definite plan of payment as well as provide a moderate rate of interest. Therefore I believe we could well afford to collect from these European debtors this 5 per cent annually, so that within 33⅓ years the entire indebtedness would be wiped out, and at the same time we would have also collected interest at the rate of 4 per cent per annum. Now, I admit if we look upon this indebtedness from a cold-blooded standpoint of debtor and creditor, why, then, probably my amendment should not be adopted and we should get all the interest that "the traffic will bear." But I can not look at the matter in that light. I do not forget that at the time most of this money was loaned to our allies it was during the darkest days of the war, when it seemed as if the Germans would break through to the channel ports and were then thundering at the gates of Paris. Russia had collapsed on the eastern front and was out of the war and Germany had rushed her well-trained legions to the western front, so as to make one last supreme effort to break through before the Americans could get there.

A supreme moment of history had arrived. Upon the outcome depended in a large measure the future civilization of the world. It was in this fateful hour that Field Marshal Sir Douglas Haig addressed the following stirring appeal to "all ranks of the British Army in France and Flanders." He said: "Every position must be held to the last man. There must be no retirement. With our backs to the wall and believing in the justice of our cause, each of us must fight to the end. The safety of our homes and the freedom of mankind depend alike upon the conduct of each one of us at this critical moment." And at a tremendous cost of human blood these gallant British soldiers did hold the line until our intrepid American boys could get there in sufficient numbers to win the war. Suppose the British or the French had collapsed and had given up the fight as the Russians did? How many more thousands of lives and billions of dollars would it have cost us to win the war? Yet we have the spectacle in this country to-day of certain ones crying out with a loud voice, "Soak the British, make them pay."

Yes; I want Great Britain to pay. Also Belgium, France, Italy, and the other nations which owe us, but I do not want the United States to be harsh and cold-blooded in demanding it. We can well afford to display a spirit of forbearance and generosity in this matter as we displayed a spirit of loyalty and cooperation in helping to win the war. We will lose nothing by it.

Mr. LONGWORTH. Mr. Chairman, the gentleman from Wisconsin [Mr. FREAR] has done very valuable work in the preparation of this bill in endeavoring to surround it with such safeguards as would not give authority which would be perhaps greater than should be conferred upon a commission. But in this case I think he has endeavored to go too far. I think it would be highly unwise to attempt to limit to any specific figure, I care not what it is, the interest that may be agreed upon for the funding of these obligations. A great many gentlemen seem to have gone upon the theory that it is to this commission only that this full power of negotiation is delegated, whereas as a matter of fact every act of the commission before it has full force and effect must receive the approval of the President. Now, the exact effect of the amendment offered by the gentleman from Wisconsin is to reenact as a part of this act the provisions in section 3 of the Liberty loan act which provides:

But the rate or rates of interest borne by any such long-time obligations—

That is, obligations to be hereafter refunded—

at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations.

Now, all the obligations we hold, amounting to over $10,000,000,000, from the foreign countries are now represented by demand notes at 5 per cent, and this proposition of the gentleman from Wisconsin simply reenacts as a part of this bill that section of the second Liberty loan act. I can conceive, gentlemen, though having no pretension to being a financier, that in the days to come when interest rates will be expected to drop that it would be much wiser to have a part of the foreign debt refunded in very long term securities at a lower rate of interest than 5 per cent rather than have them only in short-time securities at 5 per cent, and I fear that such a provision as this would tend in the direction during the negotiations of having these foreign obligations at a short time rather than——

Mr. JOHNSON of Kentucky. Will the gentleman yield?

Mr. LONGWORTH. I regret my time is so limited. If I have the time later, I will yield. But at any rate it must be borne in mind, gentlemen, that this amendment is not made on the suggestion of the Treasury Department. This I concede to be true, that if the Congress desires to place a limit on the interest in these funding operations that this is the way to do it. If you desire to put any limit to the interest, this amendment is the one that should be voted for, but I agree entirely with my distinguished colleague [Mr. BURTON] that this is not the time, even if it might be advisable at some other time—this is not the time for the United States to be in the attitude of a creditor who is attempting to exact the last cent of interest. A great conference of the nations is approaching. We should meet on the most friendly possible terms. They owe us $11,000,000,000. We expect to get it all, but if we now say we are going to hold you down to the very last cent of interest I do not think this is the time to be in the position of demanding the last pound of flesh. [Applause.]

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on the amendment offered by the gentleman from Texas [Mr. BLACK] to the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

Mr. GARRETT of Tennessee. Mr. Chairman, may we have the Black amendment reported?

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Texas will be again reported.

There was no objection.

The Clerk began to read the amendment.

Mr. BANKHEAD. Mr. Chairman, may we have that amendment read as it will appear in the original Frear amendment.

The CHAIRMAN. The Chair will state to the gentleman from Alabama that this amendment is in fact a substitute, although it is called an amendment. It is intended to supersede, as the Chair understands it, entirely the language of the original amendment.

Mr. BANKHEAD. Very well; I withdraw the suggestion.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas to the amendment of the gentleman from Wisconsin.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question now reverts to the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

The question was taken, and the Chair announced that the noes appeared to have it.

On a division (demanded by Mr. FREAR) there were—ayes 68, noes 128.

So the amendment was rejected.

Mr. COLLIER. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLIER: Page 1, line 10, after the word "authorized," insert "to enter into agreements with representatives of foreign nations"; and page 2, at the end of section 2, insert "*Provided*, That no agreement or agreements so entered into with respect to any matter herein authorized shall be deemed to have been completed nor to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. LONGWORTH. Mr. Chairman, I make the point of order that the amendment is violative of paragraph 3, Rule XXI, in that it is not germane to the bill or the particular paragraph to which it is offered.

I yield to the gentleman from Indiana [Mr. SANDERS].

Mr. STAFFORD. Mr. Chairman, I make the further point of order that the proposed amendment is virtually two amendments, embodying two substantive propositions, and therefore violates the rule that one amendment only should be submitted at one time.

The CHAIRMAN. The point of order made by the gentleman from Wisconsin occurs to the Chair as being well taken. The gentleman from Wisconsin makes the point of order that the amendment consists of two parts; that it is an attempt to amend two different portions of the paragraph. The point of order is that we can not consider both amendments at the same time.

Mr. GARRETT of Tennessee. Mr. Chairman, I do not recall the precedents just at the moment. I have a very distinct recollection that it is a frequent practice in the House to offer amendments in this form. I do not recall just now ever hearing a point of order made upon it. Of course, the obvious way to reach the situation would be by the gentleman demanding a division of the question. It does not seem to me that there is very much substance in the point of order. If the precedents are against me, of course I will take it back. It lies within the power of any gentleman to reach the same result by asking a division of the question.

The CHAIRMAN. Permit the Chair to call the gentleman's attention to the fact that it appears on the face to be a little different from the usual method when amendments of this character are offered. This amendment seeks to authorize a change in the language in a part of the bill, and then follows that with an independent proviso. It hardly seems to the Chair that they can be considered together.

Mr. GARRETT of Tennessee. Mr. Chairman, I respectfully submit that the two amendments, or the two propositions, are complementary to each other. I think there can not be any doubt about that. The first proposition in the amendment offered by the gentleman from Mississippi [Mr. COLLIER] is to authorize negotiations. The second proposition is to provide when those negotiations shall become effective. It seems to me that they are perfectly related and in the same section. The proviso offered by the gentleman from Mississippi, Mr. Chairman, is not independent of his first proposition, although there is sufficient difference in them to make it a divisible question upon the demand of any gentleman.

Mr. STAFFORD. If the gentleman will permit, does not the gentleman see that there are two separate propositions?

Mr. GARRETT of Tennessee. I do——

Mr. STAFFORD. And that they are apparently two amendments. The precedents are uniform that the gentleman can not offer in one motion amendments related to more than one specific matter.

Mr. GARRETT of Tennessee. Now, the gentleman's recollection as to the precedents is probably better than mine, but I have this impression. I insist that these two propositions are perfectly related to each other. I admit that they are divisible, and my idea of the way to get at it is for a gentleman to ask a division of the question.

Mr. STAFFORD. The committee has a right first to determine whether they shall accept the first formal proposition as to entering into an agreement. That is a definite amendment itself. And the other proviso is a distinct, separate proposition, and the committee should have the right to exercise its judgment as to that.

Mr. PARKER of New Jersey. Mr. Chairman, while I am not in favor of this amendment in any way, I desire to say that it seems to me that this is one proposition. That is to say, if the gentleman, instead of putting it in two places, had made his first insertion the entering into an agreement subject to approval of Congress, it would mean just what he said. That is all one proposition—an agreement subject to the approval of the Congress.

The CHAIRMAN. The point of order is made at this time that the amendment consists of two propositions, and the point is sustained by the Chair. The gentleman from Mississippi can decide which amendment he wishes to present first.

Mr. COLLIER. Mr. Chairman, I offer the first part.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment by Mr. COLLIER: Page 1, line 10, after the word "authorized," insert the words "to enter into agreements with representatives of foreign nations."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I thought I was entitled to time on that.

The CHAIRMAN. The Chair will recognize the gentleman.

Mr. COLLIER. I do not care to take up the time of the committee for any great length on this amendment. These amendments are simply the gist of what all the general debate was on last Friday and what the greater part of the debate this morning has been on. Therefore I do not care to argue it

further. I simply want to say this, however, that the amendment now before the House simply leads up to the amendment I am going to offer next. The amendment now before the House simply authorizes the commission to enter into agreements with representatives of foreign nations. The amendment I expect to offer after that amendment has been disposed of is:

Provided, That no agreement so entered into with respect to any matter herein authorized shall be deemed to have been completed or to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. GREENE of Vermont. Does not the gentleman feel, on reflection, that his words, after all, are only surplusage? How can any commission created by this law report or extend the time of payment, and so on, without entering into an agreement with foreign nations?

Mr. COLLIER. That is so.

Mr. GREENE of Vermont. Who else are they going to do it with?

Mr. COLLIER. The gist of the amendment is to perfect the latter amendment. I consider the first part of the amendment simply a perfecting part of the amendment.

Mr. GREEN of Iowa. Since the gentleman has stated that the purpose of his amendment is to lay the foundation of this agreement which will require the ratification of Congress to all this proceeding, will the gentleman state what the use of it will be? What authority will it give the Secretary other than that which he has now? He can enter into agreements subject to the approval of Congress now.

Mr. COLLIER. I did not catch what the gentleman from Iowa said.

Mr. GREEN of Iowa. I say he can enter into agreements subject to the approval of Congress now.

Mr. COLLIER. Of course he can go on and fix these bonds up now by law on the statute books. But he wants to change that law. He wants those limitations to be set aside, and he wants to throw away those safeguards, and wants authority to have a new commission to refund these obligations in a new way. Of course it has got to be done by some of the agents of the United States, and I would really prefer, I will say to the gentleman from Iowa, that if you are going to change existing law and throw aside all the limitations that we put into existing law—if you are going to do that, I do not think it matters about a commission or one man, but if you accept the amendment that I have offered I believe it will be better, and I prefer to give blanket authority to the Secretary of the Treasury to enter into negotiations with these foreign Governments and then report back to the Congress all the tentative agreements he may make.

Mr. GREEN of Iowa. That is what he can do now.

Mr. GREENE of Vermont. Exactly. That is what he can do now.

Mr. LONGWORTH. Mr. Chairman, just one word. While I do not think the amendment amounts to anything one way or the other, it leads up to an amendment that may amount to something and to which this committee is opposed, and I hope it will not be agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Mississippi [Mr. COLLIER].

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. COLLIER. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 64, noes 104.

So the amendment was rejected.

Mr. COLLIER. Now, Mr. Chairman, on page 2, at the end of section 2, I will ask the Clerk to read the second part of the amendment.

The CHAIRMAN. The Clerk will report the second part of the gentleman's amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLIER:

Page 2, at the end of section 2, insert "*Provided*, That no agreement or agreements so entered into with respect to matters herein authorized shall be deemed to have been completed nor be of force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. LONGWORTH. Mr. Chairman, I make the point of order that the amendment violates paragraph 3 of Rule XXI. It is not germane either to the bill or to the section.

Mr. SANDERS of Indiana. Mr. Chairman, in connection with that point of order I want to call the attention of the Chair to two or three precedents which seem to be very clearly in point.

The purpose of this bill is by one complete act of legislation to dispose of the question of the foreign debt. After this bill has been signed by the President, under its purpose now, the legislative branch of the Government will be through with it, and the executive department will be clothed with authority to completely settle the entire matter; to take bonds, or to take obligations in place of the present obligations that we have.

The proposal embodied by the amendment offered by the gentleman from Mississippi [Mr. COLLIER] makes of the commission that is created by this act a commission of inquiry and investigation, with power to report back to Congress with a view to then having the law passed that disposes of the question. To be sure, his amendment deals with the foreign debt, but the mere fact that it deals with the foreign debt is not necessarily conclusive that it is germane. For instance, in a bill dealing with the sale of public lands an amendment which provides for a gift of public lands is not germane. In a bill providing for the investigation of the cost of armor plate, a proposed amendment fixing the price of armor plate is not germane. An amendment changing a resolution of inquiry, Mr. Chairman, into a resolution of instruction is held not to be germane. That is found in Fifth Hinds', section 5804.

Here was a resolution, Mr. Chairman, to the effect "That the President of the United States, if not incompatible with the public service, be requested to communicate to this House all correspondence with the British Government on file in the State Department with reference to the case of D. H. O'Connor, a citizen of the United States, now imprisoned in Ireland."

That was the resolution. The following amendment was then submitted in the nature of a substitute:

That the President be, and he is hereby, requested to obtain for D. H. O'Connor and other American citizens, now imprisoned under a suspension of the habeas corpus by the British Government in Ireland without trial, conviction, or sentence, a speedy and fair trial or a prompt release.

Now, the main resolution and the amendment both dealt with the same thing; but, Mr. Chairman, the resolution dealt with a question of inquiry, and the proposed amendment changed it to one of instruction, and it was held not in order.

I want to call the attention of the Chair to two precedents which I think are very conclusive on this proposition. One is in Fifth Hinds', section 5850.

To a bill authorizing the Court of Claims to adjudicate a claim an amendment providing for paying the claim outright was held not to be germane.

I want the Chair to notice that the bill itself dealt with this particular claim, but the claim authorized the Court of Claims to deal with it. The amendment provided for the disposition of it then by Congress, another body, so as to conclude and finally determine the matter. That is exactly the reverse of what is true here. This proposed legislation proposes for Congress to deal with a subject now conclusively, and completely authorizes the executive department to carry out the terms of the law. The proposal of the amendment is not for Congress to deal with it now, but it is that Congress shall create this commission and authorize them to make inquiry and investigate and find out and report back, and then the Congress may, or it may not, complete the matter.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. GREEN of Iowa. I think the gentleman is not going to speak of the argument at all, but this resolution as amended would not authorize the commission to do anything but to go over there and get some offers, if they could, just as a messenger might do.

Mr. SANDERS of Indiana. Yes. This amendment authorizes the commission to investigate and then report to Congress.

Now, Mr. Chairman, the reverse of the cases I have just cited has been held to be true, so far as parliamentary law is concerned, and I think this citation which I shall cite to the Chair at this time is exactly on all fours with the proposition before the Chair. This is from Hinds' Precedents, section 5851, following 5850, that I just cited:

To a proposition to pay a claim an amendment proposing to send the claim to the Court of Claims was held not to be germane.

In other words, they had a proposition before the Congress that the Congress should determine whether a claim should be paid. An amendment was offered dealing with precisely the same claim, but it did not propose that Congress should finally adjudicate the matter. The amendment proposed that the Congress should send it to the Court of Claims, and the Chair then held that that amendment was not germane, because it was not the same proposition.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. SANDERS of Indiana. I yield to the gentleman from Vermont.

Mr. GREENE of Vermont. Does not the gentleman believe that the Treasury Department now has authority to enter into formal negotiations and to submit its report to Congress and ask for ratification of a contract based upon such negotiations?

Mr. SANDERS of Indiana. I think so.

Mr. GREENE of Vermont. This bill undertakes not to do such a thing as that, but to have the Congress settle it finally. Therefore the amendment, to my mind, is a complete negative of this bill.

Mr. SANDERS of Indiana. It is.

Mr. GREENE of Vermont. Then is not the parliamentary remedy not to seek to negative the bill by an amendment, but to move to strike out the enacting clause or to vote against the bill?

Mr. SANDERS of Indiana. To be sure.

Mr. GREENE of Vermont. This is not the remedy.

Mr. SANDERS of Indiana. I agree with most of what the gentleman has said. If the gentleman is opposed to the bill, he can move to strike out the enacting clause. But the decisions are very clear, Mr. Chairman, that you can not bring in by way of an amendment a proposition to submit a matter to an entirely different tribunal when you are undertaking to deal with it by the Congress of the United States; and the reason for that is very apparent. If we had the right to bring a new proposition before this House by way of amendment, it would mean that the House, within a few moments, on short debate, could legislate upon matters of grave importance. It is the purpose of parliamentary law to send these matters to committees, to let the committee have hearings, and determine and then report to the Congress, and that is the principal reason for the rule. If this amendment were held to be in order, the reason for the rule would be clearly disregarded.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. In just a moment. In two or three minutes I want to call the attention of the Chair to some similar rulings that I think are much to the point.

I refer first to page 475 of the Manual. That was the case of a tariff commission. I want the Chair to notice the language used in the ruling by the Speaker when he was determining whether the creation of a tariff commission and the referring of matters to a tariff commission was germane to a revenue bill. It was on a motion to recommit. He said:

> The subject matter of the part of the motion to recommit which relates to the Tariff Commission is to gather information; or, to state it in other words, the purpose of the tariff bill is to get money, while the purpose of the Tariff Commission is to get information.

Now, that is exactly this case. The purpose of this legislation is to clothe a commission with authority to get this money, to arrange for it so that it can be gotten in the future. I read again from the decision of Mr. Speaker Clark:

> The subject matter of the part of the motion to recommit which relates to the Tariff Commission is to gather information; or, to state it in other words, the purpose of the tariff bill is to get money, while the purpose of the Tariff Commission is to get information; and it seems to me that if the English language has any significance whatever, the two propositions are different, that one is not germane to the other, and the truth is that the only kinship between these two propositions is that both contain the word "tariff."

Then, on page 479 of the Manual, quoting from another decision—

> And to raise money or to get money is the whole scope of this bill now pending here to-day.

Then, dropping down to another paragraph—

> And the whole scope of this tariff commission proposition is to get information.

Now, Mr. Chairman, I submit that under this long line of precedents the proposition of the gentleman from Mississippi [Mr. COLLIER] is an entirely different subject matter, and that under the rules of this House it should be held out of order, and this House should not be compelled to pass on this entirely new matter in contravention of the rule.

Mr. CRISP. Mr. Chairman, I shall trespass upon the time of the House but a very few moments in discussing this point of order, which to my mind is as clearly without any merit as any point of order I have ever heard lodged against any amendment in the House of Representatives.

One of the grounds for the point of order is that it violates section 3 of Rule XXI, which is the rule adopted for the purpose of considering revenue bills. The Chair and every Member of the House know that that rule was adopted by the House for a specific purpose and that it contravenes all general rules of parliamentary law in every body in all the world. That rule was adopted when the House was considering what were commonly called popgun tariff bills.

Mr. LONGWORTH. If the gentleman will allow me, I made the point of order both under paragraph 3 of Rule XXI and under the general rule of germaneness. I made it under both.

Mr. CRISP. I understand that. When we were considering what were called the popgun tariff bills, each bill dealing with one particular subject of the general tariff bill and amending it, it had been held in some of the decisions that under the rules of the House it opened up the whole tariff bill for amendment. So section 3, of Rule XXI, was put in to narrow amendments and restrict them to that one schedule.

But, Mr. Chairman, that provision of the rule has no bearing whatever upon this case, because the bill we are considering is not a revenue bill. The evidence of that is that the gentleman in charge of this bill, knowing it was not a revenue bill, did not rely on the rules to call it up as a privileged matter on the ground that it was a revenue bill, but he asked unanimous consent for the consideration of this bill, and I am told that the report was dropped through the basket. Reports on privileged bills must be made from the floor of the House, and where a report is made through the basket, if the bill was privileged, that destroys its privilege.

So that paragraph of the rule has no bearing whatever on this case. Now, as to the general proposition as to whether or not it is germane. I have taken the precaution to go to the dictionary and get the meaning of the word "germane." Here it is: "Near akin, in close relationship, appropriate, relevant, pertinent." Now, who can say that the proposed amendment is not near akin, in close relationship, relating to, and pertinent to this bill?

What is this bill? This bill is a bill to create a commission "authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes." What does the amendment propose? It proposes that this commission can enter into negotiations and report to Congress certain plans and methods by which its debts shall be funded; that their action shall not be binding until it is ratified by Congress. What is the legal effect? It is simply a limitation on the power of the commission to do this particular thing. It adds no new matter. It is certainly germane, and I hope the point of order will be overruled.

There is a reason in all rules concerning parliamentary bodies. The reason of germaneness is so that the House could not be swept off its feet and called upon to consider new and extraneous matter. The House is not swept off its feet, the House is not called on to consider new matter, it is not called upon to consider any new subject interjected into the bill by this amendment. It simply places a new limitation on this commission, and provides that its act shall not be binding until ratified by Congress.

Mr. Chairman, the argument of my friend from Indiana [Mr. SANDERS] and the question asked by my good friend from Vermont has but one conclusion, and that is that because the committee of the House brings in a bill here to do a thing in a certain way that the rest of the House is gagged and can not change the plan. That is the logic of their contention.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. CRISP. I will.

Mr. GREENE of Vermont. The gentleman says to do a thing in a certain way. That is exactly the proposition in the bill—to do a thing in a certain way—and the proposition of the amendment is not to do it but to get advice.

Mr. CRISP. The proposition is to do it with a certain restriction. The House of Representatives is greater than any committee of the House, and when any committee brings in a legislative scheme, the House has a right under the rules to change that legislative scheme by providing a different method provided it is germane. This amendment simply places a limitation upon the commission created by the bill. For the life of me, I can not see that this provision is not germane, and I trust that the point of order will be overruled.

Mr. GARRETT of Tennessee. Mr. Chairman, I would like to add a word to what has been so well said by the gentleman from Georgia [Mr. CRISP]. Paragraph 3 of Rule XXI, which is the first proposition invoked here to destroy this amendment, says:

> No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill; nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

Now, Mr. Chairman, the language of the Constitution of the United States is as follows:

> All bills for raising revenue shall originate in the House of Representatives.

This paragraph 3 of Rule XXI has up to this time always been applied to bills coming under that particular provision of the Constitution which I have just read. This is not a bill to raise revenue. Surely no gentleman will contend that. This bill does not raise a dime of revenue. This bill provides a method for settlement of obligations growing out of the loan of revenue that has been already raised by taxation of the people of the United States. I take it that no gentleman will insist that this is in any respect a revenue bill as mentioned in this section of the Constitution.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. LONGWORTH. Paragraph 3 of Rule XXI relates to bills affecting revenue. This certainly affects revenue.

Mr. GARRETT of Tennessee. If that construction can be placed on it, to wit, that this is a revenue bill because it "affects" the revenue, then the rule could be invoked on any appropriation bill, because appropriation bills "affect" the revenue. This has not been treated as a revenue bill. Why, it is a matter of record that the Committee on Finance in the Senate of the United States reported an original bill long before the House had ever acted upon it. If it had been a revenue bill the Senate committee should have been estopped from acting on it, because, under the Constitution, bills raising revenue must originate in the House of Representatives.

Now, a word further. There is quite a distinction, to my mind, between the proposition stated by the gentleman from Indiana when he pointed to the case in which it was held that in a bill to pay a claim an amendment to send it to the Court of Claims was not in order. Why? Because the bill before the House or the committee, whichever it was, was a final settlement of the proposition. An amendment was offered to send it to the Court of Claims, which was a proposition entirely different from the proposal before the House. The proposal before this body now is to create a commission giving them plenary power to negotiate and settle certain indebtedness due the Government of the United States. This proposition contained in the amendment of the gentleman from Mississippi is merely a proposal to limit the power by requiring that before it shall have any force or effect it shall be submitted to the Congress to act upon.

Mr. MADDEN. Will the gentleman yield?

Mr. GARRETT of Tennessee. I yield.

Mr. MADDEN. Does not this bill as it stands now without the amendment of the gentleman from Mississippi propose to give the commission the power, subject to the approval of the President? The gentleman's amendment proposes to transfer that power to the Congress.

Mr. GARRETT of Tennessee. Oh, indeed not. This certainly adds to it—that it shall have the approval of the Congress as well as of the President. The amendment offered by the gentleman from Mississippi does not disturb the provision requiring the approval of the President. The President must approve it twice—in the first instance when the settlement is made, and then the President must approve it when he signs the law that shall be passed by the Congress, approving its terms.

Mr. GREENE of Vermont. Does not the gentleman believe that the first approval, according to the terms of the bill, is a finality and is a confirmation?

Mr. GARRETT of Tennessee. Yes; and it is the desire to limit it.

Mr. GREENE of Vermont. Then, if it comes back to that, the effect of the gentleman's amendment is to restore the existing situation itself—that is, that now there can be negotiations with these foreign representatives and there can now be submitted as the result of those negotiations a plan to Congress which can then be acted on by the Congress and approved by the President and become a law.

Mr. GARRETT of Tennessee. Mr. Chairman, I do not think the gentleman is quite right about that. I have argued that the Secretary of the Treasury has authority now to proceed under existing law to settle this indebtedness, except as to about $700,000,000 pointed out heretofore; but this is a plan to change the law. Is it possible that a construction can be given here upon a bill which is not designed to raise a dollar of revenue and which will not raise a single dollar of revenue, that this power is to be invoked which has never been applied except to bills defined by the Constitution as bills raising revenue, which will absolutely limit the Congress of the United States upon other than a revenue bill in exercising its power? I can not think so.

The CHAIRMAN. The Chair is ready to rule. This character of question is very often a difficult one to determine. It can not be determined by the definition of germaneness, the Chair would suggest to the gentleman who first addressed the Chair, because of the fact that the rule itself under which the Chair must act does not use the word "germane" at all. The language under which the Chair must decide this proposition is as follows:

and no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

That language, of course, is subject to very wide points of view in interpretation. When is a subject different from that under consideration? The mere fact that a bill relates to loans does not make every amendment relating to loans within the rule. It has been decided many times that the mere fact that an amendment offered which is related to the same subject matter of the bill did not make it germane. What, then, is the point of difference? Where is the line to be drawn? The Chair will say that from his examination of the authorities he has been led to believe that there is none other than the good judgment of the Chair which passes on the question. A great many precedents could be cited on both sides of the case. A great many precedents could be shown that would be very, very close to the proposition that we have before us. Let us take the proposition cited, I think, by the gentleman from Indiana [Mr. SANDERS] in his able presentation of the point of order:

To a proposition to pay a claim an amendment proposing to send the claim to the Court of Claims was held to be not germane.

Could that be considered as a precedent in the matter that we have before us? No; because this bill is what? This bill is to provide a method for the adjustment and funding of certain outstanding claims due the Government of the United States. What does this amendment propose to do? It proposes to do this: It says the establishment of a commission for that purpose shall be modified, changed, and limited by another provision. That merely says that after action by such commission their action shall be submitted to the Congress and shall not be valid until the action of the commission is approved. It has been held time and time again that a limitation of this character is germane—a limitation placed upon a thing itself that was to be done, which is not itself outside of the scope of the subject matter, that is not itself transferring the consideration of the proposition to something else. So, it seems, that this is simply a limitation. The Chair thinks he would be going very far, indeed, to hold that it is not germane.

For that reason the point of order is overruled.

Mr. MADDEN. Mr. Chairman, is the matter open to debate?

Mr. GARRETT of Tennessee. Mr. Chairman, it has not been debated yet.

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I do not desire to debate this any further, because all of the debate on Friday and this morning on one side has been on this proposition. I understand the gentleman from Arkansas [Mr. OLDFIELD] desires five minutes.

Mr. OLDFIELD. Mr. Chairman, I do not want to take up the time of the committee unless some one on the other side desires to do so. [Cries of "Vote!"]

Mr. FORDNEY. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto be now closed.

The motion was agreed to.

Mr. OSBORNE. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the Collier amendment.

There was no objection, and the Clerk again reported the Collier amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. COLLIER) there were—ayes 71, noes 117.

Mr. COLLIER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. COLLIER and Mr. FORDNEY to act as tellers.

The committee again divided, and the tellers reported—ayes 98, noes 135.

So the amendment was rejected.

Mr. HAWLEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HAWLEY: Page 1, lines 9 and 10, after the word "that," strike out the following: "the commission created by section 1, with the approval of the President," and insert in lieu thereof the following: ", with the approval of the President, the commission created by section 1."

Mr. HAWLEY. Mr. Chairman, all this amendment does is to change the position of two clauses. As the language reads at present it says "That the commission created by section 1 with

the approval of the President," apparently limiting the approval of the President to the creation of the commission. The change proposed makes the approval of the President apply to every phrase of the paragraph in the bill.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. Mr. Chairman, in his remarks on the pending bill the distinguished gentleman from Tennessee, my friend of many years, Mr. GARRETT, for whom I entertain a high regard as one of the alert intellects and as minority leader, one of the most useful Members of the House, made a statement to which I wish briefly to reply.

He said:

It is necessary by reason of some things that have been said here—as it would be proper under any circumstances—to briefly recite the history of these loans. I have never heard before to-day the allegation, or, so far as I can remember, even the intimation, that the Secretary of the Treasury who happened to be then in office, in complying with the authority given by Congress to make loans to the foreign nations, had violated the act of Congress. Not until to-day, when it was intimated by the gentleman from Michigan [Mr. FORDNEY] and by the gentleman from Ohio [Mr. LONGWORTH] that they believed Mr. Secretary McAdoo had violated the spirit if not the letter of the law, have I ever heard even a suggestion to that effect.

Now, it must be, Mr. Chairman, that the gentleman from Tennessee was absent from the Chamber when those loans were under discussion in September, in the year 1917. For if he will consult the RECORD of September 5 of that year he will find the report of an interesting debate in which over and over it was strongly intimated that the then Secretary of the Treasury, Mr. McAdoo—a man for whose personal character we all have entire respect—had violated the spirit and the letter of the law in making those loans. I have in my hand and will read from a copy of the RECORD of the 5th of September, 1917. Mr. KITCHIN, the brilliant leader of the Democracy on the floor at that time, was addressing the House:

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?
Mr. KITCHIN. Yes.
Mr. COOPER of Wisconsin. Is the gentleman free to state, or does he feel that he is justified in stating publicly to the House, how many million dollars were loaned to the provisional government under Kerensky through Ambassador Bakhmeteff?

Remember that Kerensky's government was a revolutionary government, a sort of government on horseback, which lasted only a few months.

Mr. KITCHIN. A credit was established with this Government for the Russian Government up to $275,000,000.
Mr. COOPER of Wisconsin. Established how?
Mr. KITCHIN. They had a tentative agreement that they might allot that much to the Russian Government. The tentative agreement was such that if the circumstances warranted it we would loan the Russian Government up to $275,000,000; but under the actual circumstances we afterwards issued them only $87,500,000——
Mr. COOPER of Wisconsin. What did we take, bonds?
Mr. KITCHIN. We took a certificate, practically a demand note, from the representatives of the Russian Government here as we did from the representatives of the British and French Governments when we made loans to them.
Mr. COOPER of Wisconsin. Then the security which was taken for this $87,500,000 loaned to the Kerensky government consists of what is in legal effect a promissory note?
Mr. KITCHIN. Practically that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. I ask unanimous consent to proceed for five minutes.

Mr. PARKS of Arkansas. Mr. Chairman, I object.

Mr. COOPER of Wisconsin. I hope the gentleman will not object.

Mr. PARKS of Arkansas. Reserving the right to object, I am not going to do so now. I simply want to say that, so far as giving information pertaining to this most important measure is concerned, I should not object, but if gentlemen are going back into the past and dig up politics, I shall object in the future.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. I am not digging up politics. I beg the gentleman from Arkansas not to forget that I prefaced what I am saying by quoting from the statement of your distinguished Democratic leader [Mr. GARRETT of Tennessee]; that he thought it proper and necessary to recite the history of these loans.

Mr. KITCHIN said that we took what was "practically a demand note."

Mr. COOPER of Wisconsin. Signed by whom?
Mr. KITCHIN. Signed by the representative of the Russian Government here.
Mr. COOPER of Wisconsin. The ambassador?
Mr. KITCHIN. The duly accredited representative of that Government, of course.
Mr. COOPER of Wisconsin. Was it signed by anybody except Ambassador Bachmeteff?
Mr. KITCHIN. No. I think that is about all we ought to go into that matter.

For some reason Mr. KITCHIN thought that we should not further inquire about the loan to the Kerensky government.

A little later in the same debate occurred the following dialogue with Mr. Moore, a member of the Committee on Ways and Means:

Mr. COOPER of Wisconsin. Did not the law require, not the handing over of a demand note by the accredited representative but the transfer of bonds at the time the cash was paid out of the Treasury of the United States?
Mr. MOORE of Pennsylvania. I will repeat what I read a moment ago from the testimony of the Secretary of the Treasury as to these obligations taken at the time the credit is given. I read:
"Mr. MOORE of Pennsylvania. They are preparatory to the delivery of their bonds?
"Secretary MCADOO. They are short-time or demand obligations, which will be converted into bonds."

And yet, although the war ended three years ago, not one of the Kerensky demand notes, nor of any other of the war-loan demand notes of foreign Governments, has been converted into bonds. Our Government has ten billions of demand notes of those Governments—nothing more.

The first two billions of these loans, including the Kerensky-Bachmeteff loan of $87,500,000, were made under the authority of section 2 of the act of April 24, 1917.

That section I will read:

SEC. 2. The Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase, at par, from such foreign Governments then engaged in war with the enemies of the United States their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under the authority of this act.

It is perfectly clear that the only power granted by that section was the power to loan money to foreign Governments, and in return to accept obligations containing terms and conditions essentially like those of the obligations of the United States issued under authority of the same act. Now, the obligations of the United States issued under that act were the first Liberty bonds. But who ever saw a Liberty bond in the form of a mere demand note? Does a demand note contain "essentially" the same terms and conditions as a Liberty bond? Did any person ever hear of a bond of the United States with no provision in the bond itself definitely fixing the date or dates on or before which principal and interest would become due and payable?

Now, to show, beyond dispute, just what was the intention of Congress as to the obligations the Secretary must take when he paid out the money, I will read the proviso of section 2 of the act of April 24, 1917.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask for five minutes to complete my statement.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. I invite the careful attention of the House to the proviso of section 2 of the act of April 24, 1917. Here is the plain, unmistakable language of the proviso showing the intent of Congress:

Provided, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign Governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

Mark that language. This proviso expressly declared that the Secretary of the Treasury was granted power to "purchase bonds"—not demand notes, but "bonds."

But the gentleman from Tennessee [Mr. GARRETT] said that the law of September 24, 1917, changed all this. But, in my judgment, it did not. I voted for all of the Liberty loan bills, and I can not believe that Congress ever intended to provide or did provide by the act of September 24 that money belonging to our Government could be loaned to foreign Governments on demand notes. Be that as it may, however, it is important to remember that $87,500,000 in money had been advanced to the Kerensky government, and hundreds of millions more to other governments on demand notes before the law of September 24, 1917, was enacted. The total thus advanced before September 24 was about $2,000,000,000.

And yet, as the gentleman from Michigan and the gentleman from Ohio have suggested, there was no authority to loan the money of the United States Government to foreign Governments on demand notes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Under the leave granted by the House, I desire again to refer to the transactions with Mr. Boris Bakhmeteff, the so-called ambassador representing Russia. The facts about these transactions are set forth in a voluminous official report now before the Senate Judiciary Committee, a

report compiled by the committee's counsel, Don M. Hunt, from the official Treasury Department records.

From this report it appears, among many other things, that a total of $187,729,750 in money was advanced to the provisional government of Russia, all on Bakhmeteff's or his assistant's demand notes.

Moneys from this fund raised from Liberty loan drives and taxation for prosecution of the war, and authorized to be loaned to foreign Governments then at war with the enemies of the United States, went, with the approval of the Treasury Department, to the aid of three separate de facto governments in Russia, namely, the Kerensky government, the Kolchak government, and the Wrangel government.

Some interesting facts about the unbusinesslike manner in which the Russian affairs were administered by this Government are shown by the fact that the War Department of the United States Government purchased from the provisional Russian government, after its fall, war munitions which had been contracted for by that government to the extent of $11,000,000. Instead of paying that $11,000,000 into the United States Treasury and crediting that sum as a payment on the Russian loan, the $11,000,000 was paid into the National City Bank—

New York—

to the credit of Mr. Bakhmeteff.

At the time of the fall of the Kerensky government there was approximately $56,000,000 in the National City Bank to the credit of that government.

In conclusion, referring again to the statement of the gentleman from Tennessee that never prior to the speeches of the gentleman from Michigan and the gentleman from Ohio had he heard even so much as an intimation that the advancing of money on these loans had been in violation of the act of Congress, I direct attention to the fact that four years ago in the House debate it was not only intimated but also distinctly asserted that there had been such violation of the law. This is shown by the following from the RECORD of September 5, 1917:

Mr. COOPER of Wisconsin. Where the statute says that he can purchase only obligations of these belligerent countries bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act, it strikes me that in taking the promissory note he has not complied with the plain letter of the law.

Mr. FORDNEY. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

Mr. TINKHAM. Mr. Chairman, my amendment is pending.

Mr. GARRETT of Tennessee. I think the gentleman ought to give me a chance to reply to the gentleman from Wisconsin [Mr. COOPER].

Mr. TINKHAM. Mr. Chairman, I have an amendment that is pending. I want to speak for five minutes.

Mr. GARRETT of Tennessee. Mr. Chairman, I would like to have five minutes in which to reply to the vicious attack of the gentleman from Wisconsin. [Laughter.]

Mr. FORDNEY. Mr. Chairman, I move that all debate on this section and amendments thereto close in 20 minutes.

The CHAIRMAN. The gentleman from Michigan moves that all debate on this section and all amendments thereto shall close in 20 minutes.

The motion was agreed to.

Mr. GARRETT of Tennessee. Mr. Chairman——

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] is recognized. [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, I was present four years ago when the debate to which the gentleman from Wisconsin [Mr. COOPER] has made reference occurred. I had not thought of it for some time, until he refreshed our memory by reading it in extenso here to-day. I may have been dense at the time, and I may be dense yet; but I certainly never understood from that debate at the time, and do not understand from anything that was in the debate at the time, as was read here to-day, that there was any purpose of charging that the Secretary of the Treasury violated the law, either on the part of the gentleman from Wisconsin [Mr. COOPER] or on the part of the gentleman from North Carolina [Mr. KITCHIN]. But if the gentleman from Wisconsin did intend to charge that at that time the Secretary of the Treasury, Mr. McAdoo, violated the law, of course I am ready to assume that I did not understand him correctly.

But I dispute the fact. Now, gentlemen, I ask you to read for yourselves all of section 2 of the act of April 24, 1917. Five different times, as I now remember it, it provides that the Secretary of the Treasury invest—I do not remember the exact expression—in obligations of these foreign Governments. Not once does it use the word "bonds" except as it refers to bonds of the United States. It must have been the manifest intention of the Congress. I have read it very carefully since we had the debate the other day. You used "bonds" in the proviso. Not once, until you get down to the proviso, does it use the word "bonds." What is the proviso? Why, that after the war is over he should not buy bonds.

The war was not over when we were making these loans. We took obligations. Do you know that at the time the Secretary of the Treasury was taking these obligations the Government of the United States had not itself executed its own bonds that it was to sell to its citizens? You remember the first Liberty loan. It was months after we subscribed before we got our bonds.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. COOPER of Wisconsin. Will the gentleman permit me to direct his attention to the phraseology of the proviso? It was this:

Provided, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign Governments as aforesaid.

Mr. GARRETT of Tennessee. Oh, certainly. He had the right at that time to purchase bonds. But he was not limited to bonds. He could take obligations. And if a note of hand, or an I O U, or a due bill is not an obligation, according to the gentleman from Wisconsin, then the next time he wants to borrow money from me I want him to bring a bond. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. I have no more time.

Mr. STAFFORD. Oh, yes; the gentleman has. Will the gentleman yield?

Mr. GRAHAM of Illinois rose.

Mr. TINKHAM. Mr. Chairman, a parliamentary inquiry. What is pending before the House?

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oregon [Mr. HAWLEY].

The amendment was agreed to.

The CHAIRMAN. The gentleman from Massachusetts [Mr. TINKHAM] is recognized.

Mr. TINKHAM. Mr. Chairman, may I ask that my amendment be read?

The CHAIRMAN. The gentleman from Massachusetts [Mr. TINKHAM] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. TINKHAM: Page 2, line 1, after the words "or both," insert the words "but in no event to extend the time of payment of interest beyond two years from the date of the passage of this act."

Mr. TINKHAM. Mr. Chairman, my amendment proposes that no current interest or interest upon the debt to be funded shall be postponed further than two years from the passage of this act. This amendment is not offered because there is the slightest distrust of either the Secretary of the Treasury or of the commission proposed to be established by the bill. It is not offered even as a condition or restriction upon powers of the commission. It is offered to give the commission a power, in my opinion, which to-day under the bill as drawn they do not possess.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. TINKHAM. I can not in my five minutes.

The amendment gives the commission power to say to the emissaries of any country seeking refunding of its debt and desiring to postpone interest payments which possibly it would be fair to require paid, "The Congress of the United States has put a limitation upon our power of postponing interest."

There will be great pressure brought to bear upon the commission from the international bankers and the various nations to postpone interest payments—by the bankers, so that their loans and commitments may be given priority and added security; by the various nations, in order that they may expend the money which might be devoted to interest payments to the United States to other purposes, even to financing departments having to do with trade competitive with like departments of ours, not to mention the addition to naval and other equipment. If my amendment is accepted a great power will be given to the commission if they can point to the direction of Congress, which says that they shall not postpone interest payments further than two years. That does not mean that we are going to insist that those nations which can not in fairness pay shall be compelled to pay, but gives the commission a power to be used diplomatically and fairly. At the end of the two-year period if there are nations who can not pay interest upon their debt, then the Secretary of the Treasury can report to the Congress that an amendment concerning further postponement of interest should be made and why that should be done. It would neither be undignified nor improper for him or for the commission to do so.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. TINKHAM. Just one moment. There has been no evidence or testimony before any committee of this House or of the Senate, either by word of mouth or written communication, that any arrangement concerning payment of interest, tentative or otherwise, has been made or suggested. The only really official statement that there has been was made by the English chancellor, Mr. Chamberlain, last spring. I have in my hand the parliamentary debates of Monday, April 25, 1921, from which I desire to read the said statement, and what was then suggested England might do in relation to the interest upon the debt owed by her to the United States. On page 75, under the heading "National debt," the English chancellor said:

The total debt is £7,573,000,000, of which treasury bills and ways and means advances account for £1,275,000,000, and external debt, at par of exchange, £1,162,000,000. The first observation I would make is that it is obviously desirable that we should redeem as much debt as we can while prices, though lower than they were, still remain above the level which we expect them to reach in a comparatively short time and to maintain over future years.

And then he made the further statement:

We have to provide next year (that, is 1922 and 1923) for one considerable item not included in this year's estimates, namely, interest on our debt to the United States of America, which at par exchange amounts to over £40,000,000 a year. It is possible that we may not require to provide more than half of the whole year's interest on our debt to the United States Government in 1922–23. Even so, the starting point on the expenditure side on the present basis is not likely to be less than £950,000,000. Clearly that is too high and it must be reduced.

There has been propaganda, I might call it, both in the Committee on Ways and Means and in this House, that already there is an item in the present budget bill to pay some interest upon our debt. I do not know how this rumor arose or for what purpose it has been circulated, but the fact is that there is no such item, as I understand it. The Committee on Ways and Means objected to the amendment which I have now offered upon two grounds. The committee's first objection was that if the amendment was adopted all the nations would take advantage of it and postpone their interest payment for two years after the passage of the bill, and that they were informed that some of the nations were ready to pay interest now or before the two-year period. England is the most sovereign of all nations, and her proposal, which I have read, is that she does not pay the interest until substantially two years have passed. There are no other proposals, I am officially informed, pending from any other nations concerning the payment of the interest upon the debt.

This would therefore seem to dispose of the first objection. The second objection is that there are countries like Austria, Armenia, Poland, and other countries which can not pay interest within two years. That objection is met, it seems to me, by the suggestion that at the end of the two-year period any countries which can not pay shall be reported by the commission to the Congress and proper treatment given to the situation as it may then appear.

The Secretary of the Treasury before the Ways and Means Committee for diplomatic reasons could not, of course, do anything but oppose mildly the suggestion which is contained in my amendment; but this House is not bound by diplomacy and is here for frank and unrestricted expression. We are merely trustees of this great fund of foreign indebtedness and in a spirit of fairness and equity to our debtors should always hold in mind the superior obligations we owe to those whom we represent whose money is involved. In the public interest and in the exercise of a very high duty I believe that my amendment should be adopted and the hands of our commission strengthened and given adequate power.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TINKHAM. Mr. Chairman, may I ask for five more minutes?

The CHAIRMAN. The committee has ordered otherwise. The Chair does not remember whether that was by unanimous consent or by motion. The Chair understands it was by motion. The gentleman from Massachusetts asks unanimous consent to proceed for five minutes more. Is there objection?

Mr. CHANDLER of Oklahoma. I object.

Mr. GRAHAM of Illinois rose.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. TINKHAM. Mr. Chairman, may I ask unanimous consent to extend my remarks?

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

The CHAIRMAN. Would the gentleman like to have his amendment proposed now?

Mr. TINKHAM. Yes.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Massachusetts [Mr. TINKHAM].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The gentleman from Illinois [Mr. GRAHAM] is recognized. The amendment offered by the gentleman from Illinois will be read by the Clerk.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: On page 2, lines 18 and 19, after the word "has," in line 18, strike out "or hereafter may have."

Mr. GRAHAM of Illinois. Gentlemen of the committee, I am not sure that I am right about this, and if at the conclusion of my five minutes the members of the committee have convinced me that I am wrong I shall be glad to withdraw my amendment. But this is about the only opportunity I have had to find out about the meaning of this language. As I understand it this proposition is for the purpose of settling certain advances that were made to foreign countries, which are set out in the report. They are on account, first, of proceeds of advances made under the Liberty loan acts. Now, surely no further amount can be advanced under the Liberty loan acts, for by the express language of those acts the power to do so is now terminated. Second, proceeds of sale of surplus war materials by the Secretary of War and the Secretary of the Navy.

That is all over and settled and done with, through the work of the American Liquidation Commission.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. LONGWORTH. Does not the gentleman appreciate that the striking out of those words would prevent our getting any really good security for this debt—all that we now have? Does the gentleman desire to exclude that?

Mr. GRAHAM of Illinois. No; if I am correct about this the words refer back to the antecedent "all claims"—all claims which the United States now has or hereafter may have.

Mr. LONGWORTH. "Not now represented by bonds or obligations, which the United States of America now has or hereafter may have." To strike out those words will defeat the purpose of the bill.

Mr. HAWLEY. Will the gentleman yield to me?

Mr. GRAHAM of Illinois. First let me ask a question, and then I will yield. This language reads:

And to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

"All claims which the United States may hereafter have." Does not the gentleman think it ought to be limited to the claims which we now have?

Mr. HAWLEY. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. HAWLEY. In the course of the inquiry it developed that there are some disputed matters between our Government and some of the foreign Governments relative to the transportation of our troops, and no balance has been struck yet, and it has not been determined whether there are certain amounts they ought to pay or whether there are amounts that we should assume the payment of. These are claims that are not presented yet. They may be claims on our part against a foreign Government, and we do not know yet whether they are or not, and so this language is put in there to take care of such a situation as that.

Mr. GRAHAM of Illinois. That is what I am afraid of. I do not believe that is right. I believe this act ought to be limited to the things set out in the report—the advances made under the Liberty loan acts, the sale of surplus war materials, and obligations incurred through the United States Grain Corporation and the American Relief Administration. If there is anything else to settle in the disputed accounts between us and other countries, I believe we had better do that in another way.

Mr. HAWLEY. We understand that the foreign Governments are willing to have all the claims that may be payable by them to us incorporated in this legislation and settled at one time.

Mr. GRAHAM of Illinois. Does the gentleman think that is wise?

Mr. HAWLEY. I can see no objection to it.

Mr. STAFFORD. Why would not the commission have that authority with the clause stricken out as proposed by the gentleman from Illinois? It is a claim we have against that foreign Government.

Mr. GRAHAM of Illinois. We have the claim spoken of by the gentleman from Oregon now. This language refers to

claims arising in the future. If you have a claim at all, you have it now. So why put in language to cover claims that we may have in the future?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GARRETT of Tennessee. I offer a substitute for the amendment of the gentleman from Illinois.

The CHAIRMAN. The gentleman from Tennessee offers a substitute for the amendment of the gentleman from Illinois [Mr. GRAHAM], which substitute the Clerk will report.

The Clerk read as follows:

On page 2, line 16, after the word "America," strike out the remainder of the section.

Mr. GARRETT of Tennessee. Mr. Chairman——

The CHAIRMAN. The Chair feels that he should recognize the gentleman from New York [Mr. FAIRCHILD] if he desires, and that would preclude debate by the gentleman from Tennessee on his substitute.

Mr. GARRETT of Tennessee. May I call the Chair's attention to the fact that the motion of the gentleman from Michigan, as I understood it, was to close debate on the Tinkham amendment and all amendments thereto.

The CHAIRMAN. No; it was to close debate on the section and all amendments thereto.

Mr. GARRETT of Tennessee. Very well.

The CHAIRMAN. The question is on the amendment by way of substitute offered by the gentleman from Tennessee for the amendment of the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 35, noes 107.

So the substitute was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Illinois.

Mr. STAFFORD. May we have the amendment again reported?

The Clerk read as follows:

Amendment by Mr. GRAHAM of Illinois: Page 2, lines 18 and 19, after the word "has," in line 18, strike out the words "or hereafter may have."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. GRAHAM of Illinois) there were 56 ayes and 117 noes.

So the amendment was lost.

Mr. FAIRCHILD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. FAIRCHILD: Page 1, line 11, after the word "authorized," strike out the words "from time to time"; page 2, lines 3, 4, and 5, after the word "America," strike out the words "or any obligation of any foreign Government hereafter received by the United States of America"; page 2, line 9, after the word "and," strike out the words "from time to time"; and on line 12, after the word "now," strike out the words "or hereafter."

Mr. FAIRCHILD. Mr. Chairman, the purpose of this amendment is not to change at all the intent of the bill as reported by the committee.

Mr. FORDNEY. Mr. Chairman, has not the 20 minutes been occupied in debate?

The CHAIRMAN. There have been only three speeches of five minutes each.

Mr. FAIRCHILD. Mr. Chairman, the gentleman from Wisconsin [Mr. FREAR] in his address the other day called attention to the fact that in the committee, as an amendment to the original draft of the bill, section 4 had been adopted limiting the time in which the commission could act to three years. When that amendment was adopted in committee they should have gone back to section 2 and changed the phraseology of section 2 in order to conform with the amendment which they adopted and reported to the House. The expressions that my amendment proposes to eliminate are expressions that relate only to a continuing commission, which could act forever. The bill as drafted in the Treasury Department provided for such a perpetual commission, and therefore the expressions "from time to time" were included in the authorization to refund. The commission could refund the existing indebtedness, and 10 years later they could refund again, and 30 years later they could refund again. It was a continuing commission, and therefore, as provided in the Treasury Department draft of the bill, section 2 contained such expressions as "from time to time" in the authorization to the commission to act. From "time to time" the commission was authorized to refund. On page 2, lines 3 and 4, it says, "or any obligation of any foreign Government hereafter received by the United States of America." "Hereafter received." There is one of the expressions appropriate only to a continuing, perpetual commission. My amendment simply eliminates such expressions as "from time to time" and "hereafter" in order to make section 2 conform to the intent of the bill as reported by the committee and to section 4 of the bill.

Mr. TEMPLE. Does not section 4 limit that altogether, that it must be limited to three years? Section 4 says that all powers exercised must be discontinued at the end of three years.

Mr. FAIRCHILD. These expressions should be eliminated.

Mr. TEMPLE. Two years from now would be hereafter.

Mr. FAIRCHILD. It is not the purpose to give authority to the commission to accept any further refunding after the commission has once refunded. The authorization is to refund the existing obligations, and when refunded the authority of the commission as to such obligations should cease.

Mr. FORDNEY. Mr. Chairman, I hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FAIRCHILD].

The question was taken, and the amendment was lost.

The Clerk read as follows:

SEC. 3. That this act shall not be construed to authorize the exchange of bonds or other obligations of any foreign Government for those of any other foreign Government, or cancellation of any part of such indebtedness except through payment thereof.

Mr. FISH and Mr. COLLIER rose.

Mr. FISH. Mr. Chairman, I have an amendment which I desire to offer.

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi, a member of the committee.

Mr. COLLIER. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COLLIER: Page 2, line 25, after the word "thereof," strike out the period and insert a comma and the words "in full."

Mr. COLLIER. Mr. Chairman, I do not care to debate this at length. This amendment is simply for the purpose of making clear that any cancellation or payment or any part thereof must be in full. It makes it clear and precludes any authority to accept a partial payment or a percentage of the payment.

Mr. GARRETT of Tennessee. It would be true, would it not, that if they should agree to take 10 cents on the dollar it might be construed as a payment?

Mr. COLLIER. Exactly, and it would be a payment if they agreed on any sum. I do not care to debate it any more.

Mr. RAKER. Mr. Chairman and gentlemen of the committee, this amendment makes some provision for what the bill does not provide. On line 24 it is clearly the intention of the committee that this commission shall have the power to waive all interest due from the foreign Governments, and I imagine that that is not the intention of the committee, which if it does it is very unfortunate to say the least. The reading of the section so provides as it now stands. In this connection, and that is what I took the floor for more than anything else, I want to read just this statement:

Congressional caution is eminently called for. The fervor and energy with which this refunding legislation is sought to be accelerated, the unique insistence that Congress shall abdicate its powers and functions to one man, the heralding of a compromise by which the one-man power is to be replaced by a commission of five, which, however, is the identical "one-man power" in only slightly different guise—together with all the circumstances of visits of foreign diplomats, the threats coming from across the sea, warning us that if we do not cancel the $11,000,000,000 debt they will demonetize our heap of gold—all these clouds upon the horizon make it a necessary virtue in Congressmen to be circumspect. If they remain on guard we may proceed calmly, undaunted, and unafraid, treating every nation with our accustomed generous justice.

It is clear, as presented, that this is a yielding of the power of Congress to control its affairs to a commission for the purpose of adjusting that which is certain, as provided by the bill, and as provided in section 3, a compromise to waive all of the interest due the United States, and that question should be determined by the Congress whose duty has been fixed by the Constitution to determine the way in which property shall be disposed of, what property shall be given away and to whom.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. GREENE of Vermont. I wish the gentleman would point out to the House the language in section 3 that he took for the text of his speech.

Mr. RAKER. Anyone who will read it will immediately know that they refer to the indebtedness as the original obligations, and on line 24 of section 3 it relates to the cancellation of any

part of such indebtedness, using the word "indebtedness" to differentiate between the interest now due and to become due on the "indebtedness."

Mr. GREENE of Vermont. If the gentleman were a judge and an action of account were brought before him, would he hold the interest a part of the debt?

Mr. RAKER. That would depend. I would rely upon what the law of the State was and what the contract provided; also the precedents on the questions involved. Even then, in many instances it would be difficult to determine whether or not interest was or was not to be collected; hence was an incidental part of the "original indebtedness." That same question may be involved in these foreign loans and debts, as the bill provides "any obligations," and, further, "to adjust and settle any and all claims" now or hereafter held by the United States of America.

As covering my views on this question presented by this bill, I shall insert the "Appeal to Congress to conserve the property of the United States and $11,000,000,000 of obligations of foreign Governments," by Albert E. Henschel, which is as follows:

APPEAL TO CONGRESS TO CONSERVE THE PROPERTY OF THE UNITED STATES IN $11,000,000,000 OF THE OBLIGATIONS OF FOREIGN GOVERNMENTS.

(By Albert E. Henschel.)

ELEVEN BILLION DOLLARS FOREIGN DEBT REFUNDING BILL UNCONSTITUTIONAL AS DELEGATING POWER BELONGING TO CONGRESS—SUGGESTIONS FOR RELIEVING UNEMPLOYMENT AND PROMOTING PROSPERITY.

The rights of the United States to the moneys loaned to foreign Governments, pursuant to acts of Congress, are fixed by the several acts under which the loans were authorized. These acts can not be repealed or amended except by Congress. Congress can not, directly or indirectly, delegate its powers to repeal or amend its statutes to any other department or authority. It can not abandon or shift to other shoulders the trust and responsibility imposed upon it by the Constitution.

MINOR INCIDENTALS MAY BE LEFT TO DISCRETION OF SECRETARY OF THE TREASURY.

The acts under which the foreign loans were authorized did not delegate to the Secretary of the Treasury nor to anyone else the powers of Congress, whether of a legislative nature or those coupled with the trust to guard and control the public property. Every matter of substance—such as rates of interest, limits of dates of maturity, the price at which the foreign obligations were to be purchased, the requirement that the conditions of the foreign obligations shall be essentially the same as those of our own bond issues, from the proceeds of which these foreign loans were made, all things protective of the public interest—was distinctly and definitely expressed in the acts, leaving only minor administrative details to the discretion of the Secretary of the Treasury, subject to the President's approval.

The guarding of the public interests at every point was taken care of by Congress. There was no surrender of constitutional powers vested exclusively in Congress. There was no suggestion that in case of failure to pay interest or principal that anyone may remit the same and make a gift of it to the defaulting debtor. Such a provision would have been an attempt to delegate a trust power belonging exclusively to Congress and therefore unconstitutional.

ONLY CONGRESS CONTROLS UNITED STATES PROPERTY.

If any gifts are to be made, if any national property rights are to be sacrificed Congress itself must do so, expressing its own immediate will. If made at all the gifts must be made by the representatives of the people to whom the property belongs. Nor can any substitution of securities held in trust for the people be made except by a decision of Congress defining with the same protective punctilio what the substituted securities shall be, as were fixed in the acts providing for the purchase of the original securities.

The law on the subject is abundant and clear, as appears more at large in the appendix.

CONGRESS CAN NOT DELEGATE ITS CONSTITUTIONAL POWERS.

The United States Supreme Court in Van Brocklin *v.* State of Tennessee (117 U. S., 151, 168), said:

"Congress under the power conferred upon it by the Constitution 'to dispose of and make all needful rules and regulations respecting the territory or other property of the United States' has exclusive right to control and dispose of (its public and unoccupied lands) as it has with regard to other property of the United States."

The United States Supreme Court in United States *v.* Grimaud (220 U. S., 506, 521) said:

"That Congress can not delegate legislative power to the President is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution." (Field *v.* Clark, 143 U. S., 649, 692.)

Our Government is based upon the principle of the separation of the executive, legislative, and judicial departments, so that neither may encroach upon the province of the other.

Jefferson said: "If these three powers maintain their mutual independence of each other our Government may last long, but not so if either can assume the authorities of the other." He looked for the safety of the Republic "to the broad representation of the people in Congress."

Justice Cooley, in his Constitutional Law (2d ed.) page 100, said:

"No legislative body can delegate to another department of the Government, or to any other authority, the power, either generally or specially, to enact laws. The reason is found in the very existence of its own powers. This high prerogative has been intrusted to its own wisdom, judgment, and patriotism, and not to those of other persons, and it will act ultra vires if it undertakes to delegate the trust, instead of executing it."

FUNDING BILL UNCONSTITUTIONAL.

From these expositions of the Constitution by our highest court and legal authority, as well as from those appearing in the appendix, it follows that legislation to vest the Secretary of the Treasury, or a commission, however constituted, or any other authority, with power to change the rights of the United States, in their foreign securities, as the same are now fixed by law, would be unconstitutional and void.

MONEY AFFAIRS OUGHT TO BE IN CHARGE OF THE PEOPLE'S REPRESENTATIVES.

Also on the merits, it would seem that Congress is the only body sufficiently representative of the public interests in a matter of such staggering bulk as $11,000,000,000.

In this view I am supported by Dr. Franklin's expression in the constitutional convention, "That it was always of importance that the people should know who had disposed of their money, and how it had been disposed of. It was a maxim that those who feel can best judge. This end would be best attained if money affairs were to be confined to the immediate representatives of the people."

Lord Bryce, in a recent lecture, expressed himself similarly, saying: "A democracy is not consistently democratic if it leaves its fortunes in the hands of a few persons who pledge it before they have consulted it."

The representatives of the people in Congress assembled are as competent and trustworthy to protect the public interests as any that have been suggested. They will command all the aid and information at the disposal of the executive department.

The property and revenues of the United States should be held and applied, primarily, as prescribed by the Constitution, "to pay the debts and provide for the common defense and general welfare of the United States."

DO NOT FORGET THE RIGHTS OF THE AMERICAN PEOPLE.

So far as our foreign debt legislation is concerned we are naturally moved by kindly considerations for our debtors and shall grant them a reasonable time within which to start their interest payments and facilitate them, as far as may be consistent with justice to our own people.

In accommodating our debtors we must reflect also upon our own needs.

It is a fact that the American people are bowed with an overwhelming national debt—almost entirely imposed for nonproductive purposes of the war. Taxation is onerous. Incomes are on the wane. Lack of employment is a national problem, and in this supreme difficulty we find ourselves strained not only to meet our own obligations but to pay interest upon the interest which our foreign debtors are temporarily unable to meet. If they would only curb their military zeal they would soon return to normal standards. It is entirely proper that they should pay interest on the postponed interest because by their failure we are forced to borrow on Treasury notes to pay this interest for them.

PUBLIC PROPERTY A PUBLIC TRUST.

Their postponed interest already mounts up to a billion dollars, which at 6 per cent means $60,000,000 a year, which the American people are taxed to pay, to make good the default of our debtors. Common honesty requires that such burden should not fall upon the American people.

If Congress keeps its eye and its grip on the $11,000,000,000 of foreign obligations in our Treasury there is strong assurance that the property rights of the people will not be menaced or sacrificed, but will be protected and maintained.

EFFORTS FOR CANCELLATION OF ELEVEN BILLION DEBT.

Congressional caution is eminently called for. The fervor and energy with which this refunding legislation is sought to be accelerated, the unique insistence that Congress shall abdicate its powers and functions to one man, the heralding of a compromise by which the one-man power is to be replaced by a commission of five, which, however, is the identical "one-man power" in only slightly different guise—together with all the circumstances of visits of foreign diplomats, the threats coming from across the sea, warning us that if we don't cancel the $11,000,000,000 debt they will demonetize our heap of gold—all these clouds upon the horizon make it a necessary virtue in Congressmen to be circumspect. If they remain on guard we may proceed calmly, undaunted, and unafraid, treating every nation with our accustomed generous justice.

WE SHALL NOT SURRENDER OUR RIGHTS.

We shall not be panic stricken by mysterious threats, whisperings, or fears, as stirred President Wilson to reverse his party platform, to recede from his campaign pledges, to implore Congress to undo its legislation on the tolls of the Panama Canal.

We know we have an honest title to this 11,000,000,000 of securities. We shall not delegate anybody to give it up.

Every American Representative dealing with European relations is struck with the aptness, sagacity, and love of America displayed in Washington's Farewell Address. The following excerpts may be profitably heeded at this time.

WASHINGTON NOT OBSOLETE IN AMERICAN HEARTS.

Our truest and dearest friend, Washington, warns against the spirit which "opens the door to foreign influence and corruption which finds a facilitated access to the Government itself through the channels of party passion. Thus the policy and will of one country are subjected to the policy and will of another." He also warns against undue attachments to favored nations by concessions and privileges denied to others. "It gives to ambitious, corrupt, or deluded citizens who devote themselves to the favorite nation facility to betray or sacrifice the interests of their own country without odium; sometimes even with popularity." He continues:

"As avenues to foreign influences in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe public councils! * * * Against the insidious wiles of foreign influence, I conjure you to believe me, fellow citizens, the jealousy of a free people ought to be constantly awake, since history and experience prove that foreign influence is one of the most baneful foes of republican government."

THE GENTLE ART OF MELLIFLUOUS LYING.

Our financial and other property interests may be safely committed to the wisdom of Congress, because it is in touch with the people of every part of the country and because it is not in direct contact with the subtle influence of old-line European diplomats, whose usefulness to European interests is frankly measured by their efficiency in the game of bluff, their skill in camouflage, and their mastery in the gentle art of mellifluous lying.

LET US HAVE BILLIONS OF "PROSPERITY LOANS."

While the discountenancing of unconstitutional and ill-advised legislation is the main object of this appeal, I desire to present some ideas of a constructive nature.

There is nothing unusual or unexpected in protracted business depression following a great war. What is the remedy?

Must we stand idly by and wait for time to work its inevitable healing, or may we control events by quick and appropriate action? I believe there is a simple, direct way to restore confidence and prosperity.

A debt incurred for constructive uses largely becomes self-extinguishing by the new wealth it creates and by its many other compensations.

Let us consider with what speed and promptitude billions were raised and spent for purposes of war. Why should we not be as generous to prosper the labors and benefits of peace? We could soon banish unemployment if we borrowed several billions a year for great national undertakings—for doubling the width and multiplying the public roads, utilizing our great water power, constructing bridges and canals, arranging to burn coal near the mine, transferring heat, light, and power on high-tension electrical lines, double-tracking our great railroads, providing necessary rolling stock, depots, and stations.

THE VALUE OF FORESTS.

Forestation is of highest public interest and importance. That alone would keep a large army of men indefinitely at work.

Reliable estimates indicate that the United States needs the cultivation of 400,000,000 acres with 675 trees to the acre. If we put our financial power behind this gigantic work and make it a success, we would be able in the fifty-first year to gather in our results by cutting down 2 per cent—8,000,000 acres of trees. If we make allowance of 400,000,000 trees as dead or unmarketable, we shall still have 5,000,000,000 trees every year as long as the harvested area is immediately replanted. If we assume that a 50-year-old tree will represent a cash value of only $5—plus harvesting and replanting expenses—the United States would develop from this source alone a permanent income of $25,000,000,000 a year. And even higher benefit would accrue by the mere growing of the trees, giving shade and comfort, yielding fruit, preventing floods, and saving the soil from destructive erosion.

We are annually losing large areas of fertile soil on the banks of our great rivers because of a lack of proper forestation.

If only a part of the public works here suggested could be undertaken, there would be work enough for everybody.

STAND BY THE CONSTITUTION.

All this work comes within your powers under the Constitution.

I hope and trust that, though our old Constitution has of late received many wounds and bruises, you will still cling to it with love and reverence as the citadel of our institutions and the guardian of our liberties and rights.

I believe you will prove true to its principles and resist the influences seeking to unload upon us, to the extent of their power, the entire monetary burdens of the war.

Respectfully submitted.

ALBERT E. HENSCHEL,
25 Broad Street, New York City.

NEW YORK, *October 18, 1921.*

APPENDIX.

LEGAL AUTHORITIES.

Distinction between delegating power to make the law and conferring authority or discretion as to its execution.

St. Louis Merchants Bridge Terminal Co. *v.* United States (188 Fed. Rep., 191, p. 195), Sanborn, circuit judge:

"4. A legislative body may delegate the power to find some fact or situation on which the operation of a law is conditioned, or to make and enforce regulations for the execution of a statute according to its terms. (Cases cited.)

"5. But it can not delegate its legislative power, its power to exercise the indispensable direction to make, to add to, to take from, or to modify the law. 'The true distinction,' said Judge Ranney for the Supreme Court of Ohio, in Cincinnati, Wilmington & Zanesville Railroad Co. *v.* Commissioners of Ohio State (77, 78) * * * 'is between the delegation of power to make its law, which necessarily involves a distinction as to what it shall be, and conferring authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first can not be done. To the latter no valid objection can be made.'" (Cases cited.)

Justice Lamar (U. S. *v.* Grimaud, 220 U. S., 506), at page 514:

"From the beginning of the Government various acts have been passed conferring upon executive officers power to make rules and regulations—not for the government of their departments, but for administering the laws which did govern. None of these statutes could confer legislative power. But when Congress had legislated and indicated its will, it could give to those who were to act under such general provisions 'power to fill up the details' by the establishment of administrative rules and regulations." * * *

(P. 518.)

"But in making these regulations the officers did not legislate. They did not go outside of the circle of that which the act itself had affirmatively required to be done or treated as unlawful if done. But confining themselves within the field covered by the statute they could adopt regulations of the nature they had thus been generally authorized to make in order to administer the law and carry the statute in effect."

Mr. Chief Justice Waite (Morrill *v.* Jones, 106 U. S., 466), at page 467:

"The Secretary of the Treasury can not by his regulations alter or amend a revenue law. All he can do is to regulate the mode of proceeding to carry into effect what Congress has enacted. * * * In our opinion the object of the Secretary could only be accomplished by an amendment of the law. That is not the office of a Treasury regulation."

DELEGATION OF LEGISLATIVE POWER.

(Black's Constitutional Law (3d ed.), p. 287.)

It is clear that Congress can not pass any law subjecting the Government to the influence or ascendancy of any foreign power. * * * Nor can it renounce or surrender any of the powers granted to it by the Constitution, whether to the other branches of the Government, the States, or private parties. * * * Nor can it delegate the powers confided to it, or authorize their exercise by any other body or any person.

(P. 377.)

Delegation of legislative power to the people at large, from whom it was derived, is just as much against the spirit of the Constitution as a delegation of it to one citizen. Nor can the legislature be allowed to shirk the responsibility of deciding upon the laws which should be made.

(Cooley's Constitutional Limitations (7th ed.), p. 163.)

DELEGATING LEGISLATIVE POWERS.

One of the settled maxims in constitutional law is that the power conferred upon the legislature to make laws can not be delegated by that department to any other body or authority. Where the sovereign power of the State has located the authority, there it must remain; and by the constitutional agency alone the laws must be made until the Constitution itself is changed. The power to whose judgment, wisdom, and patriotism this high prerogative has been intrusted can not relieve itself of the responsibility by choosing other agencies upon which the power shall be devolved, nor can it substitute the judgment, wisdom, and patriotism of any other body for those to which alone the people have seen fit to confide this sovereign trust.

(Lewis's Sutherland Statutory Construction (2d ed.) sec. 87.)

The legislative power can not be delegated. The power to make laws for a State vested in the legislature is a sovereign power, requiring the exercise of judgment and discretion. It is a delegated power—delegated in a Constitution by the people in whom inherently are all the powers. On common law principles, as well as by settled constitutional law, it is a power which can not be delegated.

(Locke on Civil Government, sec. 142.)

These are the bounds which the trust that is put in them by the society and the law of God and nature have set to the legislative power of every Commonwealth in all forms of government: * * * Fourthly. The legislature neither must nor can transfer the power of making laws to anybody else or place it anywhere but where the people have.

(Hare's Am. Const. Law, p. 633.)

A legislative body can not so part with or delegate its powers as to preclude the resumption of them or their exercise whenever the public interest requires. It is an agent or trustee for the people and has no right to place the trust irrevocably in other hands than its own.

(Clark *v.* The Corp. of Washington, 12 Wheat, 54; the Presbyt. Church *v.* N. Y., 5 Cowen, 542; Phila. *v.* Fox, 64 Pa., 169, 181; Parker *v.* the Commonwealth, 6 Barr, 507.)

(P. 634.)

The legislature could not alienate any part of the legislative power which the Constitution vested in a general assembly annually convened. (Parker *v.* the Commonwealth, Pa., 507.)

CERTAIN TREATIES TO BE OPERATIVE MUST HAVE THE SANCTION OF AN ACT OF CONGRESS.

(4 Hinds' Precedents, sec. 1528.)

Attention is called to report of J. Randolph Tucker, chairman of the House Judiciary Committee, March 3, 1885, culminating in the offer of a resolution, viz:

Resolved, That the President, by and with the advice and consent of the Senate, can not negotiate treaties with foreign Governments by which the duties levied by Congress can be changed or abrogated, and such treaties to be operative as law must have the sanction of an act of Congress.

RUFUS CHOATE ON THE DUTIES OF THE EXECUTIVE.

On June 14, 1844, Mr. Rufus Choate, from the Committee on Foreign Relations, to whom had been referred the convention with Prussia and the other States of the German association of customs and commerce, reported the same adversely. In the report the committee says: "The convention which has been submitted to the Senate changes duties which have been laid by law. It changes the ex directo and by its own vigor, or it engages the faith of the Nation and the faith of the legislature through which the Nation acts to make the change. In either aspect it is the President and the Senate who, by the instrumentality of negotiation, repeal or materially vary regulation of commerce and laws of revenue which Congress had ordained. More than this, the executive department places it beyond the power of Congress to exceed the stipulated maximum of import duties for at least three years, whatever exigency may intervene to require it.

"In the judgment of the committee the legislature is the department of government by which commerce should be regulated and the laws of revenue be passed. The Constitution, in terms, communicates the power to regulate commerce and to impose duties to that department. It communicates it, in terms, to no other. * * * The committee believes that the general rule of our systetm is indisputable that the control of trade and the function of taxing belong, without abridgment or participation, to Congress. They infer this from the language of the Constitution, from the nature and principles of our Government, from the theory of republican liberty itself, and from the unvaried practice, evidencing the universal belief of all, in all periods, and of all parties and opinions. They think, too, that, as the general rule, the Representatives of the people sitting in their legislative capacity, with open doors, under the eye of the country, communicating freely with their constituents, may exercise this power more intelligently, more discreetly, may acquire more accurate and more minute information concerning the employments and the interests on which this description of measures will press, and may better discern what true policy prescribes and rejects than is within the competency of the executive department of the Government.

"To follow, not to lead; to fulfill, not to ordain the law; to carry into effect, by negotiation and compact with foreign Governments, the legislative will when it has been announced upon the great subjects of trade and revenue; not to interpose with controlling influence, not to go forward with too ambitious enterprise—these seem to the committee to be the appropriate functions of the Executive. If Congress thinks the proposed arrangement a beneficial one, it is quite easy to pass a law which shall impose the rates of duty contemplated by it, to take effect when satisfactory information is conveyed to the President that the stipulated equivalents are properly secured."

Mr. FORDNEY. Mr. Chairman, I move that all debate on all amendments to section 3 now close.

The question was taken; and on a division (demanded by Mr. FISH) there were—ayes 111, noes 22.

Mr. FISH. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from New York demands tellers. Those in favor of ordering tellers will rise and stand until counted. [After counting.] Nine Members have risen, not a sufficient number, and tellers are refused. The question now is on the amendment offered by the gentleman from Mississippi.

Mr. COLLIER. Mr. Chairman, I ask that it again be reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

There was no objection, and the Clerk again reported the amendment offered by Mr. COLLIER.

The question was taken; and on a division (demanded by Mr. COLLIER) there were—ayes 33, noes 114.

So the amendment was rejected.

Mr. FISH. Mr. Chairman, I offer the following amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 2, after line 25, add a new section, to be known as section 4 and to read as follows:

"That the commission is hereby directed to set aside all interest paid on various loans made by the Government of the United States to foreign Governments during the war as a separate fund for the purpose of providing adjusted compensation for the veterans of the World War, and any surplus shall be used for the purpose of redeeming Liberty bonds."

Mr. FORDNEY. Mr. Chairman, I make the point of order against the amendment. It is entirely foreign to the matter contained in the bill. I am very much in favor of a soldier's bonus, but not at this time. I shall do my utmost to have this Congress consider a bonus bill during the regular session next winter.

Mr. FISH. Will the gentleman reserve the point of order?

Mr. FORDNEY. I withhold the point of order.

Mr. JOHNSON of Washington. Regular order. I make the point of order—— [Cries of "Vote!"]

Mr. FORDNEY. I reserve the point of order.

SEVERAL MEMBERS. Regular order!

Mr. FISH. Mr. Chairman and gentlemen of the committee, I am somewhat impatient with the attitude of certain Members of this House on the question of the generosity of the American people and the Congress of the United States in regard to the help rendered our allies in the World War. We spared no sacrifice of treasure or of blood to help win the war, and, as you know, we asked for no reparation, we asked for no indemnities, we asked for no territory; and we got just what we asked—nothing at all. Therefore I do not think it is right or fair to question our generosity and to ask that those Governments that are able to pay the interest on their debts should be relieved from that payment, the just payment of interest on the war loans. If Great Britain, which owes us approximately 40 per cent of the $11,000,000,000, would cease her enormous expenditure for naval construction involving four superdreadnaughts at $40,000,000 each, she would be in a sound financial position to pay her just debts at the present time.

The British Government, without making any real effort to pay the interest on the five billions owed the taxpayers of this country, has quietly proceeded to gain control of the commerce and trade of the world and to buy up the oil supply of Rumania, Galicia, Persia, and Mesopotamia.

Furthermore, with the very money we loaned Great Britain she paid adjusted compensation averaging from $140 to $7,290 to her ex-service men, whereas the United States plead poverty to escape a like obligation. She also paid standard unemployment wages for 12 weeks to discharged soldiers. Are not our ex-service men entitled to the same consideration for land settlement, home aid, vocational training, and insurance? Could we not well afford to issue interest-bearing debenture certificates, having a prior lien on the British war loan, to fulfill our obligation to our ex-service men, which has been recognized and fulfilled by every one of the allied countries and largely by good American dollars? In other words, England treated her soldiers properly with our money. Why should we consider the cancellation of any part of the British loan while she continues to build a powerful navy by means of money owed to America? She owes our taxpayers half a billion in back interest alone, yet her Government officials recently loaned fifty million to the Argentine Republic, to foster her trade relations with that country to our disadvantage.

I call your attention to this fact that adjusted compensation has been paid by every single allied nation to their soldiers partially with this very money loaned by our Government, and yet all that the Government of the United States has done for its soldiers is to give them the measly sum of $60. You have not provided for one cent more, and now you have an opportunity to provide that the interest on this debt shall go where it belongs, to those men who served their country in time of war and made the payment of the debt possible. It is practically impossible to raise several billion dollars by increased taxation or the issue of new bonds to fulfill this obligation, whereas the payment through the interest on the allied loans should be acceptable to all classes of business men and also to the veterans of the World War and to the general public. I believe that if you will accept this amendment and withdraw your point of order you will facilitate the payment by the Allies of the interest, because at the present time there is an extensive propaganda in England, in France, and other allied nations for the nonpayment of the interest and cancellation of the debt, and by calling attention of the allied soldiers to the fact that the American soldiers have not received one red cent of adjusted compensation you will facilitate the payment by those Governments of their just interest. It is self-evident, Mr. Chairman and gentlemen of the committee, that if this fact is brought to the attention of the allied soldiers they themselves will squelch the propaganda that is going broadcast throughout Europe to-day, while we are sitting here doing nothing for our own ex-service men.

Mr. FORDNEY. Mr. Chairman, I make the point of order that the gentleman is not discussing the point of order at all. I shall have to insist on making the point of order that the gentleman is not discussing the point of order. The amendment is not germane to the bill and the gentleman is not discussing the point of order.

Mr. FISH. Mr. Chairman, I would like to be heard on the point of order. [Cries of "Rule!"]

Mr. FISH. Can I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman on the point of order. Let the Chair ask the committee to be quiet in order that we may facilitate proceedings.

Mr. JOHNSON of Washington. I made the point of order, and I was informed five minutes ago that the gentleman would be heard on the point of order.

Mr. KELLEY of Michigan. Mr. Chairman, a parliamentary inquiry. How much time has the gentleman from New York consumed?

The CHAIRMAN. There is no time to be disposed of. The Chair recognized the gentleman on the point of order, and if the gentleman proceeded out of order the gentleman or anybody else could have stopped him.

Mr. FISH. Mr. Chairman, I desire to address myself purely to the point of order. This amendment has to do simply with the dispensing of the interest through a separate fund to our ex-service men, the surplus to be set aside to redeem the Liberty bonds. The fundamental purpose of your bill is to provide for the payment of the interest. We all know, every Member of this House knows, that the allied countries are unable now and will be unable to pay the principal for many years. The bill under consideration provides for the funding of the loans, which means the payment of interest at regular maturing dates, and my amendment provides how to dispose of that interest. I submit that it is logical, that it is appropriate, that it is relevant, that it is akin, that it is germane, and, furthermore, I submit that if you incorporate this amendment you facilitate what you are trying to do—secure the payments of the interest in spite of the propaganda which covers a large part of Europe—and therefore my amendment has a very distinct bearing upon the bill. It will serve to notify the soldiers of France, England, and Italy who may be opposing the payment of interest——

Mr. JOHNSON of Washington. Mr. Chairman, I make the point of order that the gentleman is not confining himself to the discussion of the point of order.

Mr. FISH (continuing). That this money will go as adjusted compensation to the soldiers of America, their comrades in arms. [Applause.]

The CHAIRMAN. The Chair is ready to rule.

Mr. MONDELL. Mr. Chairman, if the Chair will allow me, in addition the amendment is clearly an appropriation, and an appropriation can not be made on this bill. The gentleman from New York [Mr. FISH] makes a curious argument, not on the point of order but in support of his amendment, that as the Allies can not pay the interest on what they owe us, that we propose to turn over what they can not pay to the soldier boys. When we come to provide a bonus we will provide a more substantial bonus than something that can not be paid. [Applause.]

The CHAIRMAN. The Chair is ready to rule.

The Chair, from a consideration of similar cases, recognizes the fact that there is only one thing the Chair can do, and that is to sustain the point of order. It has been held several times that to a provision providing funds, or for the organization, or for the securement, or for a settlement of a claim, an amendment providing for its disposition shall not be in order. This, of course, is under the general rule which provides that no motion or proposition that is different from that under consideration shall be permitted under color of an amendment. This bill provides for the funding of an outstanding indebtedness. The amendment provides that the proceeds of the debts thus funded shall be used in a certain way; provides, in effect, for the payment or appropriation of such funds. The question, therefore, is whether or not the provision for the payment of a fund is germane to a provision for its securement or for its funding or for its settlement. Of course, that is another question. It is clear that to provide for the payment of a fund is not germane to provisions for its securement. This has been held in many cases. The Chair will only cite two cases, as indicative of their general character.

It was held by Speaker Clark as late as June, 1914, in the Sixty-third Congress, that—

To a proposition to sell two battleships and build a new battleship with the proceeds, a proposition to devote the proceeds to building wagon roads was held not germane.

In other words, the disposition of the funds other than in the way provided in the bill was not germane to the question under consideration.

Under a decision rendered by Chairman Fitzgerald, not so very long ago, during the same Congress, the decision of Mr. Fitzgerald held out of order as not germane a proposition to amend a bill providing that funds resulting from the sale of coal, phosphate, oil, gas, potassium, or sodium lands should be paid into the reclamation fund and disposed of in a certain way, by providing that the proceeds should be used to constitute a "national good-roads fund." That, of course, is almost directly in point. Certain funds are provided by the terms of the bill, and an amendment was offered to provide for the disposition of the funds in a certain way, which was held not to be germane. In this case outstanding indebtedness of the United States is refunded under certain provisions of the bill. It is proposed by the amendment to say how the proceeds of this funding operation, of these outstanding debts, when they are funded and paid, shall be made. The Chair holds that the objections raised are well founded, and that the amendment is not in order.

The Clerk will read.

The Clerk concluded the reading of the bill.

Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise and report the bill to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to; and the Speaker having resumed the chair, Mr. TOWNER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8762 and had directed him to report the same to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. FORDNEY. Mr. Speaker, on that I move the previous question.

The SPEAKER. The gentleman from Michigan moves the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. COLLIER. Mr. Speaker, I make the motion to recommit.

The SPEAKER. The gentleman from Mississippi moves to recommit. The Clerk will report the gentleman's motion.

The Clerk read as follows:

Mr. COLLIER moves to recommit the bill to the Committee on Ways and Means with instructions to report the same back forthwith, with the following amendment: Page 2, at the end of section 2, insert: "*Provided*, That no agreements so entered into with respect to any matters herein authorized shall be deemed to have been completed nor to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. COLLIER. On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken, and the Speaker announced that the noes appeared to have it.

Mr. COLLIER. Mr. Speaker, I call for the yeas and nays.

The SPEAKER. The gentleman from Mississippi calls for the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. As many as are in favor of the motion to recommit will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 132, nays 185, answered "present" 2, not voting 112, as follows:

YEAS—132.

Almon	Dunbar	Lanham	Quin
Aswell	Dupré	Lankford	Raker
Bankhead	Fairchild	Larsen, Ga.	Rankin
Barkley	Favrot	Layton	Rayburn
Beck	Fish	Lazaro	Reece
Bell	Fisher	Lea, Calif.	Rouse
Black	Gallivan	Lineberger	Rucker
Bland, Va.	Garrett, Tenn.	Linthicum	Ryan
Blanton	Garrett, Tex.	Little	Sabath
Bowling	Gorman	Logan	Sanders, Tex.
Box	Hammer	London	Sandlin
Brennan	Hardy, Tex.	Lowrey	Scott, Tenn.
Briggs	Harrison	Lyon	Sisson
Brinson	Hawes	McClintic	Smithwick
Buchanan	Hayden	McCormick	Steagall
Bulwinkle	Hogan	McDuffie	Stedman
Burke	Huddleston	McLaughlin, Pa.	Stevenson
Byrnes, S. C.	Hudspeth	McSwain	Stoll
Byrns, Tenn.	Jacoway	Maloney	Sumners, Tex.
Carew	James	Martin	Swank
Clouse	Jeffers, Ala.	Michaelson	Swing
Collier	Johnson, Ky.	Nelson, J. M.	Tague
Collins	Johnson, Miss.	Newton, Mo.	Tillman
Connolly, Pa.	Jones, Tex.	Norton	Tyson
Cooper, Wis.	Keller	O'Brien	Upshaw
Crisp	Kelly, Pa.	O'Connor	Vinson
Cullen	Kennedy	Oldfield	Voigt
Davis, Tenn.	Kincheloe	Oliver	Weaver
Deal	Kindred	Overstreet	Wilson
Dominick	Kissel	Padgett	Wingo
Dowell	Kopp	Parks, Ark.	Wise
Drane	Kunz	Parrish	Woodruff
Driver	Lampert	Pou	Wright

NAYS—185.

Ackerman	Fairfield	Leatherwood	Rose
Anderson	Fenn	Lehlbach	Sanders, Ind.
Andrew, Mass.	Fitzgerald	Longworth	Sanders, N. Y.
Andrews, Nebr.	Fordney	Luce	Scott, Mich.
Anthony	Frear	Luhring	Shaw
Appleby	Free	McFadden	Shelton
Arentz	Frothingham	McLaughlin, Mich.	Sinnott
Atkeson	Fuller	McLaughlin, Nebr.	Smith, Mich.
Barbour	Funk	McPherson	Speaks
Benham	Gensman	MacGregor	Sproul
Bird	Gernerd	Madden	Stafford
Bixler	Glynn	Mapes	Steenerson
Bland, Ind.	Goodykoontz	Merritt	Stephens
Boies	Graham, Ill.	Michener	Strong, Kans.
Bowers	Graham, Pa.	Miller	Summers, Wash.
Brooks, Ill.	Green, Iowa	Millspaugh	Sweet
Browne, Wis.	Greene, Mass.	Mondell	Taylor, N. J.
Burroughs	Greene, Vt.	Montoya	Taylor, Tenn.
Burton	Hadley	Moore, Ill.	Temple
Butler	Hardy, Colo.	Moore, Ohio	Thompson
Cable	Hawley	Morgan	Timberlake
Campbell, Kans.	Hersey	Nelson, A. P.	Tincher
Campbell, Pa.	Hickey	Newton, Minn.	Tinkham
Cannon	Hill	Olpp	Towner
Chalmers	Himes	Osborne	Treadway
Chandler, N. Y.	Hoch	Parker, N. J.	Underhill
Chandler, Okla.	Houghton	Parker, N. Y.	Vaile
Chindblom	Hukriede	Patterson, Mo.	Vare
Christopherson	Hull	Patterson, N. J.	Vestal
Clague	Husted	Perkins	Volstead
Clarke, N. Y.	Ireland	Peters	Walsh
Codd	Jefferis, Nebr.	Porter	Walters
Cole, Iowa	Johnson, S. Dak.	Pringey	Watson
Cole, Ohio	Johnson, Wash.	Purnell	Webster
Connell	Kearns	Radcliffe	Wheeler
Coughlin	Kelley, Mich.	Ramseyer	White, Kans.
Crago	Kendall	Ransley	Williams
Crowther	Ketcham	Reber	Williamson
Curry	Kinkaid	Reed, N. Y.	Winslow
Dallinger	Kirkpatrick	Reed, W. Va.	Wood, Ind.
Darrow	Kleczka	Ricketts	Woodyard
Denison	Kline, N. Y.	Riddick	Wurzbach
Dickinson	Kline, Pa.	Roach	Wyant
Edmonds	Kraus	Robertson	Zihlman
Elliott	Kreider	Robsion	
Ellis	Larson, Minn.	Rodenberg	
Evans	Lawrence	Rogers	

ANSWERED "PRESENT"—2.

Clark, Fla.	Reavis

NOT VOTING—112.

Ansorge	Burdick	Cramton	Faust
Bacharach	Burtness	Dale	Fess
Beedy	Cantrill	Davis, Minn.	Fields
Begg	Carter	Dempsey	Flood
Blakeney	Classon	Doughton	Focht
Bond	Cockran	Drewry	Foster
Brand	Colton	Dunn	Freeman
Britten	Connally, Tex.	Dyer	French
Brooks, Pa.	Cooper, Ohio	Echols	Fulmer
Brown, Tenn.	Copley	Elston	Gahn

Garner	Knutson	Nolan	Smith, Idaho
Gilbert	Langley	Ogden	Snell
Goldsborough	Lee, Ga.	Paige	Snyder
Gould	Lee, N. Y.	Park, Ga.	Stiness
Griest	McArthur	Perlman	Strong, Pa.
Griffin	McKenzie	Petersen	Sullivan
Haugen	Magee	Rainey, Ala.	Taylor, Colo.
Hays	Mann	Rainey, Ill.	Ten Eyck
Herrick	Mansfield	Rhodes	Thomas
Hicks	Mead	Riordan	Tilson
Humphreys	Mills	Rosenbloom	Volk
Hutchinson	Montague	Rossdale	Ward, N. Y.
Jones, Pa.	Moore, Va.	Schall	Ward, N. C.
Kahn	Moores, Ind.	Sears	Wason
Kiess	Morin	Shreve	White, Me.
King	Mott	Siegel	Woods, Va.
Kitchin	Mudd	Sinclair	Yates
Knight	Murphy	Slemp	Young

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. KITCHIN (for) with Mr. BACHARACH (against).

Mr. RAINEY of Illinois (for) with Mr. SIEGEL (against).

Mr. SULLIVAN (for) with Mr. MOTT (against).

Mr. NOLAN (for) with Mr. MILLS (against).

Mr. GRIFFIN (for) with Mr. DAVIS of Minnesota (against).

Mr. ROSSDALE (for) with Mr. BURDICK (against).

Mr. TEN EYCK (for) with Mr. MAGEE (against).

Mr. MEAD (for) with Mr. SNELL (against).

Mr. RIORDAN (for) with Mr. FOSTER (against).

Mr. GOLDSBOROUGH (for) with Mr. KNIGHT (against).

Mr. CARTER (for) with Mr. BROOKS of Pennsylvania (against).

Mr. GARNER (for) with Mr. STRONG of Pennsylvania (against).

Mr. CONNALLY of Texas (for) with Mr. SHREVE (against)

Mr. HUMPHREYS (for) with Mr. GRIEST (against).

Mr. BRAND (for) with Mr. LEE of New York (against).

Mr. LEE of Georgia (for) with Mr. KAHN (against).

Mr. MANSFIELD (for) with Mr. HUTCHINSON (against).

Mr. DOUGHTON (for) with Mr. ECHOLS (against).

Mr. FLOOD (for) with Mr. FRENCH (against).

Mr. MONTAGUE (for) with Mr. SMITH of Idaho (against).

Mr. DREWRY (for) with Mr. BOND (against).

Mr. CLARK of Florida (for) with Mr. LANGLEY (against).

Mr. WOODS of Virginia (for) with Mr. KNUTSON (against).

Mr. CANTRILL (for) with Mr. FESS (against).

Mr. WARD of North Carolina (for) with Mr. FOCHT (against).

Mr. MOORE of Virginia (for) with Mr. SNYDER (against).

Mr. FIELDS (for) with Mr. MCARTHUR (against).

Mr. COCKRAN (for) with Mr. SLEMP (against).

Mr. FULMER (for) with Mr. BLAKENEY (against).

Until further notice:

Mr. BEGG with Mr. TAYLOR of Colorado.

Mr. VOLK with Mr. PARK of Georgia.

Mr. DUNN with Mr. SEARS.

Mr. SINCLAIR with Mr. THOMAS.

Mr. KIESS with Mr. GILBERT.

Mr. FAUST with Mr. HARRISON.

Mr. RHODES with Mr. RAINEY of Alabama.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. COLLIER. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 200, nays 117, answered "present" 2, not voting 112, as follows:

YEAS—200.

Ackerman	Clague	Gensman	Kelly, Pa.
Anderson	Clarke, N. Y.	Gernerd	Kendall
Andrew, Mass.	Clouse	Glynn	Kinkaid
Andrews, Nebr.	Codd	Goodykoontz	Kirkpatrick
Anthony	Cole, Iowa	Graham, Ill.	Kleczka
Appleby	Cole, Ohio	Graham, Pa.	Kline, N. Y.
Arentz	Connell	Green, Iowa	Kline, Pa.
Atkeson	Coughlin	Greene, Mass.	Kopp
Barbour	Crago	Greene, Vt.	Kraus
Benham	Crowther	Hadley	Kreider
Bird	Curry	Hardy, Colo.	Larson, Minn.
Bixler	Dallinger	Harrison	Lawrence
Bland, Ind.	Darrow	Haugen	Lea, Calif.
Boies	Denison	Hawes	Leatherwood
Bowers	Dickinson	Hawley	Lehlbach
Brennan	Dowell	Hersey	Lineberger
Brooks, Ill.	Edmonds	Hickey	Little
Browne, Wis.	Elliott	Hill	Longworth
Burroughs	Ellis	Himes	Luce
Burton	Evans	Hoch	Luhring
Butler	Fairfield	Houghton	McFadden
Cable	Fenn	Hukriede	McLaughlin, Mich.
Campbell, Kans.	Fish	Hull	McLaughlin, Nebr.
Campbell, Pa.	Fitzgerald	Husted	McPherson
Cannon	Fordney	Ireland	MacGregor
Chalmers	Frear	Jefferis, Nebr.	Madden
Chandler, N. Y.	Free	Johnson, S. Dak.	Mapes
Chandler, Okla.	Frothingham	Johnson, Wash.	Merritt
Chindblom	Fuller	Kearns	Michener
Christopherson	Funk	Kelley, Mich.	Miller
Millspaugh	Radcliffe	Shelton	Treadway
Mondell	Ramseyer	Sinnott	Underhill
Montoya	Ransley	Smith, Mich.	Vaile
Moore, Ill.	Reber	Speaks	Vare
Moore, Ohio	Reece	Sproul	Vestal
Morgan	Reed, N. Y.	Stafford	Volstead
Nelson, A. P.	Reed, W. Va.	Steenerson	Walsh
Norton	Ricketts	Stephens	Watson
Newton, Minn.	Riddick	Strong, Kans.	Webster
Olpp	Roach	Summers, Wash.	Wheeler
Osborne	Robertson	Sweet	White, Kans.
Parker, N. J.	Robsion	Swing	Williams
Parker, N. Y.	Rodenberg	Taylor, N. J.	Williamson
Patterson, Mo.	Rogers	Taylor, Tenn.	Winslow
Patterson, N. J.	Rose	Temple	Wood, Ind.
Perkins	Sanders, Ind.	Thompson	Woodruff
Peters	Sanders, N. Y.	Timberlake	Woodyard
Porter	Scott, Mich.	Tincher	Wurzbach
Pringey	Scott, Tenn.	Tinkham	Wyant
Purnell	Shaw	Towner	Zihlman

NAYS—117.

Almon	Driver	Lanham	Raker
Aswell	Dunbar	Lankford	Rankin
Bankhead	Dupré	Larsen, Ga.	Rayburn
Barkley	Fairchild	Layton	Rouse
Beck	Favrot	Lazaro	Ryan
Bell	Fisher	Linthicum	Sabath
Black	Gallivan	Logan	Sanders, Tex.
Bland, Va.	Garrett, Tenn.	London	Sandlin
Blanton	Garrett, Tex.	Lowrey	Sisson
Bowling	Gorman	Lyon	Smithwick
Box	Hammer	McClintic	Steagall
Briggs	Hardy, Tex.	McCormick	Stedman
Brinson	Hayden	McDuffie	Stevenson
Buchanan	Hogan	McLaughlin, Pa.	Stoll
Bulwinkle	Huddleston	McSwain	Sumners, Tex.
Burke	Hudspeth	Maloney	Swank
Byrnes, S. C.	Jacoway	Martin	Tague
Byrns, Tenn.	James	Michaelson	Tillman
Carew	Jeffers, Ala.	Nelson, J. M.	Tyson
Cockran	Johnson, Ky.	Newton, Mo.	Upshaw
Collier	Johnson, Miss.	O'Brien	Vinson
Collins	Jones, Tex.	O'Connor	Voigt
Connolly, Pa.	Keller	Oldfield	Weaver
Cooper, Wis.	Kennedy	Oliver	Wilson
Crisp	Ketcham	Overstreet	Wingo
Cullen	Kincheloe	Padgett	Wise
Davis, Tenn.	Kindred	Parks, Ark.	Wright
Deal	Kissel	Parrish	
Dominick	Kunz	Pou	
Drane	Lampert	Quin	

ANSWERED "PRESENT"—2.

Clark, Fla.	Reavis

NOT VOTING—112.

Ansorge	Elston	Knutson	Rosenbloom
Bacharach	Faust	Langley	Rossdale
Beedy	Fess	Lee, Ga.	Rucker
Begg	Fields	Lee, N. Y.	Schall
Blakeney	Flood	McArthur	Sears
Bond	Focht	McKenzie	Shreve
Brand	Foster	Magee	Siegel
Britten	Freeman	Mann	Sinclair
Brooks, Pa.	French	Mansfield	Slemp
Brown, Tenn.	Fulmer	Mead	Smith, Idaho
Burdick	Gahn	Mills	Snell
Burtness	Garner	Montague	Snyder
Cantrill	Gilbert	Moore, Va.	Stiness
Carter	Goldsborough	Moores, Ind.	Strong, Pa.
Classon	Gould	Morin	Sullivan
Colton	Griest	Mott	Taylor, Colo.
Connally, Tex.	Griffin	Mudd	Ten Eyck
Cooper, Ohio	Hays	Murphy	Thomas
Copley	Herrick	Nolan	Tilson
Cramton	Hicks	Ogden	Volk
Dale	Humphreys	Paige	Walters
Davis, Minn.	Hutchinson	Park, Ga.	Ward, N. Y.
Dempsey	Jones, Pa.	Perlman	Ward, N. C.
Doughton	Kahn	Petersen	Wason
Drewry	Kiess	Rainey, Ala.	White, Me.
Dunn	King	Rainey, Ill.	Woods, Va.
Dyer	Kitchin	Rhodes	Yates
Echols	Knight	Riordan	Young

So the bill was passed.

The following additional pairs were announced:

Mr. BLAKENEY (for) with Mr. FULMER (against).

Mr. BACHARACH (for) with Mr. KITCHIN (against).

Mr. DAVIS of Minnesota (for) with Mr. GRIFFIN (against).

Mr. SNELL (for) with Mr. MEAD (against).

Mr. BROOKS of Pennsylvania (for) with Mr. CARTER (against).

Mr. GRIEST (for) with Mr. HUMPHREYS (against).

Mr. MCARTHUR (for) with Mr. FIELDS (against).

Mr. HUTCHINSON (for) with Mr. MANSFIELD (against).

Mr. LANGLEY (for) with Mr. CLARK of Florida (against).

Mr. FOCHT (for) with Mr. WARD of North Carolina (against).

Mr. SIEGEL (for) with Mr. RAINEY of Illinois (against).

Mr. MAGEE (for) with Mr. TEN EYCK (against).

Mr. BURDICK (for) with Mr. ROSSDALE (against).

Mr. MOTT (for) with Mr. SULLIVAN (against).

Mr. FOSTER (for) with Mr. RIORDAN (against).

Mr. MILLS (for) with Mr. NOLAN (against).

Mr. KNIGHT (for) with Mr. GOLDSBOROUGH (against).

Mr. SHREVE (for) with Mr. CONNALLY of Texas (against).

Mr. KAHN (for) with Mr. LEE of Georgia (against).

Mr. STRONG of Pennsylvania (for) with Mr. GARNER (against).

Mr. LEE of New York (for) with Mr. BRAND (against).
Mr. SNYDER (for) with Mr. MOORE of Virginia (against).
Mr. FESS (for) with Mr. CANTRILL (against).
Mr. SMITH of Idaho (for) with Mr. MONTAGUE (against).
Mr. KNUTSON (for) with Mr. WOODS of Virginia (against).
Mr. BOND (for) with Mr. DREWRY (against).
Mr. ECHOLS (for) with Mr. DOUGHTON (against).
Mr. FRENCH (for) with Mr. FLOOD (against).
General pairs:
Mr. FAUST with Mr. RUCKER.
Mr. RHODES with Mr. RAINEY of Alabama.
Mr. KIESS with Mr. GILBERT.
Mr. BEGG with Mr. TAYLOR of Colorado.
Mr. VOLK with Mr. PARK of Georgia.
Mr. SINCLAIR with Mr. THOMAS.
Mr. DUNN with Mr. SEARS.
The result of the vote was announced as above recorded.
On motion of Mr. FORDNEY, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on this bill.
The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?
There was no objection.
Mr. JOHNSON of Mississippi. Mr. Speaker, I ask unanimous consent to extend remarks I made on the 21st of this month.
The SPEAKER. Is there objection?
There was no objection.
Mr. GOODYKOONTZ. Mr. Speaker, I ask unanimous consent to extend my remarks by printing a copy of an address made by me before the chamber of commerce in the city of Clarksburg, Va., on Monday, the 17th, on the subject of unemployment.
The SPEAKER. Is there objection to the request as stated?
There was no objection.
By unanimous consent leave to extend remarks on the bill just passed was granted to Mr. BLACK and to Mr. PARKER of New Jersey.

ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:
S. 71. An act for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:
S. 2588. An act extending the time for the construction of a bridge by the Chicago, Milwaukee & St. Paul Railway Co. across the Missouri River at Chamberlain, S. Dak.; to the Committee on Interstate and Foreign Commerce.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:
To Mr. RIORDAN, indefinitely, on account of illness.
To Mr. BRAND, at the request of Mr. CRISP, indefinitely, on account of serious illness.

ADJOURNMENT.

Mr. FORDNEY. Mr. Speaker, I move that the House do now adjourn.
The motion was agreed to; accordingly (at 5 o'clock and 58 minutes p. m.) the House adjourned until to-morrow, Tuesday, October 25, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:
245. A letter from the Assistant Secretary of Labor, transmitting a statement of typewriters, adding machines, and other labor-saving devices exchanged in part payment for new machines during the fiscal year ended June 30, 1921; to the Committee on Expenditures in the Department of Labor.
246. A letter from the secretary of Hawaii, transmitting copy of the journal of the House of Representatives of the Legislature of the Territory of Hawaii, regular session of 1921; to the Committee on the Territories.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII:
Mr. SUTHERLAND, from the Committee on the Public Lands, to which was referred the bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska, reported the same without amendment, accompanied by a report (No. 432), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:
Mr. ROSE, from the Committee on Claims, to which was referred the bill (S. 2153) authorizing the owners of the steamship *Texas* to bring suit against the United States of America, reported the same without amendment, accompanied by a report (No. 433), which said bill and report were referred to the Private Calendar.
Mr. BOX, from the Committee on Claims, to which was referred the bill (H. R. 7923) for the relief of the Canadian Pacific Railway Co., reported the same without amendment, accompanied by a report (No. 434), which said bill and report were referred to the Private Calendar.
Mr. BULWINKLE, from the Committee on Claims, to which was referred the bill (H. R. 8173) for the relief of Mrs. E. H. Jackson, reported the same without amendment, accompanied by a report (No. 435), which said bill and report were referred to the Private Calendar.
Mr. GLYNN, from the Committee on Claims, to which was referred the bill (H. R. 8216) for the relief of the widow of Chang Tsu Tsao, of Hankow, China, reported the same with an amendment, accompanied by a report (No. 436), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:
By Mr. RAKER: A bill (H. R. 8815) to authorize certain homestead settlers or entrymen on United States reclamation projects who entered the military or naval service of the United States during the war with Germany to make final proof of their entries; to the Committee on the Public Lands.
By Mr. LINTHICUM: A bill (H. R. 8816) authorizing and directing the Secretary of War to grant the use of Fort McHenry Military Reservation in the State of Maryland to the mayor and city council of Baltimore, a municipal corporation of the State of Maryland, subject to certain provisions in connection therewith; to the Committee on Military Affairs.
By Mr. UPSHAW: A bill (H. R. 8817) to extend existing pension benefits to Confederate soldiers, sailors, and marines, and to the widows of Confederate soldiers, sailors, and marines during the remainder of their lives, and for other purposes; to the Committee on Invalid Pensions.
By Mr. MORIN: A bill (H. R. 8818) granting the consent of Congress to the city of Pittsburgh, a municipal corporation of the Commonwealth of Pennsylvania, to construct, maintain, and operate a bridge across the Monongahela River at or near its junction with the Allegheny River, in the city of Pittsburgh, in the county of Allegheny, in the Commonwealth of Pennsylvania; to the Committee on Interstate and Foreign Commerce.
By Mr. HILL: A bill (H. R. 8819) to preserve in perpetuity Forts McHenry and Carroll, located in Baltimore, Md.; to the Committee on Military Affairs.
By Mr. PARRISH: A bill (H. R. 8820) to amend the laws relating to the Postal Savings System; to the Committee on the Post Office and Post Roads.
By Mr. ROUSE (by request): A bill (H. R. 8821) to incorporate the National Society of the Colonial Daughters of America; to the Committee on the Judiciary.
By Mr. HULL: A bill (H. R. 8822) to create a board of adjustment, which shall constitute a wage board and board of appeals for employees of navy yards and arsenals, and to define its powers and duties; to the Committee on Labor.
By Mr. RODENBERG: Resolution (H. Res. 211) for the appointment of a special assistant expert compiler for the Committee on Appropriations; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BECK: A bill (H. R. 8823) granting a pension to La Verne Allen Brown; to the Committee on Pensions.

By Mr. BROOKS of Pennsylvania: A bill (H. R. 8824) granting an increase of pension to Matilda Devenney; to the Committee on Invalid Pensions.

By Mr. CROWTHER: A bill (H. R. 8825) granting a pension to Margaret Clune; to the Committee on Pensions.

Also, a bill (H. R. 8826) for the relief of Ada P. Sack; to the Committee on Claims.

By Mr. DUNBAR: A bill (H. R. 8827) granting a pension to Cora Harbaugh; to the Committee on Pensions.

Also, a bill (H. R. 8828) granting an increase of pension to Scott Farmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8829) granting an increase of pension to Sophia Salyards; to the Committee on Pensions.

By Mr. FAIRCHILD: A bill (H. R. 8830) granting an increase of pension to Sherwood H. Williams; to the Committee on Pensions.

By Mr. PETERS: A bill (H. R. 8831) granting a pension to Thomas C. Jones; to the Committee on Pensions.

By Mr. RAKER: A bill (H. R. 8832) to provide for the exchange of certain lands of the United States in the Tahoe National Forest, Calif., for lands owned by William Kent; to the Committee on the Public Lands.

By Mr. RICKETTS: A bill (H. R. 8833) granting an increase of pension to Julia Cannon; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 8834) for the relief of James J. McAllister; to the Committee on Indian Affairs.

By Mr. SMITHWICK: A bill (H. R. 8835) granting a pension to Jerome B. Butler; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 8836) for the relief of George Kluger; to the Committee on Military Affairs.

By Mr. VESTAL: A bill (H. R. 8837) granting a pension to Emma Hewitt; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H. R. 8838) granting an increase of pension to Sarah E. Colclasure; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8839) granting an increase of pension to Mary Barnwell; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2813. By the SPEAKER (by request): Resolution of the board of directors of the American Society of Civil Engineers, urging that an adequate sum of money be appropriated, to be expended under the direction of the Secretary of Agriculture, for research and experimental work; to the Committee on Agriculture.

2814. By Mr. BARBOUR: Petition of residents of Shafter, Calif., protesting against the passage of House bill 4388, the Sunday observance bill; to the Committee on the District of Columbia.

2815. By Mr. DALLINGER: Resolution of the Boston Association of Retail Druggists, protesting against a further increase in the tax on nonbeverage alcohol; to the Committee on Ways and Means.

2816. By Mr. DRANE: Resolutions from Tampa (Fla.) Board of Trade, relative to barge line operated by the United States Government on the Mississippi River; to the Committee on Rivers and Harbors.

2817. By Mr. FENN: Resolution of the Men's Sunday Club of the South Congregational Church of New Britain, Conn., in favor of real disarmament; to the Committee on Foreign Affairs.

2818. By Mr. GALLIVAN: Telegrams from Paul F. Folsom, president of the Hawley Folsom Co., of Boston, Mass., and 10 others, favoring passage of Senate bill 1318; to the Committee on Interstate and Foreign Commerce.

2819. By Mr. KISSEL: Petition of Thomas & Co., shoe manufacturers, of Brooklyn, N. Y.; to the Committee on Ways and Means.

2820. Also, petition of the Metal Trades Council, navy yard, New York City; to the Committee on Naval Affairs.

2821. By Mr. MONDELL: Petition of the First Methodist Church of Douglas, Wyo., indorsing the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159) and urging its passage; to the Committee on the District of Columbia.

2822. By Mr. RAKER: Petition of Smith, Emery & Co., of San Francisco, Calif., urging the retention of the dye embargo in the tariff bill; to the Committee on Ways and Means.

2823. Also, petition of the Industrial Accident Commission of the State of California, San Francisco, Calif., urging appropriation for the continuance of the publication of the Monthly Labor Review issued by the United States Bureau of Labor Statistics; to the Joint Committee on Printing.

2824. Also, petition of the Philadelphia Bourse, of Philadelphia, Pa., urging amendment to the transportation act of 1920, and for other railway legislation; to the Committee on Interstate and Foreign Commerce.

2825. By Mr. SWING: Petition of sundry citizens of Riverside, Calif., protesting against a compulsory Sunday observance law; to the Committee on the District of Columbia.

2826. By Mr. TAGUE: Petition of the Hamilton Club, of Los Angeles, Calif., and Massachusetts members of the American Association for the Recognition of the Irish Republic, protesting against refunding of obligations of foreign Governments; to the Committee on Ways and Means.

SENATE.

TUESDAY, *October 25, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Frelinghuysen	McKellar	Ransdell
Borah	Gerry	McKinley	Reed
Brandegee	Glass	McLean	Sheppard
Broussard	Gooding	McNary	Shortridge
Bursum	Hale	Moses	Simmons
Capper	Harreld	Nelson	Smoot
Caraway	Harris	New	Spencer
Crow	Harrison	Newberry	Stanley
Culberson	Heflin	Nicholson	Sterling
Cummins	Hitchcock	Norbeck	Sutherland
Curtis	Johnson	Norris	Swanson
Dial	Jones, N. Mex.	Oddie	Townsend
Dillingham	Kellogg	Overman	Trammell
du Pont	Kendrick	Page	Wadsworth
Edge	Keyes	Penrose	Watson, Ga.
Ernst	La Follette	Phipps	Watson, Ind.
Fernald	Lenroot	Pittman	Williams
Fletcher	Lodge	Poindexter	Willis
France	McCormick	Pomerene	

Mr. DIAL. I desire to announce that my colleague [Mr. SMITH] is detained on account of illness. I will let this announcement stand for the day.

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes, and it was thereupon signed by the Vice President.

PETITIONS AND MEMORIALS.

Mr. PAGE presented a petition of sundry citizens of East Calais, Plainfield, and Montpelier, all in the State of Vermont, praying for the limitation of armaments, the payment of the foreign debt, and a reduction of governmental expenditures, so as to decrease taxation, which was referred to the Committee on Foreign Relations.

Mr. McLEAN presented a resolution adopted at a regular meeting of the Men's Sunday Club of the South Congregational Church of New Britain, Conn., favoring a real program of disarmament, particularly a drastic reduction of naval and military expenses, so as to decrease taxation, which was referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Hartford, Conn., remonstrating against any agreement on limitation of armaments between the United States and Great Britain until the World War pledges are fulfilled and the republic of Ireland is recognized, which was referred to the Committee on Foreign Relations.

He also presented the memorials of Nora Ryan, Mr. and Mrs. Real, Elizabeth Wynne, Theady Earley, W. J. Halpin, James E. Murphy, Joseph J. O'Connell, Maurice J. McMorrough Kavanaugh, Mrs. J. Stanford, Mrs. Mary Paris, Kate O'Mara, John P. Barry, Alexander Percival, Mrs. B. Gillhuly, and Miss Ellen Condon, all of New Haven, Conn., remonstrating against the enactment of Senate bill 2135 and House bill 7359, to refund the foreign debts of the United States, etc., which were ordered to lie on the table.

He also presented a resolution adopted by Robert O. Tyler Post, No. 50, Department of Connecticut, Grand Army of the Republic, favoring the enactment of House bill 7213, granting an increase of pension to certain soldiers, sailors, and marines of the Civil War and to widows of such soldiers, sailors, and marines, which was referred to the Committee on Pensions.

He also presented resolutions of the board of directors of the Connecticut Chamber of Commerce, of Hartford; the Chamber of Commerce, the Manufacturers' Association, and the Rotary Club of Winsted; and the New Haven Milk Exchange, all in the State of Connecticut, protesting against the proposed railway strike as a serious menace to the economic and business prosperity of the country and welfare of the people, and urging that the situation be firmly dealt with, etc., which were referred to the Committee on Interstate Commerce.

He also presented a memorial of sundry members of Wadsworth Chapter, Daughters of the American Revolution, of Middletown, Conn., remonstrating against the enactment of Senate bill 274, for the erection and maintenance of a dam across the Yellowstone River, in the State of Montana, which was referred to the Committee on Irrigation and Reclamation.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POINDEXTER:

A bill (S. 2623) authorizing the use of unexpended balances for improvement of rivers and harbors; to the Committee on Commerce.

By Mr. SUTHERLAND:

A bill (S. 2624) authorizing the promotion of Lieut. Col. Clyde S. Ford, retired, to the grade of colonel, retired, United States Army; to the Committee on Military Affairs.

By Mr. JONES of New Mexico:

A bill (S. 2625) for the relief of sufferers in New Mexico from the flood due to the overflow of the Rio Grande and its tributaries; to the Committee on Irrigation and Reclamation.

AMENDMENTS OF TAX REVISION BILL.

Mr. TRAMMELL and Mr. JONES of New Mexico submitted amendments, intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

ADJUSTMENT OF WAR CONTRACTS.

Mr. KING. Mr. President, I submit a resolution which I ask may lie on the table.

There being no objection, the resolution (S. Res. 159) was read and ordered to lie on the table, as follows:

Whereas by the act entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," approved February 2, 1919, the Secretary of War was authorized to adjust, pay, or discharge outstanding agreements with the United States upon a fair and equitable basis relating to the production, manufacture, sale, acquisition, or control of equipment, materials, supplies, services, or the use of lands or property connected with the prosecution of the war; and

Whereas it is reported that many claims against the Government which were adjusted, settled, and satisfied under the authority of said act, have been and are being reopened and reconsidered by the War Department at the instance of private claimants: Now, therefore, be it

Resolved, That the Secretary of War be, and he is hereby, directed to report to the Senate the number of claims which have been filed for adjustment under said act and the number of said claims undetermined; also the number adjusted and settled and the aggregate payments made thereon; also a list of the claimants who have filed applications to reopen claims heretofore adjusted or adjusted and settled, together with a full and complete statement of the claims which have been reopened after settlement, at the request of the claimant, including the names of such claimants, the amounts severally claimed by each and the amount, if any, allowed to each claimant in each reopened case and the number of applications to reopen cases still pending.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed bills and a joint resolution of the following titles:

On October 20, 1921:

S. 2359. An act providing for an International Aero Congress cancellation stamp to be used by the Omaha post office.

On October 22, 1921:

S. 2504. An act providing for the readmission of certain deficient midshipmen to the United States Naval Academy.

On October 21, 1921:

S. J. Res. 123. Joint resolution authorizing the Secretary of War to expend from the appropriation "Disposition of remains of officers, soldiers, and civilian employees, 1922" (act of Mar. 4, 1921, Public, No. 389, 66th Cong.), such sum as may be necessary to carry out the provisions of public resolution No. 67, Sixty-sixth Congress.

HOUSE BILL REFERRED.

The bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, was read twice by its title and referred to the Committee on Finance.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to section 210 as amended.

Mr. SIMMONS. Mr. President, what is the pending amendment?

The VICE PRESIDENT. The Secretary will state the pending amendment.

The READING CLERK. The committee proposes to insert on page 22, after line 13, section 210, as amended, as follows:

SEC. 210. That, (a) in lieu of the tax imposed by section 210 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 8 per cent of the amount of the net income in excess of the credits provided in section 216: *Provided*, That in the case of a citizen or resident of the United States the rate upon the first $4,000 of such excess amount shall be 4 per cent.

(b) In the case of the head of a family or a married person living with husband and wife, the tax imposed by this section shall not exceed the sum of (1) the amount of the tax that such person would pay if his net income for the taxable year were $5,000, and (2) the excess of his net income over $5,000 for such taxable year.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The Secretary will report the next amendment passed over.

The READING CLERK. On page 38, line 13, the committee proposes to strike out the word "taxpayer" and the semicolon and insert the word "taxpayer," a colon, and the following proviso:

Provided, That in the case of returns made for the taxable year 1921 or 1922 there shall be allowed as a deduction interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, even though the interest therefrom is so wholly exempt.

The pending amendment is the amendment to the amendment offered by the senior Senator from Nebraska [Mr. HITCHCOCK], to strike out in line 19 the words "even though the interest therefrom is so wholly exempt."

The VICE PRESIDENT. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. TRAMMELL. I desire to offer an amendment to the amendment.

The VICE PRESIDENT. The Secretary will report the proposed amendment.

The READING CLERK. On page 38, line 15, after the word "deduction," insert the following:

An amount equal to the difference between such interest upon obligations of the United States as is exempt from taxation and the amount of—

So the line will read:

There shall be allowed as a deduction an amount equal to the difference between such interest upon obligations of the United States as is exempt from taxation and the amount of interest paid or accrued.

And so forth.

Mr. TRAMMELL. Mr. President, as I construe the amendment proposed by the committee, it provides for a deduction of interest paid on account of indebtedness incurred for the purchase of obligations of the United States. The amendment in its present form allows that total deduction without taking into consideration the amount of interest received in return from the investment in the obligations of the United States. I can not

believe that it is the purpose of the committee that the entire amount of interest so paid should be deducted regardless of the fact that the investor receives back from the Government on account of the interest upon the Government securities a certain amount of interest equal to as much as one-half in some instances and even more than one-half in other instances of the amount of interest paid out.

The purpose and object of my amendment is to have deduction apply only to the difference between the amount of interest that is paid on account of the indebtedness and the amount received from the Government on account of the obligations held by the investor. It seems to me this is a very plain proposition and one that should commend itself. If we permit the committee amendment to stand in its present form, then we allow a deduction of the entire amount of interest paid on account of investment, and also under other provisions of the bill permit to be tax free the interest received upon the Government securities. Certainly it was the purpose and object of the committee to do that, but in the present form of the bill that would be the consequence. For that reason I propose this amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment offered by the Senator from Florida.

Mr. SIMMONS. Mr. President, I should like to ask some member of the majority of the Finance Committee whether they agree to the statement made by the Senator from Florida?

Certainly if it is true that the taxpayer is allowed a deduction on interest received upon his bonds, and is allowed a deduction of the total interest that he may pay for the money which he borrows to purchase the bonds, he will have two deductions of interest. If he paid 6 per cent on the money borrowed and his bonds carried 4 per cent interest, he would have a deduction of 10 per cent, according to the contention of the Senator from Florida. I should like to ask some Senator on the other side of the Chamber, representing the Committee on Finance, whether the committee admit that contention?

Mr. SMOOT. No, Mr. President; we admit it only as to bonds on which there is no tax whatever imposed; in other words, the 3½ and 3¾ per cent bonds were issued and were sold to the American people free from all forms of taxation; in that case, and in that case only, the statement made by the Senator from Florida could apply; but as to all the other Government bonds which are taxable it does not apply.

While on my feet, Mr. President, I wish to say that we shall ask for a reconsideration of the vote whereby the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] was just agreed to. We might just as well strike out the entire provision as to strike out the words that have just been voted to be stricken out by the Senate. There was so much confusion in the Chamber at the time action was taken on the amendment that no Senator knew what the amendment was. The amendment was not discussed in any way, and I doubt whether there were half a dozen Senators in the Chamber who knew that it was the pending amendment.

Mr. PENROSE. Mr. President, I wish to confirm what the Senator from Utah now states. I was sitting here in my seat, and by some kind of mysterious maneuvering at the desk the amendment was passed without my realizing or knowing what was done.

Mr. SMOOT. I will ask the Senator from North Carolina if the statement which I have made was satisfactory to him?

Mr. TRAMMELL. Mr. President——

Mr. SIMMONS. Just one moment.

Mr. TRAMMELL. Will the Senator from North Carolina yield to me for one moment?

Mr. SIMMONS. Yes.

Mr. TRAMMELL. In the case as stated by the Senator from Utah [Mr. SMOOT], would not my amendment still be applicable?

Mr. SMOOT. No.

Mr. TRAMMELL. If the bonds are taxable, then there would only be such deductions made from the amount of the indebtedness incurred on account of the borrowed money as the difference between the amount received from the bonds and the amount expended in interest on account of the money borrowed for the investment. That is the plain wording of my amendment.

Mr. SMOOT. No; the Senator's amendment goes further than that. The Senator's amendment applies to all 3½ and 3¾ per cent bonds which have been issued by the Government free from all forms of taxation. The object of the committee amendment is to allow deductions—

on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917.

The Senator's amendment includes all obligations of the Government; and I certainly do not believe that he would intend such a thing or even offer such an amendment if he knew what the effect of it would be. I will say to the Senator that when the 3½ per cent bonds and the Liberty bonds bearing 3¾ per cent interest were issued free from all forms of taxation it was understood that there would be no tax imposed upon them in any way, shape, or form. This committee amendment simply allows as a deduction the interest which is paid in order to carry those bonds for the years named; in fact, it merely amounts to a notice that the purchaser of bonds under such circumstances shall not be allowed the deduction hereafter; that the interest upon all such obligations—that is, the bonds bearing 3½ and 3¾ per cent interest—shall hereafter be taxable and the deduction can not be made as it has been made in the past.

Mr. REED. Will the Senator from Utah pardon me if I ask a question?

Mr. SMOOT. I yield to the Senator for that purpose.

Mr. REED. The amendment, like many other clauses in the pending bill, can not be understood except by some one who has been administering the tax laws—and I do not say that to criticize at all—but does the Senator from Utah understand that the effect of the amendment is, if I bought a thousand dollars' worth of Government bonds and went down to the bank and borrowed the money to pay for those bonds, that I should be allowed a deduction on account of the interest and be exempted from any tax on my income on those bonds, even though they are bonds that may be subject to taxation?

Mr. SMOOT. Under the committee amendment as it was originally agreed to, even though the interest on the bonds is wholly exempt from taxation, I will say to the Senator, the amount of interest which he would pay to the bank in order to carry those bonds might be deducted in the way of an exemption.

Mr. REED. From my other income?

Mr. SMOOT. From the Senator's other income or from the income from the bonds.

Mr. REED. Now, let us follow that for a minute merely for the sake of clarity. I think we shall get along better in this way than by making speeches about it. I buy $10,000 of Government bonds; I do not have the money to complete the purchase, and I go down to the bank and borrow $10,000 and pay 6 per cent interest upon the loan. When I come to make my income-tax return I put in all the items of my income, and then it is proposed that I shall be allowed to deduct the 6 per cent interest that I paid to the bank for the money to buy these bonds.

Mr. SMOOT. Tax-exempt bonds?

Mr. REED. Tax-exempt bonds, but not other bonds.

Mr. SMOOT. No; other bonds are not included in the provision.

Mr. REED. So that we have this kind of a situation: I have my bonds; I get 3½ per cent interest on them; and I do not have to count that as part of my income.

Mr. SMOOT. No. I will say to the Senator that the interest from a tax-exempt bond is not included as a part of the income for the purposes of taxation.

Mr. REED. Very well. I put in my pocket the $350 which I receive as interest on the $10,000 of 3½ per cent bonds, and then I am allowed to deduct from my income the $600 interest that I paid to the bank at the rate of 6 per cent on the $10,000 which I borrowed to pay for the bonds. So that I have an exemption, first, of my bonds that are nontaxable, and then I have in addition to that a credit against the remainder of my income for all the interest that I paid to the bank to carry the bonds. Is not that almost equivalent to giving me a double exemption?

Mr. SMOOT. Mr. President, it would be a double exemption provided the man could go to the bank and borrow the money at 3½ per cent, but no one can borrow money from a bank at 3½ per cent; on the contrary, it is necessary sometimes to pay as high as 8, 9, or 10 per cent, particularly in the case of a man who purchased 3½ per cent bonds.

Mr. REED. Let me follow that for just a moment further. What is proposed is this: Say that the 3½ per cent bond, which already is the highest rate of interest on tax-free Government bonds, except some of the old bonds that were issued before the war——

Mr. SMOOT. Interest of 3¾ per cent is the highest rate on Government bonds which are absolutely tax exempt.

Mr. REED. That is the highest rate except in the case of some of the old bonds that have special privileges. The proposition is to add to the privilege which those bonds already have the privilege to borrow money upon them for the purpose of carrying them.

Mr. HITCHCOCK. No, Mr. President; the Senator has got that wrong. I think if he will let me set forth the facts he will agree with me. In the first place, this controversy relates only to the year 1921. Heretofore any man in making his income-tax return has had the privilege of deducting all interest that he paid on all indebtedness.

Mr. SMOOT. Up to January 1, 1922.

Mr. HITCHCOCK. Let me finish—the taxpayer has had the right to deduct all interest that he paid on any indebtedness. Under that situation the House felt that he ought not to deduct the interest that he paid on a debt secured by a tax-free bond, and so the House provided that he should not hereafter be allowed to deduct interest on a tax-free bond. The Senate Committee on Finance thought that would be unfair to those who have already been borrowing during the current year on tax-free bonds under the expectation that they could deduct their interest. So the Senate committe provided that the prohibition should not go into effect until next year, but that the old law should continue during the present year. The amendment which I proposed was to strike out the words "even though the interest therefrom is so wholly exempt." Probably the effect of my amendment is to kill the amendment of the Senate committee.

Mr. SMOOT. It does kill it, as I have already said.

Mr. HITCHCOCK. I think it does kill it. So that, if nothing else is done, the House provision will remain, and anyone who has borrowed money during the current year on a security of a tax-free bond will not be allowed to deduct the interest which he has paid.

Mr. SIMMONS. Mr. President, ought he in any case to be allowed to deduct the whole of the interest? He has his tax-free bond drawing, we will say, 3½ per cent interest. Now, he borrows money with which to pay for that bond. He has to pay 6½ per cent for the money which he borrows. The 3½ per cent which he gets from the bond will offset 3½ per cent of the 6½ per cent; and it seems to me that it would be all of the concession that we ought to make if we allowed him to have free of taxation the difference between the interest upon his tax-free bond and the interest which he had to pay to borrow the money with which to purchase the bond. I suggest that to the Senator from Utah. That, it seems to me, would be the correct principle.

Mr. SMOOT. Mr. President, the existing law gives the same credit up to January 1, 1922. Under the existing law that right exists now, and the provision in the bill simply gives notice that after January 1, 1922, the deduction shall not be allowed. The bondholder, however, has made his loan under existing law and has been carrying the obligations in order to hold his bonds. The interest upon the bond is 3½ per cent, and he has been paying, perhaps, 8 per cent on the loan. Next year we give him notice that we want him to know that he has got to change his obligations as they are now or else he will not be allowed to get credit for what the law allows him to-day; that is all there is to it. It seems to me no more than fair that the American people should have some notice in relation to the change in the law affecting loans which they have made for the purpose of carrying United States obligations. I can not make it any plainer than that.

Mr. SIMMONS. As I understand the Senator from Utah now, he bases the justice of this matter upon the fact that notice has not been given that the law would be changed.

Mr. SMOOT. That is a part of it.

Mr. SIMMONS. But I am asking the Senator if he does not think that the real concession ought to be the difference between the interest received on the tax-free bonds and the interest he is required to pay upon the money which he borrowed? Why should he be entitled to more than that? It is true that during the war we seemed to have allowed him more than that. Then we were dealing with this subject in a very liberal spirit; we were trying to encourage the purchase of Government bonds.

Mr. SMOOT. And the holding of Government bonds.

Mr. SIMMONS. But we are now three years away from the war. Most of these bonds were sold two or three years ago, and I assume that the great bulk of the obligations assumed for their purchase has been paid off. As the Senator suggests to me, probably all of them, or certainly a large part of them, have passed into the hands of men of wealth, who do not have to borrow the money with which to buy them; but undoubtedly there are some still outstanding. Now, we have reached the point when we can consider this matter from the standpoint of what is fair, what is just, and what is equitable. I can not see for the life of me, if you look at the matter from that standpoint, why we should allow the purchaser of those bonds an exemption on the interest which he pays when he borrows the money of any greater amount than the difference between the interest which he receives on the tax-free bond and the interest which he pays. If the Senator can conceive of any reason why there should be a greater exemption, I should like very much to have him discuss that phase of the matter.

Mr. SMOOT. Mr. President, I will say to the Senator that I think that if we were doing fairly we would not only go further than we have in this matter but we would follow out just the plan that is suggested by the Senator from North Carolina, and after the year 1922 we would allow the owner of these bonds a credit for the difference between the interest that he pays and the rate of interest upon the bonds; but we do not do that. We say, "You shall not have any credit after the year 1922"; but the object of it is to say to these people who are borrowing money to carry these obligations of the Government, "You must arrange your affairs now so that after the year 1922 there shall be no credit given you for the interest paid upon money borrowed to carry Government bonds." Of course this applies entirely to tax-exempt bonds.

I think that notice ought to be given, and I will join the Senator from North Carolina in an amendment to this part of the bill stating that after the year 1922 the owners of these bonds shall be given credit for the difference between the interest they pay and the interest on the bonds which they are carrying. That would be the fair proposition, but that is not what we are going to do. We are going to change the law and provide that after the year 1922 no credit at all shall be given, no matter if the interest is 7 or 8 or 9 per cent; it makes no difference; the money borrowed to carry those bonds shall not be deducted from their net income. I can not see anything in it but what would be perfectly fair and just.

Mr. REED. Mr. President, if the Senators who are interested in studying this matter will take the bill, on page 37, at line 21, they will get the context, which makes the proposition we are discussing reasonably plain. I will read it:

SEC. 214. (a) That in computing net income there shall be allowed as deductions—

Now turn over to paragraph (2) on page 38:

All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities, the interest upon which is wholly exempt from taxation under this title as income to the taxpayer.

That was the House text; and under that if a man went to the bank and borrowed money on ordinary securities, when he made his income-tax return he would credit himself with the interest he had paid out. If he went down and borrowed on 4¼ per cent bonds, or if he borrowed on ordinary collateral of any kind, or if he borrowed on the 3¾ per cent bonds, he deducted the entire interest that he had paid out except in the case of the 3¾ per cent bonds. In that case, under the House text, as I understand, he was not allowed to deduct anything. He got 3¾ per cent for his bonds tax free; he was entitled to that; but he borrowed money upon those bonds at 6 or 7 or 8 per cent; and he was entitled in equity, I think, to a credit of the difference between the interest he paid and the interest that he received on the tax-exempt securities.

Now, however, it is proposed to add this language:

Provided, That in the case of returns made for the taxable year 1921 or 1922 there shall be allowed as a deduction interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, even though the interest therefrom is so wholly exempt.

That means that if a man has possession of a block of the nontaxable bonds he can take them to the bank and borrow money upon them, and he is exempt from any taxation upon the interest on the bonds, and then it is proposed to give him a credit for all of the interest he pays to the bank, although his net payment to the bank is in fact the difference between the interest the bank exacts and the interest he gets on the bonds. It is admitted that that ought not to continue; but it is said that it should be continued this year because people have been dealing with an understanding that it would be permitted.

Mr. President, that does not appeal to me. The Government made a contract with the purchaser of these bonds. That contract was perfectly plain. They were to have these particular bonds tax free. We keep that contract when we allow them to hold the bonds in great or in small amounts and not return as a part of their income any interest charged upon them. That has already given to those bonds such an advantage in value that although they bear a less rate of interest than the bonds subsequently issued they sell at a higher rate in the market. What contract did we make with the purchasers of those bonds which obligated us to say: "We will give to those bonds an additional advantage, namely, if you go and borrow money upon them we will allow you, first, to exempt the interest upon the bonds and then to credit yourself with the interest upon the

money you borrowed to carry the bonds." That is giving to them an additional and artificial advantage.

Mr. SMOOT. Mr. President, if the Senator will yield, in answer to the Senator I want to say that the Government of the United States not only made a contract by the passage of the law that gave the citizen that right, but in every circular that was issued by the Treasury Department of the United States appealing to the people of the United States to purchase these 3¾ per cent Victory bonds they pointed out specifically that not only could the purchaser go and borrow money upon the bonds to carry them, but he would have whatever interest was paid upon his loan by way of a deduction or an exemption from the amount of his income.

Mr. REED. If the Treasury sent out a circular of that kind, I should like to see it. I should like, first, though, to see the thing we can get at, and that is the clause of the law. If that is the law, it has escaped my attention.

Mr. SMOOT. I will get a copy of the circular, and I ask that it be put in the RECORD at this time.

Mr. REED. Very well; but is there a clause in the law to that effect?

Mr. SMOOT. The law is that way to-day.

Mr. REED. Oh, no; the law to-day, the law that we passed with reference to the sale of these bonds, was that the bonds should be issued tax free; but that does not mean that you can borrow money upon them tax free, and that the interest you pay for the money you borrow to carry them shall be credited upon your income.

Mr. SMOOT. Why, Mr. President, the law specifically states that whatever interest is paid shall be deducted from the income. Here is what it says——

Mr. REED. The law that was passed at that time?

Mr. SMOOT. Yes; I will read the law.

Mr. REED. I am not familiar with it.

Mr. SMOOT (reading):

All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917), the interest upon which is wholly exempt from taxation under this title as income to the taxpayer, or, in the case of a nonresident alien individual, the proportion of such interest which the amount of his gross income from sources within the United States bears to the amount of his gross income from all sources within and without the United States.

Mr. REED. What is the date of that law?

Mr. SMOOT. This is the act of 1918.

Mr. REED. And these bonds were sold when—before that law was passed?

Mr. SMOOT. The Liberty bonds? Let me see if this is the act of 1918. I will see just the date of this law.

Mr. REED. I meant that as an inquiry. It sounds like an assertion in the record, but I meant it as an inquiry.

Mr. SMOOT. I will say to the Senator that this is the act of 1918, passed in February, 1919.

Mr. REED. Is it the Liberty loan act?

Mr. LA FOLLETTE. Oh, no.

Mr. REED. Is that the act under which these bonds were issued and sold?

Mr. LA FOLLETTE. Absolutely, no.

Mr. SMOOT. Why, no.

Mr. SIMMONS. No; this is the revenue act.

Mr. REED. A subsequent act?

Mr. SMOOT. Yes.

Mr. REED. I am talking about the contract with the man who bought the bonds. The Government came to the people of the United States on a certain day and said, "We must have money. Buy these bonds, and they will be tax free." The citizen bought them. The Government is under a solemn obligation that those bonds shall remain tax free, and we must not violate that contract; but if a law was subsequently passed which gave the man who was going to pay the income tax the right to put those bonds up with a bank, and then have his interest deducted, which was our contract, and then have a credit upon his income tax of the amount of money he borrowed to carry the bonds, that is not a contract; that is a benefaction subsequently conferred upon him by the law.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for just a moment?

Mr. REED. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I want to remind the Senator that that is one of the provisions which was put into the law of 1918 as the result of a controversy. Contention was made that it ought not to go in. It was in and out a number of times during the passage of that bill through the House and the Senate. It was put in in the interest of speculators, and to give an added advantage to the holders of those bonds, and it is proposed by this provision still further to extend it.

Mr. WILLIAMS. I would like to ask the Senator from Missouri a question.

Mr. REED. Certainly.

Mr. WILLIAMS. And I direct the question also to the Senator from Utah. I ask it simply for my own information. Do I understand that what is being contended for is that if a man has a tax-exempt bond upon which he draws 3½ per cent interest, he may carry that bond to somebody and borrow money at 6 per cent on it, and that then he will be allowed to exempt that 6 per cent from taxation in addition to the 3½ per cent?

Mr. SMOOT. No; not in addition to the 3½ per cent.

Mr. WILLIAMS. Wait a minute. Leaving out the words "in addition," because there might be an argument, do I understand the proposition is that if I hold, as I happen to do, some of those first bonds, if I go to a bank and borrow money and pay 6 per cent interest upon that, I am to exempt my 6 per cent as a substitute for the exemption of the 3½?

Mr. SMOOT. No; not as a substitute for it.

Mr. REED. You get both of them exempted.

Mr. WILLIAMS. If it is not an addition or a substitute, I still am allowed an exemption in some way?

Mr. SMOOT. The interest upon the bond itself is exempted from taxation, as well as the interest on the money you borrow, no matter whether it was upon the obligation or not.

Mr. WILLIAMS. Is it possible under this proposed law for me to have an exemption from an income tax upon 6 per cent that I am paying on the money I borrowed on the bonds upon the ground that the original bond which was floated at 3½ was exempt from taxes?

Mr. SMOOT. If the Senator has paid any interest upon any money borrowed for that purpose, I think that in making up his income tax return he has deducted it from his income in the past, under the law of 1918.

Mr. WILLIAMS. Of course, that is purely a personal question. I have not done so, because I did not know I had a right to do it. I probably would have done it if I had known I had the right to.

Mr. SMOOT. The experts who made out the Senator's return should have told him that.

Mr. WILLIAMS. In making out my income tax returns, I have simply failed to give any account to the Government of my income upon United States exempt bonds. I have simply stated that I held a certain number of them which were exempt, but I never have claimed as a deduction or an exemption, in any way, anything I borrowed upon the bonds, mainly because I never borrowed anything on them.

Mr. SMOOT. I thought that was probably the case.

Mr. WILLIAMS. But I would not have thought of it. I would not have known it was the law, if it is the law, and I would have considered it a very unfair thing to do. Of course, I have not paid an income tax upon that part of my income which has proceeded from the interest upon Liberty bonds, and the only way I can think of in which you would avoid paying would be by not returning them as subject to taxation. I have named them, but have claimed that they were not subject to taxation, and have deducted the interest on them from my general income.

If we are going to have a state of things under which a man can claim exemption of the 3½ per cent he gets on a Government bond, and then can also claim a reduction from his general income of the amount of money which he has paid as interest to a bank when he has borrowed money from the bank upon the strength of the bonds as security, that would seem to be eminently unjust.

Mr. SIMMONS. Mr. President, the Senator from Missouri [Mr. REED] is entirely right about this matter. This exemption is not a part of the contract. This exemption, as I said a little while ago, is a mere concession to the purchasers of these bonds. It was put into the act of 1918. In 1917, while the war was on, while our expenses were heavier than at any other period of our venture, we floated an enormous quantity of bonds. We had floated some the year before. Those bonds, it was represented to the committee, were, in the first instance, taken as a rule by the banks of the country and sold by the banks to their customers on the installment plan, the banks agreeing that they would sell so many of these bonds, and advising their depositors, for the purpose of inducing them to purchase them, that if they would purchase them they would lend them the money with which to pay and allow them to pay it back in installments.

It was said, "These installments have not been paid. The banks and the purchasers of these bonds were trying to help the Government out, and we ought to be as generous with them as possible under the circumstances." The act of 1918 was

passed for the purpose of relieving what you might call that emergency situation, because it was said that if those gentlemen were forced to pay up their indebtedness to the banks right away they would have to surrender their bonds, and their efforts to help the Government would result in loss to them. We did not scrutinize it very closely.

Mr. SMOOT. Will the Senator yield?

Mr. SIMMONS. I yield.

Mr. SMOOT. Mr. President, in looking at this amendment more in detail I see that it is simply to carry out just exactly what I said I thought would be perfectly fair after 1922. I have no objection to accepting the amendment just as the Senator from Florida has offered it and letting it apply even to the year 1921.

Mr. SIMMONS. I think that is all they can ask at this time.

Mr. SMOOT. I am perfectly willing to accept it in that way. I do not want to give these men one single penny's advantage, not a penny's advantage.

Mr. PENROSE. Let us accept it and dispose of it.

Mr. SMOOT. I am perfectly willing, if the Senator is.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose a further amendment to this section of the bill.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. After the numerals "1917," in line 19, page 38, the Senator from Florida proposes to insert the following proviso:

Provided, That no deduction shall be allowed for interest on such indebtedness so incurred or continued for the purchase of or to carry obligations of the United States where the taxpayer did not pay par or more than par for the said obligations of the United States.

Mr. SMOOT. Does the Senator desire to speak on his amendment?

Mr. TRAMMELL. If the Senator from Utah desires to speak first, I will follow him.

Mr. SMOOT. No; I will not speak now, except to say that we could not accept that amendment.

Mr. TRAMMELL. As I understand the object and purpose of this amendment as proposed by the committee, allowing the deduction of interest paid upon indebtedness incurred for the purchase of United States obligations, it is that those patriotic citizens who came to the rescue and the support of the Government during the war shall be allowed the exemption of interest upon money which they borrowed for the purpose of assisting the Government through purchasing those obligations. The citizen who purchased the obligations of the United States paid par for those obligations. If we desire to allow him the deduction, and I think it is very proper, where, as a patriotic duty, although he did not have the funds with which to purchase the bonds, he went and borrowed the money with which to make the purchase, he should be allowed the deduction. We will, under my amendment, reach that class of American citizens. My amendment provides that if a man purchased the bonds at par he shall be allowed this deduction.

If we do not write into this provision a clause of this kind, what will be the result of the committee amendment in its present form? Every speculator who has gone into the bond market since the war, or who is now in the bond market, purchasing bonds at the ridiculously low price at which they are selling, if he uses borrowed capital for that purpose, will be allowed that as a deduction. He will be rewarded for his speculation in bonds at a ridiculously low price, just the same as the patriotic citizen who paid par will be recognized for purchasing those bonds during the crucial hours of the Government.

I think it is proper to treat with the citizen who borrowed money to buy bonds for the purpose of assisting his Government, as the amendment proposes; but I think it is highly improper for the Government to throw its protection around and to give its encouragement to bond speculators by saying to them, "If you borrow money to purchase Government securities, we will deduct from your income all the money you use for the purpose of borrowing that money; and, furthermore, you will be allowed the privilege of the governmental exemption on those bonds, and we also give you, as a little inducement as a speculator or as a bond shark, a credit of the money you borrowed for the purpose of carrying the investment."

I seek to have that prevented under the provisions of this bill. That is the purpose and object of the amendment.

Mr. SMOOT. Just one word, Mr. President. If the amendment was carried out, it would be a burden upon hundreds of thousands of people, I suppose, in the United States who bought these bonds originally in good faith.

I know of a man who purchased $100,000 worth of the 3½ per cent bonds. I know he signed a note with another party at a New York bank——

Mr. REED. What did he pay?

Mr. SMOOT. I will tell what he paid. He signed a note with another party, and a demand was made by the bank upon the party, and I know that man had to sell his bonds to meet that note, and I know that the man purchased the same amount of 3½ per cent bonds about six months afterwards to replace them.

Mr. WATSON of Georgia. Who is the man?

Mr. SMOOT. I am not saying who the man is. I know he again purchased the same amount of 3½ per cent bonds, and I know that in that six months he lost in the deal, and he is carrying in the 3½ per cent bonds exactly the amount he had originally. The amendment of the Senator would cut him out entirely, and I know many men and women have been forced to sell their obligations for some special reason, and in every case of that kind, if the Senator's amendment were put into operation, there would be an absolute violation of the contract entered into between the purchaser and the Government of the United States when the bonds were purchased.

Mr. TRAMMELL. Does not the Senator also know that under the provisions of the amendment, as proposed by the committee, the speculators and the bond sharks of the country will be protected and have exemption of the interest on money that they may have borrowed for the purpose of going around and buying up the bonds at a ridiculously low price, and will also get an exemption of the interest as provided in the committee amendment?

Mr. SMOOT. No; the committee have accepted the amendment of the Senator from Florida that equalizes the difference between 3½ per cent or 3¾ per cent on the bonds and the amount of interest that the taxpayer paid, and that is ample.

Mr. REED. Mr. President, that does not meet the question at all. By way of preliminary, repeating in part what the Senator from Florida just said, when the Government appealed to the people of the country to buy these bonds and the patriotic people came forward with their money, or if they did not have money went to the banks and borrowed it, they all paid par for their bonds. The amendment of the Senator from Florida proposes to allow those people who did pay par for their bonds to have the right to borrow money to carry them and to have a credit for the difference between the interest they receive on the bonds and the interest they are obliged to pay to carry them if they bought at par.

After those bonds had been sold and the people of the country had taken them at par they began to be bought up at a discount by speculators. For a time, at least, the bonds were so greatly discounted that the interest paid by the Government of 3 and 3¾ per cent enabled the discount purchaser to realize upon his investment approximately 5½ to 6 per cent. They were bought in enormous quantities by two classes of people. One class was the bond speculator and the other was the individual who purchased the bonds because they were tax exempt and he wanted to get his money into something that did not bear any taxes. He was the man with the very large income or the very large estate.

The proposition as it now stands in the bill will allow the individual who bought the bonds at par and who had to borrow the money to collect his interest on the Government tax-free bonds and to have a credit upon his income of the difference between the interest he receives from the Government and the interest he pays the bank for carrying the bonds if he bought at par, and that would leave him so that he would come out of the transaction whole. But if he bought those bonds so that he realizes in fact a net return from the Government bonds of 5 or 6 per cent because he got them at so low a price, then that speculator is still given an advantage by the bill as amended, for he will get his 6 per cent from the Government, he will not turn in a cent of it, because it is all tax exempt, and then he will get an exemption upon the interest he paid the bank minus the 3¾ per cent interest that the bonds bear upon their face.

Now, that is not fair. The amendment of the Senator from Florida covers that kind of a case. The Senator from Utah spoke pathetically of somebody who bought these bonds and afterwards had to sell them at a discount. The man who had to sell his bonds does not have his bonds to borrow money on.

Mr. SMOOT. He does if he purchases them back.

Mr. REED. If he goes and purchases them back, of course.

Mr. SMOOT. I know of hundreds of people who did that.

Mr. REED. If he purchased them back and he did so at a discount. The way this will work out will be as follows: A man takes $9,000 and purchases $10,000 worth of bonds. He gets from the Government $350 of interest and he credits that to himself and pays no tax on it. He borrows $9,000 from the

bank to carry the transaction at 6 per cent, which is $540, and he deducts from that the $350 of interest he got from the Government and he is ahead in the transaction.

Now, what is there wrong about saying to the man who speculated in those bonds and who got them at a discount, "If you did that, you can not charge up an exemption. We will extend the exemption to the man who patriotically borrowed money to buy bonds from the Government and bought them from the Government at par. We will not extend it to the man who went into the market and got the bonds and took whatever advantage he could in the market of the man who had bought them from the Government. We will not give him the advantage of this exemption."

I say that the amendment of the Senator from Florida is not only wise and proper, but it is consistent with the spirit of the very amendment we have adopted.

Mr. WADSWORTH. Mr. President, the amendment offered by the Senator from Florida makes a very strong appeal to a certain sentiment which I can understand and comprehend, but I think before we pass on it we ought to view it from a broader standpoint than that related by the Senator from Florida and the Senator from Missouri.

This apparently is an attempt to discriminate between the holders of bonds. The holder or purchaser in the first instance is to enjoy a certain privilege, but if another citizen happens to be a purchaser in the second instance of the same bond, the Government will say to him, "You shall not enjoy that same privilege." Great emphasis is placed upon the terms "speculation" and "speculator."

Mr. TRAMMELL. Will the Senator permit a question?

Mr. WADSWORTH. Certainly.

Mr. TRAMMELL. If he paid par or more for those bonds subsequently, he is allowed a deduction just the same as the original purchaser.

Mr. WADSWORTH. Yes; but the fact is that scarcely any of the second or third purchasers paid par. If the bonds were not worth par, why should he pay par?

We are trying to cure an unfortunate situation resulting from a decline in the value of Liberty bonds by inserting in the tax law a discrimination between those who paid par in the first instance and those who did not pay as much as par in the second instance. I am not sorry for those who paid less than par. The person I have in mind, who should be protected under the law so far as the law can do it in consonance with sound finance, is the original purchaser. The original purchaser paid 100 cents on the dollar. The law is going to permit him to get an exemption on the money which he put up, which he borrowed to pay for that bond at the rate of 100 cents on the dollar.

The time has often come in the past, and it may often come in the future, when he is compelled to sell. If the bond market will not bring him 100 cents on the dollar, of course, he must sell at less than par. He goes to the prospective purchaser and wants to sell his bonds. The purchaser will say to him, "I can not give you as much as I could before Congress passed that law the other day, because when I buy these bonds I can not get any exemption for the money that I borrow to pay for them; therefore I will give you less than ever for the bonds for which you paid originally 100 cents on the dollar."

I fear that this will tend to decrease the value of bonds still in the hands of those who paid 100 cents on the dollar, and those are the people whom I would like to see protected.

Mr. REED. Mr. President, if the Senator from New York came to me to sell me a bond and the amendment now proposed had been adopted and was the law and I proposed to shave that bond, he would immediately say to me, "If you do not shave this bond you can go down and borrow the money and you can have a full credit for the interest that you paid to get the bond, but if you do shave the bond you can not have that advantage, and therefore you had better pay me par." So I think the argument of the Senator and the situation he states will work exactly the reverse of the way he suggests.

Mr. WADSWORTH. Yes; if the market was a seller's market, but suppose the market is a buyer's market; then the holder is helpless.

Mr. REED. Certainly he is helpless. Let us see where we end with the Senator's argument. The Senator's argument, if it is a correct one, ought to be applied not to this year, but it ought to continue throughout in order to give value to the bonds for the benefit of the poor seller. But it is not proposed to do that in the bill. It is proposed that this advantage given to these bonds shall cease at the end of a year, so that at the end of that time the poor seller will be in the very situation of which the Senator speaks as being one which he thinks might be unfortunate. His argument, if it be sound, ought to result in continuing the present law, which was passed, of course, for the benefit of those who were dealing in these bonds.

Mr. WADSWORTH. Does the amendment of the Senator from Florida apply only for a year?

Mr. REED. The whole amendment of the committee as it now stands. The committee itself proposes to end this in a year. The question now before us is what we are going to do during that year.

Mr. WADSWORTH. During the remainder of the year.

Mr. REED. Yes; the remainder of the year.

Mr. WADSWORTH. I am discussing the matter entirely from the standpoint of the principle involved, and if the principle of the Senator's amendment is sound for six weeks or two months, it is sound indefinitely. I do not like to see any discrimination made even for that short period.

Mr. TRAMMELL. Mr. President, is not the same true of the amendment proposed by the committee? If it is sound for six weeks or six months, is it not sound indefinitely? Why does the committee propose to terminate after 1922 the policy carried in the amendment? So far as my amendment is concerned, my amendment will not be necessary after 1922, because the special privilege and favoritism which is sought to be given to these money borrowers and speculators by the provisions of the committee amendment will terminate in 1922. Then they will not be allowed any deduction on account of the borrowed money.

Mr. WADSWORTH. Irrespective of the merits of the committee amendment, at least it is not guilty of discriminating between bondholders.

Mr. SIMMONS. Mr. President, I do not think it can be logically contended that there is discrimination between classes of bondholders in the amendment offered by the Senator from Florida [Mr. TRAMMELL]. This concession was granted for the benefit of the original purchasers and to induce the purchase of these bonds. The reason for granting it does not apply to a subsequent purchaser who purchases for less than par; indeed, the reason does not apply to the subsequent purchaser at all. When the reason for a law ceases to operate, then the law should cease to apply.

It seems very clear to me that, while the original purchaser of such bonds was justified in asking that concession from the Government under the circumstances which existed at the time, the purchaser of those bonds to-day, when some of them are selling in the market from 10 to 15 per cent less than their par value, certainly has no right in law, in equity, or in conscience to come to Congress and say, "You should permit me to deduct from my taxes interest that I paid upon money with which to buy these bonds at 15 per cent below par."

Mr. President, if that principle is to be recognized and this gratuity of the Government is to be granted to that class of taxpayers, it will mean that we offer an inducement to men to buy such securities at 15 per cent less than par, borrowing money for the purpose, as a means of escaping taxation, the purchaser to escape to the extent of the entire interest which he pays upon the borrowed money after having made a profit of 15 cents on the dollar upon the transaction.

I think the Senator from Florida needs to safeguard his amendment in that respect; I do not think the Senator's amendment in its present form quite safe in that particular; that is, it does not provide that the man who is denied this exemption should be some one other than the original purchaser. I suggest to the Senator that he modify his amendment by striking out the language in lines 4 and 5 and inserting in lieu thereof the words "when held by a taxpayer who purchased them for less than par." Then such relief would only extend to the original purchaser, or to a purchaser who has purchased bonds at full par value; and none of them are now being sold for par.

Mr. TRAMMELL. Will the Senator from North Carolina be kind enough again to state the modification which he proposes to my amendment?

Mr. SIMMONS. I will read the Senator's amendment as it would stand with the modification I propose:

Provided, That no deduction shall be allowed for interest on such indebtedness so incurred or continued for the purchase of or to carry obligations of the United States when held by a taxpayer who purchased them for less than par.

Mr. TRAMMELL. I think that covers the object that I had in view. I have no choice of phraseology as to the amendment. It seems to me that the modification of the amendment proposed by the Senator from North Carolina is all right, although I think my amendment also very thoroughly covers the point.

Mr. WATSON of Georgia. Mr. President——

Mr. SIMMONS. Just one word further, and I will yield to the Senator from Georgia.

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from Florida accept the suggestion of the Senator from North Carolina as to a modification of his proposed amendment?

Mr. TRAMMELL. I will hear the further explanation of the Senator from North Carolina before I accept his modification of my amendment, Mr. President.

Mr. SIMMONS. I was not going further to explain the modification of the Senator's amendment which I had proposed. I was merely going to submit a further observation.

Mr. TRAMMELL. Then, I will say that the modification of my amendment which has been proposed by the Senator from North Carolina is agreeable to me, Mr. President.

Mr. SIMMONS. Now, Mr. President, I yield to the Senator from Georgia [Mr. WATSON].

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] as modified to the amendment of the committee.

Mr. TRAMMELL. I suggest the absence of a quorum.

Mr. WATSON of Georgia. I thought I was recognized by the Chair.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hale	McNary	Smoot
Brandegee	Harreld	Moses	Spencer
Broussard	Harris	New	Stanfield
Bursum	Harrison	Newberry	Stanley
Capper	Heflin	Nicholson	Sterling
Caraway	Hitchcock	Norbeck	Sutherland
Culberson	Johnson	Norris	Swanson
Cummins	Jones, N. Mex.	Overman	Townsend
Curtis	Kellogg	Page	Trammell
Dillingham	Kendrick	Penrose	Wadsworth
du Pont	Kenyon	Phipps	Walsh, Mont.
Edge	Keyes	Pittman	Warren
Ernst	King	Poindexter	Watson, Ga.
Fernald	La Follette	Pomerene	Watson, Ind.
Fletcher	Lenroot	Ransdell	Williams
France	Lodge	Reed	Willis
Frelinghuysen	McKellar	Sheppard	
Gerry	McKinley	Shortridge	
Gooding	McLean	Simmons	

The PRESIDING OFFICER. Seventy-three Senators have answered to their names. There is a quorum present. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] as modified to the amendment reported by the committee.

Mr. WILLIAMS. Mr. President, I desire to consume about from three or five minutes in uttering a thought that occurred to me upon yesterday and that I would have uttered then had it not been for Senatorial obstruction.

Mr. SIMMONS. Mr. President, I ask for order in the Chamber.

The PRESIDING OFFICER. The Senator from Mississippi will suspend until the Senate is in order. [A pause.] The Senator from Mississippi will proceed.

Mr. WILLIAMS. Mr. President, I never intended by malice prepense to offend the Senate so far as to insist upon its being in order. I never would myself have called it to order. The natural state of the Senate is disorder, of course, and I so frequently share in that disorder that I never call the Senate to order.

I want to say something that I thought of yesterday and was prevented from saying, and I want to say it especially to my side of the Chamber. I think the country is tired of this endless Senatorial talk about this bill. The bill is a misbirth. It is pretty nearly an abortion. I doubt if there is a single Member of this body who would say upon his honor that he approved of this bill, either in its present shape or in any past shape that it hitherto has held; but at the same time, Mr. President, the American people have a right to know under what revenue laws they are going to live, right or wrong, wise or foolish, stupid or otherwise; and as one of the American people, I am getting tired with them of this constant and everlasting talkativeness about things that nearly everybody has made up his mind about.

I know, almost with vivid distinctness, how I am going to vote upon almost every proposition that has been suggested, and upon nearly every one that could be suggested. I think every Republican knows and every Democrat knows and every Independent, if there be any, knows and every Progressive—whatever that means—knows that much. I want to make an appeal to both sides of the Chamber to go to more voting and less talking, and to let the American consumers and the American taxpayers find out where they are. It seems to me that we are not only uselessly consuming time, but we are disgusting the American people with their authorized parliamentary body, with their authorized representative voice. They are tired of hearing every day little discussions between Senator A and Senator X concerning something that is the difference betwixt tweedledum and tweedledee, and they are also tired—although that reflects upon the honor of the people rather than upon this body—of hearing discussions of right and wrong. It is a pity that the American people are tired of hearing discussions concerning right and wrong in connection with taxation matters, but they are. They are as a Nation—this "incalculable Yankee Nation," as Tom Carlyle called them—people who are seeking their business interests of some description. They ought not to be that sort of people, but they are, and, being that, they are tired of this whole thing; and although I do not agree with them in their materialistic measurement of public questions, I am tired of it, too.

I want to make an appeal, therefore, to all the Members of this body to get down to voting upon all these amendments and upon this bill, and get it out of the way, not only out of the Senate's way but out of the Nation's way, and not only out of the Nation's way but out of the civilized world's way, because all of the business earth is awaiting, to a certain extent, upon what we are purporting to do or alleging to do or pretending to do or doing, one or the other, I hardly know which.

All of this I wanted to say yesterday afternoon for the purpose of urging the Senate to "accelerate itself," as a distinguished New York politician said when he confessed that he received $10,000 "for the purpose of accelerating public opinion." I should like to see the Senate act. Let us get through and go home and try to learn something from the people, if we are capable of learning anything from them, which is doubtful, or if they are capable of teaching us anything, which is still more doubtful; but let us get rid of the bill, get it out of the way, be done with it. We have discussed it now about three months, I believe, and I, for one, am tired of it. I am homesick, want to see my grandchildren and the flowers before the latter fade.

Mr. SIMMONS. Mr. President, I have heard it frequently said, not only in this Chamber but on the outside, that never before has a discussion upon a great bill in the United States Senate resulted in such a change of sentiment, all looking toward the improvement of the bill as originally presented.

Mr. WILLIAMS. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Mississippi?

Mr. SIMMONS. I do.

Mr. WILLIAMS. I agree perfectly with that. I think the discussion has amended this bill very much, and I think that all of us can meet it in its amended form now with votes.

Mr. SIMMONS. Mr. President, on yesterday we had discussion. We voted yesterday upon several very important amendments. This morning we opened with the presentation by the Senator from Florida [Mr. TRAMMELL] of an amendment which, when it was first presented, had in the eyes of members of the majority of the committee no merit; but after not prolonged discussion—not irrelevant discussion, but direct discussion—Senators on the other side who had originally opposed it conceded the justice of the proposition and accepted the amendment. Now we are discussing another amendment. We have devoted only a few minutes to it, and I am quite sure that as the result of the discussion Senators on both sides of the Chamber see this matter with reference to the second amendment in a different light from that in which they saw it in the beginning.

The discussions on these amendments must take place when the amendments are offered. Nobody knew that the Senator from Florida was going to offer this amendment. In this particular instance I knew it; he showed it to me; but as a general rule Senators did not know it until he presented it, and there was no opportunity to discuss it until its presentation.

Mr. TRAMMELL. Mr. President, will the Senator yield? I will state in that connection for the information of the Senator that I sent both of these amendments to the desk and had them printed, including the one presented this morning, on October 11; but this is the first opportunity we have had to reach them.

Mr. SIMMONS. That is true. There are a number of amendments on the Clerk's desk that not five Senators in this body have seen. They know nothing about them until they are presented on the floor of the Senate. They are not in order until they are reached. The amendment that the Senator now offers was not in order until this morning. No unnecessary time has been occupied in its discussion, and as we go on with this bill amendments will be offered; not only the amendments of the committee but individual amendments will be offered upon the floor of the Senate. If the amendments have merit, if the amendments present questions of dispute, surely we ought to discuss them not in a desultory way, not in an irrelevant way, but directly, and I think that is all we have been doing.

Of course, a great bill like this can not be considered without many irrelevant things being injected. Senators have the right when any bill is under consideration to get up and speak upon any subject they want to, and nobody can restrain them. I think nobody wants to restrain them.

Mr. REED. Mr. President, did the Senator ever see them stick closer to a bill than this one?

Mr. SIMMONS. I never have in all my life; and it is not our purpose and it has not been our practice here to give more than proper discussion to these matters that have been under consideration by the Senate. The discussion has resulted, first, in the majority members of the Finance Committee going into their rooms in secret and adopting forty-odd new amendments and bringing them in here. It has resulted in the majority members of the committee presenting to the Senate propositions with reference to the vital things in this bill wholly different and very much better than the propositions originally presented. I have never known a bill to be so radically changed, and we are not half through with the amendments. We are not half through with the committee amendments yet. I have never known a bill of this consequence to be so radically changed as the result of the discussion on both sides of this Chamber as this bill has been changed, and the changes in every instance have been in the interest of the people.

Under those circumstances for a Senator to stand up here and say that this discussion has been idle and futile it seems to me must be attributed to the fact that he probably has not been aware of what has been going on or has not kept up with it.

Mr. HEFLIN and Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, this is a very important amendment. It affects very vitally hundreds and thousands of people in the country who have bought bonds at par. Those who came in the time of their country's peril and purchased these bonds for the purpose of supplying to the Government the money necessary to carry on the war are entitled to consideration at the hands of the Congress. They ought to be aided by the provision suggested in the amendment of the Senator from Florida [Mr. TRAMMELL].

I appreciate the solicitude of the distinguished Senator from Utah [Mr. SMOOT] for these small bondholders, suggesting that some of them had to borrow money to pay for their bonds and finally lost their bonds. There are thousands and tens of thousands who came up from their homes in good faith and bought bonds—some of them mortgaged their homes to secure money to buy bonds—to help win the war. They were told, as I said on yesterday, that those bonds would always be at par, that they were as good as gold, that if they needed money on them they could borrow money at the banks, and there would be no trouble about it. They responded nobly and purchased the Government bonds. They supplied the necessary sinews of war, and then retired to their homes in the various sections of the country. Then what did we see, with your party in power in both branches of Congress? We saw a Federal Reserve Board that controls the money supply and credit of the country inaugurate a deflation policy that drove the bonds out of the hands of the small bondholder.

I believe that the Federal Reserve Board proceeded with that deflation policy in part for the benefit of the bond sharks of Wall Street. That is a pretty severe term to apply to them, but I am applying it. They knew what effect that policy would have; and what happened? The poor little fellow who held a bond could not borrow money on his cotton. He could not borrow money on his cattle, and he could not borrow money on his grain; and what did he do? His good wife said to him, "John, I believe I would borrow some money on your Liberty bond. You have a $500 bond. Go down to the bank and see what you can do with it." He went down to the bank with the gilt-edged security of this Government, a gold bond, and presented it, where he was told when he purchased it that he could present it and obtain money; and what did they tell him?

They said, "The Federal Reserve Board will not allow us to lend money on Government securities. They have stopped that."

He said, "I have got to have some money. I do not want to sell my produce. It is selling now in the market for less than it cost me to produce it, and that will kill my business, and I do not want to do that if I can help it. Can you not help me get some money on my bond?"

They said, "We would be glad to, but we are tied up with loans. All the money we have is tied up, and the Federal Reserve Board has established a deflation policy which stops money from coming, and we just haven't got it. If they would let us have it we would let you have it on your cotton and your cattle and your grain, but they will not let us have it."

"Will you not lend it to me on my bond?"

"We would if we had it, but they will not let us have it on Government bonds."

Then he said, "Well, I will have to sell it."

They said, "We don't want to buy your bond. We haven't got any money to buy your bond. But there are several men in Wall Street who will buy it, and I will see what I can do for you."

So they took the matter up with them, and the Wall Street sharks sent down their statement to the effect that they would pay only $85 on the $100. Senators, think of that. Some of them sold for $84 on the $100. So those fellows whom the provisions of this bill would protect are the cruel and merciless bond sharks who already have bought those bonds for nearly $20 on the hundred under par and are now seeking to escape through the tricky and confusing provisions to be found in this mysterious tax bill which has been brought into this Chamber.

Mr. President, I am condemning the Federal Reserve Board. I am condemning its bold and brazen robber scheme which resulted in the loss of billions of dollars to the South and the West, and I do not propose to be a party to their crime by putting a premium on their inexcusable conduct, and that is what you are doing when you let the Wall Street bond sharks escape through this provision. The legislative body is putting the stamp of its approval upon what the Federal Reserve Board did; you are hugging that board to your bosom to-day, I repeat, after it is discredited before the eyes of honest business men all over the South and West.

Now you come in and ask us to let the provision which you brought in here shield their coconspirators, the bond sharks. Do you know how it will work? These bond scalpers, or bond sharks, have already made $16 on the hundred, as the Senator from Florida [Mr. TRAMMELL] suggested, in buying these bonds.

They waylaid the poor bondholders of the country, thousands and hundreds of thousands who helped with their means to win the war.

They said, "Do you not want to buy some bonds, Mr. Bond Shark?"

He said, "No; I will tell you what I am going to do. I got a tip that they are going to inaugurate a deflation policy a little later on, and these little fellows can not hold the bonds they are buying, they are going to be forced to throw them on the market, and I am going to stand there and gather them in, not at par, but I will buy them for about $80 on the $100. That is when I will buy bonds."

The vulture watching a starving animal in a drouth-stricken section waits until the power of resistance is gone out of the animal and then pounces down upon him and feeds and fattens upon the flesh and blood of the poor unfortunate and helpless animal. That is just what these Wall Street bond sharks did to the small, patriotic bondholders of the country. They were far from the battle front in time of war waiting for the day when they could, with the aid of the Federal Reserve Board, pounce down upon the small bondholders and finding them helpless feast upon their misfortune. And here you are seeking to permit them to escape taxation.

Mr. President, the amendment of the Senator from Florida is proper and it ought to be placed in this bill.

But some Senators seem to want to hurry us along. My good friend from Mississippi [Mr. WILLIAMS] wants to see the thing voted on. I do not desire unnecessarily to delay a vote, but I want the light turned on this bill; I want the objectionable and very obnoxious provisions of this bill held up to the American people so that they, whose Government this is, will know what sort of job is being put up on them by the Republican Party, now in power.

Senators, it is well for us to take the time to discuss these propositions and try to improve the bill and do our utmost to defeat its oppressive and unfair provisions.

Mr. President, if we had sat here with folded arms and sealed lips, as the Washington Post editorial of yesterday suggested and as some others here are suggesting, and allowed the majority to drive this thing through under whip and spur you would have had this thing on the statute books, you would have unloaded the tax burden upon the common man and common woman with small capital and moderate means, upon the necessities of life, and the profiteers and the big millionaires would have all escaped. You are going to accomplish that in the end, anyhow, it seems, but not without the people knowing just what you are doing.

It is all right and proper to protest; it is our duty to protest and to fight to the death a bill which we know is a mean, bad bill. Shall we remain silent because the advocates of the bill do not want its defects exposed to the American

people? Shall we remain silent and permit this tax monstrosity to be imposed upon the people of the United States?

Here is a little poem I want to read for the benefit of all who are becoming nervous and irritable about debate, and especially for the benefit of my good friend from Mississippi:

> To sin by silence when we should protest
> Makes cowards out of men. The human race
> Has climbed on protest. Had no voice been raised
> Against injustice, ignorance, and lust,
> The Inquisition yet would serve the law,
> And guillotines decide our least disputes.
> The few who dare must speak, and speak again,
> To right the wrongs of many.

Mr. WILLIAMS. Mr. President, that concluding sentence attracts my imagination, "The few who dare." In connection with this immediate discussion, it means the few Senators who dare talk. I have never found that they were few, and I have never found that it took very much courage to talk, either.

The Senator pays a distinguished tribute to "protest." Mr. President, protest is one thing. Everybody ought to protest against anything wrong, and I protest with all my being against this iniquitous, abnormal, and foolish revenue bill.

But protest is one thing, and endless gabbling is another, and endless repetition of just exactly what was said by somebody else the day before does not amount to the dignity of protest. It ought to be called repetition, and we have gotten to about the point where we are just coming to repetition of things previously said anent this bill, and nothing else.

The Senator says "if we sit here with folded arms" we consent.

He has not folded any arms, and his constant unfolding of the only two arms he has gives denial to that sort of contention. I have not folded mine, either, to any appreciable extent, and do not intend to fold them. I think this is about the most iniquitous bill that ever was offered to any legislative body, and I think there is behind it more private strategic wealth movement than ever was behind any bill with which I have been acquainted.

I am not going to allow the Senator from North Carolina [Mr. SIMMONS] to assume that he has a right, either by mental superiority or superiority of service, or by official position, to lecture me. So far as I know he has no right to do it.

Mr. SIMMONS. Nothing was further from my thoughts than to lecture the Senator from Mississippi.

Mr. WILLIAMS. O Mr. President, but the Senator did lecture me, and he lectured me in a very ex cathedra and "Sir Oracle" style—"Sir Oracle," whom nobody dares deny.

The Senator has made a mistake, and a fundamental mistake. He is speaking about my "unawareness," as he calls it, of what is going on. The Senator seems to think that a man can not have any awareness concerning a public question unless he has learned it in a committee room within the last six months. I have spent a large part of my life becoming aware of the meaning and intent of public measures. Since I was an 11 or 12 year old boy I have not done much else, and I do not have to have red-headed or black-headed or blue-eyed or black-eyed or brown-eyed experts to inform me as to the rightfulness or the wrongfulness of an amendment coming before this body in connection with a revenue bill.

My "unawareness," as he calls it, may turn out to be an awareness unsuspected by him but very much superior, by previous training, to any recent awareness he now pretends to have, and I think it will, when the people come to consider what has been done in connection with this bill.

Mr. President, I decline to be put in the position of wanting to put this bill over without discussion.

Mr. PENROSE. Mr. President, I desire to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator yield to the Senator from Pennsylvania for the purpose of asking a question?

Mr. WILLIAMS. I will yield in a moment. I have never taken the position of wanting to put this bill over without discussion. The Senator from Alabama [Mr. HEFLIN] had no right to try to put me in that attitude. The Senator from North Carolina had no right to try to do it, and they both tried it, and unsuccessfully.

I want discussion of every public measure. But after discussion has been full, after there has been enough of it, there should be a cessation. Mr. President, there is an end to everything, even life. There is an end to everything, even national institutions, and there ought to be somewhere, somehow, an end to debate, especially when it has ceased to be debate and has become mere talk.

I am not saying that there can not be a great many more things very useful to the hearers still to be said upon this bill, nor did I mean, when I addressed the Senate a moment ago and urged that we proceed as rapidly as we could to vote, that we should cease to discuss anything. I never said so. There are amendments to this bill which ought to be discussed, which ought to be discussed as a representative body of a free governing people ought to discuss everything, with a view of arriving at the truth.

The Senator from North Carolina does not exceed me one particle in his conviction that the discussion of this bill up to this date has resulted in practical good to the common people of this country. I know it as well as he does, and perhaps I know it better; but whether I do or not, he can not originate any discussion with me upon that subject.

The bill when it came in here was, if such a thing be possible, even worse than it is now. We have improved it, and we are going to improve it some more. Most of us know how we are going to improve it. I had not intended to say that I wanted an immediate vote before discussion upon every question that came up, but I do protest that I am tired and that the American people are tired of useless verbosity, and there has been a great deal of it, and there threatens to be more of it. Senators stand here as if they thought the only object of existence was to give them a chance to talk. Senators stand here and spend hours defending fundamental Adam Smithian principles that are known to every intelligent human being on the earth and that are denied by nobody except men who want to make their pocketbooks plethoric in consequence of legislation. What is the use of all that?

Mr. President, I merely repeat what I said at first. I plead with this body to waste as little time as possible, to proceed as rapidly as we can to a vote between conflicting opinions concerning the amendments to the bill and to the bill itself.

I am a partisan Democrat. I am one of the men who never apologize for being a Democrat. I took my politics as I took my religion, by inheritance and from Thomas Jefferson. But underlying every democracy in the world is the idea that the majority party must govern if it has brains enough to govern. Wherever there is a real democracy there is a parliamentary executive which, when it shows an inability to do things, must get out of power. In our limited democracy, which is not a complete democracy because we have not full parliamentary government, we can not tell whether a man is going out of power or not until the expiration of the limited term for which he serves.

I will venture the assertion right now that if the Senator from Pennsylvania were American premier in an American House of Commons—representative on the other side—and representing this bill, he would have had to resign three or four times when the bill has been amended and will be further amended contrary to his opinion and perhaps his convictions.

But all the same, Mr. President, the Republicans are in power. They are responsible to the people. They are going to do what they are going to do. Our duty is to oppose. That is the duty of an opposition party. Our duty is to protest. But after we have opposed and after we have protested, then ordinary common sense as well as ordinary political honesty demands that we shall not uselessly consume time.

That is all I have tried to say. That is all I wanted to say upon yesterday. It would not have taken me three minutes to have said it, and upon yesterday I would not have heard any reply then from North Carolina or Alabama made to what I had to say. I am very sorry to have heard it. Nobody admires the "eloquence" of the Senator from Alabama [Mr. HEFLIN] more than I do, and nobody admires the superior "expert wisdom" of the Senator from North Carolina [Mr. SIMMONS] more than I do, and when I am sought to be "sat upon" by both of them I did feel very exceedingly small for a short while, but when I began to think just a little bit afterwards about what I know about them and what I know about public affairs I do not feel quite as small as they perhaps imagine I do.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the committee amendment.

Mr. TRAMMELL. I ask that the amendment to the amendment be reported.

The PRESIDING OFFICER. The amendment to the amendment will be read.

The READING CLERK. On page 38, line 18, after the numerals "1917," insert the following proviso:

Provided, That no deduction shall be allowed for interest on such indebtedness so incurred or continued for the purchase of or to carry obligations of the United States when held by a taxpayer who purchased them for less than par.

Mr. REED. On that I call for the yeas and nays.

Mr. TRAMMELL. Let us have the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. Being unable to obtain a transfer, I withhold my vote.

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. HARRIS (when his name was called). I have a pair with the junior Senator from New York [Mr. CALDER]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the junior Senator from Massachusetts [Mr. WALSH] and vote "yea."

Mr. KING (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. MCCUMBER]. In his absence I am compelled to withhold my vote. If at liberty to vote, I would vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. He is absent and therefore I withhold my vote.

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from North Dakota [Mr. LADD] and vote. I vote "nay."

Mr. HEFLIN (when Mr. UNDERWOOD's name was called). My colleague [Mr. UNDERWOOD] is paired with the Senator from Massachusetts [Mr. LODGE].

The roll call was concluded.

Mr. SUTHERLAND (after having voted in the negative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Arizona [Mr. CAMERON] and let my vote stand.

Mr. EDGE (after having voted in the negative). Has the senior Senator from Oklahoma [Mr. OWEN] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. EDGE. I transfer my general pair with that Senator to the junior Senator from Pennsylvania [Mr. CROW] and allow my vote to stand.

Mr. MCLEAN (after having voted in the negative). I transfer my pair with the Senator from Montana [Mr. MYERS] to the Senator from Rhode Island [Mr. COLT] and allow my vote to stand.

Mr. CURTIS. I wish to announce that the Senator from Washington [Mr. JONES] is paired with the Senator from Virginia [Mr. SWANSON].

Mr. LODGE (after having voted in the negative). I transfer my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the junior Senator from Idaho [Mr. GOODING] and allow my vote to stand.

The result was announced—yeas 28, nays 42, as follows:

YEAS—28.

Ashurst	Harrison	McKellar	Sheppard
Broussard	Heflin	Norbeck	Simmons
Caraway	Hitchcock	Norris	Stanley
Culberson	Jones, N. Mex.	Overman	Trammell
Dial	Kendrick	Pittman	Walsh, Mont.
Gerry	Kenyon	Pomerene	Watson, Ga.
Glass	La Follette	Reed	Williams

NAYS—42.

Brandegee	Hale	Nelson	Spencer
Bursum	Harreld	New	Stanfield
Capper	Kellogg	Newberry	Sterling
Cummins	Keyes	Nicholson	Sutherland
Curtis	Lenroot	Oddie	Townsend
Dillingham	Lodge	Page	Wadsworth
Edge	McCormick	Penrose	Warren
Ernst	McKinley	Phipps	Watson, Ind.
Fernald	McLean	Poindexter	Willis
France	McNary	Shortridge	
Frelinghuysen	Moses	Smoot	

NOT VOTING—26.

Ball	Elkins	Ladd	Smith
Borah	Fletcher	McCumber	Swanson
Calder	Gooding	Myers	Underwood
Cameron	Harris	Owen	Walsh, Mass.
Colt	Johnson	Ransdell	Weller
Crow	Jones, Wash.	Robinson	
du Pont	King	Shields	

So Mr. TRAMMELL's amendment to the amendment of the committee was rejected.

Mr. TRAMMELL. I desire to reserve the right to have a separate vote on this amendment in the Senate.

Mr. HARRIS. Mr. President, we often hear criticism in this Chamber of public officials. Some of it is deserved and some is not. I believe in commending faithful public officials and condemning only those who have been derelict in their duties. I agree with what the Senator from Alabama [Mr. HEFLIN] has said about the deflation policy of the Federal Reserve Board, which has cost the farmers and live-stock raisers of the South and West billions of dollars. I believe I was the first Senator to criticize the action of this board, but I rise to-day to praise the action of able, practical, and conscientious men serving as Secretary of Agriculture and Director of the Census. Those men have saved the farmers and other people of the South millions of dollars by the reports which they have to-day sent through the press relative to the cotton crop. Ordinarily the ginning report at this date shows that about half the cotton crop in the South is ginned. Those of us living in the South and in touch with conditions know that at least four-fifths of it is ginned at this time. If the ginners' report of the Census Bureau had been sent out without a statement from the Agricultural Department as an estimate of the crop unginned, the "bears," as we call them, the gamblers on the New York Cotton Exchange, would have depressed the price of cotton 2 or 3 cents a pound and that would have cost the people in my section many millions of dollars.

Mr. President, the boll weevil, the heavy rains at times, continued drouth, and the small amount of fertilizers used has reduced the amount of cotton raised this year more than one-half. The estimate of the Department of Agriculture on October 3 was 42.2 per cent of a normal cotton crop, the lowest ever reported, the forecast being 6,537,000 bales. As there will be no other estimate of crop conditions by the Agricultural Department until the early part of December, those of us interested in cotton realized that the Census Bureau report would be misleading, as ideal weather conditions for gathering the crop has enabled the farmers to gather the crop in half the time usually required. Several days ago I took this matter up with the Secretary of Agriculture and Director of the Census. Senators HEFLIN, RANSDELL, CARAWAY, SHEPPARD, and DIAL joined me, and after explaining conditions as to the cotton crop to these officials, they granted our request to issue statements from both departments so as to show actual conditions. Had they not done so the price of cotton would have gone down after the Census Bureau report to-day, but due to their diligence this has been prevented and cotton advanced many points.

I ask, Mr. President, to place in the RECORD the statement of the Census Bureau and also that of the Secretary of Agriculture. Recently during a visit to my State I made about 40 speeches to the farmers; in all these speeches I praised the splendid work of the Secretary of Agriculture and the Director of the Census, and I am glad to say they have demonstrated to the satisfaction of everyone that they have the interest of the people of this country at heart and are not bound down by red-tape methods.

The PRESIDING OFFICER. If there is no objection, the request of the Senator from Georgia will be granted.

The statements referred to are as follows:

[Preliminary report.]

DEPARTMENT OF COMMERCE,
BUREAU OF THE CENSUS,
Washington, 10 a. m., October 25, 1921.

REPORT ON COTTON GINNING.

Number of bales of cotton ginned from the growth of 1921 prior to October 18, 1921, and comparative statistics to the corresponding date in 1920 and 1919.

State.	Running bales (counting round as half bales and excluding linters).		
	1921	1920	1919
United States	5,477,397	5,754,582	4,929,104
Alabama	426,152	281,957	383,458
Arizona	8,657	19,678	14,010
Arkansas	449,484	351,373	277,836
California	4,012	13,963	13,300
Florida	8,127	9,807	10,794
Georgia	637,129	726,050	1,109,878
Louisiana	195,115	204,619	144,810
Mississippi	512,007	349,777	405,674
Missouri	40,333	13,593	14,623
North Carolina	444,961	190,812	354,261
Oklahoma	347,146	377,312	273,153
South Carolina	494,261	562,097	840,587
Tennessee	158,660	53,619	80,609
Texas	1,740,766	2,596,800	999,191
Virginia	7,505	1,086	5,979
All other	3,079	2,039	941

Round bales included 99,371 for 1921, 140,099 for 1920, and 55,555 for 1919. American Egyptian 7,498 for 1921, 14,312 for 1920, and 8,890 for 1919; and sea-island 1,204 for 1921, 334 for 1920, and 1,792 for 1919. The statistics for 1921 are subject to correction. The revised total of cotton ginned this season to September 25 is 2,923,127 bales. There were 13,549 ginneries operated prior to September 25.

COTTON CROP OF 1921—ESTIMATE OF DEPARTMENT OF AGRICULTURE.

The Department of Agriculture on October 3, 1921, estimated that the condition of the cotton crop on September 25 was 42.2 per cent of a normal, the lowest condition ever reported, which forecasts a total production of about 6,537,000 bales of 500 pounds gross. Reports indicate that the crop is mostly gathered.

CONSUMPTION, STOCKS, IMPORTS, AND EXPORTS—UNITED STATES.

Cotton consumed during the month of September, 1921, amounted to 484,647 bales. Cotton on hand in consuming establishments on September 30 was 1,016,032 bales, and in public storage and at compresses 4,309,893 bales. The number of active consuming cotton spindles for the month was 33,898,415. The total imports for the month of September, 1921, were 6,362 bales and the exports of domestic cotton, including linters, were 522,839 bales.

WORLD STATISTICS.

The world's production of commercial cotton, exclusive of linters, grown in 1920, as compiled from published reports, documents, and correspondence was approximately 18,810,000 bales of 500 pounds net, while the consumption of cotton (exclusive of linters in the United States) for the year ending July 31, 1921, was approximately 15,520,000 bales of 500 pounds net. The total number of producing cotton spindles, both active and idle, is about 155,000,000.

(Press service, United States Department of Agriculture. Release for afternoon papers Tuesday, Oct. 25, 1921.)

STATEMENT OF SECRETARY OF AGRICULTURE IN REGARD TO COTTON-CROP CONDITION.

Concerning the cotton situation, Secretary Wallace said to-day:

"The cotton ginned to October 18, as shown by the census report, namely, 5,477,397 bales, running weight, is 83.8 per cent of the October 3 forecast of total production by the Department of Agriculture, which was 6,537,000 bales of 500 pounds weight.

"So far as our records go, the highest percentage of cotton ginned to October 18 was 64.3 per cent in the year 1916, when the crop was a small one. The smallest percentage ginned up to October 18 was 37.7 per cent in 1903.

"Our people in the department who are qualified to judge of such matters say that there can be no reasonable doubt that this year's cotton crop is more largely ginned to date than ever before. In the first place, the crop is a very small one, and under such conditions the percentage ginned to date would naturally be large. In the second place, the season has been unusually forward, and reports from practically all sections of the cotton belt indicate that picking has been practically completed. In Texas both picking and ginning is much further advanced than usual and about completed, except in the northwestern part of the State. In Georgia the cotton is practically all gathered. In South Carolina picking is finished, except in the northwest corner of the State. In North Carolina rapid progress in picking has been made. In Alabama picking is finished in most southern and central sections and is elsewhere well advanced, with ginning progressing rapidly. In Mississippi picking and ginning has made rapid progress. In Arkansas the cotton is all picked in some localities and three-fourths picked in other localities. In Oklahoma picking is reported as having progressed rapidly."

The PRESIDING OFFICER. The question is on the adoption of the committee amendment on page 38, beginning in line 13, as amended.

Mr. REED. Just one moment. [A pause.] I have no objection to that amendment.

The PRESIDING OFFICER. Does the Senator from Utah [Mr. SMOOT] desire to move a reconsideration of the vote whereby the amendment of the Senator from Nebraska to the committee amendment was agreed to?

Mr. SMOOT. No; let the amendment be agreed to as amended.

The PRESIDING OFFICER. The question is on the adoption of the amendment as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The next amendment passed over was, on page 38, line 22, to strike out the words "States or any of its possessions or of any foreign country and" and to insert "States, (b) so much of the income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States as is."

The amendment was agreed to.

The next amendment passed over was, on page 39, at the beginning of line 2, to strike out "and (b)" and to insert "(c)."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. REED. Mr. President, I do not say this in any criticism at all, but we must have time before the vote is declared to grasp the meaning of the language of amendments. I hope the Presiding Officer will be not quite so prompt in declaring amendments agreed to, for it is necessary that Senators should have time to understand them.

The PRESIDING OFFICER. The Secretary will proceed with the statement of the next amendment passed over.

The next amendment passed over was, on page 39, line 3, after the word "property," to strike out the word "assessed" and the semicolon, quotation marks, and the period and to insert "assessed, and (d) taxes imposed upon the taxpayer upon his interest as shareholder or member of a corporation, which are paid by the corporation without reimbursement from the taxpayer."

The amendment was agreed to.

Mr. SMOOT. Mr. President, on behalf of the Committee on Finance, I desire to offer the following amendment:

On page 39, line 7, after the word "taxpayer" and before the semicolon, insert a period and the following:

For the purpose of this paragraph estate, inheritance, legacy, and succession taxes accrue on the due date thereof, except as otherwise provided by the law of the jurisdiction imposing such taxes.

I will say that the amendment simply fixes a definite date on which estate and other such taxes shall accrue.

Mr. FLETCHER. Mr. President, I ask the Senator from Utah what is the meaning of the language which is found in the amendment, "provided by the law of the jurisdiction imposing such taxes"? That is rather a new expression to me and I do not quite understand it.

Mr. SMOOT. Some persons claim that the taxes referred to accrue on the day of the death, some claim that they accrue on the date on which the tax is paid, while others claim that they accrue when the tax is due. This amendment simply makes certain when the tax accrues for the purposes of this section. That is all there is to it.

Mr. BROUSSARD. It seems to me that the last clause of the proposed amendment makes the date when the tax accrues uncertain. Why not have it apply equally to all estates and provide that the tax shall accrue on the day of death?

Mr. SMOOT. Each State may have its own law.

Mr. BROUSSARD. But we are not legislating for the States; we are legislating for the United States.

Mr. SMOOT. That is true, too, but the proposition is not to interfere with State laws if there be any State whose laws specifically provide when such a tax accrues.

Mr. BROUSSARD. I do not know what is the purpose of the committee in offering an amendment of this kind. Probably no Senator here knows what the law is in any State other than his own; and certainly we are not called upon to fix a date upon which the taxes referred to in the amendment shall accrue in such a manner that the date in one State may be different from that in another State. I think that there should be uniformity in this matter. We are not legislating for the States, nor are we proposing to legislate in conflict with the laws of any State in connection with the imposition of this Federal tax. The date, in my judgment, should be definitely determined.

Mr. SMOOT. The Internal Revenue Bureau to-day has a most difficult task, and there is a great deal of objection on the part of the citizens of the various States. This amendment simply provides that whenever the date of the law as to the accrual of these taxes is fixed in the State, that law shall be conformed to in the administration of this provision in the collection of taxes by the Internal Revenue Office.

As I have before stated, some claim the tax accrues upon the date of the death, others that it accrues when due, and others when it is paid. This amendment simply clarifies the situation so that the Federal law will conform to the laws of the States.

Mr. BROUSSARD. May I inquire what is the present law on this subject?

Mr. SMOOT. There is no present law at all on the subject. In the past each case has come up to the Internal Revenue Bureau for decision, and now that bureau thinks Congress should specifically state just what course that bureau shall follow.

Mr. BROUSSARD. What I am claiming is that Congress is not making a specific provision by the amendment now proposed. That amendment provides that the tax shall accrue "on the due date thereof," or at such time as the respective States shall determine.

Mr. SMOOT. That is according to the laws of the States. I do not know how it is possible to express it in any simpler form than it is here stated. Whatever the law of a State is, the Government of the United States, as here provided, is going to follow it.

Mr. BROUSSARD. Why not say?—

For the purposes of this paragraph estate, inheritance, legacy, and succession taxes shall accrue on the date of the death of the decedent.

That would make it specific.

Mr. SMOOT. If we did that it might interfere with the laws of half of the States, and we do not desire to attempt to interfere with the laws of the States.

Mr. LODGE. Mr. President, it is a mere matter of practical convenience. We can not change the laws of the States as to inheritances. Their probate laws and inheritance laws are their own, and we can not make a universal law on the subject. Under present conditions great inconvenience is caused administrators and executors in the settlement of estates because of the conflict in dates. It would be a very great help in every State to adopt some such provision as that now pro-

posed. I know of a number of cases in my own State where it would be very helpful to have the dates determined by the Federal Government in accordance with the law of the State. It is, I repeat, a mere matter of convenience. Many cases have been brought to my attention where it would be a very great convenience if the matter could be arranged as now proposed.

The PRESIDING OFFICER. The question is on the adoption of the amendment offered by the Senator from Utah.

Mr. SIMMONS. Mr. President, I wish to say for myself in reference to this amendment that, while I had no part in the committee in framing it, I am rather inclined to think that it is an improvement upon the present system of fixing the date when the Federal inheritance tax shall accrue.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. WADSWORTH. Mr. President, before the next amendment which has been passed over is acted upon, may I call the attention of the Senator in charge of the bill to the fact that at the bottom of page 40 there is a committee amendment which has been agreed to. Upon a prior occasion I called attention to an exactly similar amendment on page 86. Both amendments have to do with the writing off of bad debts. At that time I stated that when this amendment was again reached I would bring the question up, either in connection with the amendment on page 40, which has been agreed to, or the amendment on page 86, which has not been agreed to as yet, but which is exactly like the amendment on page 40. It seems to me we might as well settle the principle involved now. For that reason I ask unanimous consent that the vote by which the committee amendment at the bottom of page 40 was agreed to may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The question recurs on agreeing to the amendment.

Mr. FLETCHER. One of the amendments referred to by the Senator from New York applies to individuals and the other to corporations.

Mr. WADSWORTH. Yes; they are exactly alike. If I am not permitted to bring the question up here I will bring it up when we reach page 86.

Mr. FLETCHER. The Senator thinks that the same principle ought to apply to individuals as to corporations?

Mr. WADSWORTH. Exactly; I can see no difference.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, my attention was diverted for a moment. I understand he is discussing the amendment on line 20, page 40?

Mr. WADSWORTH. Yes.

Mr. SIMMONS. I should like to say a few words with reference to that amendment.

Mr. WADSWORTH. I should like, first, to inquire whether the motion to reconsider the vote by which the amendment was agreed to has been adopted?

Mr. SIMMONS. I have no objection to that.

The VICE PRESIDENT. The request to reconsider has been agreed to. The question now is on agreeing to the amendment of the committee.

Mr. SIMMONS. Mr. President, I was apprehensive when we acted upon this matter before that the language—

Or, in the discretion of the commissioner, a reasonable addition to a reserve for bad debts—

Might possibly result in much abuse; but after more thorough consideration of it I am impelled to change my request at that time, and I shall not make any opposition to the amendment.

Mr. WADSWORTH. Mr. President, I addressed the Senate briefly on a former occasion, and I do not desire to do so again if there is no objection to rejecting the committee amendment.

Mr. SMOOT rose.

The VICE PRESIDENT. Does the Senator from Utah desire to address himself to this matter?

Mr. SMOOT. No; that is the course I should like to have followed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. SMOOT. Now, Mr. President, I ask unanimous consent that the Senate may take the same course with regard to the amendment on page 86, lines 13 to 16. That language applies to corporations the same rule that is applied to individuals.

Mr. FLETCHER. The amendment on page 86 was passed over, I think.

The VICE PRESIDENT. Is there objection to the immediate consideration of the matter on page 86? The Chair hears none. The question is on agreeing to the amendment.

The amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 41, after line 11, to insert the following:

(9) In the case of buildings, machinery, equipment, or other facilities, constructed, erected, installed, or acquired, on or after April 6, 1917, for the production of articles contributing to the prosecution of the war against the German Government, and in the case of vessels constructed or acquired on or after such date for the transportation of articles or men contributing to the prosecution of such war, there shall be allowed a reasonable deduction for the amortization of such part of the cost of such facilities or vessels as has been borne by the taxpayer, but not again including any amount otherwise allowed under this title or previous acts of Congress as a deduction in computing net income. At any time before March 3, 1924, the commissioner may, and at the request of the taxpayer shall, reexamine the return, and if he then finds as a result of an appraisal or from other evidence that the deduction originally allowed was incorrect, the income, war-profits, and excess-profits taxes for the year or years affected shall be redetermined; and the amount of tax due upon such redetermination, if any, shall be paid upon notice and demand by the collector, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 252.

This amendment was passed over on the request of the junior Senator from Utah [Mr. KING].

Mr. SMOOT. Mr. President, a parliamentary inquiry. Was the amendment on page 41, lines 1 to 6, agreed to?

The VICE PRESIDENT. It was; and the amendment in lines 7 to 11 was agreed to. The question is on agreeing to the amendment beginning after line 11 on page 41.

Mr. SMOOT. Mr. President, I desire to offer an amendment to that in behalf of the committee—amendment No. 10. On page 41, line 20, after the word "allowed," I move to insert a comma and the following:

for any taxable year before March 3, 1924 (if claim therefor was made at the time of filing return for the taxable year 1918 or 1919).

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. I will say to the Senator from North Carolina that that is the amendment that my colleague, the junior Senator from Utah [Mr. KING], desired to have inserted, so that no new claims could be made.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is on page 48, passed over at the request of the senior Senator from Wisconsin [Mr. LA FOLLETTE], where it is proposed to strike out lines 1 and 2 and to insert:

(a) The amount received as dividends (1) from a domestic corporation other than a foreign trade corporation, or (2) from a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 217;

(b) The amount received as interest upon obligations of the United States and bonds issued by the War Finance Corporation, which is included in gross income under section 213.

Mr. SMOOT. Mr. President, there must be an amendment to this language. On line 4, I move to strike out the words "other than a foreign trade corporation." That is necessary to conform to the amendment that was disagreed to by the committee on page 5 of the bill in reference to the term "foreign trader."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The READING CLERK. On page 48, line 4, it is proposed to strike out the words "other than a foreign trade corporation."

The amendment to the amendment was agreed to.

Mr. SIMMONS. Mr. President, before that is left, does the Senator propose to leave in the bill the language "from a foreign corporation"?

Mr. SMOOT. Yes; certainly. They have to pay their taxes under existing law.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is on page 48, section 221, beginning with line 17, down to and including line 7 on page 49, passed over on the request of the senior Senator from North Carolina [Mr. SIMMONS].

Mr. TRAMMELL. Mr. President, I desire to offer a substitute for this subdivision or paragraph of the bill.

The VICE PRESIDENT. The Senator from Florida offers an amendment, which will be stated by the Secretary.

The READING CLERK. On pages 48 and 49, it is proposed to strike out all of subdivision (c) and to insert in lieu thereof the following:

(c) That where 75 per cent or more of the income of the taxpayer is received from the labor or personal service of the taxpayer, in the case of a single person, the amount of the personal exemption shall be $1,500; or, in the case of the head of a family or a married person living with husband or wife, the amount of the personal exemption shall be $3,000, unless the net income in the case of a single person is more than $3,500, in which case the personal exemption shall be $1,000, or unless the net income in the case of the head of the family or a married person living with husband or wife is more than $6,000, in which case the personal exemption shall be $2,000. That where 25 per cent or more of the income of the taxpayer is derived from sources other than from his or her personal labor or services, in case of a single person the amount of the personal exemption shall be $1,000; or, in the case of the head of the family or a married person living with husband or wife, the amount of the personal exemption shall be $2,500, unless the net income is in excess of $5,000, in which case the personal exemption shall be $2,000. A husband and wife living together shall receive but one personal exemption; such exemption shall be the amount heretofore set forth. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them. That the personal exemption herein provided shall not apply in the case of a single person whose net income is $8,000 or more, nor shall the said personal exemption apply in the case of the head of a family or a married person living with husband or wife where the aggregate net income of such husband and wife is $15,000 or more.

Mr. PENROSE. Mr. President, this amendment is practically an effort to revive the proposition of the earned and unearned incomes, and I hope the Senate will not agree to it.

Mr. TRAMMELL. Mr. President, that is in a measure the object of the amendment. I take the position that the returns from a person's labor and personal services should not be taxed until he has at least received a sufficient part of his income free of taxation to give him and his family, in the event that he is a married man, a reasonably comfortable support; and if he is a single man, as the result of his labor and his energies he should have exempt from taxation a sufficient amount upon which to live in comfort, and to try to prepare himself for the duties and responsibilities of life.

The amendment as it is proposed by the committee allows an exemption of only $1,000 to a single person, regardless of the amount of compensation received. In most of the cities of the country $1,000 is not sufficient upon which a person can exist. It will not pay for board, clothing, and a modest incidental expense account. That is true here in the city of Washington; it is true in almost all sections of the country, yet the Government seeks to tax the salary of a single person before the income has reached a sufficient amount upon which that person can maintain himself or herself. Two thousand dollars, in case the income is over $5,000, is the sum exempt to a married person or the head of a family. Two thousand five hundred dollars is the amount exempt if he is the head of a family or a married person where his earnings do not amount to $5,000. My amendment seeks to have a greater exemption to a certain limited amount where the income is the result of personal labor or services rendered by the taxpayer. It provides that where 75 per cent or more of the earnings of the taxpayer is compensation for personal labor and personal services the exemption shall be, in the case of a married person or the head of a family, $3,000, and in the case of a single person, where at least 75 per cent of the income is the result of personal labor and personal services, he shall have an exemption of $1,500.

The further provisions of my measure seek to throw around these features of it safeguards, in that it is provided that if the income of a single person is more than $3,500 per annum his exemption shall be only $1,000; in the case of a married person or the head of a family, where the aggregate income of the husband and the wife is $6,000 or more, then the exemption shall be only $2,000. It further provides that the exemption shall not apply in the case of a single person where his net earnings are more than $8,000 per annum. It also provides that the exemption shall not apply at all in the case of a married person or of the head of a family where his net earnings are more than $15,000 per annum. In this way I seek to recoup the revenue that will be lost on account of a more liberal consideration being extended under the other provisions of the amendment to the taxpayer in making a liberal exemption of earnings that he receives from his personal services.

The policy of the amendment as presented by the committee is that when the income reaches the sum of $5,000 the exemption shall be reduced. In the case of a married person it is reduced from $2,500 to $2,000, showing plainly that the committee recognized as a proper policy a lessening of the exemption in the event that the income reaches the substantial sum of $5,000 or more.

I have written that policy into the amendment presented by me, except that I have carried it to the extent of providing that after a single man's income reaches $7,500 or more per annum he will not be allowed any exemption at all, and that in the case of a married person or the head of a family, when his income reaches $15,000 or more per annum he shall not receive any exemption; in other words, he would be allowed only $2,000 exemption, and with an income of $15,000 net per annum there is no particular reason why the Government should exempt him to the extent of $2,000 at the rate of 4 per cent, which would be only $80.

I see no reason why, where a person's net income is $15,000 or more per annum, you should exempt him $80, the same amount as you would exempt the person with an income of only $3,000. A single man with a net income of $8,000 per annum, a married person with a net income of $15,000 or more per annum, neither needs nor requires an exemption amount to $80 per annum.

I embraced this feature in the amendment with the hope and with the object in view of trying to recoup whatever revenue may be lost on account of being more lenient and more generous with the taxpayer in dealing with his earnings received from personal service and personal labor.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. CAPPER in the chair). Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. Certainly.

Mr. KING. Has the Senator made any computation with a view to ascertaining what, in the aggregate, would be the loss or the gain if his amendment should prevail, over the loss or gain under the amendment tendered by the committee?

Mr. TRAMMELL. No, Mr. President; I have not had an opportunity to make an investigation of that subject. I dare say the loss would not exceed very much, if at all, the amount of gains, because the fact that incomes of more than $8,000, in the case of a single person, are not subject to the exemption of $1,000, and in the case of married persons that incomes of $15,000 per annum and more do not enjoy the $2,000 exemption, would in a substantial measure make up for the reduction on account of the enlarging of the exemption on account of personal services and personal labor.

Mr. KING. Mr. President, my recollection of the returns of individuals under the income-tax provision is that they amounted to about $4,400,000 for 1918, and about $5,246,000, as I recall, for 1919, and recalling, as I do, the tremendous number of those under the smaller brackets, if I may be permitted the expression, it occurs to me that the amendment of the Senator would entail a good deal of loss. I want to inquire of the Senator whether he has considered the administrative features and difficulties which might result from his amendment?

Mr. TRAMMELL. Mr. President, I do not think the administration under my amendment would be any more difficult than almost any administrative feature of the entire bill. The amendment for which I ask to have this substituted provides a system that is just about the same as that provided in the amendment presented by me.

Mr. KING. Mr. President, while the Senator from Florida is conferring with the expert for the purpose of ascertaining what, if any, change will be made in the revenue to be obtained under this provision, in the event his amendment is adopted, I shall occupy the floor.

I do not perceive any serious administrative difficulties in his amendment, although there are some objections to applying different rates of taxes to the same fund. However, any application of the system of graduation is subject to the same criticism. The objection, of course, is not important enough to prevent the application of the principle of graduation where the interest of the people would be subserved and when justice results. There is a disposition (and it is a proper one) to exempt from the burdens of taxation those whose incomes are scarcely adequate for the support of individuals and their families.

But there are those who have urged that no matter how small the income of an individual might be, a small contribution by him to his Government is proper, because he would feel that he was a part of the Government and that his material contribution aided in its maintenance.

I have often felt that that condition of society would be the best in which all the people enjoyed sufficient income that they might make direct contribution to the expenses of their Government. Unfortunately human governments have never developed a social and industrial condition of that standard of perfection. The question of taxation has always proven a most difficult one with which to deal. It has made and unmade political parties and lost monarchs their crowns. Perhaps no hard and fast rule can be laid down as a basis for the laying of taxes; and no concrete formula has ever been suggested that

will meet the mutations of time and the changes in the economic and social conditions of the people.

The great philosopher of India many centuries ago proclaimed, in substance, that taxes should be borne by those who were best able to bear them. Perhaps no better formula could be devised than that embodied in the words of Manu. It is not always an easy process to apply this rule to tax measures, and the difficulties are somewhat increased where the industrial life of the people is varied and the commerce and business interests are complex; and in preparing a Federal tax bill cognizance must be taken of the States and the municipalities and the very heavy burdens which rest upon them. The tax imposed by the Federal Government is not the only tax which the people are compelled to bear; indeed, the burdens of the Federal Government should be lighter than those imposed by the States and the political subdivisions therein. The responsibilities and the activities of the States, in so far as they relate to the lives of the people, are broader and deeper and more important than those resting upon the Federal Government. The Federal Government is invading the fields of taxation enjoyed by the States, and the heavy exactions of the Federal Government constitute a genuine burden upon the people.

Removed, as we are, from the war period by three years we are still bearing war burdens. Appeals for economy fall upon deaf ears, and the expenditures made by the Federal Government continue with slight diminution. The party in power made many promises before the election to inaugurate financial reforms and enact a comprehensive and scientific revenue law. It led the people to believe that the burdens of Federal taxes should be lightened and that a simplified tax measure would be enacted. Taxes have not been diminished, and the promised tax reforms find their only fulfillment in this incongruous, jumbled, and mosaic bill reported by the Finance Committee. The bill before us is unsatisfactory to the people, and it is meeting with derision from the members of the majority party in the Senate. It will confound the Republican Party when understood by the people and be a strong factor in bringing to power the Democratic Party.

A tax measure which would be suitable to a purely pastoral people can not be justified in an industrial and commercial nation, and where its industries and activities are so varied as those found in this Republic; and in those States where a large part of the wealth is concentrated in the hands of comparatively few a revenue measure, if it be fashioned along the lines of justice and equity, must carry provisions not found in tax systems where property is widely distributed and owned.

Corporate holdings in the United States are stupendous. The corporate gross income for 1918 exceeded $80,000,000,000, whereas the personal gross income for the same year returned by those whose earnings exceeded $1,000 was but slightly in excess of $15,000,000,000. There are many individuals in the United States who have very limited holdings and whose earnings are less than $1,000 per annum. In 1918 the individuals who made returns to the Government were approximately 4,400,000, and in 1919 the number of persons making income returns was 5,332,760. There are in the United States perhaps 40,000,000 of individuals who are wage earners. Of that number there were but 5,332,760 who earned in 1919 more than $1,000. In 1919 the earnings of the people of the United States perhaps were greater than in any other year. It is quite clear that for the year 1921 the earnings of the people of the United States will be very much less than they were in 1920 or 1919 or 1918. These figures demonstrate that the great majority of the people of the United States earn less than $1,000 per annum. With the high prices of all commodities, includng rents and everything that enters into the lives of the people, it is apparent that there must be want and suffering in many parts of our land; and though there are millions whose annual earnings are perhaps around $500, there are four or five millions of men who are out of employment.

All these facts must be taken into account in framing a revenue bill. We must not lose sight of the fact that the productive wealth of the country, aside from the farms, is controlled by corporations, and that the corporations are receiving the profits. I grant that corporate profits have been greatly reduced and that many corporations for the current year will show reduced earnings and many will show losses. But we come back to the proposition: By whom can the burdens of taxation most easily be borne? Can we impose them upon the consumer—upon the great mass of the people, whose earnings are so limited?

Manifestly, not. Many of these persons whose earnings are less than $1,000 have small homes upon which heavy taxes are imposed by the States and the municipalities in which they reside. The State governments rely for their support largely upon the small holdings of the masses of the people. We ought not to place further burdens upon those who are unable to bear them. It is a difficult task so to adjust taxes as not to do injustice either to the individual or to the State.

In approaching this question there should be no hysteria, no prejudice against wealth, and no feeling to penalize or punish any section or any class or any business. The important question is: What is right; what is just; how can we best meet the obligations of the Government; what are most conducive to the public welfare and to the happiness and prosperity of all the people? There must be no confiscation of property, and socialism must not be enthroned by the use of the taxing power. There are some who would destroy all property through the taxing power of the State. There are some who would repel the suggestion that they were Socialists or that they desired to destroy the private ownership of property, but who would be willing to impose such heavy taxes as to be tantamount to the confiscation of property.

Business corporations which absorb the productive wealth of the country and which enjoy annual earnings of large proportions must expect to furnish the greater part of the taxes required by the Government. The income tax must remain as a fundamental part of our taxing system. A graduated income tax should, in my opinion, always remain with us. Those who enjoy great incomes must be expected to make large contributions to the Government; and I am unable to perceive any reason why excess profits, or, as the phrase is employed by President Wilson in a message to Congress, "undue profits," should not bear a portion of the expenses of the Government.

I am opposed to the Government limiting the profits of those engaged in private enterprises, and I regard it as an impediment to proper economic development for the Federal Government to place business in a strait-jacket. A free and fair field should be opened to all individuals. The Government should play no favorites. The poor boy of to-day should feel that he has an even chance with the rich man's son to achieve commercial or financial success in life. Rewards should be held out for the provident, the thrifty, the energetic, and those possessing courage and genius.

With broad fields for activity and American genius, wealth will be produced. The history of our country is a demonstration of the wisdom of our political and economic policies. No country has exhibited such material progress as this Republic has. The door of opportunity has been opened to the humblest as well as to the rich; and the men to-day who control the great financial institutions of the country, with but rare exceptions, are those who began their careers upon the farms or in the humblest walks of life. When wealth is produced by individuals, or as a result of corporate control and management, and the earnings therefrom are important, the Government has the right to ask that from those earnings the Government shall receive contribution for its maintenance. Unfortunately, too often the men of wealth have been selfish and have sought to evade taxation. They have threatened to invest their savings and their capital in tax-exempt securities, and to refuse to make those investments essential for the industrial growth of the Nation. There are many business men in our country who are more concerned with achievement and in creating wealth than in the mere saving of wealth. They are satisfied to know that their efforts develop industry, build factories, construct railroads, and add to the general wealth, and therefore to the general prosperity of all.

During the war there were too many profiteers. Profiteers were not alone in the ranks of wealth but many in all positions of life seized every opportunity within their grasp to obtain personal aggrandizement, even at the expense of their country. Combinations were formed to maintain high prices, and associations in towns, villages, and hamlets, as well as in the centers of population, operated for the purpose of destroying competition and of maintaining high price levels.

The profits made were stupendous. Excess profits were the rule in many lines of industry. The Government acted prudently and justly in laying the strong hand of taxation upon excess profits. It is axiomatic that taxation should not destroy the fountains of production or neutralize the initiative of individuals or curb the legitimate ambitions of those who engage in industry and seek the material advancement of the country.

The bill which is now before us discourages the unemployed and those of limited resources. It will bear oppressively upon them and it will lighten beyond any standard of justice the burdens which wealth, particularly great wealth, should bear. This tax bill protects wealth and exempts it from taxation. It is not a bill suited to the times; it does not meet the economic and industrial needs of the people—and all tax bills directly relate to economic and industrial conditions—nor will it care for the demands of the Treasury, in view of the enormous appropria-

tions which the party in power have made. This measure should be redrafted along lines of simplification and in the interest of the general good. It has been greatly improved by amendments which have been offered; it will perhaps be further improved before it leaves the Senate.

In my opinion there should be embodied in the bill a provision for a tax upon undue profits. The time has not come when enormous profits should go untaxed. It is no opposition to wealth that calls for the taxation of wealth; inordinate profits are a legitimate source of taxation. The party in power will make a great mistake, for which they will be held accountable by the people, if they enact a tax law which embodies all the imperfections and vices found in the measure before us.

Mr. FLETCHER. May I interrupt the Senator with reference to two propositions he has raised. One is the question whether revenue shall be reduced, or not as much raised, under this amendment as under the committee proposition. That, of course, is largely a question for experts. Otherwise without the information from that source we merely have to guess at it and form our best opinion about it.

I take it we desire to vote for those proposals which we consider just and fair and proper without paying too much regard to the question of how much revenue is going to be raised by a particular amendment that may be offered. For instance, with reference to the point the Senator raised as to the difficulties of administration, I take it the Senator will agree that it will not be difficult for the department to ascertain what income is derived from personal services. That is a fact which can be easily ascertained from the investigation which the department may make and it will be shown by the return which the taxpayer will have to make; it will all appear on his return how that income is derived. So I can not see any difficulty of administration under the proposed amendment. The fact whether the income is derived from personal services or not would not be a very difficult matter to determine. It will be established just like the fact of being married or single.

Then the other suggestion which the Senator made was that he believes every citizen ought to contribute something to the support of the Government. Even the poor people, as they are sometimes designated, who are not called upon to pay direct taxes under this provision, do not escape the indirect taxes. Everybody has to pay indirectly something for the support of the Government, so that if those people whose incomes are less than the amount designated here should escape direct taxation, that does not mean they are not contributing to the support of the Government; but we must keep in mind the indirect taxes which they must pay.

I submit these observations for the Senator to consider in connection with his inquiry made of my colleague with reference to this particular amendment. I feel that there is merit in the claim that every man earning 75 per cent of his income by personal services would require something more than $1,000 a year income, proposed to be raised to $1,500 a year, in order to maintain himself, and that the proposed exemption is entirely reasonable. It would rather encourage individual effort and provide against the possible embarrassment that the taxpayer might otherwise encounter. Then where a citizen who is the head of a family, having a wife and children to support, is earning from $3,000 to $6,000 a year, 75 per cent of which is derived from his personal efforts, it seems to me that it is not an unreasonable position to take that he ought to be allowed an exemption for the support of his family of $3,000, 75 per cent of which comes from his own labor. He will require at least that much for the purpose of taking care of his family and educating his children. I think that the amendment is a very important one and a very meritorious one.

As to the suggestions which come to the mind of the Senator, I believe upon reflection he will admit that if the amendment is adopted the law could be very easily administered, without any complication or difficulty, and that it does not relieve from taxation those who are allowed the exemptions provided, except only to the extent and in the respect provided. Those allowed these exemptions as to their income taxes will have other taxes which are quite burdensome enough to pay.

Mr. KING. Mr. President, I did not intend to convey the idea, though perhaps my words gave that implication, that I regarded the administrative difficulties as insuperable or, indeed, important. I suggested the inquiry to the junior Senator from Florida whether or not there were any administrative difficulties. Generally speaking, it would be better if we could have flat rates rather than irregular and graduated ones. But that is found impossible if the line of justice is followed in framing tax laws. When I made the inquiry as to the administrative problems involved I did not mean to infer that they were so important as to warrant us in refusing to accept the amendment if otherwise it commended itself to our judgment.

I further expressed myself as being in sympathy with any provision of the law that would deal fairly and justly with those of small means. I agree entirely with the Senator from Florida that those of moderate means and those who come within the category of the poor, whom, as the Bible says, we always have with us, are burdened by indirect taxation. It has been the device of the wealthy always to impose indirect burdens upon the people rather than direct taxation. If the burdens which the great mass of the people from time to time have been compelled to bear under the guise of indirect taxation had been presented to them in the form of direct taxation they would more often have been led to revolution. So far as possible there should be direct taxation, but indirect taxation will always appear.

I repeat what I stated in the beginning—that I should like conditions to be such that all can make contributions to the expenses of the Government. There is something in the thought that those who pay taxes or aid their Government in a direct way feel a personal interest in the Government and that it is their Government.

The thought has been elaborated in many admirable essays that a small contribution paid by even the poorest to a cause seems to identify them with the cause and they take a greater interest in it by reason of such act. But I support the view that all taxation must have in mind the ability of the people to pay.

As I have heretofore said, the faculty theory of taxation has been accepted by us, theoretically at least, as the fundamental theory upon which to rest our tax system. The ability of the people to meet the burdens of government must be the basis of exactions imposed by the Government. Wealth, which is deriving benefits and protection from the Government, must now as in the past bear the burdens of taxation.

Mr. President, the Senator from Florida has returned to the Chamber, and I will not detain the Senate longer. I hope he has sufficient data to explain fully to the Senate the result of his amendment. Permit me to say in conclusion that the criticisms which I have made of this bill have not been in a partisan spirit. I feel that it is the duty of the Democrats to aid in every possible way to formulate a wise and just tax law. I regret that our Republican friends have exhibited such extreme partisanship. They have repeatedly declared that they were responsible for the Government and for legislation, and that they would pass legislation regardless of the views of the minority. This bill was framed in the House by the majority without the aid of the minority; it emerged from the Finance Committee of the Senate with the seal of the majority upon it; it was prepared by the majority, not by the minority; and the views of the minority were not sought in drafting any part of it from the beginning to the end. The bill with all its infirmities must be laid at the door of the Republicans and they will have to bear the obloquy which will attach to it.

The PRESIDING OFFICER (Mr. ASHURST in the chair). The question is on the amendment proposed by the junior Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. I ask the acting chairman of the committee if he will allow this paragraph to go over until to-morrow so that my amendment may be printed, and also in order that some other Senators may have an opportunity to read it and give it some consideration.

Mr. SMOOT. If the Senator desires to withdraw his amendment at this time and allow the amendment of the committee to be acted upon, that will not preclude him from offering his amendment in the Senate. I will say to the Senator that we have already voted upon the same principle. We want to get through with the bill some time or other.

Mr. TRAMMELL. I prefer not to withdraw my amendment. I will suggest the absence of a quorum and take a vote upon the amendment, and then I will reserve the right to have further action when the bill reaches the Senate.

Mr. SMOOT. As I remember the Senator's amendment, it strikes out the House text of the bill. Of course, if that is the case, it is not in order at the present time.

Mr. TRAMMELL. It seems to me that the entire paragraph is open to amendment, a part of the paragraph being the amendment proposed by the committee to the House text.

Mr. SMOOT. I will say to the Senator that committee amendments are now being considered.

The PRESIDING OFFICER. The Chair understands the junior Senator from Florida suggests the absence of a quorum?

Mr. TRAMMELL. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	Moses	Smoot
Broussard	Heflin	Nelson	Spencer
Bursum	Hitchcock	New	Stanfield
Capper	Johnson	Newberry	Sterling
Caraway	Jones, N. Mex.	Nicholson	Sutherland
Curtis	Kellogg	Norris	Swanson
Dial	Kendrick	Oddie	Townsend
Dillingham	Keyes	Overman	Trammell
Edge	King	Page	Wadsworth
Ernst	La Follette	Phipps	Walsh, Mont.
Fletcher	Lenroot	Pittman	Warren
France	Lodge	Pomerene	Watson, Ga.
Frelinghuysen	McCormick	Ransdell	Watson, Ind.
Gerry	McKellar	Reed	Willis.
Hale	McKinley	Sheppard	
Harris	McNary	Simmons	

The PRESIDING OFFICER. Sixty-two Senators having answered to their names, a quorum is present.

Mr. FLETCHER. Mr. President, a number of Senators are now in the Chamber who probably have not heard the discussion on the pending amendment. I simply wish, before the Senate votes on this matter, to have the proposed amendment stated.

Mr. SMOOT. Mr. President, the amendment is out of order at this time. We are now considering committee amendments, and the Senator's amendment proposes to strike out the whole of subsection C, which is a part of the House bill. Under the agreement heretofore reached by the Senate, an amendment of that kind is not in order at this time. I do not think, therefore, we ought to take the time of the Senate again to read the amendment. The Senator will have an opportunity to offer the amendment later. I believe that we ought to proceed in order and the amendment is not in order at this time.

Mr. TRAMMELL. Mr. President, is it the idea of the Senator from Utah to dispose of the amendment as reported by the committee, and that it will then be in order to offer a substitute?

Mr. SMOOT. No. Later on, after we get through with committee amendments, it will be in order.

Mr. TRAMMELL. After we shall have concluded the consideration of committee amendments?

Mr. SMOOT. Then the Senator from Florida may again offer his amendment as a substitute for this amendment.

Mr. TRAMMELL. Then, with that understanding, I will send the amendment to the desk and let it lie on the table and be printed, so that it may be considered later.

The PRESIDING OFFICER. That order will be entered. The next amendment passed over will be stated.

The next amendment passed over was, on page 48, line 25, after the word "personal," to strike out the words "exemption, which shall be computed on their aggregate net incomes; and in case they," and to insert "exemption. The amount of such personal exemption shall be $2,500, unless the aggregate net income of such husband and wife is in excess of $5,000, in which case the amount of such personal exemption shall be $2,000. If such husband and wife"

The amendment was agreed to.

Mr. SMOOT. Mr. President, I wish to offer an amendment on behalf of the Committee on Finance. On page 50, line 20, after the letter (A), I move to strike out "interest received from foreign traders or foreign trade corporations, (B)"

Mr. KING. May I inquire of my colleague whether that amendment is not tied to the proposition for which the Senator from Wisconsin [Mr. LA FOLLETTE] was contending?

Mr. SMOOT. It is designed to perfect the bill according to the action of the Senate in striking out paragraphs 4 and 5, on page 5 of the bill.

Mr. KING. Mr. President, of course, in view of the action of the Senate with respect to the amendment offered by the Senator from Wisconsin, he having asked for a separate vote on the amendment, I presume that I ought to ask for a separate vote in this instance, unless——

Mr. SMOOT. I repeat, the amendment is to conform with the action of the Senate in adopting the amendment offered by the Senator from Wisconsin. The Senator from Wisconsin asked that the amendment be agreed to to conform with the amendment which was agreed to as offered by him the other day.

Mr. KING. My recollection was——

Mr. SIMMONS. If the Senator will pardon me for a statement, this amendment is made necessary by reason of the action of the Senate in adopting the amendment offered by the Senator from Wisconsin.

Mr. KING. Then, I am in error. I had supposed that amendment had been defeated.

Mr. SIMMONS. No; it was not defeated; it was adopted.

Mr. KING. Then I agree with the Senator.

The PRESIDING OFFICER. Does the Senator from Utah desire the question put on his amendment to the committee amendment?

Mr. SMOOT. Yes; I ask that the question may be put on it.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Utah to the committee amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. Now, on page 50, line 24, I move to strike out "(C)" and to insert "(B)."

The PRESIDING OFFICER. The amendment to the amendment will be agreed to in the absence of objection. The question now is on agreeing to the amendment of the committee as it has been amended.

The amendment as amended was agreed to.

Mr. JONES of New Mexico. Mr. President, I have an amendment to another part of the bill, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The Senator from New Mexico proposes an amendment which will be printed and lie on the table.

Mr. JONES of New Mexico. Mr. President, while on my feet I desire to call attention to an article respecting the accomplishments of the League of Nations which appeared in the Boston Herald of Sunday, October 16. It is not only a well-written article but it contains some very valuable information. If I should not be accused of filibustering against the pending bill I would take up the time of the Senate to read it; but I do not wish to delay the consideration of the bill, and, therefore, ask unanimous consent that the article may be printed in the RECORD in eight-point type, the same kind of type as the matter generally appearing in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico? There being none, it is so ordered, and the article will appear in the type which the Senator requests.

The article referred to is as follows:

LEAGUE OF NATIONS ACTIVE, SELF-RELIANT, AND VIGOROUS—IT IS NOT AS POWERFUL AS IT WAS EXPECTED TO BE, BECAUSE THE UNITED STATES IS NOT A MEMBER—INSTEAD OF BEING A SUPERGOVERNMENT, AS SOME HAD FEARED, IT IS A DELIBERATIVE ASSEMBLY, AND AS SUCH HAS A GOOD RECORD OF ACCOMPLISHMENT AND IS HIGHLY REGARDED IN ENGLAND AND EUROPE.

[By Paul Revere Frothingham, D. D.]

"The second annual meeting of the assembly of the League of Nations has recently come to an end. For just one month, from September 5 to October 5, daily sessions were held in the Salle du Reformation in Geneva. On occasions the assembly came together twice each day, with the exception of Sundays. And all the time the council and the various committees were conferring constantly, sometimes sitting far into the night. When the full and official report of the assembly is published it will prove interesting reading. Let us hope that it will likewise correct many false impressions in regard to the league which are prevalent in this country and elsewhere. Americans more particularly need somehow to rid themselves of certain fixed ideas which are as false as they are unfortunate. For my own part I went to Geneva an ardent supporter of the league, and I came away much more enthusiastic than I went. After staying there and studying the situation for about three weeks I became more than ever persuaded of the fact that in the league there is nothing for America to fear, and nearly everything that she ought to champion and accept.

"In the first place, the league is neither dead nor in any likelihood of ceasing to exist. It is active, self-reliant, vigorous. The attempt to spread the impression through the United States that the whole thing is a failure is so fundamentally false that it can not long continue to deceive people. The truth must finally prevail, for the 'truth is mighty above all things.'

OTHER NATIONS NOT INDIFFERENT.

"Again, we delude ourselves if we think that the other countries of the world are indifferent to the league, or have no faith in it. Such is not the case. In England, for instance, I found those whom we call 'the people' heartily in favor of the league, and standing solidly behind it. There is, to be sure, another and a somewhat disconcerting side. If one talks with a denizen of Piccadilly or Pall Mall; if the opinion is asked of a resident of Belgravia, the answer very likely will be a shrug of the shoulders, or a rather cynical expression of indifference. But in the Midlands, Yorkshire, and the North—and indeed with the middle classes generally—it is different. In short, the descendants of the men and women who stood up for the North at the time of our Civil War, and were champions

of the Union, now see in the league the promise of a larger union embracing the entire world. Take, for instance, the 'League of Nations Union,' which is a national organization which was established for the sole purpose of arousing public interest in the league and getting people to support it. The headquarters of the union are in Grosvenor Crescent, London, the president is Lord Grey, and Lord Robert Cecil is chairman of the executive committee. At the time of its foundation the union had some 3,000 members; to-day the membership numbers more than 127,000; and my recollection is that some 800 branches, or chapters, have been established in various parts of the Kingdom. The leaders of British organized labor have indorsed the cause in the following manifesto:

FRANCE SENT ABLE MEN.

"'The League of Nations Union should be supported by every man and woman who has at heart the insuring of peace, the prevention of a new and greater war, the industrial recovery of Europe, the improvement of the standard of life, the continuation of our civilization, and the progress of humanity.' That is a pretty sweeping commendation for people who are supposed to be indifferent.

"I can not speak so confidently in regard to France. We are accustomed to hear it said that the French take no stock in the league. But, if such is the case, why were three of the very ablest men of France representing the country at Geneva? Leon Bourgeois, Gabriel Hanotaux, Rene Vivianni were the peers of any statesmen in Geneva, and the entire French delegation was one of the very strongest that was present.

"Here is what a distinguished American, who holds a very responsible position in France and has been there since the war, told me in regard to French opinion on the subject of the league. I am not privileged to use his name, but this is what he wrote:

"I feel quite sure that the European nations took the league seriously from the beginning, and that they continue to do so. It is a mistake to regard it as a Wilson conception. It embodied in the beginning greatly exaggerated hopes, which were, as I say, serious. It embodies now saner expectations, but they are still serious. * * * The man in the street was seriously interested in the beginning, but he lost interest, as he always does, when his exaggerated hope is disappointed, and now is inclined to scoff; but I think that the interest of the statesmen, and even of the politicians, has grown, rather than diminished, now that the exaggerated notions have been sloughed off.

"That opinion in regard to the league was expressed in June, before the knotty question of Upper Silesia was referred to it for settlement; and since then, of course, it has suddenly grown in popular favor, more particularly in France. Indeed, as Wellington Koo remarked in his opening address to the assembly, the question now seems to be, What would Europe do without the league?

NOT A SUPERGOVERNMENT.

"Again, we need in America to rid ourselves of the idea that the league is in any sense a supergovernment, intended to limit the sovereignty of States. It is not that at all, but a deliberative body, allowing for endless difference of opinion and designed to encourage cooperative action. Among other Americans in Geneva attending the meetings of the assembly was a well-known diplomat of the United States. He has been an outspoken opponent of the league from the very first. I asked him one day what his opinion was now that he saw things face to face and in operation. His answer came without a moment's hesitation, and it was this:

"Of course, the league has not turned out at all what it was meant to be. It was intended to be a superstate with coercive powers, instead of which it is merely a consulting body, allowing liberty for differing points of view.

"Whether that American 'observer in Geneva' was correct in his opinion as to what the league was intended to be is open to very serious question. Most of the statesmen who were present and who have helped to shape the organization would not agree with him. There can be no question whatever, none the less, as to what the league actually is. It constitutes anything but a supergovernment, and it is difficult to see how it can possibly do any country any harm.

"Once more we need to rid ourselves in this country of the most mistaken idea that the league has accomplished nothing. The published facts entirely refute so false a charge.

HAS BORNE MUCH FRUIT.

"That it has accomplished all that we might wish is, of course, not true, but already, in the brief course of its organized existence, it has borne much fruit. We need, in all fairness, to remember how very young the institution is. It has only just begun to walk. It was born at Versailles with the ratification of the peace treaty, January 10, 1920. It came to self-consciousness less than a year ago, at the first assembly meeting in Geneva. And in the course of that brief period—

"It has governed the Saar Basin since February 26 and has adjudicated on the question of Eupen and Malmedy, giving these Provinces to Belgium. It has held a financial conference of 39 States, including the former enemy States, to examine the financial and economical situation of the whole world, and has made recommendation for restoring credit and financial stability.

"At the request of Great Britain it intervened to prevent war between Sweden and Finland over the Aaland Islands. It has been successful in preventing war, and the two countries have agreed to live by the judgment that was reached.

"At the request of Poland it intervened between Poland and Lithuania in their dispute over the frontier.

"It has taken on itself the gigantic task of checking the spread of cholera and typhus in eastern Europe. It has been successful in securing the repatriation of 200,000 prisoners of war between Russia and the former Central Powers.

"It has drawn up the constitution of a permament court of international justice, to be composed of 11 judges and 4 deputy judges, elected regardless of their nationality.

"Last, but very far from least, the league has had referred to it the dangerous dispute in regard to upper Silesia, and Europe gave a great sigh of relief when this action was suddenly and unanimously taken.

"I might go on and speak of what the league has done for Austria. Instead of a strangled Austria we now have Austria, the invalid, in the care of a group of experts representing a world organization, intent on giving aid to a suffering sister.

"All this is but a part of what has been accomplished. It is enough, however, to convince those who are open to conviction that something new has come into the world which henceforth must be reckoned with.

GROWING MORE INFLUENTIAL.

"When the cynic, therefore, scornfully inquires, 'What has the league amounted to?' it is possible to point to these achievements and to remark that these are not the signs of speedy dissolution nor of death from inanition. They are evidences rather of growing strength, of increasing confidence, and extending influence.

"All this, however, refers to what took place before September 5, 1921, when the second assembly came together.

"It is still too soon to speak with completeness or confidence of what since then has been achieved. Of one thing, however, it is possible to speak with full knowledge and conviction.

"Whatever the second assembly may have done or failed to do, this one supreme achievement at least must be set down to its credit: It has elected the judges of a permanent world court, and has thus brought into existence an 'ever-present piece of international machinery which will at last allow the nations to feel that they can bring their disputes to settlement along the lines of justice.' The world has dreamed for many years of a supreme court of the world, and now at last the tribunal has been successfully established by the League of Nations. That marks a tremendous stride in the pathway of human progress. It places an international milestone which probably will be long remembered.

MACHINERY WORKED PERFECTLY.

"When I left Geneva everyone was on tiptoe waiting for the election of the judges, which was scheduled for Wednesday, September 14. It was feared that the process would be a long one. There were those who prophesied that it would extend over a week. The machinery was untried as yet and intricate. The council and assembly had to agree. A deadlock was looked upon as possible and even likely.

"But nothing of the kind took place; the machinery worked perfectly, and in the course of the first day the 11 judges and 3 out of the 4 deputy judges were quietly and happily elected. The remaining deputy was soon agreed upon after a conference was held. I repeat, if the second assembly accomplished nothing else, this one achievement in itself is enough to render it historic.

"But there was much else. It was a wonderful assembly, both collectively and individually. It gave one a decided thrill to look down on those representatives of more than 40 nations sitting together and taking counsel in regard to world problems. I kept repeating to myself the familiar words of Scripture, 'And they shall come from the east and from the west and from the north and from the south and shall sit down in the kingdom of God.' There they were before me, three from each country, at their little tables, which were arranged in alphabetical order.

Bulgarians side by side with Canadians, Poles touching elbows with Portuguese and Persians. So another prophecy had at last come true.

NEVER ANYTHING LIKE IT.

"One day, as I was sitting in the press gallery listening to the debates, a young American, looking somewhat worn and seedy, edged up beside me. We fell to talking, and he soon disclosed his identity. It was Whiting Williams, who has made a reputation for himself by his studies of mining conditions in different countries, living as a miner, for weeks at a time, in Wales and the north of England and in various of the collieries of America. He told me how he had just come from the Saar mines and was in Geneva to make a report as to conditions, which were very favorable, to the administrative section of the league, which has the region in charge. I ventured to suggest to him that after what he had been through, this meeting in the Sallee de Reformation must seem rather tame. 'On the contrary,' he replied, 'I think this is the most thrilling day of my life.' And when I inquired what he meant, he just waved his hand over the assembly where Belgians, Poles, Danes, Japanese, British, Brazilians, French, Spanish, Italians, Greeks, Chinese, Chileans, Swedes, Swiss, Norwegians, and all the rest were seated quietly together. 'Why, this,' he said. 'There was never anything like it in the course of history.' And there never was.

"Moreover, individually as well as collectively the assembly was remarkable. The various countries did not send mediocre men to represent them at Geneva. They sent great men of international repute, men of letters, statesmen, scholars, reformers, jurists, philosophers, and diplomats. Seated side by side on that assembly floor, coming together from the four corners of the world, and representing more than three-fourths of the people of the earth, were publicists, not politicians; idealists, not opportunists; men of attainments, not aspirants for public office. This was true of Japan and Italy, of England and Belgium, of Norway, China, Chile, Spain, and Austria. I have referred to the French delegation, with its trio of great men. But not less remarkable were other countries; Norway with Nansen, who was always a conspicuous and commanding figure; China with the courteous and polished Wellington Koo; Japan with the Viscount Ishii and Baron Hayashi; Sweden with Branting; and Czechoslovakia with Dr. Benet, of whom the world will probably hear more in the days and years to come.

BRITAIN'S GREAT DELEGATION.

"The British delegation in itself was a thing to reflect upon and study. Chief of all was Mr. Balfour, the British representative to the council, urbane, influential, universally respected, a man of vast learning and broad experience in public affairs, a member of Parliament for nearly 50 years, once prime minister, at present a member of the cabinet. Seated beside Mr. Balfour at the sessions and often to be seen with him on the streets and at headquarters was the Right Hon. Herbert Fisher, also a member of the British cabinet, head of the education department, of whom it was said when he gave up his university post and accepted public office, that somehow an angel had strayed off into political affairs.

"Representing South Africa was another member of Parliament, Lord Robert Cecil, third son of the late Marquis of Salisbury, the greatest champion in England of the league, executive chief of the League of Nations union, one of the honest and most fearless men in public life to-day, and thought by many as the most likely man to be next prime minister of England.

"Last, but not least, was Prof. Gilbert Murray, the great Greek scholar of Oxford, considered by some to be the ablest member of the assembly, and with a wealth of historical knowledge to guide him in giving counsel to his associates. Those men thought the league of sufficient significance to give to its affairs a month of their precious time and strength. And they were busy in Geneva from early morning until late at night. They let it be known at once that they would accept no social engagements, and devoted all their attention to league questions and interests.

"With such men and scores of others like them enthusiastic for the cause it would seem that the future of the movement is reasonably bright. The most difficult period has successfully been passed. The general impression in Geneva was that the league is almost certain to survive. It is far from being in a moribund condition. It has rather surprising activity and vigor. Because, however, of America's attitude it has to be recognized that it is something of a cripple. It does not have the use of all its limbs. It can not, for instance, function fully nor effectively in regard to armaments. How can it when a great munition-making Nation such as we are holds aloof and is not as yet a party to any possible agreements?

"In regard to this situation there are, or may be said to be, two parties in the league. One party is headed by Lord Robert Cecil, the other by his cousin, Mr. Balfour. Cecil is the champion of an aggressive policy. He believes in going ahead, and he would have the league proceed without any thought of the United States. The tendency to look over the shoulder and to consider what effect any line of action will have on America is one in which he does not believe. 'Be bold! Strike out! Take the path that is clearly right,' is his policy of push. He is so honest, so enthusiastic for the cause, in regard to which he is almost a fanatic, that he is impatient of delay.

A LINE OF CLEAVAGE.

"The attitude of Mr. Balfour is quite different. He is naturally cautious and conservative. He holds that the league must do a little at a time. Move slowly; not attempt the impossible; gradually make its way; and adjust itself to conditions as they exist.

"There you have a line of definite cleavage. It is the young man in opposition to the older one; the cavalry leader and the commander of infantry. And between the two, it must be confessed that the compromise has for the most part been fortunate and fruitful.

"Of late, however, the indications rather seem to be that the bolder, more progressive policy is paramount. At least Lord Robert, according to reports I have seen in the press, won a rather dramatic victory the other day. It is said that he forced through committee a resolution calling for the preparation, before the next meeting of the assembly, of general proposals for world disarmament in the form of a treaty draft or some other definite plan.

"The motion, I read, was driven through in the face of opposition on the parts of England, France, and Japan, whose proposition has been to wait for developments at the Washington conference.

"I can not speak with any precision on this point, for the discussion took place after I had left Geneva, and it is wise, as well as necessary, before passing judgment to wait for the full report. In general, however, I should say that the tendency would seem to be in the direction of Lord Robert's lead. That is to say, there would appear to be a growing feeling that the league had better go ahead and grapple things without too constant thought about America.

"Moreover, that, in general, is likely to be the line along which things will probably work out in future. Perhaps I am reflecting too much my own impressions and convictions, but I have felt from the first that the only effective way in which to enlist the cooperation of America is to make the league effective. If it is seen to work, we may come in time to be wise enough to work with it. Of course, the league would be willing to come half way to meet us; but it does not seem that they feel inclined to make things too easy nor to tempt us by making every possible concession. Instead of letting down the bars and adding to our sense of self-importance, the policy would seem to be to make the field so fruitful and productive that no nation can be content to remain outside. I can not help believing, therefore, that it was good policy as well as sound principle to hold on to article 10, neither eliminating nor amending it as Canada advised. Even Mr. Balfour, according to press reports, came out the other day in favor of the famous article, contending that it constituted the very heart of the league, and that it could not properly be construed as endangering national sovereignty.

NO SACRIFICE OF SOVEREIGNTY.

"The question of national sovereignty, or the right of self-determination, is, of course, a very vital and important question. It touches America in a sensitive spot. But it should not be assumed that the other States of the world, more particularly the younger ones, are any less sensitive than we are on the subject. We can be very sure that they do not feel that they are sacrificing any of this essential sovereignty by becoming members of the league. If they did feel so, they would perhaps have remained outside. They are wise enough, however, to perceive the necessary limitations that are incident upon civilized existence. We ourselves have much to learn and a vast amount to acquire in this one respect. As I view the situation, and, of course, it is infinitely complicated, States must pass through much the same stages that individuals have passed through with the advance of population and the development of community existence. Individuals have more or less definitely learned the difficult art of living together. They have given up—they have had to give up—certain rights and privileges, first for the simple reason that life has become congested with so many contacts.

"A man, for example, may live out in Dover or Pepperell and have great freedom of action. He may carry firearms and use them; he may let his dogs run free. But when he comes to Boston and becomes a resident of Beacon Street he can not disport himself by shooting squirrels on the Common nor pigeons in the Public Gardens. He must hold his dogs in leash and conform himself to general conditions of all city life.

STATES LIKE INDIVIDUALS.

"In much the same way States must somehow come to understand that there is such a thing as a community of nations. In the words of a well-known writer in the Atlantic Monthly for October, 'the right of a nation to shoot up the world and endanger civilization should be limited, just as the right of an individual to shoot up the community in which he lives is limited.'

"Any treaty obligation is, in the sense in which the agreement has been advanced, a limitation upon sovereignty; that is, a limitation upon the power of a nation to do anything it may choose. In order to meet the requirements of such a claim, we should have international anarchy, where each nation would be subject to no law of nations, but only to its own will and to such self-imposed notions of righteousness as it might see fit to recognize and put in force.

"With all of this, the practical question which rises uppermost in all of our minds relates to the future course of action in regard to the league on the part of the United States. That is a subject on which there is violent difference of opinion, and on which not all people express their minds either with calmness or intelligence. The only point, almost, on which both sides can agree is that the situation is extremely complicated. Irrespective of how we got into the present tangle, it is certainly one from which we can not easily disentangle ourselves. 'Cutting the painter with Europe,' writes Austin Harrison, 'was a gesture, not a principle; and it has produced little but chaos, distrust, and disillusion even in America.'

"In seeking a happy issue out of our present perplexity and distress, I may perhaps be permitted to make one simple but constructive suggestion. It would appear to me that Americans can not do much better than to turn back for instruction to the ethics of Aristotle, and to call to mind what that famous Greek philosopher said so well so many centuries ago in regard to the nature and the origin of man.

"According to Aristotle, 'in considering the nature of man the most important thing to take account of is not that out of which he has come, but the thing into which he is developing; not what he is at the lowest, but what he is at the highest; not what he is born as, but what he is born for. A flower is not less a flower because it is colored in the mind.'

"It would seem that we ought to feel the same about this organization. Of what matter is it that had to do with bringing it into shape? The thing to consider is, what value has it, what can it accomplish for the world?

A DREAM AND IDEAL.

"Perhaps the Washington conference will supply an answer to that question—that conference from which we hope and pray so much will come. It may be that we must wait much longer and leave things to the healing touch of time. But at least there is no need to conceal from ourselves nor from the world the dream and the ideal which the second meeting of the assembly of the League of Nations quickened, clarified, and strengthened.

"One of the interesting sights of Geneva is what is known as 'The Junction.' A little way outside the city the blue waters of the Rhone are met by the gray and turbid waters of the Arne as they rush impetuously down from the distant mountains. For a time the two streams are distinct and separate. Far as the eye can see the blue and gray waters can be clearly traced. But at length, as they flow beneath a bridge in France, they are found to be united, and as one swift, potent stream they make their way through fruitful fields and busy cities to the Mediterranean Sea.

"We may accept one of the processes of nature as a parable and prophecy for man. In the meantime we may wisely listen to one of the most constant and discerning friends that America has ever had. Said Viscount Bryce as he was preparing to sail for home a few days since: 'Those for whom I venture to speak, workers who have nothing to do with our respective Governments, mean to persevere in supporting the League of Nations as the only plan yet launched with a prospect of success.'"

The PRESIDING OFFICER. The Secretary will state the next amendment which has been passed over.

The READING CLERK. On page 50, after line 3, the committee proposes to strike out lines 4, 5, and 6, as follows:

SEC. 223. Section 217 of the revenue act of 1918 and the heading preceding such section are amended to read as follows:

The amendment was agreed to.

The next amendment passed over was, on page 50, line 7, to strike out the word "Net," in quotation marks, and insert the word "Net" without quotation marks.

The amendment was agreed to.

Mr. SMOOT. Mr. President, before the heading, in lines 7 and 8, is agreed to, we ought to strike out, in line 8, the words "And Foreign Traders."

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 50, in line 8, it is proposed to strike out the words "And Foreign Traders," so that the subhead will read:

Net income of nonresident alien individuals.

The amendment was agreed to.

The next amendment passed over was, on page 50, in line 9, to strike out "In" and insert "That in."

The amendment was agreed to.

The next amendment passed over was, on page 50, line 11, to strike out "derived in full" and insert "income."

The amendment was agreed to.

The READING CLERK. On page 51 it is proposed to strike out lines 8 and 9, and to insert:

(2) The amount received as dividends (A) from a domestic corporation other than a foreign-trade corporation, or (B) from a foreign corporation unless less than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of this section.

Mr. SMOOT. Mr. President, I move that on page 51, line 11, after the word "corporation," the words "other than a foreign-trade corporation" be stricken out, leaving the comma as it is.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The READING CLERK. On page 51, line 11, it is proposed to strike out the words "other than a foreign trade corporation."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is, on page 52, line 2, after the word "property" and the semicolon, to insert the word "and."

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 52, to strike out lines 3 to 6, both inclusive, in the following words:

(5) Gains, profits, and income from the ownership or operation of any farm, mine, oil or gas well, other natural deposit, or timber, located in the United States, and from any sale by the producer of the products thereof.

The amendment was agreed to.

The READING CLERK. On line 7 strike out the numeral "(6)" and insert "(5)."

The amendment was agreed to.

The READING CLERK. On line 8 strike out the word "States" with a semicolon and insert the word "States" with a period.

The amendment was agreed to.

The READING CLERK. It is also proposed to strike out lines 9 to 11, both inclusive, in the following words:

(7) Gains, profits, and income from the sale of personal property, both purchased and sold, or both produced and sold, by the taxpayer within the United States.

The amendment was agreed to.

The READING CLERK. On line 20 strike out the word "not"; on line 21 strike out "included" and insert "treated"; and on the same line strike out "within" and insert "without," so that, if amended, it will read:

(c) The following items of gross income shall be treated as income from sources without the United States.

The amendment was agreed to.

The READING CLERK. At the top of page 53 it is proposed to strike out lines 1 and 2 and to insert:

(2) Dividends other than those derived from sources within the United States as provided in paragraph (2) of subdivision (a).

The amendment was agreed to.

The READING CLERK. On line 12, strike out "formulae" and insert "formulas."

The amendment was agreed to.

The READING CLERK. At the end of line 14, after the word "property" and the semicolon, insert "and."

The amendment was agreed to.

The READING CLERK. Strike out lines 15 to 18, both inclusive, in the following words:

(5) Gains, profits, and income from the ownership or operation of any farm, mine, oil or gas well, other natural deposit or timber, located without the United States, and from any sale by the producer of the products thereof.

The amendment was agreed to.

The READING CLERK. On line 19, strike out "(6)" and insert "(5)."

The amendment was agreed to.

The READING CLERK. On line 20, strike out "States" with a semicolon and insert "States" with a period.

The amendment was agreed to.

The READING CLERK. It is proposed to strike out lines 21 to 24, both inclusive, and line 25 down to and including the word "any" and to insert:

(d) From the items of gross income specified in subdivision (c) there shall be deducted the—

The amendment was agreed to.

The READING CLERK. On page 54, line 2, strike out "or" and insert "and."

The amendment was agreed to.

The READING CLERK. On line 3, strike out "to items specified in subdivision (c), nor for" and insert "thereto, and."

The amendment was agreed to.

The READING CLERK. On line 5, strike out "and" and insert "or."

The amendment was agreed to.

The READING CLERK. On line 6, after the word "income" and the period, insert:

The remainder, if any, shall be treated in full as net income from sources without the United States.

The amendment was agreed to.

The READING CLERK. On page 54, strike out lines 9 to 25, both inclusive, and on page 55, lines 1 to 5, both inclusive, and insert:

(e) Items of gross income, expenses, losses, and deductions, other than those specified in subdivisions (a) and (c), shall be allocated or apportioned to sources within or without the United States under rules and regulations prescribed by the commissioner with the approval of the Secretary. Where items of gross income are separately allocated to sources within the United States, there shall be deducted (for the purpose of computing the net income therefrom) the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of other expenses, losses, or other deductions which can not definitely be allocated to some item or class of gross income. The remainder, if any, shall be included in full as net income from sources within the United States. In the case of gross income derived from sources partly within and partly without the United States, the net income may first be computed by deducting the expenses, losses, or other deductions apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which can not definitely be allocated to some item or class of gross income; and the portion of such net income attributable to sources within the United States may be determined by processes or formulas of general apportionment prescribed by the commissioner with the approval of the Secretary. Gains, profits, and income from (1) transportation or other services rendered partly within and partly without the United States, or (2) from the sale of personal property produced (in whole or in part) by the taxpayer within and sold without the United States, or produced (in whole or in part) by the taxpayer without and sold within the United States, shall be treated as derived partly from sources within and partly from sources without the United States. Gains, profits, and income derived from the purchase of personal property within and its sale without the United States or from the purchase of personal property without and its sale within the United States, shall be treated as derived entirely from the country in which sold.

The amendment was agreed to.

Mr. HITCHCOCK. Mr. President, I should like to ask some member of the committee the meaning of the last language in the paragraph just read. Does that mean that a corporation selling goods abroad shall be construed as having made the profit abroad, and therefore shall be freed from taxation upon that profit?

Mr. SMOOT. Mr. President, this has nothing at all to do with exemptions, and applies only to foreigners, nonresident aliens. I will say to the Senator that the reason for rewriting that paragraph was that in the practice of the department they have found it almost impossible to meet the conditions arising from returns of this sort, and Dr. Adams thought as a result of the experience they have had in the department that this was the only way to arrange it so that all would be treated alike and understand the law, because the existing law is very, very hard to understand.

Mr. HITCHCOCK. It is dealing altogether with nonresident aliens?

Mr. SMOOT. Nonresident aliens.

Mr. WALSH of Montana. Mr. President, will the Senator explain to us what is the difference between the House provision and the Senate substitute?

Mr. SMOOT. It gives the commissioner more power—that is, I mean, with the consent of the Secretary. On pages 55 and 56 the Senator will find these words:

The portion of such net income attributable to sources within the United States may be determined by processes or formulas of general apportionment prescribed by the commissioner with the approval of the Secretary.

That is quite a power that is given into the hands of the commissioner, but it is with the approval of the Secretary. The consensus of opinion of the department is that that is the only way in which they can arrive at the facts of the case from these nonresident aliens; and it also settles another question by adding lines 12 to 16, reading as follows:

Gains, profits, and income derived from the purchase of personal property within and its sale without the United States or from the purchase of personal property without and its sale within the United States, shall be treated as derived entirely from the country in which sold.

The language is rather ambiguous, but it seemed to require both specific statements so that the department would feel sure that whatever was done would act the same in either case and that the tax would be imposed, whether it was in the United States or whether it was out of the United States.

Mr. WALSH of Montana. I understand the significance of the last sentence to be that all profits made upon a purchase of property in the United States sold abroad go out, but profits made on property bought abroad and sold here go in. That is so, is it?

Mr. SMOOT. There is no exemption of taxation in this provision, but it does mean that a nonresident alien must pay a tax whether he makes a gain in the United States by the sale of goods or whether it is made from without the United States.

Mr. WALSH of Montana. That is to say, if the nonresident alien is here importing goods into the United States he pays?

Mr. SMOOT. He pays the tax.

Mr. WALSH of Montana. But if there is a man here exporting goods, he does not pay?

Mr. SMOOT. But if he were here he would not be a nonresident. He would be a resident here—a resident alien.

Mr. WALSH of Montana. Yes; he is here, but he is engaged in the exporting business and another man is engaged in the importing business. The importer pays the tax and the exporter does not? That is the situation?

Mr. SMOOT. The exporter does pay the tax, because he is not a nonresident alien. He is a resident alien, and under the law he pays the tax. This applies only to nonresident aliens, and we are going to collect a tax from them where they derive profits in this country.

Mr. HITCHCOCK. Mr. President, if this nonresident alien is selling goods in the United States, he pays his taxes here?

Mr. SMOOT. Yes.

Mr. HITCHCOCK. If he is buying goods in the United States and selling them abroad, he does not?

Mr. SMOOT. He does not.

Mr. HITCHCOCK. That is reasonable.

Mr. SMOOT. But if he is an agent here and if he is a resident here, then he must pay them.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is, on page 78, where the committee proposes to insert, beginning with line 21, the following:

PART III.—CORPORATIONS.

TAX ON CORPORATIONS.

SEC. 230. That, in lieu of the tax imposed by section 230 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

(a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and

(b) For each calendar year thereafter 15 per cent of such excess amount.

Mr. JONES of New Mexico. Mr. President, this is one of the most important provisions of the bill, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Hale	Moses	Simmons
Broussard	Harris	Myers	Smoot
Bursum	Harrison	Nelson	Spencer
Capper	Heflin	New	Stanfield
Caraway	Hitchcock	Newberry	Stanley
Culberson	Jones, N. Mex.	Nicholson	Sterling
Cummins	Kellogg	Norris	Sutherland
Curtis	Kendrick	Oddie	Swanson
Dial	Keyes	Overman	Trammell
Dillingham	King	Page	Wadsworth
Edge	La Follette	Phipps	Walsh, Mont.
Ernst	Lenroot	Pittman	Warren
Fernald	Lodge	Poindexter	Watson, Ga.
Fletcher	McCormick	Pomerene	Watson, Ind.
France	McKellar	Ransdell	Willis
Gerry	McKinley	Reed	
Glass	McNary	Sheppard	

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

Mr. SIMMONS obtained the floor.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from Utah?

Mr. SIMMONS. I yield.

Mr. SMOOT. Mr. President, I simply want to make a request. The item now before the Senate is "Part 3, corporations. Tax on corporations." I take it for granted that the action taken by the Senate on this part of the bill will largely depend upon what action is taken upon the excess-profits provision. The excess-profits tax provision of the bill is found on page 130. If the excess-profits tax provision of the bill is not agreed to, then I take it that no one, even on the other side, will vote for the increase in the tax on the net profits of corporations. It seems to me that the proper way to proceed, therefore, would be to ask unanimous consent at this time to take up title 3, war-profits and excess-profits tax for 1921, found on page 130, and when that is decided, then it will be understood that we will return to page 78 of the bill, "Part 3, corporations."

Mr. SIMMONS. That is what I rose to suggest, Mr. President.

Mr. SMOOT. I have no objection, and I will ask unanimous consent that that be done.

The PRESIDING OFFICER. The Senate has heard the request of the Senator from Utah. Is there objection?

Mr. JONES of New Mexico. I understand the Senator is asking that we take up the excess-profits tax provision of the bill?

Mr. SMOOT. That is the request.

Mr. JONES of New Mexico. If we can occupy the time of the Senate with something else, I should like a short time further before we take that up. Some days ago I furnished data to the expert drafter and requested that an amendment be prepared to this provision. Owing to illness in the force of experts, the amendment which I asked to have prepared has not been drafted, and if we can just pass this over it seems to me it would be better than to go back and take up what follows, and I suggest that by unanimous consent we pass over this amendment for the present.

Mr. SMOOT. I think this is one of the vital questions in the bill, and I am quite sure it is going to provoke a great deal of discussion, so why not go on with it now? I have not any idea that it will be disposed of this afternoon.

Mr. JONES of New Mexico. I think the Senator is quite right about that.

Mr. SMOOT. Then let us get that much back of us.

Mr. JONES of New Mexico. But it seems to me that the other feature of the bill will be the one primarily discussed, and that this ought to await action upon that. There is no reason that I can see why we should not go ahead with these amendments until we reach page 130 of the bill.

Mr. SMOOT. Does the Senator mean to pass over part 3, corporations?

Mr. JONES of New Mexico. No; I do not mean that.

Mr. SMOOT. I will say to the Senator that there is another reason I might have mentioned to the Senate why I prefer to take up the excess-profits tax at this time. The Senator from Massachusetts [Mr. WALSH] has an amendment to offer to part 3, corporations, which he spoke of yesterday, and it was virtually agreed that he would have a chance to offer his amendment to that part. We can take this afternoon, I am quite sure, in the discussion of the principle of the excess-profits tax, and we can get that much behind us. I do not desire at this time to take up any other subject to conflict with the two great questions which are to be solved in these two propositions we have just been talking about.

Mr. JONES of New Mexico. I, too, had intended to call attention to the fact that the Senator from Massachusetts has an amendment to propose to this section, and offer that as a reason for passing it over. I suppose by to-morrow morning I shall be prepared with my amendment and can go ahead at that time. If there are others who wish to discuss the general provision of the bill relating to corporations at this time, I have no objection to going ahead.

Mr. SIMMONS. Do I understand that it is proposed to take up the excess-profits provision now, and that if we should finish that this afternoon we would not return to the corporate income-tax provision, but would take up the amendments lying in between those two provisions?

Mr. SMOOT. I would not want to say offhand, Mr. President; but if we take up the war-profits provision this afternoon, and decide on that, I do not think there will be any question, from the expressions I have heard from Members on the other side, that if the excess-profits tax is retained we are not going then to increase the tax on corporations.

Mr. SIMMONS. If we should finish the excess-profits tax provision this afternoon, I would not like to have the income tax on corporations taken up, because I know the Senator from Massachusetts has an amendment which provides for a graduated tax on incomes of corporations which he would wish to substitute for this tax provision.

Mr. SMOOT. I know the Senator from Massachusetts has an amendment, but let us not lose any more time. Let us go on with the excess-profits tax provision, and when we reach the other we can decide that question.

The PRESIDING OFFICER. Is there objection to the request of the Senators from North Carolina and Utah that we turn to page 130 of the bill and take up the excess-profits tax title? The Chair hears none, and it is so ordered. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 130, the first amendment suggested is to strike out line 1, "Title III.—Excess-profits tax repeal," and insert "Title III.—War-profits and excess-profits tax for 1921."

Mr. REED. Mr. President, I had to step out of the Chamber for a moment. What paragraph are we considering?

The PRESIDING OFFICER. Page 130, lines 1, 2, and 3.

Mr. REED. How much of it has been read?

The PRESIDING OFFICER. Just those three lines.

Mr. SMOOT. Will the Senator yield just for a moment while we make one little correction?

Mr. REED. I yield.

Mr. SMOOT. On page 132, line 10, the "(D)" should be "(C)."

The PRESIDING OFFICER. Does the Senator from Missouri yield for that purpose?

Mr. REED. Certainly.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 132, line 10, at the beginning of the line, to strike out "(D)" and to insert in lieu thereof "(C)."

The amendment to the amendment was agreed to.

Mr. HITCHCOCK. Mr. President, do I understand the amendment now before the Senate is to repeal Title III of the revenue act of 1918?

The PRESIDING OFFICER. The amendment before the Senate will be found on page 130, line 1, to strike out "Title III.—Excess-profits tax repeal" and to insert "Title III.—War-profits and excess-profits tax for 1921."

Mr. REED. Mr. President, I do not understand the import of the language to be stricken out. I think it had better be passed over without being adopted in that way, because, as I understand its import, as near as I can make it out, it is intended to fit into the body of the provision which stops this tax with the year 1921. I desire to offer an amendment which would change the text of the bill, and I think therefore would change this title. I do not know that my amendment is in order under the practice we are following here, which seems to be to consider committee amendments, but I move at this point that on page 130, line 18, after the numerals "1921," there be inserted the words "and each year thereafter." I am proposing to amend the committee amendment.

The PRESIDING OFFICER. That is in order.

Mr. SMOOT. So that we may understand it and have the record straight, have we agreed to the committee amendment?

The PRESIDING OFFICER. No; the Senate has not taken action on the amendment found at the top of page 130.

Mr. REED. That title will not go into the bill if the amendment that I now offer is accepted.

The PRESIDING OFFICER. Does the Senator wish the amendment at the top of page 130 passed over?

Mr. REED. Yes; for the present.

The PRESIDING OFFICER. Is there objection? There being none, it is so ordered.

Mr. SMOOT. So that the issue may be raised, why does not the Senator simply move to strike out "for 1921"? Then the issue would be clear. That is the committee amendment in line 3, and an amendment to that is in order right now.

Mr. REED. The Senator is referring to the title of the section. I do not think it would be as plain as the amendment I have offered.

Mr. President, this brings the issue clearly before the Senate whether we shall deal with this form of tax or not. The present bill proposes to repeal the war taxes or to end the war taxes with the calendar year 1921, and that year ends December 31 of this year, so that the proposition is that after the 31st day of next December there shall be no further taxes of any kind levied upon excess profits. It does not make any difference

whether the profits are reasonable or unreasonable. They may be as high as 100 per cent or 500 per cent or 5,000 per cent, but they are to be tax free. I do not propose at the present time to discuss the question whether the present excess-profits tax might or might not be modified, but I desire to discuss the question as to whether we should take that tax all off or not.

Mr. President, I am going to wait until the exodus from the other side of the Chamber is completed. I do not ask any man in the Senate Chamber to sit and listen to me talk about this question, but there is going to be a quorum of the Senate maintained reasonably while we consider these important features of the bill. It may stay in the cloakrooms, but it will have to be within call. I might feel that this is personal, but it is not; it is habitual. It happens when anybody is speaking on the merits of the question, and then we are lectured by some Senators, who do not know what is in the bill at all, because we are taking time to talk about it. Incidentally, I wish to make a remark or two about these tirades that have been delivered with reference to the time consumed on the pending bill.

The bill, it was stated this morning, has been before the Senate three months. The bill has been before the Senate technically for 33 days, and during that period we disposed of the canal tolls bill and two of the most important treaties that our country has negotiated in 100 years.

Mr. POMERENE. Mr. President, may I correct the Senator? The bill was reported to the Senate on September 26.

Mr. REED. I stand corrected. More than half of the time of the Senate was occupied with the important measures to which I have just referred.

Mr. WATSON of Georgia. Mr. President, I hope the Senator will not omit to state that we also took up enough time to give Brazil $1,000,000 to build a permanent structure, which we had no constitutional right to do.

Mr. REED. Yes; and we did many other things in that interval of time.

The RECORD will show that the bill which proposes to raise over four thousand millions of dollars in 12 months' time has been discussed very much less than the ordinary revenue bill, even some of the bills we passed during the war.

The bill of 1917 reached the Senate on May 25, was reported on July 3, and did not pass until September 10.

The bill of 1918 was passed more rapidly than most of them, because there were only a few changes made. It was a very short bill. That bill was reported on December 6 and did not pass until December 23.

The bill of 1916 reached the Senate on July 11, was reported on August 16, and passed on September 5.

The bill of 1913 reached the Senate on May 9, was reported on July 11, and did not pass until September 9.

I do not wish to encumber the RECORD by reading further, but other bills show similar periods of time consumed. I am growing a little tired of listening to lectures from men who are not considering the bill to men who are considering the bill. It is a very easy thing for a man to light his pipe in the cloakroom and then come into the Senate Chamber and indulge in a scolding operation to the men who have been sitting here working. I apprehend that none of the critics of those of us who have been working, if they were put to an examination on the bill and 100 per cent represented perfect, could pass a 10 per cent grade. It is time, Mr. President, for a little plain talk.

The bill is a difficult bill. Scarcely a more difficult problem has ever been presented to any legislative body. Every interest in the United States is seeking to have its taxes cut down. That is universal and natural. I am going to give the majority of the Senate credit for having tried to solve a great many problems, and solve them right, because questions of administration and questions of very difficult nature were presented. My quarrel with them is over two or three great propositions.

This is one of the questions: Shall we take the taxes off of those gentlemen who are engaged in profiteering upon the American people? Shall we find some other source of taxation to make up for the loss of revenue? We must raise this $4,000,000,000 of revenue—and I am using a round number. How shall we raise it? It is admitted that we must lay the hand of the Government upon every single individual, man or woman, who has an income of more than a thousand dollars a year and upon every married man who has an income of more than $2,000 a year. The tax proceeds from that point, gradually rising until we reach the surtax level, and that gradually rises until we reach 50 per cent upon the very large incomes.

In addition to that, we levy many other taxes, all of which are borne by the masses of the people of the country. But let us for a moment consider the case of a head of a family with an income of $2,000 a year. Every dollar that he makes in the world, if he gives to his family any kind of comfort, he must expend to that end. He takes that little salary and goes into the market place to buy the necessities of life. When he reaches the market place he finds that the prices which he must pay are substantially the war prices; that these prices are from two to two and a half times what they were anterior to the war. He goes to buy a pair of shoes which he could buy before the war for from four to five dollars. He inquires the price and is told that they are from ten to twelve dollars.

Mr. POMERENE. Or even $16.

Mr. REED. Yes; they are higher, of course, in some instances. I think I have struck a very low average. He learns that the price of the hide of the steer out of which the shoes are made is about one-fourth of what the price of that hide was before the war; that it now is scarcely worth taking off the animal for the price paid; he learns that the price of nearly all of the raw materials which are necessary to the tanning of that hide have fallen; he learns that in many instances the wages of the persons who make the shoes have fallen; and yet he is compelled to pay $12 for that pair of shoes. He then inquires why. The answer is found in the enormous prices that are charged either by the manufacturer, by the wholesaler, or by the retailer.

He goes down to pay his taxes upon the little $2,000 income that he possesses. Standing behind him is the man who charged him two prices for that pair of shoes and who made 500 per cent on his year's business. That gentleman pays no tax upon those excessive profits.

A farmer comes up to the tax counter at the same time. The farmer has sold his wheat for 90 cents a bushel—less than the prewar price. It cost him $1.10 or $1.20 to raise that bushel of wheat. He is actually out of money, because he planted and harvested the crop. He has sold his wheat, his cattle, his corn, everything that he has produced, and he is out money because of his labors and his efforts. Nevertheless, he must pay taxes, and, having just marketed his hide for $1.25, he stands beside the man who sold him some shoes made out of the hide for $12, and sees the gentleman who profiteered upon him escape any tax whatever upon his excessive profits.

That is the purport of this bill in a nutshell, as described by illustration. Forty-nine per cent of the 110,000,000 people of the United States, in round numbers 50,000,000 human beings, make their living off the farms of the United States. Those 50,000,000 people are compelled to sell their goods in the depressed and bankrupt markets of the world at less than prewar prices. That is bad enough; but when they turn around to buy the necessities of life, the clothing that they must purchase for their backs, the shoes for their feet, the hats for their heads, the dresses for their women folk, the stockings, the agricultural implements, the harness, everything they buy is sold to them at a price substantially twice as high as it was before the war.

The farmer has taken his loss incident to the war, and more than taken it. The gentlemen who made enormous excess profits during the war still are realizing those profits. If they do not realize them the present law does not touch them for a penny. It is only when they make excess profits that they are required to pay a cent under the existing excess-profits tax law.

When are they required to pay an excess-profits tax? They are allowed, first of all, to deduct every expense of their business; to deduct the interest upon all the money they have borrowed; to deduct the salaries paid to all of their officers—and there seems to be no limit upon the amount of the salary which they can pay—to charge off for obsolescence and waste and depreciation almost any sum their conscience will permit, and after they have done all that, they are entitled to a clear profit over and above everything of 8 per cent upon their invested capital. If they make no more than that, under the present law, which it is now proposed to repeal, they do not have a cent of excess profits to pay. When, however, they make more than the 8 per cent net they begin to pay. I said 8 per cent. Let me correct that. It is, in fact, 10 per cent, because while the law states upon its face the figure 8 per cent, there are exemptions which, in fact, raise the profit to 10 per cent net.

After they have made 10 per cent profit net, then if they make anything above that the excess-profits tax applies. How? Twenty per cent of their excess profits up to the point where their excess profits reach 20 per cent; that is the first bracket. After the excess profits have reached 20 per cent, then, under the present law, they are to pay 40 per cent on that part of their excess profits which exceeds 20 per cent.

Mr. President, that does not mean a tax of 20 per cent on the business; that means when they pay 20 per cent of their excess profits as a tax they will have, first, 10 per cent net profit, and, second, that they shall have 80 cents left out of every dollar of

excess profits they have made up to the point where they have made 20 per cent profit; and that after that they shall have 60 cents out of every dollar of excess profits they have made, and shall keep the 60 cents. That statement is not absolutely accurate, for according to the manner in which the taxes are figured they do not run quite so high; but I do not propose to go into that detail.

As has been said upon this floor many times, the excess-profits tax which it is estimated will be paid this year will amount to $450,000,000. The excess profits, therefore, figuring in round numbers, which will be made this year by these institutions are probably close to one and three-quarter billion dollars. That is a rough estimate which I am making as I stand on the floor.

Mr. POMERENE. What were the figures the Senator from Missouri stated?

Mr. REED. I think one and three-quarter billion dollars excess profits would realize $450,000,000 of excess-profits taxes. We propose, therefore, to say to the farmer who has lost money, to the small income earner who is straining his last nerve to make both ends meet, "You must pay taxes wrung from you by processes of hardship, but we propose to take the tax off of those who have been successful and who have made their money by making the prices so high that they have deprived you people of a large part of your own earnings."

Mr. President, in my judgment it is the most monstrous proposition that has ever been put before the American Senate. Let us disabuse our minds, if we can, of all prejudice. Let us assume that this question is here as a matter of first instance; that we have no taxes, but we must levy them, and we are confronted with the proposition of levying that tax justly; and we learn that the great mass of the people are staggering under the burden incident to making a mere living; and we learn that here is a class of people that are exceedingly prosperous. They have made 10 per cent. Then, on top of that, they have piled up their prices and continued to pile them up until some of them have made 100 per cent, some of them have made 500 per cent, and some of them more than that; and we are asked now to place the burden of taxation. Where, as a matter of first instance, would an honest body of honest legislators place that tax? Would they put it upon the people already impoverished by the practices of profiteers, or would they put it upon the profiteers?

Mr. President, that is this case. Why is it that we are asked to take this tax off of the men who are making enormous profits and put it upon the people who make no profits and who can barely live?

I am going to talk very plainly about that for a few minutes. I think we might as well deal plainly with it.

There are two theories of government. One is——

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. REED. Yes, sir.

Mr. HARRISON. This is a very interesting subject, and there are about four Senators of the majority in the Senate Chamber. It seems to me that more of them should be here. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harris	Myers	Shortridge
Brandegee	Harrison	Nelson	Simmons
Broussard	Heflin	New	Smoot
Bursum	Hitchcock	Newberry	Spencer
Capper	Jones, N. Mex.	Nicholson	Sterling
Caraway	Kendrick	Norbeck	Sutherland
Curtis	Keyes	Oddie	Swanson
Dial	King	Overman	Townsend
Dillingham	La Follette	Owen	Trammell
Edge	Lenroot	Page	Wadsworth
Ernst	Lodge	Phipps	Warren
France	McCormick	Poindexter	Watson, Ga.
Gerry	McKellar	Pomerene	Watson, Ind.
Glass	McKinley	Ransdell	Willis
Gooding	McNary	Reed	
Hale	Moses	Sheppard	

The VICE PRESIDENT. Sixty-two Senators have answered to their names. There is a quorum present.

Mr. REED. Mr. President, I was saying that I intended to discuss pretty plainly the reasons that I think are back of this remarkable proposition.

There are two theories of government, broadly speaking, in this country. One of them is that if you can make business profitable, the country will prosper. The other is that you had better begin at the other end and try to have everybody prosperous, and that then business will prosper. The great business institutions of the country are entitled to respect, and they are entitled to just treatment. Nobody but a demagogue or a foolish person wants to destroy business; but I insist that you can not make the people of the United States prosperous and happy merely by taking care of the great business institutions of the United States.

Of course, what I say is no reflection upon New York City, a great city; but there are a good many people in New York City and its vicinity who think that if they are making money in New York the rest of the country is prosperous, and every time there is a little slump in New York they imagine that the rest of the world has gone all to smash. These people hold to the theory that if you can make business exceedingly profitable, particularly their business, the rest of the country must not complain. They have been very active in politics. They paid to the Government out of excess profits, which was only a small part of what they earned by this war, a very large amount of money—I have forgotten the exact figures. Perhaps the former Secretary of the Treasury, Mr. GLASS, can inform me the amount of excess profits that was paid in 1918.

Mr. GLASS. I am sorry to say that I can not.

Mr. REED. I had the figures the other day. They are in a speech that I made here. These people naturally wanted to keep that money all themselves. They paid other large amounts, which I will put in the RECORD, in other years. They naturally wanted to keep it all for themselves, and so the cry was raised that business must organize to protect business.

"Take the burden off of business and let business prosper," was the cry, and they started about it in a very practical way. One gentleman who had an enormous fortune of his own started out to spread it around over the country, not for the purpose of convincing people that he was the best man for the office of President but, as the testimony showed, for the purpose of getting delegates by gumshoe methods.

Another prominent gentleman held a meeting with some capitalists, and in that room, by some two or three men who were there assembled, arrangements were made to raise a large amount of money. I will ask the Senator from Ohio if he can tell me how much it was.

Mr. POMERENE. I do not recall the amount, but there was raised in behalf of their candidate over $1,700,000.

Mr. REED. In that room, where there were only two or three men present, there was an agreement made, as I recall it, to underwrite his campaign to the tune of a million dollars. If those figures are incorrect, I shall be glad to correct them when I get the record.

One gentleman, a large soap manufacturer, interested himself to the tune of about $750,000. His soap will float, but his candidate did not.

Far be it from me to charge that the press of this country is owned. The press is not owned, but there are some very influential newspapers in this country which are owned by some very wealthy interests, and they all set to work, and they are at work to-day.

So a propaganda was begun and a concerted effort made to take care that the Congress elected should take care in turn of the men who took care of the election expenses. They were, in fact, promised, or given to understand, that if they were successful three things would be done. One was to take the tax off corporation stock, which would relieve them of $75,000,000 of taxes, and deprive the Treasury of a corresponding amount. The second proposition was that the surtaxes on incomes were to be taken off or greatly reduced, and the third was that the excess-profits taxes should be taken off.

This bill was drawn to redeem those pledges, and it was brought into the Senate with the proposition to take off $75,000,000 of corporate stock taxes. That is the form in which it was brought here. It was brought here with the surtaxes upon great incomes reduced to 32 per cent, which would deprive the Government of $90,000,000 and leave that amount of money in the pockets of the extremely rich. It was brought here with the excess-profits tax cut out, and that would represent the staggering sum of $450,000,000.

In other words, there was an honest effort made to redeem those campaign promises, which I charge were either expressly or impliedly made, to redeem them to the extent of reducing the taxes paid by the profiteer, by the ultrarich, and by the corporations, in the aggregate sum of $540,000,000. It was all part of one scheme. The three eggs, the three very bad eggs, were all brought here in the same basket.

Then we were told that that would leave us in such a desperate condition for revenue that we must look about and find revenue from other sources to make up for those losses, and that we should cut down the necessary expenses of the Government so as to bring the expenses within the reduced revenue, and a part of that scheme was worked out in the executive department of this Government, and it was there actually proposed that the money which had been appropriated to build good roads in this country should not all be expended, that the

money which had been appropriated for the improvement of rivers and harbors should not all be expended, that other public improvements were to be arrested or circumscribed, that certain reductions should be made in the amounts of expenditure, no matter though the express will of the people was defied, and the statute law of the country set aside, and road improvements and river improvements stopped, all this so that we might take $540,000,000 of taxes off of the people and the institutions which were able to pay them.

My attention has been called to the fact that one of the items was that we were to carry into the permanent debt of the country a large item which grew out of the so-called Pittman Act. Moreover, it was part of the plan of the Treasury, in order to carry out this scheme of reducing these taxes, that we would be asked to confer upon the Treasury the authority to issue $500,000,000 more of interest-bearing securities from time to time.

That was the situation, when there was a revolt started among what was called the agricultural bloc of the Senate. Those gentlemen said that the surtaxes should not be reduced as proposed. They said that the corporation-stock taxes should not be taken off, and I think they originally said, in fact, I feel very sure they originally said, that the excess-profits taxes should not be taken off. Then, as I said the other day, some shrewd gentlemen got a part of that bloc together and agreed with them, and traded to them a concession on the corporation-stock tax, and a concession on the surtaxes on incomes, in consideration of the bloc conceding that the excess-profits taxes should be taken off.

Is there a man of the agricultural bloc so dense that he does not know that when that trade was made by the standpat organization they saved the part that was dearest to the great capitalistic interests the standpatters have always served? Is there anyone here who has not sense enough to see that? That is exactly what they did. The corporation-stock tax is a tax which falls so lightly that even the great corporations do not feel it. The income tax, as it was finally agreed upon, would save the big fellows and would do the little fellows practically no good. They worked that on the members of that bloc, so that it was the multimillionaire whose taxes would be reduced, and the rest of the people would not secure any substantial reduction. They gave them this reduced surtax, and in lieu of that the darling of their heart was taken care of—the profiteer.

If I belonged to the agricultural bloc and had that sort of thing imposed upon me, I would never go to a town again without somebody to go along and keep me from buying a gold brick from the gentleman who stood selling that article. Any man who was deceived by that proposition is not safe to be trusted in town alone; he is not city broke.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER (Mr. SUTHERLAND in the chair). Does the Senator from Missouri yield to the Senator from Arizona?

Mr. REED. I yield.

Mr. ASHURST. I know that my friend, the Senator from Missouri, in his references to the agricultural bloc, does not mean to insinuate that any of the Democrats who belong to that bloc had anything to do with or knew about any scheme to aid the rich at the expense of the poor.

Mr. REED. I referred to a part of the bloc, and I am referring to the men who went into this deal. The other men have all exonerated themselves by showing that they are not in the deal; but the agricultural bloc seems to have been split in two. A crowd came to town, and the bunco steerers got part of them. The rest of them were wise enough to escape.

Mr. ASHURST. Will the Senator yield to me further? He was very kind just a moment ago.

Mr. REED. Certainly.

Mr. ASHURST. In the Chamber at this time are a number of Democratic Senators who have made a practice of going to the meetings of the so-called agricultural bloc.

Mr. REED. I do not criticize them for it.

Mr. ASHURST. At various meetings which I attended and which other Senators now sitting near me attended there was never brought forward the question of taxation, so far as I know. There was brought forward the necessity for an immediate reduction of freight rates, and I am glad to say that the day after our meeting the trunk lines of the South and the West and the Middle West reduced their freight rates immediately after our meeting. I do not know whether our meeting had anything to do with it or not, but that followed.

Mr. REED. If the Senator is so potential as that, and can affect the railroads, I hope he will have another meeting and affect the railroad magnates and the men who capitalize the railroads, and see if they can get around to affect some of their friends in the Senate.

Mr. HARRIS. Mr. President, I wish to remind the Senator from Missouri that it was the agricultural bloc, of which my colleague and I are members, that kept the Senate from adjourning when the leader of the majority made a motion to adjourn without doing anything for those engaged in agriculture or live stock. The vote was 24 to 27, and by keeping the Senate in session we passed the Norris bill, the Kenyon-Kendrick bill regulating the Meat Packer Trust, and the War Finance Corporation bill, which gave the relief so much needed.

Mr. REED. I do not desire to be led off into a discussion of the agricultural "bloc." I have in no way reflected upon those members of the agricultural "bloc," none of them; but I particularly have no criticism for men who meet with the agricultural "bloc," and if there can be one organized here that will control the forces that have been running the majority party on the other side I will welcome it. I am just complaining because when they started out to do good work enough of them were led aside to make this deal possible.

Now, one of the things that was accomplished, too—and I wish to be fair about it—was an agreement that the tax should be taken off of transportation. That had been a part of the scheme of those gentlemen who proposed to take off these three taxes that I have spoken of. It was planned to keep a tax upon transportation, showing their desperate determination to take care of great business at any cost. What I regret is that men whose purposes I must concede are honest should have made this agreement to take the excess-profits tax off.

Mr. President, there has been talk here about nuisance taxes. That is a misnomer; but let us concede that it is a proper description. You can take every so-called nuisance tax off if you keep the excess-profits tax on. You can reduce the taxes upon small incomes and reduce them enormously if you keep the excess-profits tax on. You can have money left to carry on your road improvements if you keep the excess-profits tax on. You can take the money you are giving to these profiteers in one year and complete every river and harbor improvement now contemplated in the United States and can put upon the great streams of the country, made navigable by this money, fleets of vessels that will protect our people against not only extortionate rates but freight embargoes and other serious troubles.

But you have made this bargain. It is a shameful thing that we should take the taxes off of profiteers and levy taxes that are burdensome upon the men and women of the country who are poor or of but moderate means.

Mr. President, the argument has been made, as an excuse for taking off the excess-profits tax, that excess profits are added to the price of an article and passed along to the consumer and ultimately collected from him. It is true that many taxes, the ordinary taxes which business must bear, are passed along to a very large extent to the ultimate consumer, for manifestly if a man realizes that he must pay a thousand dollars of taxes upon his place of business at the end of a year he counts that as a part of the expense of operation, so that legitimate business institutions do add to their prices a sum sufficient to take care of their taxes.

But when we come to excess profits, and I am repeating what I have already said, we have an entirely different question to deal with. The man who is engaged in legitimate business, and only asking a legitimate profit, must add the expense of his tax in order that he is assured of that legitimate profit. But when a man is not content with a legitimate profit and wants to make 100 per cent or 200 per cent or 500 per cent, that gentleman is not controlled at all by the question of the expenses of his business. The thing that controls him in fixing the price is his ability to exact the price, and he exacts all that he can get because he is not trying to run a business to pay its expenses and make merely an ordinary fair profit. He has become a commercial buccaneer, sailing under the black flag of despoliation, his cupidity limited alone by his ability to extort. A man who will extort 1,000 per cent from his customers will not extort a single cent more because he has to pay a tax, for the simple reason that he has already extorted all he can get, so that this tax is not passed along.

I am going to repeat, for I wish to make it perfectly clear, that the claim that these men will withdraw their money from these ventures and put it into low interest bearing securities is preposterous. If a man makes 100 per cent excess profits, at the outside he keeps more than $60 of each $100 and still has left 60 per cent profit. When he has paid the top of the excess-profits tax, he has still 60 per cent profit. Will any man who is making 60 per cent profit take his money

out and invest it in something that is paying 4 per cent? A man has to be an awful fool to believe that. That excuse amounts to nothing.

When we get through with it all we are brought to this proposition, that in a country where the great mass of the people are having a hard time to make both ends meet, and that largely caused by a group of individuals who are making excessive profits, it is proposed to take the burdens from those who make the profits and let them keep it all. You may think you can justify that, but you can not. I do not say that that fact is going to turn the country over politically, if any one fact may do it, but it is a fact that ought to produce a political revolution in this country, and I think it will be a large contributing cause to that end.

So, Mr. President, I am offering the amendment which will preserve and continue the present excess-profits tax law, and if it is defeated I shall offer a modified proposition and so on until we finally determine whether the makers of excess profits are the masters of the Senate.

Now, Mr. President, I suppose there are many Senators who desire to talk upon the proposition. I have concluded my remarks, and in order that they may all have an opportunity to be heard I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Borah	Harris	Myers	Smoot
Brandegee	Harrison	Nelson	Spencer
Broussard	Heflin	New	Stanley
Bursum	Hitchcock	Newberry	Sutherland
Capper	Jones, N. Mex.	Nicholson	Swanson
Caraway	Kellogg	Norbeck	Townsend
Cummins	Kendrick	Oddie	Trammell
Curtis	Keyes	Overman	Wadsworth
Dial	King	Page	Walsh, Mont.
Ernst	La Follette	Phipps	Watson, Ga.
Frelinghuysen	Lenroot	Pittman	Watson, Ind.
Gerry	Lodge	Poindexter	Willis
Glass	McKinley	Reed	
Gooding	McNary	Sheppard	
Hale	Moses	Simmons	

Mr. WILLIS. I desire to announce the absence of the Senator from South Dakota [Mr. STERLING] on account of illness. I ask that this announcement stand for the remainder of the day.

The PRESIDING OFFICER. Fifty-seven Senators have answered to their names. A quorum is present. The question is upon the amendment of the Senator from Missouri [Mr. REED] to the committee amendment. The Secretary will state the amendment to the amendment.

The READING CLERK. On page 130, line 18, after the numerals "1921," it is proposed to insert "and each year thereafter."

Mr. HITCHCOCK. Mr. President, speaking several days ago in favor of maintaining the present rate of taxes on large incomes, I stated that it was too early to begin reducing what had been denominated war taxes for the reason that we are still in the era of war expenditures and are required to raise revenue four or five times as great as we raised in prewar days. That seems to me true also so far as excess-profits taxes are concerned. They were war taxes; they were extraordinary taxes; but I do not believe they should be discontinued so long as we have to provide for extraordinary expenditures.

The excess war-profits tax has been criticized as being injurious to enterprise. I do not think it is. I can not see how a tax on excess profits can be criticized as destructive to business. The tax on excess profits has the same justification as has the graduated tax on incomes; the higher the income the higher the rate of taxation; and so the excess-profits tax is levied with the idea of increasing the rate of taxation as the rate of profit in a business enterprise grows.

On many occasions an attempt has been made to limit profits. There has been a moral sense in the community that there is such a thing as an excessive profit; there is a feeling that there ought to be some governmental restriction put on profits when they exceed a certain reasonable point; but no one has yet ventured to propose a governmental method of limiting profits. Probably that is not possible.

Everybody admits that capital ought to have a reasonable return when engaged in a legitimate enterprise; but is there not such a thing as imposing a governmental check on profits in enterprises where they exceed what may be considered a normal figure? Is it not reasonable, Mr. President, for the Government to say to a business enterprise, "You are protected by the Government; if you make a normal profit, a reasonable profit, in your business, your taxes shall be of a normal sort; if your business is so prosperous that you make extraordinary profits, away above the average profits of enterprise, away above the reasonable return for capital invested, you should share that additional profit with the Government which protects you?" Mr. President, that is the theory of the excess-profits tax.

We have in the loaning of money established a certain normal rate of interest by custom; we have in bank loans established a normal rate of interest. The man who puts his money out at interest as a loan expects to get for it 5 per cent under certain circumstances, 6 per cent under certain circumstances, 8 per cent under certain circumstances, and 10 per cent under certain circumstances. Probably the man who loans his money never expects to exceed 10 per cent; but when a business enterprise is entered upon where great risk is involved it is conceded that a larger rate of return on the capital invested is proper, and we may see a business enterprise earn 8 per cent or 10 per cent or 20 per cent or even a higher rate of profit.

Nevertheless, what legitimate reason is there for not saying to business enterprises generally, "When you exceed a normal rate of profit on your business enterprises your taxes are to be graduated in accordance with the excessive profit which your business brings you?"

Mr. President, that is the theory of the excess-profits tax. Under the law as it now exists any business enterprise which earns a profit shares one-tenth of it with the Government up to a certain point; that is to say, there is a 10 per cent tax levied upon every corporation that is doing a business of profit. This we call the normal tax.

But if a corporation does a business which earns a profit of more than 8 per cent, besides paying the normal tax the corporation is subjected on the excess to a higher rate of tax. Why should it not be?

If that business is so unusually prosperous above its neighbors, above its competitors, above the average, why should it not pay an increased rate of tax on that excess?

The present law provides that if a corporation earns a profit of 8 per cent it shall pay a 10 per cent tax on its profits; in other words, one-tenth; but if it earns a profit above 8 per cent the rate of tax is then made 20 per cent on the excess. Take, for instance, a corporation with $1,000,000 capital whose profits for a year amount to 10 per cent, or $100,000. After all deductions and credits such a corporation pays a total tax of $12,860. After such payment the corporation still has a net profit of $87,140, or about 9 per cent.

If the same corporation makes a 20 per cent profit, or $200,000, for the year's business, it pays a total tax of $40,860 and still retains a net profit of $159,140, or 16 per cent on its capital.

If the same corporation makes a profit of 30 per cent, or $300,000, on a year's business it pays a total tax of $86,860 and still retains a net profit of $213,140, or 21 per cent on its capital.

If the same corporation makes a profit of 50 per cent, or $500,000, on a year's business it pays a total tax of $176,860 and still retains a net profit of $321,140 for the year, or 32 per cent on its capital.

In other words, Mr. President, these graduated taxes, these excess-profits taxes still leave to the corporation against which they are levied a rate of profit in all cases away above the normal; and I can not conceive why a corporation that is making excess profits in its business, profits above the normal, should object to paying a tax on that excess so long as it is in all such cases still earning a profit which, after paying all these taxes, still leave it in a far more favorable situation than another corporation that is not subjected to the excess-profits tax.

Mr. President, if there is one thing which government can legitimately tax it is profits, because profits always afford the means out of which the tax can be paid. If you levy a sales tax, no matter how scientifically it is drawn, in many cases that tax is bound to fall upon business that is perhaps not profitable. You can imagine a corporation which is doing $5,000,000 worth of business this year and doing it at a loss, as many corporations no doubt are. A profits tax on such a corporation, whether it is a normal tax on profits or an excess-profits tax, is no burden whatever in a year of its distress; but a sales tax levied against that same corporation, which may be doing business at a loss of $100,000, simply adds $50,000 to the losses of that corporation.

The excess-profits tax, however, affects only the profits of a corporation. It is lenient to that corporation when it has bad years, and when it has years of prosperity the Government simply enters into a fair partnership with the corporation and takes in the form of taxation a small portion of its net profit above the ordinary profit.

Mr. President, the majority party has been charged with a very consistent plan in this bill of relieving wealth from taxation, and from this side of the Chamber we have made the fight legitimately to prevent that reduction of the taxes upon wealth.

There are virtually only two ways in which the revenues of the United States Government can be raised. They must either be raised by taxes on consumption or they must be raised by

taxes upon wealth. No reasonable man ought to contend that all of the revenues of the Government should be levied by a tax on wealth, but every man who is fair will recognize that it is legitimate for the Government of the United States to raise a part of its revenues by taxing wealth. No reasonable man would insist that all of the revenues of government should be levied by a tax on consumption, because a tax on consumption comes very near to being a per capita tax. It falls with undue weight upon the man of limited means, practically all of whose income is spent to defray the cost of living of himself and his family. Apparently, however, the majority who have drawn this bill and who are putting it through the Senate have a settled purpose in this bill not only of relieving the taxes upon the wealth of the country, but in the pending schedule the majority party has determined to relieve the great, prosperous corporations of the legitimate tax upon their profits levied in past bills and which is levied in the existing law.

Mr. President, to my mind that is something which the people of the United States will resent. I can not conceive how any fair-minded man of any party will think it proper in these days of really widespread distress for the Congress of the United States to relieve from taxation corporations admitted to be making excessive profits. It is not that the people will object to corporations making excessive profits, but they have a right to feel and the right to expect of their legislators that those corporations so fortunate as to make great profits should pay taxes in proportion to their prosperity.

They are the very taxpayers upon whom the Government has the right to levy unusual taxes in unusual emergencies. If a corporation is making a profit of 50 per cent on its capital, it certainly ought to pay a higher rate of taxation than another corporation that is making only 10 per cent on its capital, and, as the Senator from Missouri [Mr. REED] has said, it is deliberately proposed in this bill by the majority party to abandon altogether the idea of levying taxes upon excessive profits. It is proposed to say that two corporations, one highly prosperous, making enormous profits, say 100 per cent on its capital, getting its capital back every year, shall pay no higher rate of taxation than another corporation barely able to earn enough profits to pay small dividends to its stockholders.

Mr. President, I say that will shock the sense of justice of the American people of all parties. The American people will not insist that the profits of a corporation shall be limited. They will not insist on any plan of fixing prices, but in my opinion the American people will resent the action of Congress in these serious times in deliberately taking off of corporations that are making enormous and unusual profits as the result of the protection of the Government all of these excess-profits taxes and merely subjecting them to the same rate of taxation that the ordinary corporation pays when it makes small profits.

I want to say to my Republican friends that when they undertake in these serious times to make that change in policy and wipe out the tax upon unusual, extraordinary profits they are entering upon a very serious step, and one that is likely to prove detrimental to the party which adopts that policy.

Mr. STANLEY. Mr. President, this determined fight on the part of a part of the majority, come what will and come what may, to relieve the profiteer is most significant. Plea after plea has been made for business after business. Interest after interest has complained, and justly complained, of the crushing burden of taxation. Indefensible tax after indefensible tax has been proposed. Many of these taxes have been so onerous, so unjustifiable, so outrageously oppressive that the gorge rose upon the other side of the Chamber, and the political colleagues of those in charge of this bill revolted, and revolted in such numbers after the calcium light had been thrown upon this bill by the Senator from North Carolina [Mr. SIMMONS] and the Senator from Missouri [Mr. REED] and others that the whole miserable thing had to be taken from the floor of this Chamber and from the light of day, carried out, and in a back room operated upon, and they bring it in here swathed in bandages; they bring it in here from their own political hospital; but the one thing that remains upon the mutilated body of infamous thing, sacred and secure, is the right of the profiteer to exemption.

Think of some of the taxes that have been proposed here—a tax of $130,000,000 on transportation! Mr. President, a tax, a fixed charge upon transportation, must necessarily be paid by the shipper. Mr. Hines has stated that an increased freight rate is multiplied many times in the cost to the shipper and the cost to the consumer. Mr. Hines has estimated, if I am correct—and I see the chairman of the Interstate Commerce Committee here, and he will correct me if I am wrong—that every dollar you put upon freight rates represents only one-fifth of the charge paid by the ultimate consumer and by the shipper; in other words, a charge of 20 cents will be reflected in an additional cost of $1 a ton upon that same article to the consumer.

It is necessarily so, Mr. President. Put a tax of 10 cents a ton upon a certain classification of freight. In the making of pig iron, for instance, that tax is paid in the transportation of limestone; it is paid in the transportation of coke; it is paid in the transportation of ore; and you have three rates when you come to your pig iron, paid when you transport that pig iron from the furnace, and you have a fourth rate when you come to your steel, and so it piles mountain high. An increase of 10 cents a ton on anthracite coal recently authorized by the Interstate Commerce Committee was immediately reflected in an increased cost of 50 cents a ton to the consumer.

Yet, knowing that fact, they deliberately voted to retain one-half of this transportation tax burden upon transportation when they knew that the $130,000,000 would be reflected in the addition of not less than $500,000,000 to the increased cost in necessaries of life to the people of the country at a time when the whole Nation is crying out in agony against a freight rate so enormous that it is literally crushing the traffic it was meant to foster and to serve.

Mr. President, that is but one instance of the character of taxation that has been authorized in order to save the excess-profits tax.

What is the trouble with this country to-day, Mr. President? We are worse off than we were during the war. The condition of labor, the condition of capital itself, legitimate business, is worse than it was the day that war closed. Why? The unprotected commodity, the unprotected laborer, the unorganized market, has gone to smash.

You can buy a hide for a dollar, but you still pay ten or fifteen dollars for a pair of shoes. Cotton has gone down; shirts stay up. Wool has gone down; cloth stays up. One of the troubles is that the profiteer still holds on to his ill-gotten gains, that the successful Shylock still has his clutch upon business, still refuses to lower his prices, and the producers of grain, of cotton, of every character of agricultural products, of every character of raw material for the mill and factory, has found his market crushed. The day laborer is getting a prewar wage, and yet he is paying war prices for the clothing upon his back, for the shoes upon his feet, for the necessities of life.

If there ever was a time when justice cried like angels, trumpet tongued, against the deep damnation of the profiteers, against the profit no longer levied upon wages paid during the war and war-time prices, but levied upon a people in the midst of depression, levied upon the want and nakedness of multitudes, levied upon 5,000,000 men in rags and in hunger, it is now. Still the profiteer will not loose his strangle hold upon the business and the industrial life of America. If he is not earning excessive profits, no excess-profits tax will attach, and if he is earning them, he should have it to pay.

Mr. WATSON of Georgia. Mr. President, I call the Senator's attention to the fact that our official reports show that the annual increase of wealth in the United States is slightly less than 10 per cent, and it is perfectly apparent that anyone who gets more than 10 per cent is leaving somebody with less. The proposition of the Republican Party is to favor the men who are making these excessive profits of from 100 to 1,000 per cent, thus necessarily leaving in the abyss of poverty the men who can not make any profit at all.

Mr. STANLEY. Mr. President, I thank the learned Senator from Georgia for his very pertinent suggestion.

For 30 years and more the Democratic Party, in victory and in defeat, has maintained, and truly maintained, that it was the champion of the great masses of the American people. From the days of Thomas Jefferson, come what would, it has stood foursquare to every wind that blew for equal rights to all and special privileges to none.

The Republican Party has denied that it was the servant and the champion of a protected and a selected class. For years it has stood as the champion of industry and of business. There was some excuse for that sort of a stand. Now, naked and exposed, it stands as the champion of privilege and plunder, of profiteering, and of the profiteer, and when they are reminded of the folly and the wickedness of such a course, we are cavalierly told, "Well, we carried the country by 7,000,000."

"Whom the gods would destroy, they first make mad." This is not the first time the champions of justice ever met defeat. They met it before there was a Republican Party, and they will live probably to meet it after that organization has gone to deserved oblivion; but never in all the checkered history of privilege, never in all the black annals of legislation for a privileged and pampered class, has anybody ever before stood for the exemption of inordinate profits at a time when the profiteer is

destroying the happiness and imperiling the security of a nation. It was bad enough during the war. Now, when an attempt is being made to readjust conditions, with 5,000,000 men out of employment, with 20,000,000 agriculturists producing at a loss, with discontent and disaster and poverty and idleness and unrequited toil everywhere, we find a few thousand men yet piling up their unearned millions, yet adding profit upon profit, 10 per cent, 30 per cent, a hundred per cent, a thousand per cent; upon what? Upon food that the hungry can not obtain, upon clothing that the naked can not wear, upon shoes that the barefoot can not obtain, and upon homes that the homeless can not enter. Go on with your wild propaganda. Go on with your shameless proposal. In the language of the great cardinal, "Walk blindfold on; behind thee stalks the headsman."

Mr. REED. Mr. President——

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Kentucky yield to the Senator from Missouri?

Mr. STANLEY. I yield.

Mr. REED. I suggest the absence of a quorum.

Mr. CURTIS. Mr. President, I make the point of order that there has been no business transacted since the last call for a quorum.

The PRESIDING OFFICER. The point of order is sustained.

Mr. REED. Mr. President, I desire to withdraw the pending amendment. I now make the point of no quorum.

Mr. CURTIS. The Senator can not do that without unanimous consent, and I object to the withdrawal of the Senator's amendment.

Mr. REED. The Chair gave his consent and there was no objection.

The PRESIDING OFFICER. The Chair did not understand the observation of the Senator from Missouri.

Mr. CURTIS. The Chair would not have authority to give consent, anyhow. The Senate only can give consent.

Mr. REED. I desire to offer an amendment to the amendment. In addition to the insertion of the words "and each year thereafter," in line 18, page 130, I move to amend by striking out "Title III. War-profits and excess-profits tax for 1921." I desire to modify my amendment to that effect.

The PRESIDING OFFICER. The Chair is of the opinion that that does not affect the amendment now pending.

Mr. REED. An amendment to an amendment does not change the business.

The PRESIDING OFFICER. The Chair is of opinion that the amendment offered by the Senator from Missouri does not appertain to the pending amendment, and therefore it is not in order.

Mr. REED. If the Chair will give it a little consideration, he will withdraw his remark. The amendment now pending proposes to continue the tax from 1921 on. The title which I propose to strike out limits the war-profits and excess-profits tax to 1921, and the change I suggest now should have been offered as a part of the original amendment. It relates to exactly the same subject.

But there is no rule in the Senate, Mr. President, which declares that a Senator can not put half a dozen propositions in one amendment if he wants to, and an amendment to an amendment does not have to be germane to the amendment.

We might just as well settle whether we are going to proceed under parliamentary law or not. If not, if we are to have "rough-house" methods, if I may use a slang expression, we can commence them right now, and the Senate will be in session some time before it will get to a vote on this bill. There is no disposition over here to delay it a minute, but when we are threatened with all-night sessions and Senators see fit to absent themselves from the floor, we on this side propose to insist, if they hold us here all night, that they shall be in their seats. We will try to sit up with them and be good-natured about it. I have offered a proper amendment to my amendment, and I want to know whether it is going to be entertained.

The PRESIDING OFFICER. The Senator from Missouri has offered an amendment to be inserted on line 18. That amendment is now pending before the Senate. While without doubt the Senator would have a right to perfect his amendment, it is the opinion of the Chair that the proposition which he now offers is not of a nature to perfect his amendment. It would be tantamount to the offering of another amendment, and therefore is not in order.

Mr. REED. Mr. President, I appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. REED. Having appealed from the decision of the Chair, which I think even the present occupant of the chair will regard as new business, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Brandegee	Harreld	McNary	Simmons
Broussard	Harris	Moses	Smoot
Bursum	Harrison	Nelson	Spencer
Capper	Heflin	New	Stanley
Caraway	Hitchcock	Newberry	Sutherland
Cummins	Jones, N. Mex.	Nicholson	Swanson
Curtis	Kellogg	Oddie	Townsend
Dial	Kendrick	Overman	Trammell
Dillingham	Kenyon	Owen	Wadsworth
Edge	King	Page	Walsh, Mont.
Ernst	La Follette	Penrose	Warren
Fletcher	Lenroot	Phipps	Watson, Ga.
France	Lodge	Poindexter	Watson, Ind.
Gerry	McKellar	Ransdell	Williams
Gooding	McKinley	Reed	Willis
Hale	McLean	Sheppard	

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

Mr. WATSON of Indiana. Mr. President, I move to lay the appeal of the Senator from Missouri on the table.

The motion was agreed to.

Mr. REED. Mr. President, I congratulate the Senator from Indiana on having made a beautiful precedent, which I suppose will be cited in future years as a decision of the Senate. If ever there was a decision made on any question which can not be justified by any kind of logic, it is this particular decision by which it is held that a Senator can not offer an amendment to an amendment on the ground that it is not germane to the amendment, when, as a matter of fact, the amendment to the amendment is a part of the very subject matter. If the Senate wishes to make that sort of a record, and if we are to have motions to cut off discussion and debate, it is all right with those of us who sit on this side of the Chamber, but it will not save any great amount of time. That is not the way to save time on this bill.

There has not been an attempt to waste a moment on the bill. Every Senator who has spoken has done so in good faith. There has been a more complete adherence to the subject matter under discussion than I have ever known in the Senate and, I almost will say, than any other man in the Senate has ever observed. We have been proceeding with more than ordinary celerity in the discussion of the bill. I know one of the Senators who is absent, because he is not very strong, desires to make a speech upon this particular proposition. There are other Senators similarly situated.

It is proposed to go on to-night, I understand. We will, of course, have to be here if those in control of the Senate conclude that that is the best policy to pursue. Speaking for myself, I think it utterly unjustifiable. I have no objection, so far as I am concerned, however, if the Senate wishes to come to a vote on this amendment of mine and to proceed to a vote at this time. It only involves $450,000,000, and, of course, is not worth spending much time on. When the vote is recorded there is not a man who has been picking the pockets of the American people through excess profits who will not be ready to congratulate his friends. There is not one of them who will not go home congratulating himself.

There is talk that this tax is passed on, but excess profits, particularly grossly excess profits, are not passed on, because the man has already charged all that he can extort. Nobody gets a 500 per cent profit unless he is in some sort of a situation where he is levying upon the necessity of the people to buy, and he levies the last dollar he can get when he charges a profit of that kind.

Mr. STANLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. STANLEY. At this time in our effort to readjust our conditions the public is demanding of the railroads, the great carriers, that they shall reduce their rates, notwithstanding the fact that the present rates of return could not be called an excess profit. The return is less than 6 per cent on the estimated value of those properties, at least according to the contention of the carriers. The public is demanding that the operators, 2,000,000 of them, shall submit to a reduced wage. They are not profiteering. The wage of every railroad man to-day will buy less than the wage he received before the war. The man receiving $4.50 a day now received about $2.50 a day before the war, but the $2.50 would buy more than the $4.50 will buy

now. How can we demand of the carriers, who are not charged with profiteering, that they shall lower their rates, how can we demand of labor that it shall take less when it is really receiving less purchasing value than it got before the war, in order to adjust conditions, and then have the Senate deliberately exempt from their just burden of taxation those who have produced this condition? With what face can we do it?

Mr. REED. Yes; and with what face can we look the returned soldier in the eye and say to him, "We refused you compensation upon the express ground that we could not raise enough revenue, and the reason we could not raise that revenue was because we proposed to take $450,000,000 of taxes off of gentlemen who are making profits above 10 per cent"? How will you look that man in the face and say with an unctuous hypocrisy that you protested that you wanted to give him his compensation, but that because the Government revenues were circumscribed you were obliged to postpone his plea for justice until some means could be devised to raise more revenue, when all the time you had it in your mind to take $450,000,000 of taxes off men reaping excess profits which are the direct result of the war? How will Senators on the other side justify themselves to that soldier, who stands to-day without a job, who served abroad for $30 a month and his feed, when he is told that his bill for justice and relief was referred to this very Finance Committee; that they promised it speedy attention; and that that same committee to whom his claim was referred, upon the ground that the revenue could not be received, instead of giving him attention gave the attention to the profiteers and took $450,000,000 off the burden that the profiteers ought to pay?

How will those Senators look that soldier in the face who served abroad for $30 a month and who comes back and walks up to a profiteer to buy a civilian suit of clothes to take the place of his tattered uniform and who has to pay that clothier a profit of 100 or 200 per cent? How will they justify themselves when they say, "We benefited you by taking the tax off the man who is reaping profits off you?" How will they do it?

I am going to meet a large body of these soldiers in two or three days; I am going to discuss the question of their adjusted compensation; and I am going to tell them the truth about this matter; that the reason that they could not have adjusted compensation was because it was proposed to take the tax off the profiteers, and that the same committee that now is sitting like a coroner's jury over the dead body of their hopes reported out a bill to take $75,000,000 off the corporation capital tax, $90,000,000 off the gentlemen who enjoy incomes above $68,000 a year, and $450,000,000 off the gentlemen who are reaping profits above 10 per cent, and that is the reason they could not get compensation; and that the men who made these profits are the men who stayed at home while they went abroad to lose their health, to lose their jobs, and some of their brothers to lose their lives.

Now, Mr. President, if there is no Senator wishes to speak on the amendment to the amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KENYON. Mr. President, before the roll is called I desire to ask the Senator from Missouri—for I have been compelled to be out of the Chamber all day in connection with the West Virginia hearing—just how this question now comes up? Is it on the committee amendment or is it on the amendment of the Senator from Missouri?

Mr. REED. Under the bill as reported by the Committee on Finance the excess-profits tax will terminate in December of this year. My amendment proposes to insert after the figures "1921" the word "and each year thereafter." If the amendment which I have offered to the committee amendment is adopted, then the excess-profits tax will continue to be levied until Congress shall hereafter change the law.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The Secretary will call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. Being unable to secure a transfer, I am compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. HALE (when his name was called). Making the same announcement concerning my pair and its transfer as heretofore, I vote "nay."

Mr. HARRIS (when his name was called). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the junior Senator from Massachusetts [Mr. WALSH], and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD], and vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. I transfer that pair to the senior Senator from California [Mr. JOHNSON], who, if present, would vote as I am about to vote. I am, therefore, at liberty to vote, and vote "yea."

Mr. WILLIS (when Mr. STERLING's name was called). I desire again to announce the absence of the Senator from South Dakota [Mr. STERLING] on account of illness.

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore in regard to my pair and its transfer, I vote "nay."

Mr. SWANSON (when his name was called). I have a pair with the senior Senator from Washington [Mr. JONES]. I do not know how that Senator would vote if present. I find I am able to transfer that pair to the Senator from Nevada [Mr. PITTMAN], which I do, and vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. KING (after having voted in the affirmative). I have a general pair with the senior Senator from North Dakota [Mr. MCCUMBER]. I have been unable to obtain a transfer of that pair, and therefore I am compelled to withdraw my vote.

Mr. MCLEAN (after having voted in the negative). I notice that the senior Senator from Montana [Mr. MYERS], with whom I have a general pair, has not voted. I transfer my pair with that Senator to the junior Senator from Pennsylvania [Mr. CROW], and will let my vote stand.

Mr. CURTIS. I desire to announce that the Senator from South Dakota [Mr. STERLING] is paired with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 27, nays 39, as follows:

YEAS—27.

Ashurst	Heflin	Norbeck	Simmons
Borah	Hitchcock	Overman	Stanley
Broussard	Jones, N. Mex.	Owen	Swanson
Caraway	Kendrick	Pomerene	Walsh, Mont.
Dial	Kenyon	Ransdell	Watson, Ga.
Harris	La Follette	Reed	Williams
Harrison	McKellar	Sheppard	

NAYS—39.

Brandegee	Gooding	Moses	Shortridge
Bursum	Hale	Nelson	Smoot
Capper	Harreld	New	Spencer
Cummins	Kellogg	Newberry	Sutherland
Curtis	Keyes	Nicholson	Townsend
Edge	Lenroot	Oddie	Wadsworth
Ernst	Lodge	Page	Warren
Fernald	McKinley	Penrose	Watson, Ind.
France	McLean	Phipps	Willis
Frelinghuysen	McNary	Poindexter	

NOT VOTING—30.

Ball	Elkins	McCormick	Stanfield
Calder	Fletcher	McCumber	Sterling
Cameron	Gerry	Myers	Trammell
Colt	Glass	Norris	Underwood
Crow	Johnson	Pittman	Walsh, Mass.
Culberson	Jones, Wash.	Robinson	Weller
Dillingham	King	Shields	
du Pont	Ladd	Smith	

So Mr. REED's amendment to the amendment of the committee was rejected.

Mr. REED. Mr. President, I reserve the amendment for a separate vote in the Senate, and offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to strike out lines 23 to 26 on page 130 and lines 2 and 3 on page 131 and to insert:

Twenty per cent of the net income in excess of 15 per cent and not in excess of 50 per cent of the invested capital, and 40 per cent of the excess over 50 per cent of the invested capital.

Mr. REED. Mr. President, the present law levies an excess-profits tax on profits above 10 per cent and up to 20 per cent at the rate of 20 per cent. This amendment raises that bracket so that the excess-profits tax does not begin until 15 per cent net has been realized, and then from that point on to 50 per cent the tax levied is 20 per cent. Under the present law the minute the profits exceed 20 per cent a tax of 40 per cent is levied.

This amendment, if agreed to, will have this effect: Whereas to-day all profits in excess of 8 per cent and up to 20 per cent are taxed 20 per cent, no tax at all will be levied upon the profits until 15 per cent has been realized, and then a tax of 20

per cent will be levied upon the profits up to 50 per cent of profits. After they have reached 50 per cent profit, then a tax of 40 per cent is laid upon the profits in excess of 50 per cent.

Mr. WILLIAMS. By the bill itself?

Mr. REED. No; by this amendment. By the bill itself the 40 per cent tax began when the profits were 20 per cent. The 40 per cent does not begin under this amendment until the profits have reached 50 per cent.

Mr. KING. Mr. President, may I make an inquiry for information?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Utah?

Mr. REED. Yes.

Mr. KING. As I understand, the amendment heretofore offered by the Senator which extended the excess-profits tax to a year beyond 1921 was defeated. I want to ask the Senator whether, if this amendment were adopted, it would not be limited solely to this year, and therefore would have the effect of diminishing the tax which would be collected for this year below the levels which existing law impose?

Mr. REED. Mr. President, I am obliged to the Senator. I meant to incorporate in this amendment the amendment I just offered and make it a part of this amendment, so that the excess-profits tax will continue beyond 1921, but that instead of paying an excess-profits tax as soon as 8 per cent is realized there will be no excess-profits tax until 15 per cent has been realized and, instead of the tax being 40 per cent as soon as the profits have reached 20 per cent, the 40 per cent tax will not be levied until the profits have reached 50 per cent.

Mr. President, the amendment should be further perfected so that it will read as follows: After the word "following," in line 21, add:

After the calendar year 1921 excess-profits taxes shall be levied as follows:

Then the language which I have employed.

Mr. SIMMONS. Mr. President, where does the Senator propose to put that?

Mr. REED. I propose to insert it after the word "following" in line 21, page 130.

Mr. WALSH of Montana. Mr. President, I suggest to the Senator from Missouri, if he will pardon me, that a more appropriate place to put it would be after line 3, on page 131.

Mr. SIMMONS. I think the Senator's suggestion is correct. That is what I was about to suggest.

Mr. WALSH of Montana. That would make the paragraphs at the bottom of page 130 and at the top of page 131 applicable to 1921, and then thereafter the rates would be as fixed.

Mr. REED. I was obliged to present this amendment very hastily, and I think the suggestion is a very good one, to insert at the end of line 3, on page 131, the following:

After the calendar year of 1921 excess-profits taxes shall be levied as follows:

Then:

Twenty per cent on the net income in excess of 15 per cent and not in excess of 50 per cent of the invested capital, and 40 per cent of the excess over 50 per cent of the invested capital.

Now, Mr. President, I think the amendment is in shape.

Mr. SIMMONS. Mr. President, I suggest to the Senator that he put it in this form:

That for the calendar year 1922, and each subsequent year thereafter, the tax shall be—

And so forth.

Mr. REED. Very well; let it be put in that form:

That for the calendar year 1922, and for each calendar year thereafter, there shall be levied—

And so forth. That is the proper form.

Mr. President, I am not offering this amendment out of a mere desire to make a record; but it seems to me that the course we are pursuing is so at war with what ought to be done that it is worth while to present the question in this modified form. It may be claimed that an excess-profits tax beginning at 8 per cent begins at too low a point, that corporations ought to be allowed to make more than that percentage and still pay merely the normal tax; but when you allow them to make 15 per cent free of all excess-profits taxes, I think they are being dealt with very fairly and generously. Then the tax of 20 per cent, which under the present law begins at a 10 per cent profit and ends at a 20 per cent profit, will be levied here on the profits between 15 per cent and 20 per cent, on that small bracket; and the tax of 40 per cent, which under the present law begins at a 20 per cent profit, will under this amendment be only a tax of 20 per cent on the profits up to 50 per cent. That is to say, an institution will be free of all excess-profits taxes until it has made more than 15 per cent. Then on the difference between 15 per cent and 50 per cent it will pay only 20 per cent, and on the excess above 50 per cent it will pay the 40 per cent which now is levied on the profits as soon as they reach 20 per cent.

I am informed by the experts that this will realize to our Government $200,000,000. That $200,000,000 would do many things. I need not take the time of the Senate to tell how many things it would do; but what man is there in this body who can say that after a corporation has made 15 per cent net, has paid the salaries of its officers, has paid the interest on its money borrowed, has taken out a proper sum for the depreciation of its plant, and stands there with 15 per cent net, it can not pay the small additional surtax levied by this amendment? How can Senators sit here and tell soldiers that they can not pay them a bonus when they refuse to levy a tax of this kind? How can we justify the other taxes of this bill, and, as was well said by the Senator from Kentucky [Mr. STANLEY], how can we say to the railroads that are not making excess profits, "You must cut down your freight rates regardless of that fact," and yet say, "We took the tax off the profiteers, the men who were making more than 15 per cent"?

Let somebody on the other side rise and answer. You have sat over there all day, when you sat there at all, as mum as oysters and with about the same intellectual cast of countenance. You do not defend because you can not defend.

Mr. PENROSE. Mr. President——

Mr. REED. The utmost of your endeavor is to move to lay something on the table, so that there can not be discussion.

The VICE PRESIDENT. Does the Senator yield to the Senator from Pennsylvania?

Mr. REED. I yield.

Mr. PENROSE. Our countenances have been illuminated by the character of intellectual provender that has been furnished us.

Mr. REED. Mr. President, that all depends on what is back of the countenance that is to be illuminated, for you could throw the brightest light that ever glimmered in this world upon a piece of dead lead and you could not get a reflection.

Why do you not answer? What is your defense? Have you any? Well, Senators, you will have to make your defense somewhere.

Mr. WATSON of Indiana. Mr. President, I have very great respect for the Senator from Missouri [Mr. REED]. We have been personal friends for a quarter of a century, and I have always admired his ability. Whatever he may say and whatever he may do, I shall never forget the service he rendered to the Republic during the discussion of the momentous problem of the League of Nations on this floor.

He might at that time have chosen the easy course. He might have basked in the sunshine of the White House and been among the favored few admitted to those secret precincts. But he chose what to him was the path of honor, the path of courage, and the path of patriotism, and in so doing he delivered orations on the floor of this Chamber worthy of the best days of the Senate and of its most splendid traditions. Whatever he may say now in regard to the Republican Party or any of the propositions that are pending growing out of this tax question will not, so far as I am concerned, diminish my admiration for his talent or his ability.

But when the Senator from Missouri, rising in his place, prostitutes that talent and that ability to personal charges against Senators on this side, he but belittles himself. When he says that we sit here like oysters, with countenances that have no reflection of intellectuality or intelligence, he but dwarfs himself and casts nothing but his littleness upon this side.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. WATSON of Indiana. I decline to yield.

The Senator from Missouri had better leave those little things to men of lesser talents and of more meager capacity. When he descends to make a charge of that kind it is as if a wrecking crew were ordered out, with all its mighty appliances, to lift a mouse from a railroad track.

However, I have not risen for the purpose of discussing the Senator from Missouri, but for the purpose of talking about the excess-profits tax and of saying to my friend from Missouri that he need not be alarmed about the answer we shall make to the country. We have already given that response. Not only did the Republican Party proclaim throughout the length and breadth of the Republic its belief in this proposition in the last campaign but the Senator's own party, from the day the convention met up until election time, did not fail to respond in the same way to the same demand of the American people.

The honorable Senator from Kentucky [Mr. STANLEY] said that the people of the United States, like angels, were speaking trumpet-tongued, demanding the continuance of the excess-

profits tax. Let us see who some of these trumpet-tongued angels are who have so loudly demanded the perpetuation of this tax. The Democratic platform adopted at San Francisco recited:

> We advocate tax reform and a searching revision of the war revenue acts to fit peace conditions so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditure.

To what two taxes did that refer? Inevitably to the excess-profits tax and to the higher surtaxes. It would have had no intelligent construction if it had been applied to any other feature of the existing tax law, and when they spoke, trumpet-tonged, they had in mind only the excess-profits tax and the surtax.

Why am I led to that conclusion? Because before that convention met, Senators, Secretary Glass had given his views on this question to a committee of the American Congress. He said:

> The Treasury's objections to the excess-profits tax even as a war expedient (in contradistinction to a war-profits tax) have been repeatedly voiced before the committees of the Congress. Still more objectionable is the operation of the excess-profits tax in peace times. It encourages wasteful expenditure, puts a premium on overcapitalization, and a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies.

Out of the mouth of their own Secretary of the Treasury, standing upon their own platform, advocating the very thing we now advocate—that is our answer to the charge of the Senator from Missouri.

Who else has had something to say upon this proposition? Secretary Houston, likewise an honored member of the last Democratic Cabinet, urged the repeal of the excess-profits tax at the earliest day. What were his words? Listen to them, you who desire to know the campaign position of the Democratic Party on this question:

> The reasons for the repeal of the excess-profits tax should be convincing even to those who, on grounds of theory or general political philosophy, are in favor of taxes of this nature. The tax does not attain in practice the theoretical end at which it aims. It discriminates against conservatively financed corporations and in favor of those whose capitalization is exaggerated; indeed, many overcapitalized corporations escape with unduly small contributions. It is exceedingly complex in its application and difficult of administration, despite the fact that it is limited to one class of business concerns—corporations. Moreover, it is rapidly losing its productivity.

He goes on and states other reasons why it should be repealed. So from the Democratic national platform and from two of its Secretaries of the Treasury come this day answers which my friend from Kentucky might well say are trumpet-tongued.

But, Senators, we are not left alone with the assertions of the Democratic platform and the assertions of these two former occupants of a Cabinet position. The Democratic candidate for the Presidency in the last campaign, supported by my friend from Missouri, supported by every man on the other side of the Chamber, echoed and reechoed the demands of the Democratic platform and in various speeches throughout the Republic reasserted the opinions of these two occupants of the Treasury portfolio. In one of his addresses, speaking of the excess-profits tax, he said:

> I believe that a better form of taxation than the so-called excess-profits tax may be found, and I suggest a small tax, probably 1 to 1½ per cent on the total business of every going concern. It is to be understood that the term "business" as used does not include income received by wage earners, salaried men, agriculturists, and the small business man who should be exempt from this tax. The profiteer and some of the highly capitalized units have used the excess-profits tax as a favorite excuse for loading on the consumer by means of highly inflated selling prices many times the amount actually paid the Government.

That is the answer I make to the honorable Senator from Missouri. His own candidate for the Presidency, whom he supported; his own platform, upon which he stood; his own Secretaries of the Treasury, two of them, whom he supported—these are the answers I make to the Senator from Missouri as to why the excess-profits tax should be repealed.

Are yet other answers required? If so, they are simply these, Senators, that when we overtax capital we drive it out of business, and unless capital is invested in business labor is not employed, and if labor is not employed idleness results, and everybody understands what follows in its train. That is the all-sufficient answer to the Senator from Missouri.

But, Mr. President, I call attention to the further fact that Dr. Adams, himself a Democrat, once an honored member of the faculty of the great University of Wisconsin and now professor of economics in Yale University and the Treasury expert whose services are sought by everybody——

Mr. LA FOLLETTE. And always a Republican.

Mr. WATSON of Indiana. Is he a Republican?

Mr. LA FOLLETTE. Yes.

Mr. WATSON of Indiana. I beg the Senator's pardon; I had always thought he was a Democrat.

Mr. NEW. My colleague had better beg Dr. Adams's pardon.

Mr. WATSON of Indiana. I beg his pardon.

Mr. STANLEY. If the Senator will yield at that point——

Mr. WATSON of Indiana. No; not here.

Mr. STANLEY. The Senator need not yield at all if he does not want to.

Mr. WATSON of Indiana. My understanding has always been that Dr. Adams is a Democrat, and I think that my friend the Senator from Utah had the same opinion. So much the better if he is a Republican.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from Kentucky?

Mr. WATSON of Indiana. No; I decline to yield. Senators on the other side have taken up practically all the time. I want to have just a little of it over here.

What does Dr. Adams have to say about this? Hear it:

> A great deal might legitimately be said, if space permitted, in favor of the excess-profits tax. But it is not enough. The tax should be repealed at the close of the year 1920. It should be repealed because it taxes corporations by an entirely different method from that applied to partnerships and individual business men, sometimes taxing one class heavier than the other, and again reversing this situation; because it penalizes conservative corporations and rewards their less conservative and less scrupulous competitors; because it exempts in whole or in part many overcapitalized trusts; because by its uncertain and unequal burdens upon business it is injuring every wage earner and salaried man, every stockholder and consumer whose interests can be adversely affected by the unnecessary bedevilment of business; because corporation taxpayers since the beginning of the war have played the game and stood the gaff, have fairly earned and may confidently ask the right to pay whatever share of taxes is decided to be their due, by a tax which is simpler, more certain and less capriciously unequal than the excess-profits tax.

When we came to investigate the facts as they were developed before our committee, every statement made by Dr. Adams, and by every other expert, as my friend from Connecticut [Mr. McLEAN] suggests, was borne out by the facts and controverted by nobody upon the witness stand from the beginning of those hearings to the very end.

Why had they ceased in productivity? In 1918 we gleaned from this source $2,500,000,000 of revenue, enough to pay the expenses of the Government, Senators, aside from interest and the cost of wars past and present. Yet for the next year no one places the estimate at more than $400,000,000, a decrease of $2,100,000,000 of revenue from this source alone.

Is not the Senator from Missouri answered? There are no excess profits to tax because of this very repressive policy, and if it is to be continued in the future capital will not be invested, labor will not be employed, mines will not be opened, and factories will not run. So we shall continue to have the very condition that to-day blights the prosperity of this Republic and casts its baneful shadow athwart the highway of the future. So, Senators, we have an answer to the honorable Senator from Missouri.

Oh, he said, he is going out to speak to the soldiers soon, and he is going to say to them that because we have repealed the excess-profits tax we shall not be able to pay their pensions and to raise the revenue essential to meet the bounty that looms ahead. Why, Senators, it is not possible that the honorable Senator from Missouri will make that statement, for he knows as well as he is conscious of his own existence that these taxes are passed on to the consumer. He has said that he intends to go and say to them that we have saved the storekeeper and the manufacturer from these taxes, and that because of that fact we shall not be able to discharge the debt of gratitude in a financial way that we owe to the soldiers who served us under the flag overseas. The Senator from Missouri well knows and every other Senator knows that all these excess-profit taxes from the very beginning are passed by every manufacturer down to the consumer and all of them loaded upon his back. He knows that every man that touched every product all along the line from production to consumption put an extra tax on and that those excess-profits taxes were pyramided from the beginning to the end until they rested like a mighty mountain of excessive cost upon the backs of the people of the United States.

We propose now to lift that burden. We propose to repeal the excess-profits taxes. We propose to take the hampering and restraining influence of those excessive taxes off of the business of the United States and set it once more awork along all lines of activity in the country. That is the answer we make to the Senator from Missouri.

He need not be alarmed about how we will answer the people of the United States. We will do our own answering and will not call upon the Senator from Missouri to make reply for us when we go out to meet the people of the land. For over 60

years the Republican Party has discharged its obligations. We have carried our burdens, we have lifted the country on up the heights from success to greatness, from greatness to glory, and, if I may be excused a street expression, we have dragged the Democratic Party by the scruff of the neck up the hill behind us, and they of all people ought to be the last to charge us with doing that which is contrary to the highest interest of the people of the country or of dearest concern to its citizenship.

I am not afraid to meet the question of the excess-profit taxes. We met that in the last campaign, save that Democrats did not answer, because every Democratic speech of which I had knowledge delivered in the whole campaign echoed and reechoed the sentiments which I have expressed this afternoon, and not one voice was lifted anywhere throughout the country against the repeal of these taxes. Not until now, when we come into the Senate Chamber in the calm of the after-election period, when there is a new campaign coming on and when a new issue must be sought, have our Democratic friends suddenly discovered that the repeal of the excess-profits tax is in the interest of the profiteer and that unless repealed they will still hold the burdens and the expenses of Government upon the backs of the already overburdened poor.

Oh, no; it will not do. We will go to the people on the question, but when we repeal the excess-profits tax and when we get through this whole new tax bill our capital will be invested, our labor will be employed, the mines will be opened, and their resources will be poured out and carried to the factories, where they will be converted into forms of usefulness and beauty for the benefit of our citizens. We will thus again call out all that is highest and best in men. We will enlist their noblest instincts, their loftiest purposes, and we will again weave, just as we ever have in the past, the splendid fabric of a mighty nationality.

Mr. LENROOT. Mr. President, before the Senator from Indiana takes his seat will he yield?

Mr. WATSON of Indiana. Certainly.

Mr. LENROOT. Will not the Senator place in the RECORD in connection with his speech the table prepared by the Treasury Department showing that the burden of excess-profits tax is borne in the largest part by corporations having an average invested capital of $61,000, while the large corporations with watered stock are escaping the payment of any excess-profits taxes?

Mr. WATSON of Indiana. That is entirely true, and I ask permission that I may incorporate——

Mr. WATSON of Georgia. Mr. President, I understood the Senator from Indiana had yielded the floor and taken his seat.

Mr. WATSON of Indiana. May I ask unanimous consent to have this little table incorporated as a part of my remarks?

Mr. WATSON of Georgia. I have no objection.

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

The excess-profits tax has been so thoroughly discussed that it is unnecessary to state at length the reasons which have led your committee to recommend its repeal. The time for discussion is past; and the time to repeal the tax has arrived. It may be mentioned, however, that further investigation has only accentuated the conviction that the inequalities of this tax make necessary its early repeal. Whatever may be its theoretical merits, in practice it exempts the overcapitalized corporation, falls more heavily upon corporations of small or moderate size than upon the larger corporations, penalizes business conservatism, and places upon the Bureau of Internal Revenue tasks which are beyond its strength. The fact that the excess-profits tax bears less severely upon large than upon small corporations is well illustrated in Table A. This table is based upon the latest Treasury statistics which have been analyzed in detail and covers all the corporations of the country which made full returns of invested capital in the year 1919. The weakness of the excess-profits tax revealed in this table is alone sufficient to condemn it.

Table showing average rate of excess-profits and income taxes upon corporations of different size.

[Average size of corporations (measured by invested capital) earning different rates of profit; corporation returns made in 1919.]

Per cent of net income to invested capital.	Number of corporations.	Invested capital.	Average invested capital.	Per cent of income and profits tax to net income.
Less than 5 per cent	10,689	$14,104,248,246	$1,319,511	10.99
5 to 10 per cent	21,869	15,925,632,944	728,229	11.93
10 to 15 per cent	22,684	8,902,689,034	395,111	21.60
15 to 20 per cent	17,388	5,482,627,463	315,311	33.99
20 to 25 per cent	11,987	3,251,948,260	271,290	41.51
25 to 30 per cent	7,743	3,785,581,785	488,904	51.22
30 to 40 per cent	9,050	2,421,285,621	267,545	53.38
40 to 50 per cent	4,807	1,232,173,122	256,329	57.58
50 to 75 per cent	4,911	784,254,745	159,693	62.30
75 to 100 per cent	1,734	205,744,478	118,653	64.24
100 per cent and over	2,194	133,853,470	61,009	67.40
Total	115,056	56,290,039,168	489,240	37.86

Mr. WATSON of Indiana. Thus showing, as the Senator from Wisconsin so well says, that these taxes fall heaviest upon the corporations of small capital and are almost wholly evaded by the largest ones in the land, which furnishes an additional reason for their repeal.

Mr. WATSON of Georgia. Mr. President, I trust the Senator from Indiana, my namesake, will not leave the Chamber while I am answering him, because the answer is going to be hot off the bat. I was once as red headed as he is, but there never was a debate in which I was afraid to let anybody interrupt me, and I am not afraid to let them do it now.

Mr. President, the Senator from Indiana quoted from his platform. He quoted some words which the American people had never heard discussed in the campaign. I ask him now to name the time and place when his candidate for the Presidency explained that plank to the people and told them that his success would mean the taking off, from the very rich, of the excess-profits taxes to the amount of $495,000,000.

Mr. WATSON of Indiana. Mr. President——

Mr. WATSON of Georgia. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. I will not do the Democratic candidate for the Presidency the discourtesy to say he did not know what he was talking about.

Mr. WATSON of Georgia. I was not talking about the Democratic candidate.

Mr. WATSON of Indiana. I have read from the hearings before the Senate committee what he said.

Mr. WATSON of Georgia. I am coming to him after a while.

Mr. WATSON of Indiana. I assume that he knew just what he said.

Mr. WATSON of Georgia. I am coming to that, and you need not doubt it. I am speaking about President Harding, the man who won. I am not talking about Gov. Cox, the worst-beaten man, perhaps, in all American political history. Perhaps the very plank which my namesake voted helped to beat him. I am asking him about what Harding said.

Mr. WATSON of Indiana. I can very readily get what Mr. Harding said about it, because President Harding on several occasions advocated the repeal of these taxes. I have not the speech here. I took it for granted that everybody knew about that.

Mr. WATSON of Georgia. Nobody knows about that, Mr. President, because it did not occur. I am going to stick to the facts myself. I read the speeches of both the candidates, and nowhere did the Republican candidate say that he meant to take $450,000,000 of excess-profits taxes off the shoulders of those who receive the excess profits.

The Senator said there are no excess profits. Then why take $450,000,000 off? The Senator's speech answers itself. Necessarily, there must be some immensely profitable concerns who make excess profits and who have been paying taxes on them to the extent of $450,000,000, else there would be no tax to remove.

Mr. REED. That is the tax estimated for the ensuing year.

Mr. WATSON of Georgia. Precisely so. When and where did the Republican Party, or its candidate, its speakers, its editors, tell the people that they meant to leave the tax on the calico dress of the poor woman and lift it from the sables of the rich woman? What sort of a speech would that have been? How many votes would it have won? Would you have received your 7,000,000 majority if you had explained that to the common people? Talk about friendship for the common people! How many of the common people can buy those expensive furs from which you are taking the tax? Those who are buying those furs can afford to buy them, and can therefore afford to pay the tax.

Mr. President, the Senator from Indiana again read the report of Secretary Glass. We have been reminded of that here several times. Did they use that during the campaign? How many of the voters knew what Secretary Glass had written about the excess-profits tax?

The Senator from Indiana alluded to Secretary Houston. How many votes does he think ex-Secretary David Houston could get, if he were to run for some office? Where would he get them? Why, Mr. President, as Secretary of Agriculture he had the most loving ways to make people hate him of any official of this Government, and they hated him then and they hate him now.

Senators on the other side do not enjoy this debate. Why? They are getting the worst of it. They are going to keep on getting the worst of it. Running out of the Chamber will not help any. Taking refuge in the cloakroom will not save anybody. Mr. President, if I may be allowed the expression, they are going to catch hell next November. [Laughter.]

Mr. REED. Mr. President——

SEVERAL REPUBLICAN SENATORS. Vote!

Mr. WATSON of Georgia. I have not yielded the floor, and I am not going to be howled down, either. I have got the floor, not by the permission of any Senator, but by the recognition of the Vice President.

Mr. PENROSE. We are going to vote in a minute.

Mr. WATSON of Georgia. You will vote when I get through with my speech. This is a mere preface to a remark or two. I have learned, Mr. President, that when a Senator gets up here and says, "Just a moment," it means an hour or so; and when he says, "I want to say just three words," he means three thousand words.

We have heard of the "agricultural bloc," we have heard of the "manufacturers' bloc," but there is an "oratorical bloc" here. Although I am a junior Member of it, I want to hold up my end of the stick. It may be that the "agricultural bloc" is split up but the "oratorical bloc" is not split up. [Laughter.] It is not going to be split up or howled down.

Something was said here the other day about the unimportance of a tax measure; that the people really did not care anything about taxes. I wonder, Mr. President, if the Senators who made those remarks remembered that we owe our national independence to a fight on a very small tax on tea and paper? A tax started a revolution in the old country; a revolution was started there by an illegal imposition of ship money. John Hampden, a rich man, whose share of the tax would have been less than $15 in our money, refused to pay it, and began an insurrection which only ended with the English revolution of 1688. In my judgment, Mr. President, if this bill goes through, relieving from taxation those who are making excessive profits, we are going to have at least a political revolution in this country. I do not believe the people will stand it.

In Mackenzie's History of the Nineteenth Century, at page 147, I find the following which may or may not interest Senators:

> The vast revolution that had been in progress for half a century was at length fully accomplished. The transfer of power was complete. Fifty years ago—

The book was written in 1872—

> a few great families guided the destinies of the Nation.

Not great corporations, not great banks, not the money power, but a few great, aristocratic, land-owing families.

> The people had no shadow of control over the actings of their Government, and little knowledge regarding them excepting such as they gained from the taxgatherer, the policeman, or the press gang.

We have drifted into that very position. A few great corporations and a confederation of insatiable banks have gathered to themselves the monopoly of the net gain of national wealth. The figures here show it. The national gain in wealth is somewhat less than 10 per cent a year. The Government reports show that the 30,000 corporations, specially protected by the tariff and by such laws as that now proposed, get practically every bit of that national increase of wealth. When and where did a banker ever create wealth? When and where did a dollar ever become useful to any human creature until that dollar was put in use?

We have been told here again, this time by the Senator from Indiana [Mr. WATSON], that unless we allow excessive profits the men who gain them, and who want them exempted from taxation, will not employ labor. How long do Senators on the other side think labor will stand for that? Let the country learn the facts about this bill; let them learn what Senators on the other side say here, that the favored few shall be allowed to make excessive profits and to take unto themselves every year the entire increase of national wealth; go and tell the people that; tell them if you dare! The Senator from Indiana says he will tell them. I venture to say he will not; he dare not; and no other orator or editor on the other side of the Chamber will do it, either.

We have here, just issued, a statement as to the ginners' report on cotton.

The facts are startling. In the State of Georgia we have lost half a million bales of cotton, and lost half the value of what we made. What does that mean to the cotton growers of Georgia? Similar statements apply to all the cotton-growing States, including the great State of Texas, which is so ably represented here, in part, by my friend the junior Senator from that State [Mr. SHEPPARD]. Who made that cotton? Who makes the corn? Who makes the wheat? Bankers do not make it; manufacturers do not make it; the railroads do not make it. Everybody gets rich on it except the men, women, and children who make it. Do you call that statesmanship?

When a man and his wife and his boy and his girl toil from one end of the year to the other to produce crops, should they not have more than a bare living out of the product of their toil?

Mr. HEFLIN. Mr. President, will my friend from Georgia yield to me for a moment?

Mr. WATSON of Georgia. With pleasure.

Mr. HEFLIN. The commissioner of agriculture of the State of Texas telegraphed me that it cost 25 cents a pound to produce the cotton crop of this year. Cotton is now selling at 18 cents a pound, or 7 cents a pound under the cost of production.

Mr. WATSON of Georgia. I thank the Senator for the added information.

Mr. President, there will have to be a change. The Republican Party was sent here to make it. We are trying to help them improve their bill. We are not talking merely to consume time. We want the people to know the facts about this bill, because it is the common folk, the producers of wealth, who have to pay these taxes, and when these taxes shall have been paid not one dollar of net profit will be left to them.

A pound of cotton which sells at 18 cents when manufactured into handkerchiefs sells for the equivalent of about $600 for the bale of 500 pounds. A pound of cotton at 18 cents, when made into a bath towel, costs anywhere from $2 to $5, and when made into mercerized goods a pound of cotton reaches a value of at least thirty or forty dollars. The merchant can not "water" his stock; the cattleman can not make two cows out of one; the cotton grower can not "water" his product; the farmers who raise corn and wheat can not "water" their stock; but corporations, with tens of billions of dollars of "watered" stock, require the people of this country to pay net profits on that valueless stock. When I say "valueless," I mean that it originally cost nothing at all, except for so much printing ink and paper, and yet Senators on the other side are proposing to exempt from taxation the men who issue these tens of billions of dollars of watered stock and to impose the burden upon the men who make their daily bread in the sweat of their faces.

Mr. President, Senators may not listen; but the country is listening. The country is reading, as it never has read in recent years; the explanations of this bill and the denunciations leveled against it are carrying far and wide; and when the snowstorm of the ballots begin next November, in the election of Representatives and of those Senators whose terms may then have to be renewed, that snowstorm will catch you far from shelter, and you may feel the effects of the political blizzard.

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gooding	McLean	Shortridge
Borah	Hale	McNary	Simmons
Brandegee	Harris	Moses	Smoot
Broussard	Harrison	Nelson	Spencer
Capper	Heflin	New	Stanley
Caraway	Hitchcock	Newberry	Sutherland
Cummins	Jones, N. Mex.	Nicholson	Swanson
Curtis	Kellogg	Norbeck	Townsend
Dial	Kenyon	Oddie	Trammell
du Pont	Keyes	Overman	Wadsworth
Edge	King	Penrose	Walsh, Mont.
Ernst	La Follette	Phipps	Warren
Fernald	Lenroot	Poindexter	Watson, Ga.
France	Lodge	Pomerene	Watson, Ind.
Frelinghuysen	McKellar	Reed	Willis
Glass	McKinley	Sheppard	

The VICE PRESIDENT. Sixty-three Senators have responded to their names. A quorum is present. The question is on the amendment of the Senator from Missouri.

Mr. REED. Mr. President, I have been trying for days to get somebody on the other side of the aisle to break the painful silence that has been maintained, and give us a reason for relieving profiteers from taxes. I was able to do it only when, I fear, I employed language which was neither parliamentary nor polite. When I referred to the Senators upon the other side as sitting as mum as oysters I was entirely correct, but when I said they had about the same intellectual cast of countenance I was wrong. They look much more intelligent than oysters. That much ought to be said in the interest of history; but, of course, I do not mean to reflect upon any of my distinguished friends on the other side of this Chamber. I am willing to have it solemnly recorded now that they are not only an intellectual looking body of men but that they are an intellectual body of men; but the singular thing has been that we could not obtain from them a single reason for taking off the excess-profits tax.

I listened to the speech of my very good friend the Senator from Indiana [Mr. WATSON] with admiration for his eloquence, and with still greater admiration for the sublime nerve he exhibited. If I had a desperate case in which there was no defense whatsoever, I should try to secure the services of the Senator from Indiana; for he can disregard facts and pass lightly over obstacles with an ability which but few men in this

country possess. He is, however, altogether an admirable and charming gentleman, and whatever he does possesses an artistic finish which elicits admiration even though it may not convince the judgment.

Let me follow his argument, now, seriatim.

He begins by telling us that the Democratic platform promised to take off excess-profits taxes. It does nothing of the kind. It promised to equalize the burdens of taxation, and that is something that both parties professed they would do; but the singular thing is that your process of equalization as you brought it to us consisted solely in the reduction of the taxes upon the very wealthy and powerful, and did not do anything whatsoever for the men of moderate means. That may be called equalization, but it is an equalization by cutting off everything at one end.

The Senator tells us that a Secretary of the Treasury, Mr. GLASS, denounced the excess-profits tax, and that Mr. Houston denounced the excess-profits tax; and that that ends the matter; that all argument and debate is foreclosed.

I have no criticism of Mr. GLASS for his opinion. It was the opinion of one man. I have no criticism of Mr. Houston for his opinion. It was the opinion of one man. In my judgment both of their opinions were mistakes, and their opinions have no more weight than the opinion of any Senator in this body so far as I am concerned. If we are to settle this question by opinions, then we might as well go out and take a show of hands in the country, and let that determine the proposition.

When we pass from these opinions the Senator from Indiana makes several assertions and several points. The first assertion that he made here, or one of his early assertions, was that because of excess-profits taxes having been levied business had been destroyed, so that there are no excess-profits taxes to be collected.

Mr. President, if that is true, then why all this fuss? If there are no exeess-profits taxes to be collected, then an excess-profits tax, however high, will disturb nobody, for it will reach nobody. But the fact is that excess profits are being collected every day. It is true that profits are not as large as they were during the war; but does the Senator mean to say that the failure to make these excessive profits to as great an extent as during the war is because there is an excess-profits tax? Is that the kind of logic that goes out in Indiana? When the war was on, when prices were mounting every day from a lower level to a higher level, when foreign Governments were willing to pay any price whatsoever for materials, when there was no limit to the prices men would pay in their necessity, profits of course were enormous, and I believe the excess-profits tax amounted at one time to nearly two billions and a half. The war being over, the world settling down to a different economic basis, of course affected the excess-profits tax to a very large extent. Does the Senator mean to say, as he did say, that it was the excess-profits tax that made these people quit making their excess profits, or will he not accord to the truth of the matter—that the closing of the war and the changing economic conditions made it impossible to reap as large profits as during the war?

But, Mr. President, excess profits are still being made notwithstanding the excess-profits tax and notwithstanding the close of the war. The estimate is that the excess-profits tax, if levied under the terms of the present law, will, during the ensuing calendar year, bring $450,000,000 to the Treasury. That must mean, then, that there are excess profits to be realized on probably two billions of dollars by the institutions that are required to pay the excess-profits tax.

So that it is utterly idle to stand here and say in one breath that the excess-profits taxes have prostrated business so that there are no excess profits, then in the next breath to say that we must take the excess-profits tax off, when there are no excess profits to levy taxes upon, and then turn to us and say that profits have been reduced because of an excess-profits tax.

The argument might be made to a crowd of shouting partisans who would not perhaps pause to analyze it, but it is an argument which can not stand the touch of examination. There is a tax to be collected during the next year of $450,000,000 on excess profits, and that means that excess profits are still being realized.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Missouri yield to the Senator from North Carolina?

Mr. REED. I yield.

Mr. SIMMONS. I was going to suggest to the Senator that the returns of revenue from individual incomes have fallen off about as much as the revenue from excess profits, and if the argument made by Senators on the other side as to why we should repeal the excess-profits tax is a good one, it would apply equally well as an argument why we should repeal the income tax upon individuals.

Mr. REED. Certainly; and they started in to do that, but they back-tracked on it.

The Senator from Indiana declared that if we levy an excess-profits tax we will drive people out of business. That is an argument that has been answered on this floor at least a score of times. The excess-profits tax does not begin to affect any business until 10 per cent net has been realized, and there is not a tax-exempt security in the United States that pays above 6 per cent. Why, then, would a man who has his business exempt from the excess-profits tax up to 10 per cent invest in those low interest bearing securities?

But the excess-profits tax begins to operate after 10 per cent has been realized. How does it operate? One dollar out of five of the excess profits collected up to 20 per cent is taken for taxes and $4 is left in the hands of the gentleman who collects it. So that the individual who has to pay excess-profits taxes and is not making above 20 per cent nevertheless has $80 left out of every $100 of excess profits he makes. Would he forego that and close his business because you took one-fifth of his excess profits; or would he close down his business and put his money in 4 and 5 per cent nontaxable securities when he could make as high as 18 per cent after he had paid his excess profits? I will not say the argument is ridiculous, for I would not want to characterize anything my friend from Indiana said as ridiculous. Senators may characterize it themselves.

Again, when the profits go above 20 per cent, then the tax upon the excess over 20 per cent is 40 per cent; but in that case the man who makes profits above 20 per cent, if he makes a hundred dollars, still has left $60 of that profit in his pocket after he has paid the excess-profits tax. The Senator from Indiana said that a man who was making that kind of a profit will cease doing business because he is not allowed to keep the entire 100 per cent.

The Senator from Indiana, proceeding, declared that this tax ought to be taken off because it is passed on to the ultimate consumer. Senators, that argument proves nothing or it proves too much. If it is sound to take the tax off the man who is profiteering and making more than 20 per cent because the tax will be passed on to the ultimate consumer, then why not take the tax off all corporations because all taxes are passed on to the ultimate consumer? The argument would do away with all taxes upon wealth, and we would levy them all upon the common masses of the producing people, because wealth is going to pass them on anyway to those people.

Mr. CARAWAY. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from Arkansas?

Mr. REED. I do.

Mr. CARAWAY. The absurdity of the argument that excess-profits taxes will drive capital out of business is apparent when one reflects that if, as the Senator from Indiana says, the tax is passed on to the consumer, capital is not impaired by the tax at all. If the excess-profits maker can pass the tax on to the consumer, as the Senator from Indiana said, it makes no difference to the profit maker how much the tax is, he still makes his profit and passes the tax on.

Mr. REED. Certainly. The Senator from Arkansas has exploded the whole theory when he makes that statement. They tell us, "You will drive men out of business if you levy an excess-profits tax." They tell us in the next breath that the man who pays the excess-profits tax to the Government does not pay it at all, that he turns right around and collects it from the people, and hence is just as well off as he was before he paid it.

The Senator from Arkansas states it all in a sentence. You can not stand here and claim that an excess-profits tax is passed on and at the same time say that an excess-profits tax is an embargo upon business, for it is no embargo if it can be immediately collected from the purchaser.

That one point was all there was to the argument of the Senator from Indiana, except that he claimed that the excess-profits tax was chiefly made by small concerns, and he presented a table that was gotten up in the Treasury Department to sustain that argument.

Unfortunately for that table and for that doctrine, Mr. President, I presented the statements of experts of the Treasury, who showed that the excess profits were very largely made, not by the very biggest concerns which were overcapitalized but by concerns of very great magnitude, concerns like great department stores, great wholesale houses, great manufacturers,

and that the greater part of this tax comes from institutions of that kind.

I grant you that the few very great concerns, like the Steel Trust, will probably pay no excess-profits tax this year; and why? Because they have issued stock to the amount of two or three times their capital investment; but because you can not get them all with an excess-profits tax is no reason why the profiteers should be allowed to escape.

We are confronted with another proposition put forward by the majority, which ran in parallel lines with the reduction of the excess-profits tax, the proposition to take the tax off capital stock. That tax did reach institutions like the Steel Trust very heavily, but they proposed to take the tax off excess profits, and at the same time to take off a tax which they knew the Steel Trust and similar combinations were compelled to pay. That was part of this scheme.

Mr. President, I have already said, and I repeat, their whole scheme was to take off the tax on capital stock, $75,000,000, the tax on high incomes, $90,000,000, and the tax on excess profits, $450,000,000, and every proposition they brought in was for the benefit of the ultra rich. That was the plan devised by that part of the Republican Party represented by the Senator from Indiana.

What did they propose in lieu of that? They tell us that this tax should be taken off because it is passed on to the people. Apparently they have forgotten that they proposed in lieu of it to levy direct taxes, which reach the humblest and poorest of the land.

What were the recommendations of the Secretary of the Treasury, who does not represent big business, but who is big business, the embodiment of it, the choicest flower and fruit of it? His recommendation was to take off the taxes that I have mentioned, and then, in lieu of those taxes, which we are told should be taken off because they are passed to the ultimate consumer, to do what?

Mr. SIMMONS. The Senator should not forget that the Secretary recommended that the surtaxes be reduced to 25 per cent.

Mr. REED. Oh, yes; the surtaxes were to come down to 25 per cent as a maximum. He proposed to double the documentary stamp tax. If there is a nuisance tax in the world, that is it, and it is a tax which must be paid by everybody who transacts any kind of business.

Second, he proposed a tax of 2 cents on each check, so that every working girl or workingman who has a little account in the bank and wants to draw a check would have to pay a 2-cent tax. The most obnoxious tax that ever was levied in a free country probably is that sort of tax. You are taking off the excess-profits tax because it is paid by the ultimate consumer, and you propose to levy a tax of 2 cents on every check that is drawn by every poor man, as well as every rich man.

But he did not stop there. He suggested as a convenient method of taxation an increase of the postage rate from 2 cents to 3 cents. He wants the excess-profits tax taken off because it is passed on to the common people, and then he proposes to make every man who writes a letter and every woman who writes a letter pay 3 cents postage instead of 2 cents postage. How they love the common people!

Mr. CARAWAY. Mr. President, another wing of the party wants a gross sales tax, so that every Negro who buys cheese and crackers will pay his part of the revenue.

Mr. REED. Then the Secretary proposed a license tax on motor vehicles. That would be widely distributed, and it is not quite so bad. Then he proposed to keep the transportation tax on entirely to the close of the calendar year 1922 and to take off one-half of it in 1923, resulting, as he figured it, in a return of $180,000,000, and that is a tax that is paid by the ultimate consumer.

Mr. STANLEY. Five times over.

Mr. REED. Yes; five times over, probably, but certainly once. It is paid by the masses of the people.

Let no man stand in this body and declare that the Republican Party, the great party of the people of the United States, which saved and made this country, is taking off the excess-profits tax in order to benefit the common people of the land, and then come forward with propositions to tax them on their mail, to tax them on their transportation, to tax them on everything they eat and drink and wear.

Mr. President, that is my reply to a speech that was well delivered and fluent in its tone, but that did not have a single sound statement of fact nor a single correct syllogism of logic in it.

Finally, the Senator from Indiana told us that the Republican Party had made this country. One would have thought, as he heard the Senator in his oratorical gyration, as he gradually climbed the golden stair of his enthusiasm, that he really believes that the cows have calves and the hens lay eggs in the United States because the Republican Party exists; that all that the toiling millions have produced by the work of their hands, all the fruitage of our wonderful fields, all the products of our mighty mines, all the works of beauty and of art that have glorified our civilization, all the teeming thoughts that have poured from the teeming brains of the best people on earth were due solely to the Republican Party as it is organized and exists in Indiana, where they vote them in blocks of five and import them from the distant South.

The fact of the matter is that I think God Almighty had more to do with the prosperity of this country than any political party. He it was who unrolled this mighty scroll of mountain and of plain, who sent across it the wandering rivers, who covered it with verdure, who planted the forests, who filled the veins of the earth with silver and gold, copper and lead, zinc and iron, and somehow or other I think God Almighty had something to do with the creation of the human family before the Republican Party was born or thought of. This country will continue, though we may have mistakes of either party, for some time to come.

The Republican Party has not been leading the Nation at all. On the contrary, the Republican Party has been, through a good many periods of its history, so completely serving the great interests that the party split in two a few years ago and the best part of it went in revolt. You have had a rebellion here on your side of this Chamber that has compelled you to restore a part of the good that was in the old law, and my only regret is that they will not stand with us upon this proposition.

Mr. SMOOT. Mr. President, perhaps I had better apologize to the Senator from Pennsylvania [Mr. PENROSE] for rising at this time, but I propose to put into the RECORD certain facts in answer to repeated statements made upon this floor. The Senator from Missouri [Mr. REED] just made the statement that in the amendment which had been made in the surtax provision we are taking off all the equalization from one end and from the wealthy, and not one cent from the poor. Now, what are the facts?

Mr. REED. I said the bill as it was brought in, and is not that true, as the Senator believes?

Mr. SMOOT. No; I will say to the Senator that it is a mistake when he makes that statement to the bill when it was brought in.

Mr. REED. Very well; I shall be glad to have the Senator tell us just what the bill as it was brought in did in regard to that.

Mr. SMOOT. I can very quickly tell the Senator just what it did, and also what the proposed amendment is.

The highest bracket in the existing law, and that is found in the bill as reported in section 211, for the year 1921 was 65 per cent. As amended it has been reduced to 50 per cent. That is the highest bracket for the income surtaxes. That is 23 per cent discount. Now, let us begin at the beginning——

Mr. REED. But as brought in what was it?

Mr. SMOOT. If the Senator will pardon me, I wish to proceed in just the way I intended to do.

Mr. REED. Very well.

Mr. SMOOT. Now, begin at the first bracket. On incomes of $5,000 and which do not exceed $6,000, under the proposed amendment there is a reduction, an entire reduction between those two figures; in other words, a reduction of 100 per cent.

The next bracket is between $6,000 and $8,000. The rate of the existing law is 2 per cent. That has been reduced to 1 per cent, a reduction of 50 per cent.

The next bracket under existing law is 3 per cent. That has been reduced to 1 per cent, or a reduction of 66⅔ per cent.

The next bracket is from $10,000 to $12,000. The present law is 4 per cent. A reduction is made to 2 per cent, or a reduction of 50 per cent.

The next bracket is of incomes from $12,000 to $14,000. The present law provides 5 per cent. The rate agreed upon is 3 per cent, a reduction of 40 per cent.

The next bracket is incomes of $14,000 to $16,000. The existing law is 6 per cent. The rate proposed is 4 per cent, or a reduction of 33⅓ per cent.

The next bracket is of incomes from $16,000 to $18,000. The present law is 7 per cent. The proposed rate is 5 per cent, or a reduction of 30 per cent.

The next bracket is $18,000 to $20,000. The present law is 8 per cent. The proposed rate is 6 per cent, or a reduction of 25 per cent.

That is not all, Mr. President. I now call attention to the fact that the number of taxpayers in the United States who are within the brackets which I have just mentioned is 4,355,526 out of a total of 4,425,111. The number of taxpayers who are involved in returns of incomes above $20,000 is 69,585. In other words, the decrease on the 69,585 taxpayers as to percentage is less than it is upon the other 4,355,526 taxpayers.

Those are the conditions. Those are the facts. That is what the income-tax section provides for.

All I wished to do was to take about three minutes to put in the RECORD exactly what the results show as to the amendments as agreed to by the Senate and passed upon by the Senate to-day, as compared with the statements that have been so often made here.

Mr. REED. The Senator has been ostensibly replying to me——

Mr. SMOOT. Not altogether to the Senator. I said it has been stated here time and time again upon the floor.

Mr. REED. The statement I made was with reference to the bill as it came in, and I said that it did substantially nothing for the man of moderate means. To make that accurate, what it did was to double the exemption for dependents and to increase the exemption to the head of a family by, I believe, $500. Outside of that it did substantially nothing. Now, I said that after the bill had been brought in here there had been certain amendments forced to it, and the Senator has been discussing the bill as it is now regenerated and changed in the Senate. The figures he has given are not the figures pertaining to the bill as it was introduced here, but the figures as the bill has been changed by this debate.

Mr. SMOOT. Taking the same number of taxpayers, I now call attention of the Senate to the decreases that were made in the bill as reported to the Senate. Mind you, it will be up to the $20,000 incomes, covering the same number of taxpayers that I have already stated, and this is the result: In the existing law there is a bracket of incomes from $8,000 to $10,000 as to which the existing law applied a rate of 2 per cent. That was reported as 1 per cent. The incomes to which a 3 per cent rate applied were reported in at 2 per cent. I shall not take the time to state all the figures in the brackets, because the Senator from Missouri has them before him and can follow me.

The next bracket was reduced from 4 per cent to 3 per cent. The next bracket was reduced from 5 per cent to 4 per cent. The next bracket was reduced from 6 per cent to 5 per cent. The next bracket was reduced from 7 per cent to 6 per cent. That takes them all up to incomes of $20,000. Now, remember that was every bracket affecting over 4,000,000 of the taxpayers in the United States that have been reduced.

Mr. REED. While that statement may be technically accurate, yet it is very misleading. The reduction of the tax on many of those incomes was $10 a year, and it was put in purely so that it would show a reduction. One of the experts who offered it said, "If you want to show a reduction, this is a reduction, but it is very small." There was a somewhat substantial reduction made on incomes of $6,000 to $8,000.

There was a reduction from 2 per cent to 1 per cent. On incomes from $8,000 to $10,000 there was a reduction from 3 per cent to 2 per cent; from $10,000 to $12,000 there was a reduction from 4 per cent to 3 per cent; from $12,000 to $14,000 there was a reduction from 5 per cent to 4 per cent; from $14,000 to $16,000 there was a reduction from 6 per cent to 5 per cent; from $16,000 to $18,000 there was a reduction from 7 per cent to 6 per cent; from $18,000 to $20,000 there was a reduction from 10 per cent to 9 per cent; from $22,000 to $24,000 the tax was increased from 10 per cent to 11 per cent; and from $24,000 to $25,000 the tax went up from 11 per cent to 12 per cent. It ran along practically without any change between the two bills, then, until we reach incomes of $66,000, and there, under the present law, the tax continued to increase to 65 per cent. As to those incomes, which number about 12,000 and which are enjoyed by millionaires, a flat rate is fixed as the bill was reported at 32 per cent, saving to them the $90,000,000 about which we have been talking.

Senators on the other side were forced through the debate to raise the tax from 32 per cent to an aggregate of 50 per cent. Hence the figures which the Senator from Utah [Mr. SMOOT] has just been giving may be said to be true with reference to the bill to-day, but they were not true with reference to the bill which the committee sought to put down the throats of this country without even one word of explanation as to what it meant. They brought it in here and sat down silently, hoping, apparently, to pass it without criticism.

Mr. SMOOT. Mr. President, the Senator from Utah made no statement that the figures were based upon the bill as reported to the Senate; but I wish to say this to the Senator: He may not think that there is any substantial reduction where the rate has been reduced from 2 per cent to 1 per cent; but I call his attention to the fact that that amounts to a 50 per cent reduction; that it makes the income tax of every individual in the bracket affected just 50 per cent less; I do not care whether it is $10 or $100, or what the amount may be, the reduction is 50 per cent. It is about that we are talking.

Mr. REED. Mr. President, let us see how much it amounts to. I have the figures here. The gentleman who has an income of $6,000 saves $10 under the bill as reported.

Mr. SMOOT. Then he was only taxed $20.

Mr. REED. That gentleman saves $10 on the bill as reported.

Mr. SMOOT. Then, he will pay but half of what he previously paid.

Mr. REED. Then the next taxpayer, on an $8,000 income, previously paid $50 and his tax is reduced to $20; on an income of $10,000 the tax was $190, and it is reduced to $120; on an income of $12,000 the tax was $290, which is reduced to $200; on an income of $14,000 the tax was $410, which is reduced to $300; on an income of $16,000 the tax was $550, which is reduced to $420; on an income of $18,000 the tax under the present law is $710, which is reduced to $560; on an income of $25,000 the tax was $1,200, and it is reduced to $1,100.

See how entirely the two measures now commence to run together. On an income of $30,000 the tax was $3,410 and it is reduced to $3,400—a saving of $10. From that point on the taxes are all substantially the same until we reach the bracket of 32 per cent, which was levied on incomes of $68,000. From there up under the present law the tax continued to increase to 65 per cent. Under the bill, as introduced, it was reduced to a flat rate of 32 per cent, and, as I showed here in my first speech, it meant a saving to some of these gentlemen of over $1,000,000 a year. So I say that the crumbs that fell from the table of Senators on the other side for the benefit of those who were enjoying the lesser incomes were so small that they need not be considered in connection with the loaf that they handed the millionaire.

Mr. HEFLIN. Mr. President, the Senator from Utah [Mr. SMOOT], who has had some difficulty in explaining this measure, speaks about 4,000,000 people who have had their taxes reduced. I wondered while the Senator was speaking what arrangement was being made to give fair treatment to the other 106,000,000 American people. I have insisted from the outset that Senators on the other side of the Chamber intended to unload this tax burden upon the masses of the country; that they intended to shift the burden from the shoulders of those most able to bear it to the shoulders of those least able to bear it. I am more convinced of that to-night than I have ever been before.

A wonderful argument was made here this afternoon by one of the Republican leaders, the Senator from Indiana [Mr. WATSON], who undertook to convince this body and the country that the big excess-profits tax was paid by the consumer. Mr. President, the Republican Party never in all its history undertook to take any tax off the consumer. If the excess-profits tax had been paid by the consumer those gentlemen who make excess profits would have been here to-day clamoring for its continuance upon the statute books. The Senators on the other side of the Chamber would never put into the provisions of this bill a clause repealing the excess-profits tax, because if there is anything on the face of the earth which delights the standpat Republican it is to impose a tax burden upon those out amongst the masses and to relieve the money lords, the tariff barons, and the trust magnates of the country.

The pending measure, it seems to me, is constructed for the purpose of letting the big rich men out. We may just as well speak frankly here and be fair with one another. The bill ought to be written, so far as it is possible, with fairness and justice to the great taxpaying masses of the people. We ought to apply the principle that Christ himself announced; I have referred to that before, but I will do so again for the benefit of the Republican Senators. He demanded more of the man of 5 talents than he did of the man with 2 talents. Certainly that is a good principle to apply in government. Certainly we ought to demand more taxes of those who have most and less taxes of those who have least; but what are the Republicans doing in this bill? They are doing what I said in the outset they would do. They have brought in here a stalking horse in the amendment suggested by the Senator from Utah [Mr. SMOOT] providing for a manufacturers' tax; and this morning the Washington Post contained an article stating that the Republicans would ultimately fall back upon a sales tax and that the consumer would pay it at the counter. That is what I said on yesterday before that article was written. The sponsors for the bill are coming to that, and while there are some here who yet dare to speak for the people let us hold

up to them the unfair and obnoxious provisions that the Republican majority are proposing to put into the bill.

The excess-profits tax paid by the consumer! Nearly half a billion dollars that Senators on the other side are preparing to take out and give over to the profiteers of the country.

Mr. President, these men were exceedingly good to the Republican Party last fall when that party expended more money in corrupting the ballot and obtaining the election than ever was expended in a presidential campaign in all the history of this great Government. These men were lavish with their funds; they unloosed their purse strings; they contributed to the campaign fund generously and now they are demanding their toll; they are asking that the Republicans return to them legislative favors for the favors they granted to them last fall.

The first thing the Republican Party does when it organizes a campaign is to begin to look out to ascertain where it is going to get a campaign fund, while the first thing the Democratic Party does is to say, "Let us write a platform that is fair and just, and let us show to the country the record of our party, its record of loyalty to the interests of the masses of the people." No boss controls the Democratic Party; it is free and unfettered; it is the brave and free champion of the masses. The Republican Party, on the other hand, is not free; it is hampered and hog tied by the interests. That party can not pass a bill, its leaders will not even bring one in here, that has not been O. K'd by the special interests.

Mr. President, I am going to make a charge against the other side now, and I want some Senator on that side to respond. I make the assertion that there is not a Republican Senator in this body who can take this bill and explain intelligently every provision in it; and yet Senators on the other side are clamoring for a vote on this monstrosity and asking that we quit discussing it and let it go upon the statute books. There is not one of them who can get up here and explain the bill provision by provision, and yet they are asking Senators to vote for it and give it their solemn sanction. [Applause.] I hear no response to my challenge.

Mr. President, one expert, not a Member of the Senate, has a fund of information on one item in the bill; another expert has information on another item in the bill; and still another expert has information upon another item in the bill; and those experts come up and whisper that information into the ears of a Senator who is supporting some provision of the bill. Then the expert retires; he goes back to his seat; he sits down; and in two hours' time the Senator has forgotten what the expert told him, and the situation is something fearful. Yet Republican Senators are asking us to come here and vote on this bill that affects the purse of the people of this country and solemnly to place it on the statute books of the Nation.

Mr. President, I submit that time ought to be given to examine into the provisions of the measure. We objected to the bill as first brought in here, and by discussing it created so much objection to it amongst the intelligent people of the country, men and women, until, as the Senator from Kentucky [Mr. STANLEY] said, we made you withdraw it and take it out of this Chamber; and now you have come back with a new bill, and it is nearly as bad as the other one.

It is our duty to call attention to the defects of this bill, and we are doing it. You ought to cut out some of the terrible provisions of this bill. By the fight we have made, by the time we have consumed, and by the light we have shed upon this bill, we have saved some money to the taxpayers of the country and we have shown to the people what it is that you are trying to do.

Senators, let the people have fair treatment. They are entitled to that. This Government does not belong to a few bond sharks in Wall Street and tax-dodging profiteers. This Government does not belong to a few money kings who have no pleasure in this world except in counting their accumulated coin, whose hearts never beat in sympathy for the mass of mankind. They live in an atmosphere away from the great throbbing heart of humanity; and I do not intend to sit here and permit you to put in these provisions which will be burdensome to the people—unfair and unjust to them—without entering my solemn protest.

Mr. TRAMMELL. Mr. President, in view of the fact that there are so few Senators present—I believe that out of the 96 Members of the Senate only about 12 are present—and there are very important matters to be transacted, I suggest the absence of a quorum. I think that on an important matter of this kind we ought to have more than a dozen Senators present.

The PRESIDING OFFICER (Mr. WADSWORTH in the chair). The information of the present occupant of the chair is that no business has been transacted since the last quorum was called.

Mr. TRAMMELL. Mr. President, I move that when the Senate adjourns to-night it adjourn until 9 a. m. to-morrow, and upon that question I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida.

The motion was rejected.

Mr. TRAMMELL. Now, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gooding	Moses	Smoot
Borah	Harris	Myers	Spencer
Brandegee	Harrison	Nelson	Sutherland
Broussard	Heflin	Nicholson	Swanson
Bursum	Hitchcock	Norbeck	Townsend
Capper	Jones, N. Mex.	Oddie	Trammell
Caraway	Kenyon	Overman	Wadsworth
Cummins	Keyes	Page	Walsh, Mont.
Curtis	King	Penrose	Warren
du Pont	Lenroot	Phipps	Watson, Ga.
Edge	McKellar	Ransdell	Willis
Ernst	McKinley	Sheppard	
Fernald	McLean	Shortridge	
France	McNary	Simmons	

The PRESIDING OFFICER. Fifty-there Senators have answered to their names; there is a quorum present.

Mr. PENROSE. Mr. President, it had been my purpose to endeavor to continue this session until as late an hour to-night as possible in order to expedite the passage of the pending bill; but I recognize the fact that considerable progress has been made to-day, and if I can get a unanimous-consent agreement on this excess-profits question I shall be content to ask for a recess of the Senate until 11 o'clock to-morrow morning.

I therefore now ask unanimous consent that the Senate will vote on the question of the excess-profits tax and all amendments relating thereto and all questions connected therewith not later than 4 o'clock on to-morrow.

Mr. SIMMONS. The Senator means that not later than 4 o'clock to-morrow we shall begin to vote without further debate?

Mr. PENROSE. Yes; without further debate.

Mr. SMOOT. Will not the Senator limit debate?

Mr. PENROSE. That is another question; and that prior to that time no Senator shall speak on the question more than——

Mr. LA FOLLETTE. Do not put that in.

Mr. PENROSE. I am not anxious for that part of it.

Mr. SMOOT. Then, will we have a chance to offer amendments after 4 o'clock without debate?

Mr. SIMMONS. Without further debate.

Mr. PENROSE. Yes; I think so.

Mr. SMOOT. I simply want to have that understood.

Mr. PENROSE. My request is for a vote on the main question and all amendments pending or offered not later than 4 o'clock.

Mr. HITCHCOCK. Does that include the whole of Title III?

Mr. LA FOLLETTE. No; that is just the excess-profits tax.

Mr. PENROSE. Yes.

Mr. HITCHCOCK. That is what I want to find out—how far it extends.

Mr. SMOOT. I want to say to the Senator that the Senator from Colorado has an amendment to offer to this section.

Mr. PENROSE. Well, let him offer it.

Mr. SMOOT. If the Senator will limit it to excess profits, I know of no amendment except that one.

Mr. PENROSE. That is what I did limit it to.

Mr. SMOOT. I know the Senator did, but later it was suggested that the whole title be included.

Mr. PENROSE. I make the request as I put it originally, confining it to the question of the excess-profits tax and all amendments pending or offered. I ask that the vote be taken not later than 4 o'clock without debate.

Mr. WALSH of Montana. Mr. President, I wish to inquire whether it would not be agreeable to the Senator from Pennsylvania to provide that the Senators tendering amendments after 4 o'clock may have five minutes within which to explain the nature of the amendments? I have observed that when we make such an arrangement to vote on amendments, frequently amendments are tendered with no explanation whatever as to their nature, or what the significance of them may be. I am very sure it would not delay the matter.

Mr. PENROSE. I do not believe it would, Mr. President, although I must say that it does not arouse any enthusiasm in my breast; but, still, I will agree to have that put in. Now I ask to have the Secretary state the agreement, and if it is entered into I intend to ask the Senate to take a recess until 11 o'clock to-morrow.

Mr. CURTIS. Mr. President, I will ask the Senator to let us have a short executive session.

Mr. PENROSE. Let us agree to this unanimous-consent proposal if we are going to do so.

The PRESIDING OFFICER. The Secretary will state the proposed unanimous-consent agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 4 o'clock p. m. on the calendar day of Wednesday, October 26, the Senate will proceed to vote without further debate upon any amendment that may be pending or that may be offered to the committee amendment known as the excess-profits tax: *Provided*, That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes.

The PRESIDING OFFICER. Is there objection?

Mr. JONES of New Mexico. Mr. President, I should like to inquire of the Senator if that includes also the discussion of the so-called 15 per cent normal tax?

Mr. PENROSE. No; it does not affect the normal tax.

Mr. JONES of New Mexico. I mean the corporation tax, the flat tax on corporations.

Mr. PENROSE. No; it has nothing to do with it.

Mr. SIMMONS. Nothing except the excess-profits tax.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

Mr. PENROSE. Now, Mr. President, I move that when the Senate has carried a motion for the consideration of executive business and disposes of it the Senate will take a recess until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION.

Mr. PENROSE. I now move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

FUNERAL CEREMONIES FOR UNKNOWN AMERICAN SOLDIER.

Mr. WADSWORTH, from the Committee on Military Affairs, reported the following resolution (S. Res. 160), which was considered by unanimous consent and agreed to:

Resolved, That the Senate accept the invitation transmitted by the Secretary of War in his letter of October 15, 1921, addressed to the President of the Senate; and be it further

Resolved, That on Friday, November 11, 1921, the Senate shall meet at 8 o'clock and 20 minutes a. m., and that immediately thereafter it will adjourn in order that Senators may proceed to the Rotunda of the Capitol, there to join the President and the members of his Cabinet in escorting the body of the unknown American soldier.

RECESS.

Mr. CURTIS. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 7 o'clock and 53 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, October 26, 1921, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate October 25 (legislative day of October 20), 1921.

UNITED STATES DISTRICT JUDGE.

John A. Peters, of Maine, to be United States district judge, district of Maine, vice Clarence Hale, retired, effective January 2, 1922.

RECEIVER OF PUBLIC MONEYS.

Pedro Romero, of Newkirk, N. Mex., to be receiver of public moneys at Fort Sumner, N. Mex., vice Raymundo Harrison, deceased.

PROMOTIONS IN THE REGULAR ARMY.

MEDICAL CORPS.

To be captains.

First Lieut. Charles Augustus Pfeffer, Medical Corps, from June 4, 1920. [Capt. Pfeffer was nominated February 4, 1921, and confirmed March 2, 1921, with rank from June 20, 1920. This message is submitted for the purpose of correcting an error in the date of rank of nominee.]

First Lieut. David Loren Robeson, Medical Corps, from October 8, 1921.

VETERINARY CORPS.

To be lieutenant colonel.

Maj. Jules Henry Uri, Veterinary Corps, subject to examination required by law, from October 9, 1921.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

AIR SERVICE.

First Lieut. Hobart Reed Yeager, Coast Artillery Corps, with rank from October 6, 1919.

First Lieut. Ronald Austin Hicks, Cavalry, with rank from November 4, 1919.

FIELD ARTILLERY.

Capt. John Taylor Henderson, Infantry, with rank from December 29, 1917.

Capt. Oliver Grant Brush, Air Service, with rank from July 1, 1920.

COAST ARTILLERY CORPS.

Capt. Haskell Clark Billings, Infantry, with rank from July 1, 1920.

POSTMASTERS.

CALIFORNIA.

Clarita Welch to be postmaster at Windsor, Calif. Office became presidential July 1, 1921.

Janet D. Watson to be postmaster at Tahoe, Calif. Office became presidential January 1, 1921.

Elmer G. Crofts to be postmaster at Penryn, Calif. Office became presidential April 1, 1921.

Joseph W. Maust to be postmaster at Macdoel, Calif. Office became presidential July 1, 1921.

William W. Ackerman to be postmaster at Gerber, Calif. Office became presidential April 1, 1921.

Huron B. Brown to be postmaster at Denair, Calif. Office became presidential April 1, 1921.

Alva O. Horton to be postmaster at Le Grande, Calif., in place of Merle Kroh. Incumbent's commission expired March 16, 1921.

COLORADO.

Charles A. Buckland to be postmaster at Walsen, Colo. Office became presidential April 1, 1921.

Gertrude Powell to be postmaster at Rockvale, Colo. Office became presidential January 1, 1921.

CONNECTICUT.

Nellie A. Byrnes to be postmaster at Pomfret, Conn. Office became presidential July 1, 1921.

Helen O. Gatchell to be postmaster at Andover, Conn. Office became presidential January 1, 1921.

Moses G. Marcy to be postmaster at Falls Village, Conn., in place of M. G. Marcy. Incumbent's commission expired March 16, 1921.

DELAWARE.

Clarence T. Esham to be postmaster at Frankford, Del., in place of A. J. McCabe. Incumbent's commission expired June 2, 1920.

GEORGIA.

Rois A. Martin to be postmaster at Milner, Ga. Office became presidential January 1, 1921.

INDIANA.

Nellie C. King to be postmaster at Larwill, Ind. Office became presidential July 1, 1921.

IOWA.

Ruth E. Corr to be postmaster at Salix, Iowa. Office became presidential April 1, 1921.

Clyde E. Dickinson to be postmaster at Soldier, Iowa. Office became presidential April 1, 1921.

KANSAS.

Solomon L. Crown to be postmaster at Agra, Kans. Office became presidential July 1, 1920.

LOUISIANA.

Albert Boudreaux to be postmaster at Thibodaux, La., in place of Albert Boudreaux. Incumbent's commission expired March 16, 1921.

Sallie D. Pitts to be postmaster at Oberlin, La., in place of S. D. Pitts. Incumbent's commission expired January 23, 1921.

Lester L. Bordelon to be postmaster at Marksville, La., in place of L. L. Bordelon. Incumbent's commission expired January 23, 1921.

Marian E. Thomas to be postmaster at Grand Cane, La., in place of M. E. Thomas. Incumbent's commission expired January 23, 1921.

Charles C. Subra to be postmaster at Convent, La., in place of C. C. Subra. Incumbent's commission expired January 31, 1921.

Frank J. Maricelli to be postmaster at Campti, La., in place of F. J. Maricelli. Incumbent's commission expired January 23, 1921.

MICHIGAN.

Fred E. Heath to be postmaster at Plainwell, Mich., in place of John Blair. Incumbent's commission expired February 25, 1920.

George D. Mason to be postmaster at Montague, Mich., in place of G. D. Mason. Incumbent's commission expired June 23, 1920.

MINNESOTA.

Christopher Bjorgen to be postmaster at Rothsay, Minn., in place of R. S. Cowie. Incumbent's commission expired July 27, 1920.

George H. Tome to be postmaster at Pine Island, Minn., in place of T. H. Bunn, removed.

Erna H. Benjamin to be postmaster at Kasota, Minn., in place of A. J. Lamberton, resigned.

Clara O. J. Holtey to be postmaster at Hendricks, Minn., in place of T. A. Holtey. Incumbent's commission expired February 25, 1920.

Henry W. Koehler to be postmaster at Hector, Minn., in place of E. J. Butler. Incumbent's commission expired March 22, 1920.

Julius L. Jacobs to be postmaster at Franklin, Minn., in place of C. A. Desmond. Incumbent's commission expired March 16, 1921.

William O'Brien to be postmaster at Eden Valley, Minn., in place of C. I. Cashman. Incumbent's commission expired July 11, 1920.

Chris N. Nesseth to be postmaster at Deer River, Minn., in place of G. D. Heinrich, resigned.

Fred A. Shipman to be postmaster at Chokio, Minn., in place of P. H. McNally. Incumbent's commission expired July 21, 1920.

Edward H. Hebert to be postmaster at Bricelyn, Minn., in place of E. J. Hebert. Incumbent's commission expired January 6, 1920.

Ross Knutson to be postmaster at Bird Island, Minn., in place of Joseph Haggett, resigned.

Bernard McGrath to be postmaster at Barnesville, Minn., in place of P. H. Kiefer, resigned.

Otto W. Peterson to be postmaster at Audubon, Minn., in place of O. W. Peterson. Incumbent's commission expired March 16, 1921.

MISSISSIPPI.

Charles N. Briggs to be postmaster at Shelby, Miss., in place of N. B. Rose. Incumbent's commission expired March 16, 1920.

Henry F. Clarke to be postmaster at Amory, Miss., in place of W. L. Bourland. Incumbent's commission expired July 21, 1921.

MISSOURI.

Orville H. Hamstead to be postmaster at Walnut Grove, Mo., in place of V. L. Looney. Incumbent's commission expired January 13, 1921.

Washington D. Barker to be postmaster at Shelbina, Mo., in place of E. W. Jewett. Incumbent's commission expired June 23, 1920.

George H. Applegate to be postmaster at Keytesville, Mo., in place of G. H. Applegate. Incumbent's commission expired March 16, 1921.

Joseph Volle to be postmaster at Harrisonville, Mo., in place of H. F. Clark, resigned.

Edward Beall to be postmaster at Eolia, Mo., in place of Edward Beall. Incumbent's commission expired December 20, 1920.

Henry E. Martens to be postmaster at Concordia, Mo., in place of Anthony Thoreson. Incumbent's commission expired June 23, 1920.

Walter A. Brownfield to be postmaster at Calhoun, Mo., in place of W. P. Steger. Incumbent's commission expired December 20, 1920.

Ira M. Brown to be postmaster at Appleton City, Mo., in place of W. N. Watkins. Incumbent's commission expired July 21, 1920.

NEW MEXICO.

Jose C. Garza to be postmaster at Willard, N. Mex. Office became presidential July 1, 1921.

NEW YORK.

Jefferson C. Davison to be postmaster at North Creek, N. Y., in place of H. V. Kenyon. Incumbent's commission expired March 28, 1920.

Robert H. MacNaught to be postmaster at Hobart, N. Y., in place of C. R. Dixon. Incumbent's commission expired February 15, 1920.

Laurance C. Baker to be postmaster at Comstock, N. Y., in place of T. C. Sullivan. Incumbent's commission expired March 15, 1920.

Ferdinand S. Hull to be postmaster at Berlin, N. Y., in place of F. H. Munson. Incumbent's commission expired March 22, 1920.

Daniel F. Griggs to be postmaster at Adams, N. Y., in place of J. W. Cain. Incumbent's commission expired June 27, 1920.

NORTH CAROLINA.

George H. Hodgin to be postmaster at Ramseur, N. C., in place of C. G. Foushee. Incumbent's commission expired January 8, 1921.

NORTH DAKOTA.

Mathew Lynch to be postmaster at Lidgerwood, N. Dak., in place of J. B. Wagner. Incumbent's commission expired April 19, 1920.

Elmer W. Wetherbee to be postmaster at Fairmount, N. Dak., in place of Minnie Clabaugh. Incumbent's commission expired March 23, 1920.

OHIO.

Samuel F. Davis to be postmaster at Mendon, Ohio. Office became presidential October 1, 1920.

Martha J. Jennings to be postmaster at McClure, Ohio. Office became presidential January 1, 1921.

Henry F. Longenecker to be postmaster at Rittman, Ohio, in place of R. E. Faber, removed.

Godfrey Gesen to be postmaster at Massillon, Ohio, in place of H. B. Sibila. Incumbent's commission expired July 21, 1921.

Samuel E. Denison to be postmaster at Hubbard, Ohio, in place of J. W. Farrelly, removed.

Effie L. Moore to be postmaster at Cleves, Ohio, in place of F. M. Carlin, deceased.

PENNSYLVANIA

William D. Ghrist to be postmaster at Uniontown, Pa., in place of Harry Hagan. Incumbent's commission expired August 7, 1921.

SOUTH CAROLINA.

Hattie J. Peeples to be postmaster at Varnville, S. C., in place of H. J. Peeples. Incumbent's commission expired January 2, 1921.

SOUTH DAKOTA.

Benjamin A. Williams to be postmaster at Aberdeen, S. Dak., in place of J. F. Kelley, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 25 (legislative day of October 20), 1921.

UNITED STATES DISTRICT JUDGES.

George F. Morris to be United States district judge, district of New Hampshire.

Thomas Blake Kennedy to be United States district judge, district of Wyoming.

UNITED STATES ATTORNEY.

W. A. Maurer to be United States attorney, western district of Oklahoma.

UNITED STATES MARSHALS.

Jacob D. Walter to be United States marshal, district of Connecticut.

Daniel F. Breitenstein to be United States marshal, northern district of New York.

PROMOTIONS IN THE ARMY.

Charles Henry Martin to be brigadier general.
Edgar Russel to be brigadier general.
Ralph Stuart Granger to be colonel, Field Artillery.
Evan Harris Humphrey to be colonel, Cavalry.
William Richie Gibson to be lieutenant colonel, Quartermaster Corps.
William Samuel Rumbough to be captain, Signal Corps.
William Sawtelle Kilmer to be captain, Field Artillery.
Walter Bogardus McCaskey to be lieutenant colonel, Infantry.
William Frederick Pearson to be major, Quartermaster Corps.
Carl C. Terry to be captain, Ordnance Department.
Walter Wilton Warner to be captain, Ordnance Department.
Henry Jay Ward to be first lieutenant, Ordnance Department.
Hugh Mitchell to be captain, Signal Corps.
Robert Milton Eichelsdoerfer to be first lieutenant, Cavalry.
William Holt Peek to be major, Field Artillery.
William Henry Webb to be first lieutenant, Coast Artillery Corps.

Thomas Randolph McCarley to be captain, Medical Corps.
Earl George Gebhardt to be captain, Dental Corps.
Alvin David Dannheisser to be captain, Dental Corps.
Howard Moore Williamson to be captain, Medical Corps.
John Richard Ludwigs to be first lieutenant, Veterinary Corps.

POSTMASTERS.

ALABAMA.

Robert H. Mangum, Selma.

ARIZONA.

Walter J. Kowalski, Springerville.

CONNECTICUT.

Manley J. Cheney, Milford.

IOWA.

Don A. Preussner, Manchester.
William H. Jones, Sioux City.

KANSAS.

Mary E. Lee, Buffalo.
Jesse Rayl, Copeland.
Gladys N. Dull, Herndon.
Harry E. Simpson, Jennings.
Eunice B. Pontius, Udall.
John E. Scruggs, Kincaid.

MICHIGAN.

Ellis A. Lake, Colon.
John A. Semer, Escanaba.
Ellen L. King, Morley.
John H. Nowell, Amasa.
Arthur J. Gibson, Central Lake.
Asa H. Aldrich, Harrison.
Eugene C. Edgerly, Rudyard.

MISSOURI.

Lea K. Glines, Cainesville.

NEBRASKA.

Fred C. Armitage, Kenesaw.
William L. McClay, Lincoln.
Mary E. Krisl, Milligan.

NEW HAMPSHIRE.

Benjamin H. Dodge, New Boston.
Albert A. Bennett, Center Harbor.
Frank J. Aldrich, Pike.

NEW JERSEY.

Frederick W. Borough, Zarephath.

NEW MEXICO.

Emmet Wirt, Dulce.

NORTH CAROLINA.

Henry R. Vroom, Pinehurst.
Justus E. Armstrong, Belmont.

NORTH DAKOTA.

Florence D. Powell, Brinsmade.
Elmer H. Myhra, Wahpeton.

OHIO.

George H. Meek, Lakeside.
Elvey E. Ely, Mount Orab.
Lizzie F. Williamson, Seaman.

PENNSYLVANIA.

Jimmy R. Bethune, Langeloth.
Edwin F. Miller, Mohnton.
Thomas J. Langfitt, Washington.

TENNESSEE.

Allison Z. Hodges, Bethpage.
Robert B. Sharp, Coal Creek.

WASHINGTON.

Regina E. Blackwood, Bellevue.
Mark Harris, Brush Prairie.
John A. White, Toppenish.
Richard H. Lee, Wilsoncreek.

WEST VIRGINIA.

Joseph C. Le Sage, Huntington.

WISCONSIN.

Fred L. Sheldon, Hixton.
Wallace H. Pierce, Menasha.
Bernice M. Gregersen, Wauzeka.

HOUSE OF REPRESENTATIVES.

TUESDAY, *October 25, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, O how great and marvelous is Thy goodness, which Thou hast laid up for them who love and fear Thee! Turn, O turn, Thy favoring eye and give us the token of Thy presence. Great is our need, but greater far is Thy loving power. Remind us that no good thing wilt Thou withhold from him who walks uprightly. May the heavenly harmony of peace and good will break everywhere, until all men and all nations shall be drawn to Thy feet. Bid us be of good courage; lead us in a plain path and never leave nor forsake. In the name of Jesus, our elder Brother. Amen.

The Journal of the proceedings of yesterday was read.

Mr. GARRETT of Tennessee. Mr. Speaker, I notice in the RECORD of yesterday, when the gentleman from Alaska submitted a report on the bill H. R. 7948, to provide for agricultural entries on coal lands in Alaska, that the RECORD fails to show that I reserved a point of order. Does the Journal show that fact?

The SPEAKER. The Journal shows the fact.

Mr. GARRETT of Tennessee. Very well, if the Journal shows it.

The SPEAKER. Without objection, the Journal as read will stand approved.

There was no objection, and the Journal was approved.

REPRINT OF HEARINGS—INDIAN AFFAIRS COMMITTEE.

Mr. SYNDER. Mr. Speaker, I ask unanimous consent for a reprint of the hearings of the subcommittee in the matter of the Indian tribes of California. The print is entirely exhausted, and I ask that 500 additional copies be printed.

The SPEAKER. The gentleman from New York asks for a reprint of the hearings before the Indian Affairs Committee on the subject referred to. Is there objection?

Mr. WINGO. Mr. Speaker, reserving the right to object, what is the subject?

Mr. SNYDER. I am asking for a reprint of the subcommittee hearings on the matter of the claims of all of the Indians of California. The number printed originally has been exhausted. There is a very great interest in the matter, and we have a great call for them.

Mr. WINGO. What does the Committee on Printing say? I find great difficulty in getting one copy of the hearings, and I have requests for 183 from my district.

Mr. SNYDER. I am asking unanimous consent for a reprint of the hearings. If the gentleman desires to object, it will be agreeable to me. I want to supply the gentleman in his demands, if the House desires that we shall have them.

Mr. WINGO. I hope the gentleman will not be ill-tempered about it.

Mr. SNYDER. Oh, I am not ill-tempered about it.

Mr. WINGO. I asked the gentleman a courteous question, and I am endeavoring to get information.

Mr. SNYDER. I have not asked the Committee on Printing. I am asking the House for unanimous consent. It is a matter of slight importance to me, but the people of California seem to be very greatly interested in it, and I have a desire to supply them with the information.

Mr. WINGO. What kind of claims are they?

Mr. SNYDER. They are claims for lands that have been taken away from them, something like 100 years ago. There is a great interest in the matter all over the State.

Mr. CANNON. Mr. Speaker, I hope the gentleman will withhold his request and consult the Committee on Printing. I do not understand that this is a request to print this in the RECORD?

Mr. SNYDER. Oh, no. I am submitting a request for unanimous consent to have a reprint of the hearings. I want to have 500 of these pamphlets reprinted. It is a matter of 130 pages.

The SPEAKER. Is there objection of the request of the gentleman from New York.

Mr. CANNON. I have objected to the consideration of that legislation time and again.

Mr. SNYDER. Oh, I am opposed to the legislation myself, I will say to the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from New York. [After a pause.] The Chair hears none, and it is so ordered.

CALL OF THE HOUSE.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Wisconsin makes the point of order that there is no quorum present. Evidently there is not.

Mr. STAFFORD. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Almon	Edmonds	Kitchin	Rhodes
Anderson	Elston	Kleczka	Riordan
Ansorge	Fenn	Knight	Robertson
Bacharach	Fess	Kreider	Rossdale
Barkley	Fields	Langley	Rucker
Beck	Fish	Lee, Ga.	Ryan
Begg	Flood	Lee, N. Y.	Schall
Blanton	Foster	Linthicum	Sears
Bond	Free	McArthur	Shreve
Brand	Freeman	McClintic	Siegel
Britten	French	McCormick	Sinclair
Brooks, Pa.	Fulmer	McFadden	Slemp
Brown, Tenn.	Gahn	McKenzie	Snell
Browne, Wis.	Garner	Madden	Stiness
Buchanan	Goldsborough	Magee	Strong, Pa.
Burdick	Gould	Maloney	Sullivan
Burke	Graham, Pa.	Mann	Tague
Burtness	Griest	Mansfield	Taylor, Colo.
Cantrill	Griffin	Mead	Ten Eyck
Carter	Hadley	Michaelson	Thomas
Chandler, Okla.	Hayden	Morin	Tilson
Classon	Hays	Mott	Tinkham
Copley	Herrick	Mudd	Underhill
Cramton	Hicks	Murphy	Upshaw
Crowther	Hutchinson	Nelson, John M.	Vare
Cullen	Jefferis, Nebr.	Nolan	Volk
Curry	Johnson, S. Dak.	O'Brien	Ward, N. C.
Dale	Johnson, Wash.	Ogden	Wason
Dempsey	Kahn	Paige	White, Me.
Denison	Kelley, Mich.	Park, Ga.	Williamson
Doughton	Kennedy	Perlman	Wise
Drewry	Kiess	Peters	Woods, Va.
Dunn	Kindred	Rainey, Ala.	Young
Echols	King	Rainey, Ill.	

The SPEAKER. Two hundred and ninety-five Members have answered to their names; a quorum is present.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors.

EXPULSION OF A MEMBER.

Mr. MONDELL. Mr. Speaker, I offer a privileged resolution.

The SPEAKER. The gentleman from Wyoming offers a privileged resolution, which the Clerk will report.

The Clerk read as follows:

Whereas THOMAS L. BLANTON, Representative from the seventeenth district of the State of Texas, did on October 4, 1921, ask unanimous consent to extend his remarks in the CONGRESSIONAL RECORD "upon the improvements in the Government Printing Office," which consent was granted by the House; and

Whereas under such permission the said THOMAS L. BLANTON did insert and cause to be printed in the CONGRESSIONAL RECORD for Saturday, October 22, 1921, grossly indecent and obscene language, unworthy of a Member of the House of Representatives, contrary to the rules of the House, derogatory to its dignity, and in violation of its confidence: Therefore be it

Resolved, That the said THOMAS L. BLANTON, by his conduct as aforesaid, has forfeited all right to sit as a Representative in the Sixty-seventh Congress, and is hereby expelled and declared to be no longer a Member of this House.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman from Wyoming yield?

Mr. MONDELL. In just a moment. Mr. Speaker, the gentleman from Texas [Mr. BLANTON] did not answer to his name on the roll call. I do not see the gentleman from Texas [Mr. BLANTON]. Is he present? Mr. Speaker, this is a very serious matter, and while the office of the gentleman from Texas [Mr. BLANTON] was notified this morning that this resolution would be offered it does not appear to me seemly that we should proceed to the consideration of the resolution in his absence. I desire to give notice that the resolution will be called up immediately upon the convening of the House to-morrow morning, and in order to make that possible without the two-thirds vote necessary to dispense with Calendar Wednesday business I ask unanimous consent that the business in order under the rule on Calendar Wednesday may be in order instead on Thursday.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the business regularly in order to-morrow on Calendar Wednesday may be made in order on Thursday. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, would it be agreeable to the gentleman from Wyoming to permit the consideration of the resolution offered to go over until Thursday? I do not know whether Mr. BLANTON is in the city or not. I have had no communication whatever with him.

Mr. MONDELL. If the gentleman from Tennessee makes that request, I shall not object. Therefore, on the request of the gentleman from Tennessee—I understand that to be his request——

Mr. GARRETT of Tennessee. I think it would be better from every aspect.

Mr. MONDELL (continuing). I withdraw my request relative to Calendar Wednesday, and give notice that the resolution will be called up immediately after the reading of the Journal on Thursday.

The SPEAKER. The gentleman withdraws the resolution——

Mr. MONDELL. Mr. Speaker, I did not withdraw the resolution, but I shall not press it for consideration at this time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged resolution from the Committee on Rules.

Mr. MONDELL. If the gentleman from Kansas will withhold that for one moment——

Mr. CAMPBELL of Kansas. I do.

Mr. MONDELL. While our rules do not require it, in order that there may be no question as to the service of notice on the gentleman from Texas of the resolution which I have just presented, I shall ask the Sergeant at Arms to deliver him, or his secretary in his absence, a copy of the resolution at the earliest possible moment, and notice that it will be taken up Thursday.

INTERNATIONAL CENTENNIAL CELEBRATION, RIO DE JANEIRO.

Mr. CAMPBELL of Kansas. Mr. Speaker, I offer a privileged resolution from the Commitee on Rules.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Mr. CAMPBELL of Kansas, from the Committee on Rules, offers the following resolution:

"Immediately upon the adoption of this rule it shall be in order to take up for consideration S. J. Res. 114 under the general rules of the House."

Mr. CAMPBELL of Kansas. Mr. Speaker, the effect of this rule is to make in order the consideration of the Senate joint resolution providing for the participation of the United States in an exposition at Rio de Janeiro. The question will come up under the general rules of the House under the rule that has just been offered. I have nothing to submit further unless there may be some questions.

Mr. BYRNS of Tennessee. I would like to ask the gentleman a question.

Mr. CAMPBELL of Kansas. I will yield.

Mr. BYRNS of Tennessee. I want to say in advance that I am in favor of the United States accepting the invitation to participate in the exposition at Brazil. I understood the gentleman to say—I did not hear the resolution read at the desk—that this rule makes in order the Senate resolution.

Mr. CAMPBELL of Kansas. The consideration of the Senate resolution.

Mr. BYRNS of Tennessee. As I understand, the Senate resolution makes an appropriation of $1,000,000 for the purpose of participating in the exposition. That $1,000,000 was appropriated under the Senate resolution without any estimate upon the part of any department officer of the Government in violation, if I may use the term, of the express provisions of the budget law, and also in violation of the Rules of the House which require estimates to be submitted in accordance with the law.

Now, I have wondered whether or not the gentleman proposes by this resolution to make the entire Senate resolution in order or whether or not it is proposed to strike out the proposition of making an appropriation and simply make an authorization?

Mr. CAMPBELL of Kansas. Under the rules the House will have control of the entire matter and may make such changes or modifications as it sees fit.

Mr. GARRETT of Tennessee. I will say to my colleague that it technically makes the Senate bill in order, and what is actually before the House is the one amendment, a committee amendment, which strikes out all of the Senate bill and substitutes the House bill, which merely carries an authorization.

Mr. BYRNS of Tennessee. And not an appropriation?

Mr. GARRETT of Tennessee. And not an appropriation.

Mr. BYRNS of Tennessee. I want to repeat, Mr. Speaker, with the permission of the gentleman from Kansas [Mr. CAMPBELL], that I have no objection to the resolution in so far as authorizing the Government to accept the invitation of the Brazilian Government is concerned, nor have I any objection to

a proper appropriation, and it may be that a million dollars may be necessary for that purpose, but I certainly think we ought to have an estimate of the amount that is to be appropriated and know exactly how it is to be expended before an appropriation is made.

Mr. CAMPBELL of Kansas. This is but another evidence that there are men doing business under the dome of this Capitol who will have to find out something about the rules of the House and of the constitutional rights under which appropriations originate.

Mr. BYRNS of Tennessee. I will say to the gentleman that his opening remark was that this made in order the Senate resolution. I submit to the gentleman, if he has read that resolution, he knows it makes an appropriation. The gentleman did not make the explanation that was made by the gentleman from Tennessee [Mr. GARRETT], which has cleared it up.

Mr. CAMPBELL of Kansas. The resolution carries the Senate title and the Senate number, but the Senate resolution has been stricken out, and, as stated by the gentleman from Tennessee, the House substitutes——

Mr. BYRNS of Tennessee. If the gentleman had made that statement, I would not have interrupted him.

Mr. STAFFORD. Will the gentleman from Kansas yield?

Mr. CAMPBELL of Kansas. For a question.

Mr. STAFFORD. Under the pending resolution, reported from the Committee on Rules, the Senate joint resolution is up for consideration, not the Senate joint resolution as reported by the committee with the House amendment.

Mr. CAMPBELL of Kansas. The only difference between what the gentleman from Wisconsin recites and what the facts are is that the Senate joint resolution will have to be read.

Mr. STAFFORD. There is much more difference than that, I will say to the gentleman.

Mr. CAMPBELL of Kansas. And the consideration will fall on the amendment submitted.

Mr. STAFFORD. There is much more difference. It does not bring up for consideration the amendment in the nature of a substitute as reported to the Senate joint resolution.

Mr. CAMPBELL of Kansas. The consideration falls upon the amendment.

Mr. BUTLER. Will the gentleman from Kansas yield?

Mr. CAMPBELL of Kansas. I will.

Mr. BUTLER. If we adopt this rule, does it bind us to pass that Senate resolution?

Mr. CAMPBELL of Kansas. It binds us to consider the House amendment to the Senate resolution.

Mr. STAFFORD. It binds us to consider only the Senate resolution. That is the matter that is up for consideration, and not the substitute recommended by the Committee on Industrial Arts and Expositions.

Mr. CAMPBELL of Kansas. That is the title of the resolution, and is the customary way of dealing with matters of this kind.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The gentleman from Kansas moves the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. BLAND of Indiana. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate joint resolution 114, and pending that I would like to have some agreement in reference to time. Would the gentleman from Texas [Mr. LANHAM], the ranking member on the minority side of the committee, agree to an hour on a side?

Mr. LANHAM. I think that will be satisfactory.

Mr. BLAND of Indiana. Then, pending the motion, I would like to submit a unanimous-consent request that the time for debate on the resolution be limited to two hours; that one half of that time be given to the gentleman from Texas [Mr. LANHAM] and the other half to myself.

The SPEAKER. The gentleman asks unanimous consent that general debate be limited to two hours, half to be controlled by himself and half by the gentleman from Texas [Mr. LANHAM]. Is there objection?

Mr. STAFFORD. Reserving the right to object, I believe it is a fact that both the gentleman from Indiana [Mr. BLAND] and the gentleman from Texas [Mr. LANHAM] are in favor of the Senate joint resolution providing for an appropriation of a million dollars for the exhibit at Rio de Janeiro. I wish to inquire whether there can be any time extended to those who are opposed to this?

Mr. BLAND of Indiana. I will try to provide the time.

Mr. STAFFORD. I think at least three-quarters of an hour should be granted to those who are opposed to the bill.

Mr. LANHAM. I will say to the gentleman that I am not in favor of the Senate resolution, but I am in favor of the House resolution.

Mr. STAFFORD. There is only this much difference between the Senate and the House, in that the Senate resolution provides for three commissioners and the House resolution provides for five.

Mr. LANHAM. There are other differences also, and I think that the gentleman will find that the difference between the House and the Senate is not one of great importance when the details are understood. And with reference to yielding time to those opposed to the resolution, it is my intention to yield to those opposed to the resolution if the motion is agreed to.

Mr. STAFFORD. Reserving the right to object, I would like to have some understanding before that as to how much time should be granted to those opposed to the resolution.

Mr. LANHAM. It is my purpose to grant reasonable requests for time to those in opposition to the resolution as well as to those in favor of it.

Mr. STAFFORD. Regardless of the political affiliation?

Mr. LANHAM. Yes. Well, if the gentleman on that side can make the same statement with reference to that side, perhaps it will take care of the situation.

Mr. STAFFORD. I made the suggestion to the gentleman from Indiana [Mr. BLAND] that I think at least one-half of the time on this side should be extended to those in opposition to the bill.

Mr. BLAND of Indiana. Oh, there are so many that are in favor of the bill and so few who are against it that I do not think it would be fair to give the opposition one-half.

Mr. STAFFORD. I speak for those that are opposed to it.

Mr. BLAND of Indiana. If there are a number sufficient to justify the taking up of that time, I should favor giving it.

Mr. STAFFORD. I think that one-half of the time should be used in opposition to the bill.

Mr. BLAND of Indiana. When there are only a few in opposition to the proposition presented, I do not think it would be fair to give them one-half of the time.

The SPEAKER. Is there objection to the request of the gentleman?

There was no objection.

The SPEAKER. The question is on agreeing to the motion that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of S. J. Res. 114.

The motion was agreed to.

The SPEAKER. The gentleman from New York [Mr. HUSTED] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, with Mr. HUSTED in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the resolution (S. J. Res. 114), which the Clerk will report by title.

The Clerk read as follows:

Joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922.

Mr. BLAND of Indiana. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the resolution.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the first reading of the resolution be dispensed with. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Indiana [Mr. BLAND] is recognized.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield to a question before he begins his statement?

Mr. BLAND of Indiana. Yes.

Mr. HUDSPETH. Is this resolution the same as the House joint resolution? Are we considering the Senate joint resolution or the House resolution?

Mr. BLAND of Indiana. We are to consider the Senate joint resolution. I will explain the difference in a moment. There is quite a difference between the Senate resolution and the House resolution.

Mr. Chairman and gentlemen, the history of this legislation is something like this; A number of months ago—I will not undertake to say just when—we were officially invited to par-

ticipate in the exposition to be held at Rio de Janeiro in September, October, and November next year, and were given a definite time in which to accept. Of course, the reason for assigning a definite date of acceptance was for the purpose of holding for us the ground upon which we were to exhibit if we cared to participate. The time expired. Nothing was done, and they extended the time. They have now extended the time to October 31, which I understand to be the third extension of time.

The committee is unanimous in its report that we ought to accept the invitation. There are many impelling reasons.

With the acceptance of the invitation, of course, comes the corresponding obligation to our country to furnish an exhibit and really make some showing at this centennial of that great Republic. The Secretary of State, Mr. Hughes, first wrote to the committee a very strong letter setting up what I believe to be indisputable reasons for our taking part in this exposition. Aside from that he sent a representative of the State Department, Mr. Carrell, to testify before the committee, and that representative gave most conclusive reasons for our participation.

I want to deal somewhat briefly with those reasons. I have found very little objection to this resolution in Congress. I think the only reason that is assigned by anyone for not participating would be on the ground of the expense entailed. Brazil is the greatest Republic in the world except the United States. They have 25,000,000 people. They belong to the Western Hemisphere. They are progressive, they are active, and they are going to take a great place in the history of affairs in the near future.

It may be recalled that 10 years ago there were but probably 14 or 15 American citizens in Rio de Janeiro. To-day, by the cultivation of the splendid feeling existing between North America and South America, there are 1,500 American citizens, citizens of the United States, in Rio de Janeiro alone, and the United States is taking its place in the commerce of that great Republic. We have two great banking institutions down there. One of those institutions represents 20 American banks. Brazil has recently floated a loan of $12,000,000 with the United States in order to carry on this great centennial exposition. England, Japan, and all the Governments I have heard from have taken or are taking part in this exposition.

The relationship between Brazil and the United States is most cordial. Those folks are Latin people down there; they speak the Portuguese tongue. They are very friendly to us. When we declared war they declared war. They are using our Supreme Court decisions as their guide in legal jurisprudence. Their constitution is modeled after ours. They admire the American Republic. Eight times has Brazil come to the United States and taken part in our expositions. At the St. Louis Exposition $600,000 was expended by that Republic, which at this date has only 25,000,000 people. She built a wonderfully fine building there. That building was taken down, moved down to Rio de Janeiro and reconstructed, and it now stands on one of the main streets of that beautiful city of 1,000,000 people and is called the Monroe Palace, named after our President of that name, who is honored as the father of the great Monroe doctrine.

I understand that those people are somewhat sensitive over the fact that we have not accepted the invitation before now. This committee went carefully over the whole situation and unanimously arrived at the conclusion that if it was purely a matter of investment we could not afford to fail to appropriate $1,000,000 and go down there and make a splendid showing. Furthermore, as a matter of reciprocal friendship, it would be unspeakable for us not to accept this invitation from Brazil. To-day Germany, France, and England are striving for the commerce of that great Republic.

Fortunately she produces what we do not produce, and we produce what she does not produce, and we have a splendid exchange of products, and out of her friendship for us she has given us a 20 per cent advantage in her tariff duties. You remember when Secretary Root went down there. He helped to establish a wonderful relationship with those people, and the late Secretary Colby went there also and was entertained wonderfully. We are established upon such a splendid friendly basis with those people that we do not dare to risk endangering it.

Something may be said about the size of the appropriation requested. The Secretary of State has asked for $1,000,000. It has been estimated that it will cost $500,000 to build the building. Some one has said, "Why do you not get the plans and specifications of the building?" We do not know anything about what kind of a building ought to be built there. The commission will build the building, and already I am informed that it has been suggested to the United States Government that if we will build the building with a permanent foundation and use steel, it will be easy to sell it to those people when we are through with it, and I am sure that can be done.

The little Republic of Uruguay to the south of Brazil has appropriated $100,000 to take part in this celebration of her Pan American sister, and this great rich Nation of ours can not make much of a showing with $1,000,000; but the committee thought it was best to put certain limitations on the salaries, and just there comes the amendment that the House committee has made, different from the Senate bill.

The bill as originally written by the State Department and introduced by Senator LODGE in the Senate provided for five commissioners, and it had no limitation on the salaries to be paid. It had no provisions with respect to future appropriations. The committee decided that we ought to put a limitation upon salaries in order that we might avoid any abuses as to the amount of salaries paid to any individual. Therefore, the committee in its bill, which was referred to the Committee on Industrial Arts and Expositions and reported favorably, provided that there should be a limitation of $15,000 for any salary, and that not more than one person should receive a salary greater than $10,000, and that only three persons should receive salaries between $7,500 and $10,000.

Mr. CONNELL. Does that include their personal expenses also?

Mr. BLAND of Indiana. Oh, no. Now the Senate struck out the word "five" and inserted the word "three" as the number of the commissioners. The House committee was informed that the probabilities were that two of the commissioners would be men who would be appointed for the social end of the affair and probably would serve without pay. The committee is inclined to accept the Senate amendment as far as I have been able to ascertain, and I am going to offer an amendment later to the effect that the two commissioners over and above those provided in the Senate resolution shall not receive any compensation. I am informed by those most interested that two persons can be obtained who will serve efficiently without pay.

Mr. MONTAGUE. That is two out of the five.

Mr. BLAND of Indiana. Two out of the five.

Mr. DENISON. Will the gentleman from Indiana yield?

Mr. BLAND of Indiana. I yield to the gentleman from Illinois.

Mr. DENISON. I may have misunderstood the gentleman in his statement about the $15,000. What was it the gentleman said?

Mr. BLAND of Indiana. Under the House amendment, only one person could receive a salary between $10,000 and $15,000, and that would be the commissioner general.

Mr. DENISON. Is it necessary that we pay a salary of $15,000 to a man to go to Rio de Janeiro?

Mr. BLAND of Indiana. The testimony before the committee shows that at the Santiago exposition the commissioner general was paid $20,000, and there have been other expositions where the commissioner general has been paid $40,000 or $50,000, and the committee thought that was too much. We did not want that to happen. But, if you understand, this service is for only about three months, and to get a real man who can fill that job you would have to pay him proportionately, at least, to $15,000.

Mr. LANHAM. Will the gentleman yield?

Mr. BLAND of Indiana. I yield to the gentleman from Texas.

Mr. LANHAM. Is it not true also that the commissioner general of this exposition would have pretty much the same standing among those Latin-American people that the ambassador from the United States would have, and is it not true that the ambassador from the United States receives a salary of $17,500?

Mr. BLAND of Indiana. I thank the gentleman for the suggestion. That is absolutely true. The ambassador receives $17,500, and the commissioner general will have more expenses than the ambassador, and will be there for only three months.

Mr. ACKERMAN. I notice that section 4 provides—

That the Shipping Board is authorized to give the commission such assistance as may be necessary and to make special rates and special sailing schedules for the transportation of governmental and private exhibits and participants to and from the exposition.

I wish to ask the gentleman if the expense of making those special rates and sailing schedules is to come out of the $1,000,000 that may be appropriated, or would that be in addition to the $1,000,000?

Mr. BLAND of Indiana. There is a reason for putting that section in the bill that I do not think it would be advisable to state on the floor of the House, but I am quite sure that some

charges will come out of this fund. The cost of passage from New York to Rio de Janeiro at the present time is $450 one way, and that is entirely too high, and something must be done to make them come down on their charges, or else the United States will have to transport her own exhibits down there.

Mr. ACKERMAN. It seems to me, if I may be permitted to make the suggestion, that the expense of this Shipping Board at the present time is a very serious question in the minds of the people of the United States; and if there is to be something in addition to the $1,000,000 incurred in the passage of this bill, it seems to me that the voters of the United States ought to know what it is.

Mr. BLAND of Indiana. I think the gentleman ought to be satisfied with the answer that the Shipping Board can make a rate that will make competitors come down in their rates.

Mr. PADGETT. Will the gentleman yield for a moment?

Mr. BLAND of Indiana. Certainly.

Mr. PADGETT. I just want to call attention to one matter. The preamble states the purpose of the resolution. Ordinarily in passing a resolution we strike out the preamble. Following the resolving clause the first words of the resolution are—

That said invitation is accepted.

Now, if the preamble is stricken out, that sentence will be meaningless or without proper significance.

Mr. BLAND of Indiana. The preamble is not stricken out.

Mr. PADGETT. I know it is not stricken out now, but usually when a resolution with a preamble passes the House the preamble is stricken out the last thing when the resolution is adopted.

Mr. BLAND of Indiana. It is certainly not the intention of the committee that the preamble shall be stricken out.

Mr. PADGETT. If you followed the usual custom of striking out the preamble, then the words—

That said invitation is accepted—

would be meaningless.

Mr. BLAND of Indiana. I am glad the gentleman called attention to it, because I hope the preamble will be retained; and I know of no good reason why it should go out.

Mr. PADGETT. It has been the usual and customary practice to strike out the preamble.

Mr. BLAND of Indiana. That is done ordinarily by motion.

Mr. PADGETT. Yes; it goes out on motion.

Mr. BLAND of Indiana. Now, gentlemen of the committee, the committee also thought that it was proper to serve notice at the end of section 8 by a proviso that no indebtedness shall be incurred hereafter in excess of the amount herein authorized to be appropriated. The legal effect of that does not amount to anything, because, of course, Congress could appropriate more money if it wanted to, but it is the sense of the committee that those in charge of the fund should limit themselves to the amount appropriated. Congress serves notice on those charged with the expenditure that they do not intend to appropriate any more. We spent $1,500,000 at the Paris exposition, and we spent over $1,000,000 at San Francisco. I know of no exposition that we could invest a million dollars in that would bring in such splendid returns as the exposition we are now considering. I am in favor of historical expositions commemorating the great deeds in history, but to-day we are striving to capture some of the trade of the world to aid our industries, take care of the merchant marine, and employ the unemployed. You can not do it unless you get foreign trade, and you can not get foreign trade in some portions of the world unless you have friendly relations with the people you deal with, and that is particularly true of Latin America. The President in his letter specifically requests that this amount be appropriated, and the Secretary of State has also requested it. Mr. Chairman, I reserve the balance of my time.

Mr. LANHAM. Mr. Chairman and gentlemen of the committee, as has been indicated by the gentleman from Indiana [Mr. BLAND], it is necessary that expeditious action be taken with reference to the pending resolution. The time heretofore set for the acceptance of the invitation from Brazil expired on the 30th day of September, but, owing to the fact that the House of Representatives was then in recess, an extension of time was made until the 31st day of the present month. It is for this reason that this measure is now presented under a rule, the importance of it being stressed also by communications from the President of the United States and the Secretary of State, who necessarily and naturally are interested in and informed about our foreign relations and affairs.

The provisions of this resolution have been briefly explained by the gentleman from Indiana. We have sought in the House committee to limit expenditures and so to provide in the terms of the measure that there may be no call for deficiency appropriations. It is designed to forestall the recurrence of certain contingencies that have characterized some expositions of the past. The committee has sought to eliminate extravagant salaries by proper restrictions. It has inserted also a further provision that expenditures are to be made with the approval of the Secretary of State, and to him I think we may look for the exercise of reasonable diligence in scrutinizing them.

Brazil is a country in territorial extent approximately of the same size as the United States, with a population of 25,000,000 people. It is regarded by many as the political and economic key to the whole South American Continent. It plans beginning in September of next year and continuing until some time in November a centennial exposition for the purpose of promoting through proper exhibits from the foreign countries of the world, the farming interests, the cattle industry, fisheries, mining and mechanical industries, transportation, communication, science, and fine arts, special emphasis to be placed upon forestal and manufacturing industries. Because of the nature of this exposition there are certain features of the pending measure drawn to meet specific needs in regard to these various things I have mentioned.

Now, with reference to the amount authorized to be appropriated, there appeared before the committee a representative of the State Department, and also Mr. Momsen, of Rio de Janeiro, an American citizen who has the high distinction of being the only American who has ever met the requirements for admission to the bar and been licensed to practice law in Brazil, and who gave assurance that with a million dollars, and likely for not much less than a million dollars, the United States could have an exhibit which would be creditable to this country and one comparable to those contemplated by other nations that will accept this invitation. So a lump sum, or so much thereof as may be necessary, is authorized to be appropriated, with restrictions on its expenditure, requiring the approval of the Secretary of State, in order to obviate the likelihood of any deficiency, and with restrictions with reference to salaries, which are such as may be expected to prevent a recurrence of some of the extravagant expenditures which are reported in this regard in the exposition at Paris.

The acceptance of this invitation is, it seems to me, prompted by considerations of courtesy and commerce, one largely a matter of the heart and the other largely a matter of the head. Brazil, upon our invitation, has had eight different exhibits here. In this connection, I wish to quote what the Secretary of State, Mr. Hughes, had to say in his communication of June 24, 1921, to the President:

Moreover, on the invitation of the Government of the United States, Brazil has liberally participated in the large expositions held in the United States, notably at Philadelphia, Chicago, St. Louis, and San Francisco, and it would seem that the extension and acceptance of the invitations which by the authority of Congress were issued to the Government of Brazil to participate in those expositions would involve the reciprocal acceptance by the Government of the United States of a similar invitation from the Government of Brazil to participate in the Rio de Janeiro exposition.

The people of Brazil, through their appropriations, have spent in those expositions here between three and five million dollars. As has been stated, they took their building at the Louisiana Purchase Exposition, for which they appropriated originally $600,000, and then, I understand, a deficiency appropriation afterwards, carried that building to Brazil and reerected it in Rio de Janeiro and gave it the name of the Monroe Palace, and that edifice to-day houses the House of Deputies of the Republic of Brazil, which corresponds to our National House of Representatives. Now, for the first time in our history this sister Republic of the Western Hemisphere, which, as I say, has appropriated between three and five million dollars to exhibit at our expositions in this country, asks us in good faith, with a reciprocal courtesy, to make an exhibit there, and it seems to me that every consideration of fair dealing prompts the acceptance of it. It is true that our expenditures with reference to expositions in South American countries heretofore have not approximated separately the sum of $1,000,000, but it is also true that at those expositions, with reference to the one in Ecuador, for instance, and the one in Chile, we went no further than to authorize the attendance of commissioners from this country, and that exhibits were not had. That accounts for the relatively smaller appropriations for the South American expositions which have heretofore been held.

It has been stated that Brazil is a friendly nation. Gentlemen will recall the recent visit of the President of the Republic of Brazil, Dr. Pessoa, whom we sought to honor in this Chamber.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. DENISON. Can the gentleman state to the House whether or not this Government owns an embassy building in Rio de Janeiro?

Mr. LANHAM. I am not advised as to that. Perhaps some one from the Foreign Affairs Committee can give the gentleman the information.

Mr. DENISON. If it should happen that we do not have an embassy there, if the Republic of Brazil could move from this country its exposition building and reerect it in the city of Rio de Janeiro and use it, why could not any building which we may erect there be afterwards used to construct a useful and beautiful embassy for our Government in Rio de Janeiro?

Mr. LANHAM. That is a splendid idea and perhaps a practical one. The gentleman from Indiana [Mr. BLAND] has stated that there have already been certain overtures, unofficial perhaps, leading us to believe that the Brazilian Government itself might desire to purchase this structure in case our own Government does not care to use it after the exposition is over.

Mr. DENISON. I take it that the committee might be consulted by, or have occasion to consult with, the State Department on this matter in case the bill becomes a law, and I think it would be a useful suggestion if the committee could discuss that phase of it with the State Department after the bill has been enacted into law.

Mr. LANHAM. I think that is a very practical suggestion. Of course it is a matter to be dealt with after the passage of the pending resolution, but certainly it is worthy of serious thought.

Mr. Chairman, I was making reference to the friendly attitude and relationship existing between this country and the Republic of Brazil, and I wish to quote in this regard the language used by Mr. Momsen when he appeared recently before the committee. He said:

> One striking incident of her friendship is the fact that in 1876, on the occasion of our Centennial Exposition in Philadelphia, Dom Pedro II, then Emperor of Brazil, was the only foreign chief of state to attend that exposition, and that at the time when the American Navy in Philadelphia hoisted the flag in celebration of the one hundredth anniversary of our Republic, a Brazilian warship was the only foreign battleship present on that occasion. Brazilian admiration for American precedence and custom is shown by the fact that when the Republic of Brazil was proclaimed in 1889 it was made the United States of Brazil. Her constitution was modeled after ours, with a Senate and House of Deputies, her courts followed very closely the American plan, and the decisions of our Supreme Court were given unusual consideration by the Supreme Court of Brazil.

I wish also to call attention to the fact that the Brazilian Government has given a preferential tariff to this country. Quoting now from page 12 of the hearings, which contains the testimony given before the committee by Mr. Momsen, I read:

> I might mention that Brazil has granted a special preferential tariff of 20 per cent on a long list of articles to the United States, which the United States alone for a great many years has enjoyed against all other nations, enabling it to compete with the European countries who could produce these products on a cheaper basis. Last year, Brazil extended this preferential to Belgium, which everyone heartily agreed to, with the idea of trying to rebuild that country which was devastated during the war.

Then we recall also Brazil's participation in the war—and I mention these things in order to show that not only are we closely associated by reason of the fact that we are both in the Western Hemisphere, but because the ideas, the principles, and the ideals of the two countries are largely similar. To quote again from Mr. Momsen:

> I might mention Brazil's participation in the war. Shortly after our declaration of war, Brazil broke her neutrality, declared war on Germany herself, sending a fleet of destroyers to Europe to patrol the coast, supplied us with a large portion of the manganese which we used in this country and which was indispensable in the manufacture of guns and ammunition, supplied the Allies with meats, cotton, beans, and many other commodities, which prior thereto she had not even produced in sufficient quantities for her own consumption.

So I say, gentlemen, in the light of this history and this mutual relationship, in view of the fact that even the territorially small country of Uruguay has appropriated $100,000 for an exhibit at this exposition, in view of the fact that the Brazilian Government has eight times exhibited here at our request and has expended between three and five million dollars for that purpose, in the light of the establishment at our very Capital of the Pan American Union and the spirit of harmony it fosters, surely every consideration of a reciprocal courtesy demands that on the occasion of this first request we should have a proper and a creditable exhibit in Brazil.

Another consideration that urges favorable action in this matter is one that is perhaps somewhat more sordid. It is one which is very practical, and yet I am reluctant to stress specially from this standpoint the acceptance of this invitation, because I think it ought to be a matter of the heart rather than a matter of the head and the pocketbook which prompts our acceptance in good faith.

I refer now to commerce. We have emphasized in this House the matter of the necessity for markets, especially for farming and other products, for the exhibition of which this exposition in Brazil is primarily designed. The Secretary of Commerce has called our attention to the prime importance of developing foreign markets for our goods. We have been overloaded with a surplus in this country, and we have seen domestic prices depressed by reason of the fact that no markets have been available for our surplus products. The tariff bill, we are informed, has been deferred in its final enactment until we can study further this prime requisite and ascertain whether or not we can find greater opportunities for marketing our products abroad. So if we reduce it to the somewhat mercenary consideration of commerce, then we are urged to accept this invitation. For the last two years the trade balance between Brazil and this country has been in our favor, largely by reason of that friendly feeling which the people of that country entertain for the people of this country. It has been shown by the testimony of the representative of the State Department before the committee that the other nations of the earth are going to exhibit very creditably, and shall we now say to Brazil, "We do not want your commerce; we will not exhibit at your great centennial exposition, although you have done so eight times at expositions of ours"? The Secretary of State, Mr. Hughes, had some very pertinent things to say in this regard. He said:

> I am inclined to the view that in these days of commercial rivalry, when American products are seeking foreign markets and foreign Governments are zealous and active in promoting the export trade of their nationals, every opportunity should be availed of to secure to American industrial interests equal opportunity with the industrial interests of other countries to bring their products to the knowledge of foreign buyers and to obtain the advantages which may accrue from competition in this way with their foreign rivals.

Permit me also to quote a further statement from another communication from the same source:

> Another important reason why the United States Government should participate in this exposition is that it should do all in its power at the present time to assist in maintaining our commercial standing in Latin American countries during the present period of business depression. During the past few years American finance and commerce have made important gains of a permanent nature in these countries. This new business is, of course, at the present time suffering from the after effects of the war. Every effort is being made by our foreign competitors to establish themselves in Latin American countries, with the encouragement of their own Governments, and it is understood that the latter are making elaborate plans for participation in this exposition. The least this Government could do for our business interests at this exposition would be to have an exhibit there consistent with the importance of the position that we now occupy and intend to maintain in Latin American affairs.

In view of the fact that this exposition is to be devoted so largely to farming and agricultural pursuits, surely it is time that we turn aside for a moment from the expenditure of more than 90 cents of every dollar of governmental revenue for purposes of war to the 8 or 10 cents that we devote to the pursuits of peace, and try to build up our crippled commerce with these South American countries, in order that it may be commensurate with the friendly spirit of relationship that now exists between us. Shall we not authorize a million dollars, or so much thereof as may be necessary, for the pursuits of peace, to be expended under the safeguard of the approval of the Secretary of State, who urges us in our foreign affairs to look to the competition in commerce of our foreign rivals across the seas?

Should those of us who come from the agricultural sections of the country, where we are anxious to find foreign markets for our surplus crops, antagonize this measure? An expenditure is frequently economical. A man may let his insurance policy lapse and say the payment of the premium is an expenditure, that it is more economical not to make that expenditure, but if he does not make it his insurance lapses and he loses the corpus of his prospective income. And just in the same way, regarded simply from the sordid aspect of commerce, here we are putting, perhaps, a million dollars as an insurance premium upon the continuation and development of our business with the South American countries, who are linked with us in this Western Hemisphere through the Monroe doctrine and through all those interests that bind us together in a common tie. And so I say, gentlemen, that from considerations of the heart, of reciprocal courtesy and good faith, from considerations of the head, the demands of commerce and the national pocketbook, and from the consideration of the development of our trade in the relief of the producers of this Nation, we are urged to an acceptance of this invitation. [Applause.]

Mr. Chairman, I reserve the remainder of my time.

Mr. BLAND of Indiana. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, from the arguments advanced by the two previous speakers we would be led to believe that our diplomatic relations and our trade relations with Brazil hinge on the voting of a million dollar appropriation for a building that will be of no use to the United States—a building

in which to house the exhibits for a seven weeks' exposition at Rio de Janeiro. The fact that in similar centennial expositions of Ecuador, Chile, Peru, and Argentina we did not make any exhibits, but merely appropriated some $30,000 or $40,000 to pay the expenses of a commission to represent our Government, is argument sufficient that that position is not well taken. It is proposed by this bill to spend as much money within $100,000 as was expended by our Government at the San Francisco exposition, which lasted, not seven weeks, as proposed by this exposition, but for nearly eight months. We expended at the San Francisco exposition a total of one million one hundred and odd thousand dollars—$500,000 for a building, a spacious structure—and that was a real international exposition. This exposition is proposed to open on September 7 and run to November, a period of seven weeks. Only three Governments have agreed to exhibit there—only three Governments to date. I am not very much opposed to our exhibiting; in fact, I am in hearty agreement to accept the invitation of Brazil; but the question is what is a seeming representation and exhibit on the part of our Government, when you consider that this is just a limited affair of seven weeks to celebrate a centennial of the freedom of Brazil. Never before have we seen an appropriation bill for an exposition coming to the House with such a lack of information. There is no regular estimate as to the building that is required. It is proposed by the great American Chamber of Commerce of Brazil that there should be erected by the Government of the United States a building for exhibition purposes of the dimensions of 245 by 108 feet, of steel superstructure, and with permanent foundations. Some gentleman proposes that large, spacious barn, after its construction at the expense of $500,000, should be used for an embassy building. Of course, the mere statement of the size of the building needs no further argument as to its unfitness for embassy purposes.

Mr. DENISON. Will the gentleman yield?

Mr. STAFFORD. I have not much time, and my time is running.

Mr. DENISON. Of course, the bill does not require a steel building.

Mr. STAFFORD. This bill is predicated entirely upon the report of the American commercial representative in Brazil—the gentleman has not read the report or the hearings; I have.

Mr. DENISON. I have.

Mr. STAFFORD. Instead of accepting the space set aside by the Brazilian Government for a building to accommodate our own Government exhibits at an exposition lasting less than two months, it is proposed for the first time to depart from the policy that we have followed and erect an immensely large building to house as well all the exhibits of American manufacturers.

Mr. BLAND of Indiana. If the gentleman will yield, I beg the gentleman's pardon. There is nothing contemplated in this building that some one has said might be built for $500,000——

Mr. STAFFORD. The gentleman stated in his opening remarks that this had the support of the President of the United States, and there is nothing in his letter to warrant any statement——

Mr. BLAND of Indiana. I will ask the gentleman not to misquote me; I never said the Treasury——

Mr. STAFFORD. I do not intend to misquote the gentleman.

Mr. BLAND of Indiana. I said the Secretary of State and the President of the United States favored it.

Mr. STAFFORD. There is nothing in the hearings or in the report to warrant—will the gentleman in his own time present anything that shows the President of the United States did anything more than say that we should be represented? There is nothing in the hearings to show that he approved of a separate appropriation of $500,000 for a building. The President stands for economy.

Mr. BLAND of Indiana. Will the gentleman yield to me to answer in his time?

Mr. STAFFORD. If the gentleman will yield me additional time.

Mr. BLAND of Indiana. I can not. The gentleman told me to answer in his time. If the gentleman will look at page 1 he will find a letter of the President of the United States transmitting a letter of the Secretary of State saying it is highly important to consider and accept this invitation, and in the letter which he transmits he sets out all these facts.

Mr. STAFFORD. Accept the invitation—nothing to substantiate the statement of the chairman of the committee that the President favors this appropriation which he mentioned in his opening remarks.

Mr. LINEBERGER. I want to call the gentleman's attention to the wording of the President's letter, on page 2 of the report, where he says:

To the recommendations of this report I give my hearty approval.

And therein he includes a letter of the Secretary of State in which the $1,000,000 appropriation is specifically mentioned. This shows that the President had knowledge of the matter.

Mr. STAFFORD. I very much doubt if the Secretary of State, in sending this letter, had gone over the matter in detail. He has been too busy with other matters. The Secretary of State, in the letter which he signed, much of which has been read by the gentleman from Texas [Mr. LANHAM], uses this language:

Furthermore, adequate provisions were made by Congress for United States participation in the centennial exposition held in Quito, Ecuador, in 1909, and at Buenos Aires, Argentine Republic, in 1910. Equally favorable action in the case of the Rio de Janeiro Exposition would seem to be called for.

What was our policy in the expositions referred to in Equador and Argentina? Nothing more than the sending of a delegation to represent the United States and also sending some works of art for exhibition at those expositions. Now, if we are going, whenever a centenary occurs in the annals of the history of these South American Republics—and there are many of them—and when an invitation is received to make an exhibit at an exposition in honor of the occasion, to adopt a policy to spend as much money as we have spent at expositions held at different times in this country, I think we are going to be carried far afield in the expenditure of money. There are four tracts of land to be used in this exposition—one for Government buildings, where a small space was reserved for the United States Government to simply erect a Government building for governmental purposes exclusively. But these men in Brazil, who are not charged with the control of the purse strings of the Government, send up here a request that they want a building 245 by 108 feet for the housing of all the exhibits of American concerns, when the Government of Brazil is going to provide adequate housing facilities for the exhibits not only of America but of all countries. Their proposal, if you will examine the hearings, is to erect a permanent building of steel and stone construction not required by the occasion or by the requirements of American exhibitors.

Mr. WALSH. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. WALSH. I make the point of order there is no quorum present.

The CHAIRMAN. The gentleman from Massachusetts makes the point of order that there is no quorum present, and evidently no quorum is present.

Mr. STAFFORD. I did not yield to the gentleman from Massachusetts for that purpose.

The CHAIRMAN. The Clerk will call the roll.

The roll was called, and the following Members failed to answer to their names:

Almon	Doughton	Kiess	Rainey, Ill.
Anderson	Drewry	Kindred	Rhodes
Ansorge	Dunn	King	Riordan
Anthony	Edmonds	Kitchin	Rossdale
Bacharach	Elston	Kleczka	Ryan
Bankhead	Fenn	Knight	Sabath
Barkley	Fess	Kreider	Schall
Begg	Fields	Langley	Scott, Mich.
Blakeney	Flood	Lee, Ga.	Sears
Blanton	Frear	Lee, N. Y.	Shreve
Bond	Freeman	Longworth	Siegel
Brand	French	Luhring	Sinclair
Brinson	Fulmer	McArthur	Sinnott
Britten	Gahn	McClintic	Slemp
Brooks, Pa.	Garner	McKenzie	Snell
Brown, Tenn.	Goldsborough	Madden	Stedman
Browne, Wis.	Gould	Magee	Stevenson
Burdick	Graham, Pa.	Maloney	Stiness
Burke	Green, Iowa	Mann	Strong, Kans.
Burroughs	Greene, Mass.	Mansfield	Strong, Pa.
Burtness	Greene, Vt.	Mead	Sullivan
Cable	Griest	Merritt	Sweet
Campbell, Kans.	Griffin	Michaelson	Tague
Cantrill	Hadley	Montoya	Taylor, Colo.
Carter	Harrison	Moore, Ill.	Ten Eyck
Clague	Hays	Morin	Thomas
Classon	Herrick	Mott	Tillman
Cockran	Hicks	Mudd	Tilson
Codd	Himes	Murphy	Tincher
Copley	Hoch	Nolan	Tinkham
Crago	Houghton	O'Brien	Treadway
Cramton	Humphreys	Ogden	Upshaw
Crisp	Hutchinson	Osborne	Vare
Cullen	Johnson, S. Dak.	Paige	Volk
Curry	Johnson, Wash.	Park, Ga.	Ward, N. C.
Dale	Kahn	Parker, N. Y.	Wason
Davis, Minn.	Kelley, Mich.	Perlman	White, Me.
Dempsey	Kendall	Peters	Woods, Va.
Dickinson	Kennedy	Rainey, Ala.	Young

Thereupon the committee rose; and the Speaker having resumed the chair, Mr. HUSTED, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in the international exposition to be held in Rio de Janeiro in 1922, and finding itself without a quorum, he had

directed the roll to be called, whereupon 172 gentlemen answered to their names, a quorum, and he presented a list of the absentees to be entered in the Journal.

The SPEAKER. One hundred and seventy-two gentlemen—a quorum—have answered to their names. The names of the absentees will be published in the Journal. The committee will resume its session.

Thereupon the committee resumed its session.

The CHAIRMAN. The gentleman from Wisconsin [Mr. STAFFORD] is recognized for 11 minutes.

Mr. STAFFORD. Mr. Chairman, the question before the committee is whether we should launch into a departure, so far as concerns expositions to be held in connection with the centenaries of South American Republics, celebrating the one hundredth anniversary of their independence. So far as concerns the centenary celebrations of Ecuador, Chili, Peru, and Argentina, all that the United States Government did was to vote an appropriation of $40,000 or $50,000 for the expenses of a commission.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Not at present. Here it is proposed to authorize the expenditure of a million dollars. And for what? For a large building, 248 by 108 feet, in which to house the exhibits of American manufacturers, when the Brazilian Government is going to provide ample space for the exhibits not only of American manufacturers but those of all countries. What is more, it is to be a two-story building, of steel construction, on private land. Permit me to read to you the only report upon which this estimate is based, that from Mr. W. L. Schurz, our American commercial attaché in Rio de Janeiro:

Dimensions space reserved for United States Government building exhibit, 245 by 108 feet. Largest and best location available. * * * Foundation Co. estimates cost of two-story building and equipment $500,000. * * * Part of land reserved owned by individuals, who offer use of lot on condition that we put in permanent foundation and steel frame. Agree to pay difference between cost of temporary and permanent material. American Chamber of Commerce discussed plans for acquiring exhibition buildings as permanent buildings for club consulate headquarters of chamber. American Chamber of Commrece requests I recommend total appropriation of $1,000,000, all expenses of exhibit, including $100,000 toward cost of monument to be given Brazil.

We hear so much of economy these days, and here is the time when you have the chance to economize. You can save several hundred thousand dollars to the Treasury of the United States, several hundred thousand dollars, and still be recognizing Brazil in a fitting manner becoming this great Government. We should not launch upon a policy which, so far as estimates are concerned, is urged only by the American commercial attaché.

At the Paris exposition the cost of our Government building was only $500,000. That was an eight-months' international exposition. This one begins on September 7 and runs to November, a seven-weeks' exposition, and we are called upon in these piping times of economy to vote $1,000,000—$500,000 for a steel structure building on private land, to be turned over to the private owners after it is used.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I can not yield now.

The CHAIRMAN. The gentleman declines to yield.

Mr. STAFFORD. To be turned over to the private owners or to permit arrangements with them for its transfer under certain conditions; and $100,000 for a monument to be given to the Brazilian Government. Perhaps it may cost $100,000 for our Government exhibit. Here perhaps as much as $300,000 may be expended; $300,000 for expenses of the commissioners and the Government clerks in waiting at the exposition.

Oh, do you know who, according to the hearings, were in favor of this? The hearings were very brief. Well, there was this commercial attaché, on whose estimates the Secretary of State bases his recommendation. In addition to this was Mr. Richard B. Momsen, formerly of Milwaukee, who some years ago was secretary to one of my colleagues from Wisconsin, a gentleman who later took a position as consul in Brazil. A bright young man who naturally is enthusiastic as to this venture. The third person who urges it is Mr. D. C. Collier, a distinguished Californian, who tells us that if we appropriate this money he will be a candidate for the position of director general that will pay $15,000——

Mr. BLAND of Indiana. Between $10,000 and $15,000.

Mr. STAFFORD. No. The language of the resolution is—

That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than $15,000 per annum, and not more than one person shall receive a salary in excess of $10,000 per annum.

Taking the language as it is, I will warrant that he will receive the maximum of $15,000. Then these other five additional Representatives are to receive $7,500 each. The Senate provided for only three, thinking that the two additional could perform the social duties down there without pay. Now, because Brazil happens to have expended $600,000 at the St. Louis Exposition and has spent some other hundreds of thousands of dollars at real international expositions lasting for months and months we are called upon for the first time to adopt a different policy from what we took in the cases of Argentina, Ecuador, Peru, and Chile, and instead of merely voting $40,000 or $50,000 for the expenses of a delegation to represent our Government at their centennial expositions, we are now going to vote to authorize a million dollars, of which $100,000 is to be for a monument to be donated and $500,000 is to be for a two-story building of structural steel and of ornate stone construction, according to the hearings, that is to be left there for private use after the seven weeks' great international exposition in Brazil concludes. I ask you, is that consistent with a policy of economy under existing conditions? The country is clamoring that the expenses of the Government should be curtailed. What is the reasonable thing to do? Of course, we want some representation down there. We want to accept the invitation of Brazil. We have never declined to accept the invitations of these other South American countries to participate in similar celebrations; but as a matter of policy, can we vote an appropriation for a building, as much as was expended in San Francisco? Why, all we expended in San Francisco for a building was $500,000, and the total expenditure at San Francisco for the entire seven or eight months of the exposition was only $1,174,000. Are we not going a little bit wild in our expenditures? In Paris we spent only $500,000 for a building, and our total expenditure for that eight months' exposition was $1,400,000, of which $593,000 was for salaries.

Let us be a little bit reasonable. Let us get our bearings. Of course we want to retain the friendship of Brazil. Of course we want to retain the friendship of all the South American countries; but if we provide for a reasonable Government building, where our Government exhibits may be properly housed, if we adopt a policy under which our American exhibitors can place their exhibits in the building to be erected by Brazil, rather than to erect a building exclusively for American manufactures, are we not going, even then, pretty far? How can we justify before the eyes of the country the voting of $1,000,000 or the authorization of $1,000,000, when $100,000 of it is for a monument to be turned over to Brazil and $500,000 for a two-story building of steel and stone construction? The building that we erected in San Francisco was not a two-story building. Most of the Members here were at the San Francisco exposition. The building there was merely a one-story structure. Just because the commercial attaché, who reflects perhaps the wanderlust of some of these commercial representatives of the Government, wishes to make a very ostentatious showing down there at this exposition of seven weeks from September 7 next to November, we should not be called upon to vote money so freely and without any warrant, as is proposed by this bill. [Applause.]

Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. The gentleman from Wisconsin reserves one minute.

Mr. BLAND of Indiana. I yield five minutes to the gentleman from Kansas [Mr. LITTLE].

Mr. LITTLE. Mr. Chairman, the gentleman from Wisconsin [Mr. STAFFORD] very aptly observed that the question now is whether we shall make a radical change in our attitude toward South America. Between the Rio Grande and Puntas Arenas are the richest undeveloped natural resources in the world. There is no place on earth where the United States has such a chance by a little advertising to cement the friendship of a people and open up a line of business that will bring back to us such a return of untold wealth. I am in favor of making a radical change in our attitude toward the South American countries and am in favor of going after that business. [Applause.] The time has come, gentleman, when we ought to quit wasting our money on purely idle expenditures to send diplomats to foreign countries for mere social and ornamental purposes and when we ought to be able to present a plan of expenditure that will bring something back for it. Twenty-five or thirty years ago Gov. Tom Osborne, of Kansas, had been for four or eight years minister to Brazil. A young man from our State was appointed to the diplomatic service elsewhere, and he went down to see old Tom and asked him, "What did you have to do?" Gov. Tom said, "Not a thing." He used another little word in there, but in view of recent occurrences I will not put it in. [Laughter.] The young man asked him again, and he said,

"Not a thing." I think it is time, gentlemen, that our representatives to a South American Republic like Brazil, the next to the biggest Republic in America, should have something to do. Right now Brazilian opportunity is knocking at our door. Rio de Janeiro simply asks reciprocity for the millions they expended when we made a similar call on them. The ships rotting in our harbors could readily establish a line to Brazil, to continue until this world's exhibition closes. We pay men $10,000 a year and more who are mentally overtaxed if they count our mighty navies once a year—mere depositories for squandered salaries. Why not start something, gentlemen, that has a chance to win and send these ships for a time on round the Horn to Valparaiso, Callao, Guayaquil, Panama, and home again? We could hardly spend much more than we are losing now, and we might achieve incomparable and unsurpassed results of conquering the commerce of a continent. Here is a chance to present to the people of Brazil the resources of this country which are at hand to supply all their necessities, a chance to develop trade and to advertise to our biggest sister Republic the vast mercantile and manufacturing enterprises, which should be transforming and shipping to the four quarters of the globe our mining, stock, and farm products. "Let's go!"

The world's fair at Chicago and the world's fair at St. Louis did more to advertise this country than any thousand books that were ever written about it. They gave the people of the world a better idea of what we could do, and gave us a better idea of the people of the world whose trade we want here than we could have secured in any other way. Similar results will be attained if we go to Brazil and make a good advertisement there.

Mr. KNUTSON. Is it not a fact that we spent $1,400,000 at Paris, and that the exposition at Rio de Janeiro offers to us an infinitely better opportunity to enlarge our trade?

Mr. LITTLE. Certainly. Every dollar that we sent to Paris was as much wasted as if it had been poured into the ocean, as far as practical results were concerned. Every dollar that we send to South America will bring us back 1,000 companions if it is intelligently used. If you went to the world's fair at St. Louis, you saw that every country represented there exhibited to you something that challenged your attention to its resources and opportunities. That is what we must do in Brazil. We have never done it. We need a radical change in that regard. We need to reach out and get in touch with them. We need to make them see that we are their friends, that they can do business with us, and that there is something in it. I wish we would maintain a permanent exhibit at the capital of each Spanish-American Republic. That would pay in dollars and in cents. If you went to the world's fair at St. Louis, you saw that the most magnificent feature of all that grand exhibition was the German Empire's wonderful display of all its people could do and all it had to offer the world for a price. The Kaiser spent millions of dollars there to show the people of this country what they had in Germany that we could use, and they built up more trade out of it than any other country in the world has ever built up with another nation in the same length of time. Advertising pays. Getting in touch with your neighbors and customers pays. We could not spend a million dollars better than in going to Brazil and showing its people all that our mines and factories and merchants and farms can furnish them at reasonable rates, and in convincing them that here they would find the friendliest market, the squarest deal, and the best customers for what they have to sell, and to teach them to come and buy from us and for us to go and sell to them as this opportunity affords. I hope that we will build a $100,000 monument there. I hope we will glowingly picture on it America's invitation to them to come here and get acquainted with us, and I pray it may stand there a thousand years to tell the people of Brazil that Americans are interested in them and want to do business with them. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield to the gentleman from Tennessee [Mr. DAVIS] such time as he may desire.

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen, no country has been more consistently and cordially friendly toward the United States than has Brazil. In establishing their Republic and adopting a constitution, Brazil very closely followed the Constitution and form of government of the United States. Brazil has manifested her friendship and admiration for us in many ways. For instance, she remained neutral with respect to the World War until the United States declared war, when she promptly followed suit, taking her place beside the United States, as did most of the other South American Republics. Brazil has accepted the invitation of the United States to participate in eight different American expositions, at an aggregate cost of more than $3,000,000. Now that Brazil, the largest republic in South America, has invited our Government to participate in an international exposition to be held in Rio de Janeiro for the purpose of commemorating the centenary of the independence of Brazil it occurs to me that we should accept the invitation and make provisions for an appropriate exhibit.

When President Monroe very properly enunciated his famous "Monroe doctrine," now universally recognized and respected, we took the young republics of South America and Central America under our paternal care and protection. They have since been our friends, and it is highly important from political and military standpoints, as well as from a commercial standpoint, for us to maintain friendly relations with all the republics of South and Central America. This is all the more important, in view of the fact that by deserting our allies in making peace we have at least cooled the ardor and friendship of the European nations.

However, it is useless to undertake to maintain cordial relations with the South American Republics and to hope to continue trade relations and friendly intercourse with them if we are to build such a high tariff wall around this country that our South American friends will be unable to trade with us. They can not and will not buy our surplus products unless we will and can buy some of their surplus products. They produce many commodities which we need, and we produce and manufacture many commodities which they need. However, if we are to pursue the policy embodied in the Fordney tariff bill, their trade will all turn to Europe. Our trade with South America should be fostered instead of destroyed. Until recently our trade balance with South America was in our favor, but it is being materially reduced by the so-called emergency tariff law and by the prospect of the passage of the Fordney tariff bill. The South American countries are deeply resenting a policy of this kind on the part of the United States, as has been manifested in numerous cases. Along that line I submit a letter received from one of my constituents inclosing a letter from a large firm of exporters inclosing memoranda, all of which are self-explanatory, to wit:

TULLAHOMA, TENN., *October 5, 1921.*

Hon. EWIN L. DAVIS,
Member of Congress, Washington, D. C.

DEAR MR. DAVIS: We are inclosing herein a copy of a letter from our export representatives, W. J. Kingsland & Co. (Inc.), of New York.

The writer knows from his personal visit to Argentina, Uruguay, and other countries that W. J. Kingsland & Co. are very reliable, conservative, and a long-established firm in these and other countries. So we feel sure that the views reflected by their representative is expressive of their true feelings and the conditions in Argentina, so we respectfully call your attention to same. When conditions are normal we ship quite an amount of goods to Argentina, Uruguay, South Africa, Australia, and other foreign countries, and the development of this business is dependent to a great extent upon the feeling in these various countries, which is sometimes very strongly aroused by legislation in the United States regarding tariffs against their goods, etc. We merely offer this for your consideration, and are not trying to tell you just what is the best policy, as you, doubtless, have more and better information than we have; but we, along with other exporters, would like to see the United States hold and develop the foreign trade which we feel is justly ours when we go after it without hindrance or opposition aroused by Government policy.

The writer saw a wonderful field for many classes of American goods in these South American countries in 1917, and knows that by friendly cooperation and good Government policy the United States can derive great benefits from this territory.

With kindest regards, we are,
Very truly,

CAMPBELL & DANN MFG. CO.,
Per D. B. CAMPBELL.

—

NEW YORK, *September 19, 1921.*

CAMPBELL & DANN MANUFACTURING CO.,
Tullahoma, Tenn.

GENTLEMEN: We beg to inclose herewith extract of cable from the Argentina-American Chamber of Commerce, as well as extract of letter from Mr. Eberson, received by last mail, which we thought would be of general interest to you.

Yours, very truly,

W. J. KINGSLAND & CO. (INC.),
M. E. KINNEY, *Secretary.*

CABLE MEMORANDUM FROM THE ARGENTINE-AMERICAN CHAMBER OF COMMERCE, BUENOS AIRES.

General situation: The high price of the dollar coupled with the high tariff policy of the United States, is furnishing a basis for regular and strong attacks on American business in Argentina. A small section of the press is constantly occupying itself with what it terms "The downfall of American commerce in Argentina."

The alleged unfriendly customs policy of the United States is also furnishing an opportunity for these assaults. Such writers assume that American business men here will find further trade impossible as a result of such legislation as the Fordney law.

To enable American business to continue to expand in Argentina, La Nacion, which is usually friendly to American interests, states that the following factors are of vital importance: First, the organization of channels for complete trade information; second, the study of economic conditions; third, the facilitation of credits; and fourth, a friendly customs policy which will eliminate risks and serious variations in exchange rates.

EXTRACT OF LETTER FROM MR EBERSON, BUENOS AIRES, REFERRING TO VISIT TO ROSARIO.

I recently visited Rosario. There is little to report concerning conditions there that are any different from here. Everybody has the same complaint to make and everything American is tabooed. You are received with scant courtesy, and only the many years' relationship we have had gives us a little more polite treatment (although with apparent irony everywhere).

The feeling is to do Americans and their interests in every way possible that is short of murder. Goods, though, are getting short, and things will change, but words are just wasted in an effort to induce business at this time for the States. Little by little this will be overcome by dire necessity, but meanwhile the animosity shown Americans is enough to make one swear, and no one can appreciate the present conditions unless on the spot.

The frame of mind of the citizens of Argentina is typical of the attitude of the citizens of other South American Republics. They treat the tariff legislation referred to as not only destructive of their trade with the United States, but also as a manifestation of hostility.

At this point I wish to insert in the RECORD a letter from the Casey-Hedges Co., of Chattanooga, Tenn., explaining the effect of the Fordney tariff bill upon our trade with Cuba:

CHATTANOOGA, TENN., *October 19, 1921.*

Hon. EDWIN L. DAVIS,
The House of Representatives, Washington, D. C.

DEAR CONGRESSMAN DAVIS: As manufacturers exporting normally about 40 per cent of the products of both our boiler shop and gray-iron foundry to the island of Cuba, we are more than apprehensive at the tremendous increase proposed in duty on sugar shipped from the island of Cuba into the United States, and as Cuba is a protégé of the United States, we feel that no legislation should be passed that would in any way stifle the marketing in a profitable manner of her largest source of income, which, as you are aware, is sugar.

At least 90 per cent of the heavy sugar and other machinery that was previously furnished by England, France, and Germany (up until a few years ago) is now exported from the United States, which is loaded in cars in the yards of the respective American manufacturers and goes through direct in original cars to all points on the island of Cuba via the Flagler ferry system from Key West, with daily sailings from Key West.

We understand that the Fordney bill proposes to increase the tariff rate on Cuban sugars not less than 60 per cent, which will make a material increase in the cost of sugar to every American household.

Eliminating any personal, selfish reasons against the proposed increase, our company has approximately $125,000 outstanding on the island of Cuba, and not a single one of our customers can raise sufficient ready cash to pay the interest on these obligations. In consequence, we feel that the sugar tariff should be put back where it was previous to the passage of the emergency bill, viz, 1 cent for Cuba.

Asking that yourself and associates kindly give these recommendations extraordinary consideration, we are, with continued regards,

Very sincerely, yours,

THE CASEY-HEDGES CO.,
T. H. JOHNSON, *General Manager.*

It is needless to state that the Cuban Government and people are bitterly protesting against the high tariffs imposed by the Fordney bill in so far as it affects Cuba.

It is a matter of common knowledge that our good friend Canada, one of our very best customers, is likewise bitterly protesting against the Fordney tariff bill.

The policy of the Fordney tariff bill is to increase our trade by sandbagging our customers. I do not subscribe to any such doctrine, and it is quite evident that our customers and late friends do not appreciate such a policy.

Mr. LANHAM. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. SWANK. Mr. Chairman and gentlemen of the committee, I believe in an economical administration of the affairs of government, and the people are demanding economy as never before, but they do not ask unwise economy. They want the products of America advertised and demand access to the markets of the world. They are overburdened with taxes, and in some sections, where they felt the blight of the boll weevil, many are wondering where they will get the money with which to pay their taxes. My record on economy will compare favorably, I think, during this session of Congress, with that of any other Member. We must cultivate friendly relations with the other nations of the world and not lose any of our friends. The products of our farms and factories are more than we consume, and we must find an outlet for these goods and create greater markets. We can not isolate ourselves from the other nations if we continue our leadership in the affairs of the world. Isolation leads to barbarism and cooperation to civilization and progress. Large sums of money are contributed and expended through the churches of this country for the purpose of sending missionaries to foreign lands to spread the doctrine of Christianity among other people, and it is money well spent. It enlarges the influence of the church. These missionaries do not isolate themselves at home, but brave the dangers of the savage and disease to carry out their work. By thus enlarging the sphere of their activities they increase the usefulness of the church and bring good cheer and better living to many places which otherwise would be left alone to suffer and advance further in their idolatry and barbarism. These churches also spend large sums of money to maintain schools in these foreign fields, cultivate the minds and morals of these people, and teach them our methods of living. They are doing a wonderful work, not alone for the church but for their Government as well.

I am supporting this bill because I believe it means much good for the United States. Brazil is the largest country in South America and the most important, politically and economically. It has an area about the same as our own country. Its population is about 30,500,000 and it is a country with great possibilities for themselves and our own people as well. Our Constitution is the basis for their fundamental law and they have always been our friends. Soon after we entered the World War Brazil declared war on Germany and sent battleships to Europe. They are great believers in the Monroe doctrine and appreciate our assistance to establish their own form of government. We can not afford to offend this great country when they have gone out of their way to cultivate our friendship. Our export trade with Brazil is growing all the time, and for the years from 1911 to 1920 is as follows:

1911	$28, 853, 819
1912	40, 591, 519
1913	39, 901, 203
1914	23, 275, 894
1915	33, 952, 551
1916	47, 669, 050
1917	66, 157, 952
1918	57, 391, 417
1919	114, 696, 309
1920	156, 740, 365

The principal articles of export from the United States to Brazil for the calendar year 1920 are as follows:

Agricultural implements	$1, 268, 357
Brass plates, sheets, etc	696, 320
Corn, corn meal, flour, and cereal preparations	76, 086
Wheat and wheat flour	16, 597, 974
Automobiles and parts	11, 097, 081
Railroad cars and parts	763, 835
Cement	1, 555, 124
Chemicals, dyes, drugs, and medicine	1, 404, 025
Medicinal and pharmaceutical preparations	863, 020
Clocks and watches	308, 395
Copper	1, 747, 972
Manufactures of cotton	5, 082, 705
Electrical machinery and appliances	4, 952, 652
Leather	5, 052, 955
Condensed and evaporated milk	545, 325
Pianos	257, 682
Spirits of turpentine	648, 817
Mineral oil	12, 724, 257
Books and paper	3, 493, 532
Lumber	1, 438, 532
Manufactures of wool	437, 271
Iron and steel	43, 378, 131

The Committee on Industrial Arts and Expositions has conducted hearings, and the amended bill was reported out unanimously. We heard the author of the bill [Mr. LINEBERGER], who has visited extensively in the countries of South and Central America. We also heard other men who had an extensive acquaintance in that country, as well as a representative of the Department of State of our own country. The committee carefully considered the bill and thought it should pass as amended. At the end of section 2 the committee inserted in the original bill the following:

Provided, That the executive department of the Government may designate officials or employees of their respective departments for service in connection with said commission, but no such official or employee so designated shall receive a salary in excess of the amount which he has been receiving in the department where employed, plus such reasonable, additional allowance for expenses not now authorized by law as may be deemed proper by the Secretary of State in view of the fact that service is to be performed in a foreign country: *Provided further*, That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than $15,000 per annum, and not more than one person shall receive a salary in excess of $10,000 per annum, and not more than three persons shall receive salaries in excess of $7,500 per annum.

The committee also inserted a provision at the end of section 9 as follows:

Provided, That no indebtedness shall be incurred hereunder in excess of said amount herein authorized to be appropriated. This is notice to the departments that Congress expects all expenses of this exposition to be paid from this appropriation and will not stand for a deficiency appropriation.

Mr. Chairman, I am not for the passage of this bill simply for the reason that the Department of State and the President want it enacted, but, like the other members of the committee, I think that it would be very unwise at this time for the bill to be defeated. We all have our own opinions, and I give every person this right as I exercise myself at all time. I find no fault with any person who thinks he should not support this

bill just because the committee recommended the same. I am always willing and glad to cooperate with the President and the departments in the enactment of good and useful measures. I think that a failure to pass this bill would be a false economy. Its passage means much to our Government, our people, and will be worth many times the cost. When we first met to consider the bill some of us thought that $1,000,000 was too much and that we should get along with a less amount, but if we were going to make an appropriation for this exposition we did not want the amount stinted. The original bill left the fixing of the salaries of the commissioners to the Secretary of State. We thought the amounts should be fixed in the bill. I believe the committee realizes the fact that the commissioner general will naturally be required to spend a lot of money from his own pocket. He will be a special representative of the Department of State of this Republic and will be received as such in the Republic of Brazil. The salary will run but a short time.

At the Louisiana Purchase Exposition the Republic of Brazil spent $600,000, and she has appropriated something like $2,500,000 to be represented in the United States at our various expositions. She did this for the purpose of cultivating closer relations with us, to bind the ties of friendship more closely, and for the further purpose of advertising her products and increasing her trade.

This bill will do much good in this country in addition to strengthening our relations with Brazil. Most of the money appropriated will be spent in this country, and we certainly need more in the country at this time. It will assist in creating a market for our products, will help to furnish labor for some of our people as well as aiding the work of the factory and the shop. The bill authorizes the Secretary of Agriculture to collect and prepare suitable specimens of the agricultural and forestal products of the several States of the Union for exhibition at the exposition. This will show the people of Brazil our leading agricultural products and will stimulate the market there for these products. The Secretary of the Interior is authorized to collect and prepare an exhibit of the mining industry of the United States, and that will advertise the products of our mines. The other great nations of the world will be there with suitable exhibits, and we should be surpassed by none, especially at a time when there is a great race for the markets of South America as well as a greater cultivation of their friendship.

Yes, Mr. Chairman, I am for economy, but will not vote to stint appropriations that will assist greatly in developing our trade. I believe in liberal appropriations for the Departments of Agriculture and Commerce, as I do for good roads. Who would oppose an appropriation for good roads on account of economy?

The Department of Agriculture is the department of the farmers and producers of the country. Some time ago we passed the budget bill and made an appropriation of $225,000 for the purpose of administering the law. It carried a large appropriation, but we thought it best for the Government and also thought that much money would be saved by the enactment of the law and a proper administration of the same. That bill was not a political measure, and on the final vote 344 Members voted for the bill, 9 against its passage, and 76 not voting. I do not believe any Member of Congress would have voted for the budget bill just for the purpose of giving some politician a job, but I believe they voted for the bill as a measure of economy.

The first bill I introduced when this session of Congress convened April 11 was the farmers' warehouse bill, which carried an appropriation of $100,000,000. Farming is the basic industry in this Republic, and when it is benefited all the people feel the results. Much can be done to stimulate agriculture. Mr. Chairman, we can live without factories and even without railroads, but we can not survive without the necessities of life, which come from the farm. We could well afford to clip $100,000,000 from that $500,000,000 appropriation to the railroads, which passed the House a short time ago, and use that amount for the purpose of building these warehouses I mention and authorize and direct the Federal reserve banking board to loan money on the warehouse receipts. Some Members might vote against such a bill by reason of economy, but I will always vote for the interests of agriculture as I see the right. While this warehouse bill carries an appropriation of $100,000,000, it is indorsed by more than 125 farmer organizations in my State of Oklahoma, by the president of the Farmers' Union in Oklahoma, and also by the president of the union in the State of Arkansas. It also has the indorsement of many professional men who see the need of something to be done for this greatest of all enterprises. Some measures should not be opposed on the grounds of economy, and the bill now under consideration is one of that nature. While I can not oppose this bill from the standpoint of economy, neither will I oppose it because the administration, which is different politically from the party to which I belong, desires its passage. When the administration is right, then I will support its measures and always hope for success to be the crowning achievement in public as well as private life. This is not a political question, but one for the judgment of the House and the individual Members.

This measure if enacted into law will do a great deal for agriculture and the business interests of the country, and we must at all times look after our interests in foreign countries. With our foreign relations reestablished, the channels of commerce opened abroad, and the freight rates reduced to a reasonable basis, we will then see a new era of prosperity. Mr. Chairman, permit me here to digress for a moment to say that the most pressing need in this country at this time is a reduction in our freight rates. It is impossible for business to rehabilitate with the excessive freight rates now in force. When the railroads charge more for freight than the selling price of the shipment amounts to, then something is wrong. The Interstate Commerce Commission should reduce the rates, and reduce them now. If the commission refuses to act, then Congress should take charge of the matter at once. The Interstate Commerce Commission is a creature of Congress and subject to its orders. Gentlemen of the committee, Congress should see that something is done and not delay. It lies within the power of Congress. If freight rates were reduced to a reasonable extent we would see the products of the farm moving, the railroads would be loaded with freight, the factory and shop would begin to hum with work and activity, work would be ready for the unemployed, and prosperity and happiness would again reign in this land. The farmers, laborers, business people, and all the public would realize that Congress is a potent body, able to function and to control to the fullest extent the creatures of its powers. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. PARKS].

Mr. PARKS of Arkansas. Mr. Chairman, I desire to use the few minutes allotted me to voice my protest against the unnecessary expenditure of $1,000,000 for an exhibit at the international centennial celebration to be held at Rio de Janeiro some time in 1922.

I recognize that the quickest way to become unpopular in this House is to oppose the appropriation of the public money. However much I am opposed to this measure, and how thorough is my conviction that it is wrong to spend $1,000,000 in this way, still when I sit under the spell of the delightful oratory of the lovable gentleman from Texas [Mr. LANHAM] I feel like the king of old when he said "Almost thou persuadest me." But when I recall the watchword of America, and the battle cry of the world is "economy," I can not give my consent to the passage of this bill that will waste $1,000,000 of the country's money on a frolic in South America.

It is significant that the President of the United States is moved to ask Congress to spend this money and is supported in his request by the United States Chamber of Commerce, and I call your attention to the fact that this United States Chamber of Commerce is the same organization that arrogated to itself the right of leadership in bitter opposition to a bill providing for adjusted compensation for ex-service men, and while both the President and the Chamber of Commerce balked at spending money to the end that recognition of the services of our soldiers might be brought about, still they both urge Congress to appropriate $1,000,000 for a useless purpose.

The principal argument urged in favor of the passage of this bill is that we may advertise our timber, agricultural, fisheries, and mining interests. In fact, whatever offense is committed in the waste of the public money is always laid at the feet of the farmer.

It is a well known fact that our forests have become so depleted that the situation is alarming and we are now compelled to go to Canada to get timber to supply the paper manufacturers and other users of timber. Then why advertise it?

Is it to make the demand for coal greater that the price may be higher to the consumer that we want to advertise our minerals?

Do we desire to make an exhibit there that will make the demand for fish greater when recently the testimony given before one of the committees of this House showed that the depletion in the supply of our fish, both shell and finny, is so great that the Government must take measures immediately, not only to protect the available supply, but to supplement it by restocking the waters to preserve a valuable article of food?

The Democrats of this House might with some consistency, though without justification, support this measure, but surely

no Republican can advocate advertising our resources and inviting the trade of any foreign country, and be consistent. When we spend a million dollars of the people's money inviting Brazil to buy our products they can not forget the fact that the Republicans of this House have recently passed a tariff bill that if enacted into law will exclude from our markets the products of the outside world. In one breath we invite Brazil to buy from us, and in the next breath we say to them that we will not buy from her. One minute we hand to Brazil a million-dollar invitation to come and buy of us, and the next we build a tariff wall around this country that forbids them to sell to us.

The gentleman from Michigan [Mr. FORDNEY] recently boasted from the floor of this House that he cared nothing for the foreign market—that he desired only to keep the home market, and if that be true then why should we spend a million dollars to advertise our products in South America in a bid for foreign markets? The truth about the whole matter is that the question of advertising is secondary. If we really wanted to advertise our products, and if we desired to show the rest of the world that we desired friendly relations with them, the best way to do it would be to enact such low tariff legislation that the markets of the world would be open to the American buyer as well as to the American seller.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. PARKS of Arkansas. With pleasure.

Mr. BLAND of Indiana. The gentleman knows that most of the products produced by Brazil we can not produce and most of them are on the free list, and also he knows the fact that that country gives a 20 per cent preferential tariff on the things that we ship them. Does the gentleman not think that we ought to cultivate that friendly feeling?

Mr. PARKS of Arkansas. And because of that 20 per cent preferential tariff you want to go into the pockets of the American people and take $1,000,000 to be spent down there, mostly in high salaries.

I want to call the attention of the gentleman who has just preceded me, who comes from the great Empire State of the South—Texas—to the fact that in supporting this bill he advocates the payment of salaries of $15,000 and $10,000 and $7,500 per annum to those who shall be selected to represent us at this centennial celebration, while the governor of his great State serves for a salary of $4,000 a year; the governor and the chief justice of my State are willing to serve for $4,000 a year and stand the expense of a campaign; the judges of the Federal court, the United States Senators and Congressmen draw no more salary for their services than the cheapest man to be hired at this exposition. The Chief Justice of the Supreme Court of the United States and the members of the President's Cabinet receive a salary of $12,000 a year only and deem it sufficient. But when the Congress of the United States creates an office to be filled by appointment it provides for a salary of $15,000 per annum.

A few days ago a gentleman stood here and asked, "What is a million dollars?" and that seems to be the spirit that pervades the atmosphere of this House when we begin to spend the people's money. It is true a million dollars is nothing to you gentlemen who have grown accustomed to spending a billion dollars without batting an eye, but to the overburdened taxpayer of this country a million dollars is worth saving.

This Congress was called together in extraordinary session to provide some relief from the iniquitous war-time tax measure under which we are now living. For eight months we have been here doing worse than nothing, creating jobs at enormous salaries and adding to the burden of the people, and yet no measure has been passed for the relief of the taxpayer. We are participating in a saturnalia of spending, and this Congress will go down in history as the greatest spenders ever assembled under the dome of the Capitol.

I sat appalled and was one of 15 who voted against an appropriation of half a billion dollars to build the greatest Navy that ever floated upon the sea, and that at a time of profound peace and when every other great nation of the world was crushed by an indebtedness and by the devastation of a terrible war that made it impossible for them to engage in another one for a generation to come. Not satisfied with that, you turned again to the Treasury and took $75,000,000 and gave it to the Shipping Board, that had already spent more than $3,000,000,000 of the people's money, with little to show for it. And you gentlemen on the other side of the aisle, with an overwhelming majority, claiming to have been elected on a platform of economy, created jobs in this Shipping Board, to be filled by appointment, with salaries of $35,000 per annum.

You did this in the face of the testimony of the chairman of the Shipping Board that he did not know whether the Shipping Board would ever be profitable or not. I say to you, Mr. Chairman, that if we must blindly appropriate, not millions but billions of dollars for the maintenance of the Shipping Board, that we had better take these ships out to sea and sink them and go out of the shipping business forever.

I might in normal times make no complaint about the spending of a million dollars for a "show" in Brazil, but we must remember that we owe over $25,000,000,000 that the American people must pay—that the ultimate consumer must pay. With this gigantic debt hanging over us like a pall, I marvel that men who come here from the people are willing to fritter away a million dollars of the people's money on a social function in South America under the plea of international courtesy.

Surely after we engaged in a war for the sole purpose of keeping the torch of civilization burning in the rest of the world, when we have given to the world's cause our boys and our billions, when we have said to the rest of the world through the Monroe doctrine that we are willing to give our men and our resources in order to keep inviolate the boundaries of the South American countries, it is not now necessary to give a million dollars to convince them of our friendship. It has been urged here that this must be done in order to continue on friendly terms with Brazil. Mr. Chairman, if a million dollars is the price of Brazil's friendship, I want to say to you that I am quite willing that Brazil may be dropped from our calling list. If America has not already given enough to the world to insure us the friendship of all nations, then we are not able to do it by the spending of more money.

No man can say that this extravagance will bring to the people generally any return in dollars and cents. Of course when we have taxed our people to build a half million dollar house on land that we must lease at a high price, we will have a splendid palace in which to house and exhibit the products of the automobile manufacturers, the products of the International Harvester Co., the packers, and other multimillionaire manufacturers who may desire to exhibit their wares at the expense of the taxpayer; but I am certain there will not be a corresponding return to the taxpayer.

And again, Mr. Chairman, I am inclined to think that when we levy a tax for any purpose we should have constitutional sanction for it. Nowhere in that sacred instrument do we find that Congress is authorized to levy a tax to bring in a fund to be spent on a "party" in Brazil or elsewhere; or that we can spend $15,000 per annum for the salary of a commissioner to hobnob with the nabobs of Brazil in the name of the people. But what is to be expected of this "economical" Congress which, with a blare of trumpets, marches forth in a pretended defense of the rights of the taxpayer, holding aloft with one hand a banner inscribed "economy" and with the other reaching down into the Treasury of the United States and taking out $500,000,000 of the people's money and turning it over to the railroads of the country—and this, too, at a time when millions of men were unemployed, when hunger and want stalked abroad like grim specters, when the laborers of every class were deeply concerned about the continued high cost of living, when the taxpayers from every section of the United States were lifting their voices in unison to Congress in an appeal for relief? You are answering their cries to-day by placing upon their backs the additional burden of a million-dollar donation to Brazil.

There is an old, old adage that if you save the pennies the dollars will take care of themselves, and I say to this House if you will save the millions the billions will take care of themselves. It is easy to spend somebody else's money, but if you gentlemen had seen the heroic struggle the average man in my State has made to bear his part of the burdens placed upon him by this terrible war; if you had gone into his home with him and enjoyed his hospitality; if you had seen him as he was compelled to send his children into the field to work instead of into the schoolroom to be prepared for the battle of life; if you had seen him deny his family many of the comforts of life that he might meet the demands and discharge the obligations that have been put upon him by those who are authorized to levy the national tax and spend the Nation's money as I have, his plea for economy and for relief would strike a responsive chord in every breast here, and this "show" in South America would be forgotten.

It may be, Mr. Chairman, that I have not caught step in the march to the Treasury and wasting the people's money has not yet become a habit with me, or it may be that I can not appreciate the grandeur and the splendor that this million dollars

may bring, but until the voice of the impoverished, struggling taxpayer ceases to ring in my ear in protest; until the picture of the heroic sacrifice of a splendid people struggling to discharge a war debt and to provide for those dependent upon them is blotted from my memory I shall continue to lift my voice in protest against wasting the people's money in any such manner.

Mr. BLAND of Indiana. Mr. Chairman, I yield five minutes to the gentleman from Maryland [Mr. HILL].

Mr. HILL. Mr. Chairman and gentlemen of the committee, the great port of Baltimore, largely located in the third congressional district which I represent, is vitally interested in the South American and especially in the Brazilian trade. Baltimore City is now spending $50,000,000 of its own money in the development of its docks and shipping facilities. I have consistently voted for strict national economy, and I am against all needless expenditure, but the fostering of foreign trade was a chief purpose of the Constitution of the United States. To-day we need certain expenditures to foster our trade, and such expenditures are proper national economy. Trade revival is vital to-day.

Baltimore City will hold next summer a trade exposition itself, and it has a great and growing trade with Brazil. I am for this bill and I feel it a duty to my district to work and vote for it.

I am greatly influenced by what Secretary Hughes wrote the President. Among other things, he said:

> I am inclined to the view that in these days of commercial rivalry, when American products are seeking foreign markets and foreign Governments are zealous and active in promoting the export trade of their nationals, every opportunity should be availed of to secure to American industrial interests equal opportunity with the industrial interests of other countries to bring their products to the knowledge of foreign buyers and to obtain the advantages which may accrue from competition in this way with their foreign rivals.
>
> Moreover, on the invitation of the Government of the United States, Brazil has liberally participated in the large expositions held in the United States, notably at Philadelphia, Chicago, St. Louis, and San Francisco.

Again, to the gentleman from California [Mr. LINEBERGER] Secretary Hughes wrote:

> I request, therefore, that a resolution be passed authorizing the United States Government to participate in the International Centennial Exposition to be opened in Rio de Janeiro, Brazil, on September 7, 1922, by exhibits to be displayed by various departments and branches of the Government; authorizing the appointment of a special commission to consist of a commissioner general and five commissioners, to have charge of arrangements for the participation of this Government and to represent at the exposition; and an appropriation to meet the expenses of the commission and of the United States Government's participation of not less than $1,000,000.

The gentleman from Indiana [Mr. BLAND] in the committee report says:

> The exhibit of Brazil at St. Louis Exposition cost $600,000 to make and the deficiency appropriation was made of several thousand dollars to finish the work. The Brazilian building at the St. Louis Exposition was esteemed by many visitors as the finest building on the ground. The highest compliment ever paid the United States of America by a foreign country was when Brazil took down her building at St. Louis and removed it to Brazil, there reerected it on the most prominent site in Rio de Janeiro, named it the Monroe Palace, and dedicated it to the Monroe doctrine.

So, gentlemen of the committee, I hope the bill will pass.

Mr. Chairman, it is interesting to hear statements in respect to economy, but this is a case of spending 5 cents to make $1.

I yield back the remainder of my time.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LANHAM. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, I am a member of the committee that reported this bill, and I am glad to say that we reported it unanimously. The gentleman from Texas [Mr. LANHAM], who is the ranking Democrat on the committee, discussed the matter with his fellow Democrats, I thought, in the proper spirit. We recognize that each administration has certain obligations that it has to meet; and we, as Democrats, take the position, which is an old historical position with the Democratic Party, that when it comes to matters of foreign affairs we let politics cease. If any Democrats have any doubt as to the wisdom of this then I say to them, try to put yourselves in the attitude of President Harding and Secretary Hughes. This invitation was extended to us, and we can not measure a question of this kind by dollars and cents any more than you can measure the social obligations of everyday life, the people you are thrown with, and their invitations by dollars and cents. There are two considerations now that make me in favor of this bill. We forget the partisan part of it, because I shall be frank and say that as a Democrat I adhere to the traditions of my party to always stand for that which is constructive. I do not want my party to sit like a feisty dog at the side of the road barking at everything that passes by. I want it to have some constructive reason for everything that it does.

There are two considerations that move me and the other Democratic members of the committee to support the demand of the administration for this measure. One is sentimental and the other is a cold-blooded selfish one. From a sentimental standpoint, every man who has studied history and knows something about human nature knows that it is exceedingly wise in a free Government to foster a spirit of reverence for and a spirit of celebration of events that are historical in their nature, and to reciprocate in the celebration of those historical events.

When the centenary of the American Government was celebrated in Philadelphia, this great sister Republic of South America was not merely content to make a great exhibit there and send their commissioners there, but she paid us the compliment of sending the head of that great nation to meet the head of our Nation in the celebration of that historic event. Now, when they have reached the centennial celebration in Brazil, certainly the least that this great sister Republic can do is to first accept her invitation and provide for a proper representation down there and for a proper exhibit. To do less than that would be to fail in the ordinary courtesies which should control the relations of nations, and we would show a disrespect, a lack of comprehension of the courtesy that she showed us when she attended our centennial celebration. I do not care to put my Nation in that attitude.

Then when you come down to the selfish consideration, the future is not altogether settled, so far as international politics are concerned. I believe, and it is a cardinal doctrine of the foreign policy of America, in the Monroe doctrine, which has to do with South America. We all know that there have been certain efforts made by our competitors, to use a mild term, to stir up a feeling of suspicion amongst the South American Governments with respect to the Monroe doctrine. We all know that the line of development, economical and political, for the United States in the years that lie before us is to the south, in that great undeveloped continent of South America, and we all know that we are facing problems, whether we want to or not, and that interwoven with the future political complications of these great nations are South American politics.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, will the gentleman grant me five minutes more?

Mr. LANHAM. Mr. Chairman, I yield five minutes additional to the gentleman from Arkansas.

Mr. WINGO. Now, as a selfish proposition we are interested in maintaining the closest political relations with South America. Is there any man so little versed in the pending political complications of the earth who would challenge that statement? This is the key to South American politics; it is the great Republic of Brazil; it is the Empire of South America; it is the imperial State in that group of States; and, gentlemen, it would be an unwise policy for this Government deliberately to close the door in the face of the political key to the South American political situation for the purpose of economizing to the extent of a million dollars. Are you going to do that? I want to say to you that I was not willing, either as a representative of my people or as a representative of my party on committee, and least of all as an American citizen, to put myself in that attitude. Oh, you say, I care nothing about future political complications in which are involved the destinies of the United States; I care nothing about that except to build battleships, to build munition factories upon one hand representing one school of thought or else have a league of nations or an international association representing the other school of thought.

There is a further cold-blooded, selfish argument, and that is that this Nation has reached the point where it is going to realize the changed world's economic condition, and the increased rate of production which we discovered we were capable of in the exigencies and necessities of this late war. We have an overflow that is different from the problem that confronts a great many of the other nations. A great many of the other nations say, Where can we find territory for our overflowing population? That is the cardinal motive that is back of the Japanese foreign policy; that is the problem that confronts other nations. But it is just the opposite with us—not where we can find an outlet of an overflowing and overcongested population, oh, no; but where can we find an outlet for the surplus products of farm and factory upon which depend the economic happiness and prosperity of the whole American people? Whether you take the cotton mills of the eastern seaboard, whether you take the manufactures of Pennsylvania, whether you take the cotton fields of Texas and Arkansas or the wheat

fields of Iowa and Kansas, or the wonderful fruits of California and Florida, you have got to find an outlet for the surplus products of the farm and the factory. Down yonder to the south there is our natural, congenial, most profitable market. For God's sake, let us not blind our eyes with a theory of petty economy to the wonderful business possibilities of developing and cultivating that great market that lies down there. And it is ours if we but recognize the Latin sentiment, recognize their peculiar thoughts, customs, and ideas. There is a market there that will bring to the American taxpayer in profit and money a thousand times the paltry million that you spend there. That is the attitude, gentlemen, of one who thinks in a constructive way of the future of this great country. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BLAND of Indiana. Mr. Chairman, I yield five minutes to the gentleman from California [Mr. LINEBERGER].

Mr. LANHAM. Mr. Chairman, I yield the gentleman also five minutes.

The CHAIRMAN. The gentleman is recognized for 10 minutes.

Mr. LINEBERGER. Mr. Chairman and gentlemen of the committee, after the full and comprehensive manner in which this bill has been discussed, not only by those who are in favor of it but also on the part of the apparently small minority who are opposed to it, there is very little that I can add in the way of argument. In résumé of the capable arguments already presented by my colleagues in favor of the bill, however, there are certain points which I would like again to bring to the attention of the House. The letter of the President of the United States under date of June 27, 1921, quoted on pages 1 and 2 of the report of the committee, I think should go into the RECORD. That letter is as follows, and speaks for itself:

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

I transmit herewith for the consideration of Congress a report from the Secretary of State concerning the desirability of the Government of the United States participating in an international centennial exposition which is to open in Rio de Janeiro, Brazil, on September 7, 1922.

To the recommendations of this report I give my hearty approval. I trust the Congress will view the matter favorably and will make timely provisions to enable the United States suitably to participate in the exposition.

WARREN G. HARDING.

THE WHITE HOUSE, *June 27, 1921.*

Gentlemen of the committee, this puts before you in a very clear and succinct manner the attitude of the Chief Executive of the Nation. As has been said by those who have preceded me, this in no sense is a partisan question. The Presidents of the United States from time immemorial, charged, as they are, with the looking after of our domestic as well as our foreign affairs, have traditionally taken the position that in order to further our commercial and political influences in the nations of the world, particularly in those nations of South America who have adhered historically to the doctrine which has been mentioned here to-day—the Monroe doctrine—it is necessary that we recognize the rules of international comity and participate from time to time in expositions of this character. As I say, the traditional policy of the Executives of the United States, backed by the legislative body of the Government, is to participate in expositions such as this. It is my great pleasure to have spent 10 years of my life below the Rio Grande living in and traveling in Latin American countries, and I feel I know something of the psychology and temperament of the Latin American people, something of their spirit to emulate us and advance along commercial and political lines as established by this country.

The Brazilian people particularly have been our friends down through the years. As has been mentioned here to-day they sent their Emperor, Don Pedro the First, to the Centennial Exposition at Philadelphia in 1876 to represent them there, and they have from time to time taken part in every subsequent exposition of importance in this country since that time, having spent from three to five million dollars in erecting buildings, in transporting exhibits, and in adequate representation. Comity, courtesy, and reciprocity constitute the triumvirate of reasons which should stimulate us to take part in this exposition. Now, there are distinguished gentlemen here who have taken the opposite side of the question, men who no doubt are analysts of world affairs, gentlemen who will not for one minute dispute the fact that it is necessary for the United States for reasons of sentimental, commercial, and political considerations, both now and in the future, to take part in world affairs, and to participate properly from time to time in expositions of this character. Those gentlemen, sincere though they may be, I feel are acting under a misapprehension. I do not wish to mention anything or to even suggest an attitude which would rise to plague these gentlemen, or some of them at least, on account of their attitude on this bill. But from the records I find that the sum of $400,000 was appropriated in the no-distant past to the Provincetown and Tercentenary Expositions at Plymouth. I only regret I was not a Member of this House at that time in order that I might have given my vote to such a propositon. As a red-blooded American I approve of it. But strange to say, as was stated many years ago in this House in reply to the great economist Holman, then a Member, who objected to certain appropriations for matters of this kind, he was reminded, as I now remind my friend from Massachusetts [Mr. WALSH], "that the watchdog's bay grows faint as he nears home." [Laughter and applause.] I do not believe that this House should consider this matter from any standpoint other than a national standpoint. It is certainly not partisan, and should not under any circumstances whatsoever be considered from a provincial standpoint.

The President of the United States undoubtedly would be greatly disappointed, the American people would be greatly disappointed, and, most of all, our own interests would suffer the greatest detriment should this bill as recommended by the House committee not be passed. It is a matter not only of sentiment but of business—cold-blooded business, if you please—because if we do not do our part, do not authorize a sufficient appropriation to cover the expenses of adequate representation there, it will be held against us by the Brazilians and provide a powerful weapon of criticism for our competitors.

I understand that other great powers are to participate, namely, England and France among others. England, so I am reliably informed, is to spend 200,000 pounds sterling upon this exposition. Only yesterday we were discussing the vital question of the refunding of our national debt, and what I am about to say I do not say in depreciation of our friend and recent ally, Great Britain, but despite the fact that the great nation to which I refer owes us billions of dollars to-day, she still sees fit—and I think it a proper action from her viewpoint—to spend £200,000, or $1,000,000 approximately, in order to participate in this exposition, and no doubt the results which she expects to achieve will operate to our detriment financially as well as politically if we do not take part in the exposition on a scale equally commensurate with our resources and prestige as a great Nation.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield the remainder of my time to the gentleman from Texas [Mr. JONES].

The CHAIRMAN. The gentleman from Texas [Mr. JONES] is recognized for 13 minutes. [Applause.]

Mr. JONES of Texas. Mr. Chairman, during the past few years we have been regaled with numerous discussions of the merits of nitrate plants in general and of one in particular. These speeches have ranged from panegyrics to lamming criticisms. In between we have had some very learned and informing discussions of the subject. Not knowing much about the arc, the Haber, or the cyanamic process, I have listened to the debates with a great deal of interest. I would listen to one side and come to the conclusion that the safety of the Nation depended upon Muscle Shoals and that the seat of the farmers' hopes was located on the banks of the Tennessee River. Then some opponent would so juggle the technical and scientific facts as to make it appear that the whole scheme was one of public waste and extravagance.

One of the most persistent critics of the entire Tennessee River or Muscle Shoals project has been the gentleman from Ohio [Mr. LONGWORTH]. He has been bitter, vitriolic, bellicose, and belligerent. On September 14, 1917, in speaking on the subject in this House, he used the following language:

The project involved the most uncalled-for and indefensible waste of the public money that I have ever known since I became a Member of Congress. (Sept. 14, 1917.)

That kind of language was calculated to make one think that the gentleman was very much in earnest and that safeguarding the Public Treasury was his supreme and first concern.

Again, on April 4, 1918, the gentleman made another speech, from which I take the following:

I myself have come to hate the words "Muscle Shoals" almost as much as I hate the word "camouflage," though I am bound to confess there is in certain phases of this proposition a distinct relationship between the two terms. The conditions are that the more or less patriotic landowners in the vicinity of Muscle Shoals are trying to hold up the Government. Not satisfied with the fact that something over $125,000,000 is proposed to be expended in that locality, they are engaged now in profiteering, and if there is any meaner kind of profiteering than holding up this Government in the purchase of land around military posts I have yet to find it. (Apr. 4, 1918.)

That language does not indicate that the gentleman had changed his mind. In fact, one would gather that he felt that if he could just save the United States from the danger of this awful enterprise his happiness would be complete, and if he

could just lift from the shoulders of the Nation the grinding load of Muscle Shoals his place in the sun would be earned. But again he had something to say on February 25, 1921, from which I quote as follows:

> Now, it does not make any difference whether they expend $10,000,000 for the dam or $12,500,000 to equip the plant. The two things are the same. They are both entering wedges for the expenditure of one-quarter of a billion dollars of the people's money to furnish cheap water power for a few select individuals. That is all this thing amounts to. [Applause.] (Feb. 25, 1921.)
>
> I will do everything in my power decently to help the South, but I balk at doing it indecently. (Feb. 25, 1921.)

In the meantime, with some misgivings, I had supported the project; but after hearing this last philippic I could almost imagine myself floating down the Tennessee River a political shipwreck, without chart or compass, hopeless and helpless, all because of that vote.

But on July 2, like a bolt from the clear sky, that manufacturer of flivvers, that genius of finance, that organizer par excellence, Henry Ford, made the Government a proposition that he would take the whole thing off the Government's hands by paying, during a period of 100 years, the sum of $214,000,000, which included an annual rental of $1,200,000 for the entire hundred years. When I heard——

Mr. CLARKE of New York. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. CLARKE of New York. Do I understand you intend to connect up Muscle Shoals with the Rio de Janeiro exposition?

Mr. JONES of Texas. Not in the least. But we heard so much of the discussion concerning Rio de Janeiro I thought a little surcease from it would constitute relief. I do not wonder that some people do not like to listen to a discussion of Mr. Ford's proposition, but I am sure the gentleman from New York does not come within that classification.

When I heard of this offer I thought here is a chance for the Government to get rid of this perennial contest and to finally settle one big issue. The one man among the opponents who had fought this proposition from the beginning, who proudly boasted of the fact that he had fought every appropriation in connection with it for a period of 10 years, and who I thought would rush to the floor with a maddening speech, urging that the proposition be accepted before the ink was cold, was the gentleman from Ohio. During all these years he had had one nervous rigor after another when commenting on the awful burden which had been placed upon the United States Treasury, and when he contemplated the increased expenditures of the future he grew purple with rage. Time after time he had frantically protested that the whole proposition would be a bundle of junk on the hands of the Government and that it would be a millstone about the neck of this growing Republic.

Mr. LINEBERGER. I am very much interested in the gentleman's talk, and I would like to know to what gentleman from Ohio he refers?

Mr. JONES of Texas. The gentleman from Ohio, Mr. LONGWORTH. I thought everyone knew he had been combating this enterprise. In the complex business of this House there are not many things that are certain, but one thing seemed as certain as the sunrise, and that was that one of the flaming advocates of ridding the Government of this whole proposition would be the gentleman from Ohio, but for some reason he has been strangely silent. During the long weeks that have widened into months not one word has escaped his eloquent lips. When one recalls the bitter words he used from time to time with reference to this project, the natural thing to expect was that he would jump at an opportunity to rid the Government of even a small part of the expenditure or even at an opportunity to throw away what had been appropriated heretofore if the prospective appropriations could be eliminated. Yet here was a chance for the Government to get back everything with a guarantee for the future. The ordinary thing to expect not only from him but from all of the opponents of the proposal would have been an urgent insistence that the proposition be immediately accepted. But the outburst of oratory has not occurred; the flaming advocate has not spoken; the eloquent tongue has been silent. Oh, consistency, thy name is not Nicholas!

One must search elsewhere for a reason for the sudden cooling of the ardor of these gentlemen. Surely it can not be the financial side of the proposition, for here is a man who is financially responsible, who has the habit of putting things over, and who makes the Government an offer that almost staggers the imagination. Then what is the reason? Can it be that the little phrase that is couched in the body of the contract by which the company undertakes to guarantee that it will sell fertilizer to the farmer at such a price as to give assurance that the company will not make more than a profit of 8 per cent on the investment, frightens those who have been selling fertilizer to the farmers?

Surely it could not be this, and yet not one other institution engaged in this line of business has ever offered to make such a limitation. Mr. Washburn, the president of the American Cyanamid Co., is authority for the statement that if Mr. Ford's proposal is accepted it will probably mean that the farmer will get his fertilizer hereafter for about one-half what he is paying at the present time. If that be true, not only would the Government be benefited by the acceptance of the proposition but the producers of the country's basic wealth would be favored. Under any circumstances the operation of this property by the Ford Co. could not increase the cost to the farmer. So, since the Government is so handsomely protected by the offer, why not do something that at least gives promise of reducing the expenses of producing the elemental wealth of the Nation?

For many years it has been the custom of men in public life and the habit of political parties to throw bouquets at the farmer. They have proudly referred to him as the backbone of the country, as the stay of the Nation, the hope of the Republic. Here is a chance and an opportunity to make good on these protestations, for Mr. Ford's offer contemplates evidently not only the permanent operation of this plant but the establishment of other kindred industries which will further develop and enhance and enrich the undeveloped resources of a large part of the United States.

Not only is this true, but there is embodied in the contract also a stipulation that in the event of war the plant is to be turned over to the Government. Now one of the lessons that we learned in the war that has just closed is that chemistry plays a large part in the carrying on of a modern war. We spend great sums of money on the Army and the Navy, which do not produce anything except protection to the country. They are not intended to be money-making propositions. But here is a project that a man who is a successful business man suggests, in connection with which he makes a tempting offer to the effect that he will maintain the plant in perfect condition so that in the event of war the plant will be ready to manufacture a vital war necessity. In the meantime he offers to maintain the plant in full operation and without any expense to the United States Government.

I can see no real reason for a delay, at least of action on this proposition. In the nature of things it could not be expected to stay open indefinitely. In fact, the offer asks that early action be taken. This is the first proposition that I know of where the Government has a chance to come out in one of its institutions, and at the same time to benefit a large number of citizens of this country.

There are those who balk when it comes to enacting legislation that has for its primary purpose the furtherance of the interest of agriculture. There are those who smile knowingly and even cynically when anyone assumes to speak in behalf of the producers of the basic wealth of the Nation. But I want to say to you that all the boasted industrial wealth of the United States, all the wheeling spindles of the factories that sing by the streams of this broad, big country, all the skyscrapers that mark the prosperity of the Nation are alike dependent upon the ultimate success of the producer. If he fails all must suffer. If he goes down your industrial smokestacks will rust in idleness; the bats will occupy your factories and gloom will settle over the commerce of the Nation. The prosperity of the farmers and the manufacturers are inextricably interwoven with the success of the Nation. If the producer prospers the entire country will ultimately flourish and success will crown the efforts of those who are industrious. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLAND of Indiana. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. FAIRFIELD].

The CHAIRMAN. The gentleman from Indiana is recognized for five minutes.

Mr. FAIRFIELD. Mr. Chairman and gentlemen of the committee, Brazil has already spent in the aggregate $3,000,000 in expositions that have been given by the United States Government. The comity of nations would require that we make some appropriation for the purposes of the exposition to be held in Rio de Janeiro. I think that no man would say that it would be good economy to deny a recognition of a request by the Brazilian Government. The only problem is as to whether the appropriation shall be held so close in amount that it will barely come under what may be denominated as respectable, or whether you are going beyond, that we shall make an investment in Brazil in making an appropriation that will adequately represent the important commercial relationship which we do sustain and which may be largely increased. It is not pri-

marily an expense; it is an investment, and I would be glad if the appropriation were large enough, so that when the people of the various cities of Brazil come to Rio de Janeiro their imagination would be struck by the character of the buildings, by the character of the commission, by the largeness of the representation of our business men, until they would actually feel that the great Republic of the north recognized them as equal and worthy of every attention that we could pay them. It is a matter of good, hard business sense when we go beyond the limit of what mere decency would require.

I had occasion just recently to have in my home as a guest one of the commanders of the American Navy who had recently been in South America and in one of those little countries down in Central America which had been celebrating its independence. His ship had been ordered there to represent the Government. Those people in the smaller country felt that this Government was not adequately represented. They were sensitive, and Brazil will be sensitive when its representatives realize that, after having expended $3,000,000 on expositions in this country, the American Congress would not appropriate $1,000,000 to meet them on an equal plane. I think there is no reason indeed, gentlemen, why this bill ought not to pass. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. STAFFORD. Mr. Chairman, I yield back one minute remaining to me to the gentleman from Indiana [Mr. BLAND].

The CHAIRMAN. The gentleman from Indiana is recognized for one minute.

Mr. BLAND of Indiana. Mr. Chairman, I merely wanted to correct one or two statements that have been made in this debate. The gentleman from Wisconsin [Mr. STAFFORD] made the statement that the President is not in favor of this resolution, or, rather, that there is nothing in the hearing that would indicate that he is in favor of it. I am sure the gentleman will correct that statement after looking over the RECORD, because clearly the President and the Secretary of State favor the passage of this measure, and have said so in language that can not admit of misunderstanding. The unanimous approval of the committee has been given to this bill; and surely if there were any serious objections to it some member of the committee would have withheld his support.

With reference to the $1,000,000 appropriation, gentlemen, I want to say that the Committee on Appropriations will pass upon this authorization, because this bill will not appropriate; it merely authorizes. The Committee on Appropriations will have the power to make it less but not more than $1,000,000. I am sure that the gentleman from Wisconsin [Mr. STAFFORD], who, with the exception of one other Member, is up to this time the only one who has shown hostility to the bill, would not have it understood that it is cut and dried that there will be a $500,000 steel structure erected down there. There is nothing in the hearing to indicate that that is what they are going to do. There was a suggestion in the hearing that it cost $500,000 to build the building at Paris. It has been suggested in the hearing, I think, and also in my statement here, that if we build a steel structure with a concrete foundation we can sell it and get something for it after we get through with it, and that overtures have been made to this Government along that line. That, however, is a question for the commission to determine; and I am sure that if you will pay the right kind of men sufficient salaries you can get men who can cause to be built down there a structure to the advantage of the United States. This committee has deemed it advisable not to pay excessive salaries. Something has been said here about the salary of the governor of Texas being only $4,000. This service down there is for two or three months in the fall of the year, which is their spring. A man has to quit his business and go down there. It takes 17 days to travel to Rio de Janeiro and 17 days to return. Would you ask a poor man capable of being a commissioner to go for two months for less than one-sixth of $7,500? It is most absurd to talk about breaking this Nation financially with such expenditures as this. The salaries last for only a short time.

Mr. JOHNSON of Mississippi. How much are the salaries?

Mr. BLAND of Indiana. The salary of the commissioner general, according to the amendment that the committee proposes, would be between $10,000 and $15,000, and the amount is left up to the Secretary of State within those limits. If you gentlemen are fortunate enough to know the Secretary of State, you will probably share the idea with me that nobody is going to get by with any very large salary.

Mr. JOHNSON of Mississippi. I have a very high regard for the Secretary of State.

Mr. BLAND of Indiana. The expenditure of this money is left up to him entirely.

Mr. LAYTON. Will the gentleman yield for a question?

Mr. BLAND of Indiana. I yield to the gentleman from Delaware.

Mr. LAYTON. As a matter of fact, in addition to the length of time that the commissioner may have to be present down there, will it not take really great business ability and sagacity and a great part of the time for a year in advance in order to assemble an exhibit commensurate with the dignity and resources of this country?

Mr. BLAND of Indiana. The commissioner, whether he is appointed in advance or not, will have the advantage of the assistance of the department heads, especially of the Department of Agriculture and the Departments of Commerce and Interior, as well as the other departments that expect to make an exhibit on behalf of this Government. I will say along that line that this bill authorizes the department heads to assign men on their regular salaries to this duty of getting up these exhibits, and I am sure that the talent already in the employ of the Government will be taken advantage of as much as possible.

The CHAIRMAN. The time of the gentleman has expired. All time has expired, and the Clerk will read the bill for amendment under the five-minute rule.

Mr. BLAND of Indiana. I ask unanimous consent that the committee amendment be read in lieu of the Senate bill.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the committee amendment be read in lieu of the original bill. Is there objection?

Mr. GARRETT of Tennessee. Mr. Chairman, reserving the right to object, let us see if we can have a full understanding about it. Does the gentleman desire the amendment to be read as though it were the original?

Mr. BLAND of Indiana. It is my idea that the committee amendment should be read instead of the Senate bill, because the committee recommended that the Senate bill be stricken out and the amendment substituted.

Mr. GARRETT of Tennessee. The thought that lies back of the question which I am asking the gentleman relates to the parliamentary situation. I think myself the amendment might very properly be read as though it were the original bill and be open to amendment as though it were the original bill. As the matter now stands, if I understand the parliamentary situation correctly, there are some amendments to be offered. At least the committee has one amendment.

Mr. BLAND of Indiana. The committee has one amendment.

Mr. GARRETT of Tennessee. Of course that would be an amendment in the second degree, and any amendment to the committee amendment would be an amendment in the third degree and therefore not in order. I would like to see the bill read as though it were the original, and open to amendment as though it were the original bill.

Mr. BLAND of Indiana. Does the gentleman suggest that I change the form of my request to include the words that it be open to amendment the same as though it was the original Senate bill?

Mr. GARRETT of Tennessee. I think that would be better.

Mr. BLAND of Indiana. I make that change in my request.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the amendment to the bill of the Senate be read as an original bill and open to amendment as the original bill would otherwise be. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read the committee amendment.

The Clerk read as follows:

Resolved, etc., That said invitation is accepted.

Mr. LANHAM. Mr. Chairman, I recall that the question was raised by the gentleman from Tennessee [Mr. PADGETT] that in the event of the passage of this measure the preamble, the whereas clause, should appear as a part of the resolution. I rise to a parliamentary inquiry, as to the manner in which the preamble, which states the purpose of this exposition, can be incorporated in the measure as finally passed.

The CHAIRMAN. The Chair will state that it is his information that the preamble is usually amended only after the completion of the reading of the bill.

Mr. STAFFORD. It may or may not be stricken out.

Mr. BLAND of Indiana. I think it would be proper to submit a request for unanimous consent that it be made a part of the resolution.

Mr. LANHAM. I should like to present that request.

Mr. STAFFORD. Mr. Chairman, no one can forecast what the body of the resolution will be until after the amending stage is past, and that is the reason for the rule which is cited by the Chair for postponing action on the preamble until the passage of the measure itself.

Mr. LANHAM. Then I will reserve my request and make it later.

The CHAIRMAN. The Clerk will continue the reading.

The Clerk read as follows:

SEC. 2. That the President is hereby authorized to appoint a commissioner general and five commissioners to represent the United States in the proposed exposition, the amount of whose compensation shall be determined by the Secretary of State. The said commissioner general shall, under the direction of the Secretary of State, make all needful rules and regulations in reference to the contributions from this country and to control the expenditure incident to the installation and exhibit thereof, the pay of the commissioner general, commissioners, officials, and employees, and the preparation of the reports of the exposition, and the general results thereof; and he shall make all arrangements necessary for the preparation, transportation, installation, display, and proper care of the exhibits of the Government of the United States, with the cooperation and assistance of the various executive departments, institutions, and branches of the Government that may participate in the exposition, as well as to furnish such information service to private exhibitors and prospective exhibitors as he may deem necessary and feasible: *Provided*, That the executive departments of the Government may designate officials or employees of their respective departments for service in connection with said commission, but no such official or employee so designated shall receive a salary in excess of the amount which he has been receiving in the department where employed, plus such reasonable additional allowance for expenses not now authorized by law as may be deemed proper by the Secretary of State, in view of the fact that such service is to be performed in a foreign country: *Provided further*, That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than $15,000 per annum, and not more than one person shall receive a salary in excess of $10,000 per annum, and not more than three persons shall receive salaries in excess of $7,500 per annum.

Mr. BLAND of Indiana. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 5, line 15, after the word "State" insert: "*Provided*, That two of the said commissioners to be designated by the President shall serve without compensation or allowance for expenses."

Mr. BLAND of Indiana. Mr. Chairman, I can not say that that is a committee amendment although those members of the committee with whom I have talked favor it. This amendment has been suggested to me by an amendment of the Senate striking out two of the commissioners. Now, these two commissioners are quite important, especially in Latin America, from a social standpoint. I am sure there can be obtained without salary men who are willing to serve. I am sure there are Americans there in Brazil who would be willing to serve, and men here who would be willing to serve without a salary, and it clearly meets the objection as to expenses. I believe the adoption of the amendment will put us in better shape, and I would like to see it adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken, and the amendment was agreed to.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last word. I want to ask the gentleman from Indiana a question. How many of these officers are to receive a salary of $15,000?

Mr. BLAND of Indiana. It says——

Mr. CONNALLY of Texas. Oh, I know what it says, I want to know how many will receive $15,000?

Mr. BLAND of Indiana. If the gentleman has read it intelligently, he will see that no one can receive over $15,000, and only one who can receive between $10,000 and $15,000.

Mr. CONNALLY of Texas. How many can receive $10,000?

Mr. BLAND of Indiana. Not more than three shall receive a salary in excess of $7,500.

Mr. CONNALLY of Texas. And that three includes the other two?

Mr. BLAND of Indiana. The other one. I think a fair interpretation is that one salary is between $10,000 and $15,000, and three between $7,500 and $10,000.

Mr. CONNALLY of Texas. The amount is left to the discretion of the Secretary of State?

Mr. BLAND of Indiana. Yes; we say the other two shall serve without pay, even expenses.

The CHAIRMAN. Without objection, the incorrect spelling of the word "United" in line 13 will be corrected.

There was no objection.

Mr. WATSON. Mr. Chairman, I move to strike out the last two words for the purpose of asking the chairman a question. How long are the salaries to be paid?

Mr. BLAND of Indiana. The best information we can get is that the exposition will start on September 22 and last during the spring months, through September and October and up to a little while in November—probably only two months. Most of the employees would only serve two months and get a proportionate part of the year's salary.

Mr. WATSON. They would not be paid one year's salary?

Mr. BLAND of Indiana. No; I think you could leave that to the Secretary of State.

Mr. WATSON. We are providing to give the employees so much per annum, and if they worked 13 months, would they get an additional year's salary?

Mr. BLAND of Indiana. There would be nothing for them to do that long.

Mr. WATSON. Is the gentleman sure of that?

Mr. BLAND of Indiana. Yes.

Mr. WATSON. Then it should be so provided in the bill.

Mr. BLAND of Indiana. We can not state the time that the exposition shall end.

Mr. WATSON. There should be a provision that the employees should not receive another year's salary.

Mr. BLAND of Indiana. The gentleman's alarm is unwarranted; it could not extend more than a year.

Mr. WATSON. I think it ought to be limited in the bill so that we would be on the safe side.

The Clerk read as follows:

SEC. 5. That the Secretary of Agriculture is hereby authorized to collect and prepare suitable specimens of the agricultural and forestal productions of the several States of the Union for exhibition at the exposition, and accompany the same with a report respecting such production, to be printed in the English, Spanish, and Portuguese languages, the expense of the same to be paid out of the appropriation hereinafter provided for.

Mr. FISH. Mr. Chairman, I move to strike out the last word. Mr. Chairman, it seems to me that this is most meritorious legislation, to participate in the centenary of the Republic of Brazil. Owing to the conditions that arose from the war our relations with Europe have been emphasized to the disadvantage of our time-honored friendship for our sister Republics on the American continent. I think it is an opportune time for us to cultivate the friendship of Brazil and the other great South American countries. The United States gained nothing out of the war, we asked for no indemnity or reparations, and we asked for no territory. On the other hand, England and France secured large additional domains. Should we not at this time look after our own interests by cultivating the good will of the South American Republics? Why should we not all combine and ask the European nations to withdraw from their possessions in the Caribbean Sea? The Monroe doctrine is safeguarded and protected to-day in South America because Brazil and Argentina and Chile are able by their own individual efforts to drive any foreign force out of South America. Is it not time for us to extend the Monroe doctrine? We should have put in a provision yesterday in the refunding bill by which the commission could have liquidated a part of the foreign loans by taking over the West Indies. These islands, stretching from Florida to the northern coast of South America, are all sightly within our sphere of influence, yet a large part of them fly the British flag. Is it not time to consider our own interests which are paramount in the West Indies both geographically and commercially?

The islands, such as Porto Rico and Cuba, which came under our influence at the end of the Spanish War have flourished, whereas the European islands have languished. The control of these islands in the West Indies is a constant source of annoyance and irritation in our diplomatic relations with South America. In order to show our good faith to the South and Central American Republics we should buy up British Honduras, British, French, and Dutch Guiana, and either give them self-determination or turn them over to the neighboring Republics. Such action would allay forever any fear that these Republics might have of encroachment by the United States Government in South or Central America.

While Lloyd-George is opposing the establishment of an Irish republic on the ground that it might provide a base for lurking submarines, it is well for us to consider the same possibilities for the protection of the Panama Canal. I have no fear of an armed conflict with Great Britain, as she has too much to lose and nothing to gain. Canada is the best insurance policy for the maintenance of friendly relations between the two great English-speaking nations. I take this occasion to ask your consideration to help build up our friendship with the South American Republics, for the simple purpose of extending the Monroe doctrine, so all of this hemisphere will belong to the American people, and I see in the not far distant future a Pan American combination of Canada, the United States, Brazil, Argentina, and Chile to make the American hemisphere safe for Americans by seeking the withdrawal of all foreign influences and control over the West Indies and territory in South and Central America.

The Clerk read as follows:

SEC. 8. That in order to defray the necessary expenses above authorized, including the salaries of commissioners and employees, the cost of preparing the various Government exhibits, transportation, installation, display, and return of exhibits, construction and equipment of building, and acquisition, preparation, and maintenance of site and grounds, the sum of $1,000,000, or so much thereof as may be necessary,

is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, to be immediately available for use by the commissioner general for the purposes of this resolution, and to remain available until expended or no longer required, all expenditures out of said appropriation being made subject to approval by the Secretary of State: *Provided*, That no indebtedness shall be incurred hereunder in excess of the amount herein authorized to be appropriated.

Mr. STAFFORD. Mr. Chairman, I offer an amendment to strike out, in line 19, page 8, the sum of $1,000,000 and substitute in lieu thereof the sum of $500,000.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 8, line 19, strike out the figures "$1,000,000" and insert in lieu thereof the figures "$500,000."

Mr. STAFFORD. Mr. Chairman, not once during the entire debate has there been advanced anything that justifies the authorization of $1,000,000 unless it is predicated upon the policy of our Government spending $500,000 for a building, $100,000 for a monument, and $300,000 for the social expenses of numerous clerks. The argument has been advanced that the cost to-day of building is greater than when we voted $500,000 for the building at Paris, and $500,000 for the building at San Francisco. I direct the attention of the committee to a fact that has not been referred to before. This money is going to be expended in Brazil and at the present rate of exchange, which is less than one-half against Brazil, the $500,000 in American money to-day is equal to $1,000,000 in Brazilian money. I have before me a copy of the Philadelphia Public Ledger of yesterday, the financial and commercial news of which I am in the habit of reading, and I call attention to the rate of exchange so far as Brazil is concerned:

Brazil: Par, 32.45 cents, per paper milreis. Demand, 13.37, 12.87, 13.87.

But without that, leaving out of consideration the fact that the rate of exchange is against Brazil at the rate of more than two to one, which means that $500,000 appropriated by this Government will mean an expenditure of money equal to $1,000,000 in Brazil, still there has been no showing made here that in this exposition to last seven weeks we should go to the extreme of spending $1,000,000—$2,000,000 in Brazilian money, unless it be for the salaries that may be expended because of this limited exposition.

I am in favor of accepting the invitation of Brazil. I want some sort of representation there by representatives becoming to the greatness of this country, but I am opposed in these days to voting $100,000 for a monument, a million dollars in Brazilian money for the construction of a building, to be turned over after a seven weeks' exposition to private institutions for the emolument of persons on whose land it is to be erected.

I think we would be doing much if we voted an authorization of $500,000. Peru, to whose centennial exposition we authorized a delegation, under an appropriation of $40,000, as I remember it, to represent our Government, was entitled to as much consideration as Brazil, and we are going far in establishing this precedent when we authorize $500,000.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. When other South American countries celebrate their centennial of independence we will be obliged to go to the same extent probably for similar expositions.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. WALSH. Has the gentleman any information as to what the situation is with reference to unemployment in Brazil?

Mr. STAFFORD. The hearings show that conditions are rather similar to those in the United States—in fact, unemployment the world over is general.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman point out in the hearings where that comes in with respect to labor being out of employment?

Mr. STAFFORD. I gained that impression from reading the hearings.

Mr. BLAND of Indiana. I would like to have the gentleman point me out that particular feature and other features that he has several times referred to.

Mr. STAFFORD. Does the gentleman want me to point out about the $100,000 monument, or that this building is to be erected on private property, or that the owners refuse to allow the building to be erected unless they put up a permanent building with steel construction?

Mr. BLAND of Indiana. Yes; if the gentleman will point out a statement of that kind.

Mr. STAFFORD. That is the statement of the commercial attaché. The only estimate presented to the committee is based on the statement of the commercial attaché, and he points out how he arrives at the $1,000,000 of expenditure, and that includes the various items that I have referred to.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. WALSH. Mr. Chairman, I am in favor of taking proper steps to maintain friendly relations with all nations, but from reading the communications of the State Department and the hearings this exposition which is to be held is to be in the nature of a commercial enterprise. It is hoped that perhaps it may result in stimulation of trade between this country and Brazil. If that is its purpose, then I believe that the sum proposed by the gentleman from Wisconsin [Mr. STAFFORD] will be ample to carry out the provisions of this piece of legislation. I think we ought to consider, with the state of unemployment in this country to-day, with the threatened transportation strike, with the great uncertainties as to what the taxation legislation is to be, whether we can cavalierly appropriate $1,000,000 for the purpose of an exposition to be held in South America, a large portion of that sum to be used for the construction of a building.

Reference was made by the gentleman from California [Mr. LINEBERGER], our gallant soldier, to an appropriation made some time ago for the observance of the three hundredth anniversary of the landing of the Pilgrims at Plymouth and Provincetown.

Mr. BLAND of Indiana. How much was appropriated?

Mr. WALSH. Four hundred thousand dollars.

Mr. BLAND. Was that in the gentleman's district?

Mr. WALSH. Yes; that was appropriated and expended in the gentleman's district; and if people believe that because an appropriation of $400,000 is expended in a person's district that therefore the Member representing that district should be bound in the future to vote appropriations for all sorts of projects thereafter, I feel that gentlemen holding that position are eminently qualified to hold the position of chairman of the Committee on Industrial Arts and Expositions.

Mr. MONDELL. Will the gentleman yield?

Mr. WALSH. If gentlemen can not see the difference between appropriating money for the perpetuation of memorials, for restoring Plymouth Rock, and appropriating a million dollars with a $17,500 salary for some gentleman who appeared before the committee and announced his candidacy for it——

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. WALSH. I say a gentleman who can not see the distinction between those two projects is eminently qualified, if he can not get the chairmanship, at least to serve upon the committee.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. WALSH. I will yield.

Mr. BLAND of Indiana. I do not know what committee the gentleman is chairman of, but I know the gentleman was sufficiently influential to get $400,000 for his district——

Mr. WALSH. And that is the plan the gentleman from Indiana followed——

Mr. BLAND of Indiana. And if he saw proper——

Mr. WALSH (continuing). The old log rolling——

Mr. BLAND of Indiana. I have not finished the question.

Mr. WALSH. The gentleman was not asking a question.

Mr. BLAND of Indiana. I am trying to base a premise for the question.

Mr. WALSH. If the gentleman will ask the question, I will yield.

Mr. BLAND of Indiana. Does the gentleman judge the size of an appropriation necessary for the Brazilian exposition from the fact that there was spent $400,000 on a little side show up in the gentleman's district?

Mr. WALSH. I do not, and I absolutely deny it is a little side show, and any gentleman who has no more reverence for Plymouth Rock and what was established there than to denounce the three hundredth anniversary as a side show——

Mr. MONDELL. Will the gentleman yield in the midst of this personal altercation?

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. I ask unanimous consent that the gentleman's time be extended for three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. WALSH. I will yield to the gentleman from Wyoming.

Mr. MONDELL. Sacred as are the memories of Plymouth Rock, and they are sacred, does not the gentleman think that now and again it is a pretty good thing to lift our eyes from these local objects, sacred and important as they are, and survey the world?

Mr. WALSH. Yes.
Mr. MONDELL. And view——
Mr. WALSH. Yes.
Mr. MONDELL. And view our obligations as a great people to another great people?
Mr. WALSH. Oh, yes.
Mr. MONDELL. Who have always been our friends and who have always been our visitors and contributors every time we have held an exposition in these United States, a nation that has been peculiarly our friend at all times among the nations of South America. I am sorry to have taken so much of the gentleman's three minutes.
Mr. WALSH. I appreciate the sentiment and argument of the gentleman from Wyoming, but, Mr. Chairman, any nation which bases its friendly relations and attitude toward the United States upon the sum of money we take out of our Treasury to be expended within its borders to help out its citizens, to encourage its trade, to stimulate its industry, I submit comes with very poor grace at this particular time when we are staggering under a tremendous burden of debt, when we are cutting down in our executive departments to the very bone, when we have gone forth throughout the country, the party of which the gentleman from Wyoming is one of its distinguished leaders here upon the floor, with a pledge to economy, and when we find from four to six million men out of employment at this very hour, I think we can say to our friends in the Brazilian Government, "We love and respect you; we esteem you highly, but under existing conditions we feel that if we eliminate some of these high salaries and these expensive buildings one half million dollars will be ample to show our respect for you and to reciprocate your action in years gone by."
The CHAIRMAN. The time of the gentleman has again expired.
Mr. UNDERHILL. Mr. Chairman, as I understand from debate, the object, or one of the objects of this measure, is to aid and stimulate trade, and if this is the object of the bill $1,000,000 is not sufficient, but is a wasteful extravagance, because until you change our present tax laws that bear so heavily upon the manufacturer and producer and until you repeal the seaman's act, neither $1,000,000 nor $100,000,000 can get the trade of Brazil or the other South American Republics. If, on the other hand, you want to establish good will and friendly relations surely $500,000 is sufficient. I would rather vote against any appropriation, but there is some merit in showing friendly relations for a South American country that has been generous in the past in participating in our affairs here.
So, in spite of the fact that I am pledged to economy I am willing to vote for the $500,000 to establish friendly relations, but not willing to waste a million dollars for the purpose of establishing trade relations that can not be established under our present laws and conditions.
Mr. LINEBERGER. Does the gentleman recognize the fact that Brazil appropriated $600,000 at the beginning of the World War in order to participate in the San Francisco Exposition, when the dollar was worth practically twice as much as it is now, and when the future of the world was practically in flux?
Mr. UNDERHILL. I understand that at that time the dollar would purchase twice as much as at present, and $600,000 is only about half of what we propose to spend at this time. That is the reason why I am willing to vote for the amendment of the gentleman, and the only reason. But I am not in favor of uselessly throwing away money when we have the present tax laws and the present inequitable and unjust seamen's laws which operate against all our manufactories and all our exporters.
Mr. CURRY. Mr. Chairman, Brazil is one of the greatest countries in the world. It has an area 250,000 square miles larger than the area of the United States, eliminating Alaska and our island possessions. At the present time it has a population of about 25,000,000 people. About 100 years ago the United States of America had a little over 10,000,000 population. In 100 years we have added 100,000,000 to our population. What has been done in the United States in the last 100 years will be duplicated in Brazil during the next 100 years. Thanks to the Monroe doctrine, under the protection of the United States, Brazil has developed, she has a splendid country, wonderfully fertile and rich in mineral and forest resources; a splendid citizenry, and as good a Government as we have. She has always appropriated large amounts to participate in expositions held in the United States. She appropriated $600,000 for the Panama-Pacific Exposition, held at San Francisco. She erected one of the most magnificent buildings at that exposition, and when the exposition closed turned that building over to the city, and it now uses it.
I would prefer not to participate in the exposition in Brazil without we can participate in a dignified manner and have an exhibit such as would be a credit to the United States. [Applause.] When Brazil appropriated $600,000 the economic conditions of the world were entirely different than they are at present. One dollar went as far then as two dollars go now. And what can be done with the money we are appropriating is less than if at that time we had appropriated $500,000 for the Brazil Exposition.
Now, the South American Republics have a friendly feeling for the United States. They look to us as big brothers, to set examples of what shall be done. They want to be friendly with us and we want to be friendly with them. There is a wonderful field for business development for this country in South America, if we treat the South American Republics as they have treated us and as they are treating us.
I sincerely hope the amendment to reduce the amount to $500,000 will not prevail, and that the original amount included in the bill for a million dollars will be the sum appropriated.
Mr. WINGO. Mr. Chairman, the text of the bill provides, not for an appropriation, but for the authorization of $1,000,000. The gentleman from Wisconsin offers an amendment to cut down the authorization to $500,000. This question was discussed by the committee. We knew in a general way that $1,000,000 would be a proper authorization. The question of taking testimony as to the expense of the building, the expense of transportation, and everything else came up, and we decided that that was properly a matter for the Appropriations Committee to investigate when they undertook to determine whether there should be $100,000, or $500,000, or $1,000,000.
Now, the industrious gentleman from Wisconsin [Mr. STAFFORD] can go before his committee—I understand he is a very influential member of it—and they can thrash that matter out, and I am perfectly sure that not one single dollar will be appropriated that is not absolutely necessary. We are all in favor of economy.
Now, I want to say to the gentleman from Wisconsin that in his suggestion that there is a possible $10,000 for social functions, he is badly mistaken. This bill does not authorize one single dollar for social functions; and if there is any money appropriated for that purpose it is not going to come from the Committee on Industrial Arts and Expositions, but must come from the Committee on Appropriations when they undertake to fix the appropriation.
Mr. LANHAM. And is it not also a fact that the resolution in terms provides that every expenditure that is made of this sum must receive the approval of the Secretary of State?
Mr. WINGO. Yes; and that makes me refer to one thing that I hate to see—and it does not come from the Democratic side, but it comes from the Republican side—namely, a distrust of the present Secretary of State. In justice to him, I want to say that I am advised that he wanted this bill so drawn and hedged about—and he is going to see to it—that every dollar that is expended for this exposition is expended in a proper, practical manner, and that there would not be any of these frills that have characterized expenditures heretofore. I would be willing to trust the Secretary of State with a blanket expenditure, except, as a general proposition, I am in favor of the restrictions we have placed in the bill, and for that reason I suggested the restrictions in the House committee.
I do not know where the gentleman from Minnesota got his information. Possibly he was relying on the opinion of a commercial attaché. As a practical man, I recognize that in going down to make an exhibit at the exposition such as this with a great nation, with freight charges, packing, and so forth, you can not do it for less than $1,000,000. But the Appropriations Committee can know for what it can be done, and they can hold it down to a proper sum.
I am like the gentleman from California [Mr. CURRY] in that I do not want the commission from the United States to go down there like a peanut merchant, with a small and contemptible exhibit, owing to the penurious position of the American Congress. It should be such an exhibit as would do credit to the greatest country on earth. I voted for the exhibit at Plymouth Rock, and that provided for $400,000 to be spent publicly and privately, and I want to say that while that was a local home affair we are all interested in Plymouth Rock from the standpoint of the whole Nation.
But I say there is equally a sentimental interest to the man who knows the history of America, the man who appreciates the potency of the Monroe doctrine. And there is something more than sentiment back of treating Brazil with consideration. Oh, the gentleman from Massachusetts [Mr. WALSH] asks, "Is the expenditure of $1,000,000 the measure of their friendship?"

No. But, gentlemen, I ask you, is the appropriation of so many dollars the measure of our courtesy, of our respect for ourselves, of our appreciation of the amenities that should obtain between sister nations on the American Continent?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. WINGO. I say I do not want, when I vote upon this proposition, to put the American Congress in the attitude of saying that we measure these things by dollars and cents. It is not a question of what Brazil measures, but of what we do. If we vote down this authorization of $1,000,000 and say, "We will have a second-rate exhibit down there," we will say that "America, great and powerful as she is, assuming the right under the Monroe doctrine to dominate the Western Continent, the American Hemisphere, measures Brazil in that way." She will measure our courtesy and our friendly relations by the action we take in comparison with her course in spending $3,000,000 in America, when we propose to expend only $500,000 instead of a million, which would be necessary to make a proper exhibit.

The gentleman spoke of the $17,500 to be paid to the commissioner. There is nothing in this bill that will permit Secretary Hughes to pay $17,500 to one man. You are going to have two honorary commissioners, and they——

Mr. STAFFORD. I did not say so.

Mr. WINGO. I do not accuse the gentleman from Wisconsin. He is generally accurate in his statements, but the tempestuous gentleman from Massachusetts [Mr. WALSH] got confused and said it will be $17,500. [Laughter.] Two of these commissioners are to be honorary commissioners, who will be able to defray their expenses from their own private purses. The expenditures to be made under the authorizations of this resolution will be made altogether for necessary expenses, and such necessary expense as every man of good, common sense knows must be paid. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired. The Chair will recognize the gentleman from Pennsylvania [Mr. TEMPLE].

Mr. TEMPLE. Mr. Chairman and gentlemen, I am sure there is no difference of opinion as to the desirability of accepting the invitation that has come to us from our sister Republic. The only question that has arisen here, so far as I have discovered from the debate, has to do with the amount of the expenditures that will be incurred in connection with our acceptance of that invitation.

I wish to call your attention to the fact that the invitation has gone out from Brazil to other countries as well as to our own, and that it has been accepted already by several of them. The international exposition in Brazil will be comparable with ours of 1876. It will be to celebrate the one-hundredth anniversary of the independence of a great nation. The nations of the world will be assembled there. We certainly do not wish to make a poor showing in comparison with others. That may be a purely selfish point of view, but a certain enlightened selfishness is, after all, not a bad thing to have.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield for a question there?

Mr. TEMPLE. Yes; briefly.

Mr. HARDY of Texas. If the other participants act wisely and we act wisely, ought we not to have the best exhibit of any of the nations there?

Mr. TEMPLE. I think our nearness to Brazil and our standing among the nations of the world would make it very fitting if our exhibit would be the best of all those taken there by foreign countries.

I think also that courtesy demands an entirely sufficient appropriation. So far as the effect to be produced upon our neighbors is concerned, I am sure they will be appreciative if we show to them the courtesy they have always shown to us. If there should be any failure on our part it would be a sad thing for our own self-respect, to say nothing of the impression upon neighbors kindly disposed to us.

It has not always been true that the Republics of South America were kindly disposed toward the United States, the giant of the north, as we have sometimes been called in their publications. But I am very happy to notice that of late years and even of late months there are evidences of an increasing good will. I suppose I may be at liberty to mention a recent postal treaty, which has a very considerable bearing upon our commercial relations as well, particularly in its provisions in regard to the parcel post, the carrying of packages between North America and South America. The preamble of this treaty specifically recites, as one of its purposes, a desire to promote that solidarity of action among the Republics of the Western Hemisphere which our common interests in the transportation of the mails demand. I think it is the first time in any treaty between American Republics that a purpose to act together, to recognize the common interests, and to seek an increased solidarity of action has ever been mentioned. I should regret very much if there should be the slightest shadow upon our courtesy at the present time.

I wish barely to mention one other consideration. The value of the dollar has decreased so much in recent years that I do not believe an appropriation of less than that suggested in the bill—$1,000,000—will make such a showing as has been made hitherto by much smaller appropriations. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BLAND of Indiana. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that all debate on this amendment and all amendments thereto close in five minutes. Is there objection?

Mr. SISSON. Reserving the right to object, Mr. Chairman, I want five minutes.

Mr. BLAND of Indiana. I do not want the five minutes. The gentleman can have the time if he wants it.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. BLAND of Indiana. Mr. Chairman, I modify it and make it 10 minutes.

The CHAIRMAN. The gentleman from Indiana prefers an additional unanimous-consent request, that the time within which the debate shall be limited shall be 10 minutes. Is there objection?

There was no objection.

Mr. SISSON. Mr. Chairman, I shall vote in Committee of the Whole for the $500,000. Not because I favor that amount, but because it is the smaller amount. I am a member of the Committee on Appropriations, and I happen to know that when you vote for an appropriation in a bill for $500,000 the plans are going to be made and the cloth is going to be cut accordingly, and plans of that sort will be submitted to us in such form that it will be most difficult to cut it down, because if you vote for a $1,000,000 proposition, you will never have an opportunity in the Committee on Appropriations to get the $500,000 plan at all.

But I did not expect anything else. I knew, when my Republican friends were going around all over this country during the last campaign preaching economy on every stump, that you could not practice it. You don't know how. You will never be able to economize in your lives. It is not in the power of the Republican Party to economize. You talk about economy, but you never practice it. It takes a little self-denial for a man to economize as an individual. You will find a few individual Members on the Republican side who desire and who may practice individual economy and who would like to see to it that we exercise it here. They are, however, in a hopeless minority on the Republican side. We should remember that we owe $25,000,000,000.

The interest on the public debt is over $1,000,000,000 every year. We should endeavor to cut down everywhere, and the wise and good thing for this great Republic to do is to say to the people down in Brazil and throughout the world, "We will be just before we are generous. We can not show our appreciation of you at this time by giving you an appropriation for an exposition."

You can not buy a man's friendship, and you are not going to buy Brazil's trade. The only way you are going to get Brazil's trade is to trade with Brazil, and the only way to trade with Brazil is to be able to get such trade relations and tariff arrangements that the Brazilians can sell us something.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. SISSON. Yes; I yield to the gentleman from Indiana.

Mr. BLAND of Indiana. Does the gentleman believe in the principle that friendship may have its effect in business relations, or does he not?

Mr. SISSON. I do; but I also believe that if you wish to sell to a man you ought also to fix it so that you can buy something from him. That is the best way I know to encourage trade relations with a man or with a country. Now, I love my friend from Indiana and he is a good friend, but I wish to suggest to him that the way to gain the friendship of a nation is always to be just and fair with her. I think $500,000 for an unconstitutional purpose—pardon me for the allusion—is ample, and if you people meant what you said to the American

people last fall you have here an opportunity to save $500,000 and do no man any harm.

Mr. TEMPLE. Will the gentleman yield?

Mr. SISSON. I yield to the gentleman from Pennsylvania.

Mr. TEMPLE. Does the gentleman mean to say that he will vote for an appropriation of $500,000 for this purpose?

Mr. SISSON. I will not. I never have and I never will vote for it. I never voted for one of these expositions in my life and never expect to.

Mr. TEMPLE. I misunderstood the gentleman then. I thought he said about three minutes ago that he would vote for $500,000.

Mr. SISSON. Then the gentleman certainly misunderstood me, because I never have and never will. I believe it is a miserable lot of monkeyshines and monkey shows that never made $10 worth of trade for anybody. I am endeavoring to save something here, but I know the die is cast. I want to help my Republican friends over here, some of whom I know to be real economists. I know some of them would be glad to vote for the $500,000, but they have even got to bunco the American people on the question of economy, because the die is cast, the bosses have spoken, and you must stand by the edict of those higher up.

Mr. CURRY. I would like the gentleman from Mississippi to tell me how much tariff there is levied on the coffee that is grown in Brazil, of which the United States is the greatest consumer?

Mr. SISSON. The gentleman can not get me off into a tariff discussion while I am discussing this particular question. [Laughter.] Bless your heart, if we started discussing the tariff we would never get back to this, and that has got absolutely nothing on earth to do with this proposition. The gentleman is off on a side issue. I have said nothing about trade except to tell you that I do not believe these expositions have any effect in promoting trade.

Mr. CURRY. Is there any tariff laid on anything that Brazil wishes to sell to us?

Mr. SISSON. If the gentleman feels about coffee as I do, he will have his coffee at any price, no matter how much it costs.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, I understand the attitude of my genial friend from Mississippi [Mr. SISSON], who has just taken his seat, is that he is against any appropriation, but he says, "If you must unwisely vote for an appropriation, then vote for the size of an appropriation that I suggest." Now, let us take our advice on this matter from the friends and not from the opponents of the measure.

I have listened with a good deal of interest to the earnest efforts that have been made by certain gentlemen to convince us that a proper showing could be made at Rio de Janeiro for $500,000. I sympathize very largely with their attitude, and if I felt quite certain that we could beyond all question make a showing at Rio de Janeiro which would be proper under the circumstances for the smaller amount I would be inclined to vote for it. But gentlemen should remember that the Committee on Appropriations will have something to say about this matter before one single dollar is appropriated. So far as the evidence now before us is concerned I am not convinced that we can make a proper exhibit at Rio de Janeiro for less than approximately the sum named in the bill. If the Committee on Appropriations find they can somewhat reduce the amount, all well and good. While we are all for economy, there are some proposals with regard to which we can not afford to indulge in dangerous cheeseparing. Among those matters are those things that have to do with our intercourse and relationships, political, economical, and industrial, with the great nations of the world. Brazil is a great and friendly Republic. She is proposing to show the world the fruits of her progress and development. She invites us to her exhibition. We, the greatest people on this continent, the neighbor and friend of Brazil—shall we be niggardly in responding to her kindly invitation? After all, in these days $1,000,000 is not so great a sum, and before the next session of Congress closes we will have many opportunities to save not one but many millions, and when that time comes we shall invoke the aid and assistance of gentlemen who are now, I think, unwisely urging too much economy. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. STAFFORD. Mr. Chairman, I demand a division.

The committee divided; and there were 22 ayes and 94 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 9. That it shall be the duty of the Secretary of State to transmit to Congress within six months of the close of said exposition a detailed statement of the expenditures which may have been incurred under the provisions of the resolution, together with all reports called for under sections 5, 6, and 7 of this resolution, which reports shall be prepared and arranged with a view to concise statement and convenient reference.

The CHAIRMAN. The question is on the adoption of the committee amendment as amended.

Mr. RAKER. Mr. Chairman, is a motion in order to move to strike out a part of the last section read?

The CHAIRMAN. It is.

Mr. RAKER. Mr. Chairman, I move to strike out the last word. I just want to say that I most heartily indorse the unanimous recommendation of this committee. I am in favor of the proposed legislation. The House should pass it for the general good that will come to the United States from this participation in the international centennial celebration at Rio de Janeiro.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAKER. Yes.

Mr. STAFFORD. Is this merely to show that every member of the California delegation has spoken in favor of the bill?

Mr. RAKER. It is to show the good judgment of the Representatives from California. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

The CHAIRMAN. The question is on agreeing to the committee amendment as amended.

The question was taken and the committee amendment as amended was agreed to.

Mr. LANHAM. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. LANHAM. I understand that the measure not having been amended in that particular the preamble will be included.

Mr. BLAND of Indiana. I am informed that goes in. Mr. Chairman, I move that the committee do now rise and report the bill to the House, with the recommendation that as amended it do pass.

The motion was agreed to; accordingly, the committee rose and the Speaker having resumed the chair, Mr. HUSTED, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had under consideration Senate joint resolution 114 and had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to, and that the bill as amended do pass.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The resolution as amended was ordered to be read a third time, and was read the third time.

The preamble was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following motion to recommit.

The Clerk read as follows:

Mr. STAFFORD moves to recommit Senate joint resolution 114 to the Committee on Industrial Arts and Expositions, with instructions to report the same back forthwith with the following amendment: Strike out, in line 19, page 8, the figures "$1,000,000" and insert in lieu thereof "$500,000."

Mr. SANDERS of Indiana. Mr. Speaker, I make the point of order that the motion to recommit is not in order, because the House has just adopted as one amendment the entire amendment proposed by the committee, and the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD] would modify that amendment, which could only be done by a reconsideration and is improper as a motion to recommit under the precedents.

Mr. Speaker, there are two precedents I noted in the short examination of the question which I made. On February 6, 1913, in the third session of the Sixty-second Congress, and on May 22, 1912, at page 6974. The Manual and Digest, section 957, discusses that question at length. That section sets out in full the ruling made by Speaker Clark on May 22, 1912:

A motion to recommit with instructions to eliminate an amendment adopted by the House is not in order.

The discussion there reviews a number of decisions, and, by the way, there are more recent decisions which I have not turned to, which present the same question, and the Chair reached the same decision. The reason for the rule is that the House, having adopted the amendment, that question can only be reached by reconsideration of the amendment. Suppose the House had considered the bill in the House instead of in the

Committee of the Whole. Once the amendment is adopted by the House, we have passed the matter, and the only way to deal with it is a motion to consider. A motion to recommit, which undertakes to change an amendment which has just been adopted by the House, is an attempt in an indirect way to do what the House could not do directly. The decisions are so clearly in point that I shall not further discuss them.

Mr. STAFFORD. Mr. Speaker, I am quite well acquainted with the rule and the citation made by the gentleman from Indiana [Mr. SANDERS]. The special rule under which this resolution is being considered provides for the consideration of Senate joint resolution 114. It does not provide, as is sometimes the practice, to consider a Senate joint resolution as amended by the committee. In Committee of the Whole there was a unanimous-consent agreement entered into whereby the House amendment would be considered as an original proposition and considered section by section. It is true that that agreement has not been reported by the chairman of the committee to the House. The fact is that this bill, in consideration in Committee of the Whole, was considered as an original proposition section by section, not as one amendment. That was the agreement with the gentleman from Indiana. If it is an original proposition and was considered in Committee of the Whole as such and the bill is reported back as an original proposition, then I maintain that I am within my rights in offering a motion to recommit of the nature submitted.

Mr. WALSH. Mr. Speaker, the original ruling was made, I think, by Mr. Speaker Clark to the effect that, the House having voted on an amendment, it was not in order in a motion to recommit with instructions to strike out or eliminate that amendment. That ruling has been held, but I do not recall any ruling which went to the effect that the House, having voted upon an amendment, that amendment could not be further amended or perfected by a motion to recommit. In fact, I think there is one precedent in Hinds to the effect that after the previous question has been ordered a motion to recommit can strike out a portion of an amendment already agreed to by the House, and it would seem that this comes within that class of cases. If the gentleman from Wisconsin had moved to strike out the amendment which had already been agreed to, it clearly would come within the ruling made by former Speaker Clark, but he has only struck out a portion of it, and substituted other matter, further amending or perfecting it. I know of no ruling which would restrain the House from doing that under a motion to recommit.

Mr. MONDELL. Mr. Speaker, the decisions in cases of this kind, I think, have been very clear. The House adopted an amendment making an appropriation of $1,000,000. That matter was discussed in the committee. An amendment was agreed to in the committee. The House has adopted that amendment. The House has passed on the matter. There should be no ruling which would deprive the House of an opportunity one way or the other to pass on a question such as this, but the House has had its opportunity to pass upon the question, when the question before the House was that of agreeing to the amendment, and the amendment contained among other things an authorization of $1,000,000.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. WALSH. Following out the gentleman's line of reasoning, would he contend that a separate motion to recommit would not be in order because the House had already agreed to this amendment, and therefore we could not recommit without instructions?

Mr. MONDELL. I am not called upon to answer that question.

Mr. SANDERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. SANDERS of Indiana. I think there is no question but that a general motion to recommit is in order, because that is a motion to recommit the bill. This is not in order, because it is a violation of a very fundamental principle that you can not do by indirection what you can not do directly under the House rule.

Mr. MONDELL. And furthermore the House had ample opportunity to pass on this very question and has passed on it—not the committee but the House. The gentleman now desires to have the House pass on it the second time through a motion to recommit, and that is clearly contrary to the rules.

Mr. WINGO. If the Chair will hear me for a moment.

The SPEAKER. The Chair will hear the gentleman.

Mr. WINGO. While I am against the motion to recommit, I can not agree with the proposition that the motion is not in order. I am aware of the fact that there are precedents which I disagree with, and have argued before to the Chair, but I submit to the Speaker never has any Speaker, either Speaker Clark or the present Speaker, gone to the extent it is argued we should go by those who present this point of order. The gentleman from Wyoming [Mr. MONDELL] says the House has had a chance to pass on this. The House has not, I respectfully submit. In the Committee of the Whole House on the state of the Union a proposition was offered to the committee whether or not there would be a million dollars or $500,000. The Senate bill carried a million dollars. The House committee amendment carried a million dollars, so there has not been any issue in the House on that. While I am opposed to this proposition, and opposed in the committee an amendment of $500,000, I do not want the ruling on this question to further limit the right of a motion to recommit. I think already the precedents have gone too far, because the Speaker remembers it was very clearly stated by Mr. Speaker Clark at one time that the prime purpose of a motion to recommit is to give the opposition a right to have a clear-cut record vote in presenting its theory of the pending proposal, and if we go this far, and I think we have already gone too far, then you rob the minority of having a clear-cut motion to recommit and present its theory of the pending proposal and get a roll call on that.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. WINGO. I do.

Mr. BLAND of Indiana. Does the gentleman take the position that the House has not had an opportunity to act on this proposition?

Mr. WINGO. Yes.

Mr. BLAND of Indiana. In view of the fact the committee struck out the Senate bill after the enacting clause and an amendment which included $1,000,000 and the committee accepted the amendment when the House acted upon that after we went out of the Committee of the Whole into the House just a moment ago, the House had acted upon the committee amendment and had the opportunity which the gentleman says is denied.

Mr. WINGO. On the committee amendment—was there a dispute over the million dollars?

Mr. BLAND of Indiana. The whole bill.

Mr. WINGO. The whole proposition of the House amendment was what; that merely for the sake of convenience we embodied our disagreements to the Senate bill in one amendment? Was there a disagreement with the Senate on the million dollars? No. And when the House passed upon it and substituted the amendment of the committee for the Senate text they were not settling a dispute between a million and $500,000, but upon other propositions. And so in one of the most material things in the bill if you do not give the minority—I am not talking of political minority, although that is the prime purpose of the motion to recommit rule—if you do not give them the right by a motion to recommit, to present by record vote their position upon the question, you further limit the motion to recommit and that is the consideration that moves me to take the position I do in this matter.

Mr. WALSH. Will the gentleman yield?

Mr. WINGO. I will.

Mr. WALSH. If the gentleman will permit, and even if the House in passing upon this amendment had voted the amendment down and restored the original language the same condition would have been left?

Mr. WINGO. I am glad the gentleman called attention to that. The precedents are these, that where the House has voted up and after it has once voted and accepted a pending proposition then you can not, by motion to recommit, change that which is voted up, but never has it been ruled that when you have voted a proposition down in the Committee of the Whole House that the minority can not present that same identical proposition in a motion to recommit, and while I am against the motion to recommit and do not want to see it carried, I can not remain silent, but take the position I do. This motion does not cover the identical question decided by the House when it accepted the committee amendment, but affects only one provision which was identical with the Senate provision; so the House has never voted on this question.

The SPEAKER. The Chair is ready to rule. The Chair thinks there is much force in the statement of the gentleman from Arkansas [Mr. WINGO] that a motion to recommit is intended to give the minority—not the political minority, but a minority of the Members—an opportunity to express itself. But there are a number of predicaments that arise where that can not be done. The Chair thinks the gentleman from Indiana [Mr. SANDERS] has clearly expressed it in saying that we can not do indirectly what we can not do directly. A proposed amendment must be amended, if at all, before it is

adopted and not after it has been adopted. Therefore, it can not be amended in a motion to recommit. The Chair thinks the motion to recommit is not in order.

Mr. STAFFORD. Mr. Speaker, I move the following amendment:

Line 18, page 8, strike out "$1,000,000" and insert "$500,000."

Mr. SANDERS of Indiana. Mr. Speaker, the previous question was ordered.

The SPEAKER. The Chair thinks the previous question was not ordered. The Clerk will report the amendment.

The Clerk read as follows:

Mr. STAFFORD offers the following amendment: Page 8, line 19, by striking out "$1,000,000" and inserting in lieu thereof "$500,000."

Mr. SANDERS of Indiana. Mr. Speaker, I move the previous question on the amendment.

Mr. WINGO. Mr. Speaker, I move, as an amendment to the gentleman's motion, the previous question on the bill and amendment to final passage.

The SPEAKER. The gentleman can not do that now. The question is on the previous question on the amendment as moved by the gentleman from Indiana [Mr. SANDERS].

The previous question was ordered.

The SPEAKER. The question is on the amendment of the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the Speaker announced that the noes seemed to have it.

Mr. STAFFORD. I ask for a division, Mr. Speaker.

The House divided; and there were—ayes 29, noes 113.

Mr. STAFFORD. Mr. Speaker, I make the point of order on the vote just taken in that there is no quorum present.

The SPEAKER. The gentleman makes the point of order that there is no quorum present. It is clear there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees. Those in favor of the amendment offered by the gentleman from Wisconsin will, as their names are called, answer "yea," those opposed will answer "nay," and the Clerk will call the roll.

The question was taken; and there were—yeas 74, nays 181, answered "present" 3, not voting 173, as follows:

YEAS—74.

Andrew, Mass.	Dominick	Lampert	Smithwick
Aswell	Drane	Larsen, Ga.	Sproul
Bell	Driver	Linthicum	Stafford
Bird	Echols	Logan	Steagall
Black	Ellis	London	Stedman
Bowling	Gilbert	Lowrey	Steenerson
Box	Goodykoontz	McClintic	Stoll
Briggs	Hammer	MacGregor	Sumners, Tex.
Brinson	Harrison	Nelson, J. M.	Taylor, Tenn.
Buchanan	Huddleston	Norton	Tillman
Byrnes, S. C.	Hudspeth	Oliver	Tyson
Byrns, Tenn.	Jacoway	Parks, Ark.	Underhill
Christopherson	James	Parrish	Vinson
Clague	Jeffers, Ala.	Quin	Walsh
Clouse	Johnson, Ky.	Rankin	White, Kans.
Collins	Jones, Tex.	Reed, W. Va.	Williamson
Connally, Tex.	Kincheloe	Rouse	Wright
Cooper, Ohio	Kopp	Sandlin	
Crisp	Kunz	Sisson	

NAYS—181.

Ackerman	Deal	Ireland	Michaelson
Anderson	Dickinson	Johnson, Miss.	Michener
Andrews, Nebr.	Dunbar	Johnson, Wash.	Miller
Appleby	Dupré	Jones, Pa.	Mills
Arentz	Elliott	Kearns	Millspaugh
Atkeson	Fairchild	Keller	Mondell
Bankhead	Fairfield	Kelly, Pa.	Montoya
Barbour	Faust	Ketcham	Moore, Ill.
Beck	Favrot	Kinkaid	Moore, Ohio
Beedy	Fish	Kirkpatrick	Moores, Ind.
Benham	Fisher	Kissel	Morgan
Bixler	Fitzgerald	Kline, N. Y.	Nelson, A. P.
Bland, Ind.	Focht	Kline, Pa.	Newton, Minn.
Bland, Va.	Fordney	Kraus	O'Connor
Boies	Fuller	Lanham	Oldfield
Bowers	Funk	Lankford	Osborne
Brennan	Garrett, Tenn.	Larson, Minn.	Padgett
Brooks, Ill.	Gensman	Lawrence	Parker, N. J.
Bulwinkle	Gernerd	Layton	Patterson, N. J.
Cable	Glynn	Lazaro	Perkins
Campbell, Pa.	Gorman	Lea, Calif.	Petersen
Cannon	Graham, Ill.	Leatherwood	Pou
Carew	Green, Iowa	Lehlbach	Pringey
Chalmers	Greene, Mass.	Lineberger	Purnell
Chindblom	Greene, Vt.	Little	Raker
Cole, Iowa	Hardy, Colo.	Luce	Ramseyer
Cole, Ohio	Hardy, Tex.	Lyon	Ransley
Colton	Hawes	McCormick	Rayburn
Connell	Hawley	McDuffie	Reavis
Cooper, Wis.	Hayden	McLaughlin, Mich.	Reber
Coughlin	Hersey	McLaughlin, Nebr.	Reece
Crowther	Hickey	McLaughlin, Pa.	Ricketts
Curry	Hill	McPherson	Roach
Dallinger	Hogan	McSwain	Robertson
Darrow	Hull	Mapes	Robsion
Davis, Tenn.	Husted	Martin	Rodenberg
Rose	Smith, Mich.	Temple	Watson
Sanders, Ind.	Snyder	Thompson	Wilson
Sanders, N. Y.	Speaks	Timberlake	Wingo
Sanders, Tex.	Stephens	Tincher	Woodruff
Scott, Mich.	Stevenson	Vaile	Wurzbach
Scott, Tenn.	Summers, Wash.	Vestal	Wyant
Shaw	Swank	Voigt	Yates
Shelton	Sweet	Volstead	
Sinnott	Swing	Walters	
Smith, Idaho	Taylor, N. J.	Ward, N. Y.	

ANSWERED "PRESENT"—3.

Clark, Fla.	Collier	Dowell

NOT VOTING—173.

Almon	Evans	Knutson	Rosenbloom
Ansorge	Fenn	Kreider	Rossdale
Anthony	Fess	Langley	Rucker
Bacharach	Fields	Lee, Ga.	Ryan
Barkley	Flood	Lee, N. Y.	Sabath
Begg	Foster	Longworth	Schall
Blakeney	Frear	Luhring	Sears
Blanton	Free	McArthur	Shreve
Bond	Freeman	McFadden	Siegel
Brand	French	McKenzie	Sinclair
Britten	Frothingham	Madden	Slemp
Brooks, Pa.	Fulmer	Magee	Snell
Brown, Tenn.	Gahn	Maloney	Stiness
Browne, Wis.	Gallivan	Mann	Strong, Kans.
Burdick	Garner	Mansfield	Strong, Pa.
Burke	Garrett, Tex.	Mead	Sullivan
Burroughs	Goldsborough	Merritt	Tague
Burtness	Gould	Montague	Taylor, Colo.
Burton	Graham, Pa.	Moore, Va.	Ten Eyck
Butler	Griest	Morin	Thomas
Campbell, Kans.	Griffin	Mott	Tilson
Cantrill	Hadley	Mudd	Tinkham
Carter	Haugen	Murphy	Towner
Chandler, N. Y.	Hays	Newton, Mo.	Treadway
Chandler, Okla.	Herrick	Nolan	Upshaw
Clarke, N. Y.	Hicks	O'Brien	Vare
Classon	Himes	Ogden	Volk
Cockran	Hoch	Olpp	Ward, N. C.
Codd	Houghton	Overstreet	Wason
Connolly, Pa.	Hukriede	Paige	Weaver
Copley	Humphreys	Park, Ga.	Webster
Crago	Hutchinson	Parker, N. Y.	Wheeler
Cramton	Jefferis, Nebr.	Patterson, Mo.	White, Me.
Cullen	Johnson, S. Dak.	Perlman	Williams
Dale	Kahn	Peters	Winslow
Davis, Minn.	Kelley, Mich.	Porter	Wise
Dempsey	Kendall	Radcliffe	Wood, Ind.
Denison	Kennedy	Rainey, Ala.	Woods, Va.
Doughton	Kiess	Rainey, Ill.	Woodyard
Drewry	Kindred	Reed, N. Y.	Young
Dunn	King	Rhodes	Zihlman
Dyer	Kitchin	Riddick	
Edmonds	Kleczka	Riordan	
Elston	Knight	Rogers	

So the amendment of Mr. STAFFORD was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. LEE of Georgia (for) with Mr. ANTHONY (against).

Mr. GALLIVAN (for) with Mr. HOCH (against).

Until further notice:

Mr. TREADWAY with Mr. COLLIER.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. KENNEDY with Mr. KITCHIN.

Mr. HUTCHINSON with Mr. MOORE of Virginia.

Mr. FOSTER with Mr. RIORDAN.

Mr. PATTERSON of Missouri with Mr. ALMON.

Mr. SHREVE with Mr. RAINEY of Illinois.

Mr. WINSLOW with Mr. WOODS of Virginia.

Mr. MAGEE with Mr. COCKRAN.

Mr. CONNOLLY of Pennsylvania with Mr. BRAND.

Mr. BLAKENEY with Mr. O'BRIEN.

Mr. GRIEST with Mr. SABATH.

Mr. RHODES with Mr. DREWRY.

Mr. GRAHAM of Pennsylvania with Mr. GARRETT of Texas.

Mr. FREE with Mr. FLOOD.

Mr. KIESS with Mr. PARK of Georgia.

Mr. OLPP with Mr. BARKLEY.

Mr. STINESS with Mr. MONTAGUE.

Mr. VOLK with Mr. HUMPHREYS.

Mr. NEWTON of Missouri with Mr. KINDRED.

Mr. KAHN with Mr. TEN EYCK.

Mr. DUNN with Mr. OVERSTREET.

Mr. BEGG with Mr. CANTRILL.

Mr. STRONG of Pennsylvania with Mr. TAGUE.

Mr. MUDD with Mr. SULLIVAN.

Mr. BROOKS of Pennsylvania with Mr. GARNER.

Mr. BACHARACH with Mr. GRIFFIN.

Mr. EDMUNDS with Mr. MANSFIELD.

Mr. DAVIS of Minnesota with Mr. GOLDSBOROUGH.

Mr. BUTLER with Mr. WARD of North Carolina.

Mr. HAYES with Mr. MEAD.

Mr. KREIDER with Mr. CULLEN.

Mr. PAIGE with Mr. FULMER.

Mr. RADCLIFFE with Mr. SEARS.

Mr. HUKRIEDE with Mr. THOMAS.
Mr. ROSENBLOOM with Mr. BLANTON.
Mr. SINCLAIR with Mr. CARTER.
Mr. REED of New York with Mr. DOUGHTON.
Mr. SIEGEL with Mr. RAINEY of Alabama.
Mr. FESS with Mr. UPSHAW.
Mr. DENISON with Mr. FIELDS.
Mr. WILLIAMS with Mr. RUCKER.
Mr. DOWELL with Mr. TAYLOR of Colorado.
Mr. JOHNSON of South Dakota with Mr. WISE.

Mr. COLLIER. Mr. Speaker, did the gentleman from Massachusetts [Mr. TREADWAY] vote?

The SPEAKER. He did not.

Mr. COLLIER. I voted "aye." I have a pair with him, and so I withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

Mr. BLAND of Indiana. Mr. Speaker, I move the previous question on the resolution as amended to final passage.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. SISSON. Mr. Speaker, has the Speaker made the announcement?

The SPEAKER. He has.

Mr. SISSON. I ask for a division, Mr. Speaker.

The SPEAKER. Of course, it is technically too late, but——

Mr. SISSON. I was on my feet, Mr. Speaker.

The SPEAKER. The Chair will put the question again. A division is demanded.

The House divided; and there were—ayes 172, noes 28.

Mr. SISSON. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair thinks there is a quorum present.

Mr. SISSON. The division does not show it.

The SPEAKER. The division shows 200. But the Chair will count. [After counting.] Two hundred and fourteen Members are present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll. Those who favor the passage of the joint resolution will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 193, nays 42, answered "present" 3, not voting 193, as follows:

YEAS—193.

Ackerman	Drane	Ketcham	Morgan
Anderson	Dunbar	Kinkaid	Nelson, A. P.
Andrews, Nebr.	Dupré	Kirkpatrick	Nelson, J. M.
Anthony	Elliott	Kissel	Norton
Appleby	Ellis	Kline, N. Y.	O'Brien
Arentz	Fairchild	Kline, Pa.	O'Connor
Atkeson	Fairfield	Kopp	Osborne
Barbour	Faust	Kraus	Parker, N. J.
Beck	Fish	Lanham	Patterson, N. J.
Beedy	Fisher	Lankford	Perkins
Bird	Fitzgerald	Larson, Minn.	Petersen
Bixler	Focht	Lawrence	Pou
Bland, Ind.	Fordney	Lazaro	Purnell
Bland, Va.	Fuller	Lea, Calif.	Raker
Boies	Garrett, Tenn.	Leatherwood	Ramseyer
Bowers	Gensman	Lehlbach	Ransley
Brennan	Gernerd	Lineberger	Rayburn
Brinson	Gilbert	Linthicum	Reber
Brooks, Ill.	Glynn	Little	Reece
Bulwinkle	Goodykoontz	Logan	Ricketts
Byrns, Tenn.	Gorman	London	Riddick
Cable	Graham, Ill.	Luce	Roach
Campbell, Pa.	Green, Iowa	Lyon	Robsion
Carew	Greene, Mass.	McCormick	Rodenberg
Chalmers	Greene, Vt.	McDuffie	Rose
Chandler, Okla.	Hardy, Colo.	McFadden	Sabath
Chindblom	Harrison	McLaughlin, Mich.	Sanders, Ind.
Cole, Iowa	Haugen	McLaughlin, Nebr.	Sanders, N. Y.
Cole, Ohio	Hawes	McLaughlin, Pa.	Sanders, Tex.
Colton	Hawley	McPherson	Scott, Mich.
Connally, Tex.	Hayden	McSwain	Scott, Tenn.
Connell	Hickey	MacGregor	Shaw
Cooper, Ohio	Hill	Mapes	Shelton
Cooper, Wis.	Hoch	Michaelson	Sinnott
Coughlin	Hogan	Michener	Smith, Idaho
Crowther	Hudspeth	Miller	Smith, Mich.
Curry	Husted	Mills	Snyder
Dallinger	Ireland	Millspaugh	Speaks
Darrow	Johnson, Wash.	Mondell	Sproul
Davis, Tenn.	Jones, Pa.	Montoya	Stedman
Deal	Kearns	Moore, Ill.	Stephens
Denison	Keller	Moore, Ohio	Strong, Kans.
Dickinson	Kelly, Pa.	Moores, Ind.	Summers, Wash.
Swank	Thompson	Volstead	Wurzbach
Sweet	Timberlake	Ward, N. Y.	Wyant
Swing	Tincher	Watson	Yates
Taylor, N. J.	Vaile	Wingo	
Taylor, Tenn.	Vestal	Wood, Ind.	
Temple	Voigt	Woodruff	

NAYS—42.

Aswell	Driver	Oliver	Sumners, Tex.
Bell	Hammer	Parks, Ark.	Tyson
Bowling	Huddleston	Parrish	Underhill
Box	Jacoway	Quin	Vinson
Briggs	James	Rankin	Walsh
Buchanan	Jeffers, Ala.	Rouse	White, Kans.
Christopherson	Johnson, Ky.	Sandlin	Williamson
Clague	Kincheloe	Sisson	Wilson
Collins	Kunz	Smithwick	Wright
Crisp	Lowrey	Steagall	
Dominick	McClintic	Stoll	

ANSWERED "PRESENT"—3.

Collier	Dowell	Stafford

NOT VOTING—193.

Almon	Elston	Knight	Rhodes
Andrew, Mass.	Evans	Knutson	Riordan
Ansorge	Favrot	Kreider	Robertson
Bacharach	Fenn	Lampert	Rogers
Bankhead	Fess	Langley	Rosenbloom
Barkley	Fields	Larsen, Ga.	Rossdale
Begg	Flood	Layton	Rucker
Benham	Foster	Lee, Ga.	Ryan
Black	Frear	Lee, N. Y.	Schall
Blakeney	Free	Longworth	Sears
Blanton	Freeman	Luhring	Shreve
Bond	French	McArthur	Siegel
Brand	Frothingham	McKenzie	Sinclair
Britten	Fulmer	Madden	Slemp
Brooks, Pa.	Funk	Magee	Snell
Brown, Tenn.	Gahn	Maloney	Steenerson
Browne, Wis.	Gallivan	Mann	Stevenson
Burdick	Garner	Mansfield	Stiness
Burke	Garrett, Tex.	Martin	Strong, Pa.
Burroughs	Goldsborough	Mead	Sullivan
Burtness	Gould	Merritt	Tague
Burton	Graham, Pa.	Montague	Taylor, Colo.
Butler	Griest	Moore, Va	Ten Eyck
Byrnes, S. C.	Griffin	Morin	Thomas
Campbell, Kans.	Hadley	Mott	Tillman
Cannon	Hardy, Tex.	Mudd	Tilson
Cantrill	Hays	Murphy	Tinkham
Carter	Herrick	Newton, Minn.	Towner
Chandler, N. Y.	Hersey	Newton, Mo.	Treadway
Clark, Fla.	Hicks	Nolan	Upshaw
Clarke, N. Y.	Himes	Ogden	Vare
Classon	Houghton	Oldfield	Volk
Clouse	Hukriede	Olpp	Walters
Cockran	Hull	Overstreet	Ward, N. C.
Codd	Humphreys	Padgett	Wason
Connolly, Pa.	Hutchinson	Paige	Weaver
Copley	Jefferis, Nebr.	Park, Ga.	Webster
Crago	Johnson, Miss.	Parker, N. Y.	Wheeler
Cramton	Johnson, S. Dak.	Patterson, Mo.	White, Me.
Cullen	Jones, Tex.	Perlman	Williams
Dale	Kahn	Peters	Winslow
Davis, Minn.	Kelley, Mich.	Porter	Wise
Dempsey	Kendall	Pringey	Woods, Va.
Doughton	Kennedy	Radcliffe	Woodyard
Drewry	Kiess	Rainey, Ala.	Young
Dunn	Kindred	Rainey, Ill.	Zihlman
Dyer	King	Reavis	
Echols	Kitchin	Reed, N. Y.	
Edmonds	Kleczka	Reed, W. Va.	

So the joint resolution was passed.

The Clerk announced the following additional pairs:

Until further notice:

Mr. BLAKENEY with Mr. LEE of Georgia.
Mr. LANGLEY with Mr. CLARK of Florida.
Mr. TREADWAY with Mr. COLLIER.
Mr. DOWELL with Mr. TAYLOR of Colorado.
Mr. CANNON with Mr. BYRNES of South Carolina.
Mr. GRIEST with Mr. BANKHEAD.
Mr. FRENCH with Mr. BLACK.
Mr. KNUTSON with Mr. FAVROT.
Mr. MCARTHUR with Mr. FIELDS.
Mr. LUHRING with Mr. GALLIVAN.
Mr. PERLMAN with Mr. HARDY of Texas.
Mr. REAVES with Mr. JOHNSON of Mississippi.
Mr. SNELL with Mr. JONES of Texas.
Mr. FROTHINGHAM with Mr. LARSEN of Georgia.
Mr. NOLAN with Mr. MARTIN.
Mr. HERRICK with Mr. WEAVER.
Mr. KENDALL with Mr. OLDFIELD.
Mr. KNIGHT with Mr. PADGETT.
Mr. PORTER with Mr. STEVENSON.
Mr. WHEELER with Mr. TILLMAN.

Mr. STAFFORD. Mr. Speaker, is the gentleman from Illinois [Mr. CANNON] recorded?

The SPEAKER. He is not recorded.

Mr. STAFFORD. Mr. Speaker, I voted "nay." I have a pair with the gentleman from Illinois, and therefore I withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

On motion of Mr. BLAND of Indiana, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

By unanimous consent, at the request of Mr. BLAND of Indiana, House joint resolution 200 was laid on the table.

INDIAN AFFAIRS.

Mr. SNYDER. Mr. Speaker, I move to take from the Speaker's table H. R. 7848, and to concur in the Senate amendments.

The SPEAKER. The gentleman from New York moves to take from the Speaker's table a bill the title of which the Clerk will report, with the Senate amendments, and he moves to concur in the Senate amendments.

The Clerk read the title of the bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

The Senate amendments were read.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I understand these Senate amendments have been submitted to the Committee on Indian Affairs of the House and that it is the judgment of that committee that the amendments should be concurred in.

Mr. SNYDER. Yes. The gentleman's statement is correct.

The SPEAKER. The question is on concurring in the Senate amendments.

The Senate amendments were concurred in.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned until Wednesday, October 26, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. BULWINKLE, from the Committee on Claims, to which was referred the bill (H. R. 1721) to authorize the refund of a part of the purchase price of Camp Mills to the Buffalo House-wrecking & Salvage Co., reported the same without amendment, accompanied by a report (No. 437), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 7957) granting a pension to John Gust Pearson and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ACKERMAN: A bill (H. R. 8840) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. McSWAIN: A bill (H. R. 8841) to amend the Federal reserve act, approved December 23, 1913, and all amendments thereto; to the Committee on Banking and Currency.

By Mr. SUTHERLAND: A bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska; to the Committee on the Public Lands.

By Mr. DYER: A bill (H. R. 8843) to assure to persons within the jurisdiction of any State the equal protection of the laws; to the Committee on the Judiciary.

By Mr. McFADDEN: Joint resolution (H. J. Res. 211) proposing an amendment to the Constitution of the United States; to the Committee on Ways and Means.

By Mr. CURRY: Resolution (H. Res. 214) for the immediate consideration of House bill 8442; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 8844) granting a pension to Dorcas A. Wilcox; to the Committee on Invalid Pensions.

By Mr. BOWLING: A bill (H. R. 8845) for the relief of Mattie Alexander; to the Committee on the Public Lands.

By Mr. CONNOLLY of Pennsylvania: A bill (H. R. 8846) for the relief of Gottfried J. Maier; to the Committee on Claims.

Also, a bill (H. R. 8847) for the relief of Harry Coventry; to the Committee on Military Affairs.

Also, a bill (H. R. 8848) for the relief of Morris Dietrich; to the Committee on Claims.

Also, a bill (H. R. 8849) for the relief of Dommick Taheny and John W. Mortimer; to the Committee on Claims.

Also, a bill (H. R. 8850) granting a pension to Mary E. Burg; to the Committee on Pensions.

Also, a bill (H. R. 8851) granting a pension to John A. Ott; to the Committee on Pensions.

Also, a bill (H. R. 8852) granting a pension to Margaret C. Groom; to the Committee on Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 8853) granting a pension to Thomas McBride; to the Committee on Pensions.

By Mr. DARROW: A bill (H. R. 8854) granting a pension to Arabella T. Ramsay; to the Committee on Invalid Pensions.

By Mr. DUNBAR: A bill (H. R. 8855) granting an increase of pension to Charles A. McComb; to the Committee on Invalid Pensions.

By Mr. FAIRFIELD: A bill (H. R. 8856) granting an increase of pension to Lusina Clouse; to the Committee on Invalid Pensions.

By Mr. FAUST: A bill (H. R. 8857) granting a pension to Peter Jones; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 8858) granting a pension to James R. Lee, jr.; to the Committee on Invalid Pensions.

By Mr. JONES of Pennsylvania: A bill (H. R. 8859) granting a pension to Claude W. Swartwood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8860) for the relief of George Valentine; to the Committee on Claims.

By Mr. LUHRING: A bill (H. R. 8861) granting a pension to Georgianna Cawthorne; to the Committee on Pensions.

By Mr. McARTHUR: A bill (H. R. 8862) granting a pension to John H. Page; to the Committee on Pensions.

Also, a bill (H. R. 8863) granting a pension to Elijah C. Hall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8864) granting a pension to David McMillan; to the Committee on Pensions.

By Mr. MORGAN: A bill (H. R. 8865) granting a pension to Mary Sneider; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8866) granting an increase of pension to Nancy A. Felton; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 8867) granting an increase of pension to Mary J. Brewer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8868) granting an increase of pension to Mary E. Newlin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8869) granting an increase of pension to Rebecca Scott; to the Committee on Invalid Pensions.

By Mr. ROBSION: A bill (H. R. 8870) granting a pension to Leslie V. Murrell; to the Committee on Pensions.

By Mr. SIEGEL: A bill (H. R. 8871) for the relief of Richard Andrews; to the Committee on Claims.

By Mr. WINSLOW: A bill (H. R. 8872) granting an increase of pension to George H. Higgins; to the Committee on Pensions.

Also, a bill (H. R. 8873) granting a pension to Mary E. Alden; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2827. By Mr. BURTON: Petition of the City Council of Cleveland, Ohio, protesting against legislation which makes it necessary for building and loan associations to pay an income tax; to the Committee on Ways and Means.

2828. By Mr. DARROW: Memorial of the Philadelphia Board of Trade in reference to threatened railroad strike and urging enactment of remedial legislation; to the Committee on Interstate and Foreign Commerce.

2829. By Mr. DRANE: Resolutions from the Tampa (Fla.) Board of Trade, relative to the impending railroad strike; to the Committee on Interstate and Foreign Commerce.

2830. By Mr. FAIRFIELD: Petition of Merle Kellner and others, of Kendallville, Ind., relative to the treatment of the Mohave-Apache Indians; to the Committee on Indian Affairs.

2831. By Mr. KISSEL: Petition of the Wilton Manufacturing Co. (Inc.), of New York City; to the Committee on Ways and Means.

2832. Also, petition of Charles A. Schieren & Co., of New York City; to the Committee on Ways and Means.

2833. By Mr. SANDERS of New York: Petition of the directors of the Monroe County (N. Y.) Farm Bureau, urging an additional appropriation for the purpose of paying the indemnity on cattle slaughtered in the eradication of bovine tuberculosis; to the Committee on Appropriations.

2834. By Mr. SMITH of Michigan: Petition of 83 citizens of Athens, Mich., favoring lower taxation by means of disarmament; to the Committee on Ways and Means.

2835. By Mr. SPEAKS: Resolutions by the Reynoldsburg Methodist Episcopal Church and the Reynoldsburg Methodist Episcopal Sunday School, of Reynoldsburg, Ohio, indorsing and urging the immediate passage of House joint resolution 159, proposing a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2836. Also, resolutions by the official board Men's Bible Class, Ye Booster Bible Class, Trinity Class, Ladies' Aid Society, and the Women's Foreign Missionary Society of the Neil Avenue Methodist Episcopal Church, of Columbus, Ohio, indorsing and urging the immediate passage of House joint resolution 159, proposing a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2837. By Mr. SWING: Resolutions of the Hamilton Club, of Los Angeles, Calif., urging that all money due this Government from foreign powers be collected upon maturity and applied to payment of Liberty and Victory bonds and for the compensation of World War veterans; to the Committee on Ways and Means.

SENATE.

WEDNESDAY, *October 26, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Harreld	Moses	Simmons
Brandegee	Harris	Nelson	Smoot
Broussard	Harrison	New	Spencer
Calder	Heflin	Newberry	Stanfield
Capper	Hitchcock	Nicholson	Stanley
Caraway	Johnson	Norbeck	Sutherland
Culberson	Jones, N. Mex.	Oddie	Swanson
Curtis	Kellogg	Overman	Townsend
Dial	Kendrick	Owen	Trammell
Dillingham	Keyes	Page	Wadsworth
du Pont	King	Penrose	Walsh, Mass.
Edge	La Follette	Phipps	Walsh, Mont.
Ernst	Lenroot	Pittman	Warren
Fernald	Lodge	Poindexter	Watson, Ga.
France	McCormick	Pomerene	Watson, Ind.
Frelinghuysen	McKellar	Ransdell	Weller
Gerry	McKinley	Reed	Willis
Gooding	McLean	Sheppard	
Hale	McNary	Shortridge	

Mr. WARREN. I wish to announce that the Senator from Iowa [Mr. KENYON] and the Senator from South Dakota [Mr. STERLING] are engaged in a hearing before the Committee on Education and Labor.

Mr. DIAL. I desire to state that my colleague [Mr. SMITH] is necessarily absent on account of illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy-four Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

REINTERMENT OF AMERICAN SOLDIER DEAD.

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Acting Quartermaster General of the Army, transmitting copies of lists of American soldier dead to be reinterred in the Arlington National Cemetery October 27, 1921, at 2.30 p. m. The lists will lie on the desk of the Secretary for the information of the Senate.

PETITIONS.

Mr. NELSON presented a resolution adopted October 18, 1921, by Osiris Lodge, No. 272, Ancient Free and Accepted Masons, of Baudette, Minn., favoring the enactment of legislation to create a department of education, which was referred to the Committee on Education and Labor.

Mr. TOWNSEND presented petitions of sundry citizens of Roscommon, Lyon Manor, Markey, Mason, and Ingham County, all in the State of Michigan, praying for the limitation of armaments, the payment of the foreign debt, and a reduction of governmental expenditures, so as to decrease taxation, which were referred to the Committee on Expenditures in the Executive Departments.

He also presented a resolution adopted by the Study Club of Ypsilanti, Mich., favoring sessions of the conference on limitation of armaments open to public knowledge and criticism and the chief business of such conference to be the limitation of armaments, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Adrian, Mich., praying for a reduction in freight rates so as to help revive business, which was referred to the Committee on Interstate Commerce.

ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on the 25th instant they had presented to the President of the United States the enrolled bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

CHANGE OF REFERENCE.

Mr. DILLINGHAM. At the request of the Committee on the District of Columbia I ask that the joint resolution (S. J. Res. 128) to provide for the maintenance of public order and the protection of life and property in connection with the ceremonies attending the international conference for the limitation of armament, which was referred to that committee, may be withdrawn and referred to the Committee on Appropriations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. DILLINGHAM. I also ask that the joint resolution (S. J. Res. 129) authorizing the Secretary of War to grant permits to the citizens' committee of the District of Columbia in connection with the ceremonies attending the international conference for the limitation of armament, and for other purposes, which was referred to the Committee on the District of Columbia, may be withdrawn and referred to the Committee on Military Affairs.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 2626) for the relief of Elizabeth J. Bishop; to the Committee on Claims.

A bill (S. 2627) granting an increase of pension to Pauline A. Ames;

A bill (S. 2628) granting a pension to Mary Maxwell;

A bill (S. 2629) granting a pension to David Christman; and

A bill (S. 2630) granting a pension to Sarah Mitchell; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2631) to encourage highway motor transportation in the United States; to the Committee on Interstate Commerce.

By Mr. SHORTRIDGE:

A bill (S. 2632) to correct the military record of Martin Cletner; to the Committee on Military Affairs.

AMENDMENTS OF TAX REVISION BILL.

Mr. PITTMAN, Mr. WADSWORTH, Mr. CALDER, Mr. OWEN, and Mr. LENROOT submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

REPORT OF SOUTH CAROLINA BOLL WEEVIL COMMISSION.

Mr. DIAL. I move that Senate resolution 158, which provides for printing the manuscript entitled "Report of the South Carolina Boll Weevil Commission," and so forth, as a Senate document, be referred to the Committee on Printing.

The motion was agreed to.

PRIVILEGE OF SENATE FLOOR.

Mr. CURTIS (for Mr. MCCORMICK) submitted the following resolution (S. Res. 161), which was referred to the Committee on Rules:

Resolved, That Rule XXXIII of the Standing Rules of the Senate be amended to read as follows:

RULE XXXIII.

PRIVILEGE OF THE FLOOR.

No person shall be admitted to the floor of the Senate while in session, except as follows:

The President of the United States and his Private Secretary.
The President-elect and Vice President-elect of the United States.
Ex-Presidents and ex-Vice Presidents of the United States.
Judges of the Supreme Court.
Ex-Senators and Senators elect.
The officers and employees of the Senate in the discharge of their official duties.
Members of the House of Representatives and Members elect.
Ex-Speakers of the House of Representatives.
The Sergeant at Arms of the House and his chief deputy and the Clerk of the House and his deputy.
Heads of the executive departments.
Governors of States and Territories.
The General Commanding the Army.
The senior admiral of the Navy on the active list.
The Librarian of Congress and the assistant librarian in charge of the Law Library.
The Architect of the Capitol.
Clerks to Senate committees and clerks to Senators when in the actual discharge of their official duties. Clerks to Senators to be admitted to the floor must be regularly appointed and borne upon the rolls of the Secretary of the Senate as such.

POLITICAL PRISONERS.

Mr. WATSON of Georgia. I submit a resolution which I ask may lie on the table.

The resolution (S. Res. 162) was ordered to lie on the table, as follows:

Whereas the United States Government is at peace with Germany and her allies; and
Whereas many persons are now serving sentences in the Federal prisons of this country for alleged violations of the espionage act, one of the war laws enacted by the American Congress during the late war; and
Whereas all powers, the United States excepted, engaged in said World War have freed their political prisoners: Be it therefore

Resolved, That the President is requested to grant freedom to all persons convicted during the war upon charges of alleged violations of said espionage laws and to restore to said persons all civil and political rights.

DAVID T. BLODGETT.

Mr. WATSON of Georgia. I submit another resolution which I ask may lie on the table.

The resolution (S. Res. 163) was ordered to lie on the table, as follows:

Whereas David T. Blodgett, a political prisoner of the late war, convicted in the Federal courts of the State of Iowa upon an indictment charging him with having circulated statements extracted from a legal document, namely, a speech delivered by THOMAS E. WATSON, now the junior Senator from the State of Georgia, in an argument before the United States court for the southern district of Georgia, during the trial of a case brought to test the constitutionality of the acts of Congress under which citizens of the United States were conscripted by this Government to serve in a war upon foreign soil, is now serving a sentence in the Federal prison of Atlanta, Ga.; and
Whereas the said Blodgett has served more than four years of said sentence; and
Whereas the United States Government is at peace with Germany and at peace with Germany's allies; and
Whereas the ratifications of the treaty of peace with Germany are now en route between the countries: Be is therefore

Resolved, That the President is respectfully requested to grant a pardon to the said David T. Blodgett and restore him to citizenship, as provided by law.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. PITTMAN. Mr. President, I submit an amendment intended to be proposed by me to the pending bill, and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

The Secretary will report the pending amendment to the amendment of the committee.

The READING CLERK. The pending amendment to the amendment is on page 131, after line 3, where it is proposed by the senior Senator from Missouri [Mr. REED] to insert:

For the calendar year 1922 and for each calendar year thereafter excess-profit taxes shall be levied as follows:

Twenty per cent of the net income in excess of 15 per cent and not in excess of 50 per cent of the invested capital and 40 per cent of the excess over 50 per cent of the invested capital.

Mr. STANLEY. Mr. President, it is argued that the amendment offered by the Senator from Missouri and that an excess-profits tax is contrary to the principles announced by the Democratic Party at its convention in San Francisco. That platform declares that—

We advocate a tax reform and a searching revision of war revenue acts to fit peace conditions, so that the wealth of the Nation may not be withdrawn from productive enterprise or diverted to wasteful or nonproductive expenditure.

It requires the almost morbid ingenuity and the florid and exuberant fancy of the Senator from Indiana [Mr. WATSON] to conceive of any possible analogy between the pronouncement of the Democratic platform and his position. There is nothing in this platform that by the most strained construction can be twisted, much less interpreted, into a lack of accord with the amendment introduced by the Senator from Missouri. Will it be said that a tax upon profits in excess of 15 per cent will drive business paying such profits into nonproductive or wasteful enterprises?

Will any man who has sense enough to come in out of the rain, much less an astute business man making in excess of 15 per cent, demolish his business, abandon it, and invest his hitherto productive millions in an unproductive business or in some wasteful expenditure? There is no earthly connection between a system of taxation that will force legitimate business into nonproductive enterprise or wasteful expenditures and a tax upon profits in excess of 15 per cent.

Mr. President, we are necessarily imposing heavy taxes at this time even upon nonproductive business. There are thousands and tens of thousands of men to-day who are forced to do business at a loss in order to do business at all who nevertheless bear a heavy burden of taxation. This country is full of carriers who are doing business at a loss in order to avoid the greater loss which would result from going into the hands of receivers or from an utter abandonment of their business. There are thousands and tens of thousands of men to-day who are engaged in the mining of coal and other minerals who are carrying on that business at a loss in order to avoid a greater loss incident to the closing down or the flooding of those mines and the scattering of their employees.

It is true that much of this tax upon unproductive property at this time is in the way of State rather than of Federal taxation, but it is nevertheless true that the mines of the country in many instances to-day are paying taxes upon millions of dollars of valuation where there is not 1 per cent of return. It is true that from the Atlantic to the Pacific there are millions and tens of millions of acres of fertile land that are being tilled by patient toilers who delve from sunrise until dark, working 12 and 14 hours a day, to find at the end of the year's hard work that their agricultural products, their corn, their wheat, their grain, and their live stock will not bring enough to pay the actual cost of production; and yet there is not a head of that stock, there is not an acre of that land, that is exempted from taxation because the business is unproductive.

However, in spite of that condition, and in the face of that condition, we are told here that the Democratic platform condemns an excess-profits tax, and that to levy a tax upon profits at this time in excess of 15 per cent, to levy any kind of an excess-profits tax, will be contrary to the principles of the Democratic platform and will result in the destruction of the business or in driving men into unproductive enterprises. A man who would quit a business that was paying from 15 to 500 per cent because he would have to pay a tax upon profits in excess of 15 per cent and place his capital in unproductive or wasteful enterprises ought to be taken by the nearest magistrate, brought into the nearest court, and tried under an inquirendo as utterly incapable of attending to any business. Such a contention is an absurdity on its face.

This man of straw is more ridiculous than the scarecrow made of an old shirt, a pair of trousers, and a straw hat and hung up in a cornfield. No man with sense enough to tell the difference between that sort of an effigy and a human being will ever be frightened by the scarecrow so eloquently portrayed by the gifted Senator from Indiana [Mr. WATSON].

Mr. President, we are told upon the other side of the Chamber that there is no dread of going before the people of America, before the electorate of the United States, with this absurd proposition, because, forsooth, for 40 years that organization has governed the destinies of America. Do the gentlemen forget that huge majorities are not a guaranty of a perennial hold upon power? I saw their party come in with a great majority in 1908, serene and insolent as now in their power, in their expectation of a continued and uninterrupted régime for years to come, and yet within four years I saw that same organization in its blindness and fatuity carry but two States in this

Union. It is true that they were destined to live to win another victory, but the defeats of the past should at least teach this Bourbon oligarchy that history may repeat itself, should at least warn them that a victory, however sweeping, is no guaranty against the outraged common sense and the outraged conscience of the American people.

Mr. President, I defy even the gifted Senator from Indiana, with his audacity and eloquence, to defend this abominable thing before the ex-service men of the United States. You destroy $400,000,000 of revenue and then claim you have no funds and can find no means for securing the payment of a solemnly promised compensation. I pity even him when he attempts to tell the 5,000,000 idle men, hungry and ragged, that we dare not take any part of the burden from their nakedness and from their hunger and impose that burden upon those who now are making from 15 to 500 per cent for fear that they will close more doors, dismantle more factories, and, in revenge, deliberately squander their money in unproductive or in wasteful enterprises in order to have the fiendish delight of inflicting misery upon their fellow men because, forsooth, a few insurgent Republicans and a multitude of intelligent Democrats got together and prevented this abomination.

Mr. President, where will you place this tax if not upon excess profits? Will you follow the example and the advice of the Secretary of the Treasury? Will you place it upon the stamps upon our letters? Will you place it upon deeds and mortgages? Will you place it upon the necessities of life? Will you place it upon everything that is worn or eaten or used by the vast multitude of the people? Has it come to this, that in order to induce big business to continue to function, it must be exempted from taxation at a time when you refuse to exempt the very lifeblood and the necessities of the great masses of the American people?

If an excess-profits tax was justifiable in time of war, if it was justifiable, Mr. President, in time of profound prosperity, if it was justified when work was hunting the man and when unemployment was comparatively unknown, when poverty was a stranger, when business and plenty and hope filled a smiling land, when the agriculturist was prosperous, when the laborer was prosperous, when the carrier was prosperous, when every avenue of American industry teemed with activity and with hope—if at a time like that a tax upon unearned and enormous profits was justifiable, how will you justify relieving from taxation the only men who have the means to pay for fear they may cease to plunder the American people?

Will you do it by a perversion of that doctrine, "Unto him that hath shall be given, and from him that hath not shall be taken even that which he hath"?

Mr. WATSON of Georgia. Mr. President, will my friend allow me to remind him that when Charles Dickens visited this country, when the Government had been for many years in the power of what was called the "House of Virginia," he wrote back to England that he had never seen an unemployed man, and that a beggar on the streets of Boston, or any other great American city, would excite as much wonder as a flaming sword let down from heaven.

Mr. STANLEY. Mr. President, I will ask the Senator from Georgia, concerning the visit of Charles Dickens, in what year it occurred? I know approximately, but have forgotten the exact date.

Mr. WATSON of Georgia. I do not at this moment recall the exact year; but it was when the House of Virginia, as it was called derisively, Democrats all of them, had defeated the Adamses of New England and were in power and had been in power under Jefferson and Madison and Monroe and then again under Jackson, who, as the Senator knows, paid off the public debt.

Mr. STANLEY. Mr. President, I was going to remark that this exquisite genius and keen observer was reviewing a country that for generations had been under Democratic control and administration.

The argument that either the Democratic or the Republican Party has made this country rich, Mr. President, is food for fools. If uttered in another place and by another than the gifted Senator from Indiana [Mr. WATSON], it might be said that it was the practice of demagogues to catch dupes, pringles to catch woodcocks. Any government that would dare, by means of taxation, to take property from all the people for the purpose of fostering the enterprises of a few of the people, would be a dishonest government as well as a foolish government. The purpose of government is not to make men rich; it is to make men free. It is not to insure an excessive income to any particular business, but to give every business an equal opportunity in the race for life. As the eloquent Senator from Missouri [Mr. REED] said on yesterday, this country is great and rich and powerful not on account of the wisdom of the Democratic Party, not on account of the blunders of the Republican Party, but by the grace of God and by virtue of the energy of the most tireless and capable people who ever tilled a field or opened a mine or sent an engine whirling and screaming across a continent.

This country is rich and powerful because of the teeming brains and the brawny arms and the dauntless spirits of the sons of the pioneers and of the Pilgrims, who sought, among wild beasts and wilder men, among the perils of the wilderness, freedom of conscience and freedom of action; and so long as God Almighty does not curse us with a political oligarchy that will throttle freedom of conscience, freedom of speech, and freedom of action we will go onward and upward, even beyond the present high point we have attained under Woodrow Wilson, where the American flag is saluted from the rising to the setting of the sun, from the poles to the Equator, by every lover of liberty in every civilized land on earth, as the hope and the savior of a bleeding and distracted world.

Mr. President, let the Senator from Indiana review the history of this country under a Democratic and under a Republican régime. Between 1850 and 1860 this country advanced relatively more rapidly in wealth and in population than at any other time. Take its advance from the days of Jefferson to the Civil War—from three or four million people, scattered along the Atlantic coast, to their occupation of a continent during 50 years of Democratic rule—and it was the growth in wealth of a great people. Take its advance during Republican rule, and it was the growth in wealth of great interests. It is true that the country continued to grow in power and in wealth under Republican as well as under Democratic rule, but its growth under Republican rule was an abnormal and a perverted growth. In the language of the great W. C. P. Breckenridge, of Kentucky, it was the advance of a giant, it was the flight of an eagle, but it was the advance of a giant shackled and manacled, it was the flight of an eagle, but an eagle weighed and trammeled; and there never was such a plan to weigh and trammel the American eagle, to shackle the American giant, to oppress poverty and energy and enterprise, and to foster the freebooter, the bandit, the profiteer, the lord bountiful of subservient political organizations and polluted political influences. This is a bald, unblushing attempt to reward a few multimillionaires who have it in their power to reward those who are daring enough to defy all the principles of justice and all the demands of decency in the imposition of this monstrous, this iniquitous measure, in this exemption of the only people who are able to pay without feeling it, without having it cut to the bone. This proposition to take the burden from the profiteer and place it upon the bowed back of toil, upon struggling and unremunerated enterprise, is the most astounding, the most indefensible thing that even the Republican Party has ever done in 60 years of blundering and misrule.

Mr. TRAMMELL. Mr. President, our friends in control of this legislation have sought to eliminate here and there, in different places, certain taxes that exist under the present law. It is very conspicuous that it has been their object and their purpose in practically every instance, as far as there was any proposed change in the law of any consequence, to relieve the large incomes and those making excess profits from performing their duty by the Government. I felt that it was reprehensible enough for them to seek to reduce very substantially the tax imposed upon those receiving net incomes of more than $68,000 per annum. That was inexcusable, but even as indefensible as such a reduction may have been, even more indefensible and inexcusable is the effort of our Republican friends now, joined by other friends who enjoy designating themselves as the "agricultural bloc," to exempt excess profits.

Had those in charge of this legislation and those who have made compromises with them proposed some relief in the way of stamping out the nefarious practice of the profiteer by providing that he would have to cease his extortion, which borders upon a legalized robbery of the American people, then you might say that there was some excuse for removing an excess-profits tax; but in substance and in reason the action of our friends means no more or less than that they propose to let the profiteer continue to ply his trade; they propose to permit him to continue to make excess profits out of the American people, and as recompense and as reward for this conduct they say, "Oh, well, we will exempt you from any taxes upon your excess profits." That is all it means, and that is just what the American people are going to consider that it means.

The Republicans or the members of the agricultural bloc who fool themselves into the idea that the American people are going to accept their excuses for exempting excess profits from taxation are going to awaken to the fact, and that in the near future, that they have fooled themselves, and that they have not fooled or misled the American people.

If the present law imposing excess-profits taxes works unjustly and harshly in any respect, then why did not the committee and those who contend that it works certain impositions come before the Senate with a measure proposing to make modifications that would relieve any injustices or any hardships that may exist? A measure of that kind might have possessed some merit. There may be instances in the case of small businesses and small incomes, even though they reach into the class of excess profits, where there are some hardships. If that is true, the remedy should be so to modify the law as to remove those classifications, and not, in order to readjust any discrepancies or any hardships in those few minor cases, repeal the whole law and relieve the profiteers of the country from taxation.

What do you suppose the citizen with his family to support thinks when the Government says to him: "You are required to contribute a tax burden to the Government upon all of your earnings in excess of $2,500 per annum"? "Why?" "Because we need revenue;" but in the very next paragraph of the same measure imposing that burden upon him, those controlling this measure say to the profiteer: "In view of your patriotism, in view of the wonderfully commendable business sagacity that you displayed while this country was prostrate in the throes of war and made your excess profits, pyramiding and pyramiding into the teeming millions, we appreciate so much your operations that we are going to exempt you from taxation in the future."

What do you think the struggling young man or young woman, working upon a pittance of twelve or fifteen hundred dollars or eighteen hundred dollars per annum, fired with ambition to prepare themselves for the more serious duties and responsibilities of life, perchance laboring during the day and attending school at night, are going to think when you say to them: "You have got to contribute to the Government a tax upon all of your income in excess of $1,000 because we have to raise revenue, because we want you to do your duty by the Government," and in the next paragraph you write into this measure that outrageous, that indefensible and inexcusable provision removing all taxes on the profiteer on his excess profits? It is the old story of placing the dollar above the man, and that dollar in many instances is a tainted dollar, because made by exorbitant profits.

Senators, many of these profiteers, instead of being rewarded by the Congress for their nefarious conduct in the way of relief from taxation, should have a sentence to Leavenworth or to Atlanta. That would be more just retribution, instead of giving them a reward. Capital is entitled to a fair return, but no more.

During the struggle in which the Nation was recently engaged it was the pride of every patriotic American citizen to see the unanimity with which the American people in a general way came to the support of the Government in the war. Americans had always answered the call of their country to arms. Gallantly and heroically the young manhood of the Nation had always maintained themselves with honor upon the battle field. That was true in the recent conflict; but while the very flower of the land had responded to arms and had gone upon the battle fields to defend the Nation to fight the battles of the American people, we find that those who were heartless, those who were filled and dominated by greed, that were unscrupulous, were plying their trade in the way of making excessive profits from the American people.

Do you tell me that those who will avail themselves of the situation as they did during times of war, when every American citizen, instead of trying to profit by the misfortunes of his people and of his Nation, should be satisfied with reasonable profits, will not with equal diligence do the same in times of peace, if you only afford them the opportunity?

The proponents of this bill know that if they remove this tax upon excess profits they will not deter or prevent this conscienceless, mercenary class of our citizens, who made excess profits during the war, from doing it again. They know that if this country comes back into its prosperity, and money once again circulates freely, with that returning opportunity the profiteer is going to wring from the American people every dollar he can, and the only limitation upon the profits that he will charge for his goods and his wares, the only limitation upon the amount of excess profits he shall make, will be the limitation of what he can get from those with whom he has business. Yet they propose to relieve them from taxation. A large majority of the American business people are content to make reasonable returns upon their investments and labor, and yet by repealing the tax on excess profits extorted by the profiteer you propose to shift $450,000,000 of tax burden from the profiteers to the honest, fair, and patriotic citizens of our country who are willing to live and let live.

Mr. McLEAN. Mr. President——

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. I yield.

Mr. McLEAN. The Senator said that we propose to relieve those who make excess profits from taxation, and he has referred to the people in this country who receive the larger incomes. Under the bill as it is now presented, we impose a 50 per cent inheritance tax, a 50 per cent surtax, a 15 per cent corporation tax, and an 8 per cent normal tax. Does the Senator think that, combining those taxes, we are relieving the people of this country from taxation to an unreasonable extent? They also have to pay local taxes, inheritance taxes, income taxes, and capital-stock taxes, and yet the Senator knows that if this bill passes there are a 103,000,000 of the American people who pay no direct taxes at all.

Mr. TRAMMELL. Mr. President, I know that if you repeal this excess-profits tax, as far as I have been able to obtain the data, you relieve those making the excess profits of $450,000,000 per annum. That is the relief to be afforded by the repeal of the excess-profits tax.

Mr. McLEAN. But if we can do that and still meet the expenses of the Government, with all the other taxes that wealth has to pay, should we not do it, if beyond that we leave a hundred and three million of the American people to pay no taxes at all? Does the Senator think taxes are a blessing?

Mr. TRAMMELL. I say that you should relieve the American people of taxation as much as you can, but in the selection of those to whom the beneficence of the Government should be displayed in the way of tax relief I would never select those who make excess profits. I would never select the profiteers of the country as those to be relieved of an enormous amount of taxation. Why should you so favor them and impose a greater burden upon others?

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Carolina?

Mr. TRAMMELL. Certainly.

Mr. SIMMONS. Did I understand the Senator from Connecticut to say there are a hundred and three million people in this country who pay no taxes?

Mr. McLEAN. Yes.

Mr. SIMMONS. Mr. President, there is not a living human being in the United States old enough to earn anything at all who does not pay a large part of the taxes we impose in our revenue laws and our tariff laws. There are in this bill, from beginning to end, taxes which everybody knows are transmitted by the man who actually pays them to the man who consumes the goods that are sold, and there is not, therefore, a single human being in the country who does not bear a part of the burden of the taxes we are imposing by this bill.

Mr. McLEAN. I am very much obliged to the Senator from North Carolina for his suggestion. I tried to impress upon the Senate the other day the fact that while 103,000,000 people pay no direct taxes, yet, as a matter of fact, these excess-profits taxes on a rising market they have paid in some instances, according to the experts, 23 per cent in consumption taxes because of this very excess-profits tax. My theory is that if we are going to tax consumption, if we are going to tax the mass of the people upon what they use, let us be frank and honest about it and let them know what taxes they are paying and not conceal it under indirect taxes.

Mr. TRAMMELL. I desire to ask the Senator a question. He says that the excess-profits tax is passed on to the consumer. I would like to ask him what relief there is afforded in this measure, or what relief does the other side propose, to bring about a cessation of the making of excess profits? What do they propose as a matter of relief against the exaction of excess profits? The only proposal they have made is to exempt excess profits from taxation. What a mockery and fallacy is such suggestion as a measure to check or deter the profiteer. You do not even propose to make him contribute a part of his excess profits to the Government. You do not propose any measure to check the profiteer but instead propose to relieve him from taxation on his excess profits.

Mr. McLEAN. I said that in a falling market it is very difficult to pass an excess-profits tax on to the consumer where there

is competition. Taxes, in the final accounting, must of course be paid by goods. They are paid by goods, and we have had such a shortage of capital needed to reproduce the enormous totals of industrial capital that are consumed every year that, as a result, the surplus industrial capital required has not been in existence and a great many concerns have been driven out of business. That is the direct effect of continuing these surtaxes and other high taxes.

I want to say to the Senator from Florida that if the gentlemen on the other side of the Chamber had understood this subject; if, in their anxiety to tax wealth on the one hand and consumption on the other, they had realized that in a rising market the consumer pays a large portion of the tax, they would have collected in 1917, 1918, and 1919, $3,000,000,000 more than they did when production was high, and prices were high, and it was the spirit of the people to pay taxes. If the Democratic administration had done that they would not have been compelled to issue $3,000,000,000 of short-time certificates, which have crowded liquid credits out of the banks, credits which have been sorely needed by the agricultural interests of the West in the last two years.

Mr. REED. Mr. President, the Senator says we should have collected more taxes in 1919. Who was in control of Congress that year?

Mr. McLEAN. I said 1917, 1918, and 1919.

Mr. REED. Who was in control in 1918 and 1919 but the gentleman's own party?

Mr. McLEAN. Mr. President, the gentleman has his dates wrong.

Mr. WATSON of Georgia rose.

The PRESIDING OFFICER. To whom does the Senator from Florida yield?

Mr. TRAMMELL. Has the Senator from Connecticut finished?

Mr. McLEAN. Yes; I have finished for the present.

Mr. TRAMMELL. I yield to the Senator from Georgia.

Mr. WATSON of Georgia. Mr. President——

Mr. McLEAN. If the Senator from Missouri insists upon his point, I will call his attention to the fact that we came into power on the 4th of March, 1919, as I remember.

Mr. REED. And what did you do?

Mr. CARAWAY. Nothing.

Mr. REED. What did you do toward raising excess-profits taxes? What Republican in all the broad land even uttered a whimper about it?

Mr. McLEAN. That has been hurled at this side of the Chamber several times.

Mr. CARAWAY. And never answered.

Mr. McLEAN. I have hesitated to reply because I had hoped that the gentlemen would realize the reason why we did not do anything in 1919 and 1920.

The war was over, as my colleague suggests; but that was not the cause. A majority of one was all the Republicans had in the Senate in 1919 and 1920, and that Senator has signed the minority report against this bill.

Mr. REED. All that you had?

Mr. McLEAN. All that we had, and that Senator has signed the minority report against this bill. Yet you accuse us of not doing anything.

Mr. TRAMMELL. Mr. President, the Republicans with their majority, however, did not introduce a bill to reform the tax laws, no committee made any report, nor did the Senate or the House consider any amendment whatever to the tax laws.

Mr. McLEAN. We did not do it, because we did not have a working majority.

Mr. CARAWAY. They had an overwhelming majority in the House, and that is where the bill would have had to originate.

Mr. WATSON of Georgia. Mr. President——

Mr. McLEAN. It would have had to pass both Houses and be signed by the President of the United States.

Mr. CARAWAY. They did not try to pass it through either body.

The PRESIDING OFFICER. The Senate will be in order. Senators must address the Chair when they rise to speak. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield to the Senator from Georgia.

Mr. WATSON of Georgia. When the Senator from Connecticut said there are 103,000,000 American people who pay no taxes, he made a statement which he can not prove. Will the Senator listen to me for one moment? He forgets that the Federal Government could go to pieces and disappear and become extinct, and there would be 48 complete State governments absolutely sovereign and complete in their governmental functions. I wish to say to him that, if the laws of his State are like those of mine, every man pays a tax—county, municipal, and State. The very bed upon which a sick man lies and suffers is taxed. The very pot and frying pan and skillet which his wife uses to cook his victuals are taxed. He pays a tax on his head, whether that head be gray like mine and that of the Senator from Connecticut, or whether it be that of the youth of 21, and whether it be that of a white man or a black man.

Mr. McLEAN. Of course, I understand that the word tax comes from the Latin word "taxare," which means price.

Mr. WATSON of Georgia. It means confiscation; that is what it means.

Mr. McLEAN. And everything we buy is taxed to the extent of what we pay for it. I was talking about the taxes imposed by the Federal Government.

Mr. WATSON of Georgia. Yes; I am coming to that. If we have 103,000,000 people who can pay no Federal tax, who is to blame for it? It is the lawmakers who put the burdens on the poor, and do not put them on the rich. The Senator knows as well as I do that I could take Alexander Hamilton's report on manufactures, or Henry Clay's speeches for the American system, and I could riddle his bill. I can cite the Senator to speeches made in the Senate before the War between the States, in which it was stated time and again that Europe had her problems of pauperism and the poor, but that America had no poor. Now, if we have poor folks to the extent of 103,000,000, who made them poor?

Mr. McLEAN. I did not say they were poor.

Mr. WATSON of Georgia. The Senator said they pay no taxes.

Mr. McLEAN. But I did not say they were poor.

Mr. WATSON of Georgia. If they do not pay any taxes it follows they are poor, and who made them poor?

Mr. McLEAN. On the contrary, it has been my position all along that it would be much better for the 103,000,000 people who do not now pay a direct tax to pay a small direct tax, which is imposed frankly and honestly, than it is to be burdened with indirect taxes until we have 3,000,000 men walking the streets and 4,000,000 more working on half time because of the shortage in industrial capital caused by these high taxes in part.

Mr. WATSON of Georgia. I could take the quotation from Sidney Smith, of England, and apply it to this bill. Under our tariff system we tax everything, from the plaything of the boys and girls, their toys, their balls—as Mr. SMOOT made a sotto voce remark—let me hear that from the other farmer. I see the two farmers in consultation. What did he say?

Mr. SMOOT. Did the Senator ask me the question?

Mr. WATSON of Georgia. I did.

Mr. SMOOT. I say nearly one-half of the amount of goods come in here free, so any tariff bill has nothing to do with it at all.

Mr. WATSON of Georgia. The Senator is absolutely mistaken. He said the other day that he could demonstrate that it would be an injury to us to collect our debts from Europe.

Mr. SMOOT. So I can demonstrate it.

Mr. WATSON of Georgia. The Senator can not demonstrate anything of the kind.

Mr. SMOOT. The Senator, of course, may make that statement, but that does not prove it is true. Not only that, but I will take the returns of the Treasury Department and show the Senator how many articles come in here free and how many come in dutiable.

Mr. WATSON of Georgia. The cotton mills in my own State ship their products to foreign countries and sell them to foreigners cheaper than they will sell them to the workmen in their own mills.

Mr. SMOOT. That has nothing to do with the tariff whatever.

Mr. WATSON of Georgia. It has everything to do with the tariff.

Mr. SMOOT. The Senator may say that, but I say that it makes no difference whatever with the tariff. The statement that I made on the request of the Senator—if the Senator from Florida will pardon me, because I do not wish to take his time—was in answer to a statement made by the Senator from Georgia that our tariff system here taxes everything that comes into this country.

Mr. WATSON of Georgia. Three or four thousand articles. How many more come in?

Mr. SMOOT. No; there was no qualification whatever in the Senator's former statement.

Mr. WATSON of Georgia. Three or four thousand articles.

Mr. SMOOT. There are qualifications now made by the Senator from Georgia. I made a broad statement as to the amount that came in taxed and the amount that came in free.

Mr. WATSON of Georgia. Will the Senator tell me what necessity of life that is bought in the store comes in here free? Give me the name of it.

Mr. SMOOT. I am not going to ask the Senator from Florida to yield for that purpose now. I can take a copy of the bill which I have here and read it, but I do not wish to take the time of the Senator from Florida for that purpose now.

Mr. TRAMMELL. No; please postpone it to another time.

Mr. SMOOT. I wish the Senator from Georgia would take the tariff bill of 1913 that is now in force and read the free list himself. He will find it there.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. The Chair calls attention of the Senator from Florida to the precedent of the Senate. When a Senator yields to another Senator to make a speech he loses the floor. The Chair merely calls the attention of the Senator from Florida to it.

Mr. TRAMMELL. I shall take notice of that in the future. The discussion went a little adrift and got beyond the present bill.

Following the argument of the Senator from Connecticut [Mr. McLEAN] his contention seems to be that very largely the prosperity of the country is contingent upon relieving the profiteers from any taxation upon their excess profits. That is about the only deduction I have been able to make from the line of argument presented by him.

He also criticizes the policy of the law enacted during the war that imposes the tax upon profiteers. If that was an erroneous policy, if that policy was conducive to bringing about the distressed conditions which prevail in the country at the present time, then our Republican friends are particeps criminis, because they have been in control of Congress now for almost three years, and they did not busy themselves to try to make any change in the law until within the last three or four months. If that contributed to or was responsible, as the Senator has practically said, for the unemployment and distress now existent, why did not the Republicans in control of both Houses of Congress bend their energies toward trying to afford relief in 1919 and in 1920, when they controlled both Houses of Congress? It never dawned upon them until the profiteers ask for the repeal of the tax that the taxes upon excess profits were having anything to do with the prosperity of the country. So far as retarding prosperity during 1919 and 1920, I should like to know when the Senator discovered that fact. When did he discover that that was the cause of the business depression in the country?

Mr. McLEAN. It dawned on the Democratic Party, and we had such a recommendation from a Democratic Secretary of the Treasury—in fact, from two of them.

Mr. TRAMMELL. That is only their personal opinion, as suggested by the Senator from Texas [Mr. SHEPPARD]. It was not representative of the opinion of the Democratic Party.

Mr. McLEAN. We might have done it if we could have controlled this body and had the President.

Mr. TRAMMELL. As I gather from the argument of the Senator, the only reason why the Republican Congress did not get busy in 1919 and 1920 was because of some Democratic Secretary of the Treasury suggesting it, and therefore it would not do to attempt to do anything during the administration of a Democratic Secretary of the Treasury because, forsooth, he had suggested that the law be repealed. That is a very poor excuse for the Republican Party falling asleep upon the doormat in 1919 and 1920 and not trying to afford any tax relief to the American people.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. TRAMMELL. If he wishes to make a speech, I can not yield. If he desires to ask only a question, I yield.

Mr. LENROOT. I merely wish to ask the Senator with reference to the attitude of his candidate for President in the last campaign on the question of a repeal of the excess-profits tax.

Mr. TRAMMELL. It seems that the American people did not quite approve of him either, but so far as I am concerned I did not approve of any advocacy of the abolition of a tax upon excess profits. It has been demonstrated here that a large majority, practically all, of the Democrats who are Members of the Senate disapprove of the repeal of a tax upon excess profits. After doing nothing for two and one-half years our Republican friends bring in a tax bill here, and then because Democrats deign to criticize the law and seek to have the bill amended, they talk about lengthy discussions, allege undue delay, and say we are not expeditious now. I should like to find out why no effort was made to expedite tax reform during that two and one-half years that our Republican friends were doing nothing in regard to taxation. When our Republican friends were before the voters in 1918 asking them to elect a Republican Congress there was no intimation that they would mark time until after the presidential election in 1920, because until after that time we would have a Democrat in the President's chair.

Mr. LENROOT. Mr. President, will the Senator yield for another question?

Mr. TRAMMELL. I yield.

Mr. LENROOT. I would like to ask the Senator whether the Democratic minority report upon the pending bill condemns the repeal of excess-profits taxes and states that the Democratic Party will oppose that repeal?

Mr. TRAMMELL. I do not know whether it does or not. I know some Democrats upon the committee have condemned very bitterly the attempted repeal of the excess-profits taxes. They have done that upon the floor of the Senate. If the Senator is going to revert back to the history of action of the committee, I would suggest that neither did the Republican majority members of the committee favor the provisions which they have since yielded to and placed in the bill.

Republican Senators did not write into their majority report that the tax upon railroad transportation should be repealed as of January 1 next, but after the Democrats led a fight to have that tax repealed and smoked out some of their progressive Republican friends, who had been sitting idly by and saying nothing, uttering not a word of criticism of the bill—or if they were doing it they were doing it behind closed doors—it was only when the Republican members of the so-called agricultural "bloc" awakened to the fact that they could not go before the country and long maintain themselves with their overtures of progressivism and sit by and let the bill go through as it was that we see there were some acrobatic stunts; we witness a gathering of the clans, and the Republican Senators agreed to change certain provisions of the bill; they agreed to abolish the tax upon transportation as of January 1. They furthermore agreed to increase instead of making decreases upon surtaxes; they further made other modifications in the way of striking out the proposed tax upon parcel-post packages, and so on.

However, the majority members of the committee were not for those propositions to begin with. Whether or not the discussion upon the measure and the amendments which have been proposed have been of any benefit or not, we start off at least with the indorsement of those accomplishments and an agreement upon many of the suggestions proposed by the Senator from North Carolina [Mr. SIMMONS], the Senator from Missouri [Mr. REED], and other Members upon the Democratic side, because the suggestions which have been agreed to by the majority Members of the Senate were proposed by Senators on the Democratic side.

We have had reasonably lengthy discussion upon the bill, but such discussion was absolutely necessary unless those who entertained views contrary to those of the majority of the committee sat idly by and allowed the measure to be railroaded through the Senate without any consideration.

I have a great deal of sympathy for our friends of the agricultural bloc. I have always been about as much a friend of the agricultural interests, I think, as have those who are members of that bloc, and I will affiliate with the members of the bloc, so far as that is concerned; but, Mr. President, I think that the press of the country has given undue credit to the so-called agricultural bloc, or the Republican members of it, because it has been made to appear that the Democratic members had nothing to do with this little private agreement regarding amendments. The press of the country give the Republican members of the agricultural bloc *too much credit* when they try to make it appear that they are responsible for the reformation of this bill, if it has been reformed. I did not hear one of those gentlemen protesting upon the floor of the Senate against the provisions of the measure. There might have been one or two amendments proposed by them, after they had previously been proposed by certain Democrats.

The Republican members of the agricultural bloc merit whatever credit they may receive for being aroused to the necessity for certain amendments to this bill, but they deserve the condemnation of the American people for conceding to the Republican majority that they could write into this bill a provision repealing the tax upon excess profits.

Mr. McLEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. I yield only for a question, Mr. President.

Mr. McLEAN. I should like, if I may, to trespass upon the Senator's time long enough to state to him precisely the effect of the first amendment which was rejected.

Mr. TRAMMELL. Mr. President, I want to get through, and I had rather the Senator from Connecticut should make his speech a little later.

Mr. McLEAN. It will take me but a minute, and I think it will interest the Senator from Florida to know that as to the first amendment which was rejected I personally had every reason to vote against it, because under the law as it now is, without the amendment, I know that I have stocks which I can sell at a profit and still deduct $150 a share loss on my net income-tax return. I did not, however, think it was fair. The Government is going to lose $50,000,000 because of those leaks, and I wanted to stop them. That is the reason why I, with six other informed Senators, voted for the first amendment.

Mr. TRAMMELL. Mr. President, the Senator's action seems to have been very patriotic. I am sorry, however, the Senator from Connecticut did not observe a great many more leaks in the bill and try to put a bung into some other bungholes that are to be found in the measure. I am sure, with his spirit of patriotism, if he had discovered them that he would, of course, have sought to have closed up those loopholes.

Mr. McLEAN. The Senator does not understand me. The leak would have been protected by the amendment which was lost.

Mr. TRAMMELL. And the Senator favored the amendment?

Mr. McLEAN. Yes; I, with six other informed Senators, voted for it, as I stated to the Senator; but the amendment was lost.

Mr. TRAMMELL. Mr. President, I do not know precisely the significance of the expression "informed Senators."

Mr. McLEAN. I do not think that if those Senators had understood the question they would have voted to take $50,000,000 out of the Treasury which might well be paid in by citizens like myself and others.

Mr. TRAMMELL. I do not know about that, of course. We have a different idea about it.

Mr. McLEAN. I know the Senator did not know, and I thought I did.

Mr. TRAMMELL. In regard to the question of information of which the Senator from Connecticut is speaking, it depends a good deal upon the viewpoint. I find in connection with this particular bill that, while by this time they are becoming more or less informed, not very many Senators seem to be very much enlightened upon the subject. That is demonstrated by the fact that the entire bill almost has had to be rewritten since it was introduced here. Even the committee brought in 77 amendments which were not reported by the committee to begin with. So we are all learning as we go along in regard to this bill.

Mr. President, I would not be unfair or unreasonable toward capital; I appreciate the value of thrift; no one admires more than myself the man who by honest means and by honest endeavor accumulates a competency, and no one gives to him greater credit for his success. I realize that we must in order to be prosperous give just consideration to those who hold the capital of the country; but because of this desire for fairness I do not become enchanted or particularly hypnotized with the idea that we have all the time to be looking out for the large accumulations of wealth upon the theory that if we can make the rich of the country prosperous some of the prosperity will leak through and make prosperous those who are not so fortunate. I believe that those who are able to contribute to the tax burden should contribute a reasonable amount, and I do not believe that we should come down upon the poor and begin to tax them in the way of a direct tax before they have received sufficient income for the maintenance of themselves and their family. The most inexcusable feature of the whole bill is that which seeks to exempt excess profits from taxation, and yet that is what the committee proposes to do. That is what the Republican majority propose to put over.

Mr. McLEAN. Mr. President——

Mr. TRAMMELL. I yield for a question.

Mr. McLEAN. It is because the firms which are still making exorbitant profits, such as the oil producers, can still pass the tax on to the consumer and double it as they pass it on. I tried to make clear the other day that the oil concerns, for instance, and the small companies that are making excess profits are still enabled, despite the tax, to increase the value of their products and pass the tax on where there is slack competition.

Mr. TRAMMELL. I have already said that there is no relief against excess profiteering in this bill, however; that is the point I make.

Mr. McLEAN. Except by removing the tax.

Mr. SIMMONS. Mr. President, will the Senator from Florida allow me to ask the Senator from Connecticut a question?

Mr. TRAMMELL. I yield to the Senator for that purpose.

Mr. SIMMONS. I wish to ask the Senator from Connecticut if he and the other Senators who favor the repeal of the excess-profits tax are proposing to repeal that tax because it is a tax which is passed on and paid by the consumer or are they proposing to repeal it on account of those who operate the businesses that are taxed?

Mr. McLEAN. For both reasons.

Mr. SIMMONS. Which is the chief reason?

Mr. TRAMMELL. Mr. President, I will not yield further.

The PRESIDING OFFICER. The Senator from Florida declines to yield.

Mr. TRAMMELL. I do not desire to lose the floor, and I have in mind the admonition of the Chair a few moments ago that I might lose the floor. I do not wish to do that.

Mr. President, so far as the question of the tax being passed on is concerned, if we are going to hold that up as a bugaboo, it will apply in regard to every feature of taxation in connection with which that argument is sought to be made. Followed to its logical conclusion, it would mean that we should abolish all taxation upon business and upon the incomes of those engaged in business and merely go out and levy a per capita tax, possibly, upon every citizen of America. The Republican majority dare not do that, but they might as well do that if they are going to claim that everything is to be passed on. In one breath the Senator from Connecticut [Mr. McLEAN] says business can not stand the tax on excess profits; a moment later he says the tax is passed on to the consumer. Which of these statements does the Senator mean?

I say, Mr. President, that of all the sources of revenue in this country that should not be exempt from taxation it is excess profits. I do not believe that any man who advocates such a policy can sustain himself before the American people, unless he says, "We will abolish the taxes levied for the purpose of reaching excess profits and then we will give you legislation to prevent excess profits." It is not consistent for the Republican majority to say that they are going to abolish the tax on excess profits for the purpose of getting rid of excess profits and at the same time take absolutely no step looking to affirmative legislation to prevent excess profits.

Throughout the whole country during the last campaign Republican orators and Democratic orators occupied considerable time in almost all the speeches delivered by them talking about profiteers and how they were going to punish the profiteers; yet the first act upon the part of the Republican majority in Congress in dealing with the profiteers is to give them carte blanche freedom to operate and make their excess profits and then be exempt from taxation upon them. That is the substance of this legislation.

Mr. McLEAN. We have been told a good many times by a Democratic President and Democratic orators that the Democratic Congress had enacted legislation to prevent profiteering.

Mr. TRAMMELL. They talked about it, of course; but profiteering became more rampant during the war than ever before in history.

Mr. McLEAN. You had your opportunity then. Why did you not do something?

Mr. TRAMMELL. We went out of power very soon thereafter.

Mr. McLEAN. You had six years.

Mr. TRAMMELL. A Democratic administration did put a tax on the profiteer. Now a Republican Congress proposes to relieve the profiteer of this. The Republican Party, immediately following the war, went out and told the American people how they were going to rewrite the tax laws, and won both the House and the Senate, and for over two years you just rocked along, marked time in idleness, and never made a single effort toward reforming the tax laws of the country. You can not excuse yourselves for your inaction by now repealing the tax on the profiteer. The average American citizen is going to question your sincerity if he does any thinking, and most of them do some thinking. When you try to condemn the existing law, when you try to place upon it the responsibility for the distress of the country, the country will remember that for two years or more you with a majority in both Houses sat idly by, you did not introduce a bill, you did not hold a committee meeting, you did not bring before the Senate or the House a measure to reform the tax laws of the country.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TRAMMELL. Certainly.

Mr. SMOOT. I want to say frankly to the Senator that the reason why I did not want to take any action, and thought it unwise to take any action, was that we had a President of the United States here who would have vetoed any bill that the Republican Party might have passed.

Mr. SIMMONS. Mr. President——

Mr. TRAMMELL. I will answer that, Mr. President, if the Senator from North Carolina will pardon me. I want to get through, and I shall be glad if the Senator will speak a little later.

The Democratic President more than two years ago came before Congress and recommended the enactment of taxation laws conforming to peace times, asserting that the laws upon the statute books at that time were written during war times and to meet the necessity of war times; but, as I stated in a discussion here some two or three weeks ago, it is merely an excuse, it is merely a subterfuge, when you talk about your being afraid the President would veto a tax law you might pass. Why do I assert that? Because a Republican Congress did not hesitate to enact legislation upon other important matters and policies. As illustrative of that, they did not hesitate to respond to the calls and the demands of the railroads of this country and write the present railroad legislation, which I opposed. They did not say to the railroads: "We will not write a law that will give you a guarantee of certain percentages; we will refuse to write a law that will give you guaranteed earnings for six months after the roads are returned to your ownership; we will not write a law giving you certain loan benefits, loaning you $300,000,000 or more for three years, and afterwards enlarging it to five, because we have a Democratic President."

You passed the present railroad law, the President signed it, and to-day the people of my State and of the Nation are crushed beneath the exorbitant, excessive, and unreasonable freight and passenger rates. I saw the hardship in store under this law and voted against it. Oh, no! When it came to the question of giving the railroads of the country relief, as they thought they were giving it to them, the presence of a Democratic President in the White House did not deter the Republican majority in the Senate and in the House; but when it came to the question of rewriting a tax law for the relief of the American people then you answer: "We did not do anything because you had a Democratic President in the White House." I think that is an excuse and not a reason.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Carolina?

Mr. TRAMMELL. I yield the floor.

Mr. SIMMONS. I do not desire the Senator to yield the floor. I simply wanted to put into the RECORD the attitude of the President with reference to this subject. I thought it was very pertinent to the answer made by the Senator from Utah [Mr. SMOOT] to some statement that the Senator from Florida had made.

I understood the Senator from Utah to say that they never proceeded to the enactment of legislation to repeal the excess-profits tax during the first two years that his party was in power because they knew that the President of the United States, who was then Woodrow Wilson, would veto any such bill.

Mr. SMOOT. The Senator is mistaken when he says "they." The Senator from Utah specifically stated that as far as he was concerned that was the reason why he did not press it; and I believe with all my heart that any legislation that would have materially changed the law the way I would have wanted it changed would have been vetoed by the President.

Mr. SIMMONS. Mr. President, I do not desire to make any speech, but I wish to make this statement:

Not only the Senator from Utah but other Senators, I think, have attempted to excuse themselves for not acting more quickly in the matter of the repeal of the excess-profits tax, which they say by all means ought to be wiped off of the statute books because we are in peace times now and because the law hampers business. When it is charged that during two years of their ascendancy in both branches of the Congress they took no action, the excuse is that if they had acted the President, who at that time was a Democrat, would have vetoed the bill.

Mr. President, a very short time after the Republican Party came into power in Congress President Wilson, in his communication to the Congress, dated May 20, 1919, discussed our fiscal system and especially our revenue legislation, and declared emphatically that it needed revision so that it might be adjusted to the change in conditions resulting from the armistice and the establishment of practical peace throughout the world. In that communication he said:

> The main thing we shall have to care for is that our taxation shall rest as lightly as possible on the productive resources of the country, that its rates shall be stable, and that it shall be constant in its revenue-yielding power. We have found the main sources from which it must be drawn. I take it for granted that its mainstays will henceforth be the income tax, the excess-profits tax, and the estate tax. All these can be adjusted to yield constant and adequate returns and yet not constitute a too grievous burden on the taxpayer. A revision of the income tax has already been provided for by the act of 1918, but I think you will find that further changes can be made to advantage both in the rates of the tax and in the method of its collection. The excess-profits tax need not long be maintained at the rates which were necessary while the enormous expenses of the war had to be borne; but it should be made the basis of a permanent system which will reach undue profits without discouraging the enterprise and activity of our business men.

What the amendment of the Senator from Missouri does is to cut that tax more than half in two and retain it only as to incomes which exceed 15 per cent, and then impose a tax of 20 per cent only between 15 and 50 per cent profits. So what is now offered to the Senate is substantially the proposition which President Wilson made, that the war having ended, we might properly reduce and we ought to reduce the rates; but Mr. Wilson said that the excess-profits tax and the income tax were the mainstays of our resources from which we should draw our internal revenues.

Mr. SMOOT. And yet yesterday the Senator voted to retain the excess-profits tax just as it is to-day. That was contrary to the recommendation of President Wilson.

Mr. SIMMONS. That may be contrary to the recommendation of President Wilson, but I am talking about the amendment that is now before the body. You said you did not act because you were afraid of a Democratic President.

Mr. OWEN. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Oklahoma?

Mr. SIMMONS. I yield to the Senator.

Mr. OWEN. I wish to call the attention of the Senator from North Carolina to the greater force which his observations have when it is remembered that the excess-profits tax at that time was bringing two and a half billions of dollars, and under the proposal of the Senator from Missouri the amount to be collected would be only two hundred millions—less than 10 per cent of the larger amount which was collected under the previous tax.

Mr. SIMMONS. Exactly. The fact is, Mr. President, that the excess-profits tax as proposed by the Senator from Missouri in his amendment is a tax which would only reach incomes that are not in the interest of the welfare of the people of this country. Nobody can tell me that the welfare of this country will be promoted by a few people in this country making a profit in excess of 15 per cent and reaching into much higher percentages. There may be some very hazardous undertakings in which a larger profit than 15 per cent should obtain, but for the mass of the business of the people of the country a profit of 15 per cent or more is an unhealthy profit.

Who must pay these profits, Mr. President? The people of the United States. What amount will measure the percentage of earnings of the masses of the people of this country? How many people in the United States earn as much as 15 per cent? I undertake to say that there are a hundred millions of people in this country who do not earn as much as 15 per cent.

Mr. WADSWORTH. Mr. President, will the Senator say 15 per cent on what?

Mr. SIMMONS. I mean that the profits upon the business in which they are engaged would not be equal to 15 per cent.

Mr. WADSWORTH. What is the basis of the Senator's calculation?

Mr. SIMMONS. For instance, I mean that a man who is engaged in farming does not earn 15 per cent upon his investment.

Mr. WADSWORTH. It depends upon what his investment is.

Mr. SIMMONS. I mean that the man who builds houses for the purpose of renting them does not earn 15 per cent upon his investment, unless he is a profiteer; and if he is a profiteer, making more than 15 per cent, he ought not to complain if the Government takes a part of that profit.

Mr. REED and Mr. DIAL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Carolina yield; and if so, to whom?

Mr. SIMMONS. I yield to the Senator from Missouri.

Mr. REED. The Senator from New York is a farmer. I do not want to ask him a personal question, but has he been making 15 per cent on his farm?

Mr. WADSWORTH. Not on the way it is capitalized; no.

Mr. REED. I suppose, of course, it is honestly capitalized.

Mr. SIMMONS. The point I make—I do not propose to be interrupted for the purpose of making a speech—is that the earnings of the people in the United States are so far below 15 per cent that when they are required to pay earnings of 15 per cent to a few of the great corporations of this country,

that is not in the interest of the public welfare. That may be and is in the interest of the men who are operating the great concerns that are making more than 15 per cent profit; but it is an unhealthy profit, because the people who pay it do not earn that much in their own operations in business.

I did not rise for the purpose of discussing the amendment. I simply rose for the purpose of giving the Senate the benefit of a statement of the attitude of the President during the first two years the Republican Party was in ascendancy in the two branches of Congress, for the purpose of letting it be distinctly understood that the President would have cooperated in a reasonable reduction of the rates on excess profits, and that the amendment which is offered by the Senator from Missouri carries a reduction just in the line of the suggestion of the great Democratic President of the United States made by him to the Republican Congress.

Mr. WADSWORTH. Mr. President, the amendment I am about to offer may change the subject for just a moment, but let me say that upon yesterday the Secretary of the Treasury published certain regulations relating to the manufacture and sale of certain alcoholic beverages for medicinal purposes. It has occurred to me that this situation is important from the revenue standpoint. I therefore offer a brief amendment to the pending measure, and if there is no objection I would like to have it read and ordered printed and lie upon the table.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Secretary will read the proposed amendment.

The ASSISTANT SECRETARY. On page 176, in line 2, strike out the words "soft drinks" and insert in place thereof the word "beverages."

On page 176, after line 25, insert the following:

SEC. 600. That there shall be levied upon intoxicating malt liquors containing one-half of 1 per cent or more of alcohol by volume, manufactured as provided by the regulations of the Treasury Department pursuant to the national prohibition act, brewed or manufactured, and hereafter sold or removed for consumption or sale within the United States a tax of 60 cents per wine gallon.

SEC. 601. That upon all vinous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured by the regulations of the Treasury Department pursuant to the national prohibition act, which are hereafter produced in or imported into the United States, there shall be levied, collected, and paid, when sold or removed for consumption, a tax of $1.20 per wine gallon.

SEC. 602. That upon all spirituous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured by the regulations of the Treasury Department pursuant to the national prohibition act and other intoxicating liquors that are hereafter withdrawn from bond for sale or consumption there shall be levied a tax of $6.40 per proof gallon.

Mr. OWEN. Mr. President, the pending amendment, proposed by the Senator from Missouri [Mr. REED], as I understand it, will not begin to apply until the profits exceed 15 per cent. Fifteen per cent is certainly a reasonable percentage on invested capital, which so often includes a very large amount of water, so called. Fifteen per cent is a satisfactory return on invested capital.

But in the table which was submitted by the Senator from Indiana [Mr. WATSON] yesterday in reply to the Senator from Missouri [Mr. REED] he called attention to thousands of corporations whose profits exceed 15 per cent. There are 2,194 corporations mentioned in that table whose profits go to 100 per cent and over. There are 1,734 corporations whose profits run from 75 to 100 per cent. There are 4,911 corporations whose profits run from 50 to 75 per cent.

It is true, perhaps, that where a corporation can do so it passes the taxes on to the people, but it is far more difficult to do this in 1921 than in 1918, and it is certainly true that under this amendment which the Senator from Missouri has offered there will be collected $200,000,000 which otherwise would be put upon the smaller and less profitable enterprises of the country.

The Senator from Missouri proposes only that there shall be a tax of 20 per cent on profits above 15 per cent up to 50 per cent, and then 40 per cent on the profits which are above 50 per cent. That will produce, according to these tables, some $200,000,000.

Mr. SMOOT. Has the Senator noticed that in that table, where the 100 per cent and over bracket occurs, the average invested capital was only $61,000?

Mr. OWEN. Yes; I observed that; but the fact that a man has $61,000 of capital invested and is making over a hundred per cent on it certainly justifies the Government in asking that he shall make a substantial contribution to the Government that protects his excess profits.

Mr. SMOOT. The Senator knows, of course, that in all those cases the man puts his personal power into it, and that he is really the company? It is almost like a personal service corporation. If he should die, the business would go to naught.

Mr. OWEN. He does not make his profit until he has paid his salaries.

Mr. SMOOT. Yes; the salaries of his assistants.

Mr. OWEN. Of his assistants and of himself, too.

Mr. SMOOT. Certainly.

Mr. OWEN. A man who is in charge of his own business certainly is going to pay himself a salary as president of the company.

Mr. SMOOT. In many cases he does, no doubt, and they allow that in other cases where he makes an exemption.

Mr. OWEN. The Senator can rely on the assurance of those gentlemen always protecting themselves in the matter of their compensation for services rendered.

Mr. SMOOT. But that is not the idea I had in mind. I was talking about these big concerns, the large corporations and trusts of the country. Under the amendment they would not pay one cent.

Mr. OWEN. Mr. President, I should be disposed to favor the entire repeal of the excess-profits tax if we had some plan accompanying this bill by which the gentlemen who are charging the American people these excessively high prices for their goods could be limited to a reasonable profit on turnover—not on capital but on turnover.

Mr. SMOOT. Mr. President, I agree fully with the Senator as to that. We are of one mind as to that very thing, because I think that is the only just and fair way to do it.

Mr. OWEN. In that case, Mr. President, the American people would be brought into a condition of general activity. At present there are conditions of monopoly in our country against which we have had statutes for thirty-odd years which have proved to be entirely unavailing under the administration of the Government. I will not impute the fault to one party or the other. I think the blame lies in part on both parties, in part on public opinion, and in part on the natural activities of men who want to make money however they can and to charge as much as they can get for their goods. That is human nature, and it is not peculiar to a Democrat or a Republican or a Socialist, but it applies to almost every man engaged in commerce. But if we could have these monopolies limited in their profits on the turnover, then the Cement Trust and other trusts handling lumber, hardware, lime, stone, and building materials, for example, would have no occasion to limit the use of cement and building materials in the building of houses. At present the monopolies make it a part of their policy to limit output in order to control a larger percentage of profit on the goods they do turn out. That is the case of many of these monopolies, and I am of the opinion that it never will be controlled until we reach the point in this country where the great body of American opinion will insist upon a reasonable profit on the turnover.

Mr. SMOOT. In connection with that, Mr. President, I want to say to the Senator that the capital stock of the very companies he speaks of is so inflated and so large that their profits are immense, and yet the excess-profits tax does not touch them at all.

Mr. OWEN. I think that is quite true; and I think when it comes to determining the question of the profit on turnover it ought to be upon the basis of actual valuation, and that is a thing which could be put into effect in this country, because it is comparatively easy in the matter of bookkeeping. A standard form that would be used for that purpose could make itself quite effective with a comparatively small administrative expense.

Mr. President, I merely wanted to make this observation because the old excess-profits tax, which collected twenty-five hundred millions, is one thing and this excess-profits tax, which will collect only two hundred millions, is another thing. I do think that the proposal made by the Senator from Missouri is a very reasonable one.

OPEN DISCUSSIONS AT CONFERENCE ON LIMITATION OF ARMAMENTS.

Mr. OWEN. Mr. President, vital world problems will be discussed and decided at the approaching world conference on limitation of armaments. If the discussion and decisions be made behind closed doors, in extreme secrecy, and the world is then faced with the "accomplished fact" and must take it or leave it, the United States Senate will have another Versailles treaty to consider and the world may again be disappointed because its statesmen, acting as rulers, behind closed doors may again be moved too far by national and commercial ambitions rather than the American ideals of full justice and of the golden rule.

World opinion will sustain the doctrines of true democracy, equal justice to all, and special privileges to none; the right of all people of common language and customs occupying the same country to govern themselves in their own way; the right of every nation to be free from invasion and the fear of

invasion, with freedom of commerce, communication, and transportation.

World opinion can not exert itself if the conference on limitation of armaments is behind closed doors.

The same publicity that we have in the United States Congress or the British Parliament should be voluntarily adopted by the representatives to the world conference and insisted on by the people of the world and their various representatives.

I ask to place in the RECORD a demand of this character by William Allen White, published in Collier's Weekly, October 15, 1921. He urges open conferences with great vigor, in strenuous English, and with a cogent argument deserving consideration. The substance of this argument I commend to the Senate.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From Collier's Weekly for Oct. 15, 1921.]

THE DISARMAMENT CONFERENCE WILL NOT BE THE WORLD'S TOWN MEETING IF THE SECRET FORCES ATTEND THAT WROTE THE TREATY OF VERSAILLES—WILL THEY FOOL US TWICE?

(By William Allen White.)

TURN ON THE LIGHT.

"The destiny of every American and his children and his grandchildren is bound up in the outcome of this conference. His taxes, his food, his standard of living, his life itself * * * are to be determined. What right have any four American commissioners, however wise they may be * * * to sit in such a council behind closed doors with the gamblers of Europe and hazard our destiny?"

"Fool me once," says the proverb, "and it's shame on you; fool me twice and it's shame on me!" The United States of America should blazon that proverb upon the public buildings of the land for the next few weeks and while the disarmament conference is in session. For in that conference the problems of the peace conference at Paris will arise again. Those problems are no nearer settlement than they were the day after the armistice, nearly three years ago. Indeed, the Paris conference and the Versailles treaty added to the problems of the war the grievous burdens of secret diplomacy. And in the three years that have followed the war the world—that portion of it which we are pleased to call civilized—has stagnated until decay threatens seriously.

Something awful has happened to Christendom. It is more than the paralysis of commerce, though that is a part of it. It is more than industrial debility, which surely is a part of the cataclysm. It is more than political reaction and apathy that chokes and poisons the springs of progress. It is something deeper than the social decadence which is seen in every caste and class and country—the loosening of moral stays and the wilting of ancient standards. The things that are so hopelessly apparent in the realms of business, of industry, of politics, of the social order, are mere symptoms of a spiritual disease. Christendom is sick for lack of Christianity. Faith is dying—faith in men largely. For it is faith that bellies the sails of commerce when the ship goes out; faith that honest men will man her, that honest men will take her cargo; that honest men will send back a decent gain to the owners. It is faith that makes men sweat in industry; faith that their day's work will bring them a decent living, that their day's planning will yield them a good profit. Faith is the centripetal force that holds men together in States, in nations, in associated power; faith that the word of rulers is dependable; faith that the common sense of the people may be trusted to respond to humanity's decent needs under government. Faith holds the home inviolate, and makes the social compact strong and wholesome.

And the golden rule, which is the essence of the Christian philosophy, is the basis of faith. But the golden rule is badly tarnished to-day. It has fallen into desuetude. The pessimist, the grouch, the greedygut, even the cynic, are expounding the world's current philosophy, and everywhere men are dwelling in fear. The terror of a vast unbelief is gripping mankind in some sort of spiritual glacial epoch which threatens chaos. And what is in the hearts of men reflects itself in their counsel. "As a man thinketh in his heart, so is he," and so will he make the events that are conceived in his head.

What has happened? Surely it was not entirely the war. In November, 1918, men had high hopes. "The day of glory has arrived." The happiest day the world ever saw was November 11, three years ago. The vanquished believed in the chivalry of the victors, and the victors believed in it themselves. Disillusion came at Paris, slowly in an excruciating anticlimax, but inexorably and without extenuation or relief.

WHEN THEY BARRED THE DOOR.

There, in the treaty of Versailles, the world lost its faith. The fact that the men who made the treaty did not dare publish it for weeks after it was finished is a mocking proof that they knew its unspeakable iniquity. What flimsy protest they made about courtesy to the Germans is almost as shameless as the treaty. For the Germans forthwith printed it and scattered it broadcast—before it was disclosed to the senates and parliaments that should have known officially of the treaty's contents. The treaty, when it was read and understood, became a veritable bible of antichrist. The covenant of the League of Nations, which was a noble document, became in the public mind debased by association with the treaty. And the hope of mankind, which might have been restored after the war through the covenant of the league, went down with the treaty.

And the hand that wrote the evil into the treaty—the devil's own hand—was secrecy.

It was made a bad treaty because it was written behind barred doors. Behind barred doors decent men become the children of darkness. If the superb spirit of the Allies and the chastened heart of Germany had been available day by day and week by week as a corrective of the sections, clauses, and paragraphs of that treaty as it was growing, it would have been another treaty. The common people of Europe and of America desired no hate nor greed nor revenge in their statement of the war's meaning and in the announced price of victory. They demanded justice. But they were horrified when they knew what had been done in the name of justice. It was a ruler's treaty and a ruler's peace.

The war was for democracy; the treaty binds mankind to autocracy; not kings and hereditary despots; not the old medieval order but a new order just as wicked. For the treaty is so sown with avarice and with intrigue and with commercial and political and imperial greed that if it remains intact the world must spend billions upon billions of the people's taxes every year in warships and aircraft and big guns and soldiers to enforce the treaty. It is the very nest egg of wars; from it even now are hatching hell upon earth and bad will among men.

AT THE WORLD'S TOWN MEETING.

The disarmament conference will only repeat the blunder men made at Paris unless the peoples of the earth can sit in the conference. It must be, indeed, the world's town meeting. Until the world does have a town meeting, it will not be safe for democracy. And we Americans, who have staked our whole fortunes upon democracy, must stand for the publicity which sustains democracy. In secret the same forces that wrote the treaty of Versailles will write the disarmament pact, and it will be just as miserable a hobble upon the feet of men as the thing that the devil devised at Paris.

Here in America we are used to democratic aspirations. They are so common that demagogues pick them up and flaunt them. In Europe demagoguery thrives upon imperialism. Europe has no counterpart of Roosevelt, Bryan, Borah, Wilson, Johnson, men of integrity and talent who thrive in politics preaching various direct applications of the golden rule in institutionalized government. The European statesman who would thrive must serve his class as against some other class. He must serve his country against some other country. He must incarnate egoism. Our statesmen must impersonate altruism to get popular approval.

Now, Europe will send to the conference men with their own axes to grind. We have no axes. We want to abolish axes if we can—at least to substitute hatchets, in the fond hope that we shall soon come to jackknives and eventually to spoons. But don't forget that Europe has axes, and her ruling classes want axes, and probably at best can be persuaded only to sheathe them and take out the handles. It was so in Paris. We wanted the good of humanity. We desired to express the victory in terms of Christian civilization. We had no desire for substantial material rewards as our share in the victory. We demanded only lasting world peace—the long-hoped-for "war to end war." And Europeans thought of the war in other terms—in terms of colonies and indemnities and commercial advantages and boundaries and spheres of influence and all manner of crassly material things. Of course, their dead did not die for these things. But their rulers demanded them and inflamed the people after the war to accept them. The same Europe is coming to this disarmament conference with the same spirit. Time has not changed nor chastened it. And we have the same altruistic desire for a better world.

It's the same old game, with the same old counters for the same old stakes. Now, shall the devil close the doors and run the same old cards in the same old course? There you are. If we are to have a world safe for democracy, we must begin to act like a democracy, not continue to ape the ponderous secrecy and poppycock of the outworn autocracies. Secrecy was their strongest weapon. It is our one vital danger. Without publicity—such publicity as, for instance, the American Congress has or the British Parliament enjoys—the conference of the Allies will become a feudal council and its final agreement a war-breeding alliance.

The ways of darkness are the ways of darkness, no matter who walks therein. It was not at all that the statesmen of Europe are bold, bad, designing men that made the Paris conference such a mess; nor was it that President Wilson failed or was outwitted. America desired one thing; European rulers desired another. Neither was a sufficient check to the other, as either would have checked the other if both had been playing the same game for the same stakes. But if the common people had been enlightened—the great middle class of the world, which really does desire about one thing everywhere, peace and prosperity, even at the uncomfortable price of justice—another thing would have happened in Paris.

The middle classes of the world were after about what Wilson asked of the conference. And if through publicity he could have had them with him in the councils, they would have strengthened his hand. The treaty might have been humane and workable; the covenant, unburdened by the iniquity of a sordid treaty, would have been simple and acceptable.

And President Wilson himself is responsible more than anyone else for the fact that the conference at Paris was held in secret. Of course the others desired secrecy, but in those first days the American President was powerful enough to demand publicity. It would have thrown terror into the hearts of the French and British imperialists. To resist any strenuous demand of President Wilson's during the first weeks of the conference would have overturned the Governments in Paris and London and in Rome. For the President had been promising the middle classes of the earth the things they hoped for.

Even before the conference opened President Wilson and Clemenceau had a long-range debate upon the objects of the conference. In the French Assembly Clemenceau frankly declared that he had no use for the piffle that the President was proclaiming, and Clemenceau declared that he would go to the conference seeking a quadruple alliance based upon the idea of a balance of power. The President in London and Manchester rejoined that he would come home before he would sign such a document. The middle classes applauded the President. The ruling classes shrugged their shoulders with the French premier, and depended upon the secrecy of the council chamber to take the tuck out of the Americans. It worked. Secrecy did it. The war waged for democracy ended with a treaty of peace which perpetuated autocracy. Kings were banished. But the soldier and the statesman and the banker, whom they often serve, stood in the place of kings.

WHAT THE REPORTERS HEARD.

It was obvious in Paris that this change from the lordship of kings to that of the triumvirate was coming out of the treaty. Reporters knew this; they could predict it. But they could not be sure enough to cry aloud. For every clause of the treaty was guarded. Sometimes through the almost sound-proof walls echoes of violent scenes would come to us in the reporters' quarters.

We knew that Foch, in fine rage at the British and Americans, grandly refused to be a mere letter box to convey diplomatic suggestions to Poland.

We knew that Premier Hughes, of Australia, left the conference in high dudgeon with protesting secretaries and underlings trailing after his great hulking body, trying to check him when he stalked out because President Wilson had won the fight to give the German colonies in the Pacific only mandatory status and not in fee simple to the Australians.

We knew that when the American commissioner, Col. House, tried to patch up the differences between Italy and the President and later tried

to compromise the Chino-Japanese settlements, he became so obnoxious to the President that Col. House left Paris for London rather than resign. We knew that the Italian threat to leave the conference because of the loss of Fiume and the Adriatic territory was pure movie stuff; for the Italian premier left behind him the members of the finance commission and the Reparation Commission sitting daily with the Allies negotiating for money and coal and iron. We also knew that when the Italians were railing most bitterly at the President because he had denied them their heart's desire in the Adriatic, they had on the President's desk an application for a $50,000,000 American loan, and when the President sent his note to Sonnino, which caused the spectacular break, we knew that both Lloyd-George and Clemenceau had seen the note and had not checked it.

There was such a lot of claptrap, moving-picture melodrama, put on by the great statesmen for the benefit of the ignorant public. Reporters knew to a moral certainty that it was all a tragic sham, but they did not know it in an evidential way, and could not use what they knew. When President Wilson made his brusque gesture of ordering the *George Washington* American readers may remember that there were 48 hours in which the White House and the Navy Department in America denied that he had ordered the boat. That was because the British Government held up the President's cable in London, where it was relayed, hoping to talk him out of going home and failing magnificently for his cause. They did talk him out of going home, and he merely failed ingloriously.

That episode revealed to us one important thing: That out of the war Great Britain had taken absolute control of the European cable service. No American business goes to Europe which does not pass through British hands. It was one of the details which President Wilson either overlooked in his eagerness for the covenant of the League of Nations or traded for value received from the British. We felt that he was trading much; too much. The President desired the treaty and the covenant of the league to be one document. While he was in America the two documents were separated. France, England, Italy, America signed the memorandum of separation. When the President returned he demanded that the separation be annulled. The French vociferously and publicly and apoplectically declared that there would be a separation of the document.

A SECRET HORSE TRADE.

A few days after the President's return Lord Robert Cecil officially and on behalf of the British commissioners announced the fact of the separation. A secret horse trade was made between President Wilson and the British. What was the consideration? We reporters felt that it might have been the chains for Egypt and Ireland. For after Lord Cecil's declaration that there would be one document, Egypt's case waned before the conference. But this is mere guesswork. The people, however, had a right to know what were the bargains, what was the price of the liberty of an ancient people.

Why was Col. House kicked upstairs to London to establish the secretariat of the League of Nations during the heat of the conference? President Wilson at one time prepared an article for the covenant of the league guaranteeing the right of religious freedom to all people. It was aimed at the protection of the Jews against pogroms. He withdrew it. Why? Was it because the Japanese demanded also the guaranty of racial equality? That was the gossip. But should not the millions of Jews and the millions of Japanese on the earth know definitely why their rights were bartered about the conference like chips and whetstones?

At one time in the conference the French proposed to pool the war debt. The British rather timidly seconded the proposal. Japan and America, having most of the I O U's of the world, objected. Here was a proposal that affected the lives of billions of people. Not a hint of it came out officially during the conference. It might easily have been adopted. Good or bad, the thing was deeply important. Yet behind closed doors, with no restraints of public opinion, the Paris conference tossed the destinies of humanity about like poker players using matches for chips and stakes.

THE STAKE IS TREMENDOUS.

The disarmament conference will see the same game repeated if publicity is not guaranteed. Make no mistake about this disarmament conference. It is no mere casual diplomatic horse show. It is a serious attempt of the major allies to undo the work of Paris. The pact providing for disarmament either will become a new League of Nations or it will be drafted into the existing League of Nations and give America her excuse for participating in the league.

We are about to enter either a quadruple alliance that will bind us through our financial holdings into the heart of the world's great tragedy, or we are about to write a clause of the League of Nations that will save the Republican face and bring us into that group of nations. In either case the destiny of every American and his children and his grandchildren is bound up in the outcome of this conference. His taxes, his food, his standard of living, his very life itself through potential wars, are to be determined in great measure by this conference. What right have any four American commissioners—however wise they may be, and however disinterested and high-minded they may be—to sit in such a council behind closed doors with the gamblers of Europe and hazard our destiny?

It is the same old game that they played in Paris. We sit into it demanding no material gains of any earthly sort. We want only peace on earth among men of good will. Japan wants domination of the Pacific. Great Britain desires a free hand in India and a freedom of the seas which will join her Pacific colonies to her with bands of steel. France wants the commercial and political and spiritual leadership of the European Continent, and to gain it she must have Germany strangled for a generation. A low French birth rate and a high German birth rate make the rivalry inevitable, and the need of British and American aid imperative. Everywhere Americans are concerned. The $10,000,000,000 debt that Europe owes us can not be ignored. We are in the world and in the world's politics to stay, and whether we will or not. This disarmament conference is merely a session of the trustees who hold the world in political and financial receivership. It has all the power it cares to take. And upon the use the conference makes of the power depends the restoration of civilization.

Who should guide America in that conference? Four men and with sometimes a suggestion from President Harding, who already is burdened almost to the breaking point with domestic affairs? These men are splendid delegates; their superiors will not sit in the conference. But the wisdom of the American people is their superior. The people have rights in that conference, which are inherent in their rights to a republican form of Government. They should sit in the conference, but they can sit in the conference only through the utmost publicity.

And publicity is entirely possible. It is possible in the United States Congress, in the French Assembly, in the British Parliament. Much may be done in committees; proposals may be drafted there. But while proposals are under debate, the debate and the vote upon the proposals should be before the people of the world.

HOW WE LOST YAP.

And it should be no sham debate, no cut-and-dried proceedings such as Paris offered. It was the sham of Paris that chloroformed the world. By professing to hold open meetings when the full council was called the intriguers of Paris gave the idea that "open covenants" would be actually "openly arrived at." As a matter of fact, the full council was not summoned to meet until everything coming before it had been settled in secret.

America lost the island of Yap through chicanery. At least, a well-authenticated story from one of the shrewdest of the American experts who accompanied the commission to Paris declares that we lost Yap because our beloved allies deceived the President. He had been fighting for Yap for weeks. Time and again he had defeated attempts to give the island to the Japanese, who desired it inordinately. Apparently the Allies desired to oblige the Japanese if it could be done without offending the Americans. But the President was adamant.

One bright spring day some one—not a Japanese—proposed a resolution disposing variously of a job lot of unimportant possessions of our late enemies, describing each lot in the terms of technical geography. The discussion, which was in the Council of Ten, ranged along amicably enough. No one mentioned the island of Yap. The President agreed to the motion, and in the meantime, back of him trying to get his attention, two of his experts were frantic.

They knew that Yap was carefully concealed in the mass of geographical description. The President paid no heed to his pestiferous young experts. An hour later when he left the room his experts told him what had been done. He was dumfounded at the duplicity of our allied and associated powers. But what was done was done and could not be undone. If real debate and genuine publicity had prevailed at Paris, America would have known for days ahead what was threatening around the island of Yap, and the very reporters in the room, if they had been allowed there, would have jogged the President's elbow.

The Russian policy of the Allies failed at Paris because of its secrecy. England and America desired an amicable settlement with the Russians—all the Russians, all of the small principalities into which the Russian Empire was broken. France, desiring military, commercial, and political supremacy of the Continent of Europe, demanded a military settlement which would restore the value of the Russian bonds. Frenchmen held those bonds in tubfuls. England and America in secret forced France to agree to the Prinkipo conference, an attempt to get all the Russian governments to agree to what was in effect a truce and find some binder of common interest that would unite Russia. France, intriguing with the exterior governments of Russia, prevented the Prinkipo conference, prolonged the futile war, which cost thousands of lives and millions of treasure and achieved nothing. Great Britain is trading with Russia. America is feeding Russia. France is still quarreling with Great Britain about the Polish boundary, and her tubfuls of bonds are still worthless. Publicity in January, 1919, while the Prinkipo proposal was pending, would have stopped France, and negotiations rather than war might have settled the Russian problem.

WHAT AMERICA WANTS.

These, of course, are twice-told tales. But why should they be thrice told? France has not changed her aspirations. Great Britain will send to the Washington conference men representing Great Britan's imperialistic aims, as she sent such men before. Japan wants to-day exactly what she wanted two years ago. Italy still dreams of a Near Eastern policy.

And America still wants nothing but peace and lower taxes. Our aims are few and simple, but if they are achieved we shall change the international relations of the globe. We have with us in our aspirations the common people everywhere. In Europe these people have flexible governments, and can overthrow them. Given knowledge of what is easily within their reach—disarmament, with understanding among the nations looking to the peace of the world—European peoples will demand it. If their imperialistic statesmen bicker with us in the light of publicity on the proposal to disarm, their Governments will fall, not in four years, not at the end of a stated period, but at once, by recall, quickly, overnight, and new statesmen will appear in Washington. If President Wilson had left the council table in wrath when he found the imperialistic cards on the table and the seeds of war in the stake, if he had told civilization what America demands and what the allied and associated powers were really doing, a political revolution in Europe might easily have changed the council in six weeks.

To-day America's one hope is in an open conference. The things we are asking are realizable. The lever of European chaos makes us irresistible in our demands if we state these demands daily in their clearest, simplest terms to mankind. This can be done only through debate and official utterance. There is no channel by which debate and official utterance can reach the nations of mankind if the conference is closed. The weight of liberal opinion all over England, France, Japan, and Italy can not crush the imperialistic designs of the actual Governments of these countries if we withhold the facts from free, open, intelligent discussion in the world while the questions are pending. It will do no good to record our good intentions in history. We must see that our good intentions make history.

FOR THE "HARD-BOILED."

Now, all this tall talk of good intentions and of the angels' song about peace on earth, all this roseate dreaming of the federation of mankind and the parliament of the world, seems to some practical minds to be politics in cream puffs. So let us for the moment drop the language of the Puritan and adopt his basic way of thinking. For, after all, the cant of Puritanism is only the moralization of the main chance.

In America all this grand talk affects one thing—taxes. Wars make taxes. We are faced with constantly increasing taxes—billions of taxes, if we can not restrain the war spirit of the rulers of humanity outside of this country. Probably America's debtors can not pay even the interest on what they owe us unless we can stop progressive competitive armament. So as a cold-blooded horse-trading Yankee proposition we must make this disarmament conference "go" if we are to succeed as a Nation of traders in the good things of this earth, most of which we have exclusively for sale in shipload lots.

Let us pretend that we are "hard-boiled"; that we don't care what happens to the other nations of the earth so long as it does not happen to us. Let us say that we can stand by complacently and see

their sons killed in battle, their homes ravaged, their civilizations decay. But they owe us money. To default will hurt us. To stop buying from us will bankrupt us. Unless they have a surplus above their taxes to invest in our good things, which we are selling in shipload lots, these good things will rot on our farms and rust in our factories and at our mills. Every dollar we save from going into armament in taxes for the other peoples of the earth is headed our way. We can grab a piece of it. They must make their own guns. But we can sell them the products of peace. Selling the products of peace is how we Americans live.

That is the song the angels are singing. That is what is ringing through the hosannas about peace on earth among men of good will. That is what we really mean by the brotherhood of man.

So, after all, while the preachers and the reformers and the uplifters are clamoring sweetly for the dawn of a better day through this disarmament conference, it is highly important that the chambers of commerce, the agents of big business, and the heads of the labor unions—practical men who never fool themselves—should be stirring their bones in the demand for an open conference. For if we close it the outcome will be disastrous. And if the taxes of the world keep going into armaments—ships and guns and soldiers and gas and aircraft and machinery of destruction—your Uncle Sam may as well hang up the fiddle and the bow for this era of our civilization and wait for the general resurrection in some other and far-distant time for his full development.

We are all in one boat on this planet. Civilization can not rot in spots. Like "the little dog whose name was Rover," when civilization is dead it is dead all over. If it rots, we rot with it, and the blight of war has touched us all. And the dry rot of civilization comes from the aphis of hate that the war released. The world must have faith before it can resume the business of civilization—faith of men in men, faith of nations in nations, faith of all of us in the general decency of mankind and the changeless goodness of God. But faith never grows behind closed doors and in secret conclaves. Men make their noblest professions and square them with their greatest deeds while they are being watched. Open diplomacy is the safest diplomacy.

"Fool me once, and it's shame on you; fool me twice, and it's shame on me."

INTERNATIONAL EXPOSITION AT RIO DE JANEIRO.

Mr. LODGE. Mr. President, I desire to get the concurrence of the Senate in the House amendment to the joint resolution with regard to the Brazilian exposition, passed the other day. The House has passed substantially the same measure. The differences are slight and I think are all improvements, and I move to concur in the amendment of the House.

I ask to have the amendment of the House laid before the Senate.

The PRESIDING OFFICER (Mr. NEW in the chair) laid before the Senate the amendment of the House to the joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, which was to strike out all after the resolving clause and insert:

That said invitation is accepted.

SEC. 2. That the President is hereby authorized to appoint a commissioner general and five commissioners to represent the United States in the proposed exposition, the amount of whose compensation shall be determined by the Secretary of State: *Provided*, That two of the said commissioners to be designated by the President shall serve without compensation or allowance for expenses. The said commissioner general shall, under the direction of the Secretary of State, make all needful rules and regulations in reference to the contributions from this country, and to control the expenditure incident to the installation and exhibit thereof, the pay of the commissioner general, commissioners, officials, and employees, and the preparation of the reports of the exposition, and the general results thereof; and he shall make all arrangements necessary for the preparation, transportation, installation, display, and proper care of the exhibits of the Government of the United States, with the cooperation and assistance of the various executive departments, institutions, and branches of the Government that may participate in the exposition, as well as to furnish such information service to private exhibitors and prospective exhibitors as he may deem necessary and feasible: *Provided*, That the executive departments of the Government may designate officials or employees of their respective departments for service in connection with said commission, but no such official or employee so designated shall receive a salary in excess of the amount which he has been receiving in the department where employed, plus such reasonable additional allowance for expenses not now authorized by law as may be deemed proper by the Secretary of State, in view of the fact that such service is to be performed in a foreign country: *Provided further*, That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than $15,000 per annum, and not more than one person shall receive a salary in excess of $10,000 per annum, and not more than three persons shall receive salaries in excess of $7,500 per annum.

SEC. 3. That officers and employees of the executive departments and other branches and institutions of the Government in charge of or responsible for the safe-keeping of objects, articles, etc., property of the United States, which it is desired to exhibit, may permit such property to pass out of their possession for the purpose of being transported to and from and exhibited at said exposition as may be requested by the commissioner general, such exhibits and articles to be returned to the respective departments and institutions to which they belong at the close of the exposition: *Provided*, That the commissioner general, with the approval of the President, at the close of the exposition may make such disposition of the buildings and other property of the United States used at the exposition, which it will not be feasible to return to the United States, as he may deem advisable.

SEC. 4. That the Shipping Board is authorized to give the commission such assistance as may be necessary and to make special rates and special sailing schedules for the transportation of governmental and private exhibits and participants to and from the exposition.

SEC. 5. That the Secretary of Agriculture is hereby authorized to collect and prepare suitable specimens of the agricultural and forestal productions of the several States of the Union for exhibition at the exposition and accompany the same with a report respecting such production, to be printed in the English, Spanish, and Portuguese languages, the expense of the same to be paid out of the appropriation hereinafter provided for.

SEC. 6. That the Secretary of Commerce is hereby authorized to collect and prepare a suitable exhibit of the fisheries industry of the United States for exhibit at the said exposition and accompany the same with a report respecting such industry, to be printed in the English, Spanish, and Portuguese languages, the expense of the same to be paid out of the appropriation hereinafter provided for.

SEC. 7. That the Secretary of the Interior is hereby authorized to collect and prepare a suitable exhibit of the mining industry of the United States for exhibition at the said exposition, and to accompany the same with a report respecting such industry, to be printed in the English, Spanish, and Portuguese languages, the expense of the same to be paid out of the appropriation hereinafter provided for.

SEC. 8. That in order to defray the necessary expenses above authorized, including the salaries of commissioners and employees, the cost of preparing the various Government exhibits, transportation, installation, display, and return of exhibits, construction and equipment of building, and acquisition, preparation, and maintenance of site and grounds, the sum of $1,000,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, to be immediately available for use by the commissioner general for the purposes of this resolution, and to remain available until expended or no longer required, all expenditures out of said appropriation being made subject to approval by the Secretary of State: *Provided*, That no indebtedness shall be incurred hereunder in excess of the amount herein authorized to be appropriated.

SEC. 9. That it shall be the duty of the Secretary of State to transmit to Congress within six months of the close of said exposition a detailed statement of the expenditures which may have been incurred under the provisions of the resolution, together with all reports called for under sections 5, 6, and 7 of this resolution, which reports shall be prepared and arranged with a view to concise statement and convenient reference.

The PRESIDING OFFICER. The Senator from Massachusetts moves that the Senate concur in the action of the House. The question is on the motion of the Senator from Massachusetts.

Mr. FLETCHER. Mr. President, will the Senator state briefly just what the changes are? I do not care for the details.

Mr. LODGE. I will.

The Senate provided for three commissioners instead of five. The House provides for five commissioners, with the following proviso:

That two of the said commissioners to be designated by the President shall serve without compensation or allowance for expenses.

It leaves it substantially the same, except that they can appoint a commissioner resident in Rio.

They also put in the following limitation:

That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than $15,000 per annum, and not more than one person shall receive a salary in excess of $10,000 per annum, and not more than three persons shall receive salaries in excess of $7,500 per annum.

It is a limitation on the salaries, which I think a very sound one.

They also put in, in section 8, before the word "appropriated," of the Senate bill, the words "authorized to be," to comply with the rules of the House.

They also put in the following proviso at the end of the same section:

That no indebtedness shall be incurred hereunder in excess of the amount herein authorized to be appropriated.

I think those are all improvements in the joint resolution.

Mr. FLETCHER. I think so myself.

The PRESIDING OFFICER. The question is on the motion of the Senator from Massachusetts that the Senate concur in the action of the House.

The motion was agreed to.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. LENROOT. Mr. President, many of our Democratic friends seem to be sorely troubled over the existing situation. It is apparent that if they felt sure that the Democratic Party could get the credit for the changes that have been made in this bill since it was reported they would declare it a good bill; but fearing that they can not get the credit, they therefore wish to declare it an iniquitous measure.

Mr. President, I ask at this point, How did the Democratic Party tax corporations before the war, in time of peace, compared with the proposal to tax corporations in this pending bill? We hear much from them to-day concerning the escape of wealth in corporate form from its share of taxes, but I have before me a table from the Statistical Abstract showing that before the war, in 1916, under the Democratic tariff policy and under Democratic tax legislation, the corporate net income of the corporations of the country in that year was $8,765,000,000, in round numbers, and that the tax imposed upon that cor-

porate wealth by the Democratic Party amounted to $171,805,000, or 1.96 per cent of their income.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from Florida?

Mr. LENROOT. I yield.

Mr. FLETCHER. Of course, at that time we were not under the necessity of raising the amount of taxes we must raise to-day. We did not then have $24,000,000,000 of outstanding Government bonds.

Mr. LENROOT. That is true, but we were raising then about $1,000,000,000. The pending bill proposes to raise about $3,200,000,000. If we had had the same amount of money to raise, then the Democratic Party following that policy would not impose a greater tax than 7 per cent upon the corporate income of the country, when it is proposed in the pending bill to impose a tax of 15 per cent upon the net income of every corporation in the country less the $2,000 exemption, and as the Senator from Connecticut [Mr. McLEAN] suggests, a surtax upon every stockholder running up to a maximum of 50 per cent. So that it comes with poor grace indeed from the other side of the aisle to claim that they are the ones who are in favor of taxing corporate wealth and that the Republican side is endeavoring to free it from such taxation.

Now, Mr. President, who pays the excess-profits tax? Is it the large corporation with its watered stock or is it the little corporation found in every community and every State? The Senator from Indiana [Mr. WATSON] placed in the RECORD last night a table prepared by the Treasury Department showing the average size of corporations measured by invested capital earning different rates of profit based upon the returns in 1919. That table shows that corporations having an invested capital of more than $14,000,000,000 in the aggregate and having an average invested capital of $1,319,000 paid an excess-profits tax of ninety-nine one-hundredths of 1 per cent. The amendment of the Senator from Missouri now pending, based upon the same return, proposes to exempt those large corporations from any excess-profits tax whatever. That is what his amendment would accomplish. His amendment will reach corporations, but will not reach the large corporations of the country with watered stock.

The next class of corporations in the table are those whose per cent of net income to invested capital is between 5 and 10 per cent. They have an aggregate invested capital of $15,925,000,000 and they paid an excess-profits tax upon that capital of 1.93 per cent, while the amendment of the Senator from Missouri would exempt them from any excess-profits tax.

Here, then, are two classes of corporations, the largest in the United States, that combined pay less than 2 per cent excess-profits tax, and the amendment of the Senator from Missouri would exempt them from any excess-profits tax.

Mr. SMOOT. In that connection I wish to call attention to the fact that the capital invested in those corporations is more than half the corporate investment in the United States.

Mr. LENROOT. I was just coming to that. Those two brackets alone aggregate in invested capital $30,000,000,000 against a total invested capital of all the corporations in the country of $56,000,000,000.

Mr. REED. Mr. President, I do not understand the Senator's statement.

Mr. LENROOT. I am not to blame for that.

Mr. REED. No; the Senator is not to blame for it.

Mr. LENROOT. I am glad to yield to the Senator from Missouri, however.

Mr. REED. If he means to intimate that I am incapable of understanding, I accept the suggestion. Does the Senator mean to say that the amendment which I have offered now exempts from all taxes——

Mr. LENROOT. All excess-profits taxes.

Mr. REED. Exempts from excess-profits taxes those who make less than 15 per cent? The old law or the present law exempts from excess-profits taxes those who earn less than 10 per cent.

Mr. LENROOT. Eight per cent.

Mr. REED. The Senator voted against the retention of the provision of the old law?

Mr. LENROOT. Yes.

Mr. REED. Now I offer an amendment which allows more profit, because I am forced to do it, if I get anything from you, and the Senator complains that that lets some people out who would be held under the present law, and yet he votes against the present law. What does the Senator want?

Mr. LENROOT. It is very simple, as I shall show in a moment.

Mr. REED. I think it is.

Mr. LENROOT. The present law works an injustice, exempting the large watered-stock corporation and taxing the little corporation. The Senator's amendment now pending simply increases that injustice; that is all. It increases the exemption of the large corporation.

Mr. REED. That is true; and we all know that there are certain very large corporations that are overcapitalized, and therefore, because the excess-profits tax as it now exists does not reach them because they are able to absorb or cover their profits as a rule by their large capitalization, not only do they escape under the present law but they will escape under the present bill unless it is amended.

Mr. LENROOT. But they will not escape under the committee proposition.

Mr. REED. Oh, well, we are all for the 15 per cent tax. The 15 per cent tax which it is proposed to levy will increase the taxes that will be paid by some of the very large corporations that are overcapitalized. That is true. It may be that the excess-profits tax will not reach some of the very large ones. If that is the case, then some plan ought to be devised in addition to the excess-profits tax to reach the very large ones. If the Senator will support me with his bloc of adherents——

Mr. LENROOT. I have no bloc of adherents.

Mr. REED. With the adherents he was connected with when this deal or trade was made—I will draw an amendment relating to excess profits that will reach the great overcapitalized corporation. But at present we are considering whether a profiteer who makes more than 15 per cent shall give up a small part of it to the Government or not, and the Senator has said we should not touch him because there is another class smaller in number but larger in capital that will not be covered by the terms of the bill. That is the argument. In other words, because we can not get all of those who are reaping large profits, we should not get any of them.

Mr. LENROOT. Does the Senator mean to make the statement for the record that he considers every corporation a profiteer which makes more than 15 per cent in any given year?

Mr. REED. No; I mean to say that any corporation that makes more than 15 per cent can be taxed justly by an excess-profits tax upon what it makes above 15 per cent. I will not call every corporation that makes more than 15 per cent a profiteer, but when they get very much above that I would call them profiteers.

Mr. LENROOT. Mr. President, when I was interrupted I had given two brackets of corporations, the large corporations of the country that are now practically escaping taxation on excess profits and under the Senator's amendment would wholly escape. Now, I wish to go to the third bracket.

The third bracket embraces corporations having a net income to 10 to 15 per cent. Their capital invested is in round numbers $9,000,000,000. They paid an excess-profits tax that year of 11.61 per cent. Under the Senator's amendment not one of those corporations would pay a dollar of excess-profits tax. So that the amendment of the Senator from Missouri now before the Senate would reach what? It would reach corporations having an invested capital of less than $316,000 and it would reach no one else.

Mr. REED. O Mr. President——

Mr. LENROOT. An average invested capital.

Mr. REED. Oh, that is very different—an average invested capital. There might be in that group a corporation with a capital of a billion dollars.

Mr. LENROOT. O Mr. President, that is not the way these averages are made. Of course there is a certain limit to make up a bracket and, of course, we have to get the average of that bracket.

Mr. REED. The Senator does not mean to say that a corporation under this amendment of mine would not pay any taxes if it had a capital of more than $315,000? It might have a capital of $5,000,000, $10,000,000, $20,000,000, or $30,000,000, and, as a matter of fact, does have it, and I produced the figures here from the expert of the Treasury Department showing that many of them do have it.

Mr. LENROOT. I must confess that now I do not understand the Senator from Missouri. That is not the Senator's fault.

Mr. REED. Oh, no; it is not the fault of either of us if we do not understand each other.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. LENROOT. I yield.

Mr. JONES of New Mexico. Just in corroboration of the statement of the Senator from Missouri, I call attention to the fact that in the first bracket the average invested capital is $1,319,511. That includes all the big railroad corporations. The railroads with $100,000,000 of capital, as some of them have, are all included in that bracket where the average is only $1,319,511. But I did not rise for the purpose——

Mr. LENROOT. The first bracket includes every corporation having an income of less than 5 per cent.

Mr. JONES of New Mexico. But the Senator from Wisconsin is assuming that the small bracket does not reach the large corporation. Of course he is correct in that to a considerable extent. I have not any doubt, however, that included in this list is a large number of small corporations which do not make to exceed 5 per cent on their capital.

But what I desired to inquire of the Senator is this: We will take a large corporation. We will take the Pennsylvania Railroad to-day. It has a large capital. It is earning, I should say, less than 5 per cent upon its invested capital. Does the Senator feel that that railroad company should be penalized because it is merely a large corporation? Does not the Senator realize that the large corporations are in almost every instance a mere aggregation of a large number of stockholders and the average earnings of those stockholders are comparatively small? I desire to call the Senator's attention——

Mr. LENROOT. Mr. President, I can not yield further. The Senator from New Mexico may make a defense of the large corporations in his own time, but not in mine.

Mr. JONES of New Mexico. I want to ask the Senator if he is going utterly to ignore the fact that in the large corporations there is almost invariably a great number of stockholders and the individual earning of each stockholder should be taken into consideration rather than the mere size of the corporation?

Mr. LENROOT. Exactly. Now, I agree with the Senator from New Mexico, and I want to ask him whether a little later he proposes to vote for the graduated tax upon corporations dependent upon income?

Mr. JONES of New Mexico. I do.

Mr. LENROOT. Very well. Now, let us see what the Senator says. He says the large corporations with a great number of stockholders must be taken into consideration, because in the case of a large corporation having a great number of stockholders net earnings mean no more than in the case of a small corporation with a small number of stockholders; and yet the Senator says he is going to vote for a graduated tax upon the larger earnings, irrespective of the capital invested or the number of stockholders.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin further yield?

Mr. LENROOT. I do.

Mr. JONES of New Mexico. I misunderstood the Senator from Wisconsin. I do not intend to vote for the kind of a graduated tax which he describes. I have a proposal of my own for a graduated tax upon undistributed incomes.

Mr. LENROOT. The Senator does not intend to vote, then, for the Democratic proposal stated in the speech of the Senator from North Carolina [Mr. SIMMONS] imposing a graduated tax of from 12½ to 25 per cent on the net income of corporations?

Mr. JONES of New Mexico. I do not think that proposal has any proper foundation except as an alternative of evils.

Mr. LENROOT. But does the Senator intend to vote for it?

Mr. JONES of New Mexico. I do not think so.

Mr. LENROOT. I am glad to know that.

Mr. President, again referring to this table, the three brackets which I have discussed have a combined invested capital of $39,000,000,000, leaving corporations with only $17,000,000 to which the amendment of the Senator from Missouri will apply. Let us see about the small corporation. The table shows that the corporations having the largest percentage of net income have an average invested capital of $61,000 only. Let me give an illustration that came to my attention only the other day. In a certain city two men who were engaged in the insurance and loan business concluded some years ago to incorporate, and they incorporated with a capital of $25,000. They employed that capital, but only in a very incidental way. It had practically nothing to do with the earnings of the corporation, because the earnings depended upon the individual activities of the two principal stockholders, who gave their entire time to the business. They did well; they made a large income not out of their $25,000 capital but out of the efforts of both stockholders.

That little corporation had an excess-profits tax to pay of $1,100. In addition, when two men who owned the principal portion of the stock divided the earnings that were left, they had to pay a surtax upon the dividends. Senators upon the other side of the Chamber may justify that kind of an excess-profits tax, but I do not.

Let me give another illustration, Mr. President. Under the excess-profits tax will men engage in new enterprises? No man engaging in a new enterprise, whether it be mercantile, manufacturing, mining, lumbering, or otherwise, expects to make a fair profit during the first year, or even during the two years or the three years of the inauguration of the business. He, in fact, may expect at first to sustain a loss, but he goes into the business expecting that when it does become established, and if he is successful, then he will get a profit high enough to compensate him for the losses that he sustained in previous years. The excess-profits tax entirely ignores that. Therefore, Mr. President, so long as the excess-profits tax exists there is a lack of incentive for men to engage in new enterprises.

I have not any sympathy with exempting men or corporations from taxation; I think I will be readily acquitted of that charge by every Senator upon this floor; but, Mr. President, what is a corporation? No individual can get any benefit of corporation earnings except by the distribution of dividends. When we tax a corporation fairly the only way that stockholders can get any return from those earnings is by a distribution of dividends. Under the income tax law every dollar of such dividends is subject to a surtax. Therefore, there is no injustice, because no stockholder can secure any undue return or any undue advantage from corporate income, for before he may come into the enjoyment of that income he must pay to the Government a fair share in taxes thereon.

Mr. REED. Mr. President, will the Senator permit a query?

Mr. LENROOT. Yes.

Mr. REED. That argument would apply equally to the normal tax upon corporations. Carried to its legitimate conclusion, it would relieve all of the corporations of all taxes on the theory that, the profits being distributed to the individual stockholders, the taxes would then be paid by them. It applies equally to normal taxes and to excess-profit taxes.

Mr. LENROOT. Mr. President, of course if we assume that the dividends are distributed, the normal tax might apply, but there is no injustice to anyone in taking the normal tax at the source, which is all that this amounts to.

Mr. REED. Where is the injustice, then, in taking the excess-profits tax? If there is no injustice in taxing a corporation on its normal income a normal tax, where is the injustice in taxing it on its abnormal profits?

Mr. LENROOT. If I would concede an abnormal profit, I would readily say, No, there is no injustice in taxing an abnormal profit; but we must first agree upon what an abnormal profit is; and secondly, I am not willing to apply one principle of taxation to the small conservatively capitalized and conservatively managed corporation and not apply it to the great corporations of this country, with perhaps 50 per cent of their capital made up of watered stock.

Mr. REED. Very well. Will the Senator join me in an amendment to this bill which will propose—and I am going to use the figures now purely by way of illustration and will be willing to change or modify them—to levy an excess-profits tax upon all corporations making more than 15 per cent, and providing that if any corporation makes less than 15 per cent but has a capital in excess of $10,000,000, then it shall pay an excess-profits tax, although its profits may be as low as 7 per cent; in other words, provide a graduated excess-profits tax and graduate it in accordance with the amount of capital invested? In that way we could reach the overcapitalized industries.

I intended to work out that sort of an amendment, but it seemed to me useless to work it out and present it unless we could preserve the principle of the excess-profits tax. I have asked the question in good faith of the Senator, for, however much we may quarrel on this floor, we have been in substantial agreement on three or four propositions in this bill. If it is true, as it is true, that there are certain concerns that have overcapitalized and thereby escaped the excess-profits tax, I want to reach that sort of concern, and I am constrained to believe the Senator from Wisconsin would be willing to reach it. I say to him that if that can be done, the Democratic side of the Chamber would support a measure of that kind, if it is drawn wisely. Will the Senator get us some votes on his side for it?

Mr. LENROOT. Mr. President, in the first place, the Senator now speaking is not in a position to get any votes for anything except his own, and does not pretend to be able to do other than that. In the second place, if the Senator from Missouri or any other Senator on this floor can devise a plan for

taxing fairly what are really excess profits, I shall be glad to support it; but I think the Senator from Missouri will find a great deal of difficulty in devising any such plan.

Now, Mr. President, I wish to ask the Senator from Missouri whether it is his opinion that the excess-profits tax should be retained as it is in the present law and also that the normal tax on corporations should be increased 50 per cent?

Mr. REED. Mr. President, I will answer the Senator with perfect frankness, and I will answer him "yes," for the reason that the corporation tax of 15 per cent is levied only upon income, and if that income is low the tax is correspondingly low, and, as we need the money, I think the tax should be levied. The income tax of 15 per cent which is proposed to be levied as a corporation tax falls upon the corporation that is making only 3 per cent and takes 15 per cent of the 3 per cent; if it is making only 8 per cent it takes 15 per cent of the 8 per cent. To such corporations that kind of a tax is rather burdensome; but now the difference between the Senator and myself is this: When a corporation after paying all of its expenses has 15 per cent net, then what it makes above that it seems to me ought to bear an additional burden, and that it can not complain, if it makes 20 per cent, if upon the 5 per cent that it makes above the 15 per cent and below 20 per cent it gives up one-fifth to the Government.

Mr. LENROOT. Mr. President, I appreciate what the Senator says, that a 15 per cent tax upon some corporations earning 3 per cent upon their actual capital would be a burdensome tax. On the other hand, there is no tax that can be devised or which ever has been devised, or, as I believe, which ever will be devised that will work with absolute justice upon every person or corporation upon whom it is imposed.

Mr. REED. That is true.

Mr. LENROOT. But, Mr. President, let us see what the committee amendment increasing normal tax upon corporations does with the large watered stock corporation compared with the present law. That amendment proposes to increase the flat corporation tax to 15 per cent. Corporations having an average net capital of more than $320,000 will have their taxes increased under the proposed amendment increasing the corporation tax to 15 per cent, while corporations with an invested capital of less than that amount—I say every corporation, but I shall withdraw that expression and say that the average corporation having less than that amount—will have its taxes decreased under the proposal to increase the flat corporation tax to 15 per cent.

Mr. REED. Mr. President, I do not understand how the Senator can say that. The table that he has been talking about shows——

Mr. LENROOT. I wish to make one correction. It is the corporations having an average capital of more than $395,000 instead of $350,000.

Mr. REED. I am not raising a question about a little thing of that kind. I understood the Senator to state that corporations having less than the amount of capital he has just named, $395,000, would escape taxation under my amendment.

Mr. LENROOT. No; I was talking about the proposal to increase the flat corporation tax from 10 to 15 per cent. Their taxes would be reduced, while the taxes upon the large corporations would be increased, with the repeal of the excess-profits tax.

Mr. REED. Oh, no; the taxes will not be reduced unless they are making very high excess profits.

Mr. LENROOT. I am taking this table and these returns, as the Senator understands.

Mr. REED. I see.

Mr. LENROOT. For instance, Mr. President, take the first bracket of corporations having an average invested capital of $1,319,000. The repeal of the excess-profits tax and the increase of the corporation tax will increase the taxes upon those corporations, based upon the returns of 1919, nearly 50 per cent—48 per cent.

Mr. REED. That is true. You increase the burden upon the corporation that has been making small profits, and you decrease, by repealing the excess-profits tax, the burden upon those that have been making large profits.

Mr. LENROOT. Very well. Then, does the Senator wish to take the position that the large corporations of this country have not been engaged in profiteering, and that the small ones have?

Mr. REED. I mean to take the position—and it is the only thing we need discuss in this matter—that if the large corporations have been overcapitalized, and for that reason are concealing their profits so that they were not reached under the present law, the 5 per cent flat tax added to corporations of that class will increase their burdens, but it will also increase the burdens upon many corporations which are not large and which have been making small profits. We can not frame this bill with the idea that we are going to take the tax off of the man who has been making very high profits merely in order to put a tax upon a man who has been escaping through overcapitalization. The remedy is to apply your flat tax of 15 per cent all along the line, and then still levy an excess-profits tax on the wretch who has been plundering the public.

Mr. LENROOT. I want to ask the Senator, then, this question: Taking the illustration that I gave a moment ago, where the principal stockholders devote all their time and energy to the business, and where the earnings of that business are dependent in only a minor degree upon the capital invested but in principal degree upon their own efforts, does the Senator wish to impose this excess-profits tax in a case of that kind?

Mr. REED. There are some cases of that kind, but they are not large in number, and they can be taken care of without the slightest difficulty in just the way we have already in our laws taken care of the personal-service corporations. All you need to do is to extend the language of those provisions a little bit and you cover the case, but it is not proposed to extend it. Senators talk about difficulties and inequalities which we confront, and make them the excuse for this still greater inequality instead of reaching in and trying to correct the evils which they themselves now use as the buttress behind which they propose to fight the battle in the interest of the profiteer.

Mr. LENROOT. Mr. President, the attitude of the Democratic minority as a whole—I am not speaking of individuals like the Senator from Missouri, but the attitude of the Democratic Party—in opposing the repeal of this excess-profits tax, effective next January, is an afterthought upon their part. They had no such thought when they made the minority report on this bill. Read from beginning to end the report signed by the ranking member of the committee, the Senator from North Carolina [Mr. SIMMONS], and you will find no suggestion that they are going to oppose the repeal of the excess-profits tax. On the contrary, such suggestion as there is is exactly to the contrary.

The Democratic minority report states:

> The war revenue legislation was largely experimental and found no precedent in former enactments of Congress devised either in war or in peace times. To reach the objects and sources of taxation desired was a most difficult task, but both political parties adopted with unanimity the war revenue legislation referred to, believing that it was justified in war times and under the then existing conditions. Its repeal was promised by all as soon as war was over.

Mr. REED. What is the Senator reading from?

Mr. LENROOT. I am reading from the Democratic minority report upon this bill.

Mr. REED. What page, please?

Mr. LENROOT. On the bottom of page 1 and the top of page 2.

Mr. REED. Mr. President, that is general comment. Will the Senator kindly turn over to page 13, where you get to the concrete statement? I will read it to him.

Mr. LENROOT. Yes.

Mr. REED. (Reading:)

> The repeal of the excess-profits tax would also result in a gross disparity between the amount of taxes hereafter to be paid by corporations, individuals, and partnerships.

Mr. LENROOT. Of course; and the suggestion in the report is not that the tax shall not be repealed but that that disparity shall be supplied in the program that the Senator suggests.

Mr. REED. Oh, no.

Mr. LENROOT. We will see whether it is so or not. I read now from the speech of the Senator from North Carolina [Mr. SIMMONS] upon this bill. After going over the various parts of the bill in detail, he said, near the close:

> I want to say that if the Republicans permit us to make our desired changes in the interest of justice and fairness in this bill and will get their taxes upon a basis that one can sustain and support in conscience, and if as a part of that scheme the corporation taxes are not very materially reduced from what they are under the present law, I shall have no objection to their repealing the excess-profits tax as far as I am concerned.

Mr. REED. Mr. President, that was an individual opinion. It was not the opinion of the other members of the committee. I will say to the Senator frankly that I did not know that the Senator from North Carolina had expressed that view.

Mr. SIMMONS. What is the Senator reading from?

Mr. LENROOT. I am reading from the Senator's speech, in which he stated in effect that if the program of taxation outlined by the Senator in his report should be adopted, he himself would not object to the repeal of the excess-profits tax.

Mr. SIMMONS. What I did say, and what I have always said, was that if in the repeal of the excess-profits tax, which

would relieve the corporations of $400,000,000 of taxation, the same amount of taxation of which this repeal would relieve them was imposed upon them in some other way, so that they could not pass it on to the consumer any easier than they could pass the excess-profits tax onto the consumer, so far as I was concerned I would be satisfied.

Mr. LENROOT. I think that is true. Was not the Senator's program as outlined by him the restoration of the capital-stock tax, for one thing? That is true, of course.

Mr. SIMMONS. Yes.

Mr. LENROOT. Was it not true that he also said, as stated in the report, that they would favor an increase in the normal tax upon corporations, upon a graduated basis?

Mr. SIMMONS. Yes; and that has been acted upon.

Mr. LENROOT. Certainly. Did not the Senator have in mind the repeal of the excess-profits tax and supplying the deficiency by the program that he suggested?

Mr. SIMMONS. I have never had any doubt but that the other side of the Chamber would repeal the excess-profits tax.

Mr. LENROOT. And the Senator was willing that they should?

Mr. SIMMONS. What I have sought to do and what I have hoped to accomplish was to secure the reimposition of that tax upon corporations, and I think it has not been done.

Mr. LENROOT. Yes; and the Senator made a specific proposal to bring that about; did he not?

Mr. SIMMONS. I tried to bring that about.

Mr. LENROOT. Yes; so that the Senator contemplated that it would be brought about?

Mr. SIMMONS. But I have not been successful in having it brought about yet.

Mr. LENROOT. Let us see, Mr. President. This side proposes to supply in part what is lost by the repeal of the excess-profits tax by the increase of the tax upon corporations to 15 per cent. Now I understand that the Senator from North Carolina does not object to that, except that he would graduate it so as to impose a lesser tax upon corporations having small incomes, and a larger tax, in excess of 15 per cent, upon corporations having large incomes. Am I correct?

Mr. SIMMONS. No; the Senator is not correct. I have not stated what scheme of graduated income tax I would favor, but I would not favor a graduated scheme that would impose a lesser tax upon corporations than is imposed in the bill as proposed to be amended by the majority of the committee.

Mr. LENROOT. I do not wish to do the Senator any injustice, but I certainly understood from him that he stated that the Democratic minority would propose a graduated tax running from 12½ to 25 per cent.

Mr. SIMMONS. Mr. President, that was the original proposition, but I think it was ascertained that that would not yield as much revenue as the flat tax of 15 per cent.

Mr. LENROOT. I think that is right.

Mr. SIMMONS. I think another proposition will be made for a graduated income tax which will yield as much as 15 per cent, and probably more.

Mr. LENROOT. Then, may I ask the Senator what else he proposed to supply the deficit caused by the repeal of the excess-profits tax? Have I not stated it all?

Mr. SIMMONS. I have proposed two methods. One of them was the restoration of the capital-stock tax.

Mr. LENROOT. Yes; that is included in the bill.

Mr. SIMMONS. That has nothing to do with the $400,000,000, however. That tax has been repealed. That proposition was simply to restore that tax. The other proposition was to repeal the exemptions of corporations. Then it was proposed that there should be a graduated income tax on corporations which would impose a much higher tax than the 5 per cent. But the scheme originally proposed would not do that.

It was ascertained at a conference with the actuaries that it would not do that. But even then, Mr. President, the $400,000,000 would not be made up, and the Senator knows that I discussed with him the question of increasing the flat tax, if a flat tax is to be imposed, and I presume the other side of the Chamber will control legislation upon that subject, and will impose a flat tax. I suggested that that might be larger. I suggested also that the capital-stock tax might be doubled. I suggested that a graduated income tax might be so framed that it would run up to 20 per cent, and be so adjusted as to raise a larger amount than in the original amendment proposed. I want to say to the Senator that there never has been any concealment about this.

Mr. LENROOT. That is true; the Senator has been open and frank in stating that he was willing that the excess-profits tax should be repealed, provided the deficiency should substantially be laid upon corporations in some form. The Senator was not in favor, as is the Senator from Missouri, of retaining the excess-profits tax and at the same time increasing the normal tax on corporations.

Mr. SIMMONS. I know perfectly well, however, that the Senator's party is not going to lay upon corporations, as a result of the repeal of the $400,000,000 tax, $400,000,000 of taxes by way of income taxes, or in any other form of taxation.

Mr. LENROOT. Mr. President, I want to be just as frank as the Senator is. Of course, I am not responsible in any way for this proposition, not being a member of the committee; but it is proposed, the Senator will admit, to supply $260,000,000 of that $400,000,000 out of the increased flat tax upon corporations. That is true, is it not?

Mr. SIMMONS. That is correct.

Mr. LENROOT. Leaving $140,000,000 to be supplied. The original estimate in connection with the repealing of the exemption on corporations having earnings in excess of $25,000,000 was $30,000,000, was it not?

Mr. SIMMONS. Yes; between $25,000,000 and $30,000,000.

Mr. LENROOT. So that left a difference finally between the amount received under the excess-profits tax and under the committee proposition of only a little over $100,000,000. Is not that true?

Mr. SIMMONS. That is true.

Mr. LENROOT. The only point I wanted to make was that the ranking member of the committee, representing the committee when they made this report, did not intend to oppose the repeal of the excess-profits tax. That has been an afterthought. I am not charging the Senator from North Carolina with being other than open and fair about it.

Mr. SIMMONS. Mr. President, I want the Senator to understand that my personal position about this matter has not been the position of many Members on this side of the Chamber. In the speech I made I was merely stating my personal opinion.

Mr. LENROOT. That is true; but in the Senator's report I take it he was undertaking to reflect the opinion of the minority members of the committee.

Mr. SIMMONS. There was a decided division of sentiment among the minority members of the committee. They did not all agree with me by any means upon my proposition. The Senator from Missouri especially did not agree.

Mr. LENROOT. I know he did not; but the Senator can not blame this side for taking the minority report, and assuming that that reflected the position of a majority on the other side of the aisle.

Mr. SIMMONS. No.

Mr. LENROOT. That is the point I wish to make, Mr. President. I think the Senator from Missouri has been from the very beginning opposed to the repeal of the excess-profits tax, and I have never charged otherwise.

Mr. President, I have talked very much longer than I had any expectation of doing. I only wish to say, in conclusion, that the repeal of the excess-profits tax and the imposition of a higher flat tax, instead of reducing taxes upon the large watered-stock corporations of this country, will increase the taxes upon them, and the corporations that will be relieved for the larger part are those little corporations in every community where the success of the corporation depends primarily, not upon the amount of capital invested, but upon the activities of their principal stockholders.

The PRESIDING OFFICER (Mr. NEW in the chair). The question is on agreeing to the amendment of the Senator from Missouri to the amendment of the committee.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Hale	McNary	Shortridge
Borah	Harreld	Moses	Simmons
Brandegee	Harris	Myers	Smoot
Broussard	Harrison	Nelson	Spencer
Bursum	Heflin	New	Stanfield
Calder	Hitchcock	Newberry	Stanley
Capper	Johnson	Nicholson	Sterling
Caraway	Jones, N. Mex.	Norbeck	Sutherland
Cummins	Kellogg	Oddie	Swanson
Curtis	Kendrick	Overman	Townsend
Dial	Kenyon	Owen	Trammell
Dillingham	Keyes	Page	Wadsworth
Edge	La Follette	Penrose	Walsh, Mass.
Ernst	Lenroot	Phipps	Warren
Fernald	Lodge	Poindexter	Watson, Ga.
Fletcher	McCormick	Pomerene	Watson, Ind.
France	McKellar	Ransdell	Willis
Frelinghuysen	McKinley	Reed	
Glass	McLean	Sheppard	

Mr. DIAL. Mr. President, I desire to announce the absence of my colleague [Mr. SMITH], on account of sickness.

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, there is a quorum present. The question is on agreeing to the amendment offered by the Senator from Missouri to the committee amendment.

Mr. REED. Mr. President, under the unanimous-consent agreement we must dispose of all amendments on this subject at 4 o'clock, except that I believe amendments can be offered afterwards and discussed by any Senator for five minutes. I want to get a vote on this particular amendment, because I desire to offer another amendment if this amendment is defeated. Consequently I am going to take only enough time to reply to some of the arguments that have been advanced this morning.

The chief objection to this amendment of the Senator who just left the floor [Mr. LENROOT] is that under it a large number of corporations making more than 10 per cent and less than 15 per cent will not be reached by the surtax as proposed in the pending amendment. That is a curious argument for a man to make who has just voted against an amendment which did include the very corporations which he now complains are not included.

I had offered an amendment that included the large corporations making between 10 and 15 per cent, and the Senator voted against it. Having helped to kill it and made it impossible by his vote to include them, he now rises and objects to an amendment which does not include them. That is the kind of logic we have had all the time in the discussion of the bill. It is true that the pending amendment will not include those corporations making less than 15 per cent. It is true that it will relieve from taxation some 40,000 corporations which are taxed under the existing law. But the Senator from Wisconsin voted not to impose upon those corporations an excess-profits tax, and he can not now be heard to complain because the amendment does not reach those who he expressly declared by his vote should not be taxed.

But, Mr. President, the amendment does still reach and tax all corporations making more than 15 per cent. It is not true that those corporations are all corporations with a capital of $315,000 or less. That is an average, and there will be embraced within this tax many corporations of very great magnitude. Some days ago I placed in the RECORD a statement from an expert of the Treasury Department in which he gave the earnings of certain large corporations which he said were selected at random. He did not give the names, because he is not permitted to give them, but corporation No. 1 had a capital of approximately $8,000,000 and had made profits of $2,970,600. It would, of course, be reached by the amendment. Corporation No. 2 had a capital of $11,000,000 plus and had made $3,000,000 profits, and of course would be reached by the amendment. Corporation No. 3 had a capital of $4,000,000 plus and had made $1,500,000 profits, and of course would be reached by the amendment. So on through the list that he produced of those large corporations. So much for that.

The argument of my distinguished friend further is that because the excess-profits tax does not reach a few of the very large corporations that are overcapitalized, then we would not levy it at all. That is a very peculiar argument. That would be like an argument in favor of the repeal of the law against horse stealing because we could not get all the horse thieves. The right thing to do would be for the Senator to bring forward an amendment which would enable us to compel the overcapitalized corporations to pay a just amount of their burden to the Government and not escape merely through the device of overcapitalization. That can be done, and if we can get any encouragement from the other side of the aisle such an amendment will be very promptly prepared.

Before I leave the Senator from Wisconsin I wish to offer an observation upon his opening remark, which was that if the Democratic Party could get the credit for the bill it would declare it to be a good bill, by which I take it he meant to say that if the Democratic Party could get credit for the changes that have been made in the bill the Democratic Party would be content. Now, we frequently hear a man say that it was his vote that elected somebody to office, if the man was elected by only one vote. What he really means to say is that if his vote had not been added to some thousands of other votes the man would have failed by one vote.

The situation here is that the so-called bloc upon the other side of the aisle were absolutely impotent to do anything for themselves. The Democratic side was equally impotent because there was a majority upon the other side of the aisle, and the program as brought in here by what I will call, and not offensively, the standpat part of the Republican membership was going through. There had to be a rebellion, but a rebellion on the Republican side would not do any good. It did not constitute a majority of the Republican side. It was a sort of vermiform appendix that was very useful to the other side, but if a surgical operation could be performed, and we could cut it off and add it to the Democratic side, then the two together could produce some results. Whatever good has been done to the bill has been accomplished because there was a solid Democratic vote to which the vote of some Senators on the other side of the aisle being added, there were some improvements made to the bill. The unfortunate thing is——

Mr. LENROOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. REED. I yield.

Mr. LENROOT. I merely wish to suggest to the Senator, in order that there may not be any debate upon that proposition, that we agree to divide the credit fifty-fifty.

Mr. REED. Oh, no!

Mr. LENROOT. If we make it seventy-five and twenty-five, is that more satisfactory?

Mr. REED. Well, we will divide it this way, that the Democratic Party made the fight and made it so hot that we converted some of you gentlemen on the other side. I do not care anything about the credit, because nobody is going to get much credit out of this bill. We simply claim the credit for having made an honest fight, and we are still making it and we would still like to have some help. We will be willing, if you will come over and help us on the excess-profits tax provision, to give you 50 per cent of the credit of that if you want it.

Now, Mr. President, just a word with reference to some arguments that were advanced by the Senator from Connecticut [Mr. MCLEAN]. They are very curious. It was claimed by the Senator from Connecticut that all taxes are passed on and paid by the ultimate consumer. If that is true, then no harm can come to a corporation which has to pay the tax and no embargo is placed upon business, because business does not carry the burden. If that be true, not a dollar is taken from business. Business simply adds the tax on and the ultimate consumer pays it. A discontinuance of the tax, therefore, would not benefit business a dollar. That is where the Senator's line of argument leads to.

Mr. STANLEY. Mr. President, has the Senator from Missouri overlooked the fact that big business is prepared to quit and go into unremunerative business rather than to collect this tax from the ultimate consumer?

Mr. REED. No; I had not overlooked it, but I had not had time to get to it. I am obliged to my friend for the suggestion.

Then it is claimed by the Senator from Connecticut that all taxes are paid by the ultimate consumer, and at the same time he stood here and looked us in the eye and with a courage that was sublime and with an apparent honesty that would deceive the very elect he told us there are 103,000,000 people in the United States who do not pay any taxes at all.

Mr. MCLEAN. Mr. President, I will say to the Senator from Missouri that I did not state that all taxes were paid by the consumer.

Mr. REED. The Senator said they were passed on.

Mr. MCLEAN. No; I did not say that. I said that in a rising market some excess-profit taxes are passed on, and that even on a stagnant market, so far as excess-profits taxes are concerned, they were passed on where there is little competition, as I instanced the other day.

Mr. REED. What about a falling market?

Mr. MCLEAN. It is different.

Mr. REED. We have a falling market now, have we not?

Mr. MCLEAN. We have.

Mr. REED. If we have a falling market now, then, for the first time in history, the excess-profits tax gentleman will have to pay his own taxes, and the Senator from Connecticut wants to take them off at the very time he can not pass them on to the taxpayer.

Mr. MCLEAN. No; I intended to say that even on a falling market the excess-profits tax can be passed on where they are not subjected to competition.

Mr. REED. The tax can be passed on?

Mr. MCLEAN. On a falling market.

Mr. REED. It seems they can be passed on and they can not be passed on. If they are passed on, then they do not hurt the gentlemen who pay them. If they are not passed on, then the Government compels the rogue who extracts them to divide, and does not hurt the common people.

Mr. MCLEAN. If the Senator will pardon me, as I instanced the other day, oil has gone from 11 cents to 33 cents a gallon. I

assumed that probably the cost of production may have doubled, may be twice what it was before, but no more than that. We have a 10 per cent consumption tax in that case, and in my judgment it is paid by those who consume the oil in this country, because there is little competition.

Mr. REED. I have not any doubt of it; but that institution makes excess profits. They are robbing us to this extent now. They will keep right on, and the only difference between the Senator and myself is that I say that they should be compelled to divide with the Government, while the Senator has said they should keep it all.

Mr. McLEAN. No; I say it is much fairer that those who consume oil should pay a small tax they can see rather than be subjected to this indirect tax.

Mr. REED. That means the Senator may be leaning toward a sales tax; but if we had the sales tax we would apply the sales tax, and this monopoly—for it must be a monopoly to control that situation—will still continue its extortion.

Mr. McLEAN. The Senator said that I stood here and said that 103,000,000 people escape all taxation. I was very careful to say direct taxation.

Mr. REED. Now the Senator is changing.

Mr. McLEAN. I have not changed. The Senator misquoted me; that is all.

Mr. REED. I beg the Senator's pardon. I did not understand the Senator to be now undertaking to quote his language. I did not hear it. I would not dispute the Senator's word. I understood the Senator to say they paid no tax; but he now says—and, of course, I will take his statement—that he said no direct tax.

Mr. McLEAN. I was referring to the taxes that are assessed in the pending bill.

Mr. REED. Very well, let the RECORD show. I do not think the Senator made a misstatement, and if I misheard him it makes no difference. The fact is if the taxes are passed on they do not hurt the great concern that exacts them. If they are not passed on, then that concern can be compelled to divide with the Government.

The Senator stated—and of this statement I made a memorandum, and think I am not mistaken in it—that there were 103,000,000 people who escape, as he now puts it, direct taxation, and that the rest of the taxes come from the great incomes. Yet the Senator now says that the people pay the indirect taxes, which is an indirect way of saying they pay the taxes. That is all there is to it.

What are the facts? There are 40,000,000 incomes in the United States, for everybody does not make an income. There are a lot of suckling babes who do not make incomes; they absorb incomes. So it is estimated by the Government statisticians that there are 40,000,000 incomes earned in the United States. Of course the great majority of them are small, but there are 6,000,000 taxed incomes. The excess-profits tax which I now propose will reach that class of institutions which are making abnormal profits and which, according to the doctrine of the Senator from Connecticut [Mr. McLEAN] are passing the tax on those abnormal profits on to the people. Under those circumstances the Senator says it would be an unjust burden to compel them to pay this tax. In one breath he tells us that the tax is not paid by them at all, and in the next breath he tells us that the tax is burdensome upon great wealth, and he boasts how the Republican Party by this bill has imposed that burden upon wealth.

Mr. McLEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Connecticut?

Mr. REED. I do.

Mr. McLEAN. I think a 1 per cent consumption tax would be less burdensome than a 10 per cent indirect tax would be. Under existing conditions the people pay a 10 per cent tax on oil, and under the 1 per cent tax they would not pay so much.

Mr. REED. The Senator is again discussing another question; that is, the question of a sales tax. I believe I can see symptoms of his having been gradually inoculated with that doctrine. I am not criticizing him for it. I confess that almost anything would be better than this bill in its present form.

Mr. CARAWAY rose.

Mr. McLEAN. Mr. President, if the Senator from Arkansas will pardon me one moment, I desire to say that I agree with the Senator from Missouri to a certain extent, provided that we defeat the amendment that he continues to insist upon. I think that the bill as it came from the committee would be a very great improvement on the existing law. I think that possibly, under existing circumstances, it would be the longest step that we could take in the right direction at this time; but with the amendments which have been proposed I am rather rapidly coming to the conclusion that it would be better for the American people to be subjected to a frank, open consumption tax of one-half of 1 per cent or 1 per cent as an experiment than to continue the present exorbitant taxes. The Senator from Missouri knows that 88 per cent of the national income goes to people who receive less than $5,000. If we are to continue the policy of adding to the indirect burdens which are imposed upon that large class of small incomes, I am inclined to think it is better to be frank and open and impose a small turnover tax.

Mr. CARAWAY. Mr. President, there was some resentment shown yesterday—possibly justly so—by Senators on the other side of the Chamber when the Senator from Missouri [Mr. REED] said they sat there as dumb as oysters and with the same intellectual expression upon their countenances. I do not know whether that is an elegant argument, but I do know that it had the same effect on the majority that stripping the shell off an oyster has on it. They began to stir. In defense of their position the Senator from Indiana [Mr. WATSON] gave three reasons why the excess-profits tax should be repealed. If he be correct, the excess-profits tax possibly should be repealed. If, however, he is mistaken in each of those propositions, I am curious to know what real reason the majority has for urging the repeal of that tax. I say this, because the Senator is presumed to have spoken for the majority. The reasons advanced by him is presumed to be the moving cause which impelled the Republican Party to relieve the profiteer of this tax.

These reasons are, the Senator from Indiana said, that an excess-profits tax drives capital out of legitimate business, stops the wheels of industry, and is accountable for the present stagnation of all business in this country and for the millions of men who walk the streets and beg for bread; that the excess-profits tax has driven investors out of industry and caused them to put their money in tax-exempt securities.

The absurdity about that argument is that at the same time business is stagnated and big industries are closing down the very lowest price ever received in peace times for Government tax-exempt securities is being realized. If big business is being destroyed in order to put its capital into tax-exempt securities, why do those tax-exempt securities not sell? We all know that, for instance, the farm loan bonds, which are as safe as the Government can make them, because they have back of them all the real wealth of the country, were not sold and could not be sold, though bearing an interest rate of 5 per cent. They could not be sold, although there were millions of farmers ready to borrow the money and to pay the interest on their loans. If big business was being closed down in order to put its money into tax-exempt securities, I ask what securities those investors are buying. Liberty bonds were going down; Federal farm loan bonds were not finding a market; State securities were not being sold; in fact, there is not a Senator on the other side of the Chamber who can point to a single tax-exempt security that was going up, indicating that there was a market for it, and that wealth was seeking it, at the time the factories were closing down and men were marching empty handed in the streets.

Mr. McLEAN. It was stated the other day that $800,000,000 of tax-exemption securities had been put upon the market this year and had been absorbed.

Mr. CARAWAY. Those figures included every kind of securities.

Mr. SMOOT. No; they only included tax-exempt securities.

Mr. CARAWAY. I mean every kind of tax-exempt securities—National, State, city, improvement bonds, and other securities of that kind. How much less business is being done this year than was done two years ago? Two years ago we collected three times that much in excess-profits tax alone. What became of that capital? It has not gone into tax-exempt securities.

Mr. McLEAN. That is because the Government confiscated it.

Mr. CARAWAY. It has not confiscated the capital; it has confiscated only a part of the excess profits which were made.

Mr. SMOOT and Mr. BORAH addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield? And if so, to whom?

Mr. CARAWAY. I yield first to the Senator from Utah.

Mr. SMOOT. The Senator was talking about a class of tax-exempt bonds bearing a higher rate of interest than 5 per cent.

Mr. CARAWAY. I did not say that.

Mr. SMOOT. And he referred to those sold by the Federal Farm Loan Board.

Mr. CARAWAY. The Senator never understood me to say that, I hope, for I do not think I said it.

Mr. SMOOT. I understood the Senator so to state.

Mr. CARAWAY. I said that tax-exempt bonds bearing 5 per cent did not find buyers.

Mr. SMOOT. Why should they when there were other bonds available drawing 6 per cent and over?

Mr. CARAWAY. What bonds of this character were being sold bearing 6 per cent and over?

Mr. SMOOT. For instance, the bonds of the city of Knoxville, Tenn., bearing 6 per cent.

Mr. CARAWAY. How much was the issue?

Mr. SMOOT. On October 15 there were $12,000 of bonds of that city sold.

Mr. CARAWAY. The sale of $12,000 of bonds would not absorb a great deal of capital.

Mr. SMOOT. Those bonds were due October 1, 1923. Then there were $34,000 of bonds of the city of Knoxville, Tenn., due October 1, 1924, drawing 6 per cent interest.

Mr. CARAWAY. Does the Senator know the reason why those bonds had to pay 6 per cent?

Mr. SMOOT. Because they could not sell them for any less.

Mr. CARAWAY. If the wealth of the country was going into tax-exempt bonds, why could they not have been sold for less?

Mr. SMOOT. There is no need of my taking the time of the Senate to answer that question. I presume if the Senator had ever been in business he would not have asked such a question.

Mr. CARAWAY. I have never been in business of that kind.

Mr. SMOOT. I am quite sure of that——

Mr. CARAWAY. I am also sure.

Mr. SMOOT. Because the Senator's answer so indicates.

Mr. CARAWAY. There is no argument to be made about that, for the very fact that tax-exempt securities in order to be sold had to be issued bearing rates of interest higher than had been paid in 20 years before shows that we were not driving capital out of business into tax-exempt securities.

Mr. SMOOT. The year 1924 is not 20 years away, and the bonds of Knoxville, Tenn., as I told the Senator, are due on October 1, 1924.

Mr. CARAWAY. The Senator did not tell me when they were issued.

Mr. SMOOT. If the Senator will read the RECORD he will find that I not only told him as to the $12,000 of bonds due on October 1, 1923, which were sold, but as to the 34,000 bonds of the city of Knoxville of the issue of October 1, 1924, which were sold.

Mr. CARAWAY. When were those bonds sold?

Mr. SMOOT. I have the report on them here, and I will tell the Senator when they were sold.

Mr. CARAWAY. Were they sold within the last year?

Mr. SMOOT. They were sold on October 15 of this year.

Mr. CARAWAY. Of course, as I have said, it is necessary to pay higher rates of interest to sell such bonds now.

Mr. SMOOT. That is exactly what I said.

Mr. CARAWAY. Will the Senator please tell me what it was he said?

Mr. SMOOT. I said that the last remark of the Senator from Arkansas was exactly what I had said; there can be no question about that.

Mr. REED. Exactly what the Senator from Utah is doing is proving the case of the Senator from Arkansas.

Mr. SMOOT. Then the Senator from Missouri does not understand what the Senator from Arkansas was saying.

Mr. CARAWAY. The next argument was that the excess-profits tax was passed on to the consumer. In that connection I am going to say, with all due deference, that if both of those statements seem sound arguments to Senators on the other side of the Chamber, if, in the first place, an excess-profits tax when levied drives capital out of business, and if, in the next place, the excess-profits tax is not paid by business at all, but is passed on to the consumer—if such statements impress Senators on the other side as sound, I think my friend from Missouri was too severe on the oyster when he said that there was some comparison between the arguments used on the other side and the appearance of an oyster; because nobody but an oyster could be fooled by that kind of an argument. [Laughter.] Everybody knows that if the tax can be passed on, it does not drive capital out of business by assessing such a tax. The Senator from Utah would admit that I rather imagine. A man who is willing to make an excess profit is not going to find himself so filled with compassion for the long-suffering people that he will not longer be willing to make such a profit, even though he can pass it on to the people. So I know positively that one or the other of those statements can not be true. Capital is not driven out of business by the excess-profits tax if capital is passing that tax on to the consumer. That accounts for two of the arguments which have been made in support of the repeal of the excess-profits tax.

The other argument was—and it closely followed the other two—that the excess-profits tax drives capital into nontaxable securities. The answer is that it is necessary to pay a higher rate of interest on such securities in order to get a market for them, which shows that people are not seeking that kind of an investment. There is no Senator on the other side of the Chamber who can name a single concern that was paying the excess-profits tax that has or is going to shut up shop and refuse to pay the tax and put its money in a nontax-bearing security. If any man who was making an excess profit, rather than to pay it, puts his money into a nontaxable security that pays him 5 or 5½ per cent, or even 6 per cent if he had bought the $12,500 of Knoxville, Tenn., securities—if he would do that when he was getting more than 10 per cent absolutely tax free, that man would have gone out of business anyway, because there would have been a guardian appointed for him.

Mr. McLEAN. Who on this side of the Chamber has said that the excess-profits tax was driving the men interested in that particular line of business to invest their money in nontaxable securities?

Mr. CARAWAY. Let me ask the Senator whether he seriously contends that it has not been said over there that you were driving capital out of business with excess-profits taxes, and driving it into nontaxable securities?

Mr. McLEAN. Not those that are paying an excess-profits tax now. I do not think anyone has said that that capital was going into nontaxable securities.

Mr. CARAWAY. That is not true, then? You are not driving people out of business with excess-profits taxes?

Mr. McLEAN. I did not say that.

Mr. CARAWAY. What does the Senator say?

Mr. McLEAN. I have not said that they are going out of business and investing their capital in nontaxable securities.

Mr. CARAWAY. What are they investing it in?

Mr. McLEAN. They are leaving it where it is, and charging the excess profits to the consumer, multiplied by about five in some instances.

Mr. CARAWAY. I thought the Senator said a while ago that on a falling market they could not do that, and that this was a falling market.

Mr. McLEAN. I said that the men who are making excess profits, lacking competition, can continue to do it.

Mr. CARAWAY. And you want to relieve them of their tax?

Mr. McLEAN. Not at all.

Mr. CARAWAY. The only ones who can do it are those who, without competition, are unconscionably making excess profits; are they not?

Mr. McLEAN. I say that if you relieve them of some of this tax, they will not have the excuse for multiplying it by five and adding it to prices.

Mr. CARAWAY. Oh! The Senator wants to forgive them that tax so that their hearts will be softened, and they will quit collecting excess profits? That is one argument, then, that we have got fixed—that the only reason why you want to relieve these taxpayers is to soften their hearts so that they will not charge the people such exorbitant profits for their merchandise. If the Senator will point out to me just one man who will be affected in that way, I am going to believe that I am wrong in all my contentions and vote for the bill.

Mr. McLEAN. I do not know what other Members on this side of the Chamber have said. In my brief discussion of the subject the other day I gave my reasons for the repeal of the excess-profits tax.

Mr. CARAWAY. What was the Senator's reason?

Mr. McLEAN. There are many.

Mr. CARAWAY. Just one of them?

Mr. McLEAN. In the first place, it is brutally unjust to a small stockholder in some instances.

Mr. CARAWAY. Let me ask the Senator a question right there.

Mr. McLEAN. No; let me explain. The Senator has asked me to explain, and now I should like the opportunity, if he will permit me.

Mr. CARAWAY. Why, of course; I am glad to hear one explanation.

Mr. McLEAN. There are a great many concerns conservatively capitalized that pay, we will say, 20 per cent dividends. Here is a man who leaves a hundred shares of stock in a corporation of that kind to his wife. It is all she has. She will receive an income of $2,000 a year from that 100 shares of stock; but it is in a corporation that is subject to the excess-profits tax. Where there is competition and it can not be car-

ried to prices, we first take out 8 per cent in dividends. On the remaining 12 per cent a 20 per cent excess-profits tax must be paid before her dividend comes to her.

Mr. CARAWAY. Let us see. She gets 8 per cent, and then she gets a certain exemption from the corporation, amounting to enough to give her about 10 per cent.

Mr. McLEAN. She does not get any exemption.

Mr. CARAWAY. The corporation gets it before the excess-profits tax is paid.

Mr. McLEAN. I am accounting for that.

Mr. CARAWAY. The Senator is accounting for the 8 per cent only?

Mr. McLEAN. The 8 per cent.

Mr. CARAWAY. Then there is a flat exemption.

Mr. McLEAN. To be sure. This 12 per cent pays an excess-profits tax. Then on the balance of that there is a 10 per cent corporation tax, and she pays a tax of three hundred and thirty-odd dollars on that income of $2,000.

Mr. CARAWAY. Let me ask the Senator a question. Does he not know that there is a flat exemption and then the 8 per cent exemption on a corporation?

Mr. McLEAN. Yes.

Mr. CARAWAY. Then why does the Senator ignore that in his statement?

Mr. McLEAN. When you figure it out you will find that the tax that that woman pays on $2,000 amounts to over $300.

Mr. CARAWAY. That was not what I asked the Senator. Why does he ignore the fact that the corporation has its flat exemption and then its 8 per cent exemption?

Mr. McLEAN. I do not ignore that. I am allowing that.

Mr. CARAWAY. In the Senator's calculation—8 and 12 are 20—he says there is 12 per cent that pays the excess-profits tax. That does not happen to be true, because there is a flat exemption in addition to the 8 per cent exemption. Let me ask the Senator this question: Does the Senator think that profiteering is all right, providing there is not a large capital invested, and that it becomes a crime only when a large corporation is involved?

Mr. McLEAN. No; I do not think that profiteering is all right; but I will say to the Senator that you can not control monopoly by confiscating capital. You have got to take the profiteer and punish him. If you do it by confiscating capital and removing the opportunity to make legitimate profits, you are treading the path that Russia has trod.

Mr. CARAWAY. Where will the capital go?

Mr. McLEAN. What capital?

Mr. CARAWAY. The capital that you are driving out of industry with this confiscation through the excess-profits tax. Where will it go?

Mr. McLEAN. I did not say that you were driving the excess-profits men out of business. You are confiscating incomes which would go into business.

Mr. CARAWAY. Then you simply do not want to tax the small corporation? Is that it?

Mr. McLEAN. Because it is brutally unjust to the small stockholder; that is one reason. Another reason is because it invites the watering of capital, increases of capital, and enormous salaries. That is another reason, and there are several other reasons. A tax on an excess profit, as I have tried to say to the Senator, is reflected in a way that has resulted in a confiscation of incomes that would soon become capital that is serious.

Mr. CARAWAY. Now, let me ask the Senator this question: He said just a minute ago, as I understood, that the excess-profits tax would be passed on to the consumer, and now he says that it is brutally unjust to take it out of the corporation. If the corporation passes it on, where does the brutal injustice to the corporation come in?

Mr. McLEAN. I did not say that it was brutally unjust to the corporation. I said it was brutally unjust to the small stockholder.

Mr. CARAWAY. Yes; but if the small stockholder's tax is passed on to the consumer, where does the brutal injustice to the small stockholder come in?

Mr. McLEAN. Because it is taken from the dividend, if there is competition, and can not be passed to prices.

Mr. CARAWAY. But the dividend has been increased by reason of the fact that they had made an excess profit and passed the tax on to the consumer.

Mr. McLEAN. Yes; in some instances, where there is no competition.

Mr. CARAWAY. Then, where is the brutality to the small stockholder?

Mr. McLEAN. Because the small stockholder must lose where the tax can not be passed on.

Mr. CARAWAY. Who does get that part of it, then?

Mr. McLEAN. What part?

Mr. CARAWAY. That part that the small stockholder does not get. Who gets that?

Mr. McLEAN. The Government gets the tax that the small stockholder loses.

Mr. CARAWAY. All right. I think that ought to be entirely clear, but I do not understand it.

Mr. McLEAN. I see that the Senator does not.

Mr. CARAWAY. It is a brutal process to make an excess profit and have the Government take a part of it, but it is entirely proper to pass it all on to the public.

Mr. SMOOT. Mr. President, the Senator seems to think that it is the opinion of all the Members on this side of the Chamber that excess profits——

Mr. CARAWAY. I do not think that any two of the Senators on the other side of the Chamber have the same opinion, but they all vote alike.

Mr. SMOOT. That was not a fair statement, because the Senator did not even wait until I had made my statement.

Mr. CARAWAY. I beg the Senators' pardon. I am perfectly willing to have him complete his statement.

Mr. BORAH. Mr. President, I should like to hear this illuminating discussion.

Mr. SMOOT. The Senator seems to think that it has been argued by this side of the Chamber that the imposition of the excess-profits tax drives capital out of business and that that capital goes into tax-exempt securities. I have never said that. I have never claimed it.

Mr. CARAWAY. The Senator from Utah heard the Senator from Indiana say that yesterday.

Mr. SMOOT. I have never claimed it. I have claimed, however, that the higher brackets of the income tax do that, and I have not any doubt in the world but that they do.

Mr. CARAWAY. This does not affect the higher brackets of the income tax.

Mr. SMOOT. But I have never made the statement that the Senator tried to attribute to this side of the Chamber. If the Senator will take the time to read the speech that I delivered here on October 11——

Mr. CARAWAY. I did the Senator the honor to listen to it.

Mr. SMOOT. He will find that I never made any such statement as that; but I do claim that the high brackets of the income tax drive the capital that no doubt would go into business into tax-exempt securities, and I do not think there is any doubt at all about it.

Mr. CARAWAY. Anyway, then, the Senator repudiates the statement of the Senator from Indiana yesterday that this excess-profits tax drove money out of industry. I am glad to know that, because I did not think anybody ought to have accepted it.

Does the Senator from Idaho wish to ask me a question?

Mr. BORAH. I am going to say that I do not know that the Senator from Utah has ever made the suggestion—of course, if he says he has not, he has not—but my understanding was that one of the principal arguments against the excess-profits tax was that it drove capital out of business.

Mr. CARAWAY. And this is the first time it has been repudiated on the other side of the Chamber to my knowledge. I do not doubt that the Senator from Utah has entertained the view all the time that he says he has entertained; I will believe anything he says about it; but the Senator has offered a consumption tax in the way of a sales tax, and I think he is absolutely consistent in his attitude. Therefore the statement I made that the argument of the Senator from Indiana was not any great reflection upon the intelligence of the oyster does not apply at all to the Senator from Utah.

Mr. SMOOT. Of course that statement had no influence upon me in stating what I had to say. It may apply to me just as much or more than to anybody else on this side of the Chamber.

Mr. CARAWAY. I am sure the Senator from Missouri did not mean to make that application to the Senator from Utah, because he was talking about those folks who would not defend the bill.

I am sorry to have interrupted the Senator from Idaho.

Mr. BORAH. The Senator did not interrupt me. I am anxious now to get back to the basic proposition of excluding from the bill the excess-profits tax. I had understood from the beginning that it was because it was driving capital out of business, and therefore putting business into such a condition that it could not employ labor, thereby putting labor upon the road to beg.

Mr. CARAWAY. Let me call the Senator's attention to the fact that he did not listen attentively to the statement of the Senator from Connecticut. He says that it neither drives

capital out of business nor is passed on, but that it is brutally unfair.

Mr. BORAH. I think all these taxes are becoming brutal because of the excessive amount of expenditure which the National Government is making; but it is absolutely certain that we can not relieve people from taxation until we cut down expenditures, and somebody will have to be brutalized.

Mr. CARAWAY. But I want to call the attention of the Senator to the fact that a tax is never brutal when levied on anybody except the man who is making excess profits, because even the Senator from Connecticut admits that. Though I frankly understood him to say at first that 103,000,000 people paid no taxes, he now says they pay no direct taxes but they pay an indirect tax. He sheds no tears, however, over the 103,000,000 people who are indirectly taxed and has no feeling of indignation in behalf of any taxpayer except the person who owns stock in a corporation that makes an excess-profits tax. I say this because he has not offered any relief or suggestion of relief to anybody else but these particular people, but when they cry out for help it stirs his New England fighting blood.

Either one of two things is true, either the excess-profits tax is paid by the unconscionable profiteer who extracts it wrongfully from the people or it is passed on. If it is paid by the man who takes an exorbitant profit, he ought to be compelled to give it up, and if it is passed on it does not drive capital out of business. I want to say to you now that the makers of excess profits would not be here clamoring for its repeal if they could pass it on. The very best evidence on earth that a tax can not be passed on is that the man who pays it commences to cry out for relief from it.

Therefore I am persuaded that the excess-profits tax is borne more largely by the man who in the first place pays it than nearly any other tax you can levy, and if the time has come when we believe as a body of legislators that we ought to encourage profiteering by saying that the profiteers should not be compelled to pay in the way of a tax any share of what they may extract from the people because it is brutal, because it outrages their feelings, then the people ought to know it. The people ought to know they are simply relieving the profiteer by this repeal of the excess-profits tax.

The Senator from Indiana suggested, and the suggestion has been followed up, that two Secretaries of the Treasury recommended this repeal of the excess-profits tax—that is, Secretary GLASS and Secretary Houston—and that both are Democrats. Of course, one is a Democrat, but no one knows what Secretary Houston is, and never did know. He does not know himself.

Then the Senator from Indiana said that our party platform advocated the repeal of the excess-profits tax. There is not a line in that party platform that even intimates that. He then said that our party candidate advocated it. I am sure I do not recall, but, if he did, the fact that he got beaten 7,000,000 votes would indicate that the people did not agree with him. Either one of two things about that argument strikes me as pertinent. You can not say in one breath that they agree with you in your advocacy of the repeal of the excess-profits tax and punish us for advocating the same thing. But it may be that they believed that if Cox said he was in favor of repealing the excess-profits tax he meant it, and if elected would do what he could to have it repealed. On the other hand, they thought the Republicans would not do it, and therefore they voted for you and voted against us. I think they would be warranted in reaching that conclusion by past experienecs in dealing with the two parties.

But it seemed that the people overlooked the fact that the Republicans had an outstanding agreement to repeal this excess-profits tax which they were committed to keep, and therefore are going to repeal the excess-profits tax.

You can not say, in view of what now is claimed on the other side, that you are doing it in the interest of the people or that you are doing it in the interest of business, because just now the Republican leaders there say the tax is not passed on and therefore the people do not suffer, and the other Republican leaders claim it does not drive capital out of business, and if you are not relieving either the people or legitimate business of this burden of the excess-profits tax, in whose interest do you repeal it. It is not in the interest of legitimate business, because you have just repudiated the idea that it drives capital out of legitimate business, and you have likewise repudiated the idea that it could be passed on. You repeal it, then, in the interest of whom? You do not repeal it in the interest either of the people or of legitimate business, then you must repeal it in the interest of the profiteer and no one else.

Mr. McLEAN. If it is a business that is conducted upon a small, conservative capital, a 20 per cent dividend may not be profiteering.

Mr. CARAWAY. Let me ask the Senator this question. Thirty-seven States of these United States have said that if you, as a money lender, demand or receive more than 10 per cent you are a usurer, and that you shall be punished by the forfeiture of your interest and investment. Either those 37 States are wrong in their idea of what ought to be a fair return for money or the Senator is mistaken when he says that 30 per cent is a legitimate profit.

Mr. McLEAN. Of course, that involves another question, the Senator knows, entirely different from this; and I do not propose to go into the discussion of that. What I say is that a company that is capitalized at a hundred thousand dollars may make 20 per cent or 30 per cent and it may be a reasonable return on the investment.

Mr. CARAWAY. If it is capitalized at a hundred thousand dollars, has a hundred thousand dollars invested in it, the Senator thinks that 30 per cent, or $30,000, is a reasonable return on the investment of a hundred thousand dollars?

Mr. McLEAN. It may be. That hundred thousand dollars may in the course of years have accumulated additional capital legitimately.

Mr. HITCHCOCK. Oh, yes; it is in computing the profits.

Mr. CARAWAY. All the invested capital is taken into consideration in computing excess profits. The Senator is unhappy in his suggestion.

Mr. McLEAN. That is so in theory.

Mr. CARAWAY. No; the Senator is wrong about that. But I have taken more time of the Senate than I intended to take. I merely wanted to call attention to the unreasonableness of the position that capital is driven out of business by an excess-profits tax and that at the same time the excess-profits tax is passed on. The two propositions not being true, I merely rose to ask what the real reason was for the repeal of the excess-profits tax, and I think we got that in the answer of the Senator from Connecticut that it was a brutal tax; that it was brutal to make a man pay an excess-profits tax where he did not make over 30 per cent.

Mr. McLEAN. I am referring to the small stockholder of that company; do not misunderstand me.

Mr. CARAWAY. What difference does it make if a widow has a hundred thousand dollars invested in a corporation that has $10,000,000 capital stock, or has the same amount invested in a small corporation, or has a mortgage on her neighbor's farm, or has her money loaned to a trader, a stock grower, or a wheat grower? It is a question of the return, not of the size of the corporation. We are not trying to penalize corporations because their capital stock is large.

Mr. McLEAN. The Senator misunderstands my question.

Mr. CARAWAY. No; I do not.

Mr. McLEAN. I said a widow, or any other person holding stock in a company which pays an excess-profits tax, might hold a very small proportion of the stock, say a hundred shares.

Mr. CARAWAY. Of course the tax would be computed on whatever the 100 shares were worth, and if she is getting 30 per cent on it, she ought not to complain if she is compelled to pay a tax. If she does not make that much, if the gentleman's argument is sound, we ought to vote her a bounty because her investment happened to be in a corporation which did not make excess profits. The morality of the thing would be just the same. You are taking from somebody to make up the deficit caused by the fact that the corporation making excess profits does not pay it, because somebody has to pay it as long as we expend the money. As long as taxes have to be collected, somebody has to pay them, and if you relieve the excess-profits taker of $450,000,000, you have to go into the pocket of somebody else who is not making excess profits to get it. That is all. As between the two, it seems to be the attitude of the Senator from Connecticut that he would rather take it from the man who has not than from the man who has. There is where we differ.

Mr. HEFLIN obtained the floor.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

Mr. HEFLIN. I am ready to vote, if the other side is ready to vote on it now, and then I will speak on the next amendment.

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TOWNSEND. Mr. President, I ask that the amendment to the amendment be stated.

The VICE PRESIDENT. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. On page 131, after line 3, insert the following words:

For the calendar year 1922, and for each calendar year thereafter, excess-profits taxes shall be levied as follows: Twenty per cent of the net income in excess of 15 per cent and not in excess of 50 per cent of the invested capital, and 40 per cent of the excess over 50 per cent of the invested capital.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Glass	McLean	Simmons
Borah	Gooding	McNary	Smoot
Brandegee	Hale	Moses	Spencer
Broussard	Harris	Myers	Stanfield
Bursum	Harrison	Nelson	Stanley
Calder	Heflin	New	Sterling
Capper	Hitchcock	Newberry	Sutherland
Caraway	Johnson	Nicholson	Swanson
Culberson	Jones, N. Mex.	Norbeck	Townsend
Cummins	Kellogg	Norris	Trammell
Curtis	Kendrick	Oddie	Wadsworth
Dial	Keyes	Overman	Walsh, Mass.
Edge	King	Owen	Walsh, Mont.
Ernst	La Follette	Page	Warren
Fernald	Lenroot	Phipps	Watson, Ga.
Fletcher	Lodge	Ransdell	Watson, Ind.
France	McCormick	Reed	Weller
Frelinghuysen	McKellar	Sheppard	Williams
Gerry	McKinley	Shortridge	Willis

Mr. McKELLAR. I desire to announce the absence of the Senator from Iowa [Mr. KENYON], who is engaged in a committee hearing.

Mr. SUTHERLAND. I wish to announce that the Senator from Ohio [Mr. POMERENE] is detained on official business.

The VICE PRESIDENT. Seventy-six Senators having answered to their names, a quorum is present. The yeas and nays have been ordered on the amendment to the amendment, and the Secretary will call the roll.

Mr. WALSH of Massachusetts. Mr. President, I would like to ask the Senator from Missouri before the vote is taken what his amendment if enacted into law will yield to the Government in the way of revenue?

Mr. REED. The estimates of experts are that it will yield $200,000,000 per annum. A vote against this amendment is a vote to leave $200,000,000 per annum in the hands of corporations which make more than 15 per cent. I am ready to vote.

The Assistant Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. I transfer that pair to the Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. WALSH of Montana (when Mr. PITTMAN's name was called). I wish to announce that the senior Senator from Nevada [Mr. PITTMAN] is absent on account of illness. He is paired with the Senator from Delaware [Mr. BALL]. If the senior Senator from Nevada were present he would vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT], and therefore withhold my vote. If permitted to vote, I would vote "yea."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Rhode Island [Mr. COLT] and vote "nay."

Mr. SUTHERLAND (when his name was called). I transfer my general pair with the junior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Arizona [Mr. CAMERON] and vote "nay."

Mr. SWANSON (when his name was called). I have a general pair with the Senator from Washington [Mr. JONES]. Not knowing how he would vote if present, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WILLIAMS (when his name was called). Has the senior Senator from Pennsylvania [Mr. PENROSE] voted?

The VICE PRESIDENT. He has not voted.

Mr. WILLIAMS. I have a pair with that Senator, and in his absence do not feel at liberty to vote. If he were present and I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. HALE. I have a general pair with the Senator from Tennessee [Mr. SHIELDS]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD] and vote "nay."

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I am unable to obtain a transfer of my pair. If permitted to vote, I would vote "yea."

Mr. KING (after having voted in the affirmative). I have a general pair with the senior Senator from North Dakota [Mr. MCCUMBER]. He is absent, and being unable to obtain a transfer I am compelled to withdraw my vote.

Mr. GLASS. I have a pair with the Senator from Vermont [Mr. DILLINGHAM]. In his absence I withhold my vote.

The result was announced—yeas 31, nays 42, as follows:

YEAS—31.

Ashurst	Harris	McKellar	Sheppard
Borah	Heflin	Myers	Simmons
Broussard	Hitchcock	Norbeck	Stanley
Caraway	Johnson	Norris	Trammell
Culberson	Jones, N. Mex.	Overman	Walsh, Mass.
Dial	Kendrick	Owen	Walsh, Mont.
Fletcher	Kenyon	Pomerene	Watson, Ga.
Gerry	La Follette	Reed	

NAYS—42.

Brandegee	Gooding	Nelson	Stanfield
Bursum	Hale	New	Sterling
Calder	Kellogg	Newberry	Sutherland
Capper	Keyes	Nicholson	Townsend
Cummins	Lenroot	Oddie	Wadsworth
Curtis	Lodge	Page	Warren
Edge	McCormick	Phipps	Watson, Ind.
Ernst	McKinley	Poindexter	Weller
Fernald	McLean	Shortridge	Willis
France	McNary	Smoot	
Frelinghuysen	Moses	Spencer	

NOT VOTING—23.

Ball	Elkins	Ladd	Shields
Cameron	Glass	McCumber	Smith
Colt	Harreld	Penrose	Swanson
Crow	Harrison	Pittman	Underwood
Dillingham	Jones, Wash.	Ransdell	Williams
du Pont	King	Robinson	

So Mr. REED's amendment to the committee amendment was rejected.

Mr. REED. Mr. President, I offer the following amendment to the committee amendment.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 131, after line 3, insert the following:

For the calendar year 1922, and for each calendar year thereafter, excess-profits taxes shall be levied as follows: Twenty per cent of the net income in excess of 50 per cent of the invested capital.

Mr. REED. Mr. President, all I desire to say on the amendment is that it takes one dollar out of five after a corporation has made 50 per cent net. It will realize to the Government $40,000,000. It is not what we ought to have, but I am desirous of ascertaining whether it is the settled policy of the Senate to levy no taxes upon excess profits, however great. I ask for the yeas and nays on the amendment to the amendment of the committee.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as before with reference to my pair and its transfer and vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as to my pair and transfer as before, I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. STERLING (when his name was called). Making the same announcement as to my pair and transfer as on the former vote, I will vote. I vote "nay."

Mr. SWANSON (when his name was called). Making the same announcement regarding my pair as on the previous vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. WILLIAMS (when his name was called). On account of my pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is unavoidably absent, I am not at liberty to vote. If I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HALE. Making the same announcement as heretofore in reference to my pair and its transfer, I vote "nay."

Mr. SUTHERLAND. Making the same announcement as I previously made with reference to my pair and its transfer, I vote "nay."

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I am unable to obtain a transfer of that pair and therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. KING. I have a general pair with the senior Senator from North Dakota [Mr. MCCUMBER]. Not being able to obtain a transfer, I am compelled to withhold my vote. If I were permitted to vote, I should vote "yea."

Mr. HEFLIN. I wish to announce that my colleague, the Senator from Alabama [Mr. UNDERWOOD], who is necessarily

absent, is paired with the Senator from Massachusetts [Mr. LODGE].

The result was announced—yeas 33, nays 42, as follows:

YEAS—33.

Ashurst	Harris	McNary	Simmons
Borah	Heflin	Myers	Stanley
Broussard	Hitchcock	Norbeck	Trammell
Capper	Johnson	Norris	Walsh, Mass.
Caraway	Jones, N. Mex.	Overman	Walsh, Mont.
Culberson	Kendrick	Owen	Watson, Ga.
Dial	Kenyon	Pomerene	
Fletcher	La Follette	Reed	
Gerry	McKellar	Sheppard	

NAYS—42.

Brandegee	Glass	Nelson	Stanfield
Bursum	Gooding	New	Sterling
Calder	Hale	Newberry	Sutherland
Cummins	Kellogg	Nicholson	Townsend
Curtis	Keyes	Oddie	Wadsworth
Dillingham	Lenroot	Page	Warren
Edge	Lodge	Phipps	Watson, Ind.
Ernst	McCormick	Poindexter	Weller
Fernald	McKinley	Shortridge	Willis
France	McLean	Smoot	
Frelinghuysen	Moses	Spencer	

NOT VOTING—21.

Ball	Harreld	Penrose	Swanson
Cameron	Harrison	Pittman	Underwood
Colt	Jones, Wash.	Ransdell	Williams
Crow	King	Robinson	
du Pont	Ladd	Shields	
Elkins	McCumber	Smith	

So Mr. REED's amendment to the committee amendment was rejected.

Mr. REED. I give notice that I reserve for separate votes in the Senate the two amendments to the committee amendment which have just been defeated—the amendment last voted on and the one preceding it.

The VICE PRESIDENT. It is not necessary for the Senator from Missouri to make that reservation.

Mr. REED. I desire to make the reservation, however, none the less.

Mr. WILLIAMS. Mr. President, of course I do not agree with any idea that the last great war was a rich man's war and a poor man's fight. I do not think it was that in Belgium, in France, in Great Britain, in Canada, or in the United States. I think it was the entire people's fight for the preservation of civilization and modern democracy against autocracy and militarism. But in one respect the Senator from Wisconsin is eminently right.

Mr. President, there are a few truisms that are still publicly pronounceable, even in a country which has lately lost its ideals, as this country has. One of them is that a brave man never attempts to escape the natural consequences of his own act. Nor does a brave nation seek that sort of escape. We declared this war, we made this war, rich and poor, Democrats and Republicans. We, the people of this country, of France, and of Great Britain, met at the forefront of the dividing boundaries between democracy and civilization on one side and autocracy and militarism on the other, with our sons and with our money, the attack being made upon the world.

It is a cowardly thing to try to transfer the burden to posterity. Posterity did not make the war. We ought to pay the very utmost of it that we can. The Nation ought to stand like a man responsible for his own acts. To transfer to our children and our grandchildren the consequences of our laudable, praiseworthy, and heroic act is still a matter of cowardice, and I for one am not willing to do it.

Now, this excess-profits tax is a tax upon those who are able to pay it, and it is more than any other tax in the bill a tax which it would be cowardly to repeal, a tax which it would be cowardly for the men who pay it to attempt to escape.

The VICE PRESIDENT. The hour of 4 o'clock having arrived, under the unanimous-consent agreement the time has come for the taking of a vote on pending amendments to the excess-profits tax sections of the bill.

Mr. REED. Mr. President, I am going to offer an amendment for the sake of an explanation. I move to strike out the figures "1921," in line 18, page 130, and to insert in lieu thereof "1921 and 1922."

I have taken the time of the Senate to try to have this proposition amended. We are now forced to vote. I think further efforts to amend are useless. When we vote in favor of the text as offered by the committee we will be voting to keep the present excess-profits tax on until next December, and then it will end. But if we should vote against it we would vote to end the excess-profits tax now. So I suppose in order to keep it until next December we shall be obliged to vote for the text, but as I vote for that text I wish the reason why I am doing so to be understood. I withdraw the amendment to the amendment which I just offered.

The PRESIDING OFFICER (Mr. CALDER in the chair.) The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. The next amendment of the Committee on Finance is at the top of page 130, to strike out the words "Title III. Excess-profits tax repeal," and to insert:

Title III.—War-profits and excess-profits tax for 1921.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is on page 130, after line 3, to strike out:

SEC. 301 (a). Title III of the revenue act of 1918 is repealed, to take effect January 1, 1922.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is on page 130, after line 5, to insert:

PART I.—GENERAL DEFINITIONS.

SEC. 300. That when used in this title the terms "taxable year," "fiscal year," "personal service corporation," "foreign trade corporation," "paid or accrued," and "dividends" shall have the same meaning as provided for the purposes of income tax in sections 200 and 201.

Mr. SMOOT. The committee have an amendment to perfect the amendment just read. I should like to have it acted on at this time. In line 9, page 130, I move to strike out the words "foreign-trade corporation," the comma, and the quotation marks.

The PRESIDING OFFICER. The proposed amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 130, line 9, strike out the quotation marks and the words "foreign-trade corporation."

Mr. REED. Why?

Mr. LA FOLLETTE. It is to conform to the amendment adopted by the Senate, on page 5, when we struck out the definition of foreign traders and foreign-trade corporations.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. I offer the same amendment, on page 140, in line 1, to strike out the words "or a foreign-trade corporation," so that it will read:

(b) In the case of a foreign corporation.

The amendment to the amendment was agreed to.

Mr. WALSH of Montana. May I inquire how much of the text is embraced in the amendment to part 1?

The PRESIDING OFFICER. Part 1, section 300.

Mr. WALSH of Montana. That is the entire part?

The PRESIDING OFFICER. The entire part 1. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. The next amendment is, on page 130, after line 12, to insert:

PART II.—IMPOSITION OF TAX.

SEC. 301. (a) That in lieu of the tax imposed by Title III of the revenue act of 1918, but in addition to the other taxes imposed by this act, there shall be levied, collected, and paid for the calendar year 1921 upon the net income of every corporation (except corporations taxable under subdivision (b) of this section) a tax equal to the sum of the following:

FIRST BRACKET.

Twenty per cent of the amount of the net income in excess of the excess-profits credit (determined under section 312) and not in excess of 20 per cent of the invested capital.

SECOND BRACKET.

Forty per cent of the amount of the net income in excess of 20 per cent of the invested capital.

(b) For the calendar year 1921 there shall be levied, collected, and paid upon the net income of every corporation which derives in such a year a net income of more than $10,000 from any Government contract or contracts made between April 6, 1917, and November 11, 1918, both dates inclusive, a tax equal to the sum of the following:

(1) Such a portion of a tax computed at the rates specified in subdivision (a) of section 301 of the revenue act of 1918, as the part of the net income attributable to such Government contract or contracts bears to the entire net income. In computing such tax the excess-profits credit and the war-profits credit which would be applicable to such calendar year under the revenue act of 1918 if it had been continued in force, shall be used;

(2) Such a portion of a tax computed at the rates specified in subdivision (a) of this section as the part of the net income not attributable to such Government contract or contracts bears to the entire net income.

For the purpose of determining the part of the net income attributable to such Government contract or contracts, the proper apportionment and allocation of the deductions with respect to gross income derived from such Government contract or contracts and from other sources, respectively, shall be determined under rules and regulations prescribed by the commissioner with the approval of the Secretary.

(d) In any case where the full amount of the excess-profits credit is not allowed under the first bracket of subdivision (a), by reason of the fact that such credit is in excess of 20 per cent of the invested capital, the part not so allowed shall be deducted from the amount in the second bracket.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is, on page 132, after line 16, to insert:

SEC. 302. That the tax imposed by subdivision (a) of section 301 shall in no case be more than 20 per cent of the amount of the net income in excess of $3,000 and not in excess of $20,000, plus 40 per

cent of the amount of the net income in excess of $20,000; and the limitations imposed by section 302 of the revenue act of 1918 (upon taxes computed under subdivision (c) of section 301 of that act) are hereby made applicable to taxes computed under subdivision (b) of section 301 of this act. Nothing in this section shall be construed in such manner as to increase the tax imposed by section 301 of this act.

The amendment was agreed to.

The next amendment was, on page 133, after line 3, to insert:

SEC. 303. That if part of the net income of a corporation is derived (1) from a trade or business (or a branch of a trade or business) in which the employment of capital is necessary, and (2) a part (constituting not less than 30 per cent of its total net income) is derived from a separate trade or business (or a distinctly separate branch of the trade or business) which if constituting the sole trade or business would bring it within the class of "personal service corporations," then (under regulations prescribed by the commissioner with the approval of the Secretary) the tax upon the first part of such net income shall be separately computed (allowing in such computation only the same proportionate part of the credits authorized in section 312), and the tax upon the second part shall be the same percentage thereof as the tax so computed upon the first part is of such first part: *Provided*, That the tax upon such second part shall in no case be less than 20 per cent thereof, unless the tax upon the entire net income, if computed without benefit of this section, would constitute less than 20 per cent of such entire net income, in which event the tax shall be determined upon the entire net income, without reference to this section, as other taxes are determined under this title. The total tax computed under this section shall be subject to the limitations provided in section 302.

The amendment was agreed to.

The next amendment was, on page 134, after line 7, to insert:

SEC. 304. (a) That the corporations enumerated in section 231 shall, to the extent that they are exempt from income tax under Title II, be exempt from taxation under this title.

(b) Any corporation whose net income for the taxable year is less than $3,000 shall be exempt from taxation under this title.

(c) In the case of any corporation engaged in the mining of gold, the portion of the net income derived from the mining of gold shall be exempt from the tax imposed by this title, and the tax on the remaining portion of the net income shall be the same proportion of a tax computed within the benefit of this subdivision which such remaining portion of the net income bears to the entire net income.

Mr. WALSH of Montana. I offer an amendment to that section, which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 134, after the word "title," in line 18, insert the following words after the comma:

Or any tax imposed by Title II of the revenue act of 1917 and assessed but remaining unpaid,

So as to make the paragraph read:

(c) In the case of any corporation engaged in the mining of gold, the portion of the net income derived from the mining of gold shall be exempt from the tax imposed by this title, or any tax imposed by Title II of the revenue act of 1917 and assessed but remaining unpaid, and the tax on the remaining portion of the net income shall be the same proportion of a tax computed without the benefit of this subdivision which such remaining portion of the net income bears to the entire net income.

Mr. WALSH of Montana. Mr. President, I simply wish to state that the principle of the clause under consideration and recognized in this bill was recognized in the act of 1918, but appears to have been overlooked in the act of 1917, namely, that gold mining corporations which could not take advantage of the general rise in prices, the price being fixed absolutely at $20 per annum, were not of that class against which the excess-profits tax was intended to apply.

In this connection I should like to offer and have printed in the RECORD an argument by former Senator Thomas, of Colorado, in support of the amendment. I also desire to submit for the RECORD two very illuminative tables showing the reduction in the production of gold in this country until it has fallen considerably below even that consumed in the arts, so that the quantity for monetary uses is invaded annually for use in the arts.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Brief supporting a proposed amendment to clause (c), section 304, of H. R. 8745, as amended, so that the same shall read:

"In the case of any corporation engaged in the mining of gold, the portion of the net income derived from the mining of gold shall be exempt from the tax imposed by this title, *or any tax imposed by Title II of the revenue act of 1917, and assessed but remaining unpaid*, and the tax on the remaining portion of the net income shall be the proportion of the tax computed without the benefit of this subdivision, which such remaining portion of the net income bears to the entire income."

Section 304, clause (c), of the bill is identical with the same clause and section of the revenue act of 1918 and is retained in the bill to safeguard the revenues for the year 1921. The proposed amendment is contained in the clause which appears in italic letters.

The purpose is to incorporate the exemption of the revenue act of 1918 into the revenue act of 1917 for the relief of those corporations engaged in the mining of gold which have been assessed for but which have not paid excess-profit taxes for the year 1917.

REASON FOR THE EXEMPTION.

Under the theory of the excess-profits title of the act these profits must arise from the production, manufacture of, or traffic in commodities whose prices respond to the laws of supply and demand. They imply a return to the producer or dealer, or both, in excess of a fixed or normal gain and primarily due to war conditions. But gold is not a commodity. It is the standard of values for commodities. Its market price is therefore fixed by law. That price is and must be arbitrary and inflexible. When measured in terms of money, it is unaffected by conditions influencing the price of commodities. The quantity produced or the cost of production is immaterial. This is true not alone of the United States but of all other countries. That price is a little more than $20 per ounce.

Gold is therefore sui generis. A mine abundantly supplied with gold-bearing ores, or ores readily yielding to treatment, will probably prove more profitable to its owners than one containing smaller deposits or one whose ores are more refractory. But this is due entirely to physical differences, for the market price of the output of both mines is always the same. When these conditions were called to the attention of the Senate Finance Committee in 1918 it unanimously agreed to the exemption, and paragraph (c) of section 314 was inserted into the bill. It was unanimously accepted by the Senate and met with no objection either in the House or in the conference committee.

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did not make this exemption because the need for it was not noted during its consideration. It is obvious that had this been done corporations mining gold would have been excluded from Title II of that act. And the failure of the Sixty-fifth Congress to insert the paragraph in that act was a palpable oversight. For if corporations mining gold should not be subjected to an excess-profits tax upon their profits of 1918 and succeeding years a fortiori should they be relieved from its operation in 1917 where they have not paid but are asking to be relieved from the exaction.

The gold-mining industry has suffered unduly from the changed conditions of labor and material due to the recent war. The cyanides used for leaching the metal from the ore were exported from Germany. After the blockade they were manufactured here, but at an enormously enhanced price to the consumer. Powder, tools, candles, machinery, etc., were then much more than doubled, as were the wages of the miners. And this high level of cost of production is still maintained, with no prospect of an early change. But the market price of the product was always the same.

Other metals responded to the increased demand. The price for some of them soared to the clouds, thus making increased cost of mining and ore treatment comparatively unimportant. The gold miner among all the producers of the continent had no alternative but to continue his development and take chances upon the elimination of his profit or shut down. Most of them eventually did the latter. Very few persisted in going ahead, and very few of these realized much if any profit. These few are certainly entitled to consideration, especially as the assessments made against them are based upon profits calculated upon arbitrary valuations of the mine, out of all proportion to their actual value. Hence the profits forming the basis of the assessments are not real but fictitious. With this phase of the gold miners' case the amendment does not deal. It is not out of place, however, to assert that the relief to be obtained by the proposed amendment relates to assessments which can not be justified by the revenue act of 1917 properly construed and applied.

EFFECT OF THE PROPOSED AMENDMENT ON THE REVENUES.

Due to the destructive effect of war upon costs of production in the gold-mining industry, the excess-profits tax of 1917 has not affected half a dozen companies engaged exclusively in gold production. I personally know of but one. There may be others, but their number is extremely limited. I am entirely within bounds in asserting that the amendment will affect not to exceed $500,000 of disputed revenue.

Appended is a statement from the Secretary of the Treasury showing the amount of excess-profit tax realized from corporations mining gold under the revenue act of 1917. It will be noted that the statement deals chiefly with companies whose product consists of gold and other metals as well. Hence the sum total of the tax assessed, whether collected or delinquent, affords no standard for accurately determining the operation of the proposed amendment. But it is less than $500,000.

Since gold is not a commodity, the mining of it is not and can not be made a protected industry. It therefore enjoys no governmental privilege unless the stabilization of the product at a fixed price can be called one. No one conversant with the difficulties of its mining and treatment will deem it so. Indeed, at present it is a serious disadvantage, since the actual value as measured in commodities of gold mined would but for the price restriction be realized by the producer. The world sorely needs all that can be taken from the earth, and the industry should not be handicapped even for a single year by the burden of an unnatural and preposterous tax.

C. S. THOMAS.

LETTER OF THE SECRETARY OF THE TREASURY TO SENATOR PITTMAN.

TREASURY DEPARTMENT,
Washington, August 31, 1921.

Hon. KEY PITTMAN,
United States Senate.

MY DEAR SENATOR: Pursuant to your request, I have the honor to submit below data with reference to corporations engaged in gold mining during the taxable year 1917:

Number of corporations against which excess-profits tax was assessed or is assessable		20
Amount of excess-profits tax assessed against the 20 corporations		$950,337.27
Pending assessment, additional tax uncovered through audit of one of the 20 corporations		$22,372.24
Total amount assessed or assessable		$972,709.51
Less:		
Two claims for abatement filed and still pending, covering excess-profits tax of	$421,613.34	
Pending assessment, additional tax, as noted above	22,372.24	
		$443,985.58
Net amount assessed after deducting total amount of abatement claims filed		$528,723.93

It is impossible to state that the amount $528,723.93 has been paid without taking the matter up with the collectors of internal revenue of the various districts and having them check back their records relating to the various corporations against which assessments have been made.

Your attention is called to the fact that some of these corporations were not engaged in gold mining only and that the taxes were assessed against the total net income as returned which included in some cases revenue from sources such as silver, lead, zinc, etc.

In the cases of some of these corporations, valuations of the properties and depletion have not been finally determined, and the cases have not as yet received a final intensive audit.

If you desire to take up this matter further with me, consideration would be expedited by referring to IT:SA:NR:A:LK.

Sincerely, yours,

A. W. MELLON,
Secretary.

Estimated value of the product of gold, calendar years 1914 to 1920, by States.

[From Statistical Abstract of the United States, 1920, p. 243.]

State.	1914	1915	1916	1917	1918	1919	1920[1]
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Alaska	16,547,200	16,710,000	16,124,800	14,671,400	9,424,700	9,963,500	7,856,000
Arizona	4,568,900	4,555,900	4,092,800	5,180,600	5,583,000	4,609,100	4,943,000
California	21,251,900	22,547,400	21,980,400	20,929,400	16,784,400	17,398,200	14,305,300
Colorado	19,902,400	22,530,800	19,185,000	15,974,500	12,724,700	10,249,300	7,613,400
Georgia	16,800	34,800	20,400	6,500	4,500	700	1,100
Idaho	1,187,200	1,170,600	1,058,300	754,800	701,400	704,600	465,300
Montana	4,143,600	4,978,300	4,328,400	3,673,200	3,280,700	2,416,900	1,839,200
Nevada	11,538,200	11,883,700	9,064,700	6,932,500	6,700,440	4,659,100	3,554,900
New Mexico	1,219,100	1,460,100	1,350,000	1,085,400	687,080	585,400	463,400
North Carolina	130,300	170,700	23,000	10,800	4,400	100	1,100
Oregon	1,589,400	1,867,100	1,901,500	1,687,300	1,265,700	1,096,200	965,100
South Carolina	3,200	3,600	300	1,700	.....	100	300
South Dakota	7,354,000	7,403,500	7,471,700	7,372,900	6,699,400	5,289,700	4,201,400
Texas	8,800	1,800	500	100	20	400	100
Utah	3,377,000	3,907,900	3,859,000	3,522,100	3,153,000	2,266,900	2,076,400
Washington	587,800	461,600	580,600	488,200	333,800	236,400	148,800
Wyoming	6,700	13,900	20,200	8,700	900	300	200
Philippine Islands	1,099,300	1,320,900	1,514,200	1,446,100	1,290,000	850,000	1,085,600
Other	22,000	13,100	14,500	9,500	8,560	6,500	8,400
Total value	94,531,800	101,035,700	92,500,300	83,750,700	68,646,700	60,333,400	49,509,400
Total fine ounces (troy)	4,572,976	4,887,604	4,479,057	4,051,440	3,320,784	2,918,628	2,395,017

[1] Preliminary figures.

World gold production.

1914	$439,078,260
1915	468,724,918
1916	454,176,500
1917	419,422,100
1918	383,605,552
1919	365,166,077
1920 (estimated)	347,187,107

Consumption in arts in the United States.

	New gold.	Old material.	Total.
1914	$37,412,758	$8,107,274	$45,520,032
1915	29,599,507	8,220,520	37,820,027
1916	41,120,149	9,941,038	51,061,187
1917	34,803,445	18,112,196	52,915,641
1918	32,892,395	19,577,345	52,409,740
1919	56,135,951	19,354,398	75,490,349

CONSUMPTION IN ARTS IN THE WORLD.

Of the gold production in the years 1919 and 1920, less than $60,000,000 were available for monetary purposes. The normal amount of industrial consumption in the world is $125,000,000.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana to the amendment of the committee.

On a division, the amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment passed over was, on page 134, after line 23, to insert:

SEC. 305. That if a tax is computed under this title for a period of less than 12 months, the specific exemption of $3,000, wherever referred to in this title, shall be reduced to an amount which is the same proportion of $3,000 as the number of months in the period is of 12 months.

The amendment was agreed to.

The next amendment passed over was, on page 135, after line 4, to insert:

PART III.—EXCESS-PROFITS CREDIT.

SEC. 312. That the excess-profits credit shall consist of a specific exemption of $3,000 plus an amount equal to 8 per cent of the invested capital for the taxable year.

A foreign corporation shall not be entitled to the specific exemption of $3,000.

The amendment was agreed to.

The next amendment passed over was, on page 135, after line 11, to insert:

PART IV.—NET INCOME.

SEC. 320. (a) That for the purpose of this title the net income of a corporation shall be ascertained and returned for the taxable year upon the same basis and in the same manner as provided for income tax purposes in Title II of this act.

The amendment was agreed to.

The next amendment passed over was, on page 135, after line 17, to insert:

PART V.—INVESTED CAPITAL.

SEC. 325. (A) That as used in this title—

The term "intangible property" means patents, copyrights, secret processes and formulæ, good will, trade-marks, trade-brands, franchises, and other like property;

The term "tangible property" means stocks, bonds, notes, and other evidences of indebtedness, bills and accounts receivable, leaseholds, and other property other than intangible property;

The term "borrowed capital" means money or other property borrowed, whether represented by bonds, notes, open accounts, or otherwise;

The term "inadmissable assets" means stocks, bonds, and other obligations (other than obligations of the United States), the dividends or interest from which is not included in computing net income, but where the income derived from such assets consists in part of gain or profit derived from the sale or other disposition thereof, or where all or part of the interest derived from such assets is in effect included in the net income because of the limitation on the deduction of interest under paragraph (2) of subdivision (A) of section 234, a corresponding part of the capital invested in such assets shall not be deemed to be inadmissible assets;

The term "admissible assets" means all assets other than inadmissible assets, valued in accordance with the provisions of subdivision (a) of section 326 and section 331.

(b) For the purposes of this title the par value of stock or shares shall in the case of stock or shares issued at a nominal value or having no par value, be deemed to be the fair market value as of the date or dates of issue of such stock or shares.

The amendment was agreed to.

The next amendment passed over was, on page 137, after line 2, to insert:

SEC. 326. (a) That as used in this title the term "invested capital" for any year means (except as provided in subdivisions (b) and (c) of this section):

(1) Actual cash bona fide paid in for stock or shares;

(2) Actual cash value of tangible property, other than cash, bona fide paid in for stock or shares, at the time of such payment, but in no case to exceed the par value of the original stock or shares specifically issued therefor, unless the actual cash value of such tangible property at the time paid in is shown to the satisfaction of the commissioner to have been clearly and substantially in excess of such par value, in which case such excess shall be treated as paid-in surplus: *Provided*, That the commissioner shall keep a record of all cases in which tangible property is included in invested capital at a value in excess of the stock or shares issued therefor, containing the name and address of each taxpayer, the business in which engaged, the amount of invested capital and net income shown by the return, the value of the tangible property at the time paid in, the par value of the stock or shares specifically issued therefor, and the amount included under this paragraph as paid-in surplus. The commissioner shall furnish a copy of such record and other detailed information with respect to such cases when required by resolution of either House of Congress, without regard to the restrictions contained in section 257;

(3) Paid-in or earned surplus and undivided profits; not including surplus and undivided profits earned during the year;

(4) Intangible property bona fide paid in for stock or shares prior to March 3, 1917, in an amount not exceeding (a) the actual cash value of such property at the time paid in, (b) the par value of the stock or shares issued therefor, or (c) in the aggregate 25 per cent of the par value of the total stock or shares of the corporation outstanding on March 3, 1917, whichever is lowest;

(5) Intangible property bona fide paid in for stock or shares on or after March 3, 1917, in an amount not exceeding (a) the actual cash value of such property at the time paid in, (b) the par value of the stock or shares issued therefor, or (c) in the aggregate 25 per cent of

the par value of the total stock or shares of the corporation outstanding at the beginning of the taxable year, whichever is lowest: *Provided*, That in no case shall the total amount included under paragraphs (4) and (5) exceed in the aggregate 25 per cent of the par value of the total stock or shares of the corporation outstanding at the beginning of the taxable year; but

(b) As used in this title the term "invested capital" does not include borrowed capital.

(c) There shall be deducted from invested capital as above defined a percentage thereof equal to the percentage which the amount of inadmissible assets is of the amount of admissible and inadmissible assets held during the taxable year.

(d) The invested capital for any period shall be the average invested capital for such period, but in the case of a corporation making a return for a fractional part of a year, it shall be the same fractional part of such average invested capital.

The amendment was agreed to.

The next amendment was, on page 139, after line 20, to insert:

SEC. 327. That in the following cases the tax shall be determined as provided in section 328:

(a) Where the commissioner is unable to determine the invested capital as provided in section 326;

(b) In the case of a foreign corporation or a foreign trade corporation;

(c) Where a mixed aggregate of tangible property and intangible property has been paid in for stock or for stock and bonds and the commissioner is unable satisfactorily to determine the respective values of the several classes of property at the time of payment, or to distinguish the classes of property paid in for stock and for bonds, respectively;

(d) Where upon application by the corporation the commissioner finds and so declares of record that the tax if determined without benefit of this section would, owing to abnormal conditions affecting the capital or income of the corporation, work upon the corporation an exceptional hardship evidenced by gross disproportion between the tax computed without benefit of this section and the tax computed by reference to the representative corporations specified in section 328. This subdivision shall not apply to any case (1) in which the tax (computed without benefit of this section) is high merely because the corporation earned within the taxable year a high rate of profit upon a normal invested capital, nor (2) in which 50 per cent or more of the gross income of the corporation for the taxable year (computed under section 233 of Title II) consists of gains, profits, commissions, or other income derived on a cost-plus basis from a Government contract or contracts made between April 6, 1917, and November 11, 1918, both dates inclusive.

The VICE PRESIDENT. The question is on agreeing to the section as amended.

The section as amended was agreed to.

The next amendment passed over was, on page 141, after line 6, to insert:

SEC. 328. (a) That in the cases specified in section 327 the tax shall be the amount which bears the same ratio to the net income of the taxpayer (in excess of the specific exemption of $3,000) for the taxable year as the average tax of representative corporations engaged in a like or similar trade or business bears to their average net income (in excess of the specific exemption of $3,000) for such year. In the case of a foreign corporation the tax shall be computed without deducting the specific exemption of $3,000 either for the taxpayer or the representative corporations.

In computing the tax under this section the commissioner shall compare the taxpayer only with representative corporations whose invested capital can be satisfactorily determined under section 326 and which are, as nearly as may be, similarly circumstanced with respect to gross income, net income, profits per unit of business transacted and capital employed, the amount and rate of war profits or excess profits, and all other relevant facts and circumstances.

(b) For the purposes of subdivision (a) the ratios between the average tax and the average net income of representative corporations shall be determined by the commissioner, in accordance with regulations prescribed by him, with the approval of the Secretary.

(c) The commissioner shall keep a record of all cases in which the tax is determined in the manner prescribed in subdivision (a), containing the name and address of each taxpayer, the business in which engaged, the amount of invested capital and net income shown by the return, and the amount of invested capital as determined under such subdivision. The commissioner shall furnish a copy of such record and other detailed information with respect to such cases when required by resolution of either House of Congress, without regard to the restrictions contained in section 257.

The amendment was agreed to.

The next amendment passed over was, on page 142, after line 21, to insert:

PART VI.—REORGANIZATIONS.

SEC. 331. That in the case of the reorganization, consolidation, or change of ownership of a trade or business, or change of ownership of property, after March 3, 1917, if an interest or control in such trade or business or property of 50 per cent or more remains in the same persons, or any of them, then no asset transferred or received from the previous owner shall for the purpose of determining invested capital be allowed a greater value than would have been allowed under this title in computing the invested capital of such previous owner if such asset had not been so transferred or received: *Provided*, That if such previous owner was not a corporation, then the value of any asset so transferred or received shall be taken at its cost of acquisition (at the date when acquired by such previous owner) with proper allowance for depreciation, impairment, betterment, or development, but no addition to the original cost shall be made for any charge or expenditure deducted as expense or otherwise on or after March 1, 1913, in computing the net income of such previous owner for purposes of taxation.

The amendment was agreed to.

The next amendment passed over was, on page 143, after line 20, to insert the following heading: "Part VII.—Miscellaneous."

The amendment was agreed to.

The next amendment passed over was, on page 143, line 22, before the words "a corporation," to strike out "(b) If" and to insert "Sec. 335. (a) That if"; on page 144, line 3, after the words "revenue act of," to strike out the numerals "1918" and to insert "1918"; at the beginning of line 4, before the words "which the," to strike out "(as in force prior to the passage of this act)"; in line 7, after the word "under," to strike out "the revenue act of 1918 (as in force on December 31, 1921) which" and to insert "this title, which"; in line 12, after the numerals "1918," to strike out "(as in force prior to the passage of this act)"; and in line 17, after the word "of," to strike out "the revenue act of 1918" and to insert "this act," so as to make the paragraph read:

PART VII.—MISCELLANEOUS.

SEC. 335. (a) That if a corporation (other than a personal-service corporation) makes return for a fiscal year beginning in 1920 and ending in 1921, the war-profits and excess-profits tax for the taxable year 1921 shall be the sum of: (1) The same proportion of a tax for the entire period computed under the revenue act of 1918, which the portion of such period falling within the calendar year 1920 is of the entire period, and (2) the same proportion of a tax for the entire period computed under this title, which the portion of such period falling within the calendar year 1921 is of the entire period. Any amount heretofore or hereafter paid on account of the tax imposed for such taxable year by the revenue act of 1918 shall be credited toward the payment of the tax as above computed, and if the amount so paid exceeds the amount of such tax, the excess shall be credited or refunded to the corporation in accordance with the provisions of section 252 of this act.

The amendment was agreed to.

The next amendment passed over was, on page 144, at the beginning of line 18, to strike out "(c)" and to insert "(b)"; and in line 23, after the word "under," to strike out "the revenue act of 1918 (as in force on December 31, 1921) which" and to insert "this title, which," so as make the paragraph read:

(b) If a corporation (other than a personal-service corporation) makes a return for a fiscal year beginning in 1921 and ending in 1922, the war-profits and excess-profits tax for the portion of the year falling within the calendar year 1921 shall be an amount equivalent to the same proportion of a tax for the entire period computed under this title, which the portion of such period falling within the calendar year 1921 is of the entire period.

The amendment was agreed to.

The next amendment passed over was, on page 145, after line 2, to insert:

SEC. 336. That every corporation not exempt under section 304 shall make a return for the purposes of this title. Such returns shall be made, and the taxes imposed by this title shall be paid, at the same times and places, in the same manner, and subject to the same conditions as is provided in the case of returns and payment of income tax by corporations for the purposes of Title II, and all the provisions of that title not inapplicable, including penalties, are hereby made applicable to the taxes imposed by this title.

The amendment was agreed to.

The next amendment passed over was, on page 145, after line 13, to insert:

SEC. 337. That in the case of a bona fide sale of mines, oil or gas wells, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration and discovery work done by the taxpayer, the portion of the tax imposed by this title attributable to such sale shall not exceed 20 per cent of the selling price of such property or interest.

The amendment was agreed to.

The next amendment was, on page 145, after line 21, to insert:

EFFECTIVE DATE OF TITLE.

SEC. 338. That this title shall take effect as of January 1, 1921.

The amendment was agreed to.

Mr. PENROSE. Mr. President, there is considerable interest in the Senate as to the character of the course of the proceedings this afternoon and this evening, and I think perhaps this would be a good opportunity to submit to the Senate a unanimous-consent agreement, which I will ask the Senate to ratify, outlining the course of procedure. I have handed it to the Secretary, and will ask to have it read.

The VICE PRESIDENT. The Secretary will read as requested.

The ASSISTANT SECRETARY. The Senator from Pennsylvania asks unanimous consent that the Senate will continue in session until not later than 7 o'clock p. m. to-day for the consideration of uncontested amendments to the pending bill, and that at not later than 4 o'clock p. m. on the calendar day of Thursday, October 27, 1921, the Senate will proceed to vote without further debate upon amendments to section 230, and that all amendments to said section 230 except the amendment proposed by the Senator from Massachusetts [Mr. WALSH] shall be disposed of on said calendar day; and, further, that at not later than 7 o'clock p. m. to-day the Senate will take a recess until 11 o'clock a. m. to-morrow.

Mr. SIMMONS. Mr. President, to that agreement I assent, provided it is acceptable to the Senator from New Mexico and the Senator from Massachusetts.

Mr. JONES of New Mexico. Mr. President, so far as I am personally concerned it is satisfactory in its present form; but I should like to suggest to the Senator from Pennsylvania that he include the 5-minute provision which we have generally been adopting for debate of amendments which may be offered later than 4 o'clock.

Mr. SIMMONS. I was going to make the same suggestion.

Mr. PENROSE. I am willing to have the Secretary include the provision found in the present unanimous-consent agreement permitting five minutes to the proponent of an amendment.

The ASSISTANT SECRETARY. *Provided*, That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes.

Mr. WALSH of Massachusetts. I will say to the Senator from Pennsylvania that the unanimous-consent agreement is satisfactory to me.

Mr. LODGE. Mr. President, I should like to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. LODGE. Committee amendments, of course, are first in order?

The VICE PRESIDENT. They are.

Mr. LODGE. There will be some individual amendments offered subsequently. I take it that this does not cut out the opportunity to offer individual amendments after the committee amendments have all been disposed of.

The VICE PRESIDENT. It does not seem to do so.

Mr. TOWNSEND. Mr. President, I merely wish to suggest that as the Senate has consented to the proposition that the mover of an amendment after 4 o'clock may devote five minutes to its explanation, it seems to me that the chairman of the committee or some member of the committee who may be designated ought to have five minutes to explain it. A little while ago the Senator from Montana [Mr. WALSH] presented an amendment which I do not think half a dozen Members of the Senate understood—I did not understand it—and yet it was voted into the bill.

I do not want to afford any opportunity for debate, but I think we ought to know what an amendment is, if a new one is to be presented for the consideration of the Senate. The Senator presenting it might state it in such form as to be somewhat confusing to the Senate unless the opposite side was heard; and I think there is no better provision than to allow the chairman of the committee or some member of the committee to make reply if he sees fit, limited to five minutes.

Mr. PENROSE. There is no objection to that.

Mr. McKELLAR. Mr. President, a parliamentary inquiry. On page 79——

Mr. PENROSE. Will not the Senator wait until this unanimous-consent agreement is perfected?

Mr. McKELLAR. It is about the unanimous-consent agreement. I have offered an amendment, which has been printed, to subsection (b) of section 230, on page 79. Would that amendment be in order, under the unanimous-consent agreement, to be voted on to-morrow? It strikes out the "15," and inserts "10" and other matter in lieu thereof. I am inclined myself to think that it is in order, but I should like to know about it before agreeing to the proposed unanimous-consent agreement.

The VICE PRESIDENT. It is an amendment to the committee amendment, and would be in order.

Mr. PENROSE. Mr. President, I do not intend to ask to have the unanimous-consent agreement further amended. I shall, of course, trust to the honor and sense of propriety of Senators. It does not seem to me fitting that an amendment should be offered in an evasive spirit, and not in good faith, for the purpose of speaking five minutes. I do not want to criticize the introduction of an amendment with such a purpose on this afternoon; but I sincerely hope that that practice, which is clearly an abuse and an indirect violation of the spirit of the agreement, will not be persisted in, and I take it that it is so understood.

The VICE PRESIDENT. Is there objection to entering into the unanimous-consent agreement? The Chair hears none, and the agreement is entered into.

The agreement was reduced to writing, as follows:

It is agreed by unanimous consent that the Senate will continue in session until not later than 7 o'clock p. m. to-day for the consideration of uncontested amendments to the pending bill; that at not later than 4 o'clock p. m. on the calendar day of Thursday, October 27, 1921, the Senate will proceed to vote, without further debate, upon amendments to section 230, and that all amendments to said section 230 (except the amendment offered by the Senator from Massachusetts, Mr. WALSH), shall be disposed of on said calendar day: *Provided*, That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes, and that a member of the Committee on Finance may have a like period of time in which to make reply; and

It is further agreed that at not later than 7 o'clock p. m. to-day the Senate will take a recess until 11 o'clock a. m. to-morrow, reserving the right, however, to proceed to the consideration of executive business prior to the taking of such recess.

Mr. PENROSE. Now, according to my understanding of the arrangement, we go back to page 78 and begin to read the amendments passed over. The Clerk, I hope, will go on.

The READING CLERK. Turning to page 78, after line 20, it is proposed to insert:

PART III.—CORPORATIONS.

TAX ON CORPORATIONS.

SEC. 230. That, in lieu of the tax imposed by section 230 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

(a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and

(b) For each calendar year thereafter, 15 per cent of such excess amount.

Mr. SIMMONS. Mr. President, that is an objected amendment, and, of course, will go over.

Mr. PENROSE. That is all right.

The VICE PRESIDENT. On objection, it goes over. Does the Senator refer to the whole paragraph, or merely to section (b)?

Mr. SIMMONS. The whole paragraph relating to that subject.

The READING CLERK. The matter from line 21, on page 78, to line 14, on page 79, is passed over.

Continuing the reading on page 79, in lines 24 and 25, the committee proposes to strike out the words "operated exclusively for the purpose of" and to insert the words "substantially all the business of which is to confined to," so as to read:

(4) Domestic building and loan associations substantially all the business of which is confined to making loans to members, etc.

Mr. POMERENE. Mr. President, as this amendment was originally proposed by the committee it was satisfactory to my colleague and myself. Later on, I understand, some additional amendment was proposed by the experts that will undo what it was intended to accomplish by the original committee amendment, and it differentiates between the two classes of building and loan associations in the State of Ohio.

Mr. SMOOT. Mr. President, will the Senator yield for the purpose of allowing me to offer an amendment? Then he can address himself to it, and then we can explain the amendment.

Mr. POMERENE. I have no objection, of course, to the offering of the amendment.

Mr. SMOOT. I will say that it is a committee amendment.

Mr. POMERENE. I understand. I do not object to the committee amendment as it was originally presented and as it is printed in the pending bill.

Mr. SMOOT. Let me read the amendment to the Senator, and I do not think he will object to this. After the word "members," on line 1, page 20, insert the following:

On the basis of their stock holdings.

Mr. POMERENE. Mr. President, that absolutely destroys what it was proposed to accomplish by the Senate amendment. I tried to make clear, when this matter was up some days ago, that there are substantially two classes of building and loan associations in Ohio. Under the Ohio law loans can be made either to stockholders or to others. Some of these building and loan associations loan entirely on stock. That is to say, when an application is made for a loan, at the same time the applicant subscribes for a given number of shares of stock, and when the stock is paid up it cancels the mortgage.

Others provide for the application for membership. A small fee is paid. With still others the loans are made to borrowers who are not members of the corporation, but all those corporations are doing business under the general building and loan association law of the State. They are doing the same business practically, and if you are going to exempt only those who make loans to stockholders you are going to subject one class of these building and loan associations to the tax and not subject the others to the tax. Their earnings, except that portion which is passed to surplus under the statute, as a rule, are distributed every six months or every year, so that if you are going to subject to the payment of a tax those companies only a small proportion of whose funds are invested in loans other than to stockholders you are practically going to bankrupt that class of corporations.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from North Carolina?

Mr. POMERENE. I yield.

Mr. SIMMONS. I suggest to the Senator that under the unanimous-consent agreement this is clearly an amendment to which objection will be made, and it should go over. The

idea of the unanimous-consent agreement is to see how many of these amendments are unobjected to and to act upon them, and if there is objection made to an amendment pass it over. Clearly this is an amendment to which objection will be made.

Mr. POMERENE. I think the Senator is justified in making the suggestion he has made, and if it is the desire to act only on those amendments to which there is no objection——

Mr. SIMMONS. That is the agreement.

Mr. POMERENE. I will content myself now by asking that this matter go over.

The VICE PRESIDENT. The amendment will go over.

Mr. LODGE. Mr. President, I want to say what perhaps I ought to have said when the unanimous-consent agreement was made, that I understand I have a right to ask at 7 o'clock for a short executive session. There are a number of reports to be made, and when that hour is reached, under the agreement I shall ask the Senate to take a short executive session.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 82, to insert lines 13 and 14, as follows:

(14) Personal service corporations. This subdivision shall not be in effect after December 31, 1921.

It was passed over on the request of the junior Senator from Utah [Mr. KING].

Mr. KING. I withdraw my objection to the amendment.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 84, line 14, to strike out the word "taxpayer" and the semicolon, and to insert "taxpayer" and a colon and the following proviso:

Provided, That in the case of returns made for the taxable year 1921 or 1922, there shall be allowed as a deduction interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, even though the interest therefrom is so wholly exempt.

Mr. SMOOT. Mr. President, I have submitted a draft of an amendment to be offered in lieu of this provision to the Senator from Nebraska [Mr. HITCHCOCK] and also to the Senator from Florida [Mr. TRAMMELL], which carries out the action of the Senate taken in regard to the same matter as applied to individuals, found on page 38 of the bill. It is worded better than the amendment first agreed upon. I move, on page 84, to strike out lines 15 to 21, inclusive, and to insert in lieu thereof the language which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. Strike out lines 15 to 21, inclusive, and insert in lieu thereof:

That in the case of returns made for the taxable year 1921 or 1922, there shall be allowed as a deduction in addition to the above so much of the interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, the interest upon which is so wholly exempt, as is in excess of the interest received or accrued therefrom during the same period.

Mr. SMOOT. That has exactly the same effect, but it is worded a little better.

Mr. HITCHCOCK. I think it carries out the spirit of the amendment heretofore adopted.

Mr. TRAMMELL. I think that covers the object I had in mind in my amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. I ask that we now turn back to page 38 and strike out lines 14 to 19, inclusive, and insert in lieu thereof the exact words of the amendment which has just been adopted. We will have to reconsider the vote by which this amendment was agreed to.

The VICE PRESIDENT. Is there objection to reconsidering the vote by which the amendment on page 38, lines 13 to 19, inclusive, was agreed to? The Chair hears none, and the vote is reconsidered.

The READING CLERK. It is proposed, on page 38, to strike out lines 13 to 19, inclusive, and to insert in lieu thereof:

In the case of returns made for the taxable year 1921 or 1922, there shall be allowed as a deduction, in addition to the above, so much of the interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, the interest upon which is so wholly exempt, as is in excess of the interest received or accrued therefrom during the same period.

Mr. POMERENE. Mr. President, I am not sure that I understand that. Will not the Senator give an explanation of it?

Mr. SMOOT. In the case of a person making a loan to carry tax-exempt bonds, the existing law allows not only the interest upon the bonds as an exemption but the interest that may be paid for the loan. This amendment modifies it by providing that for the year 1922 he can only deduct the difference between the interest on the bonds and the interest which he pays.

Mr. SIMMONS. It is the same as the amendment we have just adopted.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. There is also an amendment which was passed over, on page 38, line 13, which the Secretary will state.

The READING CLERK. On page 38, line 13, strike out the word "taxpayer" and the semicolon, and insert the word "taxpayer" and a colon and the words "*Provided*, That."

The amendment was agreed to.

Mr. OWEN. Mr. President, I wish to submit an amendment which I propose, and ask to have it printed and lie on the table.

The VICE PRESIDENT. It will be received and printed and lie on the table.

Mr. KING. May I inquire of the chairman of the committee, the Senator from Pennsylvania, as to the provision on page 84 providing exemptions of interest paid on funded indebtedness, whether I may recur to it later on, after the committee amendments have been disposed of, to offer an amendment?

Mr. PENROSE. Certainly; I will be very glad to have the Senator recur to it.

Mr. KING. I have an amendment to offer with respect to dividends, but I shall not offer it until after the committee amendments are disposed of.

Mr. PENROSE. Ample opportunity will be given the Senator, as far as I am concerned.

The READING CLERK. The next amendment passed over is, on page 86, to strike out lines 18 and 19, in the following words:

(6) The amount of dividends included under gross income.

And to insert:

(6) The amount received as dividends (A) from a domestic corporation other than a foreign trade corporation, or (B) from any foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of the gross income of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the foreign corporation has been in existence) was derived from sources within the United States as determined under section 217.

Mr. SMOOT. I move that, on line 21, page 86, the words "other than a foreign trade corporation" be stricken out.

The amendment to the amendment was agreed to.

Mr. LENROOT. I desire to submit a proposed amendment, which I ask to have printed and lie on the table.

The VICE PRESIDENT. It will be printed and lie on the table.

Mr. KING. I would like to inquire of my colleague whether any further amendment is required to subdivision (6), to which an amendment has just been agreed to, in view of the action of the Senate with respect to the amendment offered by the Senator from Wisconsin? I refer to the words "(B) from any foreign corporation when it is shown to the satisfaction of the commissioner," and so forth.

Mr. SMOOT. No; this is a foreign trade corporation, and that is different. So there is no necessity for any amendment. The amendment I offered was to make it conform to the amendment offered by the Senator from Wisconsin, which was agreed to.

Mr. KING. Then subdivision (B), to which I have just called attention, is the existing law?

Mr. SMOOT. No; it is not the existing law. Under existing law, the Senator will remember, if a foreign corporation owns any kind of securities here they can claim an exemption of dividends. We cut that out, and provide that "when it is shown to the satisfaction of the commissioner that more than 50 per cent" of their business "was derived from sources within the United States," and so forth. So if a foreign corporation comes here now they can not claim exemption of dividends if they own one share of stock in a corporation.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is, on page 87, after line 4, to insert the following:

(7) A reasonable allowance for the exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence. In the case of such property acquired before March 1, 1913, this deduction shall be computed upon the basis of its fair market price or value as of March 1, 1913.

Mr. KING. During the discussion of this section some days ago the matter was referred to Dr. Adams, as I recall, and at my request he has submitted an amendment which relates to it. I have not had an opportunity to study it and to see its effect, and I ask that the amendment may go over.

The VICE PRESIDENT. It will go over.

The READING CLERK. The next amendment passed over was, on page 87, beginning with line 17, subdivision (8).

The VICE PRESIDENT. This has already been read. Does the Senate desire to have it read again?

Mr. SMOOT. It has been read. I want to offer an amendment to it. On page 87, line 25, after the word "allowed," I move to insert a comma and the following words:

For any taxable year ending before March 3, 1924 (if claim therefor was made at the time of filing return for the taxable year 1918 or 1919).

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is, on page 90, after line 3, to insert:

(10) In the case of insurance companies (other than life insurance companies), in addition to the above (unless otherwise allowed): (A) The net addition required by law to be made within the taxable year to reserve funds (including in the case of assessment insurance companies the actual deposit of sums with State or Territorial officers pursuant to law as additions to guaranty or reserve funds); and (B) the sums other than dividends paid within the taxable year on policy and annuity contracts.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 94, line 18, to strike out "In the case of a domestic corporation, $2,000," and insert in lieu thereof the following: "In the case of a domestic corporation the net income of which is $25,000 or less, a specific credit of $2,000."

It was passed over at the request of the senior Senator from North Carolina [Mr. SIMMONS].

Mr. SIMMONS. I have offered an amendment to that provision, but the majority members of the committee have presented an amendment to which I think I have no objection.

Mr. SMOOT. I think the Senator has seen the amendment and has agreed to it. The amendment is the one which has just been stated at the desk.

Mr. SIMMONS. That is satisfactory to me.

Mr. KING. Mr. President, I appreciate that the purpose of the amendment, which is a modification of the amendment suggested by the Senator from North Carolina, is to take care of small corporations regardless of their earnings. I can readily conceive of small corporations—that is, corporations having a small capital stock—having very large earnings, larger proportionately than many large corporations.

Mr. SMOOT. That is the case.

Mr. KING. I ask the Senator from North Carolina whether the amendment offered by the committee is an improvement upon his or whether it does not permit a discrimination in view of the notorious large earnings of many small corporations. I ask for information rather than by way of criticism.

Mr. SIMMONS. I will state very frankly that I prefer the amendment which I offered, but as I did not think that I could successfully press that amendment, I was satisfied to take this proposed compromise. I would prefer that the corporations should be allowed no exemption at all; I do not see any principle upon which they should be entitled to it; but if any are allowed an exemption, I think it should be the corporation of small earnings. I am disposed to accept the amendment which was offered by the majority members of the committee. It repeals the exemption as to all corporations earning in excess of $25,000.

Mr. SMOOT. In other words, every corporation in the United States that does not earn a net income of $25,000 has no exemption whatever.

Mr. POMERENE. If the Senator will permit me, is he able to state what amount of revenue we can realize by limiting this exemption to those corporations which have earned net $25,000 or less?

Mr. SMOOT. Thirty million dollars—or perhaps I had better state it this way: On those corporations which are not exempted under this provision we would gain $30,000,000.

Mr. POMERENE. Those that are not exempt?

Mr. SMOOT. The corporations earning a net income of more than $25,000 under this amendment are not given any exemption whatever, and through the lack of that exemption the corporations will pay into the Treasury of the United States $30,000,000 more than they would under existing law.

Mr. POMERENE. I realize that the committee have decided to put this through in this way and it is probably going to go through, but I think I perhaps differ from the members on both sides of that committee in that where a corporation is doing business, if once we recognize the wisdom of making an exemption in favor of the individual taxpayer, if we shall keep in mind the uncertainties of business, I am at a loss to understand why a very modest exemption might not be made in favor of the corporation.

Mr. SIMMONS. If the Senator will permit me——

Mr. POMERENE. In just a moment. The uncertainties of business do not all attach to individuals. They are just as liable to happen to the corporations.

Mr. SMOOT. Much more so, I will say to the Senator.

Mr. POMERENE. I am willing for the sake of my argument to say that they are on the same plane. We all know there is shrinkage in values, and so forth. I have not thought that the exemption heretofore made of $2,000 was excessive. That is the way I feel about it, and I am glad that the committee has reserved the exemption to the smaller corporations, but I would extend it.

Mr. SIMMONS. Mr. President, I think the correct principle about this, as I said, would be to abolish altogether the exemption of our corporations. There is to my mind a very clear distinction between an exemption allowed individuals under our income-tax law and this exemption as to the corporations. It grows out of the fact that a corporation, if permitted to deduct from its income for the purpose of ascertaining the taxable part of that income, takes into account every possible expense incurred in the production of that income. On the other hand, an individual with a small income, to whom is given the exemption, is not permitted to do that, and the exemption given him is in lieu of that.

Mr. POMERENE. If the Senator, of course, refers to family expenses, I agree with him.

Mr. SIMMONS. I do.

Mr. POMERENE. But when it comes to business, and individual A is manufacturing a given product or is engaged in mercantile business, and corporation B is engaged in identically the same business, each one can charge against that business all of the expenses that are incident to the business, whether it is the individual or the corporation. That is my position.

Mr. SIMMONS. But the individual can not charge any of his family expenses against his income.

Mr. POMERENE. That is true, and they can not charge any family expenses of the corporation, because there are none.

Mr. SIMMONS. The corporation has no family expenses. Every expense that the corporation has or can have is permitted to be deducted before any part of the earnings are subject to taxation.

Mr. SMOOT. Just for the record I wish to state that the only reason why the exemption was given in the first place, and the theory of it is applicable not only in our country but all other countries, is to take care of the returns so that when the income gets down so low on a corporation that it does not pay the Government of the United States to send a man to investigate whether the return is right or not, the Government is saved that expense. That is the reason why the exemption was made originally. I quite agree with the Senator from Ohio that if we are going beyond that all ought to be treated alike.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 95, after line 21, to insert a subhead and a new section, as follows:

PAYMENT OF CORPORATION INCOME TAX AT SOURCE.

SEC. 237. That in the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 221 a tax equal to 15 per cent thereof (but during the calendar year 1921 only 10 per cent), and such tax shall be returned and paid in the same manner and subject to the same conditions as provided in that section: *Provided*, That in the case of interest described in subdivision (b) of that section the deduction and withholding shall be at the rate of 2 per cent.

Mr. SMOOT. I will have to ask that that go over to-day, because it is dependent upon whether the 15 per cent tax is agreed to by a later vote. This has connection with the proposition of the 15 per cent normal tax, and therefore I ask that it go over.

The PRESIDING OFFICER. The amendment will be passed over. The Secretary will report the next amendment passed over.

The READING CLERK. The next amendment passed over is, on page 103, in line 2, to strike out "sections 230 and 1000" and insert in lieu thereof "section 230 of this act and by Title III of the revenue act of 1918."

Mr. SMOOT. That will have to go over, because it is dependent upon what we are to decide with reference to the capital-stock tax.

The PRESIDING OFFICER. The amendment will go over.

The READING CLERK. The next amendment passed over is, on page 103, line 7, to insert the word "life" after the word "domestic," so as to make the sentence read:

In the case of a domestic life insurance, etc.

The PRESIDING OFFICER. Does the Senator from Utah wish this to go over?

Mr. SMOOT. There is an amendment that the committee desires to offer on page 103, line 8, in lieu of the amendment proposed by the committee, to strike out the words "12½ per cent of its net income" and insert in lieu thereof the following:

the same percentage of its net income as is imposed upon other corporations by section 230.

We can agree to that amendment, because no matter what change is made it will conform to whatever action is taken.

Mr. KING. May I inquire what is the purpose of the amendment?

Mr. SMOOT. It is to impose a normal tax upon life insurance companies, just as we do upon other insurance companies.

Mr. SIMMONS. I suggest that the Senator let that go over with the other, although I think he is right.

Mr. SMOOT. It will not make any difference whether it is 10 or 12½ or 15 per cent.

Mr. SIMMONS. I do not think it will. I shall not object to it.

The PRESIDING OFFICER. The amendment on page 103, in line 7, to insert the word "life" after the word "domestic" and before the words "insurance companies," has not yet been agreed to. The question is on agreeing to that amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The amendment just offered by the Senator from Utah will now be stated.

The READING CLERK. On page 103, line 8, in lieu of the committee amendment proposed, strike out the words "12½ per cent of its net income" and insert in lieu thereof the following:

the same percentage of its net income as is imposed upon other corporations by section 230.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 103, line 9, before the word "insurance," to insert the word "life."

The amendment was agreed to.

The READING CLERK. The next amendment, offered by the Senator from Utah, is on page 103, line 10, in lieu of the amendment proposed by the committee, to strike out "12½ per cent of its net income from sources within the United States" and insert in lieu thereof the following:

the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230.

Mr. SMOOT. This is the same as the amendment just agreed to and for the same purpose, only it applies to foreign corporations.

The amendment was agreed to.

Mr. SMOOT. I ask whether the amendment on page 103, line 4, striking out the date "1922" and inserting the date "1921," has been agreed to?

The PRESIDING OFFICER. That amendment has been agreed to.

Mr. SMOOT. Very well.

The PRESIDING OFFICER. The next passed-over amendment will be stated.

The READING CLERK. The next amendment, passed over at the request of the Senator from Missouri [Mr. REED], is on page 116, beginning in line 4 and going down to the word "taxes," in line 2, on page 118.

Mr. SMOOT. That amendment has been read, Mr. President.

The PRESIDING OFFICER. Without objection——

Mr. KING. Mr. President, may it be understood that if the amendment shall be agreed to, when the Senator from Missouri returns to the Chamber, if he desires, he may move to reopen the question, and that there will be no objection to his doing so?

The PRESIDING OFFICER. There never is any objection to such a motion or request.

Mr. SMOOT. There will be no objection to that.

Mr. KING. Very well.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next passed-over amendment will be stated.

The READING CLERK. The next amendment, passed over at the request of the senior Senator from Wisconsin [Mr. LA FOLLETTE], is on page 125, line 1, beginning with the heading "Returns to be public records," down to and including line 20, on page 126.

Mr. SIMMONS. Mr. President, I do not know whether or not the Senator from Wisconsin proposes to offer any amendment or opposition to that provision, though I think he does. I therefore ask that the amendment go over.

Mr. SMOOT. Let the amendment go over.

The PRESIDING OFFICER. The amendment will go over. The next amendment passed over will be stated.

The READING CLERK. The next amendment, passed over at the request of the senior Senator from Wisconsin [Mr. LA FOLLETTE], is on page 128, beginning in line 16, with the heading "Retroactive exemption of income from sources within the possessions of the United States," down to and including line 20, on page 129.

Mr. SIMMONS. I ask that that also go over.

The PRESIDING OFFICER. The amendment will go over. The next amendment passed over will be stated.

The READING CLERK. The next amendment passed over is the first amendment on page 146, to strike out line 1, as follows:

Title IV.—Estate tax amendments.

And to insert:

Title IV.—Estate tax.

Mr. SIMMONS. Mr. President, of course we can not take up the question of the estate tax to-night. There will doubtless be some discussion about the estate-tax provisions of the bill.

Mr. SMOOT. If the Senator from North Carolina desires that it shall go over under the unanimous-consent agreement, of course it will go over.

Mr. SIMMONS. Of course, I am not going to agree to the amendment of the committee in regard to the estate tax.

Mr. SMOOT. Let it go over, Mr. President.

The PRESIDING OFFICER. The amendment will be passed over. The next amendment passed over will be stated.

The READING CLERK. The next amendment, passed over at the request of the junior Senator from New York [Mr. CALDER], is, on page 176, under the heading, "Title VI.—Tax on soft drinks and constituent parts thereof," to strike out from line 4 to line 25, inclusive.

Mr. SMOOT. Mr. President, there are some changes, though not many, to be made in that amendment, and I ask that it go over.

Mr. KING. I have an amendment to offer on page 177. The amendment has been printed.

Mr. SMOOT. I will say to my colleague that all of the amendments on page 177 have been agreed to and his amendment would not be in order at this time because we are now considering only committee amendments.

Mr. KING. What I was about to ask was that the committee examine the amendment which I have proposed to offer. I hope they will see their way to accede to it without any debate.

Mr. WADSWORTH. Mr. President, may I ask a question of the Senator in charge of the bill concerning the committee amendment on page 176?

Mr. SMOOT. That has gone over.

Mr. WADSWORTH. As I gather, that amendment operates to repeal the tax of $2.20 per proof gallon on distilled spirits and the next paragraph is partially a definition. Is there any other committee amendment which is intended to take the place of the language proposed to be stricken out?

Mr. SMOOT. Mr. President, I will call the attention of the Senator to amendment numbered 42, which has been reported by the Committee on Finance to take the place of the language here proposed to be stricken out.

Mr. WADSWORTH. Do I understand that amendment numbered 42, to which the Senator from Utah refers, is really going to be proposed by the committee?

Mr. SMOOT. That is the reason I ask that the amendment just stated shall go over at this time.

Mr. WADSWORTH. I hope the committee will not take the responsibility of the amendment to which the Senator from Utah refers.

Mr. SMOOT. I ask that the amendment may go over.

The PRESIDING OFFICER. The amendment will go over.

The READING CLERK. The next amendment, passed over at the request of the senior Senator from Utah [Mr. SMOOT], is, on page 197, line 15, after the word "presses," to insert a comma and the words "skates, snowshoes, skis, toboggans."

Mr. SIMMONS. Mr. President, I think that amendment will have to go over again.

Mr. POMERENE. Mr. President, may I ask, does the request extend to all the excise taxes?

Mr. SIMMONS. I wish it to extend to chewing gum, to cameras, photographic films, candy, furs, and so on.

Mr. SMOOT. Mr. President, evidently we can not agree to the excise-tax provisions to-night.

Mr. SIMMONS. No.

Mr. POMERENE. Mr. President, I wish to suggest, in view of certain other amendments that are going to be presented, that we pass over all the excise-tax items. I may wish to make a few suggestions myself with regard to some of them.

Mr. SIMMONS. As it meets with the views of the Senator from Ohio, I suggest that it all go over.

Mr. POMERENE. I think it should all go over.

The PRESIDING OFFICER. The Chair understands, then, that the excise-tax provisions, extending down to line 12, on page 212, are to be passed over. That order will be made.

Mr. POMERENE. Mr. President, just for information, may I ask when the Senator from Utah expects to present his sales-tax amendment?

Mr. SMOOT. At the very first opportunity which presents itself. I will say to the Senator that I can not offer the amendment until the bill is perfected by having the committee amendments disposed of. When that is done, I am going to offer my amendment.

Mr. POMERENE. But the disposition of the excise-tax provisions may depend largely upon what may be done with the proposal to levy a sales tax.

Mr. SMOOT. I am hoping that the sales tax will be adopted and that we will then be able to eliminate all the excise taxes which the Senator from Ohio has in mind.

The READING CLERK. The next amendment passed over is on page 233, lines 7 to 12, where it is proposed to insert:

SEC. 1102. That whoever—
(a) Makes, signs, issues, or accepts, or causes to be made, signed, issued, or accepted any instrument, document, or paper of any kind or description whatsoever without the full amount of tax thereon being duly paid;

Mr. SIMMONS. May I ask who requested that paragraph be passed over?

Mr. SMOOT. The junior Senator from Utah [Mr. KING] asked that it go over. He said he desired to look at it more carefully than he had time to when the amendment was reached on the first reading of the bill. He was in the Chamber just a moment ago, but has gone out temporarily. I doubt very much, however, whether he desires to say anything more about the amendment.

Mr. SIMMONS. We might go on with other amendments which have been passed over and come back to that when the junior Senator from Utah is present.

Mr. SMOOT. Yes. I have an amendment to offer on behalf of the committee, Mr. President. On page 233, I move to strike out lines 13, 14, 15, and 16, and in line 17, to strike out the letter "(C)" and insert the letter "(B)"; and, in line 22, to strike out the letter "(D)" and insert the letter "(C)."

Mr. POMERENE. May I ask what the reason for that amendment is?

Mr. SMOOT. The Senate already has stricken out the tax upon parcel-post matter, and, in order to make the bill conform with that amendment, we have got to strike out the lines from 13 to 16.

The PRESIDING OFFICER. The Chair is informed that the Senate has already adopted that amendment, and it will be necessary, therefore, to reconsider the vote whereby it was adopted.

Mr. SMOOT. I move that the vote whereby the amendment was agreed to may be reconsidered.

The motion was agreed to.

Mr. SMOOT. I now move the adoption of the amendment just stated by me. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 233 it is proposed to strike out lines 13, 14, 15, and 16, to strike out the letter "(C)" in line 17 and insert the letter "(B)," and in line 22 to strike out the letter "(D)" and insert the letter "(C)."

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Mr. SIMMONS. I will say to the senior Senator from Utah [Mr. SMOOT] that the junior Senator from Utah [Mr. KING] has returned to the Chamber, and says that he has no objection to the amendment which was reached a few moments ago and which had been passed over at his request.

Mr. SMOOT. The junior Senator from Utah is in the Chamber, and I understand that he has withdrawn his objection to subdivision (A) on page 233, embraced between lines 8 and 12.

Mr. KING. Mr. President, my objection to that, as I now recall, related to the fact that it seemed to impose a liability without any criminal intent. I am advised that in the enforcement of the law there never has been any difficulty and no injustices have been done. I am not quite satisfied with the phraseology; I think it is rather dangerous legislation; but in view of the interpretation placed upon it by the department and the manner in which it has been administered, which I am informed has resulted in uniform justice, I shall not delay the Senate by opposing the amendment.

The PRESIDING OFFICER. Without objection, subdivision (A), on page 233, is agreed to; and, without objection, the section as amended is agreed to.

The READING CLERK. The next amendment passed over is on page 239.

Mr. SMOOT. Mr. President, the amendment on page 239 depends upon an amendment which will be offered as to fire insurance. That paragraph has been rewritten, and the committee will offer the amendment at the proper time.

The PRESIDING OFFICER. The paragraph will be passed over.

Mr. WADSWORTH. Mr. President——

The PRESIDING OFFICER. That completes the amendments passed over.

Mr. WADSWORTH. Then apparently the question I was about to ask is unnecessary. I had especial reference to the amendment on page 247, paragraph 15, at the bottom of the page, relating to the tax on the premiums of marine insurance policies written with foreign companies.

Mr. SMOOT. That has been agreed to.

Mr. WADSWORTH. Are we operating at present under an agreement not to take up contested matters?

Mr. SMOOT. Yes; that was the unanimous-consent agreement.

Mr. WADSWORTH. Will I have a chance later on to move to reconsider the vote by which paragraph 15 was adopted in order to get some information about it?

Mr. SMOOT. The Senator will.

EXECUTIVE SESSION.

Mr. LODGE. If there are no other uncontested amendments to be disposed of now, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened.

RECESS.

Mr. LODGE. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to, and (at 5 o'clock and 37 minutes p. m.) the Senate took a recess until to-morrow, Thursday, October 27, 1921, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 26 (legislative day of October 20), 1921.

MINISTER RESIDENT AND CONSUL GENERAL.

Solomon Porter Hood to be minister resident and consul general of the United States of America to Liberia.

POSTMASTERS.

IDAHO.

Owen D. Wilson, Hansen.

LOUISIANA.

John A. Burleigh, Port Barre.

NEW YORK.

Josephine G. Loomis, Ashville.
Raymond T. Kenyon, Au Sable Forks.
Ray S. Barlow, Bombay.
Edwin P. Gardner, Canandaigua.
Walter I. Terrell, East Quogue.
Charles E. Van Orman, Essex.
Hans C. Hansen, Fishers Island.
Reuben H. Gulvin, Geneva.
Alfred Cox, Hawthorne.
Albert D. Bailey, Kiamesha.
Annie S. Prince, Peconic.
James A. Latour, Saranac Lake.

PENNSYLVANIA.

Harvey D. Klingensmith, Grapeville.
Louise S. Cortright, Lackawaxen.

TEXAS.

Joseph W. Davis, Teague.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *October 26, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Heavenly Father, feeling our own poverty and littleness, we wonder how Thou canst love us so much and care for us so tenderly. Surely Thou hast planned a great destiny for us. In the ages to come we shall know of the meaning of Thy amazing mercy and our redemption. In the meantime enable us to go from strength to strength with an abundance of faith in our God, who giveth us all things richly to enjoy through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

REDUCTION AND READJUSTMENT OF FREIGHT RATES.

Mr. SANDERS of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a reduction and readjustment of freight rates made since the general readjustment of August 26, 1920. This is for the purpose of having an authoritative statement on the subject. It comes from the Interstate Commerce Commission. I also want to print a letter from Commissioner Lewis in connection with it. I submitted this to Mr. Smith and he says it will make about 16 pages in the RECORD.

Mr. WALSH. Will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. WALSH. Would it not be advisable in a matter of such importance as this to have it printed as a House document. Would not the gentleman prefer to have it printed as a House document?

Mr. SANDERS of Indiana. I would be glad to do that, and, Mr. Speaker, I modify my request in accordance with the suggestion.

The SPEAKER. The gentleman from Indiana asks unanimous consent that the matter referred to be printed as a House document. Is there objection?

There was no objection.

ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for three minutes on the matter of procedure.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. MONDELL. Mr. Speaker, for years there has been a sentiment in the House that in the interest of good legislation, and for the convenience of Members, we ought to know a little further in advance than we have generally been informed in the past as to legislation that was likely to be taken up for consideration. Members on both sides have called attention to the need and advisability of arranging, if possible, and so far as it is possible under the rules of the House a program at least a few days in advance in order that Members may study the bills that are likely to be brought and that they may give particular attention to matters that they are informed about and interested in. We have made a very earnest effort in the last year to outline programs so far as it was possible to do so. The programs thus tentatively agreed upon have been announced from time to time from the floor.

We have now taken another step in the matter to accommodate the Members of the House, and, we believe, in the public interest. Yesterday there was placed on the bulletin board in the lobby a tentative program for the week. Members realize that such a program must be purely tentative. Certain matters come up under the general rules of the House, but the House must determine what will be done at any given time. So these programs indicate only a tentative agreement of program subject to change at any time the House may determine and as conditions may warrant.

I am not sure that we will find we can follow these programs closely enough to make it worth while to continue them, but I am very much in hopes that through consultation with the Speaker, members of the steering committee, chairmen and members of the various legislative committees, and chairmen and members of the Rules Committee we may be able to present a fairly accurate picture a week in advance of what the House is likely to consider. We have undertaken this new departure in the hope that it will be useful to the Members, particularly in the hope that it will not only enable but will incline Members to give careful attention in advance to the legislation that is likely to be considered. I should be very glad indeed to have suggestions from Members at any time in regard to these tentative programs and as to whether or no it is wise to continue them.

CONSOLIDATION OF GOVERNMENT SCIENTIFIC BUREAUS.

Mr. McLAUGHLIN of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a letter from Dr. Arthur McDonald, of Washington, setting forth a plan that he has worked out for the reorganization of Government scientific departments. I believe it will be of interest to Members.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to extend his remarks in the RECORD for the purpose indicated. Is there objection?

Mr. PARKER of New Jersey How long is it?

Mr. McLAUGHLIN of Nebraska. It is about five printed pages.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. To-day is Calendar Wednesday, and the Clerk will call the roll.

The Clerk called the Committee on Public Lands.

NATIONAL FORESTS OF NEW MEXICO.

Mr. SINNOTT. Mr. Speaker, I call up the bill S. 920, for the consolidation of forest lands in or near national forests, New Mexico, and for other purposes.

The SPEAKER. The gentleman from Oregon calls up the bill S. 920. This bill is on the Union Calendar and the House will automatically resolve itself into Committee of the Whole House on the state of the Union.

Accordingly, the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within or near the exterior boundaries of any national forest situated within the State of New Mexico, if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national forest purposes, and in exchange therefor may cause to be patented to the party conveying to the United States not to exceed an equal value of such national forest land timber within the national forests of the State of New Mexico, the values in each instance to be determined by the Secretary of Agriculture and acceptable to the owner as fair compensation, consideration being given to any reservations which either the grantor or the Government may make of timber, minerals, or easements. Any timber given under such exchange shall be cut and removed under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become a part of the national forest: *Provided*, That before any such exchange is effected notice of the exchange, reciting the lands involved, shall be published once each week for four consecutive weeks in some newspaper of general circulation in the county nearest to the lands affected by such exchange.

With the following committee amendments:

Page 1, line 5, after the word "or," strike out the word "near" and insert in lieu thereof the words "within 6 miles of."

Page 2, line 1, after the word "land," insert "or other Government land, nonmineral, nonirrigable, not suited to the raising of agricultural crops except grass, in said State, or the Secretary of Agriculture may permit the grantor to cut and remove an equal value of."

Page 2, line 8, after the word "compensation," strike out "consideration being given to any reservations which either the grantor or the Government may make of timber, minerals, or easements."

Mr. SINNOTT. Mr. Chairman, I understand that I am recognized for an hour.

The CHAIRMAN. That is correct.

Mr. SINNOTT. Mr. Chairman, I yield 10 minutes to the gentleman from New Mexico [Mr. MONTOYA].

Mr. MONTOYA. Mr. Chairman, we have now under consideration Senate bill 920, which has passed the Senate, and which is for the purpose of consolidating the forest lands in or near the national forests in New Mexico, and for other purposes. This bill is in the interest of the settlers of New Mexico in that to-day through the creation of these national forests a great many of these settlers have homesteads and lands therein, and a great many of them would now like to be out of the restrictions fixed by the rules and regulations of the Government to apply to the national forests, and to take in lieu of the lands within the national forests adjacent lands. This would be beneficial to both the settlers and to the Government, because it will help the consolidation of the forests. We have in New Mexico six national forest reserves, the Carson in the north, the Santa Fe in the southwestern part, the Manzano in the central part, the Lincoln in the southeastern part, the Datil in the southwest, and the Gila in the southern part.

A great many of the settlers in these forest reserves would like to get out into the adjacent lands, as I say, so as to be free

from the restrictions placed by the Government in the management of the reservations. Mention was made here the other day of the fact that crooks in the West were trying to get the benefits of the lands from the Government and to give back other lands that are worthless. I deny that imputation. Crooks are not found in the West; they are found elsewhere. So far as anything crooked in this proposition is concerned, nothing of that kind can result, because the exchanges of the lands are to be under the supervision of the Secretary of Agriculture and the Secretary of the Interior, to be satisfactory to these officials, and if they allow anything crooked to come in, then we can have no confidence in our high officials who manage our Government.

Mr. BOX. Mr. Chairman, will the gentleman yield?

Mr. MONTOYA. Yes.

Mr. BOX. I note that by a committee amendment the bill is so amended as to authorize the Secretary to accept lands within 6 miles of the forest reserves. Does that involve an enlargement of the reserves or the holding of land at that distance outside of them?

Mr. MONTOYA. I do not believe it does. It simply puts a limitation on the distance from the forest reserves.

Mr. BOX. What is the idea in accepting lands 6 miles from these reserves?

Mr. MONTOYA. That is to give a chance to the settlers to select the lands which probably will be most acceptable, with the approval of the Secretary of the Interior and the Secretary of Agriculture, so as to give some leeway in the matter.

Mr. SINNOTT. Mr. Chairman, will the gentleman yield?

Mr. MONTOYA. Yes.

Mr. SINNOTT. I would state that in a number of these forests there are large gaps, cul-de-sacs, of privately owned land, jutting into the national forests, and it is the purpose of the Forest Service to consolidate the forests and get these cul-de-sacs or indentations within the exterior boundaries of the forests.

Mr. MONTOYA. I would say further that this bill has been reported on favorably by the Secretary of the Interior, and the Secretary of Agriculture. The bill has been under consideration by the Committee on the Public Lands, and amendments which were thought proper to the bill were made, which are now before you for consideration. I ask the generous consideration of the bill on the part of the House in favor of the needs of the State of New Mexico and the settlers thereof. There is nothing that can be construed into any particular advantage that the settlers may acquire. They simply want to get out of a situation which has become intolerable in certain cases, because of being within the forest reserves, and of having to comply with the restrictions set up by rules and regulations of the Government, in the holding of their homesteads and lands that they have acquired.

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. MONTOYA. Yes.

Mr. RAKER. The first committee amendment, on page 1, line 5, authorizes the addition to the national forests of lands within 6 miles of the present boundaries of those forests. That gives quite a good latitude.

Mr. MONTOYA. Yes.

Mr. RAKER. I call the gentleman's attention to the second amendment and ask him if he will not consent to eliminate it from the bill. I know if I call the gentleman's attention to it he will eliminate it from the bill, so that there will be no possible question of the uniformity of this legislation. On page 2, lines 1, 2, and 3, the committee suggests an amendment to strike out the words "or other Government lands, nonmineral, nonirrigable, and not suited to the raising of agricultural crops, except grass, in said State," and so forth. That authorizes the exchange of lands in the national forests and within the boundaries as extended by the provisions of this bill to 6 miles beyond its present boundary for any land in the State of New Mexico not within the boundaries of the reserves. Does not the gentleman think that we ought to eliminate that from the bill and from this kind of legislation. I am in favor of the general bill.

Mr. SINNOTT. That is a committee amendment to which we gave a great deal of attention.

Mr. MONTOYA. I submit it to the consideration of the House.

Mr. SINNOTT. We desire to retain it.

Mr. RAKER. I am in hearty accord with this, and my people are in favor of the legislation; but this is one feature that we have not included in any legislation, and I wondered how the gentleman felt about eliminating it.

Mr. MONTOYA. I must submit to the action of the Committee on Public Lands. The gentleman is a member of that committee, and he was present I suppose when that amendment was adopted.

Mr. RAKER. I was not. Unfortunately for me, I was not present.

Mr. MONTOYA. I submit to the action of the committee. They considered that portion of the bill, and they submitted an amendment which they thought necessary, and I have to submit to the action of my committee by which I am bound.

Mr. RAKER. The gentleman is not insistent upon that particularly, is he?

Mr. MONTOYA. I do insist upon the committee amendment; yes, sir. I have to insist upon it; I think it is a good proposition.

Mr. RAKER. In the gentleman's time, this is one of the times, I believe——

Mr. SINNOTT. The gentleman will have time if he desires. I do not think he ought to use the time of the gentleman from New Mexico. The gentleman will have time if he desires.

Mr. RAKER. My point is that I do not want to take the time of the committee if the gentleman will consent.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SINNOTT. Does the gentleman desire another five minutes? I will yield five minutes additional to the gentleman, so that the gentleman from Wisconsin may interrogate him if he so desires.

Mr. STAFFORD. Has the gentleman any information as to the total number of acres included within these respective six national forest reserves in New Mexico and the total number of acres that are in private ownership and the number of acres that are in Government ownership?

Mr. MONTOYA. I have not that; no, sir.

Mr. SINNOTT. If the gentleman will yield, I can supply that information. Does the gentleman desire to know the total area of the forest reserves in New Mexico? Eight million three hundred and eight thousand four hundred and thirty-four acres, and the privately owned land within the forest amounts to 1,178,612 acres.

Mr. STAFFORD. Can the gentleman from his acquaintance with any one or more of these national forest reserves give the committee any information as to the proportion of the lands that are in private ownership that have been cut over that would be available for exchange under the terms of this act?

Mr. MONTOYA. I am not informed as to that, and I could not give the gentleman or the House any information; no, sir.

Mr. STAFFORD. I recall some years ago we granted some rights to a railroad company, I believe, in New Mexico to continue lumber operations down there, and the argument was that it would be in conjunction with some national forest reserves lumber operations, and I thought perhaps the gentleman could give information as to how much privately owned land in these forest reserves had been cut over and how much was still in the original natural state.

Mr. MONTOYA. No, sir; I have no such information to give the gentleman.

Mr. SINNOTT. Does the gentleman from California desire time?

The CHAIRMAN. The gentleman from New Mexico yields back two minutes.

Mr. RAKER. I will take the other side; I only want about 10 minutes.

Mr. SINNOTT. The gentleman may proceed now.

Mr. RAKER. Mr. Chairman and gentlemen of the committee, this legislation has been very carefully gone into by the committee with hearings, and the general provisions of the bill relative to exchange of lands within national forests to private individuals for Government lands in national forests as well as timber have been very carefully guarded. This bill adds and allows an extension of the exterior boundaries of the national forests by reason of the indentations and irregular lines; and the measure, so far as it relates to privately owned lands that are really cut over and that the Government in substance has to protect, is to my mind perfectly satisfactory and wise. To the question of the amendment to strike out the provision allowing the owner to retain a reservation, the committee has given that a great deal of thought and has come to the conclusion on all of these bills to eliminate that from the bill, to the end that the party who transferred any privately owned land could not retain a prospective mineral right in the land whether it was oil, gas, coal, gold, or silver. We think it is right. The Government is fully protected. There are a number of bills of a similar nature, and therefore what I have to say now will apply to those and save the time of the committee later. The exchange is value for value, and therefore the Government is protected, the individual is protected, and it is not compulsory with

the private owner to make any exchange. I was hoping for a map to come in here, and the map will show in a minute what would take me a much longer time to state. The Government will be protected in the way of expense and can afford to take this land for reforestation where the private individual could not. I think in this instance, as in practically all of these exchanges or most of the land—that is, all the land desired to be exchanged—has been cut over and it is cut-over land and hence it is within the boundaries, but it is desired to consolidate it. Now, here is a sample map of one of the national forests. This red line is now privately owned lands, outside the exterior boundaries of the national forests. Below where I run my pencil around it like that is the national forest. Now, above that is national forest which you see coming down here wedge shape; this is national forest coming clear down this side back from here down to here like that, so you see this land in here is all national forest. This strip is national forest, this is national forest, and this is national forest [illustrating].

This in red [indicating] is privately owned land that has been cut over. So the most valuable timber on this Government land is right adjacent to this private land. and has never been cut over. The purpose now is to transfer lands within these forests in California, similar to this and this [indicating], for this cut-over land which is producing timber. At one time the finest timber in the West grew on there, but it has been cut over. But, if provided for, it will maintain stream flow and will prevent fire. That is very inflammable by reason of the brush and down timber, and so forth, and most of the fires originate on lands adjacent to it, as in this place [indicating]. That is Government land there, that little strip, in the reserve. This land right along here on both sides is cut over, and so far as fire is concerned, it is 50 per cent more dangerous than that on the Government land. So if we can make the exchange we will reduce fire protection. We are putting ourselves in the shape of reforestation. We protect the stream flow and the Government is permitting other land to be used in other parts of the State, or possibly in this forest, and they are cut over on a system now in force by the Forest Service which piles and burns the brush, leaves the growing timber all over the land that is good, and you ride over a tract of land that has been cut over under the rules and regulations of the Forest Service and you see a young, well-developed and extended young forest growing up. But where it has been cut over in former days, or even now, by privately owning individuals, caring nothing for what the result may be, you find a devastated region. But if the Forest Service can take charge of it, we will have a reforestation; we will have a new forest over that land of many hundreds and thousands of acres, that in 30 or 40 years can be cut.

Mr. CANNON. The light color on the map represents magnificent forests?

Mr. RAKER. The greater part of it.

Mr. CANNON. Is this land to be exchanged acre for acre?

Mr. RAKER. No, sir. For instance, here are 160 acres of timberlands with the timber right on, that has not been cut. You estimate the value of that timber on that land per 1,000 feet. You estimate the value of this cut-over land, which may be $1.50 or $2 an acre. You say, "I will give you the timber on these 160 acres and you deed to me 2,000 acres of land." That is the proposition.

Mr. CANNON. Are you policing the forests that are so valuable that under the law the Government can care for them? Otherwise——

Mr. RAKER. To answer the distinguished gentleman——

Mr. CANNON. Otherwise you give the forest to the party that goes in and cuts it over?

Mr. RAKER. Yes.

Mr. CANNON. And we will have a continued reforestation. It would be more easy to protect the forests now, and more just.

Mr. RAKER. It is difficult now, and with the exchange it will do so, for this reason: We police all this territory now. We have airplanes going over that country, and we have lookout stations to see where a fire starts. If it starts on this privately owned land, they must send a force there to put out the fire, because if it is extended it gets onto the Government land, and hundreds of thousands of feet of timber will be destroyed.

Mr. CANNON. I understand; at least, I think I understand. But these exchanges can be made anywhere in the national forest?

Mr. RAKER. In the State.

Mr. CANNON. In the State?

Mr. RAKER. In the State; yes, sir.

Mr. CANNON. What amount of the national forests is there that is heavily timbered?

Mr. RAKER. In California I suppose there is—I will say, roughly—over a million acres—a million, anyway, in California.

Mr. CANNON. And what amount of the cut-over land is there?

Mr. RAKER. It runs into a couple of million acres.

Mr. CANNON. A million five hundred thousand acres of the good forests and a couple of million acres of the cut-over land?

Mr. RAKER. I think it is all of that, if not more.

Mr. CANNON. And it is 1 acre of the cut-over land for how many acres of the forest land?

Mr. RAKER. I think sometimes it would take from 160 to 1,000 acres to cover the value of 1 acre now of some of that publicly owned land upon which timber is now standing, the finest timber in the world.

Mr. WALSH. Will the gentleman yield?

Mr. RAKER. It has to be value for value.

I will yield to the gentleman from Massachusetts in a moment.

Mr. CANNON. The gentleman knows that a few years ago there was an exchange of certain railroad lands for forest lands, and there was a great scandal about it. It was an exchange greatly to the detriment of the Government.

Mr. RAKER. In reply to the gentleman's statement, I will say that I think in my State there was more land taken by that exchange than in any other State. As I illustrated the other day, you have 160 acres of rabbit-brush land in some other place; you made your application for 160 acres of land in California that had virgin standing timber, and when you made your application the land officer had no way of refusing the exchange or saying anything about it. So he exchanged a worthless piece of 160 acres of land for a piece of land that in many instances was worth from $10,000 to $40,000 right up in my own district. Now, this legislation—all of it—provides that it must be value for value.

Mr. CANNON. Has the gentleman considered this proposition: Would it not be better for the Government to buy the cut-over lands and reforest them, and then when the forests were used to have the land appraised and then given out in small quantities under conditions that would bind them to reforestation?

Mr. RAKER. No; and for this reason, derived from experience: I traveled last year over 5,000 miles, spending five weeks in the national forests in the West for the purpose of seeing what could be done with them and how they could be utilized. Now, to answer the gentleman's question specifically, here is a tract of land of a thousand acres—cut-over land. A man can not use it except for pasturage, and very little of that.

He can not afford to hold it. It is assessed for $1 or $2 on the assessment roll. Here is a tract where a man has a sav mill where there is Government timber. The timber may cover a hundred acres, and is more valuable, possibly, than the thousand acres that the man owns in the forest reserve, so that they will estimate the value of the privately owned thousand acres and they will estimate the value of the timber on the 100 acres of Government land, and if it is equal they will exchange. If not, they will give the best timber for the amount of his land.

Now, this is the crux of the thing: When this privately owned land, cut over, is exchanged they can cut over this 100 acres that they get in exchange under the rules and regulations of the Forest Service, which require them to burn the brush and to leave a young standing growth of trees on that land, which in from 30 to 60 years will reproduce forest trees of a size of from 2 to 3 feet in diameter, which can be harvested again. That is the object.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. RAKER. I yield to the gentleman from Massachusetts.

Mr. WALSH. What advantage is it to the Government to have its national forests cut and exchange for land that has already been deforested?

Mr. RAKER. This is the situation: The man owns his land, privately owned land. It is cut over. He has reaped the benefit of the trees that are on it. You can not take it from him. Now, that is intermingling and adjoining with the forest lands, as indicated on this map. It requires expense to guard that land, which belongs to private individuals. If the farmer cuts on it, he does not care; he pays no attention to the reforestation. But if the Government does it, it adds but little expense. It gets a return from grazing permits on the land. It protects the watershed of that country and it turns over to that man timber or land in that forest reserve or in the State to the estimated value, as appraisers would fix it, of that land, and thereby gets

a larger tract, saves extra expense, and is in a position to reforest that land and protect the stream flow, which is the life, the salvation, and the future prosperity of the Western States. As illustrated yesterday before the Committee on Arid Lands, many hundreds of years ago there was a dam in Arabia that was 2,000 feet long and 200 feet high. Those people built it to irrigate their lands. They cut off all the timber back of this reservoir. The water flow ceased and the people moved away, and the dam became useless and the land below became a barren waste, as history now demonstrates. That is what stares Oregon and California and Nevada in the face to-day. There is a great tract of millions of acres that the Government can get at a reasonable price, and in 50 years there will be a growth of timber on that land that will enhance its value a hundredfold.

Mr. WALSH. But in other sections of that same national forest there will be other spots where the timber has been cut off. You are seeking to protect the watershed, as I understand the gentleman's explanation, by providing for a tree growth on these areas which are now in private ownership, and giving the owners some land elsewhere in the national forest and permitting them to cut timber?

Mr. RAKER. No. I want to make that plain, so that the House will not overlook that.

Mr. WALSH. The gentleman should get his explanation straight. What is the advantage to the Government? The gentleman has stated the advantage to the individual.

Mr. RAKER. As to the advantage to the Government, it saves expense in the administration of the land by adding a larger territory, which adds to the Government's property, which will increase in years by virtue of the exchange, where the individual can not do it.

To answer the question of the gentleman directly, as to the land that is transferred to the individual by the Government, the land that has timber on it, a provision will be made in the deed or patent that he must cut the timber on that land according to rules and regulations now or hereafter adopted by the Department of Agriculture, which will provide for a continued growth of the timber on that land.

Mr. WALSH. Will that be better for the watershed, continued growth of timber, than the present forest that is already there?

Mr. RAKER. Just the same.

Mr. WALSH. Well, if it is just the same, then what difference does it make whether they get this privately owned land or not?

Mr. RAKER. The gentleman overlooks this fact, that here is a tract of privately owned land, 100 acres, that is cut over.

Mr. WALSH. Yes.

Mr. RAKER. And, my dear sir, it is as barren as this floor, whereas if it had been cut over under proper rules and regulations, as it was cut from 30 down to 5 years ago, there would be a stand of timber on there from a foot to 3½ feet in diameter.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Certainly.

Mr. WINGO. Does the gentleman mean to say that a timber company, cutting timber out there, cuts down everything, including the small growth?

Mr. RAKER. I intend to say that I have seen thousands and tens of thousands of acres where they have cut down everything, and if there was anything there that they did not cut down, fire came along and swept it all off, and there is no growth there to show to-day except the shrubbery that has grown up.

Mr. WINGO. Does the gentleman mean to say that unless we put it in charge of the Federal Government and Federal officeholders, nature will not follow its customary course and reforest cut-over land?

Mr. RAKER. Yes.

Mr. WINGO. Has not experience shown that it does not take the stimulus of Government ownership to make trees grow and replace the trees that have been cut down? My observation has been nearly as extensive as that of the gentleman as to cut-over land. I come from a country where the lumber companies have cut over land, and they would be very much delighted, and some of them have been pursuing the policy of exchanging cut-over lands for timbered lands, or getting the Government to hold the land and furnish the capital investment for them, and then they buy the timber as they want it.

Mr. RAKER. The gentleman does not grasp the situation.

Mr. WINGO. I think I do grasp the situation.

Mr. RAKER. The gentleman grasps the situation as it applies to his country, but he must remember that land in Arizona, New Mexico, California, and Nevada, and in Oregon and Washington on the eastern side of the mountains does not reproduce the forest by the method that the gentleman suggests.

Mr. SMITH of Idaho. Will the gentleman permit a question?

Mr. WINGO. Does it require Government ownership in order to make trees reproduce?

Mr. RAKER. No.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. RAKER. Let me answer the gentleman from Arkansas. The reason why the land will not reforest itself is because the private individual has cut the timber from the land in such a way as to end it. If it had been cut over properly in the first instance and the young trees allowed to stand and the brush piled and burned, the young trees would not have burned; but on 90 per cent of all this land they have left the stumps, the limbs, and the tops. They have caught fire. The young trees are like oil, and the fire comes in there and sweeps everything clear. Now, every piece of land that a private individual gets from the Government, if he gets it under this exchange, he receives on condition that he must cut the timber on it under rules and regulations which will leave a remaining stand of timber. When land has been cut over improperly it is done and gone. We can not remedy that.

Mr. WINGO. The land is still there.

Mr. RAKER. The land is there, but the young trees are eliminated.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. RAKER. I yield to the gentleman from Washington.

Mr. SUMMERS of Washington. In reply to the suggestion of the gentleman from Illinois [Mr. CANNON] I should like to state that timber ripens the same as grain ripens. As I understand it, the timber that they cut in these cases in exchange is very largely the ripe timber. It reaches the point where decay begins, and the time comes when it is better for the country and better for the forest to have that timber cut than it is to leave it. That is the sort of timber, very largely, that they give in exchange for these cut-over lands, and they also specify that the smaller timber must be left standing. It is this smaller timber which is often destroyed when these lands are not cut under proper supervision. Under the rules and regulations of the department the brush must be burned and the land must be left in such a condition that it will soon become a worth-while forest again.

But I wanted to call special attention to the fact that we cut the mature timber the same as we cut a field of grain and then seed it again in order that we may have another crop.

Mr. WALSH. Will the gentleman yield?

Mr. RAKER. I yield to the gentleman from Massachusetts.

Mr. WALSH. What is this privately owned land being used for now?

Mr. RAKER. The only thing it is being used for, so far as I have known, in any place is for the small amount that the owner may get from leasing his land.

Mr. WALSH. For what purpose?

Mr. RAKER. For stock-raising purposes.

Mr. WALSH. Can they raise stock in the forests?

Mr. RAKER. Yes; surely; the finest cattle and horses on earth and the largest deer in the world. The deer there weigh as much as 320 pounds.

Mr. WALSH. Are they raising them on this privately owned land?

Mr. RAKER. Yes.

Mr. WALSH. That is not the forest. I understand the gentleman says that the trees on this privately owned land have all been cut?

Mr. RAKER. That is right.

Mr. WALSH. And now the stock graze on it?

Mr. RAKER. They graze on it; but the greater value has been eliminated by virtue of the destruction of the vegetation underneath by the fires which have run over the ground.

Mr. WALSH. Can they raise stock in a national forest?

Mr. RAKER. The national forests vary from the lowlands to the highlands as to the kind and character of grass and the abundance of feed. In some particular tracts of that land, where there are trees from 3 to 6 feet in diameter every 20 feet apart, there is not so much feed. Again, you will find places where the trees are 30 or 40 feet apart, and there you will find an abundance of grass and more or less shrubbery growing up, and it makes exceptionally fine pasture.

Mr. PARRISH. Will the gentleman yield?

Mr. RAKER. I yield to the gentleman from Texas.

Mr. PARRISH. I observe on page 1, line 5, of the bill that it provides for the exchange of land within 6 miles of the exterior boundaries of the existing national forest. In other words, you allow them to go beyond the exterior boundaries

as much as 6 miles according to this bill. I see also that the Secretary of the Interior—who by the way lives in New Mexico and is familiar with the general conditions there undoubtedly—recommends very specifically and definitely as follows:

I therefore recommend that the bill be amended so as to confine its operations wholly to lands, public and private, within the exterior boundaries of existing national forests in the State of New Mexico.

In other words, it appears to me that the Secretary of the Interior would confine this bill within the existing boundaries of national forests, and yet you are attempting by this bill to extend it at least 6 miles beyond those boundaries.

Mr. RAKER. There are other reports on file by the Secretary, and several other bills have been passed.

Mr. PARRISH. If there are other reports, it seems to me they ought to be included, because this is dated July 30, 1921.

Mr. WALSH. Will the gentleman yield?

Mr. RAKER. I will yield to the gentleman from Massachusetts, and then I will answer the suggestion of the gentleman from Texas [Mr. PARRISH].

Mr. WALSH. Will the gentleman explain, if this is privately owned land, how is it that the Secretary of the Interior gets into the transaction. If the lands are privately owned and this is a national forest, how does he get into it?

Mr. RAKER. There are three theories, all legitimate. First, in this bill, in particular, if there is any land outside of the present boundaries of the national forests, there is some Government land in addition to the privately owned land, and therefore the Secretary of the Interior has control of any land that is public land not within the reservation; second, the Secretary of the Interior is at the head of the department that must issue the patent. So, after the Secretary of Agriculture investigates, the Secretary of the Interior must investigate, because his department must be satisfied before the patent is issued. That is the reason the Secretary of the Interior is interested in this proposition.

Mr. WALSH. Are these Government lands outside the national forests to be exchanged upon the same basis as the privately owned lands?

Mr. RAKER. That is not involved in the 6-mile limit.

Mr. WALSH. It is all within the 6-mile limit or within the forest reserve.

Mr. RAKER. Owned by private individuals, but if there is any land within the 6 miles of the present exterior boundary of any forest, that is not added to the forest reserve by this bill.

Mr. WALSH. What is done with it?

Mr. RAKER. It stays there; it is public land.

Mr. WALSH. How can it be exchanged?

Mr. RAKER. It can not be exchanged. I see what the gentleman is driving at, and it is well put. On page 2, lines 1, 2, and 3, there is a provision, and it is in none of the other legislation, that authorizes these men who own the land within the forest reserve—and in this bill it will be within 6 miles of a forest reserve—to exchange that land for any public land in the State of New Mexico that is public, nonmineral, nonirrigable, and not suitable to raise agricultural crops except grass.

Mr. WALSH. Is the gentleman from California in favor of that?

Mr. RAKER. No; I am not. I am in favor of these other features—we have thrashed them out in the committee so as to protect the Government in regard to minerals. There has been an effort to have the lands exchanged and the mineral rights preserved. I have said to all owners, "You have got the value of this land, and now you want to turn it back and reserve the mineral rights. That is all wrong. All the land included in the forest reserve a gold miner can go on, and if he finds it, extract it. You have taken a tract of land there, and now you want to reserve the mineral rights, turn it over to the Government, and you ought not to have that right." The committee in all of the bills except one has stricken out that provision, so that the Government will be protected.

Mr. WALSH. If that is a good policy, why should there be an exception?

Mr. RAKER. There should not be, but one bill got through last year by oversight.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAKER. Yes.

Mr. STAFFORD. Can the gentleman suggest any reasons why he is opposed to the change?

Mr. RAKER. I can; but I do not like to take up so much time. This whole subject I have lived with for years and spent my time with it. I want the present legislation so that it will open up this land to proper reforestation and prevent the devastation and destroying of the great reservoirs of water affecting the future prosperity of our State and its people.

Mr. REED of West Virginia. Will the gentleman yield?

Mr. RAKER. Yes.

Mr. REED of West Virginia. The gentleman is giving us a lot of information which I am glad to get. He has stated that these men exploit the land and care for nothing about it except the timber, and that it is desirable for the Government to get in as much of it as possible. Why, in this exchange should not the Government only exchange the timber rights and not give the land?

Mr. RAKER. The bill provides for that. There may be a piece of land at the edge of a reserve and you could give him the land and it would do no hurt. If we can return and bring back the land for a nominal price, reforest it, turn over a small part of the timber to the private individual and benefit him, and, on the other hand, benefit the Government, why should not we do it?

Mr. REED of West Virginia. If the individual does not want anything but the timber, why not do that?

Mr. RAKER. They can do it, and I believe they will do it.

Mr. HUDSPETH. Will the gentleman yield?

Mr. RAKER. Yes.

Mr. HUDSPETH. The bills says, on page 2, lines 3, 4, and 5:

The Secretary of Agriculture may permit the grantor to cut and remove an equal value of timber within the national forest in the State of New Mexico.

What does the grantor give in exchange?

Mr. RAKER. The grantor, for instance, gives 10,000 acres of cut-over land, which is worth from $1 to $2.50 an acre. He will deed that land to the Government, 10,000 acres, for some timber over here which he will be permitted to cut under Government regulations, of the same value as his land, both being appraised.

Mr. BOX. As I understand it, he will give a fee simple title to his land in exchange for timber on the Government lands?

Mr. RAKER. Exactly.

Mr. LOWREY. Mr. Chairman, will the gentleman yield to me?

Mr. RAKER. Yes.

Mr. LOWREY. It seems to me that one phase of this is being left out of the discussion, which is worthy of consideration. Part of the duty of the Government is to encourage private enterprise and the proper use of our resources. If this timber is there, ready and ripe, as the gentleman said a while ago, it seems to me it is good business to exchange that timber to somebody who will cut it down and use it and put it on the market and bring it into commerce, provided the Government is getting land for that timber that is of as much value as the timber.

Mr. RAKER. The lands must be of as much value.

Mr. LOWREY. And that will mean large things to the country in the future.

Mr. RAKER. I call the attention of the distinguished gentleman from Mississippi to the fact that that has been one of the things that we have been trying to do. We have been trying to go into these great forests and cut the ripe timber as well as the dead and down timber and relieve the forests from the danger of fire, and get in return for that lands that will be of inestimable value in years to come. Every transaction must be gone over by the Secretary of Agriculture and must be gone over by the Secretary of the Interior, with their force, and it must be a matter of value for value. It is all optionable.

Mr. LOWREY. I agree with the gentleman entirely. I am for his proposition. I just wanted to bring the attention of the House to the thought that this tends to encourage private enterprise and commercial operation with the timber that is there, ready, and provides for the bringing on of more timber that will be there for the same purpose later on, and that, therefore, will add to the general prosperity as well as to save the watershed. It tends to conservation along all lines, it seems to me.

Mr. RAKER. Much of this land now is held by large concerns. The Government wisely made these reservations. They own this most valuable timber, and much of it is ripe and dead and down timber. There are men from one end of the country to the other who are placing small sawmills in this timber owned by the Government and cutting it. The Government marks the dead tree that the man can cut or the down tree that he can cut, and they are cutting under regulations, and the local communities are being supplied with lumber that they could not otherwise get.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. STAFFORD. What is the practice on the part of the owners of the privately owned lands in the national forests after they have stripped the land of the timber? Do they abandon the land to the State or anyone who may purchase it for taxes, or do they continue to pay taxes on it and use it?

Mr. RAKER. There is a varied experience, but it all comes down to about the same condition, depending somewhat where the land is located and also the elevation of the land. I want the committee to bear in mind that practically all of this land involved in this bill is of pine, spruce, cedar, black and white pine. That is not generally agricultural land. It is not of the character of the hardwood land of the South and the East. Therefore there is but a small amount of this character of cut-over land to which these reserves apply, except a small strip along the Pacific Ocean, where the redwood grows, and in Oregon and Washington, west of the mountains, where the water flows to the sea. To answer the gentleman's question, they cut over the land and usually left the tops lying on the ground. As they went on, these tops and limbs and stumps stayed there, and eventually a fire would come along, and it would leave it as clean as this floor. It became then practically a public common. People used the land as they saw fit. A man paid a little taxes on it, because he kept it with the rest of his land. Sometimes it went back to the State, and before the tax deed was executed he paid his taxes. That has been the general condition of all of the privately owned cut-over land in California with the exception of a few instances in the last few years.

Since the forest reserves have been inaugurated the man who owns the land within the forest reserves has a right to place a sufficient number of stock on the land that would feed off that tract of land in comparison to other tracts of land in forest reserves. As a result, the sheepman, the horseman, the cattleman goes to Smith or Brown, who owns large tracts of land in the forest reserves, and rents the land for one, two, or three years, and that gives him a right in the forest reserves which he could not otherwise obtain, and the first man gets enough rent from the land in that way to pay the taxes.

Mr. STAFFORD. So it is not the policy, as was the case years ago in northern Wisconsin, when the large lumbermen stripped the land of lumber, to throw it back onto the State and abandon all title to the land, and allow private parties to get a tax deed to it?

Mr. RAKER. No. I think only in a very few instances have the lands been allowed to go back in that way. Some have gone back, but not much.

Mr. STAFFORD. I wish to direct a further inquiry to the new policy in respect to which the gentleman called the attention of the gentleman from New Mexico [Mr. MONTOYA], and that is granting a right to a person to exchange abandoned forest land for other Government land outside of the national forest. I have read that amendment and considered it, and I really rather sympathize with the policy. The gentleman says that there are good reasons that can be advanced why that should not we pursued. Will not the gentleman advance reasons why we should not adopt this policy and permit the Government to exchange privately owned land outside the reserves for the abandoned lands in the reserves?

Mr. RAKER. One reason is that the public generally is opposed to this general exchange. We had so much of it under a prior law that we are afraid of it.

Mr. STAFFORD. Which prior law?

Mr. RAKER. Under the lieu land law.

Mr. STAFFORD. Oh, the gentleman refers to the vice of the lieu land law, where there was no limitation as to the value.

Mr. RAKER. This allows a man who owns a tract in a forest reserve to deed his land to A, B, or C, who will come along and take up, without resistance or otherwise, strips or tracts of land that practically control great areas of public land, and it ought not to be done.

Mr. STAFFORD. I must confess I do not follow the reasoning of the gentleman.

Mr. RAKER. I may have been quite obscure and I will answer further.

Mr. ARENTZ. Will the gentleman yield?

Mr. RAKER. I will.

Mr. ARENTZ. We are trying to get rid of the privately owned lands in Government forest reserves. Does not the gentleman from California think it would be a good way of disposing of this matter by only giving the right to cut the timber and not give title to the land after the timber is cut?

Mr. RAKER. No; I am——

Mr. ARENTZ. We will have the same thing over again we have now if you do not do this.

Mr. RAKER. No; I am thoroughly wedded and convinced from what I have been told and what I have read and what I have seen that the man who gets a title from the Government, and that does not seem to have been impressed upon the committee this morning—the man who gets title to one or any number of acres of land now owned by the Government will get it under a reservation that he must cut his timber off the land under rules and regulations now in force or hereafter adopted by the Secretary of Agriculture.

Mr. ARENTZ. But the mere fact that a man owns 160 or 320 or 1,000 acres of land in the heart of the reservation gives him the right to do as he pleases on that 160 or 1,000 acres——

Mr. RAKER. No; it does not.

Mr. ARENTZ. He does as a general rule.

Mr. RAKER. And the forest service is never going to deed back to the Government a piece of land in the heart of a reserve that will give any man control of that reserve.

Mr. ARENTZ. That is just one——

Mr. RAKER. That is one of the policies. Now, a little further, in answer to the gentleman's question, we get along nicely. I do not like to oppose it, but neither department has recommended it.

Mr. STAFFORD. Has the department at any time adversely reported on it?

Mr. RAKER. There are so many things in a man's mind I can not answer offhand.

Mr. STAFFORD. As I read it I could not see any objection; in fact, I could see some reason for the Government transferring in exchange for useless, denuded privately owned land in forest reserves other lands outside the forest reserves rather than giving them the value of the timber, which is just the same as money, which can be sold on the public market by the Forest Service.

Mr. RAKER. No. That is a nice statement to make; now listen——

Mr. STAFFORD. I thank the gentleman for his compliment.

Mr. RAKER. I know the gentleman made the statement in fine shape and it sounds good, but the facts are that the timber on the land is so situated that you can not get it to market. Only the man who has his mill or land adjacent can get it. You nor I nor anybody else could go in there as an independent enterprise and cut that timber.

Mr. STAFFORD. As I understand, the Forest Service is cutting down matured, dead, and down timber and selling it to privately owned mills and having the money swell the Treasury reserve, and instead of doing that they just give the owner of the privately owned denuded land, which is worthless or worth $1 an acre, can not be sold, has no salable value to speak of—instead of giving the cash they give them that which is equivalent to cash.

Mr. RAKER. The gentleman knows, I know, everybody knows, that the man who gets his land in a forest reserve will take its value for timber within the reserve. He will never exchange for land outside; he will sell to some speculator——

Mr. STAFFORD. Of course he will accept timber——

Mr. RAKER (continuing). Who wants to get a tract of land to shut him or shut me or you out of getting a homestead? That is the proposition, and when we give him matured timber, or dead and down timber, and require him to cut it according to rules and regulations it will not interfere with anybody, but if we give him the right to exchange these great vast tracts of cut-over land for the land out in the valleys and other places that is Government land, we are just taking from the individual who wants a desert claim or a homestead the opportunity of getting in there.

Mr. STAFFORD. I wish to compliment the gentleman on the fact that he has advanced at last some reason for his position on this amendment.

Mr. RAKER. I want to thank the gentleman and reserve the remainder of my time.

Mr. WINGO. Will the gentleman yield me some time?

Mr. RAKER. How much time does the gentleman wish?

Mr. WINGO. I would like 10 minutes.

Mr. RAKER. I will yield the gentleman 10 minutes.

Mr. SINNOTT. How much time has the gentleman from California?

The CHAIRMAN. Ten minutes, which he has yielded to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, I realize the futility of saying anything against a bill that is intended to add to the burdens of the Treasury by turning lands over to these very few gentlemen who have the impression that the next generation will go to the bow wows if we do not plunder the present generation for their benefit. One reason why I wanted to say a few words was that the estimable Secretary of Agriculture seems to have the impression that my complaint against him is that he does not personally sign letters written in answer to my personal letters to him. Of course such is not my complaint. I do not care a rap about his personal attention to his letters, but I want him to take a personal interest in the transactions of the forest reserves in Arkansas, and not blindly rely upon the For-

estry Bureau; and when a Member of Congress writes a letter under "personal" cover to him complaining of a bureau, not to pass that letter on unnoticed to the offending bureau and then blindly sign the answer prepared for him. It is not expected that a bureau charged with a waste of public funds will admit the charge, and as the present Secretary admits he does not see a letter addressed to him by a Member of Congress marked "personal," but that the letter is passed on in a routine way to the bureau complained of, I have little hope of arousing his interest sufficiently to cause him to give the matter the attention sought.

Mr. WALSH. Will the gentleman yield?

Mr. WINGO. Yes.

Mr. WALSH. The gentleman states he has brought this matter to the attention of the department and the Secretary has turned the matter over to the very gentleman against whom the complaint was brought?

Mr. WINGO. Here is what we have done: As the gentleman recalls, I started eight years ago my fight on this vicious policy as applied to my district. I know what it is doing. I know the waste of public funds. Even conceding the feasibility of the forestry scheme out in the Rocky Mountains or in the Appalachians, yet, as applied to the reserves in my State, it is a farce and a waste of public funds.

Mr. SMITH of Idaho. Were the forest reserves in Arkansas purchased under the public domain or under the Weeks law?

Mr. WINGO. First out of public domain, and then by additions under the Weeks Act. I wrote a letter to the present Secretary and put a personal cover on it, both outside and in, and he never saw that letter until I made a statement on the floor the other day about his lack of attention to the matter. Then he investigated and called for my letter, which had gone to the Forestry Bureau, the very thing of which I was complaining. He thinks that I am complaining that he does not sign his letters personally, which, of course, I do not. Instead of waking up and giving some independent attention to the matter he permits his office to send the complaint over to the Forestry Bureau, and they provide an answer. I am not caring who signs his letter, but I want him to know something about what is being done—give some personal attention to the Forestry Service operations.

Mr. SNYDER. The gentleman says that for years he has been pegging away at this proposition. I wonder if he received the same attention from the previous Secretaries.

Mr. WINGO. I received better attention; but I had to pursue the same course that I am pursuing now. I had to continually pursue the matter. Of course, the present Secretary has fallen a victim to the same system that surrounded his predecessors. They necessarily have to depend on men of experience in the department, because it is a physical impossibility for a Cabinet officer to attend to mere routine or petty details; but when his attention is personally directed to the fact that a bureau under him is wasting funds or not pursuing a correct policy, it occurs to me the wise Cabinet officer will not permit a system of handling his mail whereby he will not see the complaint but have it pass on to the bureau in question instead of having some independent inquiry made, free from the control of those subject to inquiry.

Mr. WALSH. Is it not the usual course, if the complaint comes in about a subordinate official in an executive department, for the chief of that department to say to his subordinates, "How about this matter? How about this complaint that is made about your division or bureau?" It seems to me that would be the beginning of his investigation.

Mr. WINGO. I may be in error, but it seems to me if I were a Cabinet officer and a gentleman would write me a letter to the effect that public money was being wasted in one of my bureaus, I should find some way to quietly look into it. And then, if I had found things that I thought needed explanation, I would send for the chief of that particular bureau. I would not send down to him a complaint that was made to me in a personal capacity and then sign and accept his answer without any question and without further inquiry.

Mr. SINNOTT. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. SINNOTT. I understand the gentleman has been complaining of the operation of the Secretary under the Weeks Act.

Mr. WINGO. I have been complaining of the operations of the Forestry Bureau. The Secretary will not act at all. He says it is not his independent business to act, but that matters complained of are under control of the commission.

Mr. SINNOTT. It is the Weeks Act that applies to your State?

Mr. WINGO. I think so. I made two or three attacks on this question in six or eight weeks. The last time I got up here some very able, learned gentlemen who were familiar with the law said that I did not know what I was talking about if I thought the Weeks Act controlled the operations I complained of.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SINNOTT. How much time have I remaining?

The CHAIRMAN. Forty-seven minutes.

Mr. SINNOTT. I yield five minutes more to the gentleman.

Mr. WINGO. Under this bill, unless I am mistaken, you propose to extend the boundary lines of this reserve 6 miles farther. Is not that true, that you propose to make this forest reserve 6 miles larger? You are going to take up a tract of land here and another there. A gentleman in discussing this subject this morning stated that all they wanted to do is to take up a tract of land here inside of a reserve. Of course, there is a fine argument in that. I can see that. You increase the reserve, and then you take in private lands and again increase the reserves, and then take in further private lands and increase the reserve again.

Who is it that wants to do this? Are they practical men, who view both sides of the question? No. It is done by men who have a hobby in life, who really believe, as does our estimable friend from California [Mr. RAKER], that this whole continent will be a blistering, arid waste unless you maintain these forest reserves. You heard the gentleman state that unless the Government took the land over these trees would not grow up again. Oh, the wonderful effect of public ownership when its dews fall upon this land! In the vivid imagination of these conservationists there is a land burned, dry, treeless, arid, where a tree will not start; but just put it into the care of this conservation bunch, and then, behold, the desert blooms; behold, the arid sands become fertile soil, and there springs forth immediately, as if by magic, a wonderfully fine forest that will furnish timber and fuel for the next generation! Gentlemen, I wish these enthusiastic gentlemen would devote half as much attention to the interests and the welfare of this generation as they do to the next.

Of course, I understand that where in a great watershed there has been a complete devastation in certain instances it might be a good Government policy to go out and reforest that watershed; but to go out and take every little spring branch in Arkansas and include it in a forest reserve and put rangers and other officeholders in charge of it in the name of "conservation" is absurd.

Talk about fires! That is one of my complaints against the Forest Service in Arkansas. You can not get remuneration for damages accruing by fire caused by Government officials. I had at least one case of that kind where the damages can be traced to that source. Of course, those gentlemen will not admit that they were careless. They have an idea that the homesteader within the forest reserve is an intruder and that he has no business there. They claim that it is the farmer's business to get busy when a fire is set on a reserve and be there and stop it when it reaches his land.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. SINNOTT. Mr. Chairman, how much time have I left?

The CHAIRMAN. The gentleman has 42 minutes.

Mr. SINNOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

The CHAIRMAN. The gentleman from Wisconsin is recognized for 10 minutes.

Mr. STAFFORD. Mr. Chairman, there can be no question but that there have been grave abuses under the administration of the Weeks Appalachian Mountain System Reserve Act. That act was passed on March 1, 1911. Under the terms of that act it was to expire on June 30, 1915. I am reliably informed that the act in the last Congress was extended.

Under the original provisions of the act we created a commission consisting of the Secretary of War, the Secretary of the Interior, the Secretary of Agriculture, and two Members of the Senate, to be selected by the President of the Senate, and two Members of the House of Representatives, to be selected by the Speaker, who were to comprise the National Forest Reserve Commission. You will notice that there were four Members of Congress, a majority of that commission, who under the terms of the act were authorized to select and designate the lands that were to be selected. Already the commission has purchased some abandoned farm lands adapted more for summer resorts than for forest reserves on the top of the Appalachian Mountains in New Hampshire and Vermont; some in West Virginia and some in Georgia and North Carolina; a small limited tract in Alabama and three various

tracts in Arkansas, to which the gentleman from Arkansas [Mr. WINGO] has referred.

This law was passed under the spell of conservation. You wanted to conserve the forests of the country by having the National Treasury come to the rescue of some old abandoned lands which were not suitable and which were more suitable for resort purposes than for conservation. Well, the result, as anticipated by some who knew the profligacy of Government operation, has been waste upon waste of public funds. When the matter was first called to my attention here some weeks ago by the gentleman from Arkansas [Mr. WINGO] I thought it was time that this matter should be presented to the attention of the newly created Director of the Budget. If the Committee on Appropriations, with their tremendous burdens, had not been apprised of the wasteful extravagance under the operation of the Weeks law, I thought it was my duty to call the attention of the Director of the Budget to the charges made by the gentleman from Arkansas, so that in the preparation of the budget for the coming year they would not be included in the appropriation without the director having notice in advance of these practices which were charged by the gentleman from Arkansas.

I am glad to state that the Bureau of the Budget had already decided not to expend any money for this purpose, so that it was not through any instrumentality of mine that these practices will be checked, or that the appropriation that might have been recommended will not be recommended. I received a letter from the office of the Director of the Budget stating that they had already decided not to include one dollar of expenditure for this purpose. I wish to commend the budget officer for that saving of $1,000,000 which would otherwise have been expended in the needless purchasing of waste land. We all know what the practice is. The National Forestry Service, just like every other arm of the Government, wish to extend and magnify their position and activities. That is the usual rule as found in all departments and all establishments of this Government, that every bureau chief wishes to enlarge and extend his own activities and to magnify his position. So the officers connected with the Forest Reserve wish to extend their activities by having more forest reserves over which they can have control.

The bill pending before us is different from any which has been presented to Congress heretofore, in this respect, that instead of providing for the taking over of special forest reserves it extends to all the national forest reserves in New Mexico. Heretofore the committee has determined, I assume, whether certain lands in particular forest reserves were proper to be taken over, and as to whether that policy should be adopted by Congress; but in this bill the committee surrendered that discretion, that power, and introduced a bill of general scope, applying to all the national forest reserves in New Mexico. As the gentleman from New Mexico [Mr. MONTOYA] has very well informed the committee, there are six of these forest reserves in that State, comprising more than 8,000,000 acres, of which 1,178,000 acres, as stated by the gentleman from Oregon [Mr. SINNOTT], are owned by private owners, lumber companies, and the like. These private holdings are not limited to small holdings, but are generally large tracts which have been purchased from the original homestead entrymen.

As I stated a little while ago, in Wisconsin when the big lumbermen went and stripped the northern part of the State of its white pine they threw the land onto the market; did nothing more with it. They had taken the fruitage of the soil and then they said to the State, "Take it for what it is worth." Out in the West some of this land has been held by the private owners after it has been cut over, because it is suitable for grazing; but I question whether we should adopt the policy of authorizing the Secretary of Agriculture to take over all of the abandoned privately cut-over lands in forest reserves merely for the purpose of magnifying the power and functioning of this forest reserve system.

Years ago Representatives from far Western States criticized the National Government for including public lands in forest reserves, and the argument advanced by them at that time was that it removed property from private ownership, and therefore from taxation, thereby lessening the resources of the State to support its institutions; but now a new policy has been adopted by the committee, under which it is the purpose to include virtually everything within the exterior boundaries of the forest reserves and within 6 miles outside those exterior boundaries.

Mr. LONDON. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from New York.

Mr. LONDON. Does not the right to exchange mean the right to give away the property of the public? Does not the right to exchange public lands for privately owned lands mean in effect the right to give away public property?

Mr. STAFFORD. It is virtually the purchase by the National Government of abandoned privately owned lands, purchased by giving the owner, who can not find any other customer for it, Government land of equal value or timber of equal value. Every person who has received the full value of his land by stripping it of its timber, having no further need for it, is only too glad to find a willing purchaser like the Government to whom to sell the land at the salable value, $1 or $2 or $2.50 an acre, by receiving in lieu either lands or, if he does not care for lands, then timber; and if he takes timber, of course it will be salable timber. That is the whole policy under this provision.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from South Dakota.

Mr. WILLIAMSON. I have had some experience in connection with forest reserves in the Black Hills in my State. Does not the gentleman think it would be good policy for the Government to acquire the privately owned lands which are situated within the boundaries of forest reserves? It seems to me the main objection to this bill is that it permits the Government to obtain tracts 6 miles away from the exterior boundaries of the national forests.

Mr. STAFFORD. Does the gentleman agree with me that when we exchange timber for these privately owned lands in forest reserves, the National Government is virtually purchasing those lands with something of value?

Mr. WILLIAMSON. I agree with the gentleman on that.

Mr. STAFFORD. Then, should it be our policy, in these times when we are hard pressed for money, to buy these private lands from the owners with timber that can be sold readily in the market?

Mr. BOX. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Texas.

Mr. BOX. As to the lands outside of the forest reserves, does not the Government in buying them assume the burden of the obligation to police and reforest them?

Mr. STAFFORD. Oh, we have a bill here reported from the committee which will be considered later in this House, a bill reported by the gentleman from California [Mr. RAKER], in which he wants to take over an entire new tract into a forest reserve, where the land included within the outside boundaries aggregates 130,000 acres, of which the unappropriated public lands scattered through amounts to only 13,000 acres. Get the idea and the proportions—13,000 acres. It is proposed in this bill reported by the committee and on the calendar that we are going to create a new forest reserve adjoining another, where only one-tenth will be owned by the Government, and these privately owned lands are to receive all the protection, airplanes flying all around to discover whether there is a fire—receive all the protection, and it is not to cost them anything—to carry out an Elysian dream of eventually, after the private owners strip their lands of the timber, of having it added to the national domain by stretching a line around the exterior, when it is nearly all owned by private individuals.

I am not opposed to the Government in isolated cases taking over abandoned land where it is for the advantage of the Government, but where you adopt the policy of saying that wherever persons have stripped the land of valuable timber they can come to the Government and say the Government shall take it and give them valuable timber instead, I am opposed to any such policy. I do not think the Government should be in the business of engaging in the purchase of this land. Mr. Chairman, I yield back the balance of my time.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had agreed to the amendment of the House of Representatives to the joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922.

NATIONAL FORESTS OF NEW MEXICO.

The committee resumed its session.

Mr. SINNOTT. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 28 minutes.

Mr. SINNOTT. Mr. Chairman, there is a defendant in this court that the Public Lands Committee has not been engaged to defend, and that is the Weeks law. I want the committee to understand that the Public Lands Committee have nothing to do

with the operation of the Weeks law, nor has the Weeks law anything to do with the exchange proposed in this bill. They are entirely separate and apart. There is no appropriation provided for under this bill; nor is there an appropriation provided for for the western exchange. Under the Weeks Act the Secretaries, with the approval, and only with the approval, of four Members of Congress, two from the Senate and two from the House, purchase outright privately owned lands needed for the purpose mentioned in the Weeks Act. And in addition to that, there can be no land purchased under the Weeks Act unless the Legislature of the State of Arkansas, which the gentleman represents, consents to the purchase of the land. So I wish you would entirely divorce any objection and any criticism that you may have of the Weeks Act and the operation of the Weeks Act from the exchange operations on the western forests. We are not engaged in defending the Weeks Act. The proponents of that act at the proper time, I assume, will defend it when the occasion demands a defense.

The gentleman from California, Judge RAKER, opposes a very important amendment that the committee inserted in the bill. He intimates that it is without the approval of the department. As a matter of fact, that amendment was brought to us by a representative of the department, and in the committee was modified by certain amendments before it was adopted by the committee. Whether the gentleman from California was present or not when the amendment was adopted, I do not know. The gentleman could have filed minority views against this bill. He could have filed minority views against the Land Office consolidation bill we passed last Wednesday, although in justice to him I will say that he reserved the right to oppose that bill.

The judge is a most valuable member of our committee, and his advice and help is valuable to the committee, and we are warm personal friends; but sometimes I must say that I do not understand him. I do not understand his antics.

I want to be charitable to him, and I know he has a right to exercise his own views in these matters. Sometimes I feel toward him as the old cross-cut sawyer did in the Oregon woods during the war, when a college graduate was sent out to help him. The college graduate got on the other end of the saw, and after they had sawed away for about an hour the old sawyer looked up pityingly and wearily and said, "Sonny, I don't mind your riding on the saw, but I wish you would quit dragging your feet on the ground." [Laughter.]

Gentlemen, the committee has given a good deal of time and attention to this bill and to the general matter of forest exchanges. We feel that we have reported a bill that will safeguard the interests of the General Government. We feel that we have reported a bill that will enable the Forest Service to eliminate from the forests privately owned lands that cause a lot of embarrassment and are a fire menace to the forests. It will eliminate lands over which the Government has no control and lands upon which forest fires frequently originate, because the Government has no control over the private owner. He may leave his slashings on the ground, he may leave an inflammable undergrowth to grow up, and that fire will spread from the privately owned land to the Government lands and timber.

It is the purpose of this bill, as far as possible, to eliminate privately owned land from within the limits of the national forests, and to enable the Government to control as far as possible the entire forest area. Wherever the private owner may have a great amount of privately owned land, interspersed by some Government land, the Government will naturally deed to him that Government land, so that the private owner may have a solid block in one portion of the forest, and at the other end will accept title from the private owner where his sparse holdings are intermingled in the larger Government holdings, enabling the Government to have the land in one end of the forest and the private owner to have his land at the other end of the forest.

Mr. RAKER. Mr. Chairman, speaking of the old lumberman and the college graduate, the gentleman has not forgotten that he and I went out into the timber of Maryland, when each of us sawed a tree down in 15 minutes.

Mr. SINNOTT. Oh, yes; but we did not ride on the saw. I recall it very well.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. In just a moment. I want to develop a few ideas along this line. The gentleman from Wisconsin [Mr. STAFFORD] made some comments upon the broad character of the bill, because it covers all the forests in the State, saying that the committee had heretofore reported separate bills for the separate forests, but that this is a bill giving the right of exchange throughout the State. At the last session of Congress the committee had very full hearings upon a general forest exchange bill. We have now before us coming from the Senate a general forest exchange bill which we may take up for consideration at this session. I think it is better to have a general bill than to come in with separate bills relating to each forest. Last session of Congress we had some 17 or 18 bills pending before the committee, and instead of taking up the time of the House as we are to-day—and we are taking up the entire day with these separate forest exchange bills—we ought to have one bill giving the officials authority to make these general exchanges. The Forest Service, or the Department of Agriculture, has control of our national forests, aggregating 150,000,000 acres and worth more than $1,000,000,000 in money. They have the right to sell every stick of timber on those 150,000,000 acres of national forest, and can not we trust them in making these little exchanges of a few acres here and a few thousand acres there? There has never been the breath of scandal directed toward the Forest Service.

I can say that without fear or successful contradiction. There has never been the breath of scandal directed toward the Forest Service in any of their acquisitions or in any of their sales of land. There have been connected with the service such men as the former Chief Forester, Mr. Graves; his assistant, Mr. Potter; men like Mr. Sherman; and the present Chief Forester, Mr. Greeley, upon whom the breath of suspicion has never fallen.

Mr. STAFFORD. Do not forget Gifford Pinchot.

Mr. SINNOTT. Yes; and before my service here Mr. Pinchot. Men who could easily retire from the positions they were holding and receive much higher salaries than they have received from the Government, some of them serving the Government at a great personal sacrifice. I think that we can very safely trust to the Secretary of Agriculture and to the Forest Service and to the Secretary of the Interior to make these exchanges, guarded as they are guarded by the terms of this bill.

One gentleman asked why we allow them to go out for 6 miles. I will tell you why: Before the forest reserves were created much of the land was taken up by homesteaders or purchased under the timber and stone act, so when the forest reserves were created they drew the lines so as to eliminate from the forests these privately owned lands, and as a result we have jutting into the Santa Fe Forest, for instance, a big gap or tongue of privately owned land, which is natural forest land. It is the desire of the service to incorporate that within the forest. Some of this land they desire to obtain is within 6 miles of the national-forest boundary.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. STAFFORD. The gentleman has just directed the attention of the House to a tongue of land which apparently is much larger than he has in mind and could not be included within any 6-mile reservation.

Mr. SINNOTT. Any land that they desire they have measured up on the map, and it will be embraced within the 6-mile limit. That matter was carefully considered in the committee. That is the purpose of the 6-mile limit.

So far as the amendment on page 2 of the bill, to which the gentleman from California [Mr. RAKER] objects, is concerned, it is my purpose to offer an amendment to insert after the word "other," on line 1, page 2, the word "unreserved," to make it absolutely clear that no water-power lands will be transferred in these exchanges. I also purpose to offer another amendment to add this proviso to the bill—

> Provided the United States reserves all of the coal, oil, gas, and other minerals in the land patented hereunder, together with the right to prospect for, mine, and remove the same, and the patent shall contain such reservations.

Apart from that amendment, the amendment of the committee provides that instead of the Government surrendering lands or timber within the national forests it may patent to the private owner other Government lands, nonmineral, nonirrigable, and not suited to the raising of agricultural crops, except grass. That means that instead of allowing the private owner to retain the holdings within the national forests we will give him the worthless culls that are left in the State—lands that are not capable of irrigation, not capable of raising agricultural crops, and that means land that no one would take up for homestead purposes. We feel that it is better to give the private owner such worthless land than to keep him an owner within the limits of national forests. We want to have the national forests intact as far as possible, solely as Government holdings, and we feel that that amendment will accomplish the purpose.

Whatever may have happened under the Weeks Act, I think I can assure gentlemen that there have been no improvident deals by the Forest Service under the operation of the forest exchange acts. We have one forest in my State for which I got through an exchange act, I think in 1916, and there has not

been the exchange of an acre of land in that forest; and why? Because the forestry officers thought the private-land owners were exacting too high a price for their land and there was not an exchange made. Do gentlemen know what is the highest price the Forestry Service has paid for any of this exchange land? The highest price yet allowed was $2.25 an acre according to the testimony of Associate Forester Sherman in the hearings last year on the general exchange bill. Is there any scandal there, is there an improvident deal there? Not at all. Right in my own section there were 160 acres of land that had upon them about 2,000,000 feet of timber. The Forest Service would not and did not allow the private owner a cent for that 2,000,000 feet of Douglas fir timber, because they contended that the timber was more or less inaccessible and had practically no market value, and they allowed him a few dollars for the land and absolutely nothing for the timber. In that case they allowed him $2.25 an acre for the land. That was the testimony of Mr. Carter, forest inspector, last year in the hearings on the general exchange bill. I think we can safely depend upon this service to give us a safe and careful administration of this act.

The scandal referred to by the gentleman from Illinois [Mr. CANNON] was the scandal under the old lieu land act of 1897, where there were absolutely no safeguards surrounding the exchange. Under that lieu land act anyone owning an area of land within the national forest had an absolute right to exchange that land for lands outside of the national forest, area for area, not measured by the value of the privately owned land, with no safeguard, no standard, no limitation. If a man had 160 acres within a national forest, he could take 160 acres outside of the national forest.

And that is where the scandal arises; but there has been no scandal under the operations of the various national forests acts providing for the exchanging of land for timber or timber for land on the basis of equal values as proposed in this bill.

Mr. WALSH and Mr. TIMBERLAKE rose.

Mr. SINNOTT. I yield to the gentleman from Colorado.

Mr. TIMBERLAKE. The general object of this bill has been stated a number of times here by the gentleman and others that it is for the purpose of consolidating lands in the forest reserves. I have heard some objections offered to the provision in line 5 that these shall not be limited to the boundaries but may be taken within 6 miles. The object is still plain, and it is for the purpose of absolutely consolidating the holdings in the national forests. It is not the purpose to allow lands taken outside of the exterior boundaries, except where it will consolidate them, as was suggested.

Mr. SINNOTT. The statement of the gentleman is correct. I now yield to the gentleman from Massachusetts.

Mr. WALSH. If this policy is pursued, the result would be to increase the holdings of the Government in forest lands, would it not?

Mr. SINNOTT. Yes; it will increase the holdings of the Government.

Mr. WALSH. Now, are these private holdings, which are held by people now and which are to be exchanged, taxed by these States?

Mr. SINNOTT. Yes; they are taxed at the present time.

Mr. WALSH. So that if this policy is pursued we will decrease the amount of taxable land within the States and increase the Government holding of lands?

Mr. SINNOTT. The lands the Government patents to private individuals become subject to taxation. There will be a balance there.

Mr. WALSH. And take lands upon which there is valuable timber for privately owned lands of much larger area and cut off the timber and sell that, and then the land is practically useless, and that is what the private owners have to give to the State in lieu of this other tract that the Government takes?

Mr. SINNOTT. The private owner has both logged-off land and also heavily timbered land, and I would assume the private landowner would be the larger holder of the logged-off land.

Mr. WALSH. Does the gentleman think it is a good policy to pursue for the Government to increase its holding of lands and for us to legislate so as to decrease the taxable areas within the States? Should it not be the other way around?

Mr. SINNOTT. Well, there has been a good deal of objection in the States to the lands going off the tax roll. We had that up in the committee and there was a good deal of objection to it, but we felt that we could not put a bill through here compelling the Government to continue to pay the taxes.

Mr. WALSH. Well, will the gentleman state some reason? I do not think he stated any reason for a general bill as distinguished from separate bills describing the land or township and range as heretofore; the gentleman stated, of course, we could trust the forester and trust the Secretary of Agriculture and trust the Secretary of the Interior. We could trust them to do a whole lot of things, but we legislate providing they shall be done in a certain way. Now, why should not we continue the policy in respect to the consolidation of forest lands which we have followed for a good many years?

Mr. SINNOTT. Well, they were created under a general act. I do not know whether the House or the committee know any more when we have the separate bills up than they would know about it if we had a general act. Now, here is a bill relating to a good many thousands of acres of land. We can not go out there and examine each township or each section. We are absolutely dependent upon the honesty and the integrity of the officials of the Government who come before the committee. If he tells me this township or this section has no timber on it, or that it is worth $5 an acre, I have to believe him. I have no way until the scandal breaks out of ascertaining whether or not he is telling the truth, but we have found them to be truthful.

Mr. WILLIAMSON. If the gentleman will permit, I do not know what has been the experience in other sections of the country, but I know it has been the experience of some people out in the back-hills country to have a tract of land, wholly severed from the forest reserves, taken over by the Government with private lands all around it, and then to have that tract of land leased to a private owner who has a lot of cattle running upon the general forest reserve and also upon that particular tract, and it has been a source of a great deal of annoyance to people living in and about the particular tract on account of such trespassing cattle and because of the great difficulty of collecting any damages for injuries suffered. It seems to be that if this bill is amended so as to make all newly acquired lands contiguous it would improve it.

The CHAIRMAN. The time of the gentleman has expired; all time has expired.

Mr. SINNOTT. Mr. Chairman, I ask for five minutes.

The CHAIRMAN. The time for general debate has expired.

Mr. SINNOTT. I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon? [After a pause.] The Chair hears none. The Clerk will report the bill for amendment.

The bill was again read.

The committee amendments were read, as follows:

Page 1, line 5, strike out the word "near" and insert in lieu thereof "within 6 miles of."

Page 2, line 1, after the word "land," insert "other Government land, nonmineral nonirrigable, not suited for the raising of agricultural crops, except grass, in said State, or the Secretary of Agriculture may permit the grantor to cut and remove an equal value of."

Mr. SINNOTT. Mr. Chairman, I desire to offer an amendment to the second committee amendment.

Mr. STAFFORD. We have not acted upon the first.

The CHAIRMAN. That will come up when the committee amendment is reached.

The Clerk read as follows:

Page 2, line 8, after the word "compensation," strike out——

Mr. STAFFORD. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. I wish to direct an inquiry as to the proper practice to be followed. The bill having been read as originally brought over by the Senate and read with House amendments, the bill now being before the committee for amendment, is it the proper procedure to read the first amendment only or to read all the committee amendments and then take action upon them separately?

The CHAIRMAN. The present occupant of the chair when considering Senate bills for amendment has uniformly permitted all the amendments to be read and then taken them up in the order in which they were read for consideration by the committee.

The Clerk will read the next amendment.

The Clerk read as follows:

Page 2, line 8, after the word "compensation," strike out "consideration being given to any reservations which either the grantor or the Government may make of timber, minerals, or easements."

The CHAIRMAN. The question is on the first committee amendment.

Mr. PARRISH. Mr. Chairman, I offer a substitute for the first committee amendment.

The CHAIRMAN. The gentleman from Texas offers a substitute to the first committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARRISH as a substitute for committee amendment: Page 1, line 5, after the word "within," strike out the balance of the line.

Mr. PARRISH. Mr. Chairman, I have listened very carefully——

Mr. SINNOTT. Mr. Chairman, I desire to reserve a point of order against that amendment.

Mr. PARRISH. Mr. Chairman, I make the point of order that the gentleman's point of order comes too late.

Mr. SINNOTT. Well, I will let it go.

Mr. PARRISH. Mr. Chairman, I have listened very carefully to the discussion on this bill, and I can not agree with the policy contained in it. In other words, the effect of this legislation will be to allow the purchase of additional lands from the proceeds of the sale of the forest lands now owned by the Government or from the sale of valuable timber cut from such lands. We have uniformly held heretofore—and that, too, very recently--against the policy of purchasing additional lands, We have held that in the case of lands contracted for by the military and Navy Departments and have refused many times to appropriate money to purchase additional lands. We have laid that down almost as a uniform rule, and yet this bill comes in with a blanket provisioh and permits the sale of timber, which is the equivalent of money, for the purchase of an unlimited quantity of these lands. And, as an additional proposition——

Mr. SUMMERS of Washington. Will the gentleman yield for a brief question?

Mr. PARRISH. I will.

Mr. SUMMERS of Washington. You would dispose of that timber for money?

Mr. PARRISH. Yes; I would dispose of it for money; would sell it for cash and get the benefit of it while we need money so badly to pay the expenses of running the Government.

Mr. SUMMERS of Washington. You would be opposed to selling it in exchange for land?

Mr. PARRISH. Yes; but you are cutting off timber and buying additional lands, which I believe is contrary to the wishes of Congress and of the American people at this time. That is the reason I oppose this as a general proposition. I believe it is contrary to the wishes of the American people for us now to dispose of any property we may own and buy additional land and put in the Forest Service.

But, Mr. Chairman, I am opposed to the committee amendment, because it proposes to go beyond the exterior borders of the national forests and allows the exchange of land 6 miles away from the present limits of the national forests. We have on this proposition a positive statement of the Secretary of the Interior, Mr. Fall, who is a resident of the State of New Mexico, who probably knows the conditions of that State as well or better than anybody else, who has studied the conditions in years past, and he has this to say on this question:

I therefore recommend that the bill be amended so as to confine its operations wholly to lands, public and private, within the exterior boundaries of existing national forests in the State of New Mexico.

In other words, in as strong language as can be written he condemns the idea of going beyond the existing exterior borders. And I believe, Mr. Chairman, regardless of the feeling we may have toward this bill, or whether or not we favor the general policy laid down in it, we certainly ought to follow the recommendations of the Secretary of the Interior on this matter, especially since he is a man familiar with the conditions we are legislating about.

Therefore, Mr. Chairman, I have offered this amendment, which strikes out the committee amendment allowing 6 miles, and also strikes out the Senate provision, which says "or near," and leaves the bill so it will read:

That the Secretary of the Interior be, and he hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the exterior boundaries of any national forest situated within the State of New Mexico.

The amendment I propose is directly in line with the recommendation of the Secretary of the Interior, and an extension beyond that would be violative of his wishes as expressed in his letter printed as a part of the record in this case.

Mr. SINNOTT. Mr. Chairman, this amendment embodies one of the most important features of this legislation; that is, to obtain legislation that will enable the Government to straighten the exterior boundaries of the forests. If this amendment is rejected, then we will still have these irregular, serpentine, indented boundary lines of the national forests. I think the gentleman is somewhat misled by reading the letter of the Secretary of the Interior. What the Secretary of the Interior was directing the attention of the committee to was to the ambiguous word "near." He was emphasizing the fact that the word "near" was very indefinite; that the courts had decided differently about the word "near"; and that we should not permit them to take lands embraced or described by the word "near." So the committee eliminated the word, and to make it absolutely certain and definite confined the exchange to within 6 miles, because the representative of the Forest Service who came before our committee told us and pointed it out on the map that they could secure all the lands they needed to straighten out the boundary within a 6-mile limit. Therefore I ask that the amendment be rejected.

Mr. LAYTON. Will the gentleman yield?

Mr. SINNOTT. I will.

Mr. LAYTON. Does your bill call for the expenditure of money?

Mr. SINNOTT. Not for a dollar; it provides for an exchange of timber or land for land.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. I yield to the gentleman.

Mr. WILLIAMSON. Why could not the word "near" or the words "within 6 miles" be stricken out and the words "contiguous to" be substituted?

Mr. SINNOTT. Well, the objection to that is this: One landowner may own a piece of land directly contiguous to the forest, possibly for half a mile; another landowner owns the land a quarter of a mile beyond that. You would have to get them all together at one time if you used the word "contiguous." I can assure the gentleman that we considered that matter very carefully.

Mr. WILLIAMSON. I see; I can see the objection to that; but I think the objections to the other are even greater.

Mr. LAYTON. You are going to purchase additional land in order to make your border even?

Mr. SINNOTT. We exchange lands with the private owners.

Mr. LAYTON. Or exchange timber for the land?

Mr. SINNOTT. Yes.

Mr. LAYTON. In other words, instead of paying cash, you pay in timber, which is worth cash?

Mr. SINNOTT. Yes. It is a kind of trade between parties.

Mr. WALSH rose.

Mr. SINNOTT. Mr. Chairman, I yield to the gentleman from Massachusetts.

Mr. WALSH. I am not asking the gentleman to yield. I wish to be recognized later in my own right.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. LITTLE. To what extent is it possible that the national forests might be deforested under this bill?

Mr. SINNOTT. This will increase the forestation of the national forests. It will enable the Forest Service to take over privately owned lands in the national forests and protect them from forest fires and from trespasses, from cattle and sheep and goats, and permit the vegetation to come up again.

Mr. LITTLE. How much timber might be cut off and removed from them under this?

Mr. SINNOTT. It would depend upon the value of the privately owned land.

Mr. LITTLE. Surely.

Mr. SINNOTT. There are about a million acres of privately owned land in the national forests of New Mexico, as against something like 8,000,000 acres of Government land in the same forests.

Mr. LITTLE. Perhaps I did not make myself clear. Under this, as I understand it, they can make a trade and take off certain timber?

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. SINNOTT. Mr. Chairman, I ask leave to proceed for two minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. LITTLE. Has anybody made an estimate of what amount of timber might be cut down and removed from Government lands?

Mr. SINNOTT. All told?

Mr. LITTLE. Yes.

Mr. SINNOTT. I do not know the value of the Government timber, but the value of the entire forest area is something over a billion dollars.

Mr. LITTLE. How much of that would be cut off?

Mr. SINNOTT. Eventually, they will cut it all off.

Mr. LITTLE. I mean under this law.

Mr. SINNOTT. Oh, no. I do not know the exact stumpage in the forest lands in New Mexico.

Mr. LITTLE. How much under this bill will be taken off?

Mr. SINNOTT. We have no information on that.

The CHAIRMAN. The time of the gentleman from Oregon has again expired.

Mr. WALSH. Mr. Chairman, I think the amendment of the gentleman from Texas [Mr. PARRISH] might well be adopted in view of any objection to it as expressed by the gentleman from Oregon [Mr. SINNOTT] having any great weight. Of course, we all realize that you can not draw such pretty pictures on the maps of these forests if the lands are a little jagged, or if a loop is a little serpentine, or if it is a little irregular. But what difference does it make whether the forest is exactly a square tract of land, with the lines running straight, like those of a township, or whether they are irregular?

It seems to me if it is desired to preserve these forests and to reforest these lands for the protection of the watershed, it makes little difference whether the lines run at right angles or not. The objection I have to permitting them to go out 6 miles and to go outside the exterior boundaries is that thereby you are just going to have as many in the future as you have now, if you permit them to go away out 6 miles somewhere and acquire a tract of privately owned land that is not contiguous to or adjacent to the forest reserve; and it seems that the opinion expressed by the Secretary of the Interior, who comes, I think, from the State to which this law will apply, when he says that it ought to be restricted to the exterior boundaries of the forest, might well be observed, because we are told with great vigor many times when an amendment is proposed that it has not even been submitted to the Secretary of the Interior and that it does not have his approval, and that for that reason we should not undertake to make any change in the legislation.

Now, here the Secretary of the Interior is on record as saying that the operation of this law ought to be restricted within the exterior boundaries of the national forest, and we are attempting to say that you can go 6 miles distant and acquire some privately owned lands.

The objection to this whole measure is that it is going to increase the holdings of the Federal Government in lands and it is going to decrease the acreage of lands which are now available in the States for taxation purposes. I do not think that we ought to establish the precedent by a general law; at least, as proposed by the chairman of the committee, that we ought to fix the policy that we will continue to increase the land holdings of the Federal Government. On the contrary, we ought to start some time, by some systematic method, under a carefully enacted law, and prepare for releasing this land to the States, in order that it may come within their jurisdiction for taxation purposes and for other purposes. It is only a certain section of the country that has this. But why should that section of the country have withheld from its jurisdiction and dominion vast tracts of land which might well be utilized for public and private purposes and give the State a certain amount of revenue? I know that probably it will make the Pinchots and others of these parlor conservationists see red, but the days of their policies, I think, are rapidly passing. The time is approaching when the Federal Government ought to be relieved of this vast expense now imposed upon it, and we should gradually turn over to the States tracts of land according to a systematic method and permit the States to exercise jurisdiction over them.

Mr. SINNOTT. Mr. Chairman, I move to strike out the last word.

Mr. STAFFORD. Under the existing parliamentary situation, should not the gentleman ask unanimous consent?

Mr. SINNOTT. I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Oregon asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. SINNOTT. Mr. Chairman, if the gentleman from Massachusetts understood me in my remarks this afternoon to mean that this 6-mile limit is only for the purpose of straightening out the irregular edges and the serpentine boundaries or sinuosities of these forest reserves, I have been very unfortunate in expressing myself. For instance, I have here a map which I shall show to the committee. There is a big gap of private lands jutting up into this forest. Unless we have this 6-mile privilege, this big gap will still be there projecting into the national forest and constituting a fire menace, a place where private individuals may permit their slashings to remain on the ground and become inflammable and permit the undergrowth to come up and be a continual fire menace to the national forests.

Mr. STAFFORD. Will the gentleman yield?

Mr. SINNOTT. In a moment.

Mr. STAFFORD. I want to refer to that big gap.

Mr. SINNOTT. Regarding the letter of the Secretary of the Interior, I will state that with the approval of the Secretary of the Interior, just before our last adjournment we passed a national forest exchange act which permitted them to exchange within 6 miles of the exterior boundaries. The report of the Secretary was in favor of that bill, which permitted them to go within 5 miles of the exterior boundaries. That was changed on the floor to 6 miles, so we have the approval of the Secretary of the Interior to that proposition. As I said before, the only thing that was called to the attention of the Secretary of the Interior and which he had under consideration was the use of the indefinite word "near," and that is what he was adverting to.

Mr. STAFFORD. Will the gentleman yield before he takes his seat?

Mr. SINNOTT. Yes.

Mr. STAFFORD. I want to refer to that big gap to which the gentleman has made reference, to the provision to include these irregular serpentine boundaries and sinuosities and saw-tooth edges to which the gentleman has referred.

Mr. SINNOTT. "Cul-de-sac" was another synonym.

Mr. STAFFORD. That is a very good term. I understand that that gap is 12 miles wide. This bill provides for a distance of only 6 miles, so would not that gap still remain?

Mr. SINNOTT. If it is 12 miles wide, the forest lines are on both sides of it, and 6 miles from each edge would reach to the center of the 12-mile area.

Mr. STAFFORD. Then would not this phraseology allow an extension of the exterior boundaries of the forest for 6 miles, and then after the boundaries had been so extended would not the officers of the Forest Service have authority to extend the boundaries another 6 miles?

Mr. SINNOTT. No; then all of this gap would be in the forest.

Mr. STAFFORD. It would all be in the forest reserve. That is the very policy against which Secretary Fall is protesting—against the taking in of outside lands.

Mr. SINNOTT. They would take in the 6 miles.

Mr. STAFFORD. And then having taken in 6 miles that would be in the national forest, and then why could they not extend the boundaries another 6 miles?

Mr. SINNOTT. They would have to give away all the lands within the national forests. Their base lands would give out.

Mr. STAFFORD. No; they are only giving away the timber.

Mr. SINNOTT. The gentleman says they could make a second move of 6 miles.

Mr. STAFFORD. Yes.

Mr. SINNOTT. That is not the intention.

Mr. STAFFORD. Under that language it might be permitted, and the gentleman knows that these forest officials are seeking to extend their powers all they can.

Mr. SINNOTT. Has the gentleman any amendment which would guard against that?

Mr. STAFFORD. Yes; I have an amendment, but I am in hearty sympathy with the amendment of the gentleman from Texas [Mr. PARRISH], and I am following the strong recommendation of Secretary Fall.

Mr. SINNOTT. They would not go beyond the 6 miles. They do not want to destroy the original forest.

Mr. BOX. Mr. Chairman and gentlemen of the committee, I beg to call attention to the fact that the chairman of the committee has apparently overlooked part of the report of the Secretary of the Interior when he says that the only matter he had in mind was the ambiguity of the word "near." I read these words from the report of the Secretary of the Interior:

> Such lands would also, under the provisions of the bill, "become a part of the national forest." This might result in isolated and disconnected tracts of land outside of existing boundaries of national forests becoming a part of such forests, which, in my judgment, would not be advisable, owing to difficulties of administration; also because it would add to existing national-forest areas.
>
> I therefore recommend that the bill be amended so as to confine its operations wholly to lands, public and private, within the exterior boundaries of existing national forests in the State of New Mexico.

So the Secretary of the Interior had in mind things other than the vagueness of the word "near," on which the gentleman from Oregon would have us understand Secretary Fall's mind was exclusively fixed when he warned against this legislation as proposed.

Mr. SINNOTT. The Secretary of the Interior does not administer the national forests. The Secretary of Agriculture administers them. We took that matter up with the representatives of the Forest Service, and their policy will be not to buy the lands unless they are able to block out the area desired from the different holdings.

Mr. BOX. The words I read have come from the report of Secretary Fall on the advisability of this legislation.

Mr. WILLIAMSON. Mr. Chairman, I desire to offer an amendment to the committee amendment, on page 1, line 5, to strike out the words "or within 6 miles of" and insert in lieu thereof the words "or contiguous thereto."

The CHAIRMAN. The gentleman from South Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON to the substitute offered by Mr. PARRISH: On page 1, line 5, strike out the words "or within 6 miles of" and insert in lieu thereof "or contiguous thereto."

Mr. WILLIAMSON. Mr. Chairman, the objections which have already been raised to the committee amendment "within 6 miles of" appeal to me as entirely valid. It does not seem to me that it is good policy for the Government to acquire isolated tracts not contiguous to the existing forest reserve. The purpose of it can be accomplished by providing that the Government may exchange for lands within the forest reserve or which are contiguous to the existing boundaries. In that way you can avoid all objections raised to having isolated tracts here and there that are subject to the rules and regulations of the Forest Service. I do not think that additions not contiguous to the forest reserves should be permitted.

Mr. SINNOTT. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. SINNOTT. The gentleman's amendment really broadens the provision, and under the gentleman's amendment there is no limit to which the department may go provided the lands are contiguous.

The gentleman strikes out the words "within 6 miles" and says "within the contiguous exterior boundary." The gentleman really broadens the 6-mile limit. He places no limit on it.

Mr. WILLIAMSON. There is no limit under the provisions of the bill as amended by the committee.

Mr. SINNOTT. Oh, yes; it says within 6 miles.

Mr. WILLIAMSON. But after you have taken in the 6 miles you can go another 6 miles.

Mr. SINNOTT. No; we are not going to absurd lengths like that.

Mr. WILLIAMSON. Neither do I think that under my amendment they would go to absurd lengths.

The CHAIRMAN. The question is on the amendment of the gentleman from South Dakota.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question now is on the amendment of the gentleman from Texas [Mr. PARRISH].

The question was taken; and on a division (demanded by Mr. PARRISH) there were—ayes 19, noes 24.

So the amendment was rejected.

The CHAIRMAN. The question now recurs on the committee amendment.

The question was taken; and on a division (demanded by Mr. SINNOTT) there were—ayes 25, noes 15.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

On page 2, line 1, after the word "land," insert the following: "or other Government land, nonmineral, nonirrigable, and not suited to the raising of agricultural crops except grass, in said State, or the Secretary of Agriculture may permit the grantor to cut and remove an equal value of."

Mr. SINNOTT. Mr. Chairman, I offer an amendment to the committee amendment, as follows:

After the word "other," line 1, page 2, insert the word "unreserved."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 1, after the word "other," insert the word "unreserved."

Mr. SINNOTT. Mr. Chairman, the purpose of that amendment is to make clear that water-power lands can not be granted away.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken, and the amendment to the committee amendment was agreed to.

Mr. PARRISH. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Page 2, line 1, after the word "land," strike out the remainder of line 1, all of line 2 and line 3 down to and including the word "grass."

Mr. PARRISH. Mr. Chairman, I do not care to impose on the good nature of the committee, but in support of the amendment I have offered I want to say that it seems to me very unwise, even if you go far enough to allow them to exchange the forest land, to allow them to exchange other Government lands not forest lands as provided in this bill—such as nonmineral, nonirrigable, and not suited to the raising of agricultural crops except grass. I would confine them to the exchange of forest lands and none other. It seems to me this limitation at least should be placed in the bill. The bill as drawn is very broad, and this is an extension of the original provisions of the bill upon which the Secretary of the Interior has not given an opinion so far as anything in the report shows. It looks to me that we are going much too far in this amendment, and I simply ask to strike out that part of the committee amendment including nonmineral and nonirrigable lands so that it will be confined entirely to forest land.

Mr. SINNOTT. Mr. Chairman, of course, one of the main purposes of this bill is to exclude from the national forests privately owned land as far as possible. This committee amendment helps it, because instead of giving a private landowner other lands within another part of the national forests, it aims to put him out altogether and give him lands that are nonirrigable and nonmineral that are worth while to settle on. If you are going to make the exchange, you had better get them to take the worthless land, and work that off onto them as far as possible, rather than keep them in the national forest. [Laughter.]

Mr. PARRISH. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. PARRISH. How does the gentleman expect to work off on private individuals worthless Government land? Does not the gentleman know that he must make a contract with the individual; and who ever heard of an individual getting the worst of it when he is trading with the Government?

Mr. SINNOTT. I suggest that the gentleman come out West and see what we do with some of those lumber operators out there.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Texas.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs upon the committee amendment as amended.

The committee amendment was agreed to.

Mr. WALSH. Mr. Chairman, I move to strike out the last two words, in order to ask the gentleman from Oregon [Mr. SINNOTT] a question. Is there any reservation under the language which has been employed in the committee amendment of mineral or oil rights upon land which now is not considered mineral land?

Mr. SINNOTT. The Government will only deed nonmineral land; but I have an amendment extending that into the future, so that if mineral lands are discovered hereafter they will not pass to the private owner.

Mr. WALSH. That will be necessary, will it not?

Mr. SINNOTT. I think it is wise to insert, and I am going to offer that amendment at the end of the bill as a new proviso.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 8, after the word "compensation," strike out "consideration being given to any reservations which either the grantor or the Government may make of timber, minerals, or easements."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. SINNOTT. Mr. Chairman, I move to amend, in line 18, by inserting after the word "published" the words "at the expense of the private owner."

The CHAIRMAN. The gentleman from Oregon offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SINNOTT: Page 2, line 18, after the word "published," insert "at the expense of the private owner."

Mr. SINNOTT. Mr. Chairman, the purpose of that is to make the private owner pay the expense of the publication.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oregon.

The amendment was agreed to.

Mr. SINNOTT. Mr. Chairman, I now offer another amendment, on line 6, page 1, to insert after the word "the" the word "present," so as to meet the criticism that they might take another series of 6 miles.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SINNOTT: Page 1, line 6, after the word "the," insert the word "present."

Mr. BANKHEAD. Mr. Chairman, it seems to me that the word "existing" would be more accurate in description than the word "present."

Mr. SINNOTT. Mr. Chairman, I would be very glad to accept that as a substitute for the word "present."

The CHAIRMAN. The gentleman from Oregon offers a substitute for his amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SINNOTT: Page 1, line 6, after the word "the," insert the word "existing."

Mr. VAILE. Mr. Chairman, does the gentleman ask unanimous consent to make that substitution?

The CHAIRMAN. It is not necessary to ask unanimous consent to do that.

Mr. SINNOTT. Does not the gentleman from Alabama think that the word "present" is more definite than the word "existing"?

Mr. BANKHEAD. That was not my opinion about it. It was merely a suggestion. As a matter of description "existing," it seems to me, is more comprehensive.

Mr. FAIRCHILD. Mr. Chairman, if you are going to use the word "existing" I think you should retain the word "present."

Mr. BANKHEAD. Oh, I think that would be mere surplusage.

Mr. VAILE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VAILE. The gentleman offered as an amendment the insertion of the word "present." I now understand that the word up for consideration is the word "existing." Was that offered as a substitute?

The CHAIRMAN. The gentleman from Oregon offers it as a substitute for his previous amendment. The question is on agreeing to the amendment offered by the gentleman from Oregon.

The question was taken; and on a division (demanded by Mr. VAILE) there were—ayes 32, noes 7.

So the amendment was agreed to.

Mr. ARENTZ. Mr. Chairman, was the vote then taken on the word "present" or the word "existing"?

The CHAIRMAN. On the word "existing." The gentleman from Oregon changed his amendment from "present" to "existing."

Mr. SINNOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SINNOTT: At the end of the bill add the following proviso: "*Provided further*, That the United States reserves all the coal, oil, gas, and other minerals in the land patented hereunder, together with the right to prospect for, mine, and remove the same, and the patent shall contain such reservations."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SINNOTT. Mr. Chairman, I move that the committee do now rise and report the bill with the amendments, with the recommendation that the amendments be agreed to, and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (S. 920) for the consolidation of forest lands, in or near national forests, New Mexico, and for other purposes, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. SINNOTT. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded upon any amendment? If not, the Chair will put them in gross.

The question was taken, and the amendments were agreed to.

The bill was ordered to be read the third time, was read the third time, and passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote by which the bill was passed was laid on the table.

ADDING CERTAIN LANDS TO MINIDOKA NATIONAL FOREST.

Mr. SINNOTT. Mr. Speaker——

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SINNOTT. Mr. Speaker, by direction of the Committee on the Public Lands I call up the bill H. R. 2914:

The SPEAKER. The gentleman from Oregon calls up the bill H. R. 2914, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 2914) to add certain lands to Minidoka National Forest.

The SPEAKER. This bill is on the Union Calendar. The House automatically resolves itself into the Committee of the Whole House on the state of the Union.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2914, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2914, which the clerk will report.

The Clerk read as follows:

Be it enacted, etc., That any lands within the following-described areas found by the Secretary of Agriculture to be chiefly valuable for the production of timber or the protection of stream flow may be included within and made a part of the Minidoka National Forest by proclamation of the President, said lands to be thereafter subject to all laws affecting national forests: Sections 36, 35, 26, 23, 24, 13, 14, 11, 12, 2, and 1, township 13 south, range 23 east; sections 36, 35, 25, 26, 23, 24, 13, and 14, township 12 south, range 23 east; sections 31, 30, 19, 18, 7, and 6, township 13 south, range 24 east; sections 31, 30, 18, 29, 20, 17, 19, 16, 21, 28, 27, 26, 24, and the south half of 23, township 12 south, range 24 east; section 19, township 12 south, range 25 east; sections 16 and 20, township 13 south, range 25 east; sections 25, 26, 27, 34, 35, 36, and the southeast quarter of the southeast quarter of section 28, and the northeast quarter of the northeast quarter of section 33, township 13 south, range 224 east; and sections 1, 2, and the north half of section 3, township 14 south, range 24 east, all of the Boise meridian.

The committee amendment was read as follows:

Strike out all after the enacting clause on page 1 down to and including line 18 on page 2, and insert in lieu thereof the following:

"That any lands within the following-described areas found by the Secretary of Agriculture to be chiefly valuable for the production of timber or the protection of stream flow may, with the approval of the Secretary of the Interior, be included within and made a part of the Minidoka National Forest by proclamation of the President, said lands to be thereafter subject to all laws affecting national forests: East half of section 1, east half of section 12, northeast quarter and south half of section 13, sections 24, 25, and 36, township 13 south, range 23 east; section 17, east half of section 18, northeast quarter and south half of section 19, sections 20, 21, south half of section 24, northeast quarter and south half of section 26, south half of section 27, sections 28, 29, 30, and 31, township 12 south, range 24 east; sections 6, 7, 18, 19, 30, and 31, township 13 south, range 24 east; south half of section 19, township 12 south, range 25 east; and west half of section 20, township 13 south, range 25 east, Boise meridian, Idaho: *Provided*, That the inclusion of any of the aforesaid lands in the Minidoka Forest shall not affect adversely any valid application or entry pending at the date of the approval of this act."

Mr. SMITH of Idaho. Mr. Chairman, this bill provides for adding about 14,000 acres of public land to the Minidoka National Forest, in the southern portion of Idaho. Under the act of March 3, 1891, the President was given authority to withdraw public lands covered with timber from entry and set them aside as forest reserves. In making those selections the Secretary of Agriculture was supposed to examine the lands as to their character before the proclamation was submitted to the President for his approval, but the haste of those in charge to get into the national forest reserves all of the land they possibly could the examination that should have been made was in many instances made on the map and not made by a personal examination of the land. As a result great sections of land were taken into the forest reserves that should never have been included, and a great deal of land was left out that should have been included. On account of the rapidity with which these forest reserves were created much opposition arose among the western Senators and Representatives to this broad authority which was given to the President, and as a result in 1912 a law was passed providing that no further forest reserves should be created in the States of Oregon, Washington, Idaho, Montana, Colorado, and Wyoming except by act of Congress. This law makes it necessary to come to Congress to have included in some of the national forests certain lands which should have been included when the forest reserves were originally established. When the Minidoka Forest Reserve was established certain well-timbered lands adjoining the forest should have been embraced in the reserve in order to protect the stream flow, but they were not so included, and this bill contemplates adding to the Minidoka Forest, on the western side of the forest and also on the eastern side of the forest, the lands described in the bill.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. McLAUGHLIN of Michigan. If this bill becomes a law will it apply to privately owned land or is all the land that is described now owned by the United States?

Mr. SMITH of Idaho. It only applies to public lands. There may be some privately owned land within the area, but the title will not be disturbed in any way but will continue to remain in the present owner.

Mr. McLAUGHLIN of Michigan. The bill does not state that only the public domain should be added to the national forest.

Mr. SMITH of Idaho. It is not necessary to so state.

Mr. McLAUGHLIN of Michigan. Just a moment—but seems to authorize somebody—the Secretary of Agriculture—to acquire all the property within those limits?

Mr. SMITH of Idaho. Well, it is very well understood that you can not take title to land away from a private owner, and it is not necessary to except these individual holdings. The last paragraph of the bill provides:

That the inclusion of any of the aforesaid lands in the Minidoka Forest shall not affect adversely any valid application or entry pending at the date of the approval of this act.

If title has already passed to a private individual, any act of Congress which we could pass would not take that title from him, and in order to protect those who have initiated entry upon public lands this proviso has been incorporated in the bill.

Mr. McLAUGHLIN of Michigan. The gentleman from Idaho is right in saying this simply protects those who have initiated, those who have made a start in the line and direction of entry upon the public domain, but the bill carries general authority to some official to acquire all the property within certain limits, whereas the intention of the bill is simply to add a part of the public domain to a forest already established.

I doubt the wisdom of the bill in its present form. The only way by which title to private land can be acquired is by purchase.

Mr. SMITH of Idaho. The word "acquire" does not occur in the bill, and it does not authorize the Secretary of Agriculture to take over privately owned lands.

Mr. McLAUGHLIN of Michigan. The bill is broad and carries with it authority to acquire, and it may be so construed.

Mr. SMITH of Idaho. I may say, Mr. Chairman, that this bill was drawn by the legal officer of the Department of Agriculture, and it is assumed that it is correctly drawn.

Mr. McLAUGHLIN of Michigan. The authority is broad enough for him to do anything he may at any time wish to do.

Mr. SMITH of Idaho. Private land can not be acquired except by act of Congress.

Mr. VAILE. Will it not be a simple matter to transfer this particular land, which is now a part of the public domain, to the jurisdiction of the other department?

Mr. McLAUGHLIN of Michigan. That is the intention, but does the bill limit it to that?

Mr. SMITH of Idaho. Absolutely so, and describes the land by section and range and township that is to be added to the forest.

Mr. STAFFORD. Can the gentleman inform the committee as to the amount of public land that is intended to be taken into this forest reserve which is now outside of the exterior boundaries and the amount that is privately owned within the proposed new boundaries?

Mr. SMITH of Idaho. As the bill was originally introduced it contemplated adding about 32,000 acres of land, within which there were several thousand acres of private land, but the bill as amended confines land to be added to public land almost entirely, and the amount is reduced to 14,000 acres. This land which we propose to add is mostly high ranges and is not susceptible of cultivation for agricultural purposes. Its inclusion in the reserve is necessary to protect the stream flow in those sections.

Mr. STAFFORD. Then, as I understand, there are very few private holdings in the area that is now intended to be brought in included in the forest reserves?

Mr. SMITH of Idaho. Very few.

Mr. LAYTON. I would like to ask this question: This is already Government-owned land?

Mr. SMITH of Idaho. Yes. The title to the land is in the Government, and this simply transfers the jurisdiction of it from the Secretary of the Interior to the Department of Agriculture. The leasing of this land for grazing purposes will bring a revenue to the Government and there will be no additional expense in connection with the administration of the forest on account of this addition to the forest.

Mr. LAYTON. There is some land, however, to be added to this under the provisions of this bill, not now owned by the Government?

Mr. SMITH of Idaho. No, sir. This bill does not provide for adding any privately owned land.

Mr. LAYTON. I thought the gentleman said to the gentleman from Wisconsin that there was a little.

Mr. SMITH of Idaho. There is a little private land within the boundaries of this addition to the reserve, but the title is not transferred. It still remains in private ownership.

Mr. RAKER. Mr. Chairman, the committee went over this bill very thoroughly and unanimously reported it, and feel that it ought to be passed.

I reserve the balance of my time.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. SINNOTT. Mr. Chairman, I move that the committee do now rise and report the bill with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration a bill (H. R. 2914) to add certain lands to Minidoka National Forest and had directed him to report the same to the House with a committee amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass.

Mr. SINNOTT. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER. Has the Committee on Public Lands any further business?

EXCHANGES WITHIN THE ROUTT NATIONAL FOREST.

Mr. SINNOTT. Mr. Speaker, by direction of the Committee on Public Lands I call up the bill H. R. 2349.

The SPEAKER. The gentleman from Oregon calls up the bill H. R. 2349, which is on the Union Calendar.

Therefore the House automatically resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2349, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 2349) authorizing the exchange of lands within the Routt National Forest, in the State of Colorado, and for other purposes.

Be it enacted, etc., That the Secretary of the Interior be, and hereby is, authorized to accept on behalf of the United States title to any lands in private ownership within the Routt National Forest which, in his opinion and the opinion of the Secretary of Agriculture, are chiefly valuable for national forest purposes, and in exchange therefor may give not to exceed an equal value of such Government timber, or land, or assignable certificates for timber in any national forest in the State of Colorado as may be determined by the Secretary of Agriculture and acceptable to the owner as fair compensation, considering any reservations which either the grantor or the Government may make of timber, mineral, or easements. Such assignable certificates for timber shall be issued under the authority of the Secretary of Agriculture, shall be for the agreed value of lands acquired, and shall be acceptable only at their face value when accompanying bids for the purchase of national forest timber or in payment for national forest timber in the State of Colorado when purchased under existing laws and regulations. Timber given in such exchanges shall be cut and removed under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become a part of the Routt National Forest.

Also, the following committee amendment was read:

Strike out all after the enacting clause down to and including line 15, on page 2, and insert the following:

"That the Secretary of the Interior be, and hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the Routt National Forest, Colo., if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national forest purposes, and in exchange therefor may issue patent for not to exceed an equal value of national forest land within the Routt National Forest, or the Secretary of Agriculture may authorize the grantor to cut and remove an equal value of timber within the national forests of the same State. The value in each case shall be determined by the Secretary of Agriculture. Timber given in such exchanges shall be cut and removed under the laws and regulations relating to the national forests and under direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the Routt National Forest."

Mr. HAYDEN. Mr. Chairman, in the absence of the gentleman from Colorado [Mr. TAYLOR], who has been ill for some time, I reported this bill to the House from the Committee on the Public Lands. The committee struck out all after the enacting clause in order to do away with assignable certificates or script and adopted what is now the standard form of legislation for the exchange of lands within the national forests, providing in this case that the exchange must be made within the exterior

limits of the forest and that for the land acquired by the United States the Secretary of Agriculture may release lands of equal value within the forest or dispose of timber of equal value, the values in each case to be determined by the Secretary of Agriculture. The bill is in the usual form. It provides for exchanges in the normal, ordinary way. There is no question involving any lands outside of the limits of the forest, or any public lands, or a material increase in the size of the forest.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. HAYDEN. Certainly.

Mr. STAFFORD. Will the gentleman inform the committee as to the amount of lands that will be affected by this bill if it should be enacted into law?

Mr. HAYDEN. Unfortunately I have not the exact figures at hand. The only information I can give the gentleman is that I have examined a land office map of the State of Colorado and observed that this is not an exceedingly large national forest, so that probably the area involved in the proposed exchanges would be comparatively small. Inasmuch as the operation of this measure, if enacted into law, can not greatly increase the total area of the forest, there should not be any objection made to the passage of the bill because of the amount of lands that are to be exchanged.

Mr. STAFFORD. Can the gentleman inform the committee why, in some of these bills reported by the Committee on the Public Lands, they make provision for the lands that may be exchanged that would be suitable for forest-reserve purposes, and in others they add the language, "suitable for river-flow conservation purposes"?

Mr. HAYDEN. The terms of the legislation vary with the conditions on the forests. There are a number of national forests where the timber-producing area is comparatively small. They cover the headwaters of streams used for irrigation purposes lower down. Therefore the regulation of grazing and timber operations is chiefly important as a means of conserving the flow of water, and it is necessary to so specify in such cases. In this case, where nothing much is involved but timber value, the reference to river-flow conservation could properly be omitted.

Mr. SINNOTT. The gentleman from Wisconsin has asked for certain information.

Mr. STAFFORD. I asked for the area that would be affected by this bill.

Mr. SINNOTT. The total area of the Routt National Forest is 819,278 acres, and the national forest proper lies within that area, in which there are 744,261 acres, and other land—that is, private land—covers 75,017 acres.

Mr. STAFFORD. The gentleman has no information as to about how much of this 75,000 acres has already been denuded of timber?

Mr. SINNOTT. No. I have no information on that.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. HAYDEN. Gladly.

Mr. JONES of Texas. Is it a fact that the land to be exchanged is cut-over land, and that the Government is going to give up timberland for it?

Mr. HAYDEN. Yes.

Mr. JONES of Texas. Has the Government ever, in its exchanges, gotten anything but the land outside the timber?

Mr. HAYDEN. That is exactly what the Government desires to obtain—control of the entire timber-producing area.

Mr. JONES of Texas. Is it to the advantage of the Government to exchange cut-over land for timberland?

Mr. HAYDEN. No such exchange is proposed.

Mr. JONES of Texas. It would seem from the wording of the bill that the company wants to get hold of land from which to cut timber. Surely the Government does not want to trade timberland for land which has been cut over?

Mr. HAYDEN. The gentleman from Texas fails to note that the values in each case are to be determined by the Secretary of Agriculture.

Mr. JONES of Texas. I understand that the value is to be determined by the Secretary of Agriculture; but the strange part of it is that the Government is always trading off its timberland for nontimberland and getting no money out of it. I never heard of the Government getting any money from it.

Mr. HAYDEN. What advantage would it be for the Government to sell its timber for cash and then proceed to pay cash for forest land? Interspersed among these forest-reserve lands are lands owned by private individuals. The Government wishes to consolidate its holdings. The gentleman must concede that it is clearly to the interest and advantage of the Government to do that for the purpose of better administration if for no other reason.

Mr. WINGO. My friend from Texas seems not to understand this conservation policy. The object is not to give the Government money, but to take over good land and exchange it for land that has been cut over, and then have Uncle Sam grow another crop of timber on the cut-over land and trade it off again.

Mr. JONES of Texas. I do not know how much truth there may be in the observation of the gentleman from Arkansas, but if the companies cut timber they might be willing to pay the Government for the timber, so that the Government would get something out of it.

Mr. HAYDEN. This land, the gentleman should understand, has been cut over once. If the Government grows a second crop of timber it can be disposed of for cash by the Forest Service.

Mr. JONES of Texas. Then the Government wants to have an opportunity of growing another crop of timber and getting nothing for it except some cut-over land. I do not see where the Government comes in under a proposition like this when it goes to the expense of growing timber in the national forest and then trades it off for cut-over land without getting anything for it.

Mr. WINGO. The Government comes in where the old cow does that gets milked. [Laughter.]

Mr. HAYDEN. Mr. Chairman, I have nothing further to add, except that I hope that the bill will be promptly passed.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HAYDEN. Mr. Chairman, I move that the committee rise and report the bill to the House with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The CHAIRMAN. The gentleman from Arizona moves that the committee rise and report the bill back to the House with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 2349) authorizing the exchange of lands within the Routt National Forest, in the State of Colorado, and for other purposes, had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. SINNOTT. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote whereby the bill was passed was laid on the table.

SAN JUAN NATIONAL FOREST, COLO.

Mr. SINNOTT. Mr. Speaker, by direction of the Committee on the Public Lands I call up the bill (H. R. 6429) to provide for the consolidation of forest lands within the San Juan National Forest, State of Colorado, and for other purposes.

The SPEAKER. The gentleman from Oregon calls up H. R. 6429, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar. The House automatically resolves itself into the Committee of the Whole House on the state of the Union, and the gentleman from Kansas [Mr. CAMPBELL] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of a bill, which the Clerk will report.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the San Juan National Forest, within the State of Colorado, which, in the opinion of the Secretary of Agriculture,

are chiefly valuable for national forest purposes, and in exchange therefor may issue patent for not to exceed an equal value of such Government forest land or timber within any national forest of the State of Colorado as may be determined by the Secretary of Agriculture and acceptable to the owner or owners as fair compensation, considering any reservations which either the grantor or the Government may make of timber, minerals, or easements. Timber given by the Government in such exchanges shall be cut and removed under the laws and regulations relating to national forests and under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become part of the San Juan National Forest and subject to all laws and regulations affecting national forests.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the Secretary of the Interior be, and hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the San Juan National Forest, Colo., if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national forest purposes, and in exchange therefor may issue patent for not to exceed an equal value of national forest land within the San Juan National Forest, or the Secretary of Agriculture may authorize the grantor to cut and remove an equal value of timber within the national forests of the same State. The values in each case shall be determined by the Secretary of Agriculture. Timber given in such exchanges shall be cut and removed under the laws and regulations relating to the national forests and under direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the San Juan National Forest."

Mr. HAYDEN. Mr. Chairman, I likewise reported this bill from the Committee on the Public Lands for my friend, the gentleman from Colorado [Mr. TAYLOR]. It is for the same purpose as the bill which has just passed the House. Its terms are identical with that bill. There is no necessity for repeating the reasons for its enactment, and unless some gentleman desires to ask a question we should now vote on the committee amendment.

Mr. WINGO. I should like to ask the gentleman a question.

Mr. HAYDEN. I shall be pleased to yield.

Mr. WINGO. Unfortunately I was detained and not present in the Hall of the House until the last part of the consideration of the former bill, so I do not know what reasons were given in support of it. These are private lands that are to be exchanged, are they?

Mr. HAYDEN. Yes.

Mr. WINGO. In other words, private lands inside the forest are to be exchanged for timbered lands within the forest, or else the owners of the private lands are to be given timber to be taken off of Government land in the forest?

Mr. HAYDEN. The discretion lies with the Secretary of Agriculture to accept private lands within the exterior limits of the San Juan National Forest in exchange for other lands of equal value or timber of equal value in that forest.

Mr. WINGO. How much land is in that forest?

Mr. HAYDEN. I have not the figures before me. Perhaps the gentleman from Oregon [Mr. SINNOTT] can furnish the gentleman from Arkansas with that information, as he has a copy of the hearings at his desk. The gentleman from Arkansas desires to know the area of the private lands in the San Juan National Forest.

Mr. SINNOTT. The total area of this forest is 745,000 acres.

Mr. WINGO. I want to know the area of the private lands.

Mr. SINNOTT. The Government land is 619,683 acres and the private land 125,317 acres.

Mr. WINGO. How many acres is it contemplated to exchange under this bill? They have already been selected, have they not?

Mr. SINNOTT. We have not the figures as to the area desired to be exchanged.

Mr. WINGO. The committee did not get any estimate and were not furnished with the details of the selections made, which it is anticipated will be exchanged under this bill?

Mr. SINNOTT. No; that would have to be done by the Government cruisers.

Mr. WINGO. There has already been a tentative plan laid down, has there not, or mapped out?

Mr. SINNOTT. I presume so. I assume they have had some negotiations, but we have no information as to that.

The CHAIRMAN. The Clerk will report the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior be, and hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the San Juan National Forest, within the State of Colorado, which in the opinion of the Secretary of Agriculture are chiefly valuable for national forest purposes, and in exchange therefor may issue patent for not to exceed an equal value of such Government forest land or timber within any national forest of the State of Colorado as may be determined by the Secretary of Agriculture and acceptable to the owner or owners as fair compensation, considering any reservations which either the grantor or the Government may make of timber, minerals, or easements. Timber given by the Government in such exchanges shall be cut and removed under the laws and regulations relating to national forests and under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become part of the San Juan National Forest and subject to all laws and regulations affecting national forests.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the Secretary of the Interior be, and hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the San Juan National Forest, Colo., if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national forest purposes, and in exchange therefor may issue patent for not to exceed an equal value of national forest land within the San Juan National Forest, or the Secretary of Agriculture may authorize the grantor to cut and remove an equal value of timber within the national forests of the same State. The values in each case shall be determined by the Secretary of Agriculture. Timber given in such exchanges shall be cut and removed under the laws and regulations relating to the national forests and under direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the San Juan National Forest."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HAYDEN. Mr. Chairman, I move that the committee do now rise and report the bill with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 6429 and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. HAYDEN. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. HAYDEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVES OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. JOHNSON of Washington, for to-day, on account of illness.

To Mr. ALMON, for five days, at the request of Mr. BANKHEAD, on account of important official business.

To Miss ROBERTSON, until Monday next, because of an engagement to speak in Boston on the anniversary of Roosevelt's birthday.

ADJOURNMENT.

Mr. WALSH. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. SINNOTT. Oh, I hope the gentleman will not insist upon that. We ran for a very short time last Calendar Wednesday, and we were deprived of last Unanimous Consent Day. The gentleman from California has a bill which we should call up and which will not take very much time.

Mr. WALSH. The gentleman has passed a very good grist of bills to-day for Calendar Wednesday.

Mr. SINNOTT. We have a Calendar Wednesday only about once a year.

Mr. WALSH. The gentleman has profited by it to-day. I insist upon my point.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. Evidently there is not.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to, and accordingly (at 4 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Thursday, October 27, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. LANGLEY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 8401) to transfer the custody and control of the United States customhouse wharf at Charleston, S. C., from the Treasury Department to the War Department, reported the same without amendment, accompanied by a report (No. 440), which said bill and report were referred to the House Calendar.

Mr. McFADDEN, from the Committee on Banking and Currency, to which was referred the bill (S. 831) to amend the proviso in paragraph 10 of section 9 of the Federal reserve act, amended by the act of June 21, 1917, amending the Federal reserve act, reported the same without amendment, accompanied by a report (No. 441), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (H. R. 8399) to amend section 11 (m) of the act approved December 23, 1913, known as the Federal reserve act, as amended by the acts approved September 7, 1916, March 3, 1919, and February 27, 1921, reported the same without amendment, accompanied by a report (No. 442), which said bill and report were referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. FULLER, from the Committee on Invalid Pensions, to which was referred sundry bills of the House, reported in lieu thereof the bill (H. R. 8874) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war, accompanied by a report (No. 439), which said bill and report were referred to the Private Calendar.

Mr. CHINDBLOM, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 8840) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes, reported the same with an amendment, accompanied by a report (No. 443), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FULLER: A bill (H. R. 8874) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; committed to the Committee of the Whole House and ordered to be printed.

By Mr. WALSH: A bill (H. R. 8875) for the appointment of additional district judges for certain district courts of the United States and to aid in the disposition of business in said courts, and for other purposes; to the Committee on the Judiciary.

By Mr. PARKS of Arkansas: A bill (H. R. 8876) for the purchase of a site and the erection of a public building at El Dorado, Ark.; to the Committee on Public Buildings and Grounds.

By Mr. REED of New York: A bill (H. R. 8877) making appropriation to supply deficiencies in appropriations for the fiscal year ending June 30, 1922, and prior fiscal years; to the Committee on Appropriations.

By Mr. COLLINS: A bill (H. R. 8878) to amend section 721 of the Judicial Code so as to secure uniformity of decision between the Federal and State courts in all cases arising under the laws of the several States of the Union; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ATKESON: A bill (H. R. 8879) granting a pension to Adelaide Riter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8880) granting an increase of pension to Charlotte Case; to the Committee on Invalid Pensions.

By Mr. BACHARACH: A bill (H. R. 8881) granting a pension to Joseph B. Baker; to the Committee on Pensions.

By Mr. CLARKE of New York: A bill (H. R. 8882) authorizing the Secretary of War to donate to the city of Binghamton, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. DRANE: A bill (H. R. 8883) for the relief of W. H. Overocker; to the Committee on Claims.

By Mr. JACOWAY: A bill (H. R. 8884) granting a pension to Rudolph Zoch; to the Committee on Pensions.

Also, a bill (H. R. 8885) granting a pension to Mary J. Shinn; to the Committee on Invalid Pensions.

By Mr. KREIDER: A bill (H. R. 8886) granting a pension to Bruce R. Vaughn; to the Committee on Pensions.

Also, a bill (H. R. 8887) granting an increase of pension to Mary J. Strickler; to the Committee on Invalid Pensions.

By Mr. LOGAN: A bill (H. R. 8888) for the relief of the legal representative of Sylvester Jancovich, deceased; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 8889) granting an increase of pension to Emily A. Day; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8890) granting a pension to Mary Russell; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 8891) granting a pension to Isabella S. Robinson; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2838. By the SPEAKER (by request): Resolutions adopted by the members and congregation of the Trinity Methodist Episcopal Church, of Oak Bluffs, Mass.; Pleasant Street Methodist Episcopal Church, New Bedford, Mass.; Baume Methodist Episcopal Church and Christian Union Church, of North Truro, Mass.; Kimball Club, connected with Appleton Methodist Episcopal Church; and members of the First Baptist Church of Omaha, Nebr., urging the passage of House joint resolution 159 prohibiting sectarian appropriations; to the Committee on the Judiciary.

2839. Also (by request), resolution adopted by the Baptist Church of Palinville, Conn., indorsing House joint resolution 159; to the Committee on the Judiciary.

2840. Also (by request), resolution adopted by the department of missions of the Protestant Episcopal Church relative to an antinarcotic bill; to the Committee on Ways and Means.

2841. Also (by request), resolution passed by Division No. 18, Order of Sleeping Car Conductors, of Washington, D. C., relative to the Department of Labor; to the Committee on Labor.

2842. Also (by request), telegram from T. Kenny, chairman of the speakers' bureau for Irish independence, 231 East Fiftieth Street, New York City, relative to disarming; to the Committee on Foreign Affairs.

2843. By Mr. APPLEBY: Resolution adopted by the members and friends of the Sanford Memorial Methodist Episcopal Church, of Englishtown, N. J., urging the passage of the House joint resolution providing for a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2844. Also, resolution adopted by the First Methodist Episcopal Church of Bradley Beach, N. J., urging the passage of House joint resolution 159, providing for a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2845. Also, resolution adopted by the First Methodist Episcopal Church of Long Branch, N. J., urging the passage of House joint resolution 159, providing for a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2846. By Mr. FISH: Papers to accompany House bill 8858, granting a pension to James R. Lee, jr.; to the Committee on Invalid Pensions.

2847. By Mr. KAHN: Resolution of San Francisco Advertising Club, indorsing movement for naval base at Alameda, Calif.; to the Committee on Naval Affairs.

2848. By Mr. KISSEL: Petition of the Grain Dealers' National Association, of Toledo, Ohio; to the Committee on Banking and Currency.

2849. Also, petition of Reville Post, No. 127, American Legion, and Branch 2, United National Association of Post Office Clerks, of Brooklyn, N. Y.; to the Committee on the Post Office and Post Roads.

2850. By Mr. VARE: Memorial of Pennsylvania State Chamber of Commerce, urging the passage of a law prohibiting the

transportation of "filled milk" in interstate commerce; to the Committee on Interstate and Foreign Commerce.

2851. Also, memorial of Pennsylvania State Chamber of Commerce, proposing a constitutional amendment permitting the Federal taxation of income derived from State and municipal bonds issued after the ratification of the proposed amendment; to the Committee on Ways and Means.

2852. Also, memorial of the Pennsylvania State Chamber of Commerce, urging early passage of tax-revision legislation; to the Committee on Ways and Means.

2853. By Mr. WINSLOW: Resolution of Worcester Baptist Association, indorsing House joint resolution 159; to the Committee on the Judiciary.

SENATE.

THURSDAY, *October 27, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m. on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McLean	Ransdell
Brandegee	Gooding	McNary	Reed
Broussard	Hale	Moses	Sheppard
Bursum	Harreld	Nelson	Simmons
Calder	Harris	New	Smoot
Capper	Harrison	Newberry	Spencer
Caraway	Heflin	Nicholson	Stanley
Culberson	Hitchcock	Norbeck	Sterling
Cummins	Johnson	Norris	Sutherland
Curtis	Jones, N. Mex.	Oddie	Swanson
Dial	Kellogg	Overman	Townsend
Dillingham	Keyes	Owen	Trammell
du Pont	King	Page	Wadsworth
Edge	La Follette	Penrose	Walsh, Mass.
Ernst	Lenroot	Phipps	Walsh, Mont.
Fernald	Lodge	Pittman	Watson, Ga.
Fletcher	McKellar	Poindexter	Watson, Ind.
Frelinghuysen	McKinley	Pomerene	Willis

Mr. CURTIS. I wish to announce that the Senator from Iowa [Mr. KENYON] is detained at a hearing before the Committee on Education and Labor.

Mr. DIAL. I wish to announce that my colleague [Mr. SMITH] is detained on account of illness.

The VICE PRESIDENT. Seventy-two Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the bill (S. 920) for the consolidation of forest lands in or near national forests, New Mexico, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 2349. An act authorizing the exchange of lands within the Routt National Forest, in the State of Colorado, and for other purposes;

H. R. 2914. An act to add certain lands to Minidoka National Forest; and

H. R. 6429. An act to provide for the consolidation of forest lands within the San Juan National Forest, State of Colorado, and for other purposes.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT laid before the Senate a resolution adopted by the Presbyterian Synod representing Delaware, Maryland, and the District of Columbia, protesting against the action of the Treasury Department in issuing regulations allowing physicians to prescribe beer and wine, and urging the immediate enactment of the so-called antibeer bill, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by ministers of the Southern California Annual Conference of the Methodist Episcopal Church, indorsing the conference on limitation of armaments, which was referred to the Committee on Foreign Relations.

Mr. MOSES presented a memorial of sundry citizens of Manchester, Amherst, and Goffs Falls, all in the State of New Hampshire, and of Lowell and Brockton, both in the State of Massachusetts, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. POINDEXTER presented a resolution adopted by the board of equalization in and for Grays Harbor County, Wash., favoring the making of an appropriation for surveying several thousand acres of unsurveyed public lands within Pierce County, Wash., etc., with a view to imposing taxes thereon, which was referred to the Committee on Public Lands and Surveys.

Mr. WILLIS presented a resolution adopted by the taxation committee of the Cincinnati (Ohio) Real Estate Board, favoring the sales tax in place of all present or proposed direct Federal taxes, which was ordered to lie on the table.

He also presented a petition of sundry members of the Thomas Cusack Co., of Toledo, Ohio, praying for the enactment of legislation providing for the establishment of public game refuges, which was referred to the Committee on Public Lands and Surveys.

Mr. RANSDELL. Mr. President, I present 1,700 petitions, with 27,000 signatures attached, addressed to the Louisiana delegation in Congress, praying for the enactment of legislation to create a department of education as a vital step in the interest of Americanization, protecting our youth from the perils of illiteracy, and giving educables the advantage of an American education, and so forth. I move that the petitions be referred to the Committee on Education and Labor.

The motion was agreed to.

LETTER FROM CORPL. JAMES TANNER—REUNION OF CONFEDERATE VETERANS.

Mr. HARRIS. Mr. President, at the request of citizens of my State I called on President Harding recently and urged him to stop at several places in the State on his visit to the South. The Confederate veterans of the South are holding their reunion in Chattanooga this week, and they were anxious to have him address them. While with the President he read a letter he had received from Corpl. James Tanner, formerly commander of the Grand Army of the Republic, and the letter breathed such a broad and generous spirit that I asked Corpl. Tanner the privilege of having it placed in the RECORD. I ask unanimous consent that that may be done.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

REGISTER OF WILLS,
UNITED STATES COURTHOUSE,
Washington, D. C., October 5, 1921.

The PRESIDENT,
The White House, Washington, D. C.

Mr. PRESIDENT: I have just returned from attendance upon the national encampment of the Grand Army at Indianapolis, where I answered the roll call for the forty-sixth year without a break.

Our friends and former enemies resident at Chattanooga, handling the forthcoming annual gathering of the surviving members of the Confederacy, wired me very earnestly and at length asking me to secure the passage in our encampment of a resolution requesting you to drop in on their gathering on the 27th instant in your passage through there. They felt that because you had been constrained through press of business to decline the invitation of the Grand Army to meet them at Indianapolis that you might feel that if you dropped in on them, even for an hour or two, it would irritate the Grand Army of the Republic. I consulted with leading men in the Grand Army at Indianapolis, and they seemed to feel that your having been unable to accept our invitation rather barred us from taking the liberty of making a suggestion to you to visit the southern organization of our old-time opponents. Now, Mr. President, I have stood on the border line of peace and good will between the two warring sections, and I am taking the personal liberty of saying two or three things to you: McKinley went South and gave greetings to the old boys in gray, greetings which came from the bottom of his great, generous heart, and it had a mighty good effect. I think it would be a very gracious and politic thing for you to do to stop in Chattanooga, if only for two hours, and give greetings as President of the rejuvenated and reunited Nation to those old boys in gray, who were taught from earliest childhood to believe in the doctrine of State rights, who drank it in with their mothers' milk, and believed in as they believed in their mothers' God, and in support of these principles went out and took a man's chance of life for life. An important thing for you to remember, Mr. President, is that in the two wars that have come to this Nation since Appomattox the sons and grandsons of the men that we fought stood in battle line under the old flag side by side with our sons and grandsons, periling their lives in defense of the flag their fathers fought to put down. It is a great occasion offered you, from my humble standpoint; an occasion too great for you to miss. I am prompted in this connection to say to you that several weeks ago I received a very cordial invitation from the committee at Chattanooga having in charge the arrangements for the Confederate reunion to come down there as their guest. If it were not that I am so disabled and worn as I am, the temptation would be very strong to accept that invitation.

I beg you to give most earnest reconsideration as to whether or not you will stop at Chattanooga. If you were not going down through that country, I would not venture to address this communication to

you; but to me it seems a splendid opportunity to make a great point that will inevitably tend to draw the North and South a little closer together.

Cordially, yours, JAMES TANNER.

REPORTS OF COMMITTEES.

Mr. BRANDEGEE, from the Committee on the Judiciary, to which was referred the bill (S. 2573) to amend section 198 of the act of March 4, 1909, entitled "An act to codify, revise, and amend the penal laws of the United States," as amended, reported it with an amendment and submitted a report (No. 305) thereon.

Mr. CUMMINS, from the Committee on Interstate Commerce, to which was referred the bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, reported it with amendments and submitted a report (No. 306) thereon.

POSTAL SERVICE.

Mr. TOWNSEND. I present a report of the Joint Commission on Postal Service submitting recommendations relative to additional postal facilities at Chicago, Ill., and Boston, Mass.

The VICE PRESIDENT. The report will be received and printed.

SAVANNAH RIVER BRIDGE.

Mr. CALDER. Out of order, I ask permission to report favorably from the Committee on Commerce two bills, and I shall ask unanimous consent for their present consideration.

I am directed by the Committee on Commerce, to which was referred the bill (S. 2594) authorizing the counties of Allendale, S. C., and Screven, Ga., to construct a bridge across the Savannah River, between said counties, at or near Burtons Ferry, to report it favorably without amendment, and I submit a report (No. 303) thereon. I ask that the bill may be considered at this time.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

Be it enacted, etc., That the counties of Allendale, S. C., and Screven, Ga., be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Savannah River, at a point suitable to the interests of navigation, between said counties, at or near Burtons Ferry, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

NIAGARA RIVER BRIDGE.

Mr. CALDER. I report back favorably, without amendment, from the Committee on Commerce, the bill (S. 2591) to provide for the construction of a public bridge across the Niagara River, and I submit a report (No. 304) thereon. I ask for its present consideration.

There being no objection, the bill was considered as in Committee of the Whole, and read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to Frank B. Baird, Edward J. Barcalo, Marcus Barmon, Frederick G. Bagley, Emanuel Boasberg, Col. Charles Clifton, John W. Cowper, William A. Eckert, Louis A. Fischer, Carmelo Gugino, Charles M. Heald, Edward B. Holmes, Allan I. Holloway, Edgar E. Joralemon, Charles B. Kane, Edward Kener, John A. Kloepfer, Stanislaus Lipowicz, Edward P. Lupfer, James H. McNulty, Jacob J. Siegrist, John W. Van Allen, John G. Wickser, Floyd M. Wills, and Frank Winch, and their successors and assigns, to construct, maintain, and operate a public bridge and approaches thereto across the Niagara River at a point suitable to the interests of navigation, within or near the city limits of Buffalo, in the county of Erie, in the State of New York, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906: *Provided*, That subject to the provisions of this act the Secretary of War may permit the persons herein named to construct a tunnel or tunnels under said river in lieu of the bridge herein authorized, in accordance with the foregoing act approved March 23, 1906, so far as the same may be applicable.

SEC. 2. That this act shall be null and void unless the construction of said bridge or tunnels is commenced within two years and completed within five years from the date of approval hereof.

SEC. 3. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POINDEXTER:

A bill (S. 2633) fixing the rank upon retirement of officers serving in the recent war with Germany; to the Committee on Military Affairs.

By Mr. BRANDEGEE:

A bill (S. 2634) for the relief of commissioned officers and enlisted men who were on the retired list of the Army or Navy prior to April 6, 1917 (with accompanying papers); to the Committee on Military Affairs.

By Mr. LODGE:

A bill (S. 2635) for the relief of H. P. Converse & Co.; to the Committee on Naval Affairs.

By Mr. WADSWORTH:

A bill (S. 2636) for the relief of the owner of the steamship *Urubambra;* to the Committee on Claims.

By Mr. BURSUM:

A bill (S. 2637) for the relief of John Y. Carpenter; to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 2638) for the relief of Corine Jerman and the children of Corine Jerman and Joseph Jerman (with accompanying papers); to the Committee on Claims.

AMENDMENTS OF TAX REVISION BILL.

Mr. SPENCER, Mr. DIAL, Mr. SIMMONS, and Mr. REED submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

NEWPORT (R. I.) NAVAL TRAINING STATION.

Mr. GERRY submitted the following resolution (S. Res. 164), which was referred to the Committee on Naval Affairs:

Whereas it has appeared in the public press that the Navy Department plans to discontinue the training of recruits at the Newport Naval Training Station, Newport, R. I.; and

Whereas it has been stated that this step is taken solely upon motives of economy: Therefore be it

Resolved, That the Secretary of the Navy be, and he is hereby, requested to furnish the Senate the following information:

1. How much it is contemplated will be saved the Government by this action.

2. The per capita cost of training at the naval training station, Newport, and at the naval operating base, Hampton Roads, Va.

3. The number of men in training at each of these stations on July 1, 1921, and the States from which they came, as well as the number from each of those several States.

4. What use, if any, it is intended to make of the training station at Newport and the appropriation it is believed will be necessary for that use.

FOREST LANDS IN NEW MEXICO.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 920) for the consolidation of forest lands in or near national forests, New Mexico, and for other purposes.

Mr. SMOOT. I move that the Senate disagree to the amendments of the House, ask for a conference on the disagreeing votes of the two Houses, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. SMOOT, Mr. NORRIS, and Mr. MYERS, conferees on the part of the Senate.

HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred to the Committee on Public Lands and Surveys:

H. R. 2349. An act authorizing the exchange of lands within the Routt National Forest, in the State of Colorado, and for other purposes;

H. R. 2914. An act to add certain lands to Minidoka National Forest;

H. R. 6429. An act to provide for the consolidation of forest lands within the San Juan National Forest, State of Colorado, and for other purposes.

THE GOLD MINING INDUSTRY.

Mr. ODDIE. I ask unanimous consent to have printed in the RECORD correspondence between the Secretary of the Treasury and myself, regarding the gold mining industry and the importance of maintaining the gold standard of the world, supplementing the statement presented by the Senator from Montana [Mr. WALSH] yesterday.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
August 17, 1921.

Hon. ANDREW W. MELLON,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: The following Senators have signed the inclosed resolution relating to the existing crisis in the gold mining industry of the Nation and the importance of maintaining the gold standard of the world:

TASKER L. ODDIE, Nevada; H. O. BURSUM, New Mexico; CHAS. L. MCNARY, Oregon; LAWRENCE C. PHIPPS, Colorado; RALPH H. CAMERON, Arizona; SAMUEL D. NICHOLSON, Colorado; THOMAS STERLING, South Dakota; SAMUEL M. SHORTRIDGE, California; F. R. GOODING, Idaho; HIRAM W. JOHNSON, California; H. L. MYERS, Montana; WM. E. BORAH, Idaho; T. J. WALSH, Montana; ANDRIEUS A. JONES, New

Mexico; HENRY F. ASHURST, Arizona; KEY PITTMAN, Nevada; JOHN B. KENDRICK, Wyoming; ROBT. N. STANFIELD, Oregon; W. L. JONES, Washington; PETER NORBECK, South Dakota; MILES POINDEXTER, Washington; E. F. LADD, North Dakota.

We will appreciate your considerate and early attention to the subject matter of the resolution and a detailed and complete reply to the questions therein presented.

Very truly, yours,

(Signed) TASKER L. ODDIE.

Resolution on the gold situation to be submitted to the Hon. Andrew W. Mellon, Secretary of the Treasury, by Members of the United States Senate.

Whereas gold is the standard of value and the basis of all credit and its production is vitally important to the financial and commercial life of the Nation and of the world; and

Whereas the production of gold in the United States has declined from $101,035,000 in 1915 to $49,509,000 in 1920, a decline in excess of 50 per cent, due to the fact that the price of gold is fixed by the Government while the cost of producing gold has greatly increased; and

Whereas the consumption of gold in manufactures and the arts increased from $37,820,000 in 1915 to $75,490,000 in 1919, an increase of 100 per cent, due to the excessive demand for luxuries and the fact that the Government has been supplying the industrial consumers of gold with the metal at the prewar price; and

Whereas the normal process of deflation will not be sufficiently rapid to prevent the further decline in the production of gold and the wastage of developed gold are resources due to the flooding of the mines; and

Whereas the gold standard can not be permanently maintained without gold production, and the Nation is confronted to-day by the prospect of a heavy drain upon the monetary gold reserve, which will necessitate a still further curtailment of credit; and

Whereas Representative LOUIS T. MCFADDEN, chairman of the Banking and Currency Committee, has introduced a bill, H. R. 5025, in the Sixty-seventh Congress which provides for the maintenance of the normal gold production of the United States by an equitable adjustment between the producer and the industrial consumer of gold; and

Whereas H. R. 5025, containing a provision to levy an excise, in accordance with the Constitution, has been introduced in the House of Representatives and referred to the Ways and Means Committee thereof; and

Whereas H. R. 5025, involving both the policy and administration of the Treasury Department, has been referred by Chairman FORDNEY to the Secretary of the Treasury for an opinion: Now, therefore, be it

Resolved, That the undersigned, Members of the United States Senate, urge upon the Secretary of the Treasury the significance of his reply to Chairman FORDNEY in determining the status of the gold-mining industry, which is vitally important to the maintenance of the gold standard and the financial security of the Nation; and be it further

Resolved, That if upon the analysis of the Secretary of the Treasury reasons can not be definitely assigned for opposing the provisions of H. R. 5025 the Secretary is requested to indorse the same, in order to expedite the action of the House and permit the bill to be considered by the Senate; and be it further

Resolved, That if the Secretary of the Treasury has specific reasons for opposing the provisions of H. R. 5025 he is hereby urgently requested to formulate a proposal for enactment by Congress, first, to protect the gold-mining industry from destruction, which is a serious matter, irrespective of the fact that its operation is necessary as the basis of our monetary system; and, second, in anticipation of the heavy foreign drain upon our gold reserve, to provide for augmenting said reserve from sources of domestic production, and thereby lessen the need for the further and extensive curtailment of credit which otherwise would result.

TASKER L. ODDIE, Nevada; H. O. BURSUM, New Mexico; CHAS. L. MCNARY, Oregon; LAWRENCE C. PHIPPS, Colorado; RALPH H. CAMERON, Arizona; SAMUEL D. NICHOLSON, Colorado; THOMAS STERLING, South Dakota; SAMUEL M. SHORTRIDGE, California; F. R. GOODING, Idaho; HIRAM W. JOHNSON, California; H. L. MYERS, Montana; WM. E. BORAH, Idaho; T. J. WALSH, Montana; ANDRIEUS A. JONES, New Mexico; HENRY F. ASHURST, Arizona; KEY PITTMAN, Nevada; JOHN B. KENDRICK, Wyoming; ROBT. N. STANFIELD, Oregon; W. L. JONES, Washington; PETER NORBECK, South Dakota; MILES POINDEXTER, Washington; and E. F. LADD, North Dakota.

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THE SECRETARY OF THE TREASURY,
Washington, September 30, 1921.

MY DEAR SENATOR: I received your letter of August 17, 1921, presented on behalf of Senators from the Western States, and have been glad to give careful consideration to the inclosed resolution of the Senators with respect to the gold-mining industry and the bill which has been introduced in the House of Representatives (H. R. 5025) "To provide for the protection of the monetary gold reserve by the maintenance of the normal gold production of the United States by imposing an excise, for revenue and other purposes, upon all gold used for other than monetary purposes, and by the payment of a premium to the producers of newly mined gold, and providing penalties for the violation thereof."

The Treasury's position with respect to this bill has already been stated in my letter of May 9, 1921, to the chairman of the Committee on Ways and Means, a copy of which is inclosed for your information. The developments which have occurred since this letter was written have confirmed the Treasury's views and have shown that as commodity prices return toward normal and costs become stabilized on a lower level relief should gradually come in the ordinary course of events from the difficulties of which the gold-mining industry has been complaining. Already there are signs of some improvement.

The bill presents two main questions, the first of which is of chief concern to the Treasury, namely, whether it is necessary or advisable to pay the proposed premium of about 50 per cent on newly mined gold and impose a tax on gold used in the arts in order to protect the monetary gold reserve of the United States. I think it is clear that there is no need for the legislation from this point of view. The market for gold is international, and in the present state of the exchanges the United States draws gold from every quarter and receives practically the whole gold production of the world, with the exception of what goes to the arts. The effect has been an unprecedented gold movement to this country during the past year or more, which has resulted in net imports many times greater than this country's normal annual production of gold. During the calendar year 1920, according to the reports of the Federal Reserve Board, the net imports of gold into the United States in excess of exports aggregated about $95,000,000. In the present calendar year, down to September 20, 1921, the imports have amounted to over $545,000,000 as against total exports of about $13,500,000, or an excess of imports over exports amounting to about $532,000,000. The figures are not available, of course, as to domestic gold production in 1921, but for 1920 the Director of the Mint reports that the total is estimated at $51,048,526. The figures for earlier years, with figures as to the amounts of gold used in the arts, are given in the Annual Report of the Director of the Mint for 1920 on pages 72–5. A copy of this report is inclosed for your information. The amounts of gold used in the arts, it appears from this report, include substantial amounts of old material which do not drain the monetary gold supply. I inclose also a copy of the report issued by the Bureau of the Census under date of September 24, 1921, with respect to the condition of the gold-mining industry in the year 1919.

The result of the operations of the past few years has been to accumulate in the United States the largest monetary gold reserve in its history, and the largest stock of monetary gold in the world. The total amount of monetary gold in the country on September 1, 1921, according to the inclosed monthly circulation statement of that date, is $3,377,417,980, of which $2,641,061,000 was held on August 31, 1921, in the reserves of the Federal reserve system. Since that date the reserves have been augmented by additional imports, and on September 28 were $2,725,966,000. Imports of gold are continuing at a heavy rate, and there are as yet no indications that the movement is at an end. For your information in this connection I am inclosing copies of the statements issued by the Federal Reserve Board showing the condition of the Federal reserve banks as at the close of business on August 31 and September 28, 1921. I inclose also a copy of the Federal Reserve Board statement of September 30, 1921, which shows the imports and exports of gold from January 1 to September 20, 1921, and their distribution by countries.

These figures show that there is no shortage of gold in the United States, and that there is nothing in the position of the gold reserves which makes it either necessary or advisable to encourage by subsidies or other artificial means new mine production of gold. As a matter of fact, the monetary gold supply of this country, instead of decreasing, has greatly increased in recent years, and is more than ample to meet the credit and currency needs of the country. The monetary stock of gold of the world has also increased during the past 10 years, it has been estimated, by as much as $2,000,000,000.

The other question raised by the bill is one of legislative policy, on which the Treasury is not called upon to express an opinion, namely, whether a subsidy or bonus should be paid to domestic producers of gold because of the hardships which the gold-mining industry has suffered during the period of abnormal war costs. As already indicated, I believe that these conditions will gradually right themselves without a Government subsidy, and that the difficulties in which the producers of gold have found themselves in the meantime are due chiefly to the fact that gold is the standard of value. It is true, of course, that the price of gold, as the monetary unit, is fixed by law, but this in turn gives compensating advantages to gold producers in other times, when production costs are low, because of the assured market at a fixed price which is always available. It is difficult in these circumstances to see what special equity there is in the claim for a premium when costs are high. There would certainly be no suggestion of a discount if costs were low.

The tax which the bill would impose upon the use of gold for nonmonetary purposes, while in form a tax, would in fact put restrictions upon the free convertibility of the currency into gold. If gold could not be used, except under heavy penalties, for anything else than money, its value would be impaired and there would be, in effect, a clog on the convertibility of the currency. One dollar in paper currency, in other words, would not buy one dollar's worth of gold, if the gold was to be used in the arts. Gold in large quantities, moreover, is imported from abroad and even under legislation like that proposed could be purchased in foreign countries in the open market. To put a penalty on foreign gold thus brought into this country for nonmonetary purposes, in order to pay a premium to domestic producers, would seem to have little or no relation to the protection of our own monetary gold reserves.

I find upon investigation that in the previous administration there was appointed a committee to consider the condition of the gold-mining industry, and that its findings were published in February, 1919, and approved by my predecessors as Secretary of the Treasury. It seems to me that the report of this committee is interesting in the present situation, and I am therefore inclosing a copy for your information.

I have noted particularly the request made in the resolution which was presented with your letter that if the Treasury be opposed to H. R. 5025 it formulate a proposal for enactment by Congress to relieve the gold-mining industry and protect the gold reserve. As already indicated, I believe that no legislation of this character is needed in order to protect the gold reserve, and therefore have no proposal to suggest for this purpose. On the question of possible legislation to provide a bonus for the mining of gold, the Treasury also has no proposal to submit, believing, as indicated herein, that if such a bonus were to be granted it would come as an exercise of legislative discretion by Congress.

Very truly, yours,

A. W. MELLON,
Secretary.

Hon. TASKER L. ODDIE,
United States Senate, Washington, D. C.

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OCTOBER 19, 1921.

MY DEAR MR. SECRETARY: This will acknowledge receipt of your reply of September 30 to my letter of August 17, transmitting the resolution upon the gold situation signed by the Senators from the Western States.

I have given careful consideration to the gold policy which you have enunciated, which, so far as I can see, is identical with that of the last administration. For this reason I deem it my duty to invite your attention to the serious manner in which that policy has affected our domestic industrial condition, our export trade, and the maintenance of the gold standard.

The report of the committee appointed in the previous administration to consider the condition of the gold-mining industry, approved by your predecessors as Secretary of the Treasury, to which you refer, expressed the opinion that a decline in commodity prices was going to be the natural solution of the problem, but those prices continued for two years after that to ascend to such heights that the mines were forced to shut down, showing that the prophecy of the committee was in error.

This report is interesting, but because of my practical knowledge of and familiarity with the conditions which prevail in the gold-mining industry I can not agree with the committee's conclusions.

You have expressed the opinion in your letter of May 9 to the chairman of the Committee on Ways and Means and in your letter of September 30 to me that as commodity prices return toward normal and costs become stabilized on a lower level relief should gradually come in the ordinary course of events from the difficulties of which the gold-mining industry has been complaining. The wholesale index number of the Bureau of Labor Statistics has been recently ascending over the low point established in June, and still remains over 50 per cent above the wholesale price level of 1913. This would show that the general price level is rising instead of declining. It must be apparent that as the price level increases the economic pressure upon the gold-mining industry will correspondingly increase.

The retail-price level, upon which the purchase of mining materials would be more accurately based, has not yet descended proportionately to the level of wholesale prices. No change in the price level has yet taken place which would enable the profitable operation of those gold mines which had discontinued operations during this period of economic stress. In fact, the normal condition of the industry can not be restored unless the purchasing power of the 1913 dollar is restored. I fully appreciate that over a period of many years there may be a remote possibility that the purchasing power of the 1913 dollar will have returned, but I can not conceive the possibility that the purchasing power of the dollar, in terms of material and labor utilized in the gold-mining industry, will return in time to save the ore reserves from loss through caving in the mines which have been shut down and filled with water during the period 1916–1921.

It must also be apparent that we can not hope to maintain normal production of gold in the United States, which for the decade prior to 1916 annually averaged $95,000,000, unless the purchasing power of the 1913 dollar is reestablished. The object, therefore, in suggesting that the loss in the purchasing power of the gold ounce be temporarily compensated is to conserve the investment which has been made in the gold-mining industry prior to 1916 from wastage and loss, and thus to conserve the gold-producing power of the Nation. The improvement which you indicate has already taken place can not refer to increased activities in any but those few properties which have under very great difficulties and expense to their ore reserves maintained operations over this critical period.

The United States Geological Survey, in the "Mineral Resources of the United States for 1920," makes the following comment with reference to the condition of the gold-mining industry:

"Gold mining continued in a greatly depressed condition, and the value of the country's output decreased to less than $50,000,000. Less than half of the gold mines of the country were active and some of the large mines were closed permanently."

Based upon reports of gold production for the first six months of 1921, a total production for this year will probably not exceed $40,000,000, a decrease of 20 per cent from that of 1920. The President's conference on unemployment, through its committee on emergency measures and mining, recommended, on October 13, 1921, as follows:

"Gold mining suffers from the excessive cost of supplies and other items, and the value of the gold output being fixed as against material advances in cost has operated to restrict the employment of labor in gold mines."

These are not signs of improvement but rather of further depression in the gold-mining industry.

You state that "the monetary gold stock of the world has also increased during the past 10 years, it has been estimated, by as much as $2,000,000,000."

With the enormous increase in the paper currency of the world, the marked decline in gold production, and the increased gold consumption in the industrial arts the ratio of gold to notes has declined from 66 per cent in 1914 to less than 10 per cent in 1920. The paper currency of the world is now eleven times as much as at the beginning of the war, and the available supply of gold from sources of new production bears an increasingly diminishing ratio to the note circulation. The gold holdings and paper currencies of the 50 principal countries for which figures are available show that the ratio of gold to notes was 66.8 per cent in 1914, 17.9 per cent in 1918, 13.7 per cent in 1919, and 9.3 per cent in 1920. During this same period, in addition to these extensive note issues, world national debts expanded from $43,000,000,000 at the beginning of the war to $212,000,000,000 at its close, and advanced to about $256,000,000,000 at the end of the first year of peace, and at the end of the second year were approximately $300,000,000,000. The annual interest charges have advanced from $1,750,000,000 in 1913 to $12,000,000,000 in 1920. Both the principal of this debt and interest are payable in gold.

It would appear from these facts that the increase of $2,000,000,000 in the world's gold stock which you have cited is a very meager addition as compared with the existing obligations arising from the need for currency redemption and the payments of debts and interest. The experience gained since the termination of the war indicates that at the earliest opportunity the people of every country will desire to return to their prewar monetary customs. Those who have sustained losses through the purchase of paper notes which have since depreciated in value are aware that the use of this paper as an economy in the use of gold is a great fallacy. The preference which had developed for the use of paper notes will be replaced by a demand for the actual circulation of gold. The very fact that the banks are expected to discourage the use of gold as currency would seem to be evidence that they are by no means confident that the people will not demand gold in circulation whenever the reserves are released. The world stands bankrupt to-day for lack of gold.

The net importation of gold into this country from 1914 to September 20, 1921, has been $1,300,000,000. To this extraordinary extent we have depleted the monetary gold stocks of the countries of the world, which has been one of the fundamental causes for depreciation of foreign currencies. For the period January 1 to September 20, 1921, the net importation of gold amounted to $531,700,000, of which the net importation from Europe amounted to $401,800,000, or about 76 per cent. France, with its greatly depreciated currency, contributed $151,600,000 of this gold, while Sweden contributed $55,000,000 and England $154,000,000. To the depreciation in the European currencies in particular may be attributed the marked decline in our export trade. The present industrial depression in this country is largely due to the falling off in our export trade. The external purchasing power of all foreign countries of the world must be increased in order to restore a normal condition in our export trade. A redistribution of the gold which we have acquired since the beginning of the war is a prerequisite to increasing the external purchasing power of European countries and restoring financial poise to the balance of the world. Europe's need for part of our excessive supply of gold should not be forced to wait upon her ultimate recovery, if we are to consider the dependence of our own Nation's prosperity upon the restoration of export trade. As rapidly as one country after another approaches a more stable condition in its currency, an increased demand for gold will occur.

Such a condition compels us to adopt a gold policy that will make possible a redistribution of the gold which we have acquired during and since the war as soon as conditions permit. Under such a policy we should not permit that gold to become the basis of our credit and currency structure, as it could not then be released for export without forcing a rapid deflation. The United States should occupy the position of trustee for this newly acquired gold.

The total reserves of the Federal reserve banks on August 31, 1921, amounted to $2,790,000,000. If these reserves were to be reduced by the $1,330,000,000 of gold acquired during the war and post-war period, the gold cover of the Federal reserve notes in circulation on that date would be 34.8 per cent, which is considerably below the minimum of 40 per cent provided in the Federal reserve act and considerably less than half the gold cover reported of 88.5 per cent. This statement indicates that some of this newly acquired gold is already a part of our credit and currency structure and could not be released without a still further contraction in the volume of our credit and currency. That does not indicate that under such a gold policy we have an excessive amount of gold to accomplish the work which it will be called upon to perform both nationally and internationally.

There is a still more important consideration in a gold policy to redistribute this newly acquired gold than that which relates to the revival of our export trade. There is no question that the unstable condition of the foreign exchanges and their depreciation seriously menaces the maintenance of the gold standard. If the influx of gold continues at the present rate—and you state there are no indications that the influx may end—it will not be long before the United States holds the gold stock of the world. It must be apparent that if foreign exchanges continue to depreciate, with a continued loss of this gold to us, the increased disparities from the gold standard par would still more seriously jeopardize the security of gold as the international monetary unit and the medium of exchange. It would not seem possible for one nation to maintain a monetary unit as a medium of exchange when that unit could not be utilized in the trade transactions of the balance of the world.

This gold was purchased by us with very cheap dollars, and it will have to be repurchased by these foreign countries with much more expensive dollars in terms of labor, and there will naturally arise a great resistance to a monetary system which thus imposes such a great burden upon the peoples of so many countries. Our problem, therefore, is to assist those nations in every way possible to recover their former gold stocks and thus enable them to appreciate their currencies to the gold standard level. If we fail to render this assistance, some other unit will be adopted as a matter not only of convenience but of necessity. As a creditor Nation we have become still more involved in the world's financial structure, and our continued position as such is dependent upon the maintenance of the gold standard.

From the report of the Director of the Mint, which you have submitted, the "new gold" which was sold by the Treasury Department through the mint service to the industrial consumers, principally for the manufacture of jewelry, amounted for the years 1914–1919, inclusive, to $232,000,000. The National City Co. estimates that the amount of "new gold" sold by the mint service for consumption in the arts in 1920 amounted to $60,000,000. This makes a grand total of $292,000,000 of "new gold" which was diverted from the monetary reserve for the manufacture of gold articles largely to satisfy the demand for luxuries. This statement excludes the "old material," in accordance with the differentiation made in your letter, which reduces considerably the total amount of gold consumed in the manufactures and the arts.

It is interesting to note that during the calendar year 1919 the United States exported an excess of gold over its imports in the amount of $291,600,000. Had this "new gold" not been withdrawn from the monetary reserve for industrial consumption it would have been sufficient to more than replace the amount of gold lost by excess exportation in 1919, and would have removed, to a large extent, the need for putting into effect the drastic measures of deflation which were adopted by the Federal Reserve Board as a last resort to preserve the gold reserve ratio from declining below the legal minimum prescribed in the Federal reserve act. Had this gold been conserved for monetary uses instead of dissipated in satisfying the demands for luxury the industries of the country would not have become paralyzed by a deflation so rapid and extensive as the one which was imposed.

In the testimony of Gov. Benjamin Strong, of the Federal Reserve Bank of New York, before the Joint Agricultural Commission of the Senate and House of Representatives, he stated that $100,000 in gold in the bank reserves of the Federal reserve system was equivalent to about $1,800,000 in terms of credit in the country banks of the Nation. The $292,000,000 of "new gold" which was withdrawn from the monetary reserve for industrial consumption during and since the war would have been equivalent to an extension of credit to the country banks of $5,250,000,000. Had this gold been available in September, 1920, a less restricted policy of deflation could have been adopted with safety which would not have imposed the burden that the agricultural and other industries of our Nation have been forced to bear.

I am firmly convinced that if our gold reserve had been protected against this extraordinarily heavy industrial drain, and a moderate deflation begun within a year after the armistice, our present difficulties of depression would not only have been minimized but might never have occurred.

The decline in our governmental revenue receipts is due largely to the falling off in export trade; and yet the gold policy enunciated in your letter and which has been in effect both during and since the war

has intensified the difficulties with which the Treasury Department is now confronted.

Had it not been for the loss in our decreased gold production over this period, which has been minimized by the jewelers in their testimony before the Committee on Ways and Means of the House of Representatives, in their desire to guard their interests from the payment of this infinitesimal tax, an additional credit of $2,000,000,000 could have been available to our country banks, making a total credit which might have been extended by a more conservative gold policy of $7,250,000,000. This amount of credit was extinguished through the wasteful practices of our war and post-war periods. The consequences of this policy have not yet ceased to exist.

Congress, realizing the importance of immediate action in controlling the sales of gold to the trades, whenever the protection of our monetary system demands, enacted the law of March 3, 1901, which not only delegates to the Secretary of the Treasury the authority to control these sales, but makes it mandatory that sales shall not be made without his consent.

In your communication you refer to the fact that the market for gold is international. There could, therefore, have been no embarrassment to the industrial consumers of gold if they had been forced to purchase their gold in the world's markets instead of having been allowed to remove it directly from the monetary reserve which serves as the basis of our credit and currency.

It is important to note that when the gold reserve ratio of the Federal reserve system was lowest, interest rates became high and progressed to still higher levels when the policy of the Federal reserve system to arbitrarily restrict the further extension of credit was put into effect. As soon, however, as the stimulating effect of the additions of newly imported gold to the reserves of the system took place, interest rates became more moderate and the credit tension was considerably lessened, showing what a far-reaching influence under the present banking system of the Nation a small amount of gold exerts over the vital instrument of credit.

The benefits of this newly imported gold were immediately reflected in our domestic financial system, but this was accomplished at the expense of curtailing our export trade by reducing the purchasing power of Europe. The same benefits from a like amount of domestically produced gold in the banking system would have resulted without causing this decline in our export trade. The gold which has been diverted from the gold reserve to the manufacture of luxuries, had it been retained in the banking system, would have had a similarly beneficial effect without depressing our export trade.

I note your statement that—

"It is difficult in these circumstances to see what special equity there is in your claim for a premium when costs are high."

The equity lies in the fact that in the case of the gold-mining industry the die was cast, the investment was made, and the loss of this investment occasioned by the shutting down of the mines was forced upon the industry because of a lack of governmental foresight in promptly providing a means for compensating the loss in purchasing power of the gold ounce, in accordance with the index number; whereas the investment in the jewelry industry would not have been impaired in the least by the payment of the excise imposed upon the manufacture of gold articles which could have been readily passed on to the consumer, as provided for in the legislation upon which your opinion has been asked.

The enactment of this proposed legislation will protect the public by insuring the quality of the article sold and will enable the public also to appraise the cost of the workmanship as well as the cost of the raw material. The provisions of the McFadden bill which were referred to in the resolution impose no penalty on the purchase of foreign gold in this market to be used for nonmonetary purposes, as the industrial consumers would continue to purchase their gold from the United States Mint at the free gold market price. For this reason a speculative market for gold could not develop.

Furthermore, the cost of the premium provided in this legislation would not have fallen on the general public as a tax burden, but would have been borne directly by the consumers of luxuries who have, it is presumed, the ability to pay.

On the other hand, the Government sold during this entire period of high prices $252,000,000 of "new gold" to the industrial consumers at the prewar price. In effect, is this not subsidizing the jewelers and other industrial consumers?

The objection to employing artificial means to compensate for the lost purchasing power of the gold producer's dollar is answered by recalling that any price fixed by the Government is artificial in character.

I note particularly the paragraph in your letter which begins:

"The tax which the bill would impose upon the use of gold for nonmonetary purposes, while in form a tax, would, in fact, put restrictions upon the free convertibility of the currency into gold. If gold could not be used except under heavy penalties for anything else than money, its value would be impaired and there would be, in effect, a clog on the convertibility of the currency. One dollar in paper currency, in other words, would not buy one dollar's worth of gold, if the gold was to be used in the arts."

It is difficult for me to understand how such a conclusion could be drawn when the provisions of the bill expressly state that the tax proposed is to be collected only at the time of the sale of the finished product. This tax is, therefore, not imposed upon the bullion to be sold by the mint to the industrial consumers of gold. Under the provisions of this bill the industrial consumers continue to obtain gold from the mint at the monetary price which now prevails. There is no relation now between the sale price of a manufactured article containing gold to the cost of the raw material contained therein. Why, therefore, should the addition of this tax, which would be a small fraction of the sale price of the gold article, affect the free flow of gold or its convertibility? In France, since 1873, a special excise has been imposed upon the sale of manufactured articles containing gold. No disturbance to the free flow of gold or to the French monetary system has ever resulted. This tax in June, 1920, was greatly increased. No difficulty has been experienced in France in collecting this tax, and there should be no difficulty in collecting the tax here, as it can be readily measured by the amount of gold contained.

Normally $250,000,000 of the world's total gold production were annually available for monetary purposes, but during 1919–20 there was less than $60,000,000 per annum available for monetary purposes, the balance having been absorbed by the industrial arts—India and China.

The production of gold throughout the world is declining, and unrestricted industrial consumption for years to come would be so large as to reduce the amount available for monetary purposes. This condition must be remedied if the gold standard is to survive this period of readjustment. The industrial gold consumption of the world should, therefore, be forcibly curtailed and gold production stimulated. Both of these conditions should be satisfied by an equitable adjustment in the cost and price equation between the producer of new gold and the industrial consumer. The McFadden bill provides for such an adjustment.

This constructive gold policy put into effect at this time will safeguard the maintenance of the gold standard. Such a policy is also prerequisite to a more rapid revival of our domestic industry and export trade upon which the full-time employment of our people and the prosperity of the Nation depend.

In view of the great importance of this subject at the present time and because of its vital, far-reaching effects upon all the activities of our national life, I shall await with much interest your answer to this letter.

Very truly, yours, TASKER L. ODDIE.

Hon. ANDREW W. MELLON,
Secretary of the Treasury, Washington, D. C.

POST-OFFICE GROUND AT PLAINFIELD, N. J.

Mr. FRELINGHUYSEN. I ask unanimous consent for the immediate consideration of the bill (S. 2425) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes. It grants permission to the city of Plainfield, N. J., to widen an avenue and grants a quitclaim deed for land now belonging to the United States. It is necessary to improve the street.

The bill has the approval of the Postmaster General and the Secretary of the Treasury. The fact that the deed has not been heretofore granted is holding up the improvement of the city and creating a great deal of confusion. There are certain amendments of the committee which are simply corrective of the phraseology of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Public Buildings and Grounds with amendments.

The amendments were, on page 1, line 7, after the word "to," to insert "all or any lesser part of"; in line 8, after the words "west side," to insert "and along the Watchung Avenue frontage"; in line 10, before the word "shall," to strike out "it" and insert "such strip"; in line 11, after the word "width," to strike out the comma and the words "and extending along the Watchung Avenue frontage of said property"; in line 12, after the word "and," to strike out the word "that"; on page 2, line 2, before the word "said," to strike out the words "so forth" and to insert "do such other work upon"; in line 8, after the words "costs of," to strike out "such remodeling, and so forth, of said Federal building, and so forth," and to insert "all of said work upon said Federal building, grounds, and approaches"; in line 12, before the word "described," to insert the word "said"; in line 13, after the word "hereinbefore," to strike out "described" and insert "provided"; and in line 14, before the word "said," to strike out the word "that," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and empowered to convey, by quitclaim deed, to the city of Plainfield, N. J., for street purposes, and for no other purpose, all the right, title, and interest of the United States of America in and to all or any lesser part of a strip of land off the west side and along the Watchung Avenue frontage of the Federal building site in said city, 10 feet in width except opposite the entrance steps of the Federal building, where such strip shall be approximately 3 feet 9 inches in width; and the Secretary of the Treasury is hereby authorized and directed to remodel, alter, and repair, and do such other work upon said Federal building, grounds, and approaches as may be necessary, in his opinion, for the accommodation and convenience of the business of the United States on account of the widening of said Watchung Avenue: *Provided, however*, That the said city of Plainfield, as a consideration for such conveyance, shall bear the costs of all of said work upon said Federal building, grounds, and approaches, as ascertained by the Secretary of the Treasury: *And provided further*, That the said city of Plainfield shall not have the right to sell or convey the said described premises nor to devote the same to any other purpose than as hereinbefore provided; and in the event said premises shall not be used for street purposes only and cared for and maintained as are other public streets in said city the right, title, and interest hereby authorized to be conveyed shall revert to the United States.

The amendments were agreed to.

Mr. WATSON of Georgia. Mr. President, the bill seems to grant public lands of the Federal Government to a city in the Senator's State. Does he not think it proper that a brief explanation should be made of the measure?

Mr. FRELINGHUYSEN. I explained the bill when I asked unanimous consent for its consideration. A strip of land of 10 feet belonging to the Government in front of the post office in Plainfield is needed for the widening of the street. This bill proposes to grant a quitclaim deed for the land to the city, which agrees to pay all of the expense of the improvement. The matter has been submitted to the Post Office Department, and the department have approved it. It will make the street more accessible and will be an improvement which will benefit the post office as well as the city.

Mr. OVERMAN. Does the Secretary of the Treasury recommend the passage of the bill?

Mr. FRELINGHUYSEN. Yes.

Mr. OVERMAN. He is the custodian of such buildings.

Mr. WATSON of Georgia. I wish to ask the Senator from New Jersey how much Government ground will be left in front of the post-office building.

Mr. FRELINGHUYSEN. The same amount as on the remainder of the street. I think the sidewalk is 12 feet wide, or about that; I do not know its exact width, but the proposition will carry out the general improvement of the street.

Mr. WATSON of Georgia. Very well.

Mr. POINDEXTER. Mr. President, I ask unanimous consent for the present consideration of order of business 276. It is a local bill of great importance to the section of country to which it relates.

The VICE PRESIDENT. The bill of the Senator from New Jersey [Mr. FRELINGHUYSEN] is still before the Senate.

Mr. POINDEXTER. Excuse me. I thought that action had been taken on that bill.

Mr. JONES of New Mexico. Will the matter for which the Senator from Washington asks consideration lead to much debate, I should like to inquire?

Mr. POINDEXTER. If it leads to any discussion, I will withdraw my request for the consideration of the bill. It is purely a local bill.

Mr. PENROSE and Mr. FRELINGHUYSEN addressed the Chair.

Mr. SIMMONS. Mr. President, we are operating under a unanimous-consent agreement.

Mr. FRELINGHUYSEN. I beg pardon. I have the floor for the consideration of a bill.

Mr. PENROSE. But the bill is open to objection.

Mr. FRELINGHUYSEN. I understand it is open to objection, but I also understand that the Chair is about to put the question on the passage of the bill.

Mr. SIMMONS. But, Mr. President, we are operating under a unanimous-consent agreement.

Mr. FRELINGHUYSEN. Certainly, but I have asked unanimous consent for the consideration of the bill, and consent was granted.

Mr. SIMMONS. One unanimous-consent agreement can not be set aside by another.

The VICE PRESIDENT. Does the Senator from North Carolina object to the consideration of the bill of the Senator from New Jersey?

Mr. SIMMONS. I do not wish to object to this particular bill, but I give notice that I shall object to the consideration of any other bill.

Mr. PENROSE. Mr. President, I fully recognize that an existing unanimous-consent agreement can not be modified, and these proceedings are irregular. I dislike to inconvenience Senators, but one bill is hardly passed before consideration for another is asked, and all such measures are irregularly brought before the Senate.

The VICE PRESIDENT. If there be no objection, the bill will be reported to the Senate.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. JONES of New Mexico. Mr. President, we are supposed to consider to-day, I think principally an amendment which I have offered to the corporation-tax provisions of the pending bill. I ask that the amendment submitted by me may be stated.

The VICE PRESIDENT. The amendment proposed by the Senator from New Mexico will be stated.

The READING CLERK. The Senator from New Mexico [Mr. JONES] offers the following amendment:

On page 79, line 1, after the word "tax," strike out all down to and including line 7, and insert "equal to the sum of the following: Eight per cent of the first 10 per cent of the amount of the net income; 16 per cent of the next 10 per cent of the amount of the net income; 24 per cent of the next 10 per cent of the amount of the net income; 32 per cent of the next 10 per cent of the amount of the net income; 40 per cent of the next 10 per cent of the amount of the net income; 48 per cent of the next 10 per cent of the amount of the net income; and 56 per cent of the remainder of the net income.

"In no case shall the amount of the net income taxed by this section exceed the portion thereof which has not been distributed, before the time the return for such taxable year is due, as dividends to shareholders or members."

Mr. JONES of New Mexico. Mr. President, this amendment is in the language of the drafting committee, and it means precisely what I intend it shall mean. I can state, however, if Senators will give me their attention, the purpose of the amendment in a manner which can be more easily understood.

As the bill now stands the excess-profits tax upon corporations has been repealed. It is proposed now by the committee amendment, but which the amendment I have presented if adopted will supplant, to levy a flat-rate tax of 15 per cent on all earnings of corporations. The purpose of my amendment is to eliminate the entire flat-rate tax upon corporate income and to substitute therefor a graduated tax only upon the net income of corporations which is not distributed in dividends. It is a flexible plan, one which is adapted to peace-time conditions, one which can be varied to raise the requisite amount of revenue, and it will provide a method for the equalization of taxation.

If this amendment be adopted there will be other amendments which I deem advisable. One of those amendments should provide that on dividends distributed by corporations the individual will pay his normal tax, just as though the income had been received from a source other than a corporation; and inasmuch as this provision for a tax upon undistributed earnings of corporations is supposed to be at such a graduated rate as to conform as reasonably as may be to the surtaxes and the normal tax levied upon incomes derived from any source, an amendment ought to be adopted, in my judgment—although it is not an essential part of the program—to the effect that when the net incomes on which the tax on the undistributed earnings has been paid are themselves distributed they shall then be free from further tax to the individual who may receive them.

Another amendment which I think would be advisable and which I consider important in connection with this plan should provide that when corporations issue interest-bearing scrip dividends, such dividends in the hands of the individual stockholder shall be taxed precisely as other income.

Another amendment which I think is advisable, even under the present bill and without reference to the proposed amendment now pending, is that there should be an option given to partnerships and to corporations to choose the method of making their returns for taxation purposes, permitting a partnership to make a return as a corporation and permitting a corporation to make a return as a partnership. It will at once be apparent that the purpose of such an amendment is to produce exact equality, so far as it may be, among the various taxpayers of the country.

With respect to the first amendment the present situation is a difficult one for the Congress to deal with at this time. The burdens of the Government are now necessarily high by reason of the war which has been fought, but which has left in its wake many unusual burdens. It is also difficult because of the fact that at this particular time the business conditions of the country are greatly depressed. I believe that it is the general opinion that business is at a lower ebb now than it will be at any time in the future, or, at least, in the near future; but at this time of depressed business we are called upon to raise an extraordinary amount of revenue with which to pay the expenses of the Government. Federal taxation at this time will be an extremely severe burden upon the people of this country, more so, perhaps, than at any other time, and that makes it imperatively necessary that this burden shall be scientifically placed upon the people of this country.

There are two fundamental principles which I believe, and which I am satisfied all Senators believe, should underlie the preparation of any bill of this character. Those two fundamental principles are, in the first place, that any tax imposed shall be a just tax, and, in the second place, it shall be levied so that it may be borne equally; in other words, the two principles of justice and equity should pervade the levying of a revenue tax, especially at this time.

A tax is just, in my opinion—and I hope that Senators will at least get the thought which I intend to express—if it is placed upon those who are best able to bear it.

That principle is applied, I think, in a very wholesome way in the tax which we propose to levy upon the incomes of individuals. It is a graduated tax, based upon the great principle that those who receive more can afford to pay a higher rate than those who receive less. That is the basic principle of the surtaxes upon individual incomes; and a tax which is levied upon that principle is a just tax.

The next principle is that that tax should be levied equally upon those who are enjoying an equal degree of prosperity.

That means that everybody who has a net income of $10,000 ought to be taxed the same amount. Every individual who has an income of $100,000 a year ought to be taxed precisely the same amount. In other words, there should be equality, equity, in taxation.

In all earnestness I make the statement that at least in my humble opinion the program now proposed by the committee violates both of these fundamental principles, and I hope to demonstrate that before I have concluded my remarks.

It doubtless will be of benefit to recall the history of what I am about to propose and of the legislation which has passed the Congress since we have had the right to levy a tax upon incomes. It will not be necessary, however, to go back further than the situation which presented itself to the Congress in the summer of 1917. After we entered the war we realized that it was necessary to raise a very large amount of revenue with which to pay the expenses of the Government, and at that time we provided a law which levied taxes in various ways.

There was a normal tax placed upon individuals, partnerships, and corporations; there was a surtax placed upon the incomes of individuals and partnerships; there was a tax upon stock dividends which might be issued by corporations; and there was an excess-profits tax which was levied upon the business of individuals, partnerships, and corporations.

Senators will observe the disparity which entered into that law. Individuals and partners engaged in business were taxed upon all of their income whether it remained in the business or not. If it was represented by additional goods upon the shelf, additional wheat in the bin, or additional farm implements, it was considered as income and subjected to all the income taxes placed upon individuals. There was placed upon corporations a normal tax and the same excess-profits tax that was put upon individuals, but no surtax was provided. It was recognized that there was a very large percentage of the net income of corporations which was not subject to the equalizing surtaxes which individuals and partnerships paid; so I proposed at that time that in addition to these other taxes there should be levied upon the undistributed earnings of corporations some sort of a surtax which should to some extent equalize the surtaxes which were placed upon individuals and partners engaged in business.

At that time the Finance Committee of the Senate adopted the suggestion in a modified form, and when the bill was first reported to the Senate there was a recommendation that there be placed upon these undistributed earnings a tax which should in some measure equalize the surtaxes which were paid by individuals upon their incomes which were still represented by commodities in their business. Later on that bill was recommitted, and the committee proposed certain substitutes for it. It proposed that there be levied an additional normal tax of 2 per cent upon incomes of corporations, and it was thought that the tax upon stock dividends would in a measure meet the other requirements of the situation.

It finally developed that that produced an inequitable result. It was realized at that time that if you were to put a tax upon stock dividends there would be no stock dividends of any consequence, and that proved to be the case; and later on the Supreme Court repealed by its decision the levying of a tax upon stock dividends. Regardless of the merits of that decision, it was done. So far as I am individually concerned, in my belief the decision was right under the law, and I so insisted at the time we were considering the question of a tax upon stock dividends.

That left the situation with a normal tax upon individuals, partnerships, and corporations. It left the excess-profits tax upon all those varieties of business. It left a surtax upon individual incomes, but no further or additional tax upon corporate earnings except the 2 per cent. In 1918, when we came to revise the law for the purpose of raising more revenue, the inequities of that old law became so apparent that the Congress repealed the excess-profits tax as to individuals and partners, the excess-profits tax upon corporate earnings being designed to take the place in a degree of the surtaxes upon individuals and partners.

I do not believe that that met the situation; but now it is proposed by the committee to repeal the excess-profits tax upon corporations and to substitute in lieu thereof a flat tax upon all the earnings of the corporation. I submit that the excess-profits tax which the Senate has just voted to repeal has many things in opposition to it. There are many reasons why that tax should be repealed. I need not recount them now; but, at any rate, that excess-profits tax was based upon one of the fundamental principles which should underlie this legislation. It was based upon that principle which says that the taxes should be paid by those best able to pay. It at least conformed to that principle. In my judgment it violated the other principle that there should be equality in taxation.

Mr. KING. Mr. President, would it interrupt the Senator for me to ask him a question?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. JONES of New Mexico. I yield.

Mr. KING. If the Senator is pursuing a line of argument I do not want to interrupt him.

Mr. JONES of New Mexico. I will state to the Senator that I am, and unless there is some point that is urgent I would rather not be interrupted.

Mr. KING. Then I will defer what I was about to ask.

Mr. JONES of New Mexico. I want to demonstrate to the Senators how the committee proposes to violate the principle to which I have just referred by the repeal of the excess-profits tax. This subject has been under discussion for several years, and has received the attention of the economists of the country, and we can now analyze to a very close degree the effect of what it is proposed to do now.

Here is a chart which was prepared by Mr. Howard Clinton Beck, of this city. He is a certified public accountant. He has prepared a chart showing the effect of the repeal of the excess-profits tax and the substitution therefor of an additional flat tax up to the rate of 15 per cent on corporations. This chart is a most illuminating document. It puts in tabulated form a selected list of corporations with definite invested capital, ranging from $5,000 up to $10,000,000—a corporation with an invested capital of $5,000, one of $10,000, $15,000, $20,000, $25,000, and on up, as I say, to $10,000,000.

He has figured the operation of this law as it is now proposed upon these variously capitalized corporations earning different rates of income upon their invested capital, earning 5 per cent, earning 6 per cent, earning 8 per cent, earning 10 per cent, 15 per cent, 20 per cent, 25 per cent, 33⅓ per cent, 50 per cent. It appears from this chart that all of the corporations earning less than 15 per cent upon their invested capital will have their taxes increased, and he gives the amount of the increase that must be paid by every one of those corporations earning less than 15 per cent upon their capital. He shows that all of these corporations except those with not much more than nominal capital, earning 15 per cent or more upon their invested capital, will have their taxes decreased, and the amounts are given in the various brackets, the various percentages of net income, based upon their invested capital, and a large number of corporations of different amounts of invested capital.

I do not believe that the Congress wants to stand for that proposition, that it wants to violate a very fundamental principle of taxation, that taxes should be based upon ability to pay; but that is precisely what this program means. It means the relieving of high earnings of taxes and their imposition upon those who are earning less amounts.

I would like to read a few of these results. We will take a corporation, for instance, which has an invested capital of $150,000. If it is earning only 5 per cent upon its invested capital, under the present law it would pay a tax of only $550. Under the proposed law, this repeal of the excess-profits tax and this flat tax of 15 per cent, that corporation with that modest earning of 5 per cent would have its taxes increased from $550 to $1,125.

If that same corporation earned 6 per cent upon its invested capital it would have its taxes increased under this proposed plan from $700, under the proposed law, to $1,350.

If it is earning 8 per cent upon its capital, under the present law it would pay $1,000, but under the proposed plan it would pay $1,800.

If it is earning 10 per cent upon its invested capital, under the present law it would pay $1,300, and under this plan now advocated by the committee it would pay $2,250.

If it earns 15 per cent upon its invested capital, under the present law it would pay $3,400, under the proposed law it would pay less than that amount, or $3,375.

If it earned 20 per cent upon its invested capital, under the present law it would pay $5,500, but under the proposed law a thousand dollars less, or $4,500.

If it earns 25 per cent on its capital, under the present law it would pay $8,950, but under this proposed plan it would pay only $5,625.

If it earns 33⅓ per cent upon its capital, under the present law it would pay $14,700, but under the proposed law it would pay only about one-half that, or $7,500.

If it earns 50 per cent upon its invested capital, under the present law it would pay $26,200; under this proposed plan it would pay only $11,250.

All of these illustrations produce the same relative result. I appeal to Senators to consider whether that is what they want to do under this revenue bill. Are they willing to take the burden off those corporations which are earning these large percentages of income and increase the burden which they put upon those who are earning only modest incomes? That is what this proposed plan does.

Mr. KING. At this point it is pertinent, if the Senator will pardon me, to ask how it would affect large corporations, like the Steel Corporation, whose earnings this year probably would be considerably less than 8 per cent upon the invested capital?

Mr. JONES of New Mexico. I will reach that, if the Senator will permit me, in the course of my argument.

Mr. President, I believe this table is so illuminating that it ought to be published in the RECORD, and I therefore ask that it may be published without further reading as a part of my remarks.

There being no objection, the table referred to was ordered to be printed in the RECORD, as follows:

Invested capital.	Income of 5 per cent on capital.		Income of 6 per cent on capital.		Income of 8 per cent on capital.		Income of 10 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
$5,000	None.	$37.50	None.	$45.00	None.	$60.00	None.	$75.00
$10,000	None.	75.00	None.	90.00	None.	120.00	None.	150.00
$15,000	None.	112.50	None.	135.00	None.	180.00	None.	225.00
$20,000	None.	150.00	None.	180.00	None.	240.00	None.	300.00
$25,000	None.	187.50	None.	225.00	None.	300.00	$50.00	375.00
$35,000	None.	262.50	$10.00	315.00	$80.00	420.00	150.00	525.00
$50,000	$50.00	375.00	100.00	450.00	200.00	600.00	300.00	750.00
$75,000	175.00	562.50	250.00	675.00	400.00	900.00	550.00	1,125.00
$100,000	300.00	750.00	400.00	900.00	600.00	1,200.00	800.00	1,500.00
$150,000	550.00	1,125.00	700.00	1,350.00	1,000.00	1,800.00	1,300.00	2,250.00
$200,000	800.00	1,500.00	1,000.00	1,800.00	1,400.00	2,400.00	1,980.00	3,000.00
$250,000	1,050.00	1,875.00	1,300.00	2,250.00	1,800.00	3,000.00	2,660.00	3,750.00
$300,000	1,300.00	2,250.00	1,600.00	2,700.00	2,200.00	3,600.00	3,340.00	4,500.00
$350,000	1,550.00	2,625.00	1,900.00	3,150.00	2,600.00	4,200.00	4,020.00	5,250.00
$400,000	1,800.00	3,000.00	2,200.00	3,600.00	3,000.00	4,800.00	4,700.00	6,000.00
$500,000	2,300.00	3,750.00	2,800.00	4,500.00	3,800.00	6,000.00	6,050.00	7,500.00
$750,000	3,550.00	5,625.00	4,300.00	6,750.00	5,800.00	9,000.00	9,460.00	11,250.00
$1,000,000	4,800.00	7,500.00	5,800.00	9,000.00	7,800.00	12,000.00	12,860.00	15,000.00
$1,500,000	7,300.00	11,250.00	8,800.00	13,500.00	11,800.00	18,000.00	19,660.00	22,500.00
$2,000,000	9,800.00	15,000.00	11,800.00	18,000.00	15,800.00	24,000.00	26,460.00	30,000.00
$5,000,000	24,800.00	37,500.00	29,800.00	45,000.00	39,800.00	60,000.00	67,260.00	75,000.00
$10,000,000	49,800.00	75,000.00	59,800.00	90,000.00	79,800.00	120,000.00	135,260.00	150,000.00

Invested capital.	Income of 15 per cent on capital.		Income of 20 per cent on capital.		Income of 25 per cent on capital.		Income of 33⅓ per cent on capital.		Income of 50 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under perposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
$5,000	None.	$112.50	None.	$150.00	None.	$187.50	None.	$250.00	$50.00	$375.00
$10,000	None.	225.00	None.	300.00	$50.00	375.00	$133.30	500.00	600.00	750.00
$15,000	$25.00	337.50	$100.00	450.00	175.00	562.50	588.00	750.00	1,360.00	1,125.00
$20,000	100.00	450.00	200.00	600.00	444.00	750.00	1,126.67	1,000.00	2,080.00	1,500.00
$25,000	175.00	562.50	300.00	750.00	873.00	937.50	1,593.33	1,250.00	2,760.00	1,875.00
$35,000	325.00	787.50	716.00	1,050.00	1,521.00	1,312.50	2,526.67	1,750.00	4,160.00	2,625.00
$50,000	640.00	1,125.00	1,340.00	1,500.00	2,490.00	1,875.00	3,926.67	2,500.00	7,160.00	3,750.00
$75,000	1,330.00	1,687.50	2,380.00	2,250.00	4,105.00	2,812.50	6,[illegible]3.00	3,750.00	12,730.00	5,625.00
$100,000	2,020.00	2,250.00	3,420.00	3,000.00	5,720.00	3,750.00	9,553.33	5,000.00	17,220.00	7,500.00
$150,000	3,400.00	3,375.00	5,500.00	4,500.00	8,950.00	5,625.00	14,700.00	7,500.00	26,200.00	11,250.00
$200,000	4,780.00	4,500.00	7,580.00	6,000.00	12,180.00	7,500.00	19,846.67	10,000.00	35,180.00	15,000.00
$250,000	6,160.00	5,625.00	9,660.00	7,500.00	15,410.00	9,375.00	24,993.33	12,500.00	44,160.00	18,750.00
$300,000	7,540.00	6,750.00	11,740.00	9,000.00	18,640.00	11,250.00	30,140.00	15,000.00	53,146.00	22,500.00
$350,000	8,920.00	7,875.00	13,820.00	10,500.00	21,870.00	13,125.00	35,286.67	17,500.00	62,120.00	26,250.00
$400,000	10,300.00	9,000.00	15,900.00	12,000.00	25,100.00	15,000.00	40,433.33	20,000.00	71,100.00	30,000.00
$500,000	13,060.00	11,250.00	20,060.00	15,000.00	31,560.00	18,750.00	50,726.67	25,000.00	89,060.00	37,500.00
$750,000	19,960.00	16,875.00	30,460.00	22,500.00	47,710.00	28,125.00	76,460.00	37,500.00	133,960.00	56,250.00
$1,000,000	26,860.00	22,500.00	40,860.00	30,000.00	63,860.00	37,500.00	102,193.33	50,000.00	178,860.00	75,000.00
$1,500,000	40,660.00	33,750.00	61,660.00	45,000.00	96,160.00	56,250.00	153,660.00	75,000.00	238,660.00	112,500.00
$2,000,000	54,460.00	45,000.00	82,460.00	60,000.00	128,460.00	75,000.00	205,126.67	100,000.00	358,460.00	150,000.00
$5,000,000	137,260.00	112,500.00	207,260.00	150,000.00	322,260.00	187,500.00	513,926.67	250,000.00	897,260.00	375,000.00
$10,000,000	275,260.00	225,000.00	415,260.00	300,000.00	645,260.00	375,000.00	1,028,593.33	500,000.00	1,796,260.00	750,000.00

Mr. SMOOT. Will the Senator yield a moment?

Mr. JONES of New Mexico. Certainly.

Mr. SMOOT. In a speech I delivered in the Senate on October 11 I called attention to the fact that every corporation in the country earning less than 11.2 per cent would have an increase of 50 per cent in its normal tax under the proposed plan.

Mr. JONES of New Mexico. The Senator from Utah undoubtedly realizes just the situation which I have been presenting.

Mr. OVERMAN. Has the Senator any statistics showing how many corporations there are in the country which pay 11 per cent and under 15 per cent?

Mr. JONES of New Mexico. I have, and I am glad the Senator mentioned it, because I think it is wise to refer to it at this time.

The majority report of the Finance Committee gives such a table, based upon the returns for 1919, and the statement regarding that table is:

This table is based upon the latest Treasury statistics, which have been analyzed in detail, and covers all the corporations of the country which made full returns of invested capital in the year 1919.

That shows that there were 115,056 corporations making a profit and making a full return as to their incomes.

Of those 115,056 corporations, 10,689 made less than 5 per cent; 21,869 made from 5 to 10 per cent; 22,684 made between 10 and 15 per cent; 17,388 made between 15 and 20 per cent; 11,987 made from 20 to 25 per cent; and I rather think that while I am reading that, I had better also read the percentage of tax which they paid under the present law.

Those corporations earning less than 5 per cent, of course, paid the flat 10 per cent.

Those earning between 5 and 10 per cent paid 11.93 per cent.

Those earning between 10 and 15 per cent paid 21.6 per cent.

Those earning between 15 and 20 per cent paid 33.99 per cent.

Those earning between 20 and 25 per cent paid 41.51 per cent.

Mr. President, I ask leave to have this table printed as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Table showing average rate of excess-profits and income taxes upon corporations of different size.

[Average size of corporations (measured by invested capital) earning different rates of profit; corporation returns made in 1919.]

Per cent of net income to invested capital.	Number of corporations.	Invested capital.	Average invested capital.	Per cent of income and profits tax to net income.
Less than 5 per cent	10,689	$14,104,248,246	$1,319,511	10.99
5 to 10 per cent	21,869	15,925,632,944	728,229	11.93
10 to 15 per cent	22,684	8,962,689,034	395,111	21.60
15 to 20 per cent	17,388	5,482,627,453	315,311	33.99
20 to 25 per cent	11,987	3,251,948,260	271,290	41.51
25 to 30 per cent	7,743	3,785,581,785	488,904	51.22
30 to 40 per cent	9,050	2,421,285,621	267,545	53.38
40 to 50 per cent	4,807	1,232,173,122	256,329	57.58
50 to 75 per cent	4,911	784,254,745	159,693	62.30
75 to 100 per cent	1,734	205,744,478	118,653	64.24
100 per cent and over	2,194	133,853,470	61,009	67.40
Total	115,056	56,290,039,168	489,240	37.86

Mr. JONES of New Mexico. As I have already stated, those corporations which are not earning less than 15 per cent will have their taxes increased, while all those earning above the 15 per cent will have their taxes decreased, and they are such corporations as the ones I have mentioned, earning between 20 and 25 per cent. There are 11,987 of them paying a rate of tax now of 41.51 per cent. This bill would reduce the taxes of those corporations until they would pay only a flat 15 per cent.

Of corporations earning between 25 and 30 per cent there were 7,743, paying an average tax of 51.22 per cent.

Of corporations earning from 30 to 40 per cent there were 9,050, paying 53.38 per cent.

Of corporations earning from 40 to 50 per cent there were 4,807, paying 57.58 per cent.

Of corporations earning from 50 to 75 per cent there were 4,911, paying a tax of 62.30 per cent.

Of corporations earning from 75 to 100 per cent there were 1,734, paying a tax rate of 64.24 per cent.

Of corporations earning over 100 per cent, there were 2,194, paying 67.40 per cent.

Mr. President, this proposed bill is to relieve all of those corporations which are paying those high rates under the present law, which are earning those higher percentages of income upon their invested capital, and not only to relieve them, but to put the burden upon those who are making lower incomes.

I do not like to use strong language, but, with no reflection on anybody who has had any connection with the preparation of this bill, I believe it is the most infamous thing that the human brain can devise.

I wish to call attention, in this connection, to some other facts which are quite relevant to this discussion. They are statistics based upon the earnings of corporations in 1918. Of course, at that time the earnings of corporations were comparatively large, considerably larger than they are now, and the figures which I will read are not illustrative of the actual figures under the existing state of incomes, but they do show a relation which has a direct bearing upon this problem now confronting us.

Mr. KING. Mr. President, before the Senator leaves the point he was just making——

Mr. JONES of New Mexico. I am just adding to the point I was making. I yield to the Senator.

Mr. KING. Would the interests of justice be better subserved if a flat 10 per cent rate were imposed upon corporations, and then a tax upon undue or excess profits, graduated in character, were to supplement it?

Mr. JONES of New Mexico. Mr. President, I will ask the Senator to pardon me for the time being, because I expect to discuss that question a little later.

The table from which I have been reading was based upon averages.

In a matter of this sort averages, while they furnish some information, do not furnish us all that might be obtained. For the purpose of illustrating in more detailed degree, I present these figures that for the year 1918, 180 corporations had a net income of $2,554,000,000, more than one-fourth of the net income of all corporations combined. They paid an income tax—that is, the 10 per cent tax which was levied under that law—of only $203,000,000, but they paid an excess-profits tax of $848,000,000, showing the very high percentages which were earned upon their net income. The more than 300,000 other corporations earning more than $100,000 apiece paid an excess-profits tax of $285,000,000. In other words, there were 180 corporations earning such enormous profits that they paid more than three times the total amount of excess-profits tax paid by 300,000 other corporations earning more than $100,000 apiece.

Another statement: One thousand and twenty-six corporations had a net income of $4,255,000,000, just about one-half the total net income of 317,000 other corporations. These 1,026 corporations paid the 10 per cent income tax, amounting to only $333,000,000, but they paid an excess-profits tax of $1,422,000,000. That was $344,000,000 more than 316,500 other corporations paid. There were 9,534 corporations earning over $250,000 apiece. These paid an excess-profits tax of $2,218,000,000, five times the amount of their flat 10 per cent income tax, and seven-eighths of all the excess-profits taxes paid by all the corporations.

Moreover, I wish to call attention now to the further fact that all corporations between January 1, 1916, and July 12, 1921, made a net profit, a net income, of $47,000,000,000, and after payment of all their taxes they had left over $38,000,000,000. Four-fifths of these taxes were paid by less than 10,000 corporations, and one-half of them paid by 1,026 corporations.

Mr. KING. Is that possible—$38,000,000,000?

Mr. JONES of New Mexico. After payment of all their taxes and all their expenses and after accounting for depreciation and obsolescence and every other deduction permitted by the present law they had left $38,000,000,000.

These 9,534 corporations in the year 1918 had a net income of $6,621,000,000, and after payment of the excess-profits tax of $2,218,000,000 had left for that year $4,403,000,000, while the 308,000 other corporations, with a net income of $1,738,000,000 and an excess-profits tax of $287,000,000, had left $1,451,000,000.

The 1,026 corporations with a net income of $4,253,000,000 and which paid an excess-profits tax of $1,451,000,000 had left, however, $2,802,000,000.

Now, Mr. President, I invite the attention of Senators to that situation. It shows what is going on under the present law. I do not believe that there can be advanced any substantial argument for the removal of the excess-profits tax unless we substitute for it something which will bring about a better result. As I stated in the beginning, it violates one of the fundamental principles of taxation. It does not bring about equality, but it is based upon that other fundamental principle of putting the tax upon those who are best able to bear it. If we can not find some substitute for it which will remove these fundamental objections, then I say it should be retained. But my judgment is that in this time of peace, when we are trying to frame a revenue bill which shall stand for the future, we can find a substitute, a substitute which will not violate the great principle of basing the tax upon ability to pay. I think we can find some other plan which will put into operation that other principle of equality of taxation which does not obtain with the excess-profits tax and which does not obtain under the proposed amendment offered by the committee and upon which we are to vote to-day.

Mr. KING. Mr. President, I dislike to interrupt the Senator, but I do not understand that the net profits in 1918 of the corporations indicated by the Senator amounted to $38,000,000,000.

Mr. JONES of New Mexico. I did not say that was for 1918. I said it was from January 1, 1916, to July 21 of this year.

Mr. KING. I beg the Senator's pardon. I thought it was the annual income.

Mr. JONES of New Mexico. Oh, no. I read the annual receipts.

Mr. KING. The net profit in any one year—that is, the maximum in any one year—was something less than $9,000,000,000.

Mr. JONES of New Mexico. That is the maximum income. It was not less than $9,000,000,000, and for the year 1916 it was something over $9,000,000,000, and I think that was the highest ever reached. I will state, however, that one reason why I believe it did not reach higher than $9,000,000,000 is because of the influence of the high taxes which we were putting upon them. I think owing to the high taxes that every corporation has sought in every conceivable way to reduce the amount of its income, and the very fact that we are now collecting from corporations $300,000,000 a year of income taxes, which are being adjusted and audited by the Treasury Department, demonstrates just what I have said.

In this connection I desire to refer to the report of the majority of the Finance Committee, which gives the reason for the repeal of the excess-profits tax and which refers to the table

which I have just read as a basis for that repeal. I read from that report:

> The excess-profits tax has been so thoroughly discussed that it is unnecessary to state at length the reasons which have led your committee to recommend its repeal. The time for discussion is past and the time to repeal the tax has arrived. It may be mentioned, however, that further investigation has only accentuated the conviction that the inequalities of this tax make necessary its early repeal. Whatever may be its theoretical merits, in practice it exempts the overcapitalized corporation, falls more heavily upon corporations of small or moderate size than upon the larger corporations, penalizes business conservatism, and places upon the Bureau of Internal Revenue tasks which are beyond its strength.

Those are given as the reasons for the repeal of the excess-profits tax. I wish to analyze that very briefly.

The most important one is the statement that it applies the burden primarily to the small corporations and relieves the large corporations. That is true, but is the Congress of the United States committed to the policy of taxing one class of corporations more than another simply because of size? All of the large corporations of the country are corporations which comprise a large aggregation of individual stockholders.

Mr. President, the Pennsylvania Railroad is owned by more than 100,000 people, and the average investment of those 100,000 people is about $5,000. The United States Steel Corporation is owned by 75,000 people, who have an average investment of about $7,000. The American Telephone & Telegraph Co. is owned by more than 100,000 people, whose average investment is about $4,000. Likewise with all of the so-called large corporations. Whenever a corporation actually reaches a high capital the stock of such corporation is always distributed to the public. In fact, that is what has been going on in the country. People have been organizing corporations with watered stock; those corporations have been retaining their net incomes in their treasuries until substance is put into the corporations, and they are placed upon a bare dividend paying basis, when the stock is distributed to the public. After the period for manipulation is over, after the period for earning large profits in the handling of such corporations is past, then their stocks are distributed and sold to the public and become virtually nothing but ordinary interest-bearing securities.

Mr. President, a tax upon that kind of a corporation simply because of its size is a discrimination against the small investors of the country, and whenever any tax is levied upon such a corporation it is levied upon every small investor at precisely the same rate as in the case of the large investor or the man with a large income, thereby specifically violating the fundamental principle that the tax should be imposed upon those who are best able to pay, because, after all, whenever a corporation pays any tax it is paying that tax for the stockholders, for the money which the corporation pays out is a proportion of the assets of every stockholder, at the same rate. A corporation being nothing but an aggregation of its stockholders, whenever a tax is imposed upon a corporation every stockholder of that concern is made to pay a tax at the same rate regardless of his income from other and all sources—a clear violation, as I have said, of the principle of having those pay who are best able to pay.

So, Mr. President, if all income of all corporations were distributed in dividends to their stockholders, it would be inequitable, except to a small degree, to which I shall refer later, to impose any tax upon any corporation, because a tax upon the corporation is a tax against the individual stockholders. If the income of all corporations is distributed, every stockholder pays his own Federal tax upon the same basis as every other individual in the land, but when any tax is imposed upon a corporation the small investors are made to pay at the highest rate which is paid by anybody in the country who owns any stock of such a corporation.

We all know that many people in this country who own stocks in corporations are small stockholders. I have here a most interesting table, prepared by the Actuary of the Treasury Department, Mr. McCoy, and a very astounding situation presents itself. This is an estimate of corporation statistics for the calendar year 1921. It supposes a net income of all corporations amounting to $4,800,000,000; it also supposes that two and one-half billion dollars of that will be distributed in dividends. What happens? Where is it distributed? Who gets it? What taxes does it pay after distribution? The table is most enlightening upon that subject. It is estimated that $500,000,000 of the $2,500,000,000 goes to stockholders who, if their dividend incomes came from other sources, would not pay any tax. What does that mean? It means that of the net income made by corporations in the year 1921, $500,000,000 of it belongs to people in this country who if it were all distributed would not pay any tax; and they should not pay any tax, because if single men their incomes are less than a thousand dollars and if married men their incomes are less than $2,000, and if their income came from other sources, we, I think, wisely exempt it from any taxation; but if we make the corporation pay the tax, the tax then is imposed upon widows and orphans who have been left a few shares of stock in big corporations precisely at the same rate as the man is taxed who has an income of a million dollars a year. Do we want to do that?

Morever, Mr. President, I have not the statistics of the number of people who own stock in corporations who would not pay any tax upon the net earnings of their holdings in corporations if distributed; but in the next bracket, embracing those having incomes of from one thousand, if single men, up to five thousand and from two thousand, if married men, up to five thousand, numbering 5,795,000 people, a part of their income is made up of dividends of corporations amounting to $200,000,000.

Of these five million seven hundred and ninety-five thousand 3 per cent of their net income is made up of dividends from corporations. It means, as I have said, as to the widows and orphans of this country who have inherited from their husbands and fathers small interests in these concerns, and as to the clerks and laboring men of this country who have been investing their savings in the large corporations which are supposed to be safe and earn regular dividends, taxing them at the same rate as the man is taxed who has an income of $1,000,000 from such sources.

This table is most interesting, and I should like to read from it further. Those under the present law coming within the bracket of incomes from $5,000 to $10,000 number 551,000, and 12 per cent of their income is derived from dividends of corporations; and if the two billion and a half dollars of corporate earnings to which I have referred were distributed they would receive $300,000,000.

In the next bracket, from $10,000 to $20,000, there are 105,000 taxpayers whose income to the extent of 23 per cent is from dividends of corporations, and in the distribution which we are considering they would receive $300,000,000.

In the next bracket, from $20,000 to $40,000, there are 29,500 whose net income is made up to the extent of 33 per cent of dividends of corporations, and who in the distribution referred to would receive $200,000,000.

In the next bracket, from $40,000 to $66,000, there are 12,600, 38 per cent of whose income is from dividends, and who in this distribution would receive $200,000,000.

In the next bracket, from $66,000 to $100,000, there are only 3,500, but 41 per cent of their income is from corporation dividends, and under this distribution they would receive $100,000,000.

In the next bracket, from $100,000 to $150,000, there are 1,662 taxpayers, 43 per cent of whose income is derived from corporations, and under this distribution they would receive $70,000,000.

In the next bracket, from $150,000 to $200,000, there are 650, 44 per cent of whose net income comes from corporations, and they would receive $40,000,000.

In the next bracket, from $200,000 to $500,000, there are 914 taxpayers, 45 per cent of whose income comes from corporations, and in this distribution they would receive $100,000,000.

In the next bracket, from $500,000 to $1,000,000, there are 120 taxpayers, 53 per cent of whose income is derived from dividends of corporations, and they would receive in this distribution $35,000,000.

In the next bracket, from $1,000,000 to $2,000,000, there are 40 taxpayers, 52 per cent of whose net income is derived from corporations, and in this distribution they would receive $30,000,000.

In the bracket over $2,000,000 there are 14; 72 per cent of their income comes from corporations, and they would receive under this proposed distribution $25,000,000.

Mr. President, I ask that this table may be inserted in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Without objection, it is so ordered.

The table referred to is as follows:

Estimated corporation statistics, calendar year 1921.

Number with taxable income	200,000
Net income	$4,800,000,000
Estimated dividends	$2,500,000,000
To payers of income tax	$1,600,000,000
To nonpayers of income tax	$500,000,000
To other corporations	$400,000,000

Estimated corporation statistics, calendar year 1921—Continued.

Estimated dividends paid to taxpayers in various brackets:

Net income.	Number.	Per cent dividend of income.	Amount of dividend.
$0 to $1,000 or $2,000			$500,000,000
$1,000-$2,000 to $5,000	5,795,000	3	200,000,000
$5,000 to $10,000	551,000	12	300,000,000
$10,000 to $20,000	105,000	23	300,000,000
$20,000 to $40,000	29,500	33	200,000,000
$40,000 to $66,000	12,600	38	200,000,000
$66,000 to $100,000	3,500	41	100,000,000
$100,000 to $150,000	1,662	43	70,000,000
$150,000 to $200,000	650	44	40,000,000
$200,000 to $500,000	914	45	100,000,000
$500,000 to $1,000,000	120	53	35,000,000
$1,000,000 to $2,000,000	40	52	30,000,000
Over $2,000,000	14	72	25,000,000
Total	6,500,000		1,600,000,000

Mr. JONES of New Mexico. What does that mean? It means that whenever you have the corporation pay a tax for the stockholders, you are making these people up here who have no other income, even whose dividends would be exempt from taxation, pay at precisely the same rate as the man who has an income of over $2,000,000 a year, and whose income is composed of 72 per cent of dividends from corporations.

I submit, Senators, that you can not justify any such proposition as that. It violates as I say the very fundamental law that you shall place this burden upon those who are best able to bear it; but so far as your corporation tax is concerned, it violates that principle, and it violates the other eternal principle of equality; and when you remove your excess-profits tax and levy a flat tax upon corporations, you are destroying the one principle of the law now which can be justified. That is, with your excess-profits tax you are placing the burden upon those who are best able to pay, but when you have repealed that and put a flat tax upon corporations, you are violating both those great fundamental principles. You are placing the tax not upon those who are best able to pay, because you are making every one of those stockholders pay at the same rate regardless of his total income, and you are not placing the tax upon those who are best able to pay, because you are taxing every corporation precisely alike. Whether the income is small or large, whether the percentage is modest or represents the profiteer, you tax them alike.

I appeal to you, are you willing in this time of peace, when you are framing a revenue law which is supposed to operate for the future, when the business of this country is depressed, when whatever taxes we levy are going to be a burden, to place upon the people of this country an unjust tax in the first place and an unequal tax in the next?

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. JONES of Mexico. I yield to the Senator.

Mr. LENROOT. I should like to ask the Senator whether he believes that in such times as we have now the distribution of earnings by corporations should be encouraged or compelled?

Mr. JONES of New Mexico. Mr. President, if the Senator will permit me, I will reach that a little later. I expect to discuss that as one of the objections to the plan which I am proposing.

Mr. President, not only is this tax unequal, as between individuals who have net incomes from corporations and those whose incomes come from other investments, but it violates both of the principles I have named. It is not imposed upon those who are best able to pay, and it is not equal as between individuals who have interests in corporations and those who have interests in other investments.

Now, I wish to call attention to the inequality which exists between the man engaged in business as an individual and the men who are doing business as a corporation.

The people who are doing business as a corporation under this proposed plan pay only a tax of 15 per cent. If the man is doing business, or has an income on the outside, he pays not only a normal tax of 8 per cent, but he pays surtaxes reaching up to 50 per cent, as proposed now in this bill.

Mr. SIMMONS. Mr. President, will the Senator let me ask him a question?

Mr. JONES of New Mexico. I yield.

Mr. SIMMONS. Under the Senator's plan would not every corporation making a net income at all have to pay 50 per cent upon at least one-half of its income?

Mr. JONES of New Mexico. Mr. President, I ask the Senator to pardon me for a minute. I intend to discuss that later.

As between the members of a partnership and a corporation, you levy a tax upon the interest of every partner, regardless of whether his income is represented in the business or not, and those surtaxes may reach as high as 50 per cent under the proposed bill, and, with the normal tax, as high as 58 per cent, while the man with his investment in a corporation would not pay in any event over 15 per cent. Now, I ask you to consider what is going to be the effect of that kind of a law.

The minority members of this committee have prepared a table showing to some extent just how that will operate, which I ask permission to insert in my remarks without reading.

There being no objection, the table referred to was ordered to be printed in the RECORD, as follows:

Comparison of taxes on certain forms of business.

Percentage of total net income payable in tax. Surtax rates computed upon basis of House bill.]

Class of business.	Net income.			
	$1,000,000	$500,000	$100,000	$50,000
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*
Individual	38.85	37.69	31.19	18.38
Partnership:				
2 parties	37.69	35.39	18.38	11.52
4 parties	35.39	30.77	11.52	7.16
5 parties	34.23	28.47	7.96	5.90
8 parties	30.78	21.63	7.16	.....
Corporation, no dividends	15.00	14.94	14.70	14.20
50 per cent dividends:				
4 stockholders	26.49	22.01	15.56	15.26
5 stockholders	25.36	20.45	15.25	14.52
8 stockholders	22.04	18.12	14.76	14.20
10 stockholders	20.48	17.34	14.70	14.20
75 per cent dividends:				
4 stockholders	34.49	29.97	17.14	16.84
5 stockholders	33.36	27.73	16.45	15.12
8 stockholders	30.00	22.62	15.43	14.80
10 stockholders	27.76	20.87	15.10	14.40
20 stockholders	20.39	17.38	.....	.....
100 per cent dividends:				
4 stockholders	42.48	37.97	19.50	16.12
5 stockholders	41.36	35.73	18.25	15.50
8 stockholders	38.00	29.08	16.42	14.64
10 stockholders	26.84	25.96	15.80	14.40
20 stockholders	25.99	19.74	14.70	.....

Mr. JONES of New Mexico. This table, however, was prepared upon the theory that the surtaxes on individual incomes would not exceed 32 per cent, and does not portray the situation in all of its enormity as it would exist under the law as now amended, increasing those surtaxes to 50 per cent; but, based upon 32 per cent surtaxes only, here is what we find: An individual doing business who has a net income of $50,000 a year will pay 18.38 per cent on it, but a partnership with two partners will pay 11.52 per cent, with four partners 7.16 per cent, with five partners 5.90 per cent; and the corporation declaring no dividends, including the tax upon the dividends which belong to the stockholders, will pay 14.20 per cent. I suppose that odd percentage is put in there by the actuaries because of the supposed exemption from tax by the corporations. Without considering the exemption which has now been taken from corporations earning above $25,000, it would be a flat 15 per cent. If that corporation declared 50 per cent of its earnings in dividends, then we find that as to that corporation with four stockholders there would be derived from the income of that corporation 15.26 per cent, and with a greater number of stockholders a little less percentage, between 14.20 and 14.52. Then the result is figured out as to where they declare 100 per cent in dividends and get the tax from the stockholders as well as the corporation.

It shows the statistics bearing upon these various earnings. It becomes very marked, as Senators have doubtless observed, in the very small earnings. If there are several partners, the tax upon the partners—assuming that they have no income from other sources—would be less than the 15 per cent; and to operate even that way as an inequality against the corporation is wrong in principle. We want it as nearly equal as we can get it; but when you get into the higher earnings the situation is very markedly reversed. If the individual has an earning of $100,000 he pays 31.19 per cent tax upon that—that is, assuming that he has no income from other sources. If it is a partnership with two partners, they pay 18.38 per cent. If it is a corporation, and no dividends are declared, it pays only 14.7 per cent. If there are four stockholders they pay 15.56 per cent, and so on. If they earn $500,000 the individual would pay 37.69 per cent, the partnership with two partners would pay at the rate each of 35.39 per cent, and the corporation de-

claring no dividends would pay only at the rate of 14.94 per cent. If it earned over $25,000, under this amendment which was agreed to yesterday, it, of course, would pay a flat 15 per cent.

When we get into the higher brackets it is even worse; but there is one thing which I wish to emphasize. As the number of stockholders increases of course the rate becomes less, because it is divided up; but even with a considerable number of stockholders we find this situation: We will take the corporation with a million dollars net income. If the individual has it, he will pay 38.85 per cent of a tax. If two partners have it, they pay 37.69 per cent. As the number of partners increases, of course the relative rate decreases; but the corporation, if it pays no dividend, will pay only 15 per cent.

Bear that in mind. If the corporation pays no dividends, its net income will be taxed only at the rate of 15 per cent. If it pays dividends, then its rate of taxation—where there are several stockholders, of course—will decrease from that of the individual; but if it declares 100 per cent in dividends, and there are four stockholders, the rate of taxation of each of those stockholders is 42.48 per cent. If there are five stockholders, they pay at the rate of 41.36 per cent. If there are eight stockholders, they pay at the rate of 38 per cent.

Mr. President, what is the inevitable result, if that system is adopted, if a corporation, regardless of the percentage of its income, is paying a flat tax of only 15 per cent? Every business in this country which is earning any considerable amount of income would be driven into incorporating. You can not escape that result.

I have a table here, prepared by an eminent lawyer who has given great study to this question of taxation, which shows the amount of tax which would be paid by an individual on a given income and the rate of that tax and the amount and rate of the tax on a corporation earning the same amount of income and setting out the difference.

It shows that if the income is $32,000, an individual would pay $4,600 of tax, or at the rate of 14.5 per cent. If a corporation had that income, paying a 15 per cent tax, there would be a difference in favor of the individual of $200.

If the income were $66,000, the individual would pay $15,000, or 23 per cent; the corporation would pay $9,900, a difference in favor of the corporation of $5,100. I will state, by the way, that this table is made up upon the assumption that the surtaxes will not exceed 32 per cent.

If the income were $100,000, the individual would pay a tax of $29,000, or 29 per cent; the corporation would pay only $15,000, a difference of $13,800.

If the income were $300,000, the individual would pay $109 000, or at the rate of 38 per cent, while the corporation would pay only $45,000, a difference in favor of the corporation of $64,000.

If the income were $1,000,000, the individual would pay a tax of $389,000, or at the rate of 38.9 per cent, and the corporation would pay only $150,000, a difference in favor of the corporation of $239,000. I submit the table, to be printed as a part of my remarks.

The table referred to is as follows:

Income.	Individual tax.	Rate, about.	Corporation tax rate, 15 per cent.	Difference.
		Per cent.		
$32,000	$4,600	14½	$4,800	$200
$66,000	15,000	23	9,900	5,100
$100,000	29,000	29	15,000	13,800
$300,000	109,000	38	45,000	64,000
$1,000,000	389,000	38.9	150,000	239,000

Mr. JONES of New Mexico. I ask Senators to consider that table for just one moment. What will be the result? Every individual or partnership doing business and making any considerable income will be driven to organize a corporation so as to pay only a 15 per cent tax, and may keep its earnings in the corporation forever free from any other tax in the way of a surtax upon individual income.

Mr. FRELINGHUYSEN. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from New Jersey?

Mr. JONES of New Mexico. I yield.

Mr. FRELINGHUYSEN. I want to ask the Senator a question, and I ask it only for information. If I understand his plan, taking for illustration a fire-insurance company——

Mr. JONES of New Mexico. I will ask the Senator to excuse me from discussing my plan now, until I get through with this, when I will be glad to be interrogated.

Mr. FRELINGHUYSEN. Will the Senator permit me to ask him now whether in the case of a fire insurance company he intends to tax the increase or surplus each year? Is that his object?

Mr. JONES of New Mexico. I ask the Senator to excuse me from replying to that now. I expect to reach that plan later on.

Mr. FRELINGHUYSEN. I did not know whether the Senator was ready to answer now or not.

Mr. JONES of New Mexico. Mr. President, the plan proposed by the committee is unequal between businesses in another respect. Take the individual or the business or the partnership in business earning an income. The individual is charged a surtax on that income. If his income in one year is a hundred thousand dollars, you charge him a normal tax and a high surtax. If his income is reduced the surtax is reduced proportionately. If he makes a loss, of course he pays no tax, but when he does make a large net income he pays a high tax, he pays the surtaxes; but the corporation making earnings in the same way, whenever it makes a high net income, pays the same old flat rate of 15 per cent only. Now, think of that. If an individual makes good earnings one year he is penalized, but not so with a corporation, because it always has the flat tax only, and whether the earnings are high or low the rate is always the same; but not so with either the individual or partnership. Whenever their earnings rise the rate of tax is increased, a direct and an inevitable favoritism to those who are doing business through corporations.

I submit that if this thing is done it will drive all of these businesses into incorporating, and the anticipated revenue from the individual taxes will very materially decrease. The Government will not get the revenue, because under this bill there is every inducement for a man making any considerable amount of money in business to organize a corporation.

Do Senators want that result? That jeopardizes a large per cent of the income which the proponents of this bill are expecting under the bill from taxes upon individual incomes. It will force these people into incorporating, and when they are incorporated they will all pay a flat 15 per cent. They will consider these mutations from year to year in the conduct of their business; they will hope that some time they may make a large income, and when they do, if it is a corporation, they will pay only 15 per cent upon it, but if an individual or partnership will pay an increasingly higher rate, and as a matter of safety, every individual or concern with any considerable income in his business will be forced to organize a corporation, where he can take advantage of a flat tax of 15 per cent only regardless of the amount of his income. There will be no variation there. His business may go up or it may go down, but as a corporation he can always count on the tax being only 15 per cent. But if he earns as an individual $100,000 a year, as I said, he would be paying $29,000 of it, or at the rate of 29 per cent, instead of 15 per cent. If he earns $300,000 he would be paying at the rate of 38 per cent. If he earns $1,000,000 he would be paying at the rate of 38.9 per cent; but if he incorporates his business he always has that good old flat 15 per cent rate to rely upon. It will never get higher than that.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. JONES of New Mexico. I yield.

Mr. LENROOT. Before the stockholder can get any benefit for himself, he will have to pay a surtax upon the dividends he receives.

Mr. JONES of New Mexico. Mr. President, I suppose I might as well consider that question now as later.

Mr. LENROOT. In that connection, while the Senator is discussing that, I wish he would discuss this also: Where a corporation distributes dividends annually, the surtax rate, of course, would be very much less on the stockholder than if the dividends are withheld and are distributed in a cumulative way.

Mr. JONES of New Mexico. Mr. President, this question of the distribution of dividends and taxation is a most interesting phase of this entire subject. As I said, if all the net incomes of corporations were distributed in dividends to their stockholders, equality would require that the corporations pay no tax, unless it be, perhaps, a franchise tax, or something of that sort. But corporations do not do that. In August, 1917, in discussing the revenue bill at that time, I presented a mass of testimony, and if Senators want to study this question, and I hope they will, they may find it in the speech which I delivered on August 20, 1917, the legislative day of August 15, 1917.

I shall not burden the Senate at this time with repeating that testimony, but I believe that I demonstrated at that time, produced sufficient facts to establish beyond all controversy, that

in ordinary times the corporations of this country retained at least 50 per cent of their net income without distribution. I gave the statistics as to various lines of business. I showed some individual instances which were marvelous to behold, showing an astonishingly great percentage of earnings of closely held corporations which were not distributed.

I can call to mind now one illustration which I got from the hearings before the Committee on Interstate Commerce not a great while ago, when we were considering the packer legislation. Mr. Armour himself went upon the stand and made the statement that the Armour Packing Co. was organized back in the sixties with a capital stock of only $150,000, and that in all the years since they had not paid out in dividends to exceed 12 per cent of their earnings. We know the marvelous size of that institution now, that it not only has its capital stock of a hundred million dollars or more, but, as I understand it, is the owner practically of 700 subsidiary corporations. It built up its capital by retaining the net income in the corporation and distributing little in dividends. Mr. Armour's family, under the bill proposed by the Senate committee, would pay only a flat tax of 15 per cent on the 88 per cent of the earnings of that concern which remain in the business undistributed. But if distributed and added to the outside income of those stockholders, how much would they pay? Are you willing to stand for that proposition?

Moreover, it is stated in the majority report that the returns of taxpayers with incomes of over $300,000 are diminishing in number. That is true. The number has diminished about one-half, and what are they doing with that money? We have been told here that they are investing it in tax-exempt securities.

I say to you that that is a small amount compared to investments elsewhere to prevent taxation. What are they doing with it? Read the financial journals of the country. Read the statement which appears in the majority report of the Finance Committee. We find in the majority report, in explaining why the incomes above $300,000 have been diminishing, the statement that people are "placing their money in investments which promise well for the future, but yield no immediate returns."

What does that mean? That means, Mr. President, that they are still organizing corporations with their watered stock on which they do not expect to pay any dividends for years to come. They expect the corporation to be one great repository of their gain on which they will pay no tax except this 15 per cent. They are buying these other stocks in corporations already organized which were made up largely of water, where the undistributed income is accumulating. They are buying those stocks hoping for the day to come when they may reap dividends under legislation upon which they will have to pay a less tax than now. That is where the high incomes are going. The amount going into tax-exempt securities is infinitesimal compared with the very large amount which is going into these securities which "promise well for the future."

Mr. President, I believe that indicates a situation——

Mr. LENROOT. Mr. President, I was obliged to be absent from the Chamber for a moment. Has the Senator discussed the question of compelling the distribution of dividends and then the effect upon the country?

Mr. JONES of New Mexico. No; I have not answered that, but will come to that when I reach the discussion of the remedy for the situation. I do not believe in legislation for the specific purpose of compelling the distribution of dividends, and the plan which I propose, as I will show later, will not in my judgment do that.

Mr. LENROOT. The Senator, I take it, then, admits that there are two propositions involved that he thinks would result in corporations retaining their surplus earnings rather than distributing them—one to take care of a lean year as against a prosperous year?

Mr. JONES of New Mexico. Yes.

Mr. LENROOT. And the other in the hope that at some future time surtaxes might be reduced?

Mr. JONES of New Mexico. Yes; that is true, and the same thing is true of the individual or partnership in business. I think in prosperous years they should retain a considerable percentage of their net income to take care of lean years or less prosperous years.

Mr. LENROOT. I would like to know whether I correctly understand the Senator's amendment, because I should like to consider it.

Mr. JONES of New Mexico. I am just coming to consider the amendment.

Mr. LENROOT. I mean as to its effect. Am I to understand that if there is no distribution made the Government would collect under his amendment 39.2 per cent of the net earnings of a corporation?

Mr. JONES of New Mexico. If there is no distribution made it would not amount to that.

Mr. SMOOT. Yes; it amounts to 39.2, or $392 on each thousand dollars.

Mr. JONES of New Mexico. It may. But I would prefer not to go into that just now, because the rates which I presented here, as I said in the beginning, are merely tentative, merely suggestive. If the principle be adopted we can agree upon proper rates, I am sure. The rates I have presented are merely suggestive.

Mr. President, I think the result of this legislation will be that if it once becomes embedded in the minds of the country that the principle of the legislation is to continue and become a part of the permanent legislation of the country, it will inevitably drive into corporations all business of individuals and partnerships making a considerable net income in amount, and the small corporation where the earnings would be less would probably disincorporate and become a partnership. I think that would be the effect of it, because from the table which I read a short time ago from the report of the minority members of the Finance Committee it appears that in certain cases a partnership with a small income would pay much less than the flat 15 per cent rate. It works an inequality in that way. It penalizes the corporation with a small income, unless it be that the effect of that exemption of $2,000 on corporations with $25,000 a year income or less would equalize that; but that has not been figured out in the table which I presented. That might change the result so that with small earnings a partnership would not in any case pay a less tax than the corporation would pay. It would drive all of the partnerships making a large income into corporations, likewise the individual, and I do not believe that we want to bring about any such result as that. We desire to equalize taxation upon the various incomes as nearly as we can.

What should be done? Let us discuss the remedy. I think I have pointed out the evils which will flow from the proposed legislation. Now, can we not do something to remedy that situation? If corporations could be taxed the same as partnerships we would have no trouble with the situation. The individual partners pay an income tax with a surtax upon all of their incomes, whether they take it out of the business or not. If the corporation distributed all its net income to its shareholders then we would have everybody taxed alike, with the advantage to the stockholder of the corporation in that he would be getting his in hand. It would be cash. He would have that advantage if the corporation distributed it all.

But corporations do not distribute it all. They do not distribute a large percentage. It is estimated by the actuary, I believe, that ordinarily corporations of all classes joined together distribute only from 70 to 75 per cent of their net income in dividends. But it also appears that corporations which are closely owned, so-called close corporations, retain a very much higher percentage. Of course, at this time of business depression the large corporations are paying out a higher percentage of their net income than in normal times, and the retained income now is not so great as it will be in the prosperous years which we hope and pray are not far away; but in ordinarily prosperous times closely owned corporations do not distribute, as I have said, more than 50 per cent of their earnings as dividends.

Let us take the case of the Pennsylvania Railroad Co. to-day. It is distributing all of its net income in dividends. It is even distributing more than its net income in dividends. It is paying dividends out of surplus. It has reduced the percentage of dividends and is still paying out of its surplus a part of the dividends.

Will anyone please tell me why the net income of that corporation ought to be taxed at all, because when those dividends are declared and they are paid to the stockholder, the stockholder returns those dividends as a part of his income and pays taxes upon them.

Mr. LENROOT. He only pays the surtax, and the corporation tax now is just about equal to the normal tax of the individual.

Mr. SMOOT. And that is the purpose of it.

Mr. JONES of New Mexico. No; the Senator certainly does not mean about equal to the normal tax of the individual. The normal tax of the individual averages about 7½ per cent and the flat tax upon the corporation would be 15 per cent.

Mr. LENROOT. I am speaking of the present law.

Mr. JONES of New Mexico. The present law would make it 10 per cent instead of 7½ per cent.

Mr. LENROOT. Not quite 10 per cent, because the corporation has an exemption of $2,000 on the normal tax.

Mr. JONES of New Mexico. Yes; but in the case of the Pennsylvania Railroad Co. that would not amount to anything. Taking that case, all of the net income is distributed, and a

large part of it is distributed to stockholders who would not pay any tax on it, and a large part to stockholders who would only pay the 4 per cent normal tax on it. Now you are proposing to increase that tax to 15 per cent on the income of the Pennsylvania Railroad Co. regardless of the amount of its income, and to that extent it is, in the case of that railroad, a direct tax upon transportation to the extent of 15 per cent, and largely a tax which would not be levied in the hands of the stockholders if all the dividends were distributed, as they are, and the tax paid by the individual.

Mr. KING. Mr. President, the Senator's argument, as I understand it, then, leads to the complete abolition of taxes upon corporations?

Mr. JONES of New Mexico. Not by any means.

Mr. SMOOT. Where all the income is distributed.

Mr. JONES of New Mexico. Yes; where the income is all distributed in dividends; yes.

Mr. KING. That is what I mean.

Mr. JONES of New Mexico. Yes.

Then let us see what should be done. If the income is all distributed in dividends, there should be no tax upon the corporation except, as I have suggested, a tax upon franchises or something of that kind. If that were done, we should have every individual in the land paying taxes precisely at the same rate; we should have exact equality among the taxpayers of the country; we should have every dollar of dividends earned in the country paying taxes at precisely the same rate; but the corporations do not distribute their income in dividends.

Mr. LENROOT. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. JONES of New Mexico. I yield.

Mr. LENROOT. If that were done, would it not be true that nobody would pay any normal tax upon corporate earnings?

Mr. JONES of New Mexico. Mr. President, at the beginning of my remarks I suggested other amendments, and one of them was that every individual should pay the normal tax and the corporation not pay any; that we change the law in that respect so as to make the individual pay all of the tax on corporation dividends and not have the corporation pay any of it. To the extent income is distributed we have equality now. If we do not have the corporation pay any tax, we have equality to that extent; if the income is distributed in dividends, we then have equality; to the extent the corporation makes the distribution we have equality; but the corporations do not do that.

Where is the difficulty? What is the thing we wish to reach? Let us reach that part of the earnings of corporations which is not distributed. That is the only logical course to pursue. As to the distributed part, let the individual pay all of the tax and we have equality; but as to the undistributed part, what are we going to do about that? There is but one conclusion which can follow, and that is as inevitable as the day follows the night; that is that there should be put upon the undistributed dividends a graduated tax equal, as nearly as may be, to the normal tax and the surtaxes which individuals would pay if the dividends were distributed. Is not that where we want to touch the sore spot? If we can do that we shall have taxed every dollar of income and have taxed it equally; we shall have maintained the fundamental principle of making him pay who is best able to pay. We shall have also maintained the other principle, that of equality among those who enjoy the same degree of prosperity.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. I yield to the Senator from Wisconsin.

Mr. LENROOT. I thoroughly agree with the theory which has been stated by the Senator from New Mexico, but the earnings to which he refers will some day be distributed. Does the Senator propose that as to the undistributed earnings which would be subject to this tax when those earnings are hereafter distributed they shall be exempt from any taxes?

Mr. JONES of New Mexico. That is my proposal.

Mr. LENROOT. That is not found in the Senator's amendment.

Mr. JONES of New Mexico. I am again sorry——

Mr. LENROOT. I merely wanted to know the Senator's position. I did not want to criticize it.

Mr. JONES of New Mexico. I am again sorry that the Senator from Wisconsin was not present at the opening of my remarks, because at that time I made the statement that I would suggest, if taxes were placed upon the undistributed earnings in the degree which I propose, that when they are subsequently distributed they be free from taxation in the hands of the stockholders.

Mr. LENROOT. Then the Senator's proposition would be that on a distribution of any earnings in a year subsequent to that in which they are taxable they should be free from any taxes?

Mr. JONES of New Mexico. No; I would provide that all dividends should first be paid out of current earnings; that no dividends should be paid except out of current earnings if those earnings were sufficient to meet the dividends; and only permit the payment of previously accumulated earnings in the event that the current dividends were not ample.

Mr. LENROOT. And then exempt those from taxation?

Mr. JONES of New Mexico. And exempt only the portion of the dividends which were paid out of undistributed earnings on which the tax had been paid.

Mr. LENROOT. That is about the same thing that I said, that the Senator would not tax dividends which were distributed during a subsequent year out of earnings of a previous year?

Mr. JONES of New Mexico. That is my understanding of the Senator's thought. Now, I propose in this amendment to base the tax upon the percentage of net income retained. I am indebted for that suggestion to the Credit Men's Association of this country. In the proposal which I made in 1917 to tax undistributed income, I sought at one time to put a graduated tax upon it, but, owing to the peculiar situation then existing, I felt it advisable to make it a flat tax on the undistributed income, and a small one; but the Credit Men's Association of this country has suggested a graduated tax based upon the percentage of the total net income retained in the business and undistributed. It is argued that, inasmuch as the tax upon the undistributed earnings is to take the place eventually of the individual normal tax and surtax, it ought to range about in the same way along the same gradations as the individual normal tax and surtax. That is why the percentages which are placed in the amendment have been suggested.

The Credit Men's Association, basing its suggestion upon the report of the then Secretary of the Treasury, Mr. Houston, that all these taxes ought not to be higher than 20 per cent upon business, presented a tentative rate ranging from 4 per cent up to 28 per cent, and in the amendment which I have proposed, inasmuch as we have increased our surtaxes up to 50 per cent, and the normal tax added to it will make it 58 per cent, I have made the gradations from 8 per cent up to 56 per cent; but the average rate of tax is such that if a corporation retains only 10 per cent of its net income it will pay upon that amount retained only 8 per cent——

Mr. SMOOT. The Senator does not mean 8 per cent, but eight-tenths of 1 per cent.

Mr. JONES of New Mexico. It would be eight-tenths of 1 per cent on the whole; the Senator is right, and I thank him for the correction, but it would be 8 per cent of the 10 per cent. If they retained as much as 20 per cent, on the additional 10 per cent they would pay 16 per cent, making an average of 12 per cent on the 20 per cent of their net earnings retained; if they retained 30 per cent they would pay 24 per cent, making an average tax of 16 per cent; if they retained as much as 40 per cent, the average tax would be 20 per cent; if they retained 50 per cent, the average tax would be 24 per cent; if they retained 60 per cent, the average tax would be 28 per cent; and if they retained over 60 per cent, the average tax would then only be 32 per cent. So I take it that the rates will not be considered excessive, in view of the fact that the average surtaxes only upon distributed dividends are estimated by Mr. McCoy at 16 per cent.

It will be recalled that I read into the RECORD a while ago a table showing the various percentages of individual incomes which are derived from dividends. Those dividends in great degree find their way into the hands of those who pay the high surtaxes. So Mr. McCoy has estimated that the average surtax upon distributed dividends is 16 per cent under the present law, and most of the distributed dividends go, of course, into the hands of those who pay the higher surtaxes. When we provide that the individual shall also pay the normal tax upon distributed dividends the rate goes higher. That would add 7½ per cent. It is estimated that the average normal tax upon distributed dividends is 7½ per cent.

Very few people who pay the 4 per cent normal tax receive dividends, and the brackets which I have presented are modest as compared with the surtaxes which the Government would receive if the dividends were distributed.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. NORRIS. Right on that question I want to ask the Senator if it would not be possible to accomplish the same result by a more simple amendment to the income-tax provision? I should like to say, if the Senator will permit me, that I have

listened to his argument, and I am very much interested in what he is saying. I think he has made an admirable presentation of this phase of the taxing question.

The object of the Senator, as I understand it, is—and it seems to me to be just—to require the payment of taxes on the undistributed earnings of corporations at the same rate, or as nearly at the same rate as the Senator can reach, that the individual would have to pay if the earnings were distributed. Could not the Senator by a single amendment to the income-tax provision of the bill provide that corporations on their undistributed earnings should be taxed the same as individuals, and thus pay exactly the same rate that individuals would pay if the earnings were distributed?

Mr. JONES of New Mexico. Mr. President, if that could be done without involving us in other and greater difficulties, of course it would be what we all want, because the suggestion is intended as one making toward equality, and that is what we all want. That, however, could not be done, for this reason: Whenever you vary the tax according to the actual amount of the net income, you are discriminating violently between stockholders of closely held corporations and those where the stock is widely distributed, and you are not meeting the question of equality of taxation; or, at least, while you do meet in a way the question of ability to pay you do it in a way which involves us in so many discriminations that it has been thought wise not to adopt that principle.

Mr. LENROOT. Mr. President, I should like to ask the Senator a question about a matter which I do not quite understand.

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. JONES of New Mexico. I gladly yield.

Mr. LENROOT. Given a corporation with a net earning of $50,000 owned by two stockholders, and a partnership with two partners, as I figure it under the Senator's amendment, if the earnings were not distributed the partnership would pay a tax, each individual, of 17.28 per cent, while the corporation with the same two stockholders would pay 39.2 per cent. Is that correct?

Mr. JONES of New Mexico. I did not get the Senator's point.

Mr. LENROOT. Given a corporation with $100,000 net earnings, under the Senator's amendment the tax would be 39.2 per cent.

Mr. JONES of New Mexico. If the corporation kept it all.

Mr. LENROOT. If it kept it all.

Mr. JONES of New Mexico. Yes.

Mr. LENROOT. Assume that that corporation is owned by two stockholders, and that there is a partnership doing a similar business, making the same earnings, in which there are two partners. Under the present income-tax law, they would be taxed 17.28 per cent.

Mr. JONES of New Mexico. Just a moment. I will verify the Senator's figures.

Mr. LENROOT. The only reason why I asked the question was that I understood the Senator to say that he thought it would drive partnerships into corporations.

Mr. JONES of New Mexico. The Senator did not understand me. I said that it would drive small corporations into partnerships and drive large partnerships into corporations. It is so unequally balanced that it has the very peculiar effect at a certain point of driving partnerships into corporations and at another point of driving the small corporation out of business into a partnership.

Mr. LENROOT. My question is, Would not the Senator's amendment drive corporations into partnerships?

Mr. JONES of New Mexico. The Senator, I am again sorry to say, was not present when I suggested a still further amendment.

Mr. LENROOT. I am very sorry.

Mr. JONES of New Mexico. It was that corporations might exercise the option of making returns as partnerships or partnerships might exercise the option of making returns as corporations for the sake of uniformity and to meet just such objections as the Senator has now raised.

Mr. President, the plan which I have suggested has been receiving from time to time greater support. When the thought was suggested by me to the Finance Committee in 1917, it was what may be called my hobby, and from day to day in the Finance Committee I kept, as one would say, pounding it in. The other day, when I said that I was going to propose it again to the Senate now, a tax expert said to me that it was a subject which required time to soak in. That is what I hope to accomplish now, if nothing more—to present this question in such a way that it will soak in, not only into the minds of the Senate and of the House of Representatives, but it ought to, and in my humble judgment it will, soak into the minds of the people of this country, because the building up of corporations by the retention of their net income free from equal taxation is a menace to the revenue of our country.

Much has been said here about overcapitalization, but I want to say this: I do not care how large a corporation is if the stockholders, when they organize it, will put into it dollar for dollar of the stock which is issued; but when you organize a corporation with watered stock with the avowed intention of retaining the net income of that corporation free from proper taxation for the purpose of evading your income taxes and to accumulate a fortune for the future, when you make investments—using the language of the majority report of the Finance Committee—which will go into unproductive concerns but which "promise well for the future," you effectually escape taxation, and I would prevent it.

The Senator from Wisconsin [Mr. LENROOT] asked this question a while ago: "Would this plan tend to force distribution of earnings of corporations?" It will force it under certain circumstances, but under certain circumstances only. You will remember that I stated a while ago that the average surtax upon distributed earnings of corporations to those who pay any tax amounts to 16 per cent; but corporations are controlled and the payment of dividends is controlled by the largest stockholders or those representing the largest stockholders—by those who, if they distributed the net income of the corporation in dividends, would be required then to pay high surtaxes on it; and no distribution will be forced until the amount of the tax on the undistributed earnings of the corporation will exceed the personal taxes which those directors would have to pay on their share of the dividends when distributed, not only the surtaxes but the normal tax. So I say that you force no distribution on the average until you reach probably 30 or 40 per cent, and these brackets which I have provided here retaining up to 60 per cent amount to only 32 per cent on the average; and if this plan forces any distribution, it forces only that which would pay up to the point where the stockholder would be benefited and pay less tax by paying it as an individual than by leaving it in the corporation.

As I said, however, if these rates are not right, if anyone wants to suggest a change in rates, well and good; we are ready to consider it; but there can be no doubt that a graduated tax should be levied upon these undistributed incomes somewhat analogous or equivalent to the taxes upon individual incomes and upon this very money if distributed.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. I gladly yield.

Mr. LENROOT. I thoroughly agree with what the Senator says up to a certain point; but, as I gather the figures, a director of a corporation would have to have a dividend of more than $100,000 out of that corporation to his personal income before he would anywhere reach the percentage the Senator imposes by his amendment. I doubt very much whether there are many corporations in the country distributing dividends where that will be true, and anything below that, of course, would tend to force the distribution of earnings.

Mr. JONES of New Mexico. Mr. President, I am not sure that I get clearly what the Senator has in mind; I was trying to think of what he was saying and another matter at the same time.

Mr. LENROOT. If I may interrupt the Senator further, the income tax on a net income of $100,000 under the present law is about 31 per cent, whereas under the Senator's amendment the percentage imposed upon undistributed earnings, assuming none are distributed, is 39.2 per cent. It seems to me very clear that it would force the distribution of earnings, except in cases where the directors controlling the situation received so large a dividend out of the earnings that they would pay less by distribution than if it was not distributed.

Mr. JONES of New Mexico. May I ask the Senator if he has also figured out how much the corporation would have to distribute in order to put the two cases on a parity?

Mr. LENROOT. That is assuming a given income. To the 16⅔ per cent which the Senator said is the average, it seems to me we must add the normal tax of 8 per cent, and 24 per cent would be the maximum.

Mr. JONES of New Mexico. I said the average; but I said these corporations are controlled by directors whose incomes from the corporation and from outside sources are much above that average amount. I think at any rate it would reach as high as 35 per cent, on the average. If you take the directors who control the corporations of the country, and take into consideration the incomes which they have from other sources which would be added to these distributed dividends from the corporations, although it is a mere estimate, I think their rate

of taxation on the average would range at least to 35 or 40 per cent.

Mr. LENROOT. I could not say; all I know is what the table shows; but on $100,000 income the total tax would be 31 and a fraction per cent.

Mr. JONES of New Mexico. Yes; but in order to establish some system of equality, would the Senator have any serious objection to making an inducement for the corporation to pay out some of its earnings in dividends?

Mr. LENROOT. I will say very frankly that if a plan can be devised so that a corporation will never make nor lose by retaining its dividends, it would be very desirable. There should be no inducement either way.

Mr. JONES of New Mexico. The Senator is quite right, and if we could find some Solomon who could devise such a plan, we would all be very happy.

But the Senator said this plan suggested by me would force distribution to a certain extent until you got down to a certain level. I want to call the attention of the Senator to how the proposed law would operate in the present situation. If a corporation retained all of its earnings, it would only pay 15 per cent. If it retained half of them, it would be equivalent to 30 per cent of the amount retained. If it paid out in dividends 75 per cent, it would equal 60 per cent of the amount retained.

Mr. LENROOT. Hardly that.

Mr. JONES of New Mexico. If it paid out 85 per cent, it would be equivalent to 100 per cent on that which is retained.

Mr. LENROOT. Hardly that. I think the Senator will concede that he must consider the normal tax.

Mr. JONES of New Mexico. The Senator is right, of course, but in such percentages as this the normal tax would not cause the figures to vary very greatly. So under the proposed plan of the committee there is an inducement varying from 15 per cent to 100 per cent in favor of keeping the earnings in the corporation and not distributing them. That is the proposed law. Is that any better than this plan, which would probably offer an inducement for the distribution of perhaps half of the net incomes of corporations?

That is the inducement under this proposed plan offered by the committee, that if they keep it all in the corporation, they pay only 15 per cent on what is retained. If they keep 50 per cent and pay out 50 per cent, then they are paying an average of 30 per cent on what is retained. If they pay out 75 per cent, then they are paying 60 per cent on what is retained. If they paid out 85 per cent, they are paying 100 per cent on what is retained, the most powerful influence which can be devised for the purpose of preventing the distribution of earnings of corporations and subjecting them to the surtaxes in the hands of the individual stockholders.

Mr. HITCHCOCK. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. JONES of New Mexico. I yield.

Mr. HITCHCOCK. I have not been able quite to understand the language of the Senator's amendment, and I find a good many Senators in the same predicament. I thought at first this was a tax graduated in proportion to the rate of profits the corporation was making. Now I find Senators who insist that it does not make any difference whether a corporation is making 10 or 20 or 30 or 40 or 50 per cent; under the Senator's amendment it would pay the same rate of taxation upon its earnings not distributed. Is that right?

Mr. JONES of New Mexico. The Senator is quite right; and it is because what the Senator thinks ought to be done would involve the question of invested capital, the question which is involved in the excess-profits tax, and which is the very reason, in my judgment, for the repeal of the excess-profits tax. It would involve us in all that maze of difficulty; so this plan has been devised.

Mr. HITCHCOCK. Is the effect of this to levy a higher rate of taxation on the corporation making a low rate of dividend than upon the corporation making a large rate?

Mr. JONES of New Mexico. As I stated to the Senator, it does not take into consideration the rate at all, for the reasons which I have stated.

Mr. HITCHCOCK. It does not take into consideration the rate, but is the effect to tax the corporation which is making 50 per cent profit less than a corporation is taxed which is making 10 per cent profit?

Mr. JONES of New Mexico. It is not. It does not reach that at all.

Mr. HITCHCOCK. I am asking the Senator whether the effect of this tax will be to levy a rate of tax upon the earnings of a corporation earning a small profit more than is levied upon a corporation whose earnings are large?

Mr. JONES of New Mexico. It will have this effect, if the Senator please, that to the extent that it induces distribution of corporate earnings and gets them into the hands of those who pay surtaxes it will increase the taxes. It is a graduated tax, however, based upon the assumed theory that the undistributed earnings ought somehow to be made to pay a graduated tax corresponding to the surtaxes which individuals pay and which these incomes would pay if in the hands of individuals.

Mr. HITCHCOCK. Suppose a corporation capitalized for half a million dollars makes a half million dollars in a year—100 per cent—and distributes it all to its stockholders. Does it pay any tax?

Mr. JONES of New Mexico. Not at all.

Mr. HITCHCOCK. If it makes only 10 per cent profit and fails to distribute it to its stockholders, then it would pay the tax?

Mr. JONES of New Mexico. It would pay the 10 per cent tax, and that tax ultimately would be considered in connection with the income of the stockholder; if it was ever distributed to the stockholder at all the stockholder would be exempt from that amount of tax paid by the corporation on his undistributed interest in the corporation.

Mr. HITCHCOCK. I understand that; but I think the language is a little difficult to understand.

Mr. JONES of New Mexico. The language is involved because it was written by the experts. Perhaps I should not say it is involved because of that, but I suggested at the beginning of my remarks that it is the language of the expert draftsmen. The effect of it, however, is to impose a graduated tax, based upon the percentage of the retained net income.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the junior Senator from Nebraska?

Mr. JONES of New Mexico. I yield.

Mr. NORRIS. As I understand the Senator's amendment, the corporation which distributes all its earnings in dividends is not affected, whether it is a big one or a little one, by the amendment; in other words, if a corporation wants to avoid the payment of the tax provided for in this amendment, all it has to do is to distribute its dividends among its stockholders?

Mr. JONES of New Mexico. Quite right; and I was going to say that there was some argument for putting a tax upon corporations, varying with respect to the size of the corporations, because when you have a large corporation, no matter if it is an aggregation of a large number of individuals owning the stock equally, it gives to that aggregation a power to influence prices or other things which lesser aggregations would not have; but if you want to tax corporations because they are corporations there are other ways which would more equitably do it. You tax them when you levy a franchise tax. If a flat franchise tax is not adequate, levy a graduated franchise tax. There is no reason why you can not do it. But these incomes, when considered from the mere standpoint of the benefit to the individual stockholder, ought to be taxed upon the basis and the basis only that they would be taxed on if distributed to the stockholders.

This question is being considered thoroughly. It is being considered now by many of the experts of the country, and the idea is growing that some such scheme as this is the only equitable scheme, so long as you propose to tax net incomes.

As I said, this is receiving support. In the report of Secretary Houston for 1920, the Secretary considered the question of the repeal of the excess-profits tax. The Senator from Indiana [Mr. WATSON] a day or so ago referred to that as very excellent authority for the repeal of the excess-profits tax, but I want to read a little further and show what the Secretary said about that matter. He did advocate the repeal of the excess-profits tax, but here is what he said further:

> The excess-profits tax, however, must be replaced, not merely repealed, and I believe that it should be replaced in large part by some form of corporation profits tax. This conclusion is based not only upon the Government's need for revenue but upon grounds of equality and justice. So long as taxpayers other than corporations are subject to a progressive income tax, rising now to over 70 per cent, corporation profits should not be allowed to escape with a single tax of only 10 per cent.

By this you are seeking to make it 15 per cent; but what is 15 per cent compared with 72 per cent? The Secretary continues:

> Individuals (and partnerships in effect) pay normal taxes and surtaxes upon all net income, whether spent, saved, or retained in the business of the taxpayer. Corporations pay only normal tax on such income, although their stockholders pay in addition surtaxes on the profits of the corporation which are distributed as dividends. But no surtaxes are paid on or with respect to the profits not distributed. It seems plain, therefore, that when the excess-profits tax is repealed some equivalent or compensatory tax should be placed upon the corporation in lieu of the surtax upon reinvested income paid by other taxpayers. Unless this be done, a heavy premium would be given to the corporate form of business. If, for example, three equal partners in a

business invest capital of $2,000,000 and make net profits of $600,000, draw out $75,000 as salary and $75,000 as profits, leaving $450,000 in the business, these partners would together pay income taxes of approximately $279,570. But if they should incorporate the business, the total income and capital-stock taxes on the corporation and its three stockholders would, in case the excess-profits tax were repealed, be only $75,865.

One partial substitute for the excess-profits tax would be a tax on the undistributed profits of corporations as nearly as possible equal to the surtax imposed upon the saved income of the individual. If individuals doing business in partnership pay 20 per cent on undistributed profits, individuals doing business through the medium of the corporation should pay 20 per cent. This plan could be applied in many different ways: (1) The distributed profits of the corporation could be substituted for the so-called excess-profits credit of the excess-profits tax and the remaining or taxable profits be taxed at 20 per cent; or (2) a 20 per cent tax on undistributed profits could be applied as a corporation surtax under Title II of the revenue act; or (3) corporations could in form be subjected to the same progressive surtaxes as individuals—a proposal which would prove very advantageous to all corporations with small incomes—with a proviso that the total surtax should never exceed an amount equal to 20 per cent of the undistributed profits.

Of course, the Secretary in the same report advised a reduction of surtaxes so that individuals would not have to pay the high surtaxes.

None of these plans presents any grave administrative difficulty or involves any particular complexity of operation.

If an undistributed profits tax be adopted, it should contain provisions expressly recognizing the various devices by which many corporations find it possible to distribute statutory "dividends," while actually retaining the profits in the business. The object should be to subject stockholders of corporations to the same tax burdens imposed upon the members of a partnership, and any procedure which facilitates the attainment of this object should be welcomed. The stockholders of any corporation should be permitted, for example, by a unanimous vote, to elect to be taxed as the members of a partnership or as the stockholders of a personal-service corporation are now taxed under existing law. It would be advisable seriously to consider the propriety of requiring every corporation, 95 per cent or more of the stock of which is held by one individual, to be treated as a partnership or personal-service corporation. This would go far toward solving the problem whose solution is now vainly sought in section 220 of the revenue act of 1918.

The Secretary goes further and discusses the plan of undistributed profits. I ask to have inserted in the RECORD as a part of my remarks the remainder of that discussion without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The object of these suggestions is to establish so far as possible an exact equivalence between the taxation of corporation stockholders and other taxpayers. The undistributed-profits tax appears to be one practical means of obtaining approximate equality of treatment. This is not only to satisfy a theoretical sense of justice. It is, I believe, the course of practical wisdom. At some points the revenue law as now formulated discriminates unjustifiably against the individual in favor of the corporation. At others it discriminates unduly against corporations in favor of the individual.

These discriminations operate to force many business enterprises into forms of organization not intrinsically the best suited to their needs. Furthermore, the most troublesome problem of income taxation is the same in case of both corporations and unincorporated taxpayers, i. e., the repressive effects of heavy rates when applied to income which is saved and reinvested. That and many other problems of personal and corporation income taxation will best be decided when linked together. We are now taxing reinvested income of individuals at rates which may exceed 70 per cent. The error of this treatment appears plainly when we attempt to apply such rates in the case of corporations. It would be unthinkable to tax the saved income of corporations at 70 per cent. On the other hand, the stockholders of corporations are forced to pay through the corporation a higher normal tax than individuals. They receive no credit against this normal tax for the personal exemptions, and—under existing law—profits which have paid both the corporation income tax and the heavy excess-profits tax are again subjected, when distributed as dividends to stockholders, to surtaxes rising in some cases to 65 per cent. In the latter instances the discrimination is against the corporation and its stockholders. Like treatment should prove in the long run the surest means of obtaining just and wholesome treatment. Separate treatment will in the long run conduce to corporation baiting. If corporations insist upon different treatment, they are in the long run likely to receive worse treatment. The next revision of the tax law should place the income tax upon an enduring foundation of sound principle. Lasting solutions and not temporary makeshifts should be sought.

The tax on undistributed profits has certain obvious disadvantages, as, in fact, have all tax proposals. It is widely opposed because it would, in form, fall on reinvested profits, although the personal-income tax falls also on reinvested profits. It is believed also by many honest and able men that, notwithstanding the fact that it would reduce the tax burden upon corporations, it would tend to cause an undue dissemination of corporation profits and subject directors of corporations to a strong temptation to pay out as dividends profits actually needed in extending or maintaining the business itself.

Mr. JONES of New Mexico. Now, Mr. President, I wish to call attention to another argument, and I desire to read the foreword to this little pamphlet which I suppose every Senator, at least members of the Finance Committee, has received, and I would be glad if every Senator and every Member of the House and everyone in the country could get the benefit of the argument which is presented here. The foreword to this little pamphlet is as follows:

FOREWORD.

"Organized soon after the passage of the first excess profits tax law in October, 1917, the committee on federal taxation of the National Association of Credit Men has continued without change in personnel.

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Mr. President, this little pamphlet, which is gotten up by the Credit Men's Association, discusses the question of the repeal of the excess-profits tax and advocates its repeal, and discusses the various plans which have been suggested as substitutes for the excess-profits tax. I may add further for it that it is a written document, every word in it has been considered and has been weighed, and the various matters have been tabulated and brought into their very close relationship. It is really a thesis upon this particular subject. Of course, it is much shorter and presents the matter in much more accurate and scientific language than can be done in an offhand presentation, such as I have been making. I ask that the pamphlet may be printed in the RECORD following my remarks, and in 8-point type.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Mexico? The Chair hears none, and it is so ordered.

Mr. JONES of New Mexico. Mr. President, I believe that I have presented the essential features of the situation. I think I have called attention to the very gross injustices which are going to be placed upon the people of the country by the proposal of the Finance Committee which is now under consideration.

While I do not claim perfection for the plan which I have submitted in my amendment, I do believe it meets in great measure some of the objections to the bill now before the Senate. I am sure that the Senate does not desire to do an injustice. I do not believe that it desires to bring about an inequality. But with all the sincerity which I can command, I believe that you are perpetrating on the people of the country the grossest injustice and grossest inequality ever imposed upon the people through a revenue law.

Mr. McKELLAR obtained the floor.

Mr. WALSH of Montana. Mr. President, will the Senator from Tennessee yield to me to ask a question of the Senator from New Mexico?

Mr. McKELLAR. I yield for that purpose.

Mr. WALSH of Montana. I wish to ask the Senator from New Mexico concerning his amendment. I followed his discussion with very considerable interest. As I understood from his argument, he criticizes the amendment tendered by the committee upon the ground—and it seems to me a very well-taken criticism—that it imposes upon the corporations earning a relatively small profit a burden of taxes equal with the corpora-

tion that earns a very high rate of profit. The Senator furnished a table very illuminatingly showing that the operation of the change in the tax plan would be to impose a heavier burden of taxation upon the corporation that pays a small profit and relieves the corporation that earns enormous profits.

As I understood the Senator, he desires a graduated tax so that those corporations which pay relatively high profits will pay a relatively high rate of tax, but I do not understand that the amendment, as the Senator has it, accomplishes that purpose.

Mr. JONES of New Mexico. I will state to the Senator that that is not the purpose. That is the purpose of an excess-profits tax, and we can not reach that question in any other way. The Senate has decided not to have an excess-profits tax. We can only reach that sort of thing by considering the invested capital of a corporation and dealing with the percentages earned on the invested capital; but the Senate has decided already not to do that very thing.

Mr. WALSH of Montana. Then, as I understand the Senator, the amendment expresses simply the idea that the undistributed profits should be taxed.

Mr. JONES of New Mexico. That reaches it as near as may be, and that the corporation shall pay no tax for the individual on the distributed earnings or income of the corporation. The purpose is to find some relative way of treating the undistributed earnings of corporations and the taxes which those earnings would pay if distributed.

Mr. WALSH of Montana. So the sole purpose of the amendment as a whole is to tax the undistributed profits?

Mr. JONES of New Mexico. Yes; to tax the undistributed profits. I have tried to exemplify the thought as to distributed income of the corporation, that if the corporation pays no tax on it, then it is taxed on an equality with all other incomes; but that leaves to be considered the undistributed income of corporations, and some method must be found to meet that situation.

Mr. WALSH of Montana. Is there anything, then, in the amendment which will in any wise relieve the situation which the Senator has so clearly exposed that arises by reason of the flat tax upon all corporations?

Mr. JONES of New Mexico. Oh, yes. I provide that the corporation shall pay no flat tax at all, and that when the earnings get into the hands of the stockholders as dividends, then the stockholders——

Mr. WALSH of Montana. They will then be subject to the usual surtaxes?

Mr. JONES of New Mexico. Yes; and the normal tax.

Mr. WALSH of Montana. So that the purpose is to reach the profits of the corporation and compel their distribution so they will go into the hands of individual stockholders, where they will be subject to the usual normal tax and surtax instead of the flat rate?

Mr. JONES of New Mexico. That is the purpose because, as the Senator will realize, if all incomes of corporations were distributed and the corporations paid no flat tax, then the net income would bear the same burden of taxation as incomes from individuals and be placed upon an equality; but inasmuch as corporations do not, and wisely do not, distribute all of their net incomes, we have got to find some means of placing a burden upon that undistributed income akin or equivalent, as nearly as a plan may be devised, to the normal tax and surtax imposed upon the incomes of individuals.

Mr. KING. Mr. President, may I inquire of the Senator whether those distributions, if they were enforced in the manner intended by the Senator, would not in a very large part go into the hands of those who are already exempt from any tax whatever to the Government; that is to say, those whose income is less than $1,000 or between $1,000 and $2,000, so that they would be exempt?

I have in mind the fact that in my own State, for instance, a good many widows and other people of very moderate circumstances have put all their savings—and they would only be a few hundred dollars—say, into a sugar company or some mercantile establishment that has a good reputation, that has been engaged in business for very many years. They draw only from $50 to $200 or $300 per annum dividends upon that stock, and that, plus their other earnings, would not be sufficient to raise them above the $1,000 limit, or, at most, above the $2,000 limit. In my opinion, there would be very many millions of dollars distributed to persons in that situation in life, and such dividends would be free, not only from the surtax but from the normal tax. I am not combating the view that such persons ought not to be taxed, but I am merely suggesting that if the policy favored by the Senator from New Mexico is pursued, if I understand his policy, undoubtedly it would result in an exemption from all taxation of dividends in the hands of a large number of people. The corporations now do pay a very large tax to the Government. So it would result in the Government getting nothing.

Mr. JONES of New Mexico. Mr. President, I am sorry the Senator from Utah was not present, or, at any rate, I believe he could not have been present when I discussed that very point.

Mr. KING. Unfortunately, I was twice called from the Chamber while the Senator was speaking.

Mr. JONES of New Mexico. I know the Senator from Utah is usually here, and a very patient and intelligent listener, too.

My thought is—and what I am arguing for is—that such people as those to whom the Senator refers should not be required to pay any tax, but that whenever we levy a flat tax upon a corporation we are taxing those unfortunates precisely at the same rate as the man who may have $1,000,000 a year income. As to the effect of it, however, that appears in a table which I have asked to have inserted in my remarks. On a supposed distribution of $2,500,000,000 there would be $500,000,000 which would go into the hands of those who would not pay any taxes; and I should like for the Senator in the fullness of his heart to consider the advisability and wisdom of any law which would levy a tax of 15 per cent upon the holdings of those people who would not pay any tax if their interests in the corporations were distributed to them. It is that inequality which I seek to combat. Equality in taxation at this time is desired above all other considerations. We may repeal the excess-profits tax, we may relieve those earning high percentages upon their invested capital, as the Senate has done, by the repeal of the excess-profits tax, but I want to predict that when we do that there will rise from one end of the country to the other a most ardent and heartfelt protest against such an inequality and injustice. At this time, when the country is to be burdened with high taxes, in a time of depression, of all times, there should be justice and equality. The proposal to repeal the excess-profits tax and put a flat tax upon the corporations instead, thereby making the widows and orphans pay as high a rate upon their interest in a corporation as a millionaire, I say is infamous and will not be tolerated by the people of this country.

Mr. TOWNSEND. May I ask the Senator a question? I have followed him as well as I could.

Mr. JONES of New Mexico. I am glad to yield to the Senator from Michigan.

Mr. TOWNSEND. Has the Senator offered more than one amendment?

Mr. JONES of New Mexico. I have not, but I stated in the beginning of my remarks that I would offer other amendments if the amendment which I have offered was adopted.

Mr. TOWNSEND. I have the Senator's amendment before me and I have been looking over it. If I understand the amendment correctly, it provides that every corporation shall be subject to a tax on its net earnings according to 10 different rates; "8 per cent of the first 10 per cent of the amount of the net income," and so on up to 56 per cent; so that small corporations and large corporations will be taxed from 8 per cent up to 56 per cent on their income. Am I correct about that?

Mr. JONES of New Mexico. I will state that the Senator probably has not read the language of the amendment which is printed on the back of the sheet he holds in his hand.

Mr. TOWNSEND. I had not noticed that.

Mr. JONES of New Mexico. As I have once or twice said, the language of the amendment is that of the expert, and it does convey accurately the idea intended, but it requires a little analysis in order that it may be understood.

I will say to the Senator from Michigan that the purpose of the amendment and its operation would result in this: That there would be a graduated tax upon the undistributed earnings of corporations, the graduations being in steps of 10 per cent of the total income of the corporation.

APPENDIX.

THE UNDISTRIBUTED EARNINGS TAX—A PLAN TO TAX THE CURRENT YEAR'S EARNINGS OF CORPORATIONS NOT DISTRIBUTED.

[Issued December, 1920. National Association of Credit Men. Committee on Federal taxation: E. H. Jaynes, the Cleveland-Cliffs Iron Co., Cleveland, Ohio; Charles D. Joyce, the A. Colburn Co., Philadelphia, Pa.; W. M. Kennard, Graupner, Love & Lamprecht, New York, N. Y.; S. J. Whitlock, Belding Bros. & Co., Chicago, Ill.; R. G. Elliott, chairman, Jaques Mfg. Co., Chicago, Ill.; secretary of the committee, John Whyte, Ph. D., director of research, National Association of Credit Men, 41 Park Row, New York, N. Y.]

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SUMMARY.

"The recommendations of the National Association of Credit Men presented by the committee on Federal taxation are:

"1. Elimination of the excess-profits tax.

"2. Elimination of the corporation-income tax.

"3. Dividends from current earnings to be subject to the normal tax in the hands of the individual.

"4. Substitution of a corporation undistributed earnings tax at graduated rates.

"5. Dividends which are paid from earnings of prior years on which the corporation has paid the undistributed earnings tax, not to be considered as income to the individual shareholder. Dividends may not be paid from surplus until earnings of current year have first been used for that purpose.

"6. Adjustment of rates of taxation on personal incomes (both normal and surtax) to meet the requirements of the budget.

"The following summary contains the committee's arguments and views on income taxation, which have resulted in the formulation of the above recommendations and of the rejection of other proposed tax measures. They are here stated simply and briefly. The elaboration of the points here made may be found in the body of the argument.

PRINCIPLES OF TAXATION.

"1. Taxes should be certain, not arbitrary. The taxpayer should know just what taxes he has to pay, and when and how he has to pay them.

"2. Taxes should be convenient both as to time and manner of payment. The taxpayer should not be taxed at a time or in a manner that will prove inconvenient or disruptive to his business or activities.

"3. The expense of collecting taxes should be as low as possible and taxes should be so levied as to interfere as little as possible with the industrial activities of the Nation.

"4. The people of the Nation should contribute to the support of their Government as nearly as possible in proportion to their respective ability to pay taxes.

"5. Ability to pay taxes increases more rapidly than in direct proportion to the increase in the net income. The family with an income of $30,000 has somewhat more than ten times the ability to pay taxes that the family with an income of $3,000 has. This principle of progressive income taxation is recognized in the United States and other countries.

WHO PAYS TAXES.

"6. The individual, in the last analysis, pays the taxes. Whatever tax is levied is finally paid by some individual.

"7. Since corporations are only aggregations of individuals, the tax on corporations falls on the individuals comprising the corporations.

"8. Tax measures that fail to recognize the individual as the tax-bearing unit open the way to discrimination between individuals.

"9. Only by taxing individuals on their personal income can justice in income taxation be secured.

THE EXCESS-PROFITS TAX.

"10. The excess-profits tax discriminates against business of a hazardous character and in favor of business of a stable character.

"11. It discriminates against conservatively organized and capitalized business and in favor of business loosely capitalized.

"12. It discriminates between corporations on the one hand and partnerhips and individuals on the other.

"13. It discriminates against the small shareholder whom it penalizes severely in violation of the principle of ability to pay.

"14. It exercises a repressive effect on industry and curbs production and discourages initiative.

"15. It makes for inflation and extravagance.

"16. It is steadily diminishing in productivity.

"17. It is difficult, if not impossible, of administration.

"For the above reasons the excess-profits tax should be repealed.

A TAX ON UNDISTRIBUTED EARNINGS OF CORPORATIONS.

"18. A tax to take the place of the excess-profits tax should raise the revenue necessitated by the repeal of the excess-profits tax.

"19. A substitute for the excess-profits tax must tax individuals on their individual income substantially in accordance with their ability to pay.

"20. Income taxation under the present law taxes all individuals who are not corporate shareholders as individuals, and on their ability to pay. The extension of this principle to apply to corporate shareholders will substantially equalize the tax for all individuals.

"21. Individuals who are not corporate shareholders are now taxed on their total earnings from all sources, whether distributed or not distributed; whereas corporate shareholders (if the excess-profits tax and corporation income tax are repealed) will be taxed only on the earnings received by them. The undistributed earnings of corporations would thus be untaxed.

"22. By taxing the undistributed earnings of corporations at a rate comparable to the normal and surtax rates paid by individuals and partners and other individuals who are not shareholders of corporations, substantial equality will be achieved as between all forms of business and all groups of individuals.

"Such a tax is therefore recommended.

OTHER PROPOSED SUBSTITUTES FOR THE EXCESS-PROFITS TAX.

"(a) A tax (at a suggested rate of 1 per cent) on every sale or turnover of commodities and services, real property, capital assets, rent, and interest.

"(b) A tax (at a suggested rate of 1 per cent) on every sale or turnover of goods, wares, and merchandise (limited to commodities).

"(c) A tax on all final sales of goods, wares, and merchandise for consumption or use.

THE GENERAL SALES TAX.

"The objections to the general sales tax are:

"23. The word "sale" is difficult of definition.

"24. The administration of a general sales tax involves the setting up of new tax machinery.

"25. If the sales tax is shifted to the consumer it violates the principle of taxation in accordance with ability to pay.

"26. If borne by the seller and not shifted it discriminates against businesses that have large sales with a small rate of profit compared with sales.

"27. If only partially shifted it involves injustices to both seller and consumer.

"28. It discriminates against individual businesses and in favor of integrated business that carries on several processes of manufacture and distribution.

A TAX ON FINAL SALES FOR CONSUMPTION OR USE.

"29. It is difficult to determine whether a sale is made for final consumption or use.

"30. It is difficult of administration.

"31. When borne by the final seller it discriminates unfairly in favor of businesses with small total sales and a high rate of

profit, and against businesses with large total sales and a low rate of profit.

"32. When borne by the retailer it imposes the sole tax burden upon him.

"33. When borne by the consumer it violates the principle of taxation in accordance with ability to pay.

WHO PAYS THE TAXES?

"All of the property of the country is owned either by or for the individuals of the country, either in their own right or through governmental, corporate, and partnership holdings and therefore they either receive or own all the income of the country. These same individuals in the last analysis pay all the taxes. No matter what manner of tax is levied, be it a tax on property, property transfers, corporate profits, luxuries, general sales, or individual incomes, it must finally be paid out of the income of some individual whether received by him or accrued for his benefit.

CORPORATIONS AS SOURCES FOR TAXATION.

"The relation of taxation to the income of the individual is obscured by various kinds of indirect taxation. The taxing of corporate incomes is a case in point. In the treatment of a corporation as a separate entity for the purposes of taxation (or business), the real character of a corporation is lost sight of and the relation of the individual shareholder to the tax is ignored. By such treatment corporations have come to be considered distinct from the true owners, the individual shareholders, and the profits and taxes of corporations something apart and distinct from the profits and taxes of these owners. Such, however, is not the case.

WHAT IS A CORPORATION?

"The Supreme Court of the United States has said that 'an incorporated company is an association of individuals, acting as a single person and by their corporate name'; and again:

"'Private corporations are but associations of individuals united for some common purpose, and permitted by the law to use a common name, and to change their members without dissolution of the association.' U. S. *v.* Trinidad Coal Co., 137 U. S., 160 (1890).

"A corporation is made up of a group of individuals who organize in this form for the purpose of carrying on more conveniently some form of business.

THE DISTRIBUTION OF STOCK AND OWNERSHIP IN A CORPORATION.

"Capital is necessary for carrying on business or trade. If the men who organize a corporation have not money enough of their own to finance the business, they sell a share in the business to others, which share in the business is represented by stock in the corporation. By this process the stock and hence the ownership in a corporation is often widely distributed. The Pennsylvania Railroad, for example, is owned by more than 100,000 people, and the average investment of these 100,000 people is about $5,000. The United States Steel Corporation is another example of widely distributed ownership. It is owned by 75,000 people who have an average investment of about $7,000. The American Telephone & Telegraph Co. is owned by more than 100,000 people, whose average investment is about $4,000. A small number of the shareholders in these companies have, it is true, very large investments, but it is equally true that there are thousands who own but a few hundred dollars worth. These examples, which are typical, show conclusively that when we speak of a corporation we are really speaking of a group of individuals who are the true owners of the corporation, each one of whom has an undivided interest in the property of the corporation. This corporation belongs to these individuals and the earnings of it are their earnings, and belong to them just as the earnings of the corner grocery belongs to John Smith who owns and runs it, or as the earnings of the wage earner belongs to him.

CORPORATE TAXES ARE INDIVIDUAL TAXES.

"When the corporation is taxed the individuals who own it are taxed. A tax on corporate earnings is a tax on individual earnings at a uniform rate. Taxing the corporate earnings at 30 per cent means, therefore, taxing the earnings of each individual in the business at 30 per cent, regardless of whether the individual's share of the earnings is $1,000 or $100,000, and regardless of his total income from all sources. Taxing a corporation taxes the incomes of individuals proportionately, not progressively, and hence without due regard to their ability to pay.

"The principle of taxing in accordance with ability to pay can be applied successfully only by taxing directly each individual on his earnings, whether actually received or earned and held for him and undistributed to him.

THE EXCESS-PROFITS TAX—ITS ORIGIN.

"The present excess-profits tax on corporations was designed by Congress to reach particularly those of wealth and large incomes. Corporations have been regarded as representing wealth. In the aggregate they do represent wealth in their entirety, because they hold much property and receive profits which, even though small in percentage, are large in amount. Corporations, however, are only aggregations of individuals. The taxes of the corporations are the taxes of the shareholders. They may be few, they may be many; they may be comparatively poor, they may be comparatively rich. By the very nature of a corporation the excess-profits tax falls not only on a few people of great wealth and income but upon many shareholders of only moderate income and wealth. It fails, therefore, of accomplishing the very purpose for which it was designed.

THE DIFFICULTY OF DEFINITION—WHAT ARE EXCESS PROFITS?

"The so-called excess-profits tax is predicated on the principle that all profits over and above 8 per cent on invested capital are inordinate or excessive profits. It makes no distinction as to the nature of the business. It simply assumes that business is business and that a fair return on capital in one enterprise is a fair return on capital in another enterprise. Such a definition is wholly inadequate and unjust.

"Granting that 8 per cent is a fair return on capital invested in a given line—for example, in a trade dealing in staples which are strictly necessities for which there is a steady, uninterrupted demand, not subject to wide fluctuation, and with a record of many years of steady prosperity—is it reasonable to say that the same return—8 per cent on capital—is fair and will attract capital to a hazardous business or one in which the element of uncertainty is ever present, such as developing an invention or a new and unknown product or process?

"Most of our great inventions never would have been developed if they had been dependent for capital on an 8 per cent return with no compensation promised for the losses and only minor interest in the profits over the 8 per cent.

"The country has grown to be what it is to-day because its citizens were courageous and were willing to back new enterprises and enter new fields—to put their capital at building or developing something new and untried in the hope of extra returns.

"If this return is to be denied them, they will not venture into these hazardous enterprises, and the country as a whole will suffer by this lack of development.

"However desirable and sound the principle of an excess-profits tax may be in principle, the difficulties of definition render its application impracticable and unfair. An excess-profits tax which fails to distinguish between various lines of business by that very fact discriminates against certain businesses and in favor of certain others. Such a discrimination is detrimental to business as a whole, and the tax which thus discriminates is justly open to attack.

THE BASIS FOR CALCULATING THE EXCESS-PROFITS TAX—INVESTED CAPITAL IN ITS RELATION TO THE EXCESS-PROFITS TAX.

"But the excess-profits tax is to be condemned not only because by defining as excess profits everything above 8 per cent it discriminates between various lines of business. The basis upon which this tax is levied on the earnings of a corporation opens the door to discriminations of a far more serious character, since they affect not only different lines of business but also competing businesses in the same line.

"The basis for calculating the excess-profits tax is invested capital. The excess-profits tax is a tax at a graduated rate of 20 per cent on the earnings above 8 per cent on what is termed 'invested capital' and 40 per cent on all earnings above 20 per cent on this invested capital. Then there is in addition a flat income tax on what is left of the earnings. Since the rate of tax and exemption is dependent upon invested capital, the method of computing this invested capital is of primary importance. A computation of invested capital that applies fairly to all business is a prerequisite to the fair administration of this tax. Unfortunately a uniform method of computing invested capital is almost impossible of definition, because from its very nature invested capital must reflect every element peculiar to the individual business. Invested capital, for example, is not always computed on the present value of the assets of the business, but on what may have been paid for it, possibly many years ago, and without regard to the fact that large sums may have been spent in developing the value of the property. The inequities that result from the application of any general rule of computation of invested capital are legion.

"Col. Robert H. Montgomery, formerly president of the American Association of Public Accountants, says in his book on excess-profits tax procedure, page 107:

"No excess-profits tax based on 'capital' will ever work equitably unless some one is able to define capital and then require all taxpayers to apply the definition simultaneously and uniformly."

"The present excess-profits tax does not define capital in any way that permits of simultaneous and uniform application.

INEQUITIES OF THE EXCESS-PROFITS TAX.

"The inequities of this excess-profits tax, which is a tax on corporations and which defines excess profits as profits above 8 per cent on invested capital, can be best shown by illustrations. These inequities fall into four groups:

"1. Discrimination between different lines of business.

"2. Discrimination between business in the same line.

"3. Discrimination between individuals in different lines of business and individuals in the same line of business, which results from 1 and 2.

"4. Discrimination between individuals in the same business.

DISCRIMINATION BETWEEN DIFFERENT LINES OF BUSINESS.

"As a result of the defining of excess profits as profits above 8 per cent there is a discrimination in favor of business enterprises that deal in staples or necessities and against enterprises of a hazardous character. This discrimination has been discussed previously, and it is so self-evident as to require no specific illustrations.

DISCRIMINATIONS ATTRIBUTABLE TO THE INTERPRETATION OF INVESTED CAPITAL.

"The discriminations attributable to the interpretation of invested capital can be exemplified by the following illustration of the Jones Grocery Co. and the Harris Shoe Co. Both businesses have the same capital invested in the business of $500,000 and both businesses have the same net income of $100,000. In justice therefore both businesses should contribute the same amount of taxes to the Government, but the Harris Shoe Co. which is so organized, or whose books have been so kept that their capital accounts reflect the full value of their assets, and that their invested capital is the same as the value of their assets, actually paid $12,600 less in taxes than the Jones Grocery Co.

THE JONES GROCERY CO.

Capital invested in business			$500,000.00
Invested capital as defined by the law			250,000.00
Net income		$100,000.00	
Less:			
Specific exemption	$3,000.00		
8 per cent invested capital	20,000.00		
		23,000.00	
Income taxable as below		77,000.00	
Tax.			
20 per cent of invested capital	$50,000.00		
Less exemptions	23,000.00		
Taxable at 20 per cent		27,000.00	5,400.00
Total income	100,000.00		
Less 20 per cent invested capital	50,000.00		
Excess of income over 20 per cent of invested capital and taxable at 40 per cent		50,000.00	20,000.00
Total income as above		77,000.00	
Excess profits tax			25,400.00
Income tax.			
Net income		$100,000.00	
Less:			
Excess-profits tax	$25,400.00		
Specific exemption	2,000.00		
		27,400.00	
Subject to 10 per cent income tax		72,600.00	7,260.00
Total income and excess-profits tax			32,660.00

THE HARRIS SHOE CO.

Capital invested in business			$500,000.00
Invested capital			500,000.00
Net income		$100,000.00	
Less:			
Specific exemption	$3,000.00		
8 per cent invested capital	40,000.00		
		43,000.00	
Income taxable as below		57,000.00	
Tax.			
20 per cent of invested capital	$100,000.00		
Less exemption	43,000.00		
Taxable at 20 per cent		57,000.00	11,400.00
Income tax.			
Net income		$100,000.00	
Less:			
Excess-profits tax	$11,400.00		
Specific exemption	2,000.00		
		13,400.00	
Subject to 10 per cent income tax		86,600.00	8,660.00
Total income and excess-profits tax			20,060.00

NOTE.—These computations have been verified by Lybrand, Ross Bros. & Montgomery, certified public accountants, New York, N. Y.

"This shows a difference in tax of $12,600 based on a business with the same assets and the same net income.

"This tremendous difference is due to the fact that invested capital under the present law does not always mean the money invested in the business. It frequently means something very much less than the actual investment.

"The allowance of an exemption of 8 per cent on invested capital (as defined by the law) results in an actual exemption of anywhere from 2 per cent to 8 per cent on the money invested in the business, dependent upon the question of whether or not the company's capital accounts have been so kept as to reflect fully the value of its assets.

"The rate of tax—or the bracket under which the corporation's income is taxed—is also dependent upon the invested capital. Thus there is a difference in tax in favor of the Harris Shoe Co. of $12,600. The exemption of the Jones Grocery Co. is 4 per cent on the money invested in the business. The exemption of the Harris Shoe Co. is 8 per cent. Fifty thousand dollars of the net income of the Jones Grocery Co. is taxed at 40 per cent; none of the income of the Harris Shoe Co. comes under the 40 per cent rate. The total tax paid by the Jones Grocery Co. is 32.66 per cent of the net income. The total tax paid by the Harris Shoe Co. is 20.06 per cent of the net income.

"As a result of this discrimination, which is possible by the interpretation of invested capital, the Jones Grocery Co. paid the Government $12,600 more than the Harris Shoe Co. It is obvious from these figures that the Jones Grocery Co. can not compete on equal terms with the Harris Shoe Co. for money, material, and labor.

DISCRIMINATION BETWEEN THE SAME LINES OF BUSINESS.

"The discrimination in favor of the Harris Shoe Co., though greatly to be condemned, may not be disastrous to the Jones Grocery Co. since they are not in the same line of business. Such a discrimination is more serious if the Jones Grocery Co. and the Harris Shoe Co. are in the same line of business. And they may well be in the same line of business. In that event the Harris Shoe Co. is tremendously favored by an interpretation of invested capital which makes them pay $12,600 less than the Jones Grocery Co., whose assets are the same as theirs and whose income is exactly the same. If, in addition, the Jones Grocery Co. and the Harris Shoe Co., both wholesale grocers, are competing in the same community, the discrimination in favor of the Harris Shoe Co. is likely to result disastrously for the Jones Grocery Co.

DISCRIMINATION BETWEEN INDIVIDUALS IN VARIOUS LINES OF BUSINESS AND IN DIFFERENT BUSINESSES OF THE SAME LINE.

"As a natural result of the discriminations outlined above, the shareholders of the Jones Grocery Co. and the Harris Shoe Co. are unequally treated.

"The definition of invested capital makes possible other discriminations of a character at least as serious as that illustrated in the case of the Jones Grocery Co. and the Harris Shoe Co. A common and notable example is the discrimination that may result between the owners of an old-established business built up by them and the purchasers of a business already developed, a discrimination again due to the fact that the money invested in the business is not the equivalent of invested capital.

ILLUSTRATION OF DISCRIMINATION BETWEEN OWNERS OF AN OLD-ESTABLISHED BUSINESS AND PURCHASERS OF A BUSINESS ALREADY DEVELOPED.

"Take, as an example, two companies organized in 1900, each with $100,000 capital, all in the same line of business, 'A' a producer of raw material and 'B' a manufacturer using this material. Assume that they prospered equally, and in 1916 the surplus of each, created by undistributed earnings, amounted to $50,000. The capital and surplus of each of the companies was $150,000; of the two companies combined, $300,000. They each had assets worth much more than the amount of their capital and surplus, created in the following manner:

"'A' bought in 1900 a tract of land for $50,000, on which he located a mine. Owing to the increasing demand for the product of the mine, its value has gradually advanced until in 1916 the value of the assets of 'A's' business was $500,000.

"'B,' the manufacturer of an article of general consumption, put out under his special brand, expended several hundred thousand dollars in publicity and introductory work, and being ultraconservative in his accounting methods and not requiring credit, this created value was not reflected in his capital accounts; the value of his trade brand was not carried on his books notwithstanding the fact that in 1916 the total assets of the business had a value of $500,000 against capital and surplus of $150,000.

"In 1916 'C' formed a new company with one million paid-in capital and bought for cash the business of 'A' and 'B,' pay-

ing each $500,000 for their respective businesses. 'C' earned 15 per cent on his capital each year, or $150,000 in 1917, 1918, and 1919. For 1919 his tax would be computed as follows:

Invested capital		$1,000,000
Net income	$150,000	
Less:		
Exemption, 8 per cent, on invested capital	$80,000	
Specific exemption	3,000	
	83,000	
Taxable income	67,000	
Tax.		
(Taxable income is less than 20 per cent on invested capital, so is taxable at 20 per cent.)		
20 per cent on $67,000—		
Total excess-profits tax		$13,400
Income tax.		
Net income	$150,000	
Less:		
Excess-profits tax	$13,400	
Exemption	2,000	
	15,400	
Taxable at 10 per cent	134,600	13,460
Total income and excess-profits tax		26,860

"Had 'A' and 'B' continued their business instead of selling to 'C,' and assuming that a consolidated return was in order, the consolidated tax would have been as follows:

Invested capital for both		$300,000
Net income for both	$150,000	
Less:		
Exemption 8 per cent on invested capital	$24,000	
Specific	3,000	
	27,000	
Taxable income	123,000	
Tax.		
20 per cent of invested capital	60,000	
Less exemptions	27,000	
Taxable at 20 per cent	33,000	6,600
Net income over 20 per cent on invested capital and taxable at 40 per cent	90,000	36,000
Total excess-profits tax		42,600
Income tax.		
Net income	150,000	
Less excess-profits tax	$42,600	
Exemption	2,000	
	44,600	
Taxable at 10 per cent	105,400	10,540
Total income and excess-profits tax		53,140

"The same business with the same earnings and the same assets would have paid, if in the hands of the original owners, A and B, $53,140, assuming affiliation.

"It paid in the hands of C $26,860.

"A result of such discriminations is a temptation on the part of an established business making substantial profits to enter new lines or related lines, using the losses in the new line of business to reduce its taxes in the regular line.

"Again, we may see from the example cited a discrimination that affects various lines of business, businesses in the same line, and individuals both in various lines of business and in the same line of business.

DISCRIMINATIONS AS BETWEEN CORPORATIONS ON THE ONE HAND AND INDIVIDUALS AND PARTNERSHIPS ON THE OTHER.

"Because individuals and partnerships in business are taxed under one tax and corporations under another there results a discrimination between individuals and partnerships on the one hand and corporations on the other. The following illustration will make clear this discrimination.

"Adams, Brown, and Chapin, wholesale manufacturers of clothing, are members of a partnership. Anson, Barrett, and Crawford are shareholders in a wholesale grocery corporation. The partnership and the corporation earn the same net income of $100,000, but the partnership pays in taxes only $19,200, whereas the corporation pays in taxes $35,608.

"Adams, Brown, and Chapin are members of a partnership. Adams owns 3 per cent interest, Brown owns 30 per cent, Chapin owns 67 per cent. The partnership has a net income of $100,000, which it distributes. Then Adams, Brown, and Chapin pay taxes as follows:

	Adams.	Brown.	Chapin.
Income	$3,000	$30,000	$67,000
Tax	40	3,890	15,270
Per cent of tax	[1] 1.33	[1] 13	[1] 22.8

"Anson, Barrett, and Crawford are shareholders with the same percentage of holdings in a corporation which earns the same income of $100,000, all of which is distributed after paying 30 per cent excess-profits tax. Then Anson, Barrett, and Crawford pay taxes as follows:

	Anson.	Barrett.	Crawford.
Share of income before 30 per cent tax is paid	$3,000	$30,000	$67,000
Income distributed after tax is paid	2,100	21,000	46,900
Excess-profits tax borne by each	900	9,000	20,100
Personal income tax on distributed earnings		800	4,808
Total tax	900	9,800	24,908
Per cent of tax	[1] 30	[1] 32.66	[1] 37.17

[1] These computations have been verified by Lybrand, Ross Bros. & Montgomery, certified public accountants, New York, N. Y.

"The inequity as between the partnership and the corporation which results in the payment by the corporation of $16,408 more than the partnership pays in taxes is revealed in a more startling fashion by a comparison of the payment of the various members in the partnership and the corporation. The members of the partnership and the shareholders in the corporation each have the same income, and should naturally have the same taxes, but Adams, of the partnership, with an income of $3,000, pays in taxes only $40, whereas, Anson, a shareholder in the corporation, whose share of the corporate income is also $3,000, is subject to a tax of $900, paid for him by the corporation.

"Brown, of the partnership, whose income is $30,000, pays a tax of $3,890.

"Barrett, of the corporation, whose share of the corporate income is also $30,000, is subject to a tax of $9,800, paid for him by the corporation.

"Chapin, of the partnership, whose income is $67,000, pays a tax of $15,270.

"Crawford, of the corporation, whose share of the corporate income is also $67,000, is subject to a tax of $24,908, paid for him by the corporation.

"The figures of the Adams, Brown, and Chapin partnership, wholesale clothiers, and of Anson, Barrett, and Crawford, of the corporation, wholesale grocers, are equally applicable to Adams, Brown, and Chapin and Anson, Barrett, and Crawford as competitors in the same line of business. There is, therefore, as a result of these two methods of taxation a gross discrimination between various lines of business, between businesses in the same line, and between individuals in the same and different lines of business.

"NOTE.—If the individuals in the partnership have other sources of income which would make them subject to the higher rates of surtaxes, the discrimination may be actually the reverse, i. e., against the partnership and in favor of the corporation.

DISCRIMINATION BETWEEN INDIVIDUALS IN THE SAME BUSINESS—THE PENALIZATION OF A SMALL SHAREHOLDER.

"The excess-profits tax adds to these three types of discrimination already exemplified one other, namely, discrimination between individuals in the same business. This last discrimination works a gross injustice to the small shareholder. The table illustrating the discrimination between the partnership and the corporation will serve also to illustrate this injustice:

"Adams, Brown, and Chapin are members of a partnership. Adams owns 3 per cent interest, Brown owns 30 per cent, Chapin owns 67 per cent. The partnership has a net income of $100,000, which it distributes. Then Adams, Brown, and Chapin pay taxes as follows:

	Adams.	Brown.	Chapin.
Income	$3,000	$30,000	$67,000
Tax	40	3,890	15,270
Per cent of tax	[1] 1.33	[1] 13	[1] 22.8

"Anson, Barrett, and Crawford are shareholders with the same percentage of holdings in a corporation, which earns the same income of $100,000, all of which is distributed after paying 30 per cent excess-profits tax. Then Anson, Barrett, and Crawford pay taxes as follows:

	Anson.	Barrett.	Crawford.
Share of income before 30 per cent tax is paid	$3,000	$30,000	$67,000
Income distributed after tax is paid	2,100	21,000	46,900
Excess profits tax borne by each	900	9,000	20,100
Personal income tax on distributed earnings		800	4,808
Total tax	900	9,800	24,908
Per cent of tax	[1] 30	[1] 32.66	[1] 37.17

[1] These computations have been verified by Lybrand, Ross Bros. & Montgomery, certified public accountants, New York, N. Y.

"Anson's share of income from his investment in the corporation is $3,000. Nine hundred dollars of this, which is 30 per cent, is turned over to the Government. If Anson had his money in a partnership, he would pay but $40, or 1.33 per cent

of his income, since he would be allowed an exemption of $2,000 and pay but 4 per cent on the remaining $1,000, or $40. Such an inequity, a tax of 4 per cent on $1,000 as against a tax of 90 per cent on $1,000, works a tremendous hardship. The case of Anson may be an extreme case, but the discrimination against the small shareholder exists, no matter what figures are used. This discrimination constitutes the greatest violation of the foremost principle of income taxation, namely, levying taxes in accordance with ability to pay. While the corporation may have the ability to pay the excess profits of 30 per cent in the case of Anson, Barrett, and Crawford, Anson, the individual shareholder in that corporation, has not the ability to stand a tax of 30 per cent of his earnings or a tax of 90 per cent on the amount above that needed for the bare necessities of life.

CONCLUSION.

"Illustrations similar to those given above may be greatly multiplied. Those already given are sufficient to show conclusively that the excess-profits tax on corporations discriminates—

"1. Against business of a hazardous character and in favor of business of a stable character—by defining profits above 8 per cent as excess profits.

"2. Against conservatively organized and capitalized business and in favor of business loosely capitalized—by the interpretation of invested capital.

"3. Between corporations on the one hand and partnerships and individuals on the other—by virtue of its being a tax on corporations only.

"4. Against the small shareholder whom it penalizes severely in violation of the principle of ability to pay—by virtue of its being a tax on corporations.

"These discriminations affect business enterprises in different lines, competing enterprises in the same lines, individuals in the same and different lines of business, and finally individuals in the same business.

THE EFFECT OF THE EXCESS-PROFITS TAX ON INDUSTRY.

"The effect of the excess-profits tax on industry is wholly capricious. On the one hand it represses initiative and curbs production; on the other hand it makes for inflation and wild extravagance. The existence at the same time of these two diametrically opposite effects constitutes one of the most damning indictments of the tax. If either one of these two baneful effects of the tax existed to the exclusion of the other, the dire effect, being all in one direction, might be more or less calculable and some remedy might conceivably be applied within the tax itself. But to adjust this tax so as to release initiative and at the same time to curb extravagance is an impossibility. The contradictory effects of this tax inhere in the tax itself, and no relief from these effects can be found, save in a different tax. The report of the Secretary of the Treasury for 1919 is particularly illuminating on this point:

"Still more objectionable is the operation of the excess-profits tax in peace times. It encourages wasteful expenditure, puts a premium on overcapitalization and a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies."

THE DIMINISHING PRODUCTIVITY OF THE EXCESS-PROFITS TAX.

"The excess-profits tax at first produced a large amount of revenue, but it is rapidly losing whatever virtue in this respect it ever possessed. During the war under the compelling force of patriotism, business men, though conscious of the injustices of this tax, withheld criticism and bore its inequities with a commendable complacency. But with the return to peace the reasons for withholding criticism are removed. The tax is no longer felt as a necessary evil. With every day that the tax remains on the statute books the protest against it increases in strength. Since the tax itself does not permit of equal distribution of the burden of taxation, attempts are increasingly made to avoid and even to evade the injustices that arise from its unfair discriminations. Such attempts, whether made in good faith or not, have a disastrous effect both on the tax and on the taxpayer. They reduce the productivity of the tax and open the way for the demoralization of the taxpayer. A bad tax can not be productive in the long run in a democratic country.

DIFFICULTY AND IMPOSSIBILITY OF ADMINISTRATION.

"The difficulties of administering the excess-profits tax constitute one more proof, if one were needed, of the utter unworkability of this tax. There is an old adage that runs 'good taxation is one-tenth law and nine-tenths administration.' It is common knowledge that the administration of this tax has broken down. Many of the reports of 1917 have not yet been finally closed. The taxpayer never knows when he is through. The resultant uncertainty puts a heavy burden on business and industry. The barriers to a proper administration are apparently insuperable, and every year that the tax remains on the statute book will aggravate the already serious difficulties.

REPEAL THE EXCESS-PROFITS TAX.

"For the reasons given above, which are here briefly recapitulated, the repeal of the excess-profits tax is demanded:

"1. It violates the principle of taxation in accordance with the ability to pay.

"2. It discriminates between business enterprises in different lines, competing enterprises in the same line, individuals in the same and different lines, and finally individuals in the same business.

"3. It discriminates against business of a hazardous character and in favor of business of a stable character.

"4. It discriminates against conservatively organized and capitalized business and in favor of loosely organized and capitalized business.

"5. It discriminates between corporations on the one hand and partnerships and individuals on the other.

"6. It exercises a repressive effect on industry and curbs production and discourages initiative.

"7. It makes for inflation and extravagance.

"8. It is steadily diminishing in productivity.

"9. It is difficult, if not impossible, of administration.

A SUBSTITUTE FOR THE EXCESS-PROFITS TAX.

"The repeal of the excess-profits tax will necessitate the passing of a new tax measure. This new measure should meet two requirements: 1. It should raise a substantial portion of the revenue formerly derived from the excess-profits tax. 2. It should approximate closely an equal distribution of the tax burden.

"Merely to repeal the excess-profits tax in the hope of abolishing the gross inequities that have resulted from it is not sufficient. In addition to causing a serious loss in revenue, abolishing this tax without providing a satisfactory substitute would, at the same time that it eliminated gross injustices, introduce others. The excess-profits tax, with all its evils, was at least an attempt to equalize the surtaxes paid by sole proprietors and partners on the one hand and the taxes paid by the corporations and borne by the corporate shareholders on the other. The repeal of this tax by freeing the corporate shareholders from a large share of their taxes would discriminate unfairly against the sole proprietors and the partners who are subject to surtaxes. A substitute tax measure must, therefore, be enacted that will insure substantial equality as between individuals in all groups—individuals not in business, individuals in sole proprietorships, individuals in partnerships, and individuals in corporations.

THE INDIVIDUAL MUST BE THE TAXPAYING UNIT.

"In order to achieve this equality the individual must be the taxpaying unit. It is only the individual that has real ability to pay. Therefore it is only by measuring ability to pay where it actually exists, namely, with the individual that a fair tax system can be established.

TAXING INDIVIDUAL INCOME IN ACCORDANCE WITH ABILITY TO PAY.

"Such a tax system—one that taxes individual income on ability to pay—is now in operation for a large number of individuals. Individuals in single proprietorships, individuals in partnerships, and individuals not in business who derive their income from sources other than corporations; in fact, all individuals in the business, professional, salary, or wage-earning groups who are not corporate shareholders are now taxed as individuals on their individual income and on the principle of their ability to pay. Equality of taxation exists, therefore, as between the individuals in all these different groups. Extending to the individual shareholders of corporations, this principle of taxing the individual income in accordance with ability to pay would therefore equalize taxation as between all the individuals of the country.

APPLYING THIS PRINCIPLE TO THE INCOME OF CORPORATE SHAREHOLDERS.

"Under the present law a tax at approximately the full normal rate on individual income is levied on the net income of corporations, and the shareholders are then exempted from the normal tax on the dividends they receive. This flat-rate income tax on corporate net income, however, violates the principle of taxing the individual in accordance with ability to pay. Taxing as it does all shareholders alike, it penalizes the small shareholder whose entire income from all sources may be so small as to be wholly exempt from tax, or to be subject to only the half rate of normal tax. He is compelled to pay the full normal rate upon that part of his income which he receives

from dividends (the distributed corporate earnings). It is therefore recommended that each individual shareholder pay his own normal tax upon dividends instead of having it withheld and paid by the corporation.

"With the elimination of the corporate income tax, equality of taxation with regard to distributed earnings is achieved as between corporate shareholders, sole proprietors, and partners.

THE POSSIBILITY OF EXTENDING THIS PRINCIPLE.

"If corporate earnings were all distributed, the individual shareholders would then be taxed just as sole proprietors and partners and all individuals who are not corporate shareholders are taxed. All these groups are taxed on their total earnings. But all the income of corporations is not distributed. Industry has always financed a part of its growth through retention of a portion of its earnings as working capital, and this practice which is dictated by sound business judgment should not be relinquished. To tax corporate shareholders only on the earnings of their investments actually received by them, and to tax individuals who are not corporate shareholders on their total earnings, is obviously an unfair discrimination in favor of the corporate shareholders. There are theoretically three possible ways of equalizing the tax as between these groups of individuals:

"1. To exempt from taxation such income of individuals who are not corporate shareholders as is reinvested, which would be the equivalent of exempting undistributed earnings of corporations reinvested in the business.

"2. To tax shareholders of corporations on the full earnings of their investments whether or not they are distributed to them, thus taxing the shareholders on their full earnings exactly as other individuals are taxed.

"3. To tax the undistributed income of corporations in order to equalize the tax borne by the corporate shareholders with that borne by other individuals.

"However desirable the total exemption of saved or reinvested income of individuals who are not corporate shareholders is in theory, such an exemption is at present impracticable. It would cause a considerable reduction in the Government's revenue and can not therefore be seriously entertained at this time.

"The second possibility, that of taxing shareholders on the full earnings, distributed and undistributed, of their investments, meets with many difficulties. The decision in the United States Supreme Court in the case of Eisner *v.* Macomber (252 U. S., 180), holding that stock dividends can not be made taxable to the shareholders as income, as well as other practical difficulties, utterly preclude this possibility.

TAXING THE UNDISTRIBUTED EARNINGS OF CORPORATIONS.

"There remains only the alternative of taxing the saved income of the corporate shareholder (which is the current net income of the corporation which remains undistributed) at rates substantially equivalent to those that would be applied if this income were assessable in the hands of the shareholder. We have under the present law the individual paying a tax on his total income, the partner paying on his total income, whether distributed to him or not, and the corporate shareholder paying on the income actually received—all at the same rate—and under the proposed law the corporate shareholder having paid for him a tax on the income undistributed to him at substantially the rate that would apply to this income if it were distributed to him. It is therefore recommended that a graduated tax at rates comparable with the normal and surtax rates paid by individuals and partners on the earnings of their business which are reinvested or remain undistributed should be paid by corporations upon the current net income not distributed in dividends or made subject in the hands of the shareholders to the individual income tax.

OPTIONS WHICH WOULD EQUALIZE THE TAX BURDEN.

"Coupled with the above there should be an option which would permit corporation shareholders by unanimous agreement to elect to pay taxes as partners do or just the same as partners pay, namely, on all the earnings of the business whether distributed or not. When they so elected, the corporation, of course, would not be subject to the undistributed earnings tax because the individual shareholders would have paid their tax on all of the earnings irrespective of whether they have been withdrawn from the business or not, and under this provision they would have placed themselves on a basis of absolute equality with sole traders or partners enjoying the same measure of prosperity.

"If an option of this sort were provided, it would mean absolute equality for all that large class of individuals engaged in business in corporate form, in corporations which are closely held, and it is safe to say that the volume of such business is a substantial portion of the country's turnover.

"There are other plans which might serve the same end and which, while they should not be made mandatory, would be highly beneficial in accomplishing equality if corporations were permitted to avail themselves of same.

CONSTRUCTIVE DISTRIBUTION.

"Prominent among such possible equalizing options is that of constructive distribution or the payment of dividends in interest-bearing obligations of the corporation, such scrip dividends to be considered as taxable income in the hands of the individual shareholder. When current earnings are paid out in this form earnings would not be subjected to the undistributed-earnings tax in the hands of the corporation for the very obvious reason that these earnings are bearing their just tax burden in the hands of the individual shareholder.

"The payment of dividends in scrip is not new. A number of corporations have been paying dividends in this form for many years, and while the committee does not recommend that corporations be forced to pay dividends in this form, it does most strongly recommend for the consideration of the tax legislators that a provision of this sort be made and the use of it be optional in the hands of the corporation.

"From the Government's standpoint, such an option should be in accord with the intent of Congress to obtain equality to the greatest possible degree, for in no case can such a provision be used as a device to avoid just tax liability; because when it is availed of the shareholders of such a corporation will be in a position of absolute equality with other individuals enjoying the same measure of prosperity.

"Either of the above-mentioned plans will permit of absolute equality for all of the shareholders in the smaller business units and for certain other corporate shareholders, as compared with individuals carrying on business as sole traders or in partnerships.

THE NECESSITY OF CONSIDERING THE INDIVIDUAL AS THE TAX-BEARING UNIT.

"Each individual, irrespective of the nature of his investment or source of his income, should pay the same amount of tax as every other individual enjoying the same measure of prosperity. To accomplish this he should be permitted, in so far as possible, to pay his own taxes rather than have them withheld at the source or paid in his behalf by some one else.

"In other words, the Government should abandon, as far as possible, the taxation of individuals en masse, for such taxation is productive of inequities.

"The reason why a tax on undistributed corporate net income is necessary is because the taxing of shareholders direct on these undistributed earnings seems to be legally and physically impossible, as heretofore pointed out.

WHY UNDISTRIBUTED CORPORATE EARNINGS SHOULD BE TAXED.

"With respect to corporate earnings which are distributed, no difficulty presents itself, as under the present system those earnings are taxed in identically the same way as similar earnings arising from business conducted in partnership form. Just as long as we do tax the undistributed partnership earnings, as at present, a compensating tax must be placed on the undistributed corporate earnings which correspond; a tax must be placed on those earnings which will practically equalize the tax borne by the shareholder and that borne by the sole trader or partner when each enjoys the same measure of prosperity.

"This tax on the current net income of corporations is simply a tax applied to that portion of the earnings of the investment of the individual shareholder which, assuming the repeal of the corporation income and excess-profits tax, otherwise entirely escapes taxation by reason of not being distributed. This tax should be so levied as to be free from any punitive element and from any attempt to force the distribution of dividends which should, for sound business reasons, be retained as working capital.

"The law should prevent the use of the corporate form of organization as a vehicle for shifting a just proportion of tax liability, or escaping a proportionate burden of taxation by the device of allowing earnings to accumulate undistributed.

"This undistributed-earnings tax is urged for two reasons:

"1. It will substantially equalize the tax burden of the individual shareholder with the tax burden of the sole trader or partner enjoying the same measure of prosperity.

"2. It will raise revenue for the Government in a manner substantially fair and equitable.

BASIS OF APPLYING A TAX ON UNDISTRIBUTED CORPORATE EARNINGS.

"There are so many different elements involved in the conduct of corporate business that the basis on which the rates of

this undistributed-earnings tax are to be applied is of the greatest importance.

"Corporations are managed with different degrees of efficiency; are engaged in business where the elements of hazard vary in the extreme; earn various rates of return on the money invested and on the value of the assets; are engaged in business in which the opportunities for expansion vary greatly; finance their operations in different ways; and finally distribute in dividends to their shareholders a vastly different percentage of current net income.

"Probably the fairest and most equitable basis of constructing and applying the rates determined upon under this recommendation would be a combination of two factors: The value of the assets which are the basis of the current earnings and the percentage of those earnings remaining undistributed, and therefore free from income tax, in the hands of the individual shareholders.

VALUATION OF ASSETS.

"The valuation of assets leads to tremendous complications and would require an appraisal by the Government of the property of every corporation in the country. The determination of invested capital as defined in the present law has consumed endless time, labor, and expense on the part of both the Government and the taxpayer.

"The use of the present definition of invested capital as one of the factors in applying this tax would be entirely inadequate. This definition is so restricted as to establish an arbitrary amount, in many cases far above and in many other cases far below the real value of the assets.

"While there is considerable merit to the use of the present value of assets as a factor in applying this equalizing tax on the income of the corporation, which by reason of being undistributed is not made subject to the tax in the hands of the individual, still the committee has reached the conclusion that the difficulties of determining in a fair and equitable manner the value of the assets of a large number of corporations far outweighs the benefits to be derived from using such valuation as a factor.

A TAX ON UNDISTRIBUTED EARNINGS BASED ON THE PERCENTAGE UNDISTRIBUTED.

"The committee feels, giving weight to both the considerations of equity and simplicity, that the most desirable factor on which to base this undistributed earnings tax would be the percentage of the total current net income which remains undistributed, and considers this factor as being of the greatest importance in seeking equality as between different individuals who prosper equally.

"To illustrate, take the case of an individual who has a $40,000 share in the current income of a corporation. If the corporation were to distribute 25 per cent of its current net income in dividends, this individual would pay an individual income tax on $10,000. If the corporation were to distribute 75 per cent of its net income, this shareholder would pay individual income tax on $30,000, and on the difference of $20,000 received under the last example he would be paying a gradually increasing rate.

"The tax on undistributed earnings is recommended for the purpose of equalizing, as far as possible, the tax borne by this man when the corporation distributes but 25 per cent, and pays on his behalf taxes on the 75 per cent remaining. It is obvious, since the individual would pay at a gradually increasing rate, if he pays his own taxes, that when the corporation pays his tax for him—by paying a tax on earnings undistributed to him—the rates should be such as to be in a measure comparable. The rates should aim to produce the proper revenue but not at a sacrifice of substantial equality.

"The recommendation therefore is that the application of the undistributed earnings tax be based on the percentage of the total net income which remains undistributed and therefore free from income tax in the hands of the individual.

RATES.

"This tax on undistributed earnings being in lieu of taxes which would be paid on similar income by an individual receiving such income from a source other than corporate investment, should in its lowest bracket be equal to the lowest bracket of the individual income tax—4 per cent under the present law. The fixing of its highest bracket should be governed by two considerations:

"1. The greatest measure of equity to the shareholders as compared with other individuals; and

"2. Productivity from a revenue standpoint.

"The Secretary of the Treasury, the Hon. David F. Houston, in his annual report dated November 30, 1920, suggests that the rates of surtax on that part of the net income which is saved and reinvested in business be reduced by one-fifth and in no instance exceed 20 per cent.

"The recommendation heretofore made provides that the individual shareholder should pay his own normal tax. Should that be enacted into law, it would mean that the maximum rate of this proposed undistributed earnings tax would be 28 per cent; namely, the equalizing 8 per cent normal tax, plus 20 per cent maximum surtax, which would be the tax maximum paid by the individual if the earnings were distributed to him and reinvested in securities, the income of which is subject to tax. Therefore, we give for purposes of illustration, a tentative basis on which we may erect a schedule of rates. The making of rates, however, being a function of Congress, this committee does not presume to suggest what the rates should be, but above they have endeavored to set out the best thought on the subject, and the following tabulation is submitted for the sole purpose of illustrating the manner in which whatever rates might be determined on would be applied.

"With the foregoing in mind, the rates might, for example, be as follows:

"For the sake of simplicity in figures, the example is based on a corporation with a net income of $100,000, making no distribution. The undistributed earnings tax in this case would be as follows:

	Tax rate.	Amount of tax.	Cumulative total.
On the first 10 per cent of the total net income which remains undistributed, $10,000	*Per cent.* 4	$400	$400
On the next 10 per cent, $10,000	8	800	1,200
On the next 10 per cent, $10,000	12	1,200	2,400
On the next 10 per cent, $10,000	16	1,600	4,000
On the next 10 per cent, $10,000	20	2,000	6,000
On the next 10 per cent, $10,000	24	2,400	8,400
All over 60 per cent, $40,000	28	11,200	19,600

"The rates might be subjected to either more or less graduation than shown above, as the graduations above were made few and simple for the purpose of clarity. Also, the point at which the maximum rate is made to apply might be shifted either up or down as necessities seemed to warrant.

THE UNDISTRIBUTED EARNINGS TAX WILL NOT FORCE UNDUE DISTRIBUTION.

"The only argument which has been brought forward against the tax on undistributed earnings is that it would force distribution to shareholders of earnings which were needed in the business, this distribution being forced to avoid payment of the undistributed earnings tax by the corporation. This argument is fallacious for the following reasons:

"Corporations are managed by boards of directors which control payment of dividends by the corporation. The personnel of the boards of directors is almost invariably made up of the principal owners or their representatives.

"If the above-mentioned argument were sound, we would have to conclude that a board of directors would pay themselves dividends on which they would be obliged to pay a personal income tax in order to avoid bearing their share of a comparable tax assessed against the corporation, and that they would pay themselves these dividends and in so doing undermine the security of their investment in the corporation.

"It does not seem to this committee that any such accusation of intellectual weakness is justified against the owners of the corporations of the country.

"It seems to the committee that those corporations which are well managed and which are earning income, and therefore are the ones to which this tax would apply, are competent to manage their affairs, and will not undermine the security of their investment for the purpose of exempting the corporation from tax and according themselves the privilege of paying a comparable tax on such income.

"Such a tax would not in any way restrict expansion commensurate with the legitimate requirements of the business, although it might act as a deterrent to any abnormal expansion which the committee believes should be financed through new securities, thus obtaining the consent of all the shareholders to the program.

"The Secretary of the Treasury in his report just recently issued has suggested an additional tax of 6 per cent on corporation incomes.

"Your committee believes that there is no sound reason why there should be any tax paid by corporations on the income which they distribute. Many eminent legal minds, including the members of the Supreme Court of the United States, have

stated that a corporation is merely an aggregation of individuals, and your committee, believing as it does in the principles of taxation of income on the basis of ability to pay, and believing that every individual of the country should be permitted to pay his own tax, can see no reason why any tax should be paid by the corporation against that part of the income which is distributed to the shareholder and therefore can be equitably taxed in his possession. Any flat tax on corporations deprives the small shareholder not only of the personal exemption the law accords him but also deprives him of the benefit of the lower rate on the first $4,000 over his exemption.

"It seems to your committee that there is no reason why a corporation as such should pay any Federal tax which is not in like manner assessed against a partnership or an individual conducting an identical institution.

"The present tax law is collecting in the neighborhood of $100,000,000 from the corporations of the country under the capital-stock tax for the privilege of doing business in corporate form. If the Federal Government is to levy any tax on the privilege of doing business in corporate form, then it would seem that such a tax as the capital stock is the fairest measure possible under the Constitution.

"The corporation income tax has been generally considered as paid in behalf of the shareholders in lieu of the normal tax and dividends have accordingly been made exempt from the normal tax. Under this plan the corporation income tax and the individual normal tax should be at the same rate.

"The recent report of the Secretary of the Treasury suggests a still wider spread between the flat individual normal rate and the corporation income tax rate. If this extra rate on corporate income is designed to be a tax on the privilege of doing business in corporate form, it is fundamentally wrong. At first glance it seems to be founded with only one idea in mind—to get the money.

"Any tax on the total net income of corporations designed to equalize the taxes paid by partners or sole traders on the undistributed earnings of their business should not be considered for the reasons that we have pointed out elsewhere.

THE ADVANTAGES OF THE UNDISTRIBUTED EARNINGS TAX.

"In so far as it is practicable, the undistributed earnings tax will equalize taxation.

"1. It will thus be closed to the serious objection which is directed against the excess-profits tax and may be directed against some of the substitutes proposed for it.

"2. Since it is an extension of the income-tax principle, it does not require the setting up of new tax machinery.

"3. It combines with the income tax flexibility of rate.

"4. By removing the penalty that rests on small shareholders it will encourage the investment on the part of larger groups in shares of corporations and thus contribute to the financial and economic stability of the country.

OTHER PROPOSED SUBSTITUTES—THE SALES OR TRANSFER TAX.

"A tax on sales as a substitute for the excess-profits tax numbers many adherents among groups of business men. The advocates of this tax claim for it many virtues, among them simplicity, equity, and ease of collection. It is the opinion of this committee that this tax not only does not embody these virtues but that its enactment into law would be, at this time, most unsound and unwise. The committee therefore rejects the sales tax as a proposed substitute. In support of this course it offers the following analysis:

ANALYSIS OF THE SALES TAX.

"Three general forms of a tax on sales may be distinguished:

"1. A tax (at a suggested rate of 1 per cent) on every sale or turnover of commodities and services, real property, capital assets, rent, and interest.

"2. A tax (at a suggested rate of 1 per cent) on every sale or turnover of goods, wares, and merchandise (limited to commodities).

"3. A tax on all final sales of goods, wares, and merchandise for consumption or use.

"The first two taxes are very similar and may well be treated together.

THE DIFFICULTY OF SATISFACTORY DEFINITION.

"It is difficult to define the word 'sale.' It has been well pointed out by Dr. T. S. Adams in his monograph, 'The Sale Tax,' that mere sale transfer of title, in modern commerce and industry, is frequently a matter of convenience only. It can be postponed, divided, and often avoided. Leases, contracts for sale, commission and agency arrangements in lieu of sale trading, would be stimulated if a sales tax were enacted.

THE ADMINISTRATION OF THE SALES TAX.

"It is impossible, of course, to predict with accuracy the extent of the difficulties of administering the sales tax. Any tax, however, which is difficult of definition is difficult of administration. The tax force of the Treasury, it is well known, has been unable to cope with the difficulties provided by the excess-profits tax. While it is true that the repeal of this tax will relieve the Treasury to a considerable extent, it must be emphasized that the introduction of an entirely new type of tax, the sales tax, will demand the installation of a new type of tax machinery. The Treasury experts assert that the administrative task of covering and checking all industries and occupations of the country in connection with a sales tax will be colossal. (The extension of the income-tax principle, on the other hand, will make use of the machinery of taxation already existing, which may reasonably be expected to improve in efficiency and technique.)

THE EFFECT OF THE GENERAL SALES OR TURNOVER TAX.

"There still remains, however, to be considered the important question of the effect of the application of this tax. Since this tax (and for this purpose 1 and 2 may be considered the same tax) is not levied on individual income or earnings, but is based on sales, the question of its incidence must play a prominent part in any discussion of it. Who bears the tax? Is it shifted or is it not shifted? Or is it shifted in part? The arguments in favor of or against this tax must vary with the answers to these questions.

SHIFTING OR NOT SHIFTING THE SALES TAX.

"The question of the incidence of the sales tax is too involved to permit of easy generalization. Two points that find general acceptance may, however, be made. In general it may be said that in a declining market and under close competition the sales or turnover tax will frequently be borne by the seller, and thus may even constitute an added loss. In a rising market the tax may frequently be (and undoubtedly frequently is) shifted. Only a careful study of the particular commodity under discussion in each period will answer this question. But whatever the difficulty of determining when the tax is or is not shifted, the fact remains that under certain circumstances the tax is (1) not shifted at all and thus borne by the seller or is (2) either wholly shifted and thus borne by the consumer or is (3) partly shifted and thus borne by both seller and consumer.

THE INJUSTICE OF THE SALES TAX WHEN SHIFTED TO THE CONSUMER.

"If the tax is shifted to the consumer it will result in a gross violation of the principle of taxing according to ability to pay. Extended to all articles of consumption, it will be a tax on the necessaries of life that will fall most heavily on those with little or no ability to pay. Unlike the income tax, which recognizes exemptions, it recognizes no exemptions. Passed on to the consumer, the tax on sales constitutes a tax on purchases. Taxing purchases at the same rate, however, is quite a different matter from taxing individual income at the same rate, for income is an index of tax-paying ability, whereas purchases are not. This tax on sales or purchases will mean that the man of low or moderate income with a family of four or five children will bear an unduly heavy tax burden. The man with a large income, with one or two or no children, whose income and ability to pay vastly exceed that of the first man, will be taxed relatively very lightly. The sales tax, therefore, not only does not tax in proportion to income and ability to pay; it actually taxes often in inverse ratio to income and ability to pay.

INCREASING THE TAX BURDEN BY PYRAMIDING.

"The burden of this tax is likely to be rendered more severe by the pyramiding to which it is open. The tax may be passed on cumulatively until it reaches the final consumer, this consumer bearing thus not only one tax but several taxes, the number depending upon the number of hands through which the commodity has passed. Conceived as a substitute for the excess-profits tax, it will in effect relieve business of $450,000,000 of taxes and place this burden upon consumers with little or no regard to their ability to pay.

THE INJUSTICES OF THE SALES TAX WHEN NOT SHIFTED AND THUS BORNE BY THE SELLER.

"The rate usually suggested for the sales tax is 1 per cent. The discriminatory effect of this rate becomes clearly apparent upon analysis. If a tax measure can be defined and framed to include every possible kind of sale or service, so that nothing will escape—so that the sale of stock, the sale of merchandise, and the sale of service of physician, architect, engineer, lawyer, wage earner, salaried man, etc., the sale of capital assets, the sale of transportation, etc., will be taxed and taxed at the suggested

rate of 1 per cent—there will not be lacking strenuous opposition from every quarter. This opposition will take the form of a general objection. 'But there are sales and sales,' and the objection will be justified. It is obviously unfair to tax at the same rate of 1 per cent the sales on the stock market, the ordinary sales of merchandise, and the sales of capital assets, to say nothing of taxing at the same rate all the different types of sales of service.

GROSS SALES ARE NOT A FAIR INDEX OF NET INCOME.

"The inequity of the 1 per cent rate is revealed in a more startling fashion by a consideration of sales of commodities. Gross sales do not form a proper basis for the computation of business profits, and hence for the application of a common flat rate of tax. Taxing gross sales of all merchandising enterprises at the same rate of 1 per cent will result in inequalities without number. Smith, for example, may make a net profit of $20,000 on gross sales of $100,000. Jones may make the same net profit of $20,000 on gross sales of $400,000. Jones has turned over his stock far more rapidly than Smith. With a tax of 1 per cent he will be compelled to pay $4,000, while Smith with the same net profit will pay but $1,000.

"An intimate knowledge of business is not necessary to appreciate the possible variations of this type of injustice. Business enterprises which are characterized by rapid turnover, and hence are likely to show a low rate of profit to total sales, are penalized, while business enterprises characterized by a low rate of turnover and presumably a high rate of profit compared to sales are favored. Specifically it will mean that wholesale business, with a rapid turnover and low margins of profits compared to sales, will pay taxes wholly out of proportion to their net income. Wholesale dealers whose businesses are characterized by a relatively low rate of turnover and a relatively high rate of profits compared to sales, will be proportionately favored. The discrimination applies with equal force to retail concerns. The 1 per cent tax on gross sales in some instances will, in normal and good years, be equivalent in some cases to one-quarter to one-half of the net income of going concerns, and will thus in reality tax these concerns at a rate of 25 or 50 per cent.

THE EFFECT OF THE SALES TAX IN A FALLING MARKET.

"The effect of such a grossly inequitable tax in a period of rapidly declining prices will, of course, be still more serious. In such a period large total annual sales may be made with little or no profit. In such an event a tax on sales will eliminate profit entirely, or even constitute a loss to the business. The implications of such a tax are far-reaching. It would mean an entire reorganization, an entire readjustment of prices in individual businesses and in business at large. Such a readjustment could not be undertaken at any time without serious difficulties. To adjust the rate of tax in an attempt to distinguish fairly between all the various types of business is on the face of it impossible and would invite confusion. To be equitable, the rate of tax would have to be adjusted to every business in every line, for the ratio of net profits to gross sales varies with every business and every line.

THE INJUSTICES OF THE GENERAL TURNOVER TAX WHEN PARTIALLY SHIFTED—THE SALES TAX DISCRIMINATES IN FAVOR OF INTEGRATED BUSINESS.

"Just as there are times when the general turnover tax will not be shifted at all or will be wholly shifted, so there are times when this tax will be partially shifted. The extent to which it will be shifted will vary and may not be predicted. One per cent, 5 per cent, 50 per cent, 95 per cent, or 99 per cent of the tax may be shifted. The result of this partially shifted tax will be to distribute the injustices of this tax between the seller and the consumer. Distributing these injustices, however, no matter in what proportion, will mitigate little, if at all, the evil results of the tax. Both types of injustices—the injustice to the seller and the injustice to the consumer—are in themselves flagrant. If the tax is only partially shifted, and the degree of shifting is not determinable, the business men of the country will face not only certain injustices of the tax but a serious uncertainty in marking their prices.

"A sales tax that includes all the sales of a commodity in its passage from the raw state to the finished state in the hands of the ultimate consumer gives a tremendous advantage to the so-called integrated industry of business—i. e., to the industry that carries on several consecutive processes of manufacture and distribution—over those businesses that carry on only one of the processes of manufacture and distribution.

"There are integrated industries that make but one sale of their product as it passes from the raw to the finished state in the hands of some ultimate consumer. Three, four, five, six, seven, or more sales of the same product take place as it moves from the raw state to the finished product through the hands of independent businesses, each of which carries on only one of the processes of manufacture and distribution.

"The fabrication of a tenpenny nail may serve to illustrate the discrimination that result from the tax on sales. In a nonintegrated industry eight taxes are borne by the eight concerns which manufacture and distribute the commodity:

"Tax 1. Paid by the company which mines the iron ore.

"Tax 2. Paid by the company which carries the ore to the port on Lake Erie.

"Tax 3. Paid by the dock company which unloads the ore.

"Tax 4. Paid by the railroad company which carries the ore to the blast furnace.

"Tax 5. Paid by the blast furnace which smelts the ore.

"Tax 6. Paid by the steel mill which transforms the pig iron into steel.

"Tax 7. Paid by the factory which makes the nail.

"Tax 8. Paid by the wholesale hardware house which buys the nail from the factory.

"A highly integrated industry which controls the process of production and distribution will escape possibly all these taxes. It is thus in a position to compete at a tremendous advantage over these businesses which are taxed. It will be impossible for the nonintegrated industries to market the tenpenny nail at the price made by the integrated industry.

THE EFFECT OF THE SALES TAX ON BUSINESS ORGANIZATION.

"Former Assistant Secretary of the Treasury Leffingwell has predicted that such a tax would in five years revolutionize present methods of doing business, because means of getting around the intermediate turnover tax would be devised and put into effect. Whatever may be said as to the merits or demerits of our present system of business organization there surely can be no justification for instituting a tax measure which will disrupt that intricate organization for no other reason than for the purpose of collecting taxes.

"For the reasons given above which are here briefly recapitulated, the general turnover tax should be rejected:

"1. It is difficult to define satisfactorily.

"2. It is difficult of administration and involves the setting up of a new tax machinery.

"3. If shifted to the consumer, it constitutes a violation of the principle of taxing in accordance with ability to pay, for it will fall heavily upon the necessities of life and be paid largely by those with little ability to pay.

"4. If not shifted and thus borne by the seller, it discriminates against businesses that have large sales with a small rate of profit compared to sales. The 1 per cent tax on such businesses may be the equivalent of a 25 to 50 per cent tax on profits, and in abnormal years may tax all profits away and even cause deficits.

"5. If only partially shifted, it discriminates against individual businesses and in favor of integrated business that carries on several processes of manufacture and distribution, and involves also injustices to both seller and consumer.

ANALYSIS OF THE TAX ON FINAL OR RETAIL SALES OF GOODS, WARES, AND MERCHANDISE FOR CONSUMPTION OR USE.

"All the criticisms leveled at the general turnover tax (Nos. 1 and 2) can not be directed against the retail tax on all final sales (No. 3). Since it is a tax on final sales, it obviously will not discriminate in favor of integrated industry. In addition, the possibility of pyramiding the tax is removed. Since it eliminates sales of capital assets and sales of services, some of the difficulties connected with a satisfactory definition and rate of tax are removed. But serious difficulties still remain—difficulties both of definition and application.

THE DIFFICULTY OF DEFINING FINAL SALES FOR CONSUMPTION OR USE.

"It is difficult to determine whether a final sale is made for consumption or use, or whether it is made for business purposes. Serious administrative problems will arise as a result of this difficulty. In connection with this problem Dr. T. S. Adams, in his article 'Difficulties of the sales tax,' says:

"Limiting the tax to final sales would create a difficult administrative problem. Merchants and other dealers would be required to secure affidavits from purchasers stating whether the goods were to be consumed or to be resold, either as bought or in some changed form. Would purchasers tell the truth? How about purchases of gasoline, coal, and similar commodities or services which can be used either in business or for final consumption?

"Certificates of this kind, distinguishing purchases for resale from purchases for consumption and use, are now employed in connection with some of the existing sales taxes; but they are said to lead to considerable evasion. It is an even question whether such a device could be successfully administered. In any event, the sales tax, like the income tax, would depend almost wholly on the honesty of the taxpayer for its successful collection. Experience with the income tax indicates that the honesty of the taxpayer, particularly in case of the larger business concerns, is capable of withstanding the strain, provided an administrative force large enough to check and supervise

the returns is employed. The administrative problem would be a huge one, with almost every business concern in the country which sells at retail subject to the tax.

INJUSTICES OF THE RETAIL TAX WHEN BORNE BY THE CONSUMER.

"Since the retail tax or the tax on final sales is not susceptible of pyramiding (being only one tax), it is not so flagrant a violation of the principle of taxing in accordance with the ability to pay as is the general turnover tax. It does, however, seriously violate this principle. As is the case with the general turnover tax, it will fall most heavily on families with only a living wage or with only a moderate income and comparatively lightly on families with a large income. It recognizes no exemptions. The poor man with five children pays taxes on pairs of shoes for all his five children. The man of wealth and great ability to pay, who has but one or two children or no children, pays taxes on a smaller number of shoes. Similar comparisons might be instituted between consumption by these two contrasted families of all necessaries of life. The poor man may bear a tax burden on the necessaries of life as great as, if not greater than, that borne by the rich man, and he obviously has not the ability to do so. If this tax measure is enacted it will mean relieving business of a heavy tax and placing it on the shoulders of consumers without regard to their relative ability to pay.

INJUSTICES OF THE TAX ON FINAL SALES WHEN BORNE BY THE RETAILER.

"As is the case with the general turnover tax on sales, retail sales are not a fair index of business prosperity or profits. A tax on retail gross sales, therefore, taxes unfairly those businesses which have large yearly sales and a low rate of profit as compared with these sales.

"When borne by the retailer it introduces another type of injustice. Why should the retailer be singled out to bear the tax while the wholesalers and manufacturers are relieved of its burden?

"The tax on final sales is, therefore, to be rejected for the reasons given above and briefly set forth here:

"1. It is difficult of definition and administration.

"2. When shifted to the consumer it is a gross violation of the principle of ability to pay.

"3. When borne by the seller it discriminates unfairly in favor of businesses with small total sales and a high rate of profit and against businesses with large total sales and a low rate of profit.

"4. When borne by the retailer it imposes the sole tax burden upon him, thus discriminating in favor of manufacturers and wholesalers.

PRINCIPLES OF TAXATION.

"One hundred and fifty years ago Adam Smith, the great economist of the eighteenth century, enunciated four principles of taxation that ever since have been considered the cardinal principles of taxation. They are:

"1. 'The subjects of every State ought to contribute to the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the State. In the observation or neglect of this maxim consists what is called equality or inequality of taxation.'

"2. Taxes should be certain, not arbitrary, 'the time of payment, the manner of payment, the quantity to be paid, ought to be clear and plain to the contributor and to every other person.'

"3. Taxes should be convenient both as to time and manner of payment.

"4. 'Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the State'; in other words, the expense of collecting the taxes should be as low as possible, and taxes should be so levied as to interfere as little as possible with the industrial activities of the nation.

EQUALITY OF TAXATION AND ABILITY TO PAY.

"The last three of these four principles need no elucidation; they are self-explanatory. Since Adam Smith's time increasing emphasis has been laid on the first principle, which demands the equality of taxation. The further Governments have advanced from exactions by force the more have they been concerned that taxation shall be essentially just and equitable.

"What does it mean for individuals 'to contribute to the support of the Government as nearly as possible in proportion to their respective abilities?' It was formerly quite generally held that taxing individuals in exact proportion to their respective income was taxing them in proportion to their respective abilities, but opposition to this point of view has gained strength increasingly until to-day there are few students of taxation who defend such a tax on grounds of fairness and justice.

"Equality of taxation, in the words of John Stuart Mill, the great English economist and statesman, means equality of sacrifice. It means apportioning the contribution of each persons toward the expense of governments so that he shall feel neither more nor less inconvenienced from his contribution than every other person experiences from his. 'Equality of sacrifice' leads away from proportional taxation to progressive taxation, for it is obvious that taking $10 from an individual whose income is $1,000 demands a greater sacrifice than taking $100 from an individual whose income is $10,000.

"Modern tax legislation in western Europe and the United States has recognized this objection to the proportional tax which Mill condemned as involving inequality of sacrifice; it condemns the proportional tax because it violates the principle of faculty or ability to pay. This principle may be stated thus: The ability to pay of an individual increases progressively with the increase in his income. The adherents of this principle assume for purposes of illustration a family of five with an income of $3,000 a year and a family of five with an income of $30,000 a year, both subject to a tax of 4 per cent. They conclude (disregarding exemptions) that the head of a family whose income is $30,000 has greater ability to pay a tax of $1,200 than the head of a family with an income of $3,000 has to pay a tax of $120. The $3,000 of the first family is needed almost entirely for the necessities of life, and taxes from this $3,000 may have to be taken from these necessities, from necessary food and clothing, or necessary medical attendance, or necessary savings, such as life insurance. In the case of the richer family the $1,200 in taxes is taken entirely from income above that needed for necessities.

"The adherents of the principle of taxing according to the ability to pay ask, therefore, that the major burden of Government expense be borne by those who enjoy an income in amount more than that required for the actual necessities of life, and that the rates of taxation be stepped up as the income increases. What income should be enjoyed by the individual free from the application of the tax is a question involving careful study and thought.

"To what extent ability to pay increases with the increase of income is not capable of mathematical proof. The practical working out of a progressive rate of taxation is a matter for tax experts, who must take into account the effect on progressive rates of taxation of various factors, among which the existence of tax-free securities constitutes a modifying element of considerable importance.

"Taxation of income in accordance with ability to pay constitutes essential justice in taxation. The tax systems of many countries are based on it and the tax systems of many others are moving toward it.

THE COURSE OF TAXATION.

"The movement of taxation toward this ideal—taxation in accordance with ability to pay—is nowhere better described than by Prof. Seligman, of Columbia University, in his 'Essays on taxation'; 'Amid the clashing of divergent interests, and the endeavor of each social class to roll off the burden of taxation on some other class, we discern the slow and laborious growth of standards of justice in taxation and the attempt on the part of the community as a whole to realize this justice. The history of finance, in other words, shows from one point of view, at least, the evolution of the principle of faculty or ability in taxation—the principle that each individual should be held to help the State in proportion to his ability to help himself. In the earliest indirect payments, there was no idea of equity, but only of force, but with the advance of civilization and social ethics we reach the first stage of equality in the poll tax. Step by step the revenue system advanced to successively higher planes—expenditure, property, product—each of these in turn was considered the test of individual capacity and obligation toward the State until finally, in modern times, income has come to be regarded as the most equitable and the most practical measure of individual and social faculty. To arrange a system of taxation a large part of which shall, on the whole, correspond as closely as possible to the net revenue of individuals, and which shall take into account the variations in tax paying ability, has thus become the demand of modern civilization.'"

Mr. McKELLAR. Mr. President——

Mr. KING. Will the Senator from Tennessee yield to me?

Mr. McKELLAR. I yield.

Mr. KING. Mr. President, we have had so few Senators present for some little time that I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gooding	McKinley	Reed
Borah	Hale	McLean	Sheppard
Brandegee	Harreld	McNary	Simmons
Broussard	Harris	Moses	Smoot
Calder	Harrison	Myers	Spencer
Capper	Heflin	Nelson	Stanley
Caraway	Hitchcock	New	Sutherland
Cummins	Johnson	Newberry	Swanson
Curtis	Jones, N. Mex.	Nicholson	Townsend
Dial	Kellogg	Norbeck	Trammell
Dillingham	Kendrick	Norris	Wadsworth
Edge	Keyes	Oddie	Walsh, Mass.
Ernst	King	Overman	Walsh, Mont.
Fernald	La Follette	Page	Warren
Fletcher	Lenroot	Phipps	Watson, Ga.
France	Lodge	Poindexter	Watson, Ind.
Gerry	McCormick	Pomerene	Willis
Glass	McKellar	Ransdell	

Mr. DIAL. I desire to announce the absence of my colleague [Mr. SMITH] on account of illness.

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, I wish to say to Senators who desire to speak on the pending amendment that I am not going to take more than about 15 minutes and possibly not that long. I send to the Secretary's desk and ask to have read an amendment which I intend to propose.

The VICE PRESIDENT. The Secretary will read as requested.

The READING CLERK. On page 79, line 6, it is proposed to strike out "15" and to insert "10" and the following:

That the Secretary of the Treasury be, and he is hereby, authorized, directed, and instructed at the earliest practicable moment to secure from the several foreign Governments, namely, Belgium, Cuba, Czechoslovakia, France, Great Britain, Greece, Italy, Liberia, Rumania, Russia, and Serbia, to which Governments moneys were loaned by the United States, under and by virtue of several war emergency acts of Congress, passed in the years 1917 and 1918, long-time interest-bearing bonds of such Governments for the moneys loaned under the said acts, the interest on such bonds to be paid by said Governments semiannually at rates not less than those fixed in said acts.

That in making settlements with the several foreign Governments aforesaid the Secretary of the Treasury is hereby authorized and directed to take interest-bearing bonds for the past-due interest on said loans and the future interest up to January 1, 1922, such bonds to be of like tenor and effect as the bonds for the principal loaned to said Governments, and the interest thereon to be paid semiannually in like manner.

That the Secretary of the Treasury is further authorized and directed to secure from such foreign Governments as may be indebted to the United States, of like tenor and effect and of like rates of interest and payable in like manner, for the following indebtedness: (1) Obligations received from the Secretary of War and from the Secretary of the Navy on account of the sale of surplus war material; (2) obligations held by the United States Grain Corporation; (3) obligations received by the Treasurer from the American relief administration; (4) obligations due the United States on any other account from such foreign nations.

The Secretary of the Treasury is further authorized and directed to secure bonds, of like tenor and effect and like rates of interest, for the indebtedness due the United States from the following nations: Armenia, Austria, Esthonia, Finland, Hungary, Latvia, Lithuania, and Poland.

That the Secretary of the Treasury is hereby authorized to accept, in addition to said bonds, any securities from such foreign Governments as collateral and as a guaranty of the prompt payment of said bonds and interest thereon.

Mr. McKELLAR. Mr. President, on a previous occasion I have explained this amendment rather fully; and I am going to take only a few moments to explain it again to the Senate today, before it is voted on this afternoon.

Briefly stated, the amendment provides that the indebtedness owed us by foreign countries shall be settled under the terms of the loan acts of 1917 and 1918. It not only provides that the principal shall be settled in that way, but it also provides that the Secretary of the Treasury may take bonds for the past-due interest up to and including January 1, 1922. It also authorizes him to take bonds for other indebtedness owed us by these foreign nations, such as for supplies that have been recently sold to certain other governments, for the relief funds that we turned over to them, for the funds devoted by the Grain Corporation for their benefit, and all other funds. It does not require a cent of cash to be paid, but it requires that bonds be taken for the foreign indebtedness, and that after January 1 the interest shall be paid by the several governments. It gives full authority to the Secretary to carry out the matter in accordance with the acts of 1917 and 1918.

I want to explain to the Senate now why I take this position, and it seems to me it is incontrovertible.

It would be little short of infamous on our part to vary the terms under which these loans were made to our allies. I saw a statement the other day that the matter ought to be turned over to the Secretary of the Treasury to make "the best trade he can." Nothing could be more unfair or unjust, perhaps to our allies and perhaps to our own people. For instance, we loaned moneys to our allies on precisely the same terms that we borrowed them from our own people. If we were now to authorize the Secretary of the Treasury to make a contract and he should make a contract making the best possible trade and increasing the rates of interest, or making any of the terms harsher or harder than is provided in those acts, we would have violated our faith with the Allies to whom we loaned this money. It would be unfair to have said in 1917, "We are going to loan you this money under these terms" and five years later to come along and make the terms harder or harsher to the Allies. On the other hand, it is just as important that we keep faith with the American people, who loaned this money. If we make those terms different, if we make them less than the terms upon which they borrowed the money, we will break faith with the American people, from whom we borrowed it to turn over to our foreign allies. There is but one honest way, there is but one straightforward way, and that is to carry out the terms of our contract with our allies and continue to let them keep this money on precisely the same terms that were established by act of Congress. The money was loaned by us on those terms. It was accepted by the Allies on those terms.

Some say, however, "Oh, we ought not to be harsh with our allies. We ought not to be hard on them." There is no one in the world who indorses that sentiment more than I. I would be the last one to be harsh or hard on them; but let us see, if we carry out the terms of the acts under which the loans were made, if we are hard or if we are harsh.

Senators will recall that at that time the bonds of the nations that borrowed the money were few, if any of them, selling on the market for more than 50 cents on the dollar. Some of them were selling for less than that.

The very best bonds were worth little over 50 cents on the dollar at the time, and yet we loaned them dollar for dollar, and at what rates of interest? At a hard rate of interest or at a harsh rate of interest? No. We lent this money to our allies dollar for dollar, a portion of it at 3½ per cent, a portion at 4 per cent, a portion at 4¼ per cent, a portion at 4½ per cent, and, I believe, a small portion at 5 per cent. Are those harsh terms? Two weeks before we went into the war, two weeks before these acts were passed, these very allies of ours were borrowing money all over the world at ruinous rates of interest and at tremendous discounts. Can it be said now, after we have won our common cause, that we are harsh with our allies in asking them as much as 3½ per cent or 4 per cent or 5 per cent, according to the time at which the money was loaned, for money that was then and is now worth a great deal more?

I do not see how Senators are going to defend their votes when they say that those terms are harsh on our allies. I make this statement: No Government in the history of time ever borrowed money on such favorable terms in time of war. Harsh terms? Why, it is an insult to ordinary intelligence to talk about these terms being harsh—3½ per cent, 4½ per cent, 5 per cent only in one instance, I believe, for money for which no discount was charged, dollar for dollar, for bonds that had no real intrinsic value at the time, or were of a very doubtful intrinsic value. Can it be said that when we offer to carry out our contract it is harsh upon our allies? As I said before, I would be the last man in the world to ask for a harsh bargain with our allies; but what we are asking is a fair, square trade for our money.

Mr. HITCHCOCK. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield to the Senator.

Mr. HITCHCOCK. I should like to ask the Senator what is meant in his amendment by the words "long-time interest-bearing bonds"?

Mr. McKELLAR. The words are used in the original act, and my recollection is that the time was fixed at 20 years.

Mr. HITCHCOCK. Did not the original act provide that the loans to those Governments should be for the same period as the maturity of our bonds?

Mr. McKELLAR. Precisely; and this does not change it. The term used in the act is "long-time bonds." It is used for this other reason: Under the original act it was provided that the bonds should run for the same length of time as the bonds that we issued to our own people in order to get the money. Those in authority did not take long-time bonds, but took I O U's for the indebtedness. The purpose of this is to prevent that being done, and to require a settlement under the acts of 1917 and 1918.

Mr. HITCHCOCK. Should not the Senator state in his amendment, then, the maturity of the bonds that he desires the Treasury Department to accept?

Mr. McKELLAR. It does state that, by requiring them to accept exactly the same kind of bonds that are provided for in the acts of 1917 and 1918, and that is provided for in those acts. It says, "at rates not less than those fixed in said acts." That clause provides for just what the Senator refers to.

Mr. HITCHCOCK. I think not, Mr. President.

Mr. McKELLAR. If the Senator thinks it can be clarified I shall be glad to accept an amendment, because I want to do the very thing the Senator is talking about. If the Senator will offer an amendment to it at the proper time I will accept that amendment, if he will just figure it out.

Mr. HITCHCOCK. The Senator desires, then, to have the maturity of these bonds correspond to the maturity of the bonds already issued by the Government of the United States?

Mr. McKELLAR. Precisely, under the terms of the acts of 1917 and 1918.

Mr. President, just a word or two more, because I know that other Senators doesire to have something to say about their amendments, and I surely do not want to take time that should be distributed among other Senators.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from North Carolina?

Mr. McKELLAR. I yield to the Senator.

Mr. SIMMONS. I want to ask the Senator one question. I notice that he provides for striking out on page 79, line 6, "15 per cent" and inserting "10 per cent."

Mr. McKELLAR. Yes.

Mr. SIMMONS. That is the flat tax upon corporations.

Mr. McKELLAR. Yes.

Mr. SIMMONS. It is now 10 per cent, and the bill proposes to raise it to 15 per cent, so as to make up some of the loss resulting from the repeal of the excess-profits tax.

Mr. McKELLAR. Yes.

Mr. SIMMONS. I understand now that the Senator proposes to change that so as to continue the present rate of 10 per cent instead of 15, and he proposes to make up the 5 per cent that he strikes out by the collection of interest from foreign Governments.

Mr. McKELLAR. Yes.

Mr. SIMMONS. Can the Senator give us any assurance that we will be able to collect enough interest, if any, in the next fiscal year to make up the 5 per cent that we would lose by that reduction in the corporation tax?

Mr. McKELLAR. Mr. President, I can only say this: The difference between 10 per cent and 15 per cent will amount to $260,000,000 a year. The interest, if collected on all of this indebtedness, would amount to $500,000,000 a year.

Mr. SIMMONS. If it is collected.

Mr. McKELLAR. If it is collected. I have seen and have read to the Senate statements by the fiscal officers of England, among them Mr. Chamberlain, who said that the interest payments would begin to be made on January 1, 1922.

The payments of interest by Great Britain alone would amount to $225,000,000 a year, in round numbers, and I take it that it is beyond the shadow of a doubt that if Congress will adopt this amendment, making it a part of the law, and the Secretary would carry it out and take the bonds with interest-bearing coupons, the Government of Great Britain would never permit those interest coupons to be unpaid. The Government of Great Britain is not defunct; it is not bankrupt; nor is the Government of France; nor is the Government of Italy. As I pointed out here some time ago, Great Britain borrowed money from other Governments besides the United States, not on the same liberal terms on which she borrowed it from the United States, but she borrowed it from other nations of Europe, and since that time she has paid back principal and interest of those debts; not the interest merely, as we ask, but she has paid back the principal and interest. She paid the last principal payment to Sweden or Denmark, as I recall it, about two months ago, and there can not be any question about it. I take it that it is beyond controversy that if this debt question is settled this way there will be at least $260,000,000 of the interest collected.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, of course, if Great Britain should pay her interest within the fiscal year we would probably get enough to offset the 5 per cent; but if Great Britain does not pay it we have no way that I know of to force her to pay it right away, and is it not rather a risky thing to be turning loose a bird in hand in the hope of catching one not in hand?

If the Senator will allow me to ask him another question, why does he want in this amendment to offset the money which he expects to get, which would go into the Treasury, with some item in the bill, relieving a particular class of taxpayers of a large amount of taxes that otherwise they would have to pay? If he wants to relieve any taxpayer through the collection of this interest, why did he select corporations? There are other institutions in this country which would like to participate in the event of reductions that would be allowed on account of the collection of this interest, as well as the corporations, and I do not think the corporations, having gotten a reduction of $400,000,000, ought to come and ask us to use this interest money to make up the additional 5 per cent exemption to them.

Mr. McKELLAR. Mr. President, there are perhaps other taxes that might be reduced, as the Senator suggests, on account of the collection of this interest, but I want to call his attention to the fact——

Mr. SIMMONS. Why give the benefit to the corporations?

Mr. McKELLAR. I will answer the Senator. I can not answer the Senator, however, if the Senator is going to take all my time in asking me. There are other Senators who want to talk, too.

The corporations are paying but 10 per cent now and the tax is to be raised to 15 per cent. Under this tax bill there are certain corporations that are relieved of the excess-profits tax, but the burden is put upon other corporations, which are made to bear it, and among them are these corporations which will pay an increase of from 10 to 15 per cent. It seemed to me to be very proper to take this particular place in the bill to prevent an increase of taxation upon the business of the country rather than to take it at some other place.

Mr. LODGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Massachusetts?

Mr. McKELLAR. I yield.

Mr. LODGE. I have been listening attentively to the Senator's plan, but I have not been able to detect that he covers this proposition, which has to be considered: Suppose any of the foreign debtors are unable or unwilling to pay? How does the Senator propose to collect the debt?

Mr. McKELLAR. Mr. President, I have considered that matter, of course. It is not certain that all of them will pay during the year 1922, although I think it is exceedingly likely that they all will. Surely if little countries like Cuba and Greece can pay the interest on their debts, great countries like France and Italy and Great Britain, who owe over three-fourths of the debt, can pay the interest on theirs. Greece and Cuba have done it regularly ever since they borrowed the money. But a large margin has been allowed. If the corporation tax is not raised from 10 to 15 per cent next year, the difference will be $260,000,000. If just a trifle over half of this interest is collected, it will be ample to make up that deficit. We all recognize that Great Britain is able to pay the interest on its indebtedness, and if she alone pays her interest it will come very nearly making up the difference between the revenue to be yielded through the tax of 10 per cent and that yielded through the tax of 15 per cent.

Mr. LODGE. I know what the effect would be if they paid the debt in a general way——

Mr. McKELLAR. Not the debt; I am only asking that they pay the interest on the debt.

Mr. LODGE. But I put again my question, Suppose they are unable, as some of them undoubtedly are, or suppose they are unwilling, as some of them may be, to pay the interest or the principal? How does the Senator propose to collect it?

Mr. McKELLAR. My judgment is that after we have expended $11,000,000,000 for the worthy and even noble purpose of saving the British Empire, for the purpose of saving and adding to the French Republic, for the purpose of saving and adding to the Kingdom of Italy, and the others, I do not believe those nations will decline to pay us the interest on the money when we make it a part of our budget, and I feel that it is almost as certain that we will collect this interest as that we will collect the $260,000,000 estimated from the increased tax on corporations. We all know there is doubt about collecting that $260,000,000 of increased taxes on corporations, because the profits of corporations have gone steadily down, down, down, almost ever since the war closed.

Mr. LODGE. All that the Senator says is very interesting, I have listened to it before with pleasure, and I am glad to hear it again; but the Senator does not answer my question, which is this: Assuming that they can not or will not pay, how does he propose to collect it?

Mr. McKELLAR. The asking of the question by the Senator answers itself. If we do not get the money, if they do not pay the interest, we will not have it, just the same as if the corporations are unable to pay their 15 per cent, we will not have it. If they do not pay the whole of the $260,000,000, if there is a deficit from the estimates, we will not have it.

Mr. LODGE. I am not trying to get the Senator's idea of what we would do if we did not get the money; I was trying to get at the method he would suggest for the collection of the debt. We know how a debt is collected under the judgment of a court, and I wanted to find out if there was any method of collecting the debt other than asking them to pay.

Mr. McKELLAR. If they refuse, after the 1st of January, to pay the interest on their debt——

Mr. LODGE. Or are unable to pay it.

Mr. McKELLAR. Or are unable to pay it, Congress will be in session and there is no reason in the world why Congress can not make up the deficiency. We have done it time and time again.

Mr. LODGE. That amounts to saying that we have no method of enforcing the collection.

Mr. McKELLAR. Of course, I have never contended there was any method. There is but one method of compelling the collection of a debt from a foreign country, as I understand it, and that is by force. But we ought to do our duty toward the American people by attempting to collect the debt. No steps have been taken to collect the interest on these debts up to date, and we ought to take the reasonable, ordinary, regular course, in perfect consonance with what is honest and what is straight and what is right in the matter, and in accordance with the statutes under which we loaned the money and under which our allies received the money.

Mr. HITCHCOCK. Mr. President, as I understand the Senator's amendment, it does not propose to demand the payment of the debts of these nations, but simply to secure from them the proper bonds to deposit in our Treasury as evidence of the debt?

Mr. McKELLAR. That is right, and the interest coupons, in order that they may be collected as and when they fall due after January 1, 1922.

Mr. HITCHCOCK. And it provides that for all they owe us on interest up to the 1st of January, 1922, the Secretary of the Treasury may issue long-time bonds.

Mr. McKELLAR. Just exactly as he does for the principal, of course. There is nothing at stake here except getting the bonds and the collection of the interest on them after January 1, 1922.

Mr. HITCHCOCK. All there is at stake at the present time is the securing of evidences of their debt from those nations which owe us the money.

Mr. McKELLAR. That is true.

Mr. HITCHCOCK. In the form of bonds.

Mr. McKELLAR. In the form in which we agreed and they agreed that they would be given to us, which has not been done.

Mr. HITCHCOCK. I asked that question because the Senator from Massachusetts seemed to assume that this involved a demand that the nations should pay their debts. It does not do that.

Mr. McKELLAR. I do not understand that the Senator from Massachusetts thought that was what I was driving at. Surely, everyone knows there is no way of collecting the debt except by force, if the nation refuses to pay it, but I can not think of any nation to which moneys were loaned under the terms of the acts of 1917 and 1918, for the purposes expressed in those acts, would for a moment refuse to pay the interest upon the loans that were thus made to them after a demand by us.

Mr. FLETCHER. Mr. President, I do not mean to suggest that it would ever be necessary to resort to any method of collecting this interest on the debts. The subject of the method we might pursue in collecting the debts is a very delicate one to pursue; but though I do not mean to imply that it might be applied, there is such a thing as economic pressure, which is quite different from force, and which might be effective.

Mr. McKELLAR. Mr. President, I have just a word or two more to say and I am done. I have been kept longer than I expected by the interruption of Senators, and shall take just a few moments more.

It is claimed that Great Britain and France and Italy are not able to pay the interest. Mr. President, it was pointed out the other day by the distinguished Senator from Connecticut [Mr. McLEAN] that the increase in the national wealth of Great Britain, from the time she went into the war to the time when the peace negotiations were concluded, was $50,000,000,000, and that the increase in the national wealth of France amounted to $25,000,000,000. Great Britain received, as her part of the spoils of war, an empire of 42,800,000 people, and yet people talk about those nations not being able to pay the interest on the money that was devoted to the saving of their empires and their kingdoms and their republics. She entered into a treaty compelling Germany to pay her $30,000,000,000 perhaps, and yet it is claimed she is not able to pay us the interest on her $4,250,000,000 indebtedness. If Germany is able to pay that enormous sum to England, surely England can pay us interest on her debts to us.

There is a propaganda going on, started in London and continued in this country, which seeks the cancellation of these debts. I read an article in the London Outlook of October 8 which said that America must cancel the debt, and that she would be obliged to cancel the debt.

Ah, Mr. President, how different is the statement made by the representative of Italy on this subject, so different, Mr. President, that I am going to take the time of the Senate just a moment to read what the Italian Ambassador to this country had to say about it.

This is an Associated Press dispatch dated Washington, October 11, and it reads:

> Proposals that the United States cancel all allied debts were described as "a vain illusion and useless rhetoric" by Roland Ricci, the Italian ambassador to the United States, in a statement given representatives of the Italian press at Viareggio and cabled to the Italian Embassy here.
>
> "All attempts to obtain cancellation of the financial obligations made by Europe with the United States will remain a vain illusion and useless rhetoric," the ambassador was quoted as saying: "No American political leader could ever entertain a solution which would be entirely to the advantage of European interests unless he really meant to suppress himself and his party. To forfeit European loans would result in a heavy burden on the United States budget which would signify a greater and heavier taxation on the people. It would seem evident that a much more profitable attitude could be drawn by debtor nations in abstaining from proposing demands that seem impossible for any State to grant."

True words, Mr. President, uttered by this ambassador from Italy, whose country received $1,600,000,000 of those loans. All honor to Italy and her representative. Over three-fourths of the loans are due by three nations—Great Britain, France, and Italy—all of them recovering from the late war, all of them receiving great reparation from Germany, all of them receiving great expansions of trade and commerce because of the war; the United States receiving nothing, the United States having contributed $11,000,000,000 in principal and interest to their preservation, to their enlargement, to their aggrandizement; and yet there are Senators here who scorn to stand up for American rights to collect merely the interest on those sums.

We are taxing the American people as they have never been taxed before in the history of the Republic. The burdens of taxation are greater to-day than ever in its history. If we collect but the interest upon these loans, we will of necessity reduce the taxation upon our own people by one-seventh. If we collect the interest, a taxpayer who now pays $70 would hereafter only pay $60. If he pays $700 now, hereafter he would only pay $600; if he pays $7,000, hereafter he would pay only $6,000; if he pays only $700,000 now, hereafter he would only pay $600,000. It is the best way to reduce the burden of taxation now resting upon the American people.

What are we going to do about it? It is going to be up to the Senate this afternoon to determine this question and determine it according to what is right, according to our written contracts, contracts entered into by this body and the body at the other end of the Capitol and by the President of this Nation. Harsh contracts? No. Exceedingly lenient contracts, contracts that could not have been made with any other Government on earth, contracts under which our allies got dollar for dollar the money which we borrowed from our own people to loan to them, contracts under which they pay in part, only in part, 3½ per cent interest. Is it possible that we are doing them an injustice when we ask them simply to carry out that lenient, easy contract? Why, Mr. President, we do even better than that, and say to them, "You need not pay any interest due in the past; we will just take your bonds for it and you can pay the interest due in the future." How could it be made any easier? How could it be made any simpler? How could it be made any more fair or any more just?

Under these circumstances, I am asking the Senate this afternoon to do what is right toward the American taxpayers who loaned this money. They have some rights. The question is, Are you going to stand up for American rights, or are you going to listen to propaganda and cancel these debts?

Mr. NORRIS. Mr. President——

Mr. McKELLAR. I will yield to the Senator in just a moment.

When we borrowed that money from them we told them we were going to let our allies have it under these contracts. Why change those contracts now? Why all this secrecy about an attempted settlement? Why not go in a straight, open, fair

way and settle according to the contract that has been in existence for five years or more? Why attempt to change the contract now? What forces are at work that will bring it about? What unseen forces are there? What seen forces are there? What forces of any kind are behind this? Why the demand that there should be secret negotiations, behind closed doors, negotiations that the public are not permitted to hear and Congress not permitted to pass upon? The House of Representatives the other day passed a resolution or a bill that provides that five men shall settle the question of this debt and gives them full authority to settle it in any way they see fit. If France wants to pay her debt partially in bonds of the Desert of Sahara, that commission would have the right to take them in part payment under that bill. If they concluded to take reparation bonds of Germany, that commission would have the right to take them. Why do that? Is not the open, fair, and frank way the better? We dealt fairly and frankly with our allies when we loaned them the money. Congress loaned them the money, Congress raised the money, Congress set down the terms upon which we were to lend the money. Why should there be any change at this time? Harsh terms? As I said, no nation under the sun, in the time of war, in the history of the world, ever borrowed money under such favorable terms.

I now yield to the Senator from Nebraska.

Mr. NORRIS. I desire to ask the Senator why he reduces, as his amendment does by its terms, the rate of taxation on corporations? Why does he not simply add his language about the collection of interest on foreign debts without reducing the rate of taxation on corporations?

Mr. McKELLAR. It does not reduce that rate.

Mr. NORRIS. I understood that it did.

Mr. McKELLAR. No; the bonds are to be taken upon exactly the same terms.

Mr. NORRIS. The Senator does not understand my question. The amendment reads, "on page 79, line 6, to strike out '15' and insert '10,' and the following." If the Senator will turn to the bill he will find that that is the place where the bill provides for a tax of 15 per cent on corporations. Why does he do that?

Mr. McKELLAR. The reason why that is done is this: The tax on these corporations now is 10 per cent. I am opposed to its increase.

Mr. NORRIS. Oh, no; under the present law they pay an excess-profits tax. The 15 per cent is in lieu of the excess-profits tax, is it not?

Mr. McKELLAR. What I propose to do here is this: Instead of raising taxes upon this class of corporations, instead of raising taxes from 10 to 15 per cent, which would amount to about $250,000,000——

Mr. NORRIS. But the tax on corporations is reduced instead of raised.

Mr. McKELLAR. It has been reduced in the way of the excess-profits tax.

Mr. NORRIS. And the Senator proposes to reduce it still further.

Mr. McKELLAR. If the Senator will permit me, while the excess-profits tax has been reduced, the 15 per cent is applied to all corporations regardless of whether they make excess profits or not, and the result of that will be that when the excess profits are taken off and when the 5 per cent additional is added there will be an increase very largely of taxes upon a very large portion of our corporations.

Mr. NORRIS. I understand that, and at the same time the Senator reduces the much larger taxes that must be paid by another block of corporations.

Mr. McKELLAR. That is true.

Mr. NORRIS. Why does the Senator put the two together? Why is he going to compel some Senators who are opposed to reducing the taxes on corporations to vote against his amendment on that ground?

Mr. McKELLAR. It is not necessary.

Mr. NORRIS. Of course it is not necessary. Why not separate the two?

Mr. McKELLAR. If the Senator thinks that should be eliminated and that the wording should be placed in the bill precisely as it is, I shall be glad to accept an amendment to that effect. My purpose is to place the $500,000,000 of taxation where it belongs—on the foreign debtors of the United States.

Mr. NORRIS. That is all right.

Mr. McKELLAR. And to relieve the American taxpayers of exactly that much.

Mr. NORRIS. If the Senator will simply add his amendment at the end of some line, or place it anywhere else in the bill, it would be an entirely different proposition from the way he has it now.

Mr. McKELLAR. If that will obtain the Senator's vote and other Senators do not object to it, I shall be glad to do that. I imagine the Senator from Massachusetts has an objection of that kind to it also from his remarks of a few moments ago. I shall be very glad to accept an amendment of that sort.

Mr. HITCHCOCK. Mr. President, the Senator can perfect his amendment.

Mr. McKELLAR. Of course.

Mr. HITCHCOCK. I think he should do so, because as it is now framed he is placing Senators in a position where if they vote to have these bonds procured they also vote to reduce corporate taxes, and they do not wish to do that.

Mr. McKELLAR. May I ask the Senator if it would be satisfactory for me to ask unanimous consent——

Mr. NORRIS. The Senator does not require unanimous consent.

Mr. McKELLAR. I know that no one will object to the modified form of the amendment. I ask to add, after line 7, "c" in parentheses and then insert the wording of my amendment. That will introduce it at this point, which is just as good a place as anywhere else.

Mr. NORRIS. That is all right.

Mr. McKELLAR. I ask unanimous consent——

Mr. FLETCHER. The Senator does not need to do that.

Mr. McKELLAR. Of course I do not, but I would rather ask unanimous consent than to make the motion. I ask unanimous consent for permission to perfect my amendment by adding the letter "c" in parentheses after line 7 and the language of my amendment as perfected.

Mr. ASHURST. Mr. President, on that request for unanimous consent I wish to be heard.

Mr. McKELLAR. I eliminate the proposed amendment down to line 1, and that will fix it.

Mr. President, with these remarks I believe I have nothing further to add. I hope my amendment may be adopted.

Mr. WILLIS obtained the floor.

Mr. McKELLAR. Will the Senator yield to me for just a moment?

Mr. WILLIS. I yield.

Mr. McKELLAR. I wish further to perfect my amendment by striking out, after the word "Government," in line 9, the words "for the moneys loaned under the said act" and substitute therefor "as provided in said act."

Mr. FLETCHER. Mr. President, will the Senator from Ohio yield to me just a moment?

Mr. WILLIS. I desire to proceed, but I yield briefly to the Senator from Florida.

Mr. FLETCHER. I wish to say just a word with reference to the statement made by the Senator from Tennessee [Mr. McKELLAR], based upon the statement of the Senator from Connecticut [Mr. McLEAN], as to the alleged increased national wealth of England, Great Britain, and France after the war. I merely wish to say that I do not believe any nation has profited, materially or otherwise, by the war, or will ever profit by any future war. I must challenge the statement that any nation has gained in national wealth or has been advantaged, materially or otherwise, by the recent war. No longer can war be profitable to any nation, whether it be victorious or vanquished in the conflict—whether it win or lose the fight. Estimates in terms of inflated, depreciated currency of an increase in the value of national assets appear, but we must not lose sight of the terrific addition to indebtedness, the enormously increased encumbrances against those assets and property, caused by the war.

When the balance is taken it will not be found that any gain has accrued to any of the victors, much less to the vanquished in the World War. This is well shown by a brief article appearing in the New York Times about October 11, which I ask to have inserted in the RECORD without reading.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A POORER WORLD—BURDEN OF THE WAR NOT SHOWN IN FIGURES OF EXPANDING WEALTH.

To the editor of the New York Times:

The statement in the editorial article, "View of unemployment," printed in last Sunday's issue of your worthy paper, saying "the whole world is hundreds of billions poorer," is quite contradictory to the statement issued by the Savings Banks Association of the State of New York, which reads as follows:

"In 1914 the total estimated wealth of the principal countries involved later in the war was $698,000,000,000. The total aggregate wealth of these same countries to-day is approximately $819,000,000,000, an increase of $121,000,000,000.

"To-day the estimated wealth of the United States is $300,000,000,000, a gain of $50,000,000,000 since 1914. The estimated wealth of Great Britain now is approximately $230,000,000,000, as against $130,000,000,000 when the war started. The wealth of France is now esti-

mated at $100,000,000,000, as against $65,000,000,000 in 1914. Italy and Belgium have added about one-third to their national wealth, while Japan gained about 50 per cent."

It is puzzling to realize that the victorious countries are suffering from unemployment while vanquished Germany is free from it. How does she do it?

L. FENIK.

NEWPORT, R. I., *October 11, 1921.*

[Estimates of wealth commonly are made in credits, regardless of debits. If it be conceded that the wealth of foreign countries increased $121,000,000,000, it also must be remembered that the national debts put a mortgage on that wealth for more than double that. Under present conditions of exchange no estimate of foreign countries' wealth in dollars is trustworthy. The estimates of the Allies' gain in wealth of property captured from their defeated enemy, Germany, must be deducted from Germany's wealth if added to that of the Allies. Even the solidest gains in wealth are estimated in currencies of reduced purchasing power. And in all cases the disturbance of all values due to the war discounts all future profits in such a manner that it seems indefensible to think that any country on the long look ahead can gain more than it loses through the war, even including the United States, of which that is more true than of any other country. The world probably is gainer through the inestimable worth of the defeat of the ideas represented by Marxism and bolshevism, but that is a moral rather than material gain.—Editor Times.]

Mr. SIMMONS. Mr. President——

Mr. WILLIS. I yield to the Senator from North Carolina.

Mr. SIMMONS. I wish to ask the Senator this question: The Senator knows that we are to begin to vote at 4 o'clock, and after that time we will only be allowed five minutes to explain an amendment. I have an amendment which I wish to offer, and a very important one, I think, which will take more than five minutes to explain. I wish to inquire if the Senator will probably consume the balance of the time?

Mr. WILLIS. I think I shall not consume more than 10 minutes. I shall have the Senator's request in mind and certainly give him ample time. Indeed, I have the same purpose in addressing the Senate that the Senator from North Carolina has.

There is an amendment here to which I wish to direct the attention of the Senate, an amendment which, as I understand, under the unanimous-consent agreement can not be discussed after 4 o'clock. Therefore I wish to call attention to the amendment proposed by the committee at the bottom of page 79 and the top of page 80 relative to the exemption of domestic building and loan companies from the tax provided under section 230. The present law upon that subject is found in section 231, paragraph 4. Reading the first part of that section, it provides:

> That the following organizations shall be exempt from taxation under this title—

Then, omitting clauses 1, 2, and 3, clause 4 reads:

> Domestic building and loan associations and cooperative banks without capital stock organized and operated for mutual purposes and without profit.

That is the law as it now stands. It has been pretty well adjudicated, though not entirely so. As my colleague pointed out in the statement that he made heretofore on this subject and with which I cordially agree, we in Ohio are very greatly interested in this proposition, because we have a large number of building and loan associations there. As my colleague has also stated, already a case has been practically made up the decision of which will clarify the law entirely and will settle all points in dispute.

At this point in the proceedings the Finance Committee has brought in the amendment to which I have called attention, at the bottom of page 79 to the top of page 80, making the clause read as follows:

> Domestic building and loan associations, substantially all the business of which is confined to making loans to members.

Senators who were present at that time will recall that when the amendment was reached some time ago both my colleague and myself called attention to it and asked for some explanation of the language. Subsequent to that we made rather a careful investigation in Ohio and consulted with those who would be best acquainted with the probable effect of such an amendment as that. While there was a disposition at first to oppose the amendment, after full investigation and consultation and after considerable effort on the part of my colleague and myself, I think we succeeded in convincing those interested in building and loan associations in Ohio that the original amendment reported by the Committee on Finance was fair and that it ought to be accepted.

Proceeding upon that theory, so far as I am concerned—my colleague will speak for himself—I have written hundreds of letters to people in Ohio who are interested in this question and have advised them that the situation was as I have stated. In fact, after conferring with the members of the committee, I was assured that that was the committee proposition; but I was amazed the other day when we reached this item to find that the committee had prepared still another amendment, entirely out of harmony with the understanding that was previously had. That amendment, which is found in the pamphlet that I hold in my hand, is numbered 16, and reads as follows:

> Page 80, line 1, after the word "members," insert the following: "On the basis of their stock holdings."

So that if this new amendment shall be adopted the language will be as follows:

> Domestic building and loan associations substantially all the business of which is confined to making loans to members on the basis of their stock holdings.

Mr. President, as I have already stated, my colleague and I had agreed with the people of Ohio who would be particularly affected that the amendment originally proposed by the Committee on Finance would be fair and ought to be accepted. It was accepted; but the additional amendment which is now proposed, if it shall be adopted, will result in the very evil that my colleague pointed out and to which I have sought to direct attention.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. WILLIS. I yield to the Senator from Utah.

Mr. SMOOT. I think the Senator from Ohio is laboring under a misapprehension as to the existing unanimous-consent agreement. The item on which he is now speaking is under section 231, while the unanimous-consent agreement refers to section 230. I think the Senator will have ample time after we dispose of section 230 to discuss section 231, and he will not then be confined to five minutes as now under the unanimous-consent agreement. I think it would be very much better for the Senator to make his statement when we reach section 231. More than likely, also, there will then be more Senators in the Chamber than are present at this time.

Mr. WILLIS. I am glad the Senator from Utah has called my attention to the unanimous-consent agreement because he also was evidently mistaken about the matter, as we had conferred about it and I understood that the unanimous-consent agreement had reference also to section 231. In view of the Senator's statement, however, that the unanimous-consent agreement applies only to section 230, if any Senator desires to discuss section 230, I am not disposed to interfere. We may take section 231 up later. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I wish to take about seven or eight minutes in order to place in the RECORD a statement showing precisely what would be the result of the amendment which has been offered by the Senator from New Mexico [Mr. JONES] if it should be adopted by the Senate.

The purpose of the Senator's amendment is to force the distribution of the earnings of corporations. For some reasons, particularly in the past, a law should have been enacted not to force such a distribution but to tax the income or profits of a corporation which were not distributed. However, Mr. President, I am quite sure the Senate will never think of agreeing to the Senator's amendment when they shall have learned just what it means. If the amendment of the Senator from New Mexico were adopted, every corporation in the United States which distributes the full amount of its earnings or profits in any given year would pay no normal tax whatever.

The amendment is offered for the purpose of taking the place of the amendment to this bill which imposes a tax of 15 per cent upon the net gains of corporations. Let me call attention to what the amendment proposed by the Senator from New Mexico will do. On the first 10 per cent of the net gains of corporations the Senator proposes to impose a tax of 8 per cent. I will now take a corporation or company having a net income of $100,000, by way of illustration, in order to show the results which would follow the adoption of his amendment. Ten per cent on $100,000 of net income is $10,000, and 8 per cent of that is $800, which would be the tax that the corporation would pay if it retained 10 per cent of its profits in its treasury or did not distribute the same.

The next bracket is 16 per cent on the 10 per cent additional profits retained, which would amount to $1,600; the next is 24 per cent, which would amount to $2,400; the next is 32 per cent, which would amount to $3,200; the next is 40 per cent, which would amount to $4,000; the next is 48 per cent, which would amount to $4,800; and 56 per cent on the remainder, or 40 per cent, would be $22,400. That is the result in percentages and amounts.

On the other hand, suppose the corporation distributed 90 per cent of its income; in that event its taxes, of course, would be $800. If there was distributed 80 per cent, the taxes would

be $2,400; if a corporation distributed 70 per cent of its earnings, the tax would be $4,800; if it distributed 60 per cent, the tax would be $8,000; if it distributed 50 per cent, the tax would be $12,000; if it distributed 40 per cent, the tax would be $16,800; if it distributed 30 per cent, the tax would be $22,400; if it distributed 20 per cent, the tax would be $28,000; if they distributed 10 per cent, the tax would be $32,600; and if they did not distribute anything at all, the tax would be $39,200. In other words, Mr. President, if there was no distribution, the tax would be 39.2 per cent; if there was a distribution of 40 per cent, the tax would be 16.8 per cent. The Senate can judge from these amounts as to what the taxes would be in the case of corporations with greater earnings.

The real result, Mr. President, of the amendment of the Senator from New Mexico, if adopted, would be to penalize the small business and relieve large business from the corporation tax. Let me call attention to the situation existing to-day, and which I suppose will always exist in this country and in every other country.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Utah yield to the Senator from New Mexico?

Mr. SMOOT. I yield.

Mr. JONES of New Mexico. I think it advisable at this juncture to say to the Senator that if the earnings were distributed, then the individual taxpayer in many cases would pay taxes at a much higher rate than that specified in the amendment.

Mr. SMOOT. But many individuals receiving dividends would not pay any taxes at all on account of the individual exemption.

Mr. JONES of New Mexico. That is true; but I will state to the Senator that while the amendment proposed by me would relieve from any tax those corporations which distribute all of their income, yet the income which would be paid by the individual stockholders upon the dividends so distributed would raise as much revenue from the earnings of corporations as the proposed bill now before the Senate would raise.

Mr. SMOOT. Mr. President, I have no time to explain how easily the proposed tax could be avoided, but there is no question that the Government of the United States would never receive the taxes under the proposed amendment that would be received under the 15 per cent tax proposed by the committee.

I have made the statement that the amendment offered by the Senator from New Mexico would penalize the small business and relieve large business of taxation. We all know that a corporation starting out with a hundred thousand dollars capital or fifty thousand dollars, if it is to grow at all, if it is going to expand—and all large business in this country began in a small way—has got to keep in the business a part of its profits. If it does not do that it is impossible for it to expand, and sooner or later failure will follow. Upon the other hand, Mr. President, the Steel Corporation, for instance, which has all the capital it needs, could declare dividends under this amendment up to 100 per cent of their net income during the year and escape taxation. It is true that when the dividends were declared, as is the case to-day, the individual receiving the income would pay an individual income tax; but the result would be that thousands and tens of thousands and hundreds of thousands of stockholders in such concerns would receive their dividends, and, after receiving the dividends, would not be compelled to pay one cent under the income tax.

Mr. JONES of New Mexico. Does the Senator think they ought to?

Mr. SMOOT. Yes; I think the corporation ought to pay a tax before distribution.

Mr. JONES of New Mexico. Then why have you an exemption for individual incomes derived outside of corporations? Why do you exempt that class of individuals and make it up by penalizing and taxing those unfortunates who happen to have small incomes from corporations?

Mr. SMOOT. Mr. President, the corporation pays the tax, and it ought to pay some tax; and it has been stated time and time again here upon the floor why it should pay. Corporations receive the protection of the Government of the United States, not only on the individual incomes that the stockholders receive, but they receive its protection as corporations, and they ought to be taxed; and, as far as I am concerned, I shall vote that they shall be taxed.

Mr. JONES of New Mexico. May I make a further suggestion to the Senator?

The PRESIDING OFFICER. Does the Senator from Utah further yield to the Senator from New Mexico?

Mr. SMOOT. Yes.

Mr. JONES of New Mexico. In the case just mentioned by the Senator, we could remedy that by having the corporation pay a franchise tax. On the other point, the Senator probably does not recall that I said that if my amendment should be adopted I proposed to offer another amendment providing that those corporations might issue interest-bearing scrip dividends which would be taxed in the hands of the stockholder and enable the newly organized corporation to accumulate more capital and keep it in its business and not pay the excessive tax rates.

Mr. SMOOT. That would be just one way of evading the tax. There is not any doubt about that. I had that very thing in mind when I spoke of the evasion of this tax, and that plan would allow evasion. If that were put into force, and if that could be done as suggested by the Senator from New Mexico, we would get practically no revenue from this source. It is true that we would get whatever tax there might be upon the interest that would be collected from the certificates, if above the amount of exemption, but what would the interest upon the dividends that would be declared amount to?

Mr. JONES of New Mexico. No; the whole scrip dividend would be considered as income to the individual taxpayer, and the experts will tell the Senator that if it is all distributed, you will get more revenue than you will get under the present bill, even though none were distributed.

Mr. SMOOT. Mr. President, I think I know about what the incomes of the corporations in the country are as well as the experts do. I think I know about the way they are distributed, too, as well as they do, and I think I know what the law taxing those incomes is as well as they do; and I think, Mr. President, that the statement I make here is absolutely correct, because of the fact that past experience has demonstrated that it is the relatively small corporation that does not distribute its earnings. It retains them, or part of them, for the very purpose of extending its business; and that is the only way, perhaps, in which it can extend its business; and if it is profitable as a result of the efforts of the man who stands at the head, through his personal endeavors and perhaps through the cooperation of two or three others who do all or almost all of the work, outside of the common labor, I say that that institution ought to have a chance to grow and increase, and not be taxed 39.2 per cent, as this proposal would tax it if it kept all of its earnings.

I do not think we need worry about undistributed earnings for this year or for a few years to come. Very few corporations in the United States will make a profit more than sufficient to pay their regular dividends for the year 1921, and where one company will do it, I predict now that a thousand companies will not do it. During war times, when profits were made such as were never known before in all the history of the world, when the profiteer was found upon all hands and all sides, including the Government of the United States itself, there may have been some reason for taxing undistributed earnings; but just as surely as we stand here to-day there is not much danger of undistributed earnings for the year 1921 and, I think, for a number of years to come.

Mr. President, I promised the Senator from North Carolina that I would speak but eight minutes, and I have occupied the floor for ten minutes. I shall now yield, although there are a number of other matters that I desired to take up.

Mr. SIMMONS. Mr. President, when we passed the last revenue act the Senator from New Mexico [Mr. JONES] brought to the attention of the Senate the very same question that he has raised to-day. The Senator then made it perfectly manifest that the undistributed earnings of corporations were escaping surtaxes and that the amount involved was very large. He made it clear that the income tax as among individuals, partnerships, and corporations was very unequal and very discriminatory in favor of corporations. The Senator's position was invulnerable at that time but for the fact that that bill imposed upon corporations an excess-profits tax while it exempted individuals and corporations from that tax. The answer which we made to the Senator at that time and which I think was accepted by the Senate as probably conclusive was that this exemption on the part of the individual and the partnership from the excess-profits tax would equalize the difference in the taxes of these three groups of taxpayers.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from New Mexico?

Mr. SIMMONS. It will take all of my time for me to say what I have in mind.

Mr. JONES of New Mexico. Just a word.

Mr. SIMMONS. Very well. I will state that I am not going to antagonize the Senator.

Mr. JONES of New Mexico. I understand that, but I want to correct a wrong inference to be drawn from what the Senator has just said.

When I proposed a tax upon undistributed incomes that related to the bill of 1917, which imposed an excess-profits tax on individuals, partnerships, and corporations all alike. The next year, in the law of 1918, the Senator, as chairman of the committee, very wisely advocated taking that tax off of individuals and partnerships, and making a discrimination. I did not press my provision then, when the excess-profits tax applied to corporations and did not apply to individuals and partnerships.

Mr. SIMMONS. That was the way in which we met the contention of the Senator, which, in my judgment, was unanswerable from every other standpoint. Now, Mr. President, we have taken from corporations the excess-profits tax, and the discrimination of which the Senator from New Mexico complains is restored in all of its vigor and force.

I have had the actuary of the Treasury make me a table showing the different percentages of income taxes that individuals, partnerships, and corporations will pay under the bill as it stands to-day. The table shows that an individual will pay upon an income of a million dollars 38.85 per cent; a partnership with eight partners will pay 30.78 per cent; a partnership with five partners will pay 34.23 per cent. A corporation which distributes 75 per cent of its earnings and has 20 stockholders will pay only 20.39 per cent; and let me say that that includes not only the flat tax but the estimated surtax upon that distribution.

Mr. SMOOT. That would be in case all the 20 stockholders owned the same amount of stock.

Mr. SIMMONS. Yes. So, Mr. President, under the bill we are about to pass, with a 15 per cent flat rate upon corporations, with the privilege of reserving undistributed 25 per cent or more of their earnings if they see fit—and upon an average I understand that they do reserve 25 per cent undistributed—the corporation will pay an income tax only about one-half of what the individual will pay and only about two-thirds of what a partnership will pay upon the same earnings.

Under these circumstances, to permit corporations to withdraw from the tax the 25 per cent which they, on an average, retain and never distribute, is, to my mind, an unthinkable thing. Instead of adding to this discrimination we ought to seek to reduce this discrimination in favor of corporations. They are not paying to-day any more than their fair share of the taxes of the United States; and after we have relieved them of $400,000,000 of their taxes and substituted only about $267,000,000 of other taxes, resulting in a net reduction to the corporations of over $100,000,000, it seems to me that they ought not to complain if we say, "With reference to your income, you shall be put upon the same footing as an individual or a partnership." An individual or a partnership must pay taxes upon his or their total income. They can not retain one dollar of it as undistributed, and thereby escape surtaxes. Whether, as the Senator from New Mexico very forcefully said, his earnings are in money or are locked up in commodities, they are taken as distributed, and he must pay the flat normal tax and the surtax upon them. Why should a corporation with this differential in its favor be permitted to retain part of its income and not pay any surtax at all?

I have here the statement made to me to-day of the Actuary of the Treasury, an estimate made by him at my request, and he advises me in this estimate that, after taking everything into consideration, it is absolutely safe to say that since 1917, when we first imposed these war taxes, the corporations, through the withdrawal of their undistributed incomes, have escaped taxation to the extent of $810,000,000.

He estimates that for the year 1920 they escape taxes to the extent of $150,000,000, a taxation which, under similar circumstances and conditions, an individual would have been compelled to pay. I think it is indefensible, Mr. President, that we should not take some action to relieve against this situation. I do not want to make the corporation distribute all their earnings. I think that would be a very bad thing. I think the retaining of part of the earnings for the purpose of expansion, development, improvement, and all that sort of thing is admirable and necessary to good business; but a citizen has to do that, and an ordinary taxpayer engaged in business does that every year, and pays this tax. Why should not the corporation pay it in some form or other?

I dislike very much to say it, but I am afraid the proposition of the Senator from New Mexico goes a little further than I wished to go, because his proposition involves a removal of the entire flat tax of 15 per cent and the substitution of a graduated tax upon corporations. I do not know where that would lead. I have not had time to consider it, and I am a little apprehensive about it.

Mr. President, I want to be on the safe side, and I have an amendment here which I propose to offer which I think is absolutely fair. I will let the clerk read it in a little while, but before he reads it I want to say that it is an attempt on my part to impose what is tantamount to a graduated surtax upon that part of the earnings of corporations which is not distributed. It does not disturb any other part of the scheme, but by it I seek to impose a moderate surtax upon that part of the earnings which are undistributed.

I am told by the Actuary of the Treasury that the proposition embraced in my amendment would result in an average additional tax, by way of surtax upon the undistributed earnings, of 9 and a fraction per cent. But he advises me at the same time that if that tax were added to the 15 per cent, making 24 per cent, and were distributed among the stockholders, the flat tax and the surtax would run it up to 31 per cent. If it is distributed among the stockholders, as it ought to be to insure equality, the average tax would be 31 per cent.

So, Mr. President, there will be no additional incentive for a corporation to distribute its earnings; nothing would be gained. There is some inducement now to a corporation to retain whatever may reasonably be required for the conduct and the expansion and the development of the business, because nothing would be gained by distributing when by distributing the stockholder would have to pay 31 per cent as against 24 per cent if the earnings were not distributed.

I do not desire to see an amendment agreed to which would impose such an additional tax upon the undistributed earnings as would make it impracticable for corporations to follow the old and wise practice of retaining a part of the earnings for the purposes of development. I do not think it is a bad business policy, but because it is a good policy to pursue in business is no sufficient reason why they should be exempt from taxes which all the balance of the citizens of this country pay.

Mr. President, the time has about arrived for a vote, and I suppose there are some other Senators who may want to make statements. I ask that the Secretary read the amendment which I have offered.

Mr. SMOOT. Will the Senator yield just a moment?

Mr. SIMMONS. Yes.

Mr. SMOOT. Does the Senator make any provision that when dividends withheld from distribution are distributed to the stockholders they shall then be exempt from taxation?

Mr. SIMMONS. I have not; but I will accept an amendment to that effect.

Mr. SMOOT. If there is not such an amendment added there will be double taxation.

Mr. SIMMONS. I have not made that provision, but I said to the junior Senator from Minnesota [Mr. KELLOGG], who spoke to me about it, that I had considered it.

Mr. REED. If it is to be put in, can it not be put in now?

Mr. SIMMONS. Yes; I have no objection to it. Mr. President, I will amend the amendment by adding a clause to the effect that if such taxed income is hereafter distributed it shall be exempt from surtaxes.

The PRESIDING OFFICER. The Secretary will state the amendment, with the suggested change.

The READING CLERK. On page 79, after line 7, insert the following:

(c) That beginning January 1, 1922, there shall be imposed upon every corporation upon the undistributed income of the preceding year remaining on hand when it makes its annual return for income tax a tax at the following rates:

On the undistributed net income so far as the same constitutes more than 5 per cent and less than 11 per cent of the total net income, 5 per cent; on the undistributed net income so far as the same constitutes more than 10 per cent and less than 26 per cent of the total net income, 10 per cent; on the undistributed net income so far as the same constitutes more than 25 per cent and less than 51 per cent of the total net income, 15 per cent; on the undistributed net income so far as the same constitutes more than 50 per cent of the total net income, 20 per cent: *Provided*, That any portion of the undistributed income so taxed and hereafter distributed shall be exempt from any further surtax.

Mr. SIMMONS. I desire to say, in conclusion, that I shall not offer that amendment until there is action upon the amendment offered by the Senator from New Mexico. However, Mr. President, I do desire to say that I am informed by the actuary that this amendment would raise $60,000,000.

The PRESIDING OFFICER. The amendment will lie on the table.

Mr. POMERENE. Mr. President, am I right in assuming that this tax on the undistributed income applies only to that which may be earned during the current year; in other words, that it

would not apply to an accumulated surplus which may have been earned in previous years?

Mr. SIMMONS. No; that is the meaning of it—that beginning on January 1, 1922, there shall be imposed upon every corporation upon the undistributed income of the preceding year remaining on hand when it makes its annual return for income tax, taxation at the rates mentioned.

Mr. SMOOT. Mr. President, I call the Senator's attention to what I think is an error in these brackets. The amendment reads:

On the undistributed net income, so far as the same constitutes more than 5 per cent and less than 11 per cent of the total net income, 5 per cent.

On the undistributed net income, so far as the same constitutes more than 10 per cent and less than 26 per cent.

Mr. SIMMONS. What figure does the Senator propose to insert; 10 per cent?

Mr. SMOOT. Yes; that is what it ought to be.

Mr. SIMMONS. Then insert it.

Mr. SMOOT. There is one per cent that would draw 5 per cent in one case and 10 per cent in another.

Mr. SIMMONS. I originally had it with the figure the Senator suggests.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

Mr. REED. Mr. President, I want to give the Senate the benefit of some figures which may help a little in seeing the importance of this amendment.

Mr. POMERENE. To which amendment does the Senator refer?

Mr. REED. Each of them—the Jones amendment and the Simmons amendment. The United States Steel Corporation has an outstanding capital stock, omitting all but the millions, preferred stock, $508,000,000; common stock, $360,000,000. Its dividends for 1920 were $50,000,000. Its surplus was $664,000,000.

In addition to that, the company expended in the acquisition of new properties $104,000,000, and carried into one sinking fund $40,000,000, carried into another fund by the acquisition of new properties $30,000,000, and then they charged the proportional cost of war facilities installments of $30,000,000. It seems to me that sort of disposition of assets ought to be reached.

The Woolworth Co. is a very interesting example. Its preferred stock is $12,000,000, its common stock $65,000,000, its dividends on the preferred stock $857,500, and on the common stock $4,600,000.

Mr. PENROSE. Mr. President, I call attention to the fact that the hour of 4 o'clock has arrived.

Mr. REED. I call attention to the fact that I have five minutes to talk on the amendment.

Mr. PENROSE. Was the amendment offered to-day?

Mr. REED. It is the pending amendment.

Mr. PENROSE. Oh, no. If there is to be an honorable observance of the agreement, evasion of it, I particularly stated yesterday, ought not be tolerated.

Mr. REED. I do not understand the Senator. I am not trying to evade anything.

Mr. PENROSE. It looks to me very much as if the Senator was.

Mr. TOWNSEND. Mr. President, I think there is a misunderstanding between the two Senators about this fact. The Senator from Missouri has five minutes on any amendment offered after 4 o'clock, not before.

The VICE PRESIDENT. The hour of 4 o'clock having arrived the unanimous consent agreement goes into effect. The question is on the amendment offered by the Senator from New Mexico [Mr. JONES] to the amendment of the committee.

Mr. ASHURST. Mr. President, I suggest the absence of a quorum.

Mr. REED. I hope the Senator will withhold that for a moment. I want to settle this question.

Mr. ASHURST. Very well.

Mr. REED. I have been accused of bad faith. Let us see. What is the situation? Is this question open now for five minutes' debate or not?

Mr. PENROSE. No; it is not.

The VICE PRESIDENT. The Chair will read from the unanimous-consent agreement, as follows:

Provided, That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes.

Mr. REED. All debate then ceases?

The VICE PRESIDENT. It does.

Mr. REED. Then permit me to say, in view of the slight charge my friend makes, that I have not even read the unanimous-consent agreement and I did not happen to be in the Chamber at the time it was entered into. I supposed the question was open for five minutes debate by any Senator, but if it is the ruling of the Chair that it is not, and the language seems to be plain, I have no desire to take the time of the Senate now. I shall present these figures a little later.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New Mexico to the amendment of the committee.

Mr. JONES of New Mexico. I propose to modify or amend my amendment in order to put it in a little more popular language. The language which the expert prepared was very accurate, but the modifying clause is on the back of the printed sheet, and it requires a good deal of analysis to understand it. In order to get it in plainer and more popular language, I offer the following as a change. It is the same language substantially, but stated in a different way.

The VICE PRESIDENT. The modified amendment will be stated.

The ASSISTANT SECRETARY. On page 79, line 1, after the word "tax," strike out all down to and including line 7, and insert:

Equal to the sum of the following:

On the undistributed net income so far as the same constitutes not more than 10 per cent of the total income, 8 per cent;

On the undistributed net income so far as the same constitutes more than 10 per cent and not more than 20 per cent of the total net income, 16 per cent;

On the undistributed net income so far as the same constitutes more than 20 per cent and not more than 30 per cent of the total net income, 24 per cent;

On the undistributed net income so far as the same constitutes more than 30 per cent and not more than 40 per cent of the total net income, 32 per cent;

On the undistributed net income so far as the same constitutes more than 40 per cent and not more than 50 per cent of the total net income, 40 per cent;

On the undistributed net income so far as the same constitutes more than 50 per cent and not more than 60 per cent of the total net income, 48 per cent; and

On the undistributed net income so far as the same constitutes more than 60 per cent of the total net income, 56 per cent.

Mr. PENROSE. Mr. President, I merely desire to state——

Mr. REED. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. REED. The point of order is that this amendment can not be discussed by anyone.

Mr. PENROSE. The Senator had better read the unanimous-consent agreement before consuming the time of the Senate with frivolous points of order. I have a right under the unanimous consent——

Mr. REED. I ask for the ruling of the Chair on my point of order.

The VICE PRESIDENT. The Senator from Missouri will state his point of order.

Mr. REED. The point of order is that no one can speak after 4 o'clock except to explain an amendment offered after 4 o'clock, the agreement clearly referring to the Senator offering the amendment.

The VICE PRESIDENT. The Chair will read the rest of the clause in the unanimous-consent agreement:

And that a Member of the Committee on Finance may have a like period of time in which to make reply.

Mr. REED. I still stand on the point of order. "A like period of time to make reply." There has been no speech made yet in explanation, and therefore there is nothing to reply to.

Mr. PENROSE. I will not try the Senator's impatience unduly. I only wish to say that this amendment——

Mr. REED. I am going to stand upon my right here. The Senator compelled me to take my seat when I only intended to occupy three minutes. If I was not entitled to the floor the Senator is not, and if the Senator is entitled to the floor I am, and if I am entitled to the floor, I have no objection to the Senator having it.

Mr. PENROSE. I am entitled to the floor, and I intend to maintain it. If the Senator from Missouri intends to shirk and evade the honorable obligations of a unanimous-consent agreement, we will have to make them more specific hereafter when he is present in the Senate.

Mr. REED. Mr. President, I stand here now on a question of personal privilege. I say that the Senator from Pennsylvania has no right to accuse me of trying to evade any honorable obligation. I hope that my sense of honor is quite as high as the sense of honor possessed by the Senator from Pennsylvania. I have already stated that I was not here when the unanimous-consent agreement was made, that I had not even read it——

Mr. PENROSE. That is evident.

Mr. REED. And it is quite evident that the Senator from Pennsylvania has not read it or could not apprehend it if he did read it.

Mr. PENROSE. I framed it.

Mr. REED. The Senator does not understand it evidently, or he would not be trying to talk now. I ask for a ruling whether the Senator from Pennsylvania has a right to the floor, and if he has, I shall claim it on an equally high right.

Mr. PENROSE. That question can be raised when I am through.

Mr. REED. No; it will be raised now.

Mr. PENROSE. I have the floor, Mr. President.

The VICE PRESIDENT. The wording of the unanimous-consent agreement is—

That a member of the Committee on Finance may have a like period of time in which to make reply.

That refers to the foregoing, which reads:

That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes.

If the amendment proposed by the Senator from New Mexico is a new amendment, proposed after 4 o'clock, the Senator from Pennsylvania has the right to five minutes to reply to it. If it is merely a modification or change of some amendment that was proposed before 4 o'clock, then there is no time for the Senator from Pennsylvania or any other Member of the committee to make any reply to it.

Mr. WATSON of Indiana. Mr. President, I may be incorrectly informed, but my information is that the Senator from New Mexico offered his corrected amendment after 4 o'clock and explained it, and that would entitle a member of the committee to five minutes to make reply.

Mr. REED. I call for the ruling of the Chair, taking into consideration the suggestion just made and the further language of the agreement:

Provided, That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes, and that a member of the Committee on Finance may have a like period of time in which to make reply.

That is, to reply to a speech of explanation, to a speech in favor of an amendment. The question is not to be determined as to whether a new amendment is offered. If a new amendment is offered, but is not explained, then there is nothing to reply to, and I insist that that did not take place in any event. The Senator from New Mexico did not undertake to speak to his amendment and therefore there is nothing to reply to.

Mr. PENROSE. Mr. President, I have the floor I believe.

The VICE PRESIDENT. The Chair is of the opinion that the Senator from New Mexico in presenting his amendment made some explanation of it, and that therefore the Senator from Pennsylvania has the right to reply to it.

Mr. PENROSE. Mr. President, my reply is that the amendment submitted by the Senator from New Mexico, in my opinion, does not carry out the purpose he has in mind and would be more disastrous to the business prosperity of the country than his first amendment.

Mr. REED. Mr. President, I believe I am now entitled to the floor.

Mr. PENROSE. Oh, no.

Mr. REED. The Chair has ruled that the Senator from New Mexico made a speech and that under the unanimous-consent agreement any member of the Finance Committee can speak in reply. I am a member of the Finance Committee and I now address myself in reply.

In reply, I say that the Woolworth Co. had a preferred capital stock of $12,000,000, common stock of $65,000,000, paid out dividends in 1920 of $857,500 on the preferred stock and $4,600,000 on the common stock, and has a surplus of $14,361,366. The authority, Poor's Manual, states that $15,000,000 represented real assets and $50,000,000 represented good will, and yet this company has accumulated now as a surplus more than its real original assets.

The American Tobacco Co., with an outstanding capital of preferred stock $52,699,700 and common stock $89,542,600, declared dividends in 1920 of $12,558,778, and as a surplus it carried $14,655,900.

The American Cigar Co., with a capital of $25,000,000, declared dividends of $1,400,000 and carries a surplus of $9,308,584.

The Mengel Co., with a capital of $8,124,200, declared dividends of $300,000 and carries a surplus of $1,877,033. That company is owned by the American Tobacco Co., as is also the American Cigar Co., and their aggregate surplus is $25,841,517 and their aggregate dividends were $14,258,778 and their capital, which is largely water, is $175,336,500.

The Anaconda Copper Co. has a capital outstanding of $116,562,500. Dividends were paid of $6,993,750 and a surplus exists of $84,753,462. The same authority states that this company in 1920 showed total receipts of $101,610,254; that they charged themselves with various accounts, but that after making every deduction they could think of they still had this enormous surplus remaining on hand. Among other things they charge a reserve for depreciation of $5,000,000 each year.

The Standard Oil Co. of New Jersey had outstanding a capital, common and preferred, of $295,014,900 and paid dividends of $33,435,022. It has a surplus of $373,082,254. This company carried on its books a large surplus under the head of "Surplus affiliated companies" which amounted to $219,064,671, making a total surplus of $592,146,925.

According to Poor's Industrials the figures given by the subsidiary and affiliated companies show that the Standard Oil Co. has diminished its account "Surplus affiliated companies" by $214,987,643, leaving this company in the possession of $807,134,568 of surplus.

In 1919 the Standard Oil Co. paid dividends of $21,218,559 and in 1920 paid dividends of $33,435,022, an increase in 1920 of $11,216,463. In 1920 the Standard Oil Co. carried a reserve for taxes of $15,250,000 and its affiliated companies a reserve of $13,651,481.

Mr. President, those are some of the companies carrying enormous surpluses which will escape any surtaxes as the bill is now framed.

The VICE PRESIDENT. The question is on the adoption of the amendment proposed by the Senator from New Mexico [Mr. JONES] to the amendment reported by the committee.

Mr. REED. I ask for the yeas and nays on the amendment to the amendment.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. I am not able to secure a transfer at this time and therefore withhold my vote. If I were permitted to vote, I should vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. In his absence, and not being able to secure a transfer, I withhold my vote.

Mr. HALE (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. SHIELDS]. I have not been able to secure a transfer of that pair and therefore can not vote. If at liberty to vote, I should vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. Not being able to secure a transfer of that pair, I withhold my vote.

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Washington [Mr. JONES], who is absent. Not knowing how he would vote if present, I withhold my vote.

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT], who is absent. I am unable to obtain a transfer and therefore withhold my vote.

Mr. HEFLIN (when Mr. UNDERWOOD's name was called). My colleague [Mr. UNDERWOOD], who is necessarily detained from the Senate, is paired with the Senator from Massachusetts [Mr. LODGE].

The roll call was concluded.

Mr. HARRISON (after having voted in the affirmative). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and will allow my vote to stand.

Mr. FLETCHER. I find I can transfer my pair with the senior Senator from Delaware [Mr. BALL] to the senior Senator from Nevada [Mr. PITTMAN]. I make that transfer and will vote. I vote "yea."

Mr. GERRY. I desire to announce that the Senator from Utah [Mr. KING] is paired with the Senator from North Dakota [Mr. MCCUMBER]. The Senator from Utah is absent on account of official business.

Mr. STERLING (after having voted in the negative). I have a general pair with the Senator from South Carolina [Mr. SMITH]. Not being able to secure a transfer of the pair, I withdraw my vote.

Mr. SUTHERLAND. I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], who is absent. I am unable to obtain a transfer of the pair and therefore withhold my vote. If permitted to vote, I should vote "nay."

The result was announced—yeas 24, nays 45, as follows:

YEAS—24.

Ashurst	Harrison	Myers	Simmons
Caraway	Heflin	Norbeck	Stanley
Dial	Jones, N. Mex.	Norris	Walsh, Mass.
Fletcher	Kendrick	Overman	Walsh, Mont.
Glass	Kenyon	Reed	Watson, Ga.
Harris	La Follette	Sheppard	Williams

NAYS—45.

Brandegee	Gerry	Moses	Smoot
Bursum	Gooding	Nelson	Spencer
Calder	Harreld	New	Stanfield
Cameron	Hitchcock	Newberry	Townsend
Capper	Kellogg	Nicholson	Wadsworth
Cummins	Keyes	Oddie	Warren
Curtis	Lenroot	Page	Watson, Ind.
Dillingham	Lodge	Penrose	Weller
Ernst	McCormick	Phipps	Willis
Fernald	McKinley	Poindexter	
France	McLean	Pomerene	
Frelinghuysen	McNary	Shortridge	

NOT VOTING—27.

Ball	Edge	McCumber	Smith
Borah	Elkins	McKellar	Sterling
Broussard	Hale	Owen	Sutherland
Colt	Johnson	Pittman	Swanson
Crow	Jones, Wash.	Ransdell	Trammell
Culberson	King	Robinson	Underwood
du Pont	Ladd	Shields	

So the amendment of Mr. JONES of New Mexico to the amendment of the committee was rejected.

Mr. McKELLAR. Mr. President, I ask the Secretary to read the amendment which I have heretofore submitted to the amendment reported by the committee. I now offer the amendment to the amendment.

The VICE PRESIDENT. The Secretary will read the amendment to the amendment.

The READING CLERK. On page 79, after line 7, it is proposed to insert the following:

(c) That the Secretary of the Treasury be, and he is hereby, authorized, directed, and instructed at the earliest practicable moment to secure from the several foreign Governments, namely, Belgium, Cuba, Czechoslovakia, France, Great Britain, Greece, Italy, Liberia, Rumania, Russia, and Serbia, to which Governments moneys were loaned by the United States, under and by virtue of several war emergency acts of Congress, passed in the years 1917 and 1918, long-time interest-bearing bonds of such Governments as provided in said acts, the interest on such bonds to be paid by said Governments semiannually at rates not less than those fixed in said acts.

That in making settlements with the several foreign Governments aforesaid the Secretary of the Treasury is hereby authorized and directed to take interest-bearing bonds for the past-due interest on said loans and the future interest up to January 1, 1922, such bonds to be of like tenor and effect as the bonds for the principal loaned to said Governments, and the interest thereon to be paid semiannally in like manner.

That the Secretary of the Treasury is further authorized and directed to secure from such foreign Governments as may be indebted to the United States, of like tenor and effect and of like rates of interest and payable in like manner, for the following indebtedness: (1) Obligations received from the Secretary of War and from the Secretary of the Navy on account of the sale of surplus war material; (2) obligations held by the United States Grain Corporation; (3) obligations received by the Treasurer from the American relief administration; (4) obligations due the United States on any other account from such foreign nations.

The Secretary of the Treasury is further authorized and directed to secure bonds, of like tenor and effect and like rates of interest, for the indebtedness due the United States from the following nations: Armenia, Austria, Esthonia, Finland, Hungary, Latvia, Lithuania, and Poland.

That the Secretary of the Treasury is hereby authorized to accept, in addition to said bonds, any securities from such foreign Governments as collateral and as a guaranty of the prompt payment of said bonds and interest thereon.

Mr. McKELLAR. Mr. President, I desire to make an explanation in reference to the amendment. The senior Senator from Massachusetts [Mr. LODGE] suggested that there might be some doubt about whether we ought to strike out the "15 per cent" and insert "10 per cent" as provided in the amendment when first proposed. Therefore I have perfected the amendment so as to provide simply for the funding of the foreign indebtedness into bonds under the acts of 1917 and 1918, including the past due interest up to January 21, 1922. So there is no question of revenue in regard to the amendment except increased revenue; in other words, if the interest is collected, we shall increase the revenue by $500,000,000 a year. I hope the amendment may be adopted.

Mr. PENROSE. Mr. President, the matters referred to in the amendment offered by the Senator from Tennessee are being amply provided for in a separate bill which has been introduced in the Senate, reported from the committee, and is now on the calendar of the Senate awaiting consideration and possibly amendment at an early opportunity. Likewise, a measure relating to the foreign debt, I am informed, has already passed the House and is now before the Senate Committee on Finance.

I do not see any useful purpose to be gained by complicating the pending revenue bill, which is tremendous enough at best, by introducing the question of the foreign debt of the United States. There is trouble enough about the revenue bill without incurring delay and complication by adding anything regarding the matter referred to in the amendment now proposed. I shall not attempt to discuss the merits of that amendment; they will be amply discussed at the very earliest opportunity, and I am only sorry that we have not been able to do so before this time. The Secretary of the Treasury and others have had very prolonged hearings on the foreign debt before the committees of the Senate and the House. These matters will be acted on very soon and are entirely separate from the purposes to be carried out in the revenue bill. The trouble with a revenue measure is that it seems to be made a kind of a carryall for any amendment that a Senator may have in his mind for the reformation of the community; and I sincerely hope that this measure can be kept clear and clean of all collateral matters which ought to be taken up at the proper time and in the proper way and on their own merits.

I sincerely hope, therefore, that regardless of any merits involved in any proposition relating to the debt, and regardless of the views of any individual Senator, this amendment will not be added to the bill to embarrass and delay it.

Mr. McKELLAR. Mr. President, I ask for the yeas and nays on the amendment.

Mr. ASHURST. Mr. President, I propose an amendment. On page 2, line 22, after the word "any," I move to insert the word "other," so that it will read:

Any other securities.

Mr. McKELLAR. I have no objection to that.

Mr. ASHURST. Am I in order to be heard on my amendment?

The VICE PRESIDENT. The amendment is not understood. There is no word "any" in that line.

Mr. ASHURST. I mean in the amendment proposed by the Senator from Tennessee. I probably had better make a parliamentary inquiry of the Chair first and ascertain if it is in order to propose an amendment to the amendment?

The VICE PRESIDENT. It is in order.

Mr. ASHURST. Then, Mr. President, on page 2, line 22, according to the print that I have, after the word "any," I propose to insert the word "other," so that it will read:

SEC. 4. The Secretary of the Treasury is hereby authorized to accept, in addition to said bonds, any other—

And so forth.

The VICE PRESIDENT. The Senator does not seem to have the same amendment that has been proposed.

Mr. ASHURST. There are two different copies of the amendment.

The VICE PRESIDENT. The Chair is advised that the word to which the Senator refers is on page 3, line 4.

Mr. ASHURST. Mr. President, it is important to sound a warning now to the American people that some events are transpiring in Europe similar to things that transpired in Europe in the fall of 1912 and the year 1913.

In August, 1912, the Sixty-second Congress passed a bill providing that coastwise ships belonging to the United States should pass through the Panama Canal free from tolls. Immediately after President Taft had signed that bill a propaganda gigantic in its proportions and insidious in its character was begun in Europe to try to convince the American people that their Congress had done wrong.

I regret to say that that European propaganda was successful and that, aided by the transcontinental railroads at home, Europeans succeeded in amending the act of August 24, 1912, which provided for free transit, so that for practical purposes Great Britain told the Congress of the United States what to do upon that occasion. I now sound a warning that precisely the same sort of propaganda is going around in Europe to induce the American Congress to remit, cancel, and forgive the indebtedness for moneys loaned by the United States to our allies in the World War.

If I had the time I could read to Senators speech after speech, article after article, in the public press showing that it is a part and parcel of British diplomacy to bring about a cancellation, remission, and forgiveness of the debts that foreign Governments owe to the United States for moneys loaned. It is time for Americans to be on guard so that we may not be hereafter accused of violating our promises.

It is time for all Senators, Representatives, and American citizens everywhere to say that by no expression, by no intendment, by no interpretation, by no use of words or failure to use words shall it hereafter be said that we agreed, diplomatically or otherwise, to cancel this indebtedness.

As a sample of how the English people—and they are a great people—view us diplomatically, let me read from the

World's Work of September, 1921, how the propaganda for the Panama Canal free-transit repeal was begun.

In a letter to Col. House, from a man whom I admired during his lifetime and whose memory I now revere, the writer, Mr. Page, our ambassador, says, at page 447:

Sometimes I hear criticisms, now and then more or less serious ones. Much of it comes of our greenness; some of it from the very nature of the situation. Those who expect to find us brilliant are, of course, disappointed.

Mr. President, we may be "green," we may lack "brilliancy" as a people, but I think we have a sturdy sense of honor and a sound patriotism, and we are going to say at all places and at all times that we do not intend under any circumstances to remit or cancel the sums of money loaned to foreign Governments.

The Machiavelian statesmen in the Old World are trying to lead some people to believe or to pretend that they believe we may some time cancel this debt. The American Congress in my judgment can not say too often, can never say too emphatically that we are opposed to the cancellation of this debt, but that we demand that both principal and the interest shall be paid.

The VICE PRESIDENT. The time of the Senator from Arizona has expired. The question is on the adoption of the amendment offered by the Senator from Arizona to the amendment of the Senator from Tennessee.

Mr. WALSH of Massachusetts. Mr. President, exercising the doubtful right which the Senator from Missouri [Mr. REED] asserted, that a member of the Finance Committee may use some time, I want to say just one word.

The magnitude of this subject, regardless of the merits of the proposition, is so great that it ought to be dealt with separately, as suggested by the chairman of the Finance Committee. It is a matter that ought not to be involved in this bill; and I do not think the amendment ought to be adopted, regardless of whatever merit it may have.

Mr. McKELLAR. I call for the yeas and nays.

The VICE PRESIDENT. The first question is on the amendment offered by the Senator from Arizona to the amendment of the Senator from Tennessee.

Mr. ASHURST. Does the Senator from Tennessee accept my amendment?

Mr. McKELLAR. I accept it, and ask for the yeas and nays.

The VICE PRESIDENT. The question is on adopting the amendment offered by the Senator from Tennessee, as modified, to the amendment of the committee.

Mr. POMERENE. Mr. President, I realize that I have no right to speak, and I do not intend to do so. I simply want to call the attention of the proponent of this amendment to what seems to me to be an error on page 2, in the second paragraph. Evidently it is his intention to receive bonds for obligations held by the Secretary of War. He has not included the word "bonds" at all in that section, and then it provides that these bonds are to be received for the following indebtedness:

(1) Obligations received from the Secretary of War and from the Secretary of the Navy on account of the sale of surplus war material.

It seems to me that he intends to have that read "obligations received by the Secretary of War and by the Secretary of the Navy."

Mr. McKELLAR. Mr. President——

Mr. WATSON of Indiana. Mr. President, I have no desire to be captious about this matter, but we have adopted a rule. Let us abide by it.

Mr. McKELLAR. I think the amendment is perfectly clear as it is. I make the point of order that there is no quorum present.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Glass	Moses	Shortridge
Brandegee	Gooding	Myers	Simmons
Broussard	Harreld	Nelson	Smoot
Bursum	Harris	New	Stanfield
Calder	Heflin	Newberry	Sutherland
Cameron	Hitchcock	Nicholson	Swanson
Capper	Jones, N. Mex.	Norbeck	Townsend
Caraway	Kellogg	Norris	Trammell
Cummins	Kendrick	Oddie	Wadsworth
Curtis	Kenyon	Overman	Walsh, Mass.
Dial	Keyes	Page	Walsh, Mont.
Dillingham	La Follette	Penrose	Warren
Edge	Lenroot	Phipps	Watson, Ga.
Ernst	Lodge	Pittman	Watson, Ind.
Fernald	McCormick	Poindexter	Weller
Fletcher	McKellar	Pomerene	Williams
France	McKinley	Ransdell	Willis
Frelinghuysen	McLean	Reed	
Gerry	McNary	Sheppard	

The VICE PRESIDENT. Seventy-four Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, I desire to perfect my amendment by adding the word "bonds" after the words "United States," in line 13, on page 2. I think that can be interlined without taking formal action on it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee as modified.

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question recurs on the committee amendment.

Mr. SIMMONS. Mr. President, I would be very glad if the Chair would let the amendment which I offered be called up now. I think I shall have to leave the Chamber in a very short time.

The VICE PRESIDENT. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. On page 79, after line 7, insert the following:

(c) That, beginning January 1, 1922, there shall be imposed upon every corporation upon the undistributed income of the preceding year remaining on hand when it makes its annual return for income tax a tax at the following rates:

On the undistributed net income so far as the same constitutes more than 5 per cent and less than 10 per cent of the total net income, 5 per cent.

On the undistributed net income so far as the same constitutes more than 10 per cent and less than 25 per cent of the total net income, 10 per cent.

On the undistributed net income so far as the same constitutes more than 25 per cent and less than 50 per cent of the total net income, 15 per cent.

On the undistributed net income so far as the same constitutes more than 50 per cent of the total net income, 20 per cent.

Provided, That portions of the undistributed income so taxed and hereafter distributed shall be exempt from any further surtax.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

Mr. SIMMONS. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from West Virginia [Mr. ELKINS] and vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "yea."

Mr. HALE (when his name was called). By arrangement with the junior Senator from Florida [Mr. TRAMMELL], who has a general pair with the senior Senator from Rhode Island [Mr. COLT], I transfer my general pair with the Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Rhode Island [Mr. COLT] and vote "nay."

Mr. HARRISON (when his name was called). I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Oklahoma [Mr. OWEN] and vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as to the transfer of my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the junior Senator from Pennsylvania [Mr. CROW], I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. I transfer that pair to the senior Senator from Arkansas [Mr. ROBINSON] and vote "yea."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], but, according to the announcement just made by the senior Senator from Louisiana [Mr. RANSDELL], I am permitted to vote. I vote "nay."

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Washington [Mr. JONES]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. I transfer my pair to the senior Senator from Tennessee [Mr. SHIELDS], who has a general pair with the junior Senator from Maine [Mr. HALE], and vote "yea."

Mr. HEFLIN (when Mr. UNDERWOOD's name was called). I make the same announcement I made before, that my colleague [Mr. UNDERWOOD] has a general pair with the senior Senator from Massachusetts [Mr. LODGE].

The roll call was concluded.

Mr. GERRY. I desire to make the same announcement as on the last vote, that the junior Senator from Utah [Mr. KING]

is absent on official business, and is paired with the Senator from North Dakota [Mr. McCUMBER].

Mr. CURTIS. I desire to announce that the senior Senator from South Dakota [Mr. STERLING] is paired with the senior Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 30, nays 45, as follows:

YEAS—30.

Ashurst	Harrison	Norbeck	Swanson
Broussard	Heflin	Overman	Trammell
Caraway	Hitchcock	Pomerene	Walsh, Mass.
Dial	Jones, N. Mex.	Ransdell	Walsh, Mont.
Fletcher	Kendrick	Reed	Watson, Ga.
Gerry	La Follette	Sheppard	Williams
Glass	Myers	Simmons	
Harris	Nelson	Stanley	

NAYS—45.

Brandegee	Frelinghuysen	McNary	Spencer
Bursum	Gooding	Moses	Stanfield
Calder	Hale	New	Sutherland
Cameron	Harreld	Newberry	Townsend
Capper	Kellogg	Nicholson	Wadsworth
Cummins	Keyes	Oddie	Warren
Curtis	Lenroot	Page	Watson, Ind.
Dillingham	Lodge	Penrose	Weller
Edge	McCormick	Phipps	Willis
Ernst	McKellar	Poindexter	
Fernald	McKinley	Shortridge	
France	McLean	Smoot	

NOT VOTING—21.

Ball	Elkins	McCumber	Smith
Borah	Johnson	Norris	Sterling
Colt	Jones, Wash.	Owen	Underwood
Crow	Kenyon	Pittman	
Culberson	King	Robinson	
du Pont	Ladd	Shields	

So Mr. SIMMONS's amendment to the committee amendment was rejected.

Mr. DIAL. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the table.

The VICE PRESIDENT. It will be received, printed, and lie on the table.

Mr. JONES of New Mexico. Mr. President, I propose the following amendment: On page 79, line 6, I move to strike out the numerals "15" and insert in lieu thereof the numerals "10," and after the word "amount," on line 7, to strike out the period, insert a semicolon, and add the following:

On the undistributed net income so far as the same constitutes not more than 10 per cent of the total net income, 4 per cent;
On the undistributed net income so far as the same constitutes more than 10 per cent and not more than 20 per cent of the total net income, 18 per cent;
On the undistributed net income so far as the same constitutes more than 20 per cent and not more than 30 per cent of the total net income, 12 per cent;
On the undistributed net income so far as the same constitutes more than 30 per cent and not more than 40 per cent of the total net income, 16 per cent;
On the undistributed net income so far as the same constitutes more than 40 per cent and not more than 50 per cent of the total net income, 20 per cent;
On the undistributed net income so far as the same constitutes more than 50 per cent and not more than 60 per cent of the total net income, 24 per cent;
On the undistributed net income so far as the same constitutes more than 60 per cent of the total net income, 28 per cent.

Mr. President, I desire to say just a word in regard to this amendment. I have not sought to do anything more than to bring about equality in taxation. The bill as it is framed by the committee will exempt from taxation a very large amount of the net income of the country. Its operation as to the incomes of the country will be to an extreme degree unequal. The bill as reported by the committee without amendment in this particular, in my opinion, is utterly indefensible. It will make of these corporations the repositories of all of the net income which seeks to evade just taxation; it will drive every individual engaged in business and every partnership engaged in business, having a net income of any considerable amount, into incorporating, and it will be found that the total taxes upon those corporations will in any event be only 15 per cent, whereas if those earnings were distributed they would pay the surtaxes in the cases where high surtaxes should be paid.

It is the closely held corporations which will take advantage of this very situation. There is no reason why every individual and every partnership should not incorporate, keep all of its earnings in the corporation, and evade any tax beyond 15 per cent, and I want to reiterate that, in my humble judgment, if we adopt the scheme reported by a majority of the Finance Committee, we will jeopardize the taxes which Senators expect the Government to receive from individual incomes. Everybody who pays a high individual income tax, or a high surtax, will incorporate his business and will find a means of keeping all of his earnings, beyond his necessary living expenses, in the business and evade any taxation beyond 15 per cent.

I wish Senators would ponder upon the direful result which is going to come from the passage of the bill without an amendment to this provision. Under my amendment, I reduce the flat tax from 15 per cent to 10 per cent, which is the flat tax on the earnings of corporations now, whether distributed or undistributed, and I put a graduated surtax upon that part of the net income which remains undistributed.

The amendment proposed by the Senator from North Carolina [Mr. SIMMONS] left the flat tax at 15 per cent, where the committee proposed to have it. My amendment would reduce that to 10 per cent and add one-half of the surtaxes proposed in my former amendment.

The VICE PRESIDENT. The Senator's time has expired. The question is on the amendment offered by the Senator from New Mexico [Mr. JONES].

Mr. REED. Mr. President, let the amendment be reported.

The VICE PRESIDENT. The Secretary will report the amendment to the amendment.

The ASSISTANT SECRETARY. On page 79, line 6, strike out "15" and insert "10," and at the end of line 7 insert:

And also the following:
On the undistributed net income, so far as the same constitute not more than 10 per cent of the total net income, 4 per cent.
On the undistributed net income, so far as the same constitutes more than 10 per cent and not more than 20 per cent of the total net income, 8 per cent.
On the undistributed net income, so far as the same constitutes more than 20 per cent and not more than 30 per cent of the total net income, 12 per cent.
On the undistributed net income, so far as the same constitutes more than 30 per cent and not more than 40 per cent of the total net income, 16 per cent.
On the undistributed net income, so far as the same constitutes more than 40 per cent and not more than 50 per cent of the total net income, 20 per cent.
On the undistributed net income, so far as the same constitutes more than 50 per cent and not more than 60 per cent of the total net income, 24 per cent.
On the undistributed net income, so far as the same constitutes more than 60 per cent of the total net income, 28 per cent.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on agreeing to the amendment offered by the committee.

Mr. JONES of New Mexico. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JONES of New Mexico. I understand the Chair has been ruling that we can demand a separate vote on these various amendments without giving notice to that effect?

The VICE PRESIDENT. They can be reoffered in the Senate. No notice is required. Such notice is required in some other parliamentary bodies, but not in the Senate.

Mr. JONES of New Mexico. Very well.

Mr. WALSH of Massachusetts. Mr. President, by the unanimous-consent agreement it was agreed that I might offer my amendment to the amendment of the committee at a later time. I propose to offer it to-morrow. I should like to inquire if the section can be agreed to, subject to action upon the amendment which I shall offer and have pending?

The VICE PRESIDENT. The section can be agreed to in Committee of the Whole and the Senator's amendment can be offered when the bill is in the Senate.

Mr. WALSH of Massachusetts. I think we might by unanimous consent allow the final approval of the section to go over until to-morrow and proceed with other matters in the bill, with the understanding that there is only one amendment to be offered to it, and that is the amendment which I propose to offer.

Mr. PENROSE. Mr. President, on account of the great confusion which prevails in the Chamber, I confess I do not quite understand what the Senator from Massachusetts desires.

Mr. WALSH of Massachusetts. The question comes now upon the approval of the committee amendment to this section.

Mr. PENROSE. Yes.

Mr. WALSH of Massachusetts. If that is approved, I would be shut out and no opportunity given to offer the amendment which I propose to offer to the section. It has been agreed that I may offer it to-morrow. Therefore, I ask that action on this section may go over until to-morrow, with the understanding that only the amendment which I have to present will be offered.

Mr. PENROSE. Why can not that amendment be offered now?

Mr. WALSH of Massachusetts. I thought it was agreed that it would not be discussed until to-morrow. It will take some time, and we were going to let it remain for discussion to-morrow and take up other matters this evening.

Mr. PENROSE. Does the Senator understand that that was a part of the unanimous-consent agreement?

Mr. WALSH of Massachusetts. Yes; I do, because I especially requested that I be not asked to go on to-day on account of the condition of my throat.

Mr. PENROSE. I do not understand that there was an agreement that it should go over entirely, but that it should be exempted from the five-minute rule.

Mr. WALSH of Massachusetts. My amendment is expressly excluded from the language of the unanimous-consent agreement.

Mr. SIMMONS. It was the understanding that the agreement should not apply to the amendment of the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Why not let this section be passed over with the understanding that the only action upon it will be action upon my amendment?

Mr. PENROSE. Is not the Senator in shape to address the Senate to-night on the subject?

Mr. WALSH of Massachusetts. I am really not. I do not see how there can be any possible delay if it is understood that the only amendment which will be offered to this section is the amendment I propose to offer. We can proceed to other parts of the bill, then, to-night.

Mr. PENROSE. Is that understood?

Mr. WALSH of Massachusetts. Certainly it is understood. Every amendment to the section has been disposed of except mine under the unanimous-consent agreement.

Mr. PENROSE. Does the Senator from Missouri understand it that way?

Mr. REED. Mr. President, I decline to answer any question that is asked for any such purpose.

Mr. PENROSE. I do not imagine it would fortify the agreement any. I only made the inquiry.

Mr. REED. What is that? What was it the Senator said?

Mr. PENROSE. Will the Senator from Massachusetts state to the Senate and for my particular information just what he desires in connection with his amendment and the disposition of this question?

Mr. WALSH of Massachusetts. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Secretary will report the proposed amendment to the amendment.

The ASSISTANT SECRETARY. On page 79 strike out lines 6 and 7 and substitute the following:

(b) For each calendar year thereafter 10 per cent of such excess amount by which the net income does not exceed $100,000; 15 per cent of such excess amount by which the net income exceeds $100,000 and does not exceed $300,000; and 20 per cent of such excess amount by which the net income exceeds $300,000.

Mr. WALSH of Massachusetts. I ask unanimous consent that action upon that amendment and the section to which it relates be postponed until to-morrow.

Mr. PENROSE. To be open to debate by the whole Senate?

Mr. REED. Certainly.

Mr. WALSH of Massachusetts. Certainly. It is a very important amendment. There is a great deal of sentiment in favor of it and undoubtedly some strong sentiment against it. It is one of the most important amendments, I think, that has been offered. If there were not other matters to be taken up to-night, other matters in the bill to be acted upon, I would not make the request. It is simply asking postponement for a few hours while we take up other matters.

Mr. PENROSE. If that was the Senator's understanding I certainly do not wish to be an obstacle in the way of carrying it out in full performance, but I am naturally somewhat depressed by the lack of any accomplishment in this connection to-day.

Mr. WALSH of Massachusetts. I think the chairman of the committee has reason to be very much elated over his accomplishments to-day.

Mr. PENROSE. Well, I do not know. Then we shall have to go ahead with the bill. I have the highest esteem for the Senator from Massachusetts. He has helped the committee in many ways. However, I shall request the Senate to remain here to-night until a late hour and continue to consider the rest of the bill that is undisposed of.

Mr. WALSH of Massachusetts. Of course, no one objects to considering other parts of the bill.

Mr. LENROOT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Wisconsin will state the inquiry.

Mr. LENROOT. Is the request of the Senator from Massachusetts going to extend or postpone consideration of his amendment alone, or any other amendment to this section?

Mr. WALSH of Massachusetts. Solely my amendment.

Mr. CURTIS. Mr. President, I wish to state that the unanimous-consent agreement is intended to include all amendments except the amendment to be offered by the Senator from Massachusetts.

The VICE PRESIDENT. It is so stated in the unanimous-consent agreement.

Mr. WALSH of Massachusetts. The unanimous-consent agreement compels action upon every amendment to-day except the one which I have offered.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Massachusetts goes over. The Secretary will report the next amendment passed over.

The ASSISTANT SECRETARY. The committee proposes, on page 79, line 8, to insert:

CONDITIONAL AND OTHER EXEMPTIONS OF CORPORATIONS.

SEC. 231. That the following organizations shall be exempt from taxation under this title:

(1) Labor, agricultural, or horticultural organizations.

(2) Mutual savings banks not having a capital stock represented by shares.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 79, lines 24 and 25, where the committee proposes to strike out the words "operated exclusively for the purpose of" and insert the words "substantially all the business of which is confined to," so as to make the paragraph read:

Domestic building and loan associations substantially all the business of which is confined to making loans to members, and cooperative banks without capital stock organized and operated for mutual purposes and without profit.

Mr. WILLIS. Mr. President, I have no objection to the pending amendment, but inasmuch as the committee propose to offer another amendment which will change entirely the effect of the section as amended I think I ought to call the attention of the Senate to the whole matter now.

In order that Senators may understand why my colleague [Mr. POMERENE], and I may seem somewhat insistent upon this matter, I call attention to the fact that probably the State of Ohio has a larger interest in the building and loan association business than any other State in the Union. There are 775 such organizations in Ohio scattered pretty generally throughout the State. I think there is no county in the State that has not a building and loan association. The total number of stockholders in those organizations is 556,000, and the total number of borrowers is 214,000. In that number there are 12,500 farmers; that is to say, there are 12,500 farm loans aggregating some $39,000,000.

As I pointed out a short time ago when this matter came up the existing law provides as follows:

Domestic building and loan associations and cooperative banks without capital stock organized and operated for mutual purposes without profit.

There has been some contest in my State and before the Treasury Department as to the meaning of that language. It has been substantially all clarified and agreed upon, with, perhaps, one important exception, and as my colleague stated recently to the Senate, a case has been made up looking toward the settlement of that matter. In other words, this problem, that involves tremendous property interests and is of the most vital importance to our State, is now well on its way to final solution.

The committee in its wisdom introduced the language which the Secretary has just read, the words "substantially all the business of which is confined to making loans to members." It was thought at first that that would be objected to. My colleague and I gave considerable time and attention to the matter and communicated with people at home. They were inclined to oppose the amendment, thinking it was very unfair, but we, understanding that that was the final action of the committee, represented the committee's plans to them, and finally secured an agreement upon the proposition upon the part of all the interests that are involved.

Now, the committee comes in at the eleventh hour and proposes another amendment, which, no doubt, it will very soon offer. That is why I am speaking to the matter now. On page 80, line 1, after the word "members," it is proposed to insert the following, "on the basis of their stock holdings." So when the committee amendment shall have been adopted it will read as follows:

Domestic building and loan associations substantially all of the business of which is confined to making loans to members on the basis of their stock holdings.

There are two very serious objections to that. The first is that it will again throw the whole matter into litigation, because I do not think anybody can tell what the phrase "loans to members on the basis of their stock holdings" means. Does it mean if one man owns a dollar share and another one owns a $5 share that loans must be proportionate, or what does it

mean? Inasmuch as the question has been thrashed out and inasmuch as the financial situation in Ohio, as elsewhere, is exceedingly delicate, as Senators must know, I suggest that it would be exceedingly unwise at this time to undertake to change a situation which is fraught with the very gravest dangers.

In other words, as I have pointed out, there are 12,000 or more of these loans to farmers, for example, aggregating $39,000,000. What will be the effect if a crisis is precipitated and these loans are called? The building and loan associations with their business have covered the State and have aided in the construction of many homes. As Senators understand, the financial situation now is very tense. When everybody is cutting the corners closely and when the situation confronting every bank and every building and loan association is somewhat dangerous, I suggest that if this system is to be changed, and we here in the Senate are to undertake to arrange a system which is contrary to the building and loan laws of our State, it will lead to very serious results.

If the amendment of the committee now pending should be adopted, there would be no serious objection, but if the second amendment which I have read, amendment numbered 16, shall be adopted, then immediately it will raise the very question which we have sought to avoid. I think I do not overstate the case when I say that if the amendment is written into law, it will drive half the building and loan associations in the State of Ohio into the hands of receivers. I think the present moment is not a good one to undertake that sort of legislation, particularly when, as I have before explained, the matter is now well along in the process of solution.

I do not desire to detain the Senate; I am willing that the amendment as originally proposed by the committee shall be adopted; but I sincerely hope that amendment numbered 16 shall not be adopted, because it will lead to very serious financial results in Ohio. If it shall be adopted, I shall then have to ask the Senate to strike out the whole section. I shall move to strike out the paragraph and insert the existing law just as it now stands.

Mr. LODGE. Mr. President——

Mr. WILLIS. I yield to the Senator from Massachusetts.

Mr. LODGE. Simply for information I desire to ask, have the loans of these associations now any relation to the stock interest of the members?

Mr. WILLIS. That is the crux of the whole matter, Mr. President. As my colleague [Mr. POMERENE] explained very clearly the other day—the Senator from Massachusetts, perhaps, was not present for the moment—there are some of the building and loan associations which when they make loans make them by means of the sale of shares of stock, while there are others which loan to outsiders. It will be perfectly apparent to the Senator that this amendment would drive a wedge right through between those two classes of association; and the whole fabric is so delicate and so interlaced that I very much fear that if this amendment shall be adopted it will cause a financial crash. It certainly will not be of benefit to the country.

Mr. LODGE. Is the stock of such associations owned by members held as security for loans?

Mr. WILLIS. That is true as to one particular kind of building and loan association, but there are others that are loaning to outsiders.

Mr. LODGE. Such associations as loan to outsiders, I suppose, accept other security?

Mr. WILLIS. Yes; for example, in the case of farm loans they loan upon mortgage securities, and so forth.

Mr. LODGE. That is what I supposed.

Mr. WILLIS. Of course, as the Senator from Massachusetts knows, these concerns carry on their business on a very narrow margin—a margin of about 1 per cent.

To precipitate this question just now I think will be very unfortunate. I do not think in the long run it will bring any revenue to the Government, but I do know that it will lead to very serious financial disaster in the State of Ohio.

In other words, to be frank about it, this is a friendly contest between the banks and the building and loan interests in the State of Ohio as to the meaning, interpretation, and purposes of the building and loan statute. It ought to be settled in Ohio; there is no reason why it should be brought here to be settled. I have said to representatives of banks and to representatives of building and loan associations that Ohio is the place to settle the controversy, and that they should not expect to settle it by a little amendment which is written in here in haste in the Senate. I therefore hope that amendment numbered 16 will be defeated.

Mr. POMERENE rose.

Mr. WILLIS. I yield to my colleague.

Mr. POMERENE. Mr. President, I desire to say that I indorse everything which my colleague has said in respect to the condition existing in Ohio in reference to this matter, but if the Senate will indulge me for just a few moments, I wish to supplement what he has said by a few further observations.

I stated the other day that under our Ohio statute loans can be made by building and loan companies to their members and others. Under the statute they may receive deposits. Some loans—I think comparatively few—are made to those who are not members. If the revised or second amendment proposed by the committee is adopted it is going to subject those building and loan associations that make any loans, no matter how small in number or amount, to those who are not members subject to the payment of this tax. That is the vice of this proposition.

Up to date the building and loan associations have not been compelled to pay any of this tax. Very recently, under the law as it now is, the Treasury Department has held that some of those companies which make loans to other than members are subject to the tax. If that is done it will drive a good many of these associations into receiverships.

Bear in mind, please, that under the Ohio law 5 per cent of the net income or earnings each year must go into a reserve fund. The building and loan associations declare their dividends either annually or semiannually. The dividends of many of the loan associations, at least for six months of the present year, have already been declared and paid—that money has been distributed—and if they are going to be compelled to pay a tax it is going to eat into their reserve fund.

I happen to have received this morning a letter from Mr. Julius Whiting, jr., one of the prominent lawyers in my own county, and a man who has, perhaps, given more attention to the building and loan laws of Ohio and the administration of those laws than any other member of the Ohio bar. I wrote him in regard to this second proposition of the Finance Committee.

Mr. HITCHCOCK. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. POMERENE. I yield.

Mr. HITCHCOCK. I should like to know how it happens that these building and loan associations, which are organized for the purpose of lending money to their own members, lend it outside as a commercial proposition?

Mr. POMERENE. They have been authorized to do that by our statute; under the statute they can make loans to members or to others. A comparatively small per cent of the loans, however, are made to others than members; but that practice has grown up to some extent. If the Congress is going to adopt the rule that all building and loan associations shall be subject to an income tax, the building and loan associations of Ohio will make their beds accordingly; but the difficulty is that there are two classes of these associations—one that may loan exclusively to its members and another that may loan to members and others. If an association has a thousand loans and only one of those loans is made to a man other than a member, under the provisions of the proposed amendment it would be subject to this tax. That is the shocking thing about it. I have this letter from Mr. Whiting, who, I may say, I think, is known to my colleague.

Mr. HITCHCOCK. I am asking the Senator is it a correct practice to exempt from taxation a concern which is in the business in a commercial way and is not confining itself to loans to members?

Mr. POMERENE. As a general proposition the Senator may be right; but let that be thrashed out by the Ohio Legislature in the revision of their laws, if they intend to revise them. I think it would be most unfortunate if we were to adopt this amendment and subject building and loan associations to the payment of this tax.

Let me digress for a moment to say that probably 50 or 60 years ago the building and loan associations were not properly inspected, and, as a result, some of the building and loan associations were very unfortunate. So out of the abundance of the experience which we had in those years, the law was revised in Ohio, and we now have the most vigorous inspection, and are not having any trouble in that respect at all. We are so careful about it that if there are any loans that even eat into the reserve account the association has been compelled by the building and loan inspector to make good that reserve account or otherwise be forced into the hands of a receiver and be closed up.

There can be no question about the law being properly administered in the State of Ohio; but, as to some of the building and loan associations, particularly those that have not been in

business for a long time, if we are going to make them pay this tax when their earnings have already been distributed, relying upon the law as it is, we are going to force them to the wall.

Now, let me read the letter from Mr. Whiting. It is addressed to me and is dated October 25. He says:

> Your statement of the proposed amendment to building-association provision of the income tax is very startling, and, as you say, would defeat the entire purpose of the provision as originally written into the bill. It is not as if this were a new institution. Upon the faith of former Government provisions for exemption the building associations of Ohio alone have loaned to members and others, as permitted by the Ohio law, more than $500,000,000. The extreme requirement of even mutual companies acting under the cooperative plan has been membership. The statute provides that membership shall be determined by the constitution and by-laws of the separate institutions. Therefore to exempt from taxation only such associations as shall confine their business to making loans to members "on the basis of their stock holdings" would entirely revolutionize the business of these institutions in Ohio. It would require a borrower to take stock to the amount of his entire loan, and would give no opportunity to the association to secure exemptions on the enormous amount of loans already existing.

Mr. Devine—

Who is the secretary of the Building and Loan Association League, I believe it is called—

> has probably made a broader and stronger statement than I can do, as he gives his entire attention to this matter.
>
> In some remarks made in the Senate, Senator PENROSE charged that these companies were returning dividends as high as 32 per cent. The report of the chief inspector of building associations of Ohio, just published, shows the average earnings of the companies to be a little over 6 per cent. In our own company the average is 6.41 per cent on an investment of some $4,000,000. Our dividend to our stockholders is 5 per cent, payable semiannually. Five per cent of the net earnings go to the reserve fund under the State law, and the entire expense of management is less than 1 per cent of the gross earnings. I think this condition prevails in nine-tenths of the associations in Ohio. I do not know where Senator PENROSE got his figures, but they are absolutely erroneous.

Mr. President, that is the situation. I can not feel that there is a disposition here on the part of Congress without any warning to make a change in the law which affects not the future alone but the current year which has passed. I join my colleague in the hope that the latter part of the amendment as it now is before the Senate shall be eliminated and that the amendment as originally proposed by the Finance Committee may be adopted.

Mr. WILLIS. Mr. President, that is precisely what I wanted to ask the Senator. The Senator agrees with me that the desired action is that this amendment numbered 16 should not be adopted, but he is satisfied with the amendment originally drawn by the committee as it appears in the bill?

Mr. POMERENE. Yes; and I think I may say that that amendment would be entirely satisfactory to the building and loan associations of Ohio.

The VICE PRESIDENT. The question is on the adoption of the amendment of the committee.

Mr. POMERENE. May the amendment be stated, please?

The VICE PRESIDENT. The Secretary will state the amendment again.

The ASSISTANT SECRETARY. It is the amendment proposed by the committee, at the foot of page 79:

> Domestic building and loan associations—

The committee amendment proposes to strike out the words, on lines 24 and 25, "operated exclusively for the purpose of," and to insert the words "substantially all the business of which is confined to."

Mr. SMOOT. The committee has no objection to that, nor do I think the Senators from Ohio have any objection to that.

Mr. POMERENE. I have not.

Mr. WILLIS. No; we are agreed to that.

Mr. SMOOT. They are agreed to that amendment, but after that is agreed to the committee desires to offer another amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment which has been stated by the Secretary.

The amendment was agreed to.

Mr. SMOOT. Now, Mr. President, the committee desires to offer the following amendment:

On page 80, line 1, after the word "members," insert the following:

> On the basis of their stock holdings.

I shall take just a few moments of the Senate's time to explain the reason of that amendment.

The existing law provides as follows:

> Domestic building and loan associations and cooperative banks without capital stock organized and operated for mutual purposes and without profit.

The House changed that wording by inserting in the House bill the following:

> Domestic building and loan associations operated exclusively for the purpose of making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit.

The Senators from Ohio thought that that was too drastic upon these associations, and that it did not cover the facts to which both Senators have referred at this time; so the committee agreed to strike out the words "operated exclusively for the purpose of," and to insert "substantially all the business of which is confined to." That was a modification of the House provision so that it would cover associations substantially all of whose business was confined to members. If, however, the amendment that has just been offered by the committee is not agreed to after agreeing to this amendment as reported from the committee first, the result will be that any person can, for instance, secure membership in one of those associations by paying 25 cents for it, and then the association can lend that person under the present provisions of the bill any amount of money, upon any security, and at any rate of interest. All that this amendment means is that the building and loan associations of Ohio shall loan the same as other building and loan associations of the country loan, on the basis of their stock holdings. That is treating all alike.

If the amendment is not adopted, the result will be that in Ohio all of the other institutions doing the same kind of loaning, perhaps to the same class of people, perhaps at exactly the same rate of interest, if they make any profit must make a return to the Government and pay a tax upon it, while these institutions would not pay any tax whatever. All that this amendment means is that if any profits are made they must make a return and pay the same rate of taxation on the gains of the concern that is paid by other corporations doing the same kind of business.

If that is not fair, I do not know what is. I would not for one moment undertake to legislate against an Ohio concern, but remember there are institutions in Ohio perhaps doing business in the same way, upon the same block, in the same city, and shall one be taxed and the other not? That is not fair. All that the amendment means is that we are requiring all the institutions that are doing the same class of business, and perhaps charging, as I said, the same rate of interest, to pay their taxes in the same way. That is the meaning of the amendment that has just been offered in behalf of the committee.

Mr. WILLIS. Mr. President, I do not desire to trespass on the patience of the Senate. I merely want to say this much in answer to the statement of the Senator from Utah [Mr. SMOOT].

Here is the one thing that he has not taken into consideration which I am very anxious that the Senate shall take into consideration: Perhaps we ought not to have started in that way; but, as my colleague [Mr. POMERENE] pointed out, many years ago the building and loan law of Ohio was passed. It has been of tremendous benefit to the State. There is not any question about that. I know, in my limited business experience, of literally thousands of homes that have been built and are now occupied by their owners that in all probability could not have been built under the system of financing that obtained before we established the building and loan associations. That law, as my colleague has stated, permits the making of loans to members and also to nonmembers. If now we are to write into this statute a provision which is tantamount to requiring any borrower to become a shareholder, you have practically destroyed the building and loan business, because the average man who buys a lot somewhere and decides that he wants to build a home for himself goes to the building and loan association to get the money. He does not know anything about corporations. He does not know anything about buying shares of stock. He is averse to that sort of thing. He wants to build a home for his family; and if the Senate writes into the law that he has to become a shareholder in a corporation, it is equivalent to saying that he will not do the thing at all and therefore that the companies that have been transacting that sort of business will go out of business.

I hold no brief for them nor for anybody else; but I do say, speaking for the people of Ohio, that the financial situation in our State is not such as to warrant legislation of this character at this time. It will undoubtedly precipitate a crisis and drive a very large number of these perfectly legitimate institutions into the hands of receivers.

I therefore hope the second amendment will be defeated.

Mr. CALDER. Mr. President——

Mr. WILLIS. I yield to the Senator from New York.

Mr. CALDER. Will the Senator advise me just what prompts this amendment? From whom does it come? What is the purpose of it?

Mr. WILLIS. I am absolutely unable to answer that question. I do not know. I understood that the committee had finally and fully decided upon the matter, and so reported to our people that they had agreed to the first amendment; and now this subsequent amendment is brought in. I know nothing about it, except that it ought not to be adopted.

Mr. SMOOT. Mr. President, I will say that when the amendment that has just been agreed to was discussed in the Senate it was not agreed to but went over, and at the very next meeting of the committee this question was brought up for consideration. When the amendment was discussed as it had been suggested, it immediately developed that if the amendment was agreed to without a further amendment it would simply mean that there would be no taxation whatever upon an institution that was lending money to anybody, and, no matter what the profit was, no tax would be paid upon it.

Mr. CALDER. Mr. President, can the Senator advise the Senate whether the privilege has been abused so far under the operation of the present tax law?

Mr. SMOOT. I know that they have not paid any taxes, and the Senator from Ohio said he knew of one concern that had $39,000,000 loaned. No matter what profits they made they have not paid a dollar of taxes, and I hardly think that is fair. If they do not make any profits, of course, they will not pay any taxes; but whatever profits they do make, it does seem to me that they ought to pay the same tax that any other institution pays which is doing identically the same class of business.

Mr. WILLIAMS. Mr. President, I should like to ask the Senator from Utah a question. Does he dispute the proposition that is propounded by the Senator from Ohio, that this amendment, if adopted, will force a lot of nonshareholding beneficiaries of the building and loan associations to become shareholders?

Mr. SMOOT. To become shareholders?

Mr. WILLIAMS. Yes. The Senator from Ohio said that this language would force them to become shareholders, or else not borrow the money.

Mr. SMOOT. That is not necessary at all. They will have to become shareholders if the company is not to pay any taxes upon its gains on its loans; but if this amendment which has been offered shall be adopted, then, of course, they will be taxable upon those loans, and all they will have to do will be to pay whatever tax is imposed on their gains, not upon the notes they receive, not upon the obligations of the farmer, but on whatever gains there may be to the company they pay a tax.

Mr. WILLIAMS. Notwithstanding whether the gains received were from shareholders or nonshareholders.

Mr. SMOOT. That is true. If they loan to nonmembers, then they do the same business as any bank does. Perhaps I should not say any bank, but they do the same business as any bank or any individual who loans upon long-term notes payable so much a month, or so much a quarter, or so much a year. There are many of them which do that, and all of the other concerns of that kind pay a tax, and that is what we are covering by this amendment. Perhaps I had better say that the shareholder does not pay the tax. I think the Senator understood what I meant. Whatever profits are made upon the loans are taxed, that is all.

Mr. WILLIAMS. Where profits are made by the corporation?

Mr. SMOOT. By the corporation.

Mr. BROUSSARD. Mr. President, is that limited to the profits made on loans to nonmembers?

Mr. SMOOT. That depends entirely upon the wording. The wording here is "substantially all the business of which is confined to making loans to members."

Mr. BROUSSARD. What is the amendment the Senator is proposing?

Mr. SMOOT. That following the word "profit," on line 3, page 80, there be inserted the words "on the basis of their stock holdings."

Mr. BROUSSARD. What does that mean?

Mr. SMOOT. It means that a man could not buy a membership in the association for 25 cents, and then borrow $10,000 on the strength of that 25-cent membership and escape taxation.

Mr. POMERENE. Mr. President, let me illustrate the effect of this amendment. I have in mind two building and loan associations in one of our smaller cities in Ohio. One of them makes its loans entirely upon stock membership; the other makes loans partly on stock membership and partly to nonmembers. Otherwise the business is done substantially the same. Each of them has assets aggregating between four and five million dollars. They make their loans at the same rates to their borrowers.

As I stated a moment ago, they declare their dividends and distribute their earnings, part of them once a year, I think these two twice a year, semiannually. The earnings for the first half of this year have already been distributed. Under the Ohio law at least 5 per cent of their earnings must be passed to the reserve fund.

If the amendment proposed by the Senator from Utah is agreed to, one of these companies will be entirely exempt from tax, the other will have to pay its tax upon the earnings from the loans which are made to the shareholders as well as on those made to nonmembers, and whatever that tax is has to come out of the reserve, and it is going to embarrass that second company. I do not think there is such a difference in the business methods of those two companies as to justify the Congress of the United States in saying to the one, "You need not pay a tax," and to the other, "You shall pay it."

Mr. WADSWORTH. Mr. President——

The PRESIDING OFFICER (Mr. SUTHERLAND in the chair). Does the Senator from Ohio yield to the Senator from New York?

Mr. POMERENE. I yield.

Mr. WADSWORTH. I ask the Senator if he can tell us what proportion of the loans of that second company were made to nonmembers?

Mr. POMERENE. I can not give the Senator that information, I regret to say.

Mr. WADSWORTH. Would the Senator say it is a considerable or noticeable proportion? I am in this frame of mind: If it is a very small fraction, it does not seem important to me; but if it is a growing business, outside of the membership, it is one that ought to attract our attention.

Mr. POMERENE. I can not give the Senator that information with regard to the two companies I had in mind. I do know, however, or at least I have been so advised, and I think my colleague has, too, that there are many of these building and loan associations in which most of the loans are made to members, but sometimes they make other loans to men who are not members.

Mr. WADSWORTH. Would the Senator be willing that the association should pay a tax upon the profits, if any, made from the loans to nonmembers?

Mr. POMERENE. Mr. President, I do not know that I am sufficiently advised to make a statement in reply to that. I would not care to take that responsibility. But my feeling about the matter arises from the fact that these two classes of building and loan associations have been permitted to grow up in Ohio under our law. If they were offending the law, then I would not stand here to plead their cause. In view of the fact that the one class does not technically come under the definition presented by the second amendment, to say to them, "We are going to make you pay this tax notwithstanding the fact that your earnings have already been distributed," seems to me absolutely wrong. I hope the amendment will not be agreed to.

Mr. STANLEY. Mr. President, as I understand it, if there is any purpose in exempting any building and loan association, it is for the purpose of aiding them so that they will assist in home building, those associations that loan at a small rate of interest and that make small incomes. Is there any difference between the beneficence of the institution which makes loans to a man who takes stock and that of one which makes loans to a man who does not?

Mr. POMERENE. Absolutely none at all. I think in the cases I have in mind borrowers are utterly indifferent as to whether they go to the one loan company or to the other loan company. They receive the same service upon the same terms.

Mr. STANLEY. I say to the Senator from Ohio that I am under the impression, though I will not be positive, that the same condition prevails in some other States as in the State of Ohio; that loans are there made to a purchaser of stock or made to a home builder who buys no stock on identically the same terms, and I can not see any reason why the buying of stock in a building and loan association should affect the status of the borrower. The purpose of the law is to foster these institutions.

The building and loan association is about the only institution now that does enable a poor man to build a home, on account of the fact that freight rates and charges of highly organized labor, like that of carpenters, plumbers, and so forth, have kept the cost of building practically where it was in war times. There is more need now for the building of homes than ever before; and the wise purpose of this provision, as I see it, was to enable these institutions to continue to do business. I can see no reason why a difference should be made between the man who goes to the building and loan association and buys stock in order to participate in the earnings of that association, and at the same time to pay for a home in five or ten years, and the man who goes to the association and

borrows the money with the expectation of paying it in the same length of time. What does it mean to us from the standpoint of public policy whether he shares in the meager profits of this association or not so long as the association continues to loan on the same terms to the borrower, and for the same purpose, whether he be a stockholder or not?

Mr. SMOOT. There is a great deal of difference. If the Senator's contention is correct, then we ought to allow every bank in the United States to make just such loans as these, and make the profits nontaxable. That is all there is to it.

Mr. STANLEY. Mr. President, I would be in favor of exempting banks from paying any revenue upon long-time loans, at a low rate of interest, for the purpose of building homes valued at less than $10,000, let us say.

Mr. SMOOT. That is not this proposition.

Mr. STANLEY. That is practically the business in which building and loan associations are engaged, as everybody knows.

Mr. SMOOT. There is no limit to the amount they can loan. There is no limit as to the value of the home to be built. There is no limit as to the rate of interest which should be charged. There is not a particle of difference between exempting any bank in the United States from paying taxes upon the profits made upon a loan for the building of a home, and the proposition the Senator speaks of.

Mr. STANLEY. Mr. President, one other question. I know the Senator from Utah is thoroughly cognizant of the details of this bill, and I felicitate him on that fact. I do not apprehend the wisdom of exempting building and loan associations, which loan upon the basis of stock ownership, and cutting others out, because the same abuses to which he refers could be perpetrated just as well by buying stock, and if these building and loan associations were loaning large sums at exorbitant rates of interest and on short time, as many of them do, there would be a clamor for their stock, just as there is for bank stock, and it is a matter of common knowledge to those who have any experience with building and loan associations at all that their stocks are held by persons of small income, that their earnings are small, and that their loans are made almost entirely upon modest homes.

Mr. SMOOT. This is quite different from the case where a man subscribes to the stock of a building and loan association and receives money to build a home. In that case every cent that is made over and above the expenses of operating the institution goes to the borrower in proportion to the amount of his loan. Without the amendment I have offered the Ohio bank could lend the Senator money to build a home down in his own State, and the gain would be exempt from taxation.

Mr. STANLEY. They would have to lend to the Senator on the outside, because the Senator would not have money enough to buy stock and borrow money.

Mr. SMOOT. The Senator knows how the stock of building associations is paid for; it is paid for in monthly installments.

Mr. STANLEY. I understand.

Mr. SMOOT. And it virtually works itself out in about 76 months' payments.

Mr. STANLEY. If the Senator will permit me to make another statement, I will be through. If these associations do get a little money on the side, it would be distributed among the vast number of home builders, and I do not believe it would do any particular harm to the Treasury, even if a few large loans were made, because it would go to these shareholders who the Senator admits are home builders and who borrow small amounts on long-time notes.

Mr. SMOOT. There is not a savings bank in the United States that does not make loans similar to this and we tax them upon their profits. Now, if the Senate feels that one kind of bank loaning money to anyone it may desire shall pay a tax on its profits, and another bank perhaps three doors away lending in the same way and at the same rate of interest shall not pay a tax upon its profit, of course the amendment I have offered will be voted down.

Mr. WILLIS. Mr. President——

Mr. SMOOT. But if they are to be all put upon the same basis I think it is absolutely necessary that the amendment be adopted. I yield to the Senator from Ohio.

Mr. WILLIS. Are we to understand the Senator from Utah to contend that the business of these building and loan associations is the same as the business of banks and that the building and loan associations are doing a banking business?

Mr. SMOOT. I say that wherever the bank in Ohio makes a loan to a nonmember, that is exactly the same as a savings bank making its loan for the building of a home. I do not say that all the business of the savings bank is that class of business, but whatever part of its business is that kind of business it is exactly the same, and upon the profits on those loans they should be treated exactly alike.

Mr. WILLIS. The Senator understands, of course, that a depositor can not carry a checking account in a building and loan association.

Mr. SMOOT. Oh, I know that.

Mr. WILLIS. It does not do a banking business of that sort, and the Senator further understands, at any rate it is true with reference to associations in Ohio, that they do their business on a margin of about 1 per cent. What can the Senator get on money he deposits in a bank? Perhaps 4 per cent. If he borrows how much does he have to pay for it? I am not complaining about that, but I am trying to show the difference.

Mr. SMOOT. I will say to the Senator that if he had gone into the New England savings banks four years ago—I do not know how it is to-day—he would have found that they were loaning for the building of homes at a rate of interest that was so low that they did not make one-half of 1 per cent over and above the rate they were paying for deposits. That is shown in all their statements. All the committee desires is to have fairness in the matter.

Mr. POMERENE. Mr. President, if I may observe, most of the savings societies to which the Senator refers are mutual affairs and they are not taxed under this provision.

Mr. SMOOT. Oh, no.

Mr. POMERENE. A good many of them are.

Mr. SMOOT. Yes; quite a number of them are, I will say to the Senator, but in that case the Senator knows how the loans are made. Whatever profits are made go to a reduction of the loan that is made and not to the concern. The salaries of the officers and the running expenses are paid out of the interest collected and all over and above that goes to the reduction of the loans.

Mr. POMERENE. The earnings go to the depositors instead of to the stockholders.

Mr. CALDER. Mr. President, I am opposed to the amendment. I am opposed to it because I do not wish to hamper in the slightest degree the splendid work being performed by the building and loan associations of the country. We had on January 1 last loans by building and loan associations totaling something like $2,500,000,000. Nearly every dollar of that was loaned on homes, and in nearly every case on homes where the mortgage did not exceed $5,000 or $10,000.

In my State I doubt very much if the provision would affect us, but we have in our State a mutual savings bank system where there are deposits totaling about $5,500,000,000. Those banks have loaned out about 50 per cent of that money on mortgages on improved real estate. The other 50 per cent is loaned upon bonds of different characters, on bank acceptances, and so forth, and the profits in those banks are exempt from taxation because they are mutual savings banks.

Mr. SMOOT. They are exempt under this provision also.

Mr. CALDER. Yes; of course they are. I maintain that as to the building and loan associations, even where the loans are not made to stockholders, we would be doing a very great injustice to the country by attempting to retard the development of this business. These are the only organizations that loan all of their deposits to the business of building homes. I hope the amendment will be rejected.

Mr. SMOOT. Mr. President, I wish to say, in conclusion, that if this section is passed without my amendment I expect to see every bank making real estate loans reorganized and calling themselves domestic building and loan associations. I would not blame them if they did. If they do that they will be free from taxation.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah [Mr. SMOOT] to the amendment of the committee.

On a division, the amendment to the amendment was rejected.

Mr. RANSDELL. Mr. President, I ask unanimous consent to have printed in the RECORD an explanation of community property prepared by a lawyer in my State and also a letter addressed to me on the same subject by another lawyer there and a letter addressed to the Senator from Idaho [Mr. BORAH] explaining that very difficult matter, which will come up in a day or two in connection with the pending bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. RANSDELL. I also ask that the communications and statement be printed in the ordinary RECORD 8-point type so that Senators can read them. I am having them printed in order that they may be helpful to Senators in considering the matter to which they refer.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

THIGPEN & HEROLD,
Shreveport, La., September 14, 1921.

Hon. JOSEPH E. RANSDELL,
United States Senate, Washington, D. C.

DEAR SENATOR RANSDELL: I notice in the revenue act as passed by the House a provision to the effect that in the States in which the community property system prevails the entire community income should be rendered and tax paid by the spouse who by the law of the State has the management and control of the community property.

This provision was doubtless inserted at the instance of some expert in the Treasury Department who had conceived the idea that by so doing he could circumvent the effect of the community laws as recognized in the decision of Attorney General Palmer: First, with reference to Texas; and, second, with reference to the States of Washington, Arizona, Idaho, New Mexico, Louisiana, and Nevada.

In this last opinion, rendered during the present year and approved by Secretary of the Treasury Houston on March 3, 1921 (T. D. 3138), it was recognized that the necessary effect of the community property system in the States named was to vest in the wife, as a partner in community, one-half of all such property, from which the effect followed that all community income belonged equally to husband and wife and should be returned by them accordingly.

The effect of this decision was to remedy what had been an injustice in the administration of the income tax in Louisiana in the past years in the refusal of the administrative officers at Washington to recognize the effect of the provisions of our Civil Code; and the insertion of the provision above referred to in the House bill would seem to be the result of a desire upon the part of some officials in Washington to circumvent the State law if possible.

But if the opinion of the Attorney General, rendered after mature deliberation and based upon a thorough review of the authorities, is a correct exposition of the law of Louisiana, it seems to me absolutely clear that Congress has no power to change the result of the opinion in question. If, as was held by Mr. Palmer, and is clearly the law, the marital community is a partnership, with the corollary that the partners have an equal interest in the profits of the partnership, then Congress can no more force the husband to treat the entire community income as his than it could compel an ordinary commercial partner to return the entire income of the partnership as his own. What is or should constitute taxable income is largely a matter for congressional definition but that it is beyond the power of Congress to compel "A" to pay a tax upon the income of "B" is so clear that it would seem to need no argument.

If Congress can say that the spouse who has the administration of the community property must render the entire community income as his own, when in truth and as a matter of law it is not his own but his and his wife's jointly, then it would have equally the right for the purpose of increasing my surtax to say that if I am the managing partner of a business I must render as mine all of the profits of the partnership.

That the sixteenth amendment had for its purpose and effect merely the exclusion of the source from which a taxed income is derived as a criterion by which to determine its taxability as income, free from the constitutional requirement as to apportionment of direct taxes, was settled in the case of Brushaber *v.* Union Pacific Railroad Co. (240 U. S., 1 (18)). It is also settled in the Brushaber case that the sixteenth amendment did not change the settled rule that income taxes were "imposts" and "excises," which under the provisions of Article I, section 8, clause 1, of the Constitution, "shall be uniform throughout the United States." Of course, as you know, previous decisions of the Supreme Court had maintained income taxes as "excises," the sixteenth amendment being necessitated by the holding of the Supreme Court in the Income Tax cases (157 U. S., 429), that a tax on incomes derived from certain sources, such as income from real estate, was in substance a direct tax. The sixteenth amendment then merely authorized the taxing of incomes without regard to the source from which the same were derived, but leaving unaffected the provision that such taxes must be uniform throughout the United States.

To tax in Louisiana a husband for his income and also his wife's, while at the same time a man in New York, Massachusetts, or Missouri is taxed only on his own income, is a clear violation of the provision that such tax shall be uniform throughout the United States.

Granting that Congress might validly force a husband to pay taxes upon all income derived either by husband or by wife, such provision must needs be uniform throughout the United States, and it would be plainly usurpation of power upon the part of Congress to say that such provision should be enacted into law applicable only in the States in which the community-property system prevails. For to charge a husband with his wife's one-half of the community income is no whit different than the charge of a husband with his wife's income derived from other sources than her interest in the community.

The matter is so very clear that I can not see how any doubt could exist that the provision in the House bill is beyond the power of Congress; and I should very much appreciate your efforts in preventing this injustice to Louisiana citizens being perpetuated in the act as it passes the Senate, which could only lead to confusion and to long, protracted litigation, finally resulting in the annulling of such provision as unconstitutional.

With regards, respectfully, yours, S. L. HEROLD.

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WASHINGTON, D. C., *October 19, 1921.*

Hon. WILLIAM E. BORAH,
United States Senate,
Senate Office Building, Washington, D. C.

DEAR SIR: The existing law (the revenue act of 1918) imposes a tax "upon the net income of every individual." Having in mind the true situation as to the wife's rights in income in those States that have the community system, an application was made to the Commissioner of Internal Revenue for a regulation which would recognize the fact that in the community States the wife's interest in the earnings is a thing separate and distinct from the husband's, and that would give her the right to make her own return and give the husband the right to include in his return nothing but his own half of such income. The subject was fully discussed and briefed in the department; the commissioner requested an opinion from the Attorney General, and the application was in the end granted. (The opinion of the Attorney General is in the CONGRESSIONAL RECORD, pp. 6584–6588.) The effect of this ruling was to reduce the amount of the taxes that the husband and wife together would pay, because, the income of each being reported separately, neither would pay as high surtax rate as would be paid if all of the income was included in one return. The States in which it was recognized by the commissioner that this right exists are Texas, Louisiana, New Mexico, Arizona, Nevada, Idaho, and Washington.

Now, it is proposed in the pending revenue to nullify this right of husband and wife in the community States by forcing the husband to include all the income in his return. The language of the bill (subdivision (a), section 213) is that "income received by any marital community shall be included in the gross income of the spouse having the management and control of such community property and shall be taxed as the income of such spouse."

It will be seen that "management and control" is assumed to be equivalent to ownership. This is said, because no supporter of the bill would deny that a wife in a common-law State having separate property has the right to make a separate return of the income from that property, or would assert that in such a State the husband is required to include such income of the wife in his own return. It must be concluded, therefore, that the proponents of the new legislation assumed that the management which the husband in a community State has of the income amounts to ownership.

It seems to me that this proceeds from the lack of a correct understanding of what, in the community States, the rights of the wife in the income are; that is, from a failure to realize that one-half of such income is as much hers as the other half is the husband's, and becomes hers at the same time that the other half becomes his.

On the question of the wife's right I need only call your attention again to a fact well known to you, that her status as to such earnings is in no respect different from that of a member of a commercial partnership with respect to the earnings of such partnership, in which the managerial duties and powers are conferred by the partnership agreement upon some other member of the firm, and to the fact that upon dissolution of the marital relation by divorce or death she has an absolute right to one-half, also to the fact that if the husband so exercises his power of management and control as to commit fraud on the wife's rights, she can restrain him in a court of equity.

These principles which are peculiar to the laws of the States, from one of which you come, are not so well known or under-

stood by others from the common-law States, and being so unlike anything found by them in their own States are not at once given the effect that should be accorded them.

To repeat, I am quite sure none of these gentlemen would give their approval to a bill which would require earnings which were income of the wife and not of the husband to be included in the latter's return, thereby increasing the amount of tax paid over the aggregate amount that would be paid by the husband and wife on separate returns. Yet this is what the pending bill proposes to do in the community States.

In the discussions in the department, previously referred to, it was pointed out that the wife in the community States is required to pay no estate tax on the half of the community property which she comes into possession of upon the death of the husband because it is already hers, and she does not take through the husband. This was of controlling importance in satisfying them, and the Attorney General afterwards, that during the life of the spouses the wife's interest in the earnings is not derivative through the husband, but vests in her the moment such earnings are made.

The practice up to this time, without exception, has been for each person in whom income vests to make a return. This finds exemplification in partners, beneficiaries under trusts, etc. Each partner makes a return of his distributive interests only in the partnership earnings; and each beneficiary of his interest only in the income of the trust estate. No reason exists why the same should not continue to be true, or why the wife in whom one-half of the income vests should not be permitted to make a separate return. Or, putting it the other way, no reason exists why the husband should be required to include in his return the half of the income which does not vest in him.

If it be said that this is a discrimination in favor of citizens of the community States, and will result in the payment by husband and wife there of a less amount of tax on the same amount of income than would be paid in a common-law State, the answer is—

First. That you are applying no different rule to husband and wife than is applied in the common-law States, namely, taxing each on his or her income only; and

Second. That the securing of uniformity does not require that you should tax any individual in any State on income which is not in fact his.

It will be observed that I have made no reference to the constitutional limitation on the power of Congress to tax an individual on his income only. My opinion is that the proposed legislation is beyond the power of Congress.

Very truly, yours,

JESSE ANDREWS.

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COMMUNITY PROPERTY.

Memorandum of legal and equitable objections to the following provision in pending tax bill H. R. 8245:

"Income received by any marital community shall be included in the gross income of the spouse having the management and control of such community property and shall be taxed as the income of such spouse."

The existing law and present regulations of the Treasury Department is stated in the opinions of the Attorney General set forth in Treasury Decisions 3071 and 3138 (see CONGRESSIONAL RECORD, pp. 6584–6588, Saturday, October 1, 1921) issued September 18, 1920, and March 3, 1921, respectively. These opinions of the Attorney General are based on an exhaustive examination of the law and court decisions of the community property States, viz, Arizona, California, Idaho, Louisiana, New Mexico. Nevada, Texas, and Washington.

The opinions announce that in all but California the interest of the spouses is equal and vested; that is to say, both husband and wife each own one-half of the community property and any income derived therefrom.

The purpose of the community provision in the pending bill, above quoted, is to nullify the laws of the States in question, and force the husband and wife to include in their individual tax returns income which under the law of their States does not belong to them. The proposed legislation is inequitable and violative of the Constitution of the United States.

The most important effect of the law of the community States is to create a partnership between the husband and wife, and as a result, one-half of the income and property acquired by this partnership immediately vests in the wife. This one-half share of the property does not go to the wife indirectly through her husband, but under the community law one-half vests in and becomes her property at the same time it is acquired, and at the moment when the other one-half vests in the husband.

The sixteenth amendment to the Constitution permits Congress to tax a person's income. The Federal Government under this amendment has always taxed the real or equitable owner of income, and has never attempted to tax one person on the income of another person.

The community system of law as it exists in Louisiana and other States is more analogous as a matter of legal principle and substantial fact to a partnership than any other common-law legal status. The right of the husband to administer and control the community property that is acquired as a result of the joint or individual efforts of the two spouses is also in substance analogous to the relation of a trustee with power of administration at common law.

Under the community or partnership theory the husband and wife become absolute and equal owners of all property and income acquired during the marriage share and share alike. In a number of the community States the wife must join with the husband in the disposition of the community property. The courts of the various States have repeatedly held that there is no distinction to be made between husband and wife as to the degree, quantity, nature, or extent of the interest each has in the community property.

The husband as a rule is given by law the administration of this property during the marriage which is in the nature of the right of a managing partner at common law or a trustee with very full power of administration. The husband, as managing partner or trustee or, as he is called in some of the community States, the master of the community, is given the administration of the community property by law, and this right to administer is terminated by divorce or his death or the death of his wife. The right of control may also be terminated by a separation of the community property, which may be claimed and obtained by the wife on the ground that the husband is a reckless administrator or gambler or otherwise incapable of administering the community property. Moreover, like a trustee or managing partner at common law, the husband can not give away the immovable community property and deprive his wife of her one-half interest in the property and income; nor can he deal with it in any way in fraud of his wife's property rights. In case there is a dissolution of the community partnership while the wife is living, she takes her share by virtue of the property having belonged to her from the date it was acquired by the partnership. And on the death of either spouse the respective share is the estate of the deceased, devolving in accordance with the law of descent, and therefore taxed for inheritance-tax purposes by both the State and Federal Governments.

In case a dissolution of the partnership or community is provoked by a divorce it is important to note the fact that if the wife commits adultery or is otherwise at fault it is immaterial in so far as her right to insist on a division of the property is concerned; and she can under any circumstances, because she is the actual vested owner of the one-half of the property acquired during marriage, insist upon its delivery to her when the divorce decree is rendered.

Another very important illustration of the wife's right and a corresponding burden and limitation placed upon the husband in Louisiana is the fact that even without divorce proceedings or death the wife may demand one-half of the community property during the marriage on the ground that the husband either gambles or is a reckless administrator, and therefore incapable of properly administering the joint property.

We emphasize these fundamental and practical features of the Louisiana or community law in order to show clearly that the community or partnership between husband and wife in Louisiana and other community States is not a fiction, but is in substance a partnership imposed by law which creates burdens and limitations as well as privileges in relation to the property rights of husbands and wives. These burdens and property-right limitations are unknown in the common-law States; and we submit that any benefits that may flow from the community relationship are more than counterbalanced by equally as many legal burdens and restrictions placed upon the property rights of the husband and wife. In short, the only common-law analogies, as we have said before, that illustrate the practical and legal effect of the community system in Louisiana and other States are to be found in the law of partnerships and trusts.

It follows from the brief outline of the principles and analogies we have stated that to take away from community States the right of the husband and wife to divide the community property for taxation purposes would in fact be a discrimination against such States and would not produce uniformity; but, on the other hand, take away a right obtained from an ancient system of laws without giving the husbands and wives the corresponding property rights and privileges in relation to property that common-law spouses enjoy. It would in law and

fact force the husbands in seven States of the Union to pay a tax on some one else's property and income, which is unjust, discriminatory, and unconstitutional.

The amendment which is proposed is plainly designed to force the husband and wife in Louisiana and other community States, who under their local State laws are partners in fact, with the husband as trustee or managing partner, and who are in law and fact subject to substantial limitations as to their joint property rights, to report the community property in the name of the husband only, when, as a matter of law and fact, the husband only owns and acquires one-half of the property and income and is practically trustee for his wife of the other one-half. To force the husband to pay an income tax on partnership or community property in order supposedly to produce uniformity means that Congress is attempting to ignore the fundamental law of Louisiana and six other States of the Union and intends to treat what is in Louisiana in substance a partnership created by law different from voluntary partnerships in every common-law State. The only reason or distinction apparent for such discrimination is that the community partnership in community States is created by law and happens to relate to a husband and wife, whereas in other States partnerships may be created voluntarily between all persons. Surely no such technical difference justifies Congress in attempting to emasculate the fundamental law of Louisiana.

Furthermore, in addition to the discrimination resulting from voluntary partnerships, it is important to note that as a matter of fact there are a number of common-law States that permit the husband and wife to form a partnership voluntarily, and in these States the husband and wife may execute a partnership agreement embodying the identical principles of the Louisiana law and may thus enjoy all the benefits of separate returns for taxation purposes. Furthermore, such a voluntary partnership will not be affected by the proposed amendment, which only applies to so-called "community property" and which is therefore intended to and actually does affect only seven States. The adoption of the proposed amendment therefore would result in permitting voluntary partnerships in other States to divide income, and would in seven States of the Union, where such a partnership is created by law and called a community partnership, prevent the division of income and the making of separate returns.

It is submitted that if the proposed amendment is passed Louisiana and community State husbands will be forced to pay on partnership incomes, whereas in the common-law States where a voluntary partnership can be contracted the husband and wife can by agreement obtain the benefits of dividing their incomes. In short, the result of the passage of the proposed amendment will discriminate against Louisiana and other community States by preventing a legal result flowing from the laws of the community States that can be obtained in the other States of the Union by voluntary contract. It is clear, therefore, that instead of producing uniformity the law will be a prolific source of diversity and discrimination for income-tax purposes.

In common-law States if A and B form a partnership and agree that the profits shall not be distributed for a definite time or on certain contingencies, it has never been suggested that there is anything inequitable in permitting A and B to make their returns for income-tax purposes on the basis of one-half of the income of the partnership in the name of each partner. It has never been suggested that A or B must pay an individual income tax for surtax purposes based not only on individual income but also on the income of a partner.

In Louisiana and other community States the husband and wife are partners in respect to certain property acquired during the marriage, and to compel the husband to report the share of the wife in the partnership of community income as his own is taxing him on the income of another person, which is not only inequitable and unjust but unconstitutional.

On the other hand, if the husband in community States is analogized to a trustee at common law in so far as he administers one-half of the community property or income for his wife, surely it can not be contended that one in the position of a trustee for another person can or should be forced to add the income derived from property for the benefit of the beneficiary to his individual property and income for Federal income-tax purposes. Yet this is in substance what the amendment proposes to do, by forcing a Louisiana and community husband to add the community income to his personal income for taxation purposes.

It is respectfully submitted that if common-law States desire to subject a husband to the partnership limitations and burdens we have outlined in relation to property acquired during marriage and thus establish the partnership principles of law that permit division of income for Federal taxation purposes, there is nothing to prevent other States in the Union from accepting this advanced view of woman's rights by adopting the community system. By establishing a community system, which has prevailed in seven States long before the income-tax amendment was adopted, common-law States may obtain the uniformity contended for, and the same advantages that flow from the law and facts in community States. On the other hand, to ignore by Federal legislation the law of seven States of the Union for income-tax purposes, and to attempt to nullify its effect is not only unconstitutional, but is a discrimination against the community States involved. You can not, by law, forcibly place a husband and wife in the seven community States on the same basis as a husband and wife in common-law States, because in Louisiana they are in fact partners, and in the common-law States they are not partners and the wife has no interest whatever in the property acquired subsequent to marriage. If uniformity based on fundamental law and principles is sought, then a husband and wife in Louisiana and the community States should be treated like partners engaged in a partnership enterprise in common-law States.

A few concrete cases by way of illustration will show very clearly that the common-law husband is not subject to the limitations placed on a Louisiana husband in relation to marital property; and that in all probability a New York or common-law husband would not, if offered a choice, give up his common-law rights and accept the community-law limitations, simply in order to secure the slight benefit for income-tax purposes which result legally and naturally from the Louisiana and other community laws.

(1) Suppose a husband in Louisiana has $1,000,000 of 6 per cent bonds at the date of his marriage and earns $1,000,000 in addition the first year of his marriage. At the end of 12 months his estate is worth $2,000,000. The $1,000,000 owned before marriage remains, in so far as the principal amount is concerned, the separate property of the husband. Under the law the $60,000 interest on the separate property becomes partnership or community property and the $1,000,000 earned subsequent to marriage also becomes partnership or community property, each spouse owning one-half the property and income. Suppose at the end of the year the wife commits adultery or deserts her Louisiana husband and her husband obtains a divorce, under the law of Louisiana the wife, even though criminally at fault in the divorce proceedings, simply because of the fact that she actually owned one-half of the partnership property, can immediately demand an accounting and force the husband to deliver one-half of the $1,060,000, or $530,000, to her. In New York and the other common-law States, however, the wife would have no claim to the property thus acquired, because New York does not recognize the wife as a partner and joint owner, but considers the husband the absolute owner. Furthermore, the wife in a common-law State, under such circumstances, could not even claim alimony.

(2) Take a second practical case: Suppose the same Louisiana man with $1,000,000 worth of 6 per cent bonds marries in Louisiana and accumulates property as described in the first illustration. Immediately after the marriage his wife can will one-half of the property that may be acquired as a result of the marriage partnership to her twenty-second cousin or to a stranger, and, at the end of a year, if the wife dies, $530,000 will go to the wife's legatee, even though the husband may have 15 children by a previous marriage. Because of the wife's absolute property and partnership right to one-half of the income and property the husband can not in any way prevent such a result. It is to be noted particularly that the wife's legatees can even claim one-half of the income from the $1,000,000 worth of bonds that the husband had at the time of the marriage, even though children of the husband by a previous marriage exist. On the other hand, a New York wife or a wife in common-law States has no such right, and the husband's property is subject only to his disposition by will or the law of inheritance of the State; and the wife has no right to make a will affecting the property of a husband in any way.

(3) It is to be noted also that in Louisiana and community States the husband, like a common-law trustee or managing partner, can not give away the community or partnership property in fraud of the wife's interest. In common-law States the husband is not subject to any such limitation in relation to the disposition of property acquired during the marriage for the very good reason that in common-law States the wife has no interest in the property and therefore no control over its disposition.

(4) In Louisiana and some community States if a husband becomes a gambler and a reckless and dangerous trustee of the community property acquired during marriage, as we have already explained, the wife can demand a division and settle-

ment of the community property and take one-half of the property and income away from the control and administration of the husband. A husband at common law, since he owns the entire property and income that may be acquired during marriage, can not be interfered with and can dispose of his property by gambling or in as reckless and extravagant manner as he chooses, and the wife, of course, has no right to complain.

(5) Another important difference between the law of Louisiana and the common-law States is illustrated and recognized in the application of the Federal estate tax law. Since the husband and wife are partners and each owns one-half of the property and income acquired during marriage, it follows that when the husband dies the wife does not inherit one-half of the community property, because it already belongs to her. The wife simply takes charge of the administration of her one-half of the property and does not pay an inheritance tax. The legatees *and heirs* of the husband take by inheritance the husband's one-half of the property, and, of course, pay a tax. Likewise, when the wife dies the husband does not pay an inheritance tax on one-half of the property, but the heirs or legatees of the wife pay an inheritance tax on the one-half of the partnership property belonging to the wife, and the husband is forced to make an immediate partition and division of his property and deliver one-half to the heirs or legatees of the wife. In common-law States the property, being the property of the husband, is treated as one estate for inheritance purposes. It is to be noted in this connection that the proposed amendment only applies to the community States, in so far as reporting income is concerned, and leaves the law as it is in relation to the inheritance tax. If the amendment is adopted, the Federal Government will ignore and disregard the joint ownership of the wife for income-tax purposes and recognize it for inheritance-tax purposes. Surely Congress can not create an obvious legal inconsistency.

It must be remembered, and it can not be too strongly emphasized, that the community system imposes serious property limitations on the husband in the nature of a marital partnership, and the burdens and limitations that result may well be considered sufficient to counterbalance the taxation benefits that now exist and certainly justify the recognition of the community system by the Federal Government in its scheme of taxation, not only from the standpoint of equity but as a matter of constitutional right.

Another very important discrimination that will result from the adoption of this amendment should be seriously considered. Community States recognize three kinds of property—separate property of a husband, the separate property of the wife, and the community or partnership property acquired jointly during marriage. In Louisiana and some community States the income from the separate property of the wife becomes community property when it accrues during the marriage. In common-law States the income from the separate property of the wife remains the property of the wife. The proposed amendment if adopted would mean not only that the husband must report for income-tax purposes his individual separate income and that he must add to this one-half of the community income that belongs to the wife, but further that he must add the income that is derived from the separate property of the wife—that is, income from property owned by the wife before her marriage. This results from the fact that under the law of Louisiana income from the separate property of the wife administered by the husband becomes community property. If the amendment is adopted, the husband in Louisiana will be forced to pay an individual income tax based on the income of the separate property of the wife, whereas in common-law States where a community does not exist the income from the separate property of the wife may be separately reported. By virtue of the community system the Federal Government will be recognizing the property rights established by community States for purposes of adding the separate property of the wife to his income, when no such rule prevails at common law and a wife may make a separate return. The result will be a plain and appalling discrimination resulting in a community husband paying an income tax on the separate income of the wife and a common-law husband reporting such income in the name of the wife. This inequity and discrimination can only be corrected by forcing husbands in common-law States to report not only their own income, but the income from the separate property of the wife for individual income-tax purposes.

With reference to the argument as to the necessity for bringing about harmony in the Federal taxation law, this is impossible on account of the fact that the Federal tax must be based on the person's income, and what is property and income of an individual, corporation, or partnership is necessarily a matter depending on the constitutions and laws of the various States of the Union. In common-law States a husband may make a gift of half of his property to his wife and thereafter the income from the property thus donated may be returned as the separate property of the wife. This is done as a matter of practice, and has never been questioned. The law of Louisiana and other community States makes the wife owner of one-half of the income and property acquired during marriage, and yet the Federal Government by the proposed amendment is attempting to ignore this fundamental law of the State for taxation purposes. The result will be, in case the amendment is adopted, that simply because the property becomes joint property as a result of the positive law of Louisiana and other community-property States, a different rule will be applied in community States than is applied in other States where the same situation is brought about voluntarily.

We might give numerous illustrations showing that by legal manipulation the ownership of property may be and is frequently changed in the various common-law States, resulting in a different application of the Federal income tax law. This condition of affairs is inherent and fundamental under our State and Federal Constitution, and vested property rights as fixed by the various State laws must in the nature of things be recognized and followed by the Federal Government in applying its laws. It is submitted that the principles we have outlined are elementary under our constitutional system.

Finally, we desire to point out, by way of example, a set of facts and the legal result, which very clearly illustrate the discrimination and injustice that will result from the adoption of the proposed amendment. If a husband and wife domiciled in Louisiana accumulate $1,000,000, this is community property, and under the amendment disregarding the Louisiana law for Federal tax purposes, the husband is compelled to report as his income the wife's one-half of the community income. If the husband and wife, however, sell their Louisiana property and move to New York or some other common-law State and invest the proceeds of the property in the latter State, the common-law States, under the law and decisions of the courts, recognize the vested interest of the wife created by the law of Louisiana, where the property was acquired, and the $1,000,000 invested in New York is therefore recognized by the courts of New York as belonging one-half to the husband and one-half to the wife.

This is true, even though the property technically may stand in the name of the husband in the common-law State, for under such circumstances the husband is considered trustee for $500,000 of the property for the benefit of the wife. In New York, therefore, or in any common-law State, when the property taken from the community State is reinvested, one half immediately becomes the property of the husband and the other half the separate property of the wife, and the husband and wife may make separate returns for Federal income tax purposes.

It is clear in the light of these facts that the result of the situation is that a husband and wife who sell their community property in Louisiana and reinvest it in common-law States where the same property will be considered separate property will be able to make separate returns in the common-law States, whereas if they had remained in Louisiana they could not, under the proposed amendment, make separate returns. The amendment in attempting to emasculate the law of Louisiana and applying as it does only to community property States would result in a discrimination against community States and would not be legally applicable when the husband and wife removed their property to another State, because, as we have pointed out, the law of other States would recognize legal facts and property rights which Congress proposes to ignore, and the Federal income tax law would also recognize the law of the new domicile and follow it in this connection by allowing the spouses to make separate returns.

We have the amusing and illogical situation of Congress attempting to fix property rights in seven States for taxation purposes in the very teeth of the law of the seven States involved, when, if the same property is removed to the other States of the Union, these latter States recognize the law of Louisiana and the property rights of the spouses, and Congress, following the law of the common-law States, taxes the former community husband and wife on the very basis that they should have been taxed on if the amendment had not been adopted. In short, Congress will recognize for income-tax purposes the law of common-law States which recognize the law of Louisiana, but when dealing directly with Louisiana citizens the Louisiana property law will be disregarded.

The facts and laws we have just stated make clear how futile and impossible it is for Congress to ignore property rights in an attempt to produce uniformity, and that instead of secur-

ing uniformity the proposed amendment, even if it could be adopted under the Constitution, will produce endless confusion and inequities.

Respectfully submitted.

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WASHINGTON, D. C., *October 21, 1921.*

AUTHORITIES SUPPORTING PROPOSITIONS OF LAW OUTLINED IN ATTACHED MEMORANDUM.

"I. The husband and wife each have an immediate vested right in the community property as acquired, and in any income that may be derived therefrom. (See Arnett *v.* Reade, 220 U. S. 311; Davis *v.* Davis (Tex.), 186 S. W. 775; Kohny *v.* Dunbar (Idaho), 121 Pac. 544; Dixon *v.* Dixon, 4 La. 188; Succ. of Marsal, 118 La. 211; Liebman *v.* Rufus W. Fontenot, collector of internal revenue, U. S. Dist. Ct., W. D. of La. For a citation of numerous decisions in all the community States see opinion of Attorney General in Treasury Decisions 3171 and 3138.)

"II. The articles of the Louisiana Revised Civil Code creating and regulating the partnership or community of property existing between spouses are Revised Civil Code articles 2399, 2328, 2329, 2332, 2334, 2402, 2403, 2404, 2405, 2406, 2408, 2386, 915, 916. For statutes of other States creating and regulating the community between husbands and wives, see Attorney General's Opinions, Treasury Decisions 3171 and 3138.

"III. Contracts of partnership may be made voluntarily by husbands and wives in many of the States of the Union. See Ruling Case Law, volume 13, page 1368. According to Hubbel's Legal Directory, 1921, containing a statement of the law of each State by leading law firms, contracts between husband and wife are specifically authorized in the following States: Alabama, Code 1907, section 4497; California, Civil Code, 1920, section 158; Delaware, 1919, chapter 197, page 524. The statute reads as follows: "* * * she may contract jointly (including with her husband, or separately, sue and be sued," etc.; Minnesota, General Statutes, 1913, section 7147, except contracts relating to real estate of either party; Mississippi, Hemingway's Code, 1917, section 2055, except contracts giving rise to claims of compensation for work done; New York, Consolidated Laws (second edition), 1917, page 1877, section 51, except contracts to relieve husband from liability for support of wife or to alter the marriage; North Carolina, Consolidated Statutes, 1919, sections 2507, 2515, with certain restrictions on contracts affecting real property of the wife; North Dakota, Compiled Laws, 1913, section 4411; Ohio, General Code, 1921, section 7999; Oklahoma, Revised Laws, 1910, section 3353; South Dakota, Revised Code, 1919, section 171.

"IV. The law and decisions of the various States establish and define ownership and property rights; and the Federal Government is bound to recognize these rights as they exist in applying the income tax law. (See 244 U. S., 603, page 592, and cases cited in opinion of Attorney General, T. D. 3138.)

"V. When community property acquired by a husband and wife domiciled in a community State is sold and the spouses remove to a common-law State and reinvest the property, the courts of the common-law State will recognize the joint property interest of the wife in the property thus brought into the latter State, on the theory that the wife's ownership of the property was fixed and vested by the law of the community State prior to the removal of the property from such State. (See Depas *v.* Mayo, 11 Mo. 314; Succ. of Pepp (La.), 83 So. 765; also Law Opinion 121 of Solicitor of Internal Revenue, Bulletin No. 39–21, Income Tax Rulings, Treasury Department.)"

Mr. GERRY. For the Senator from North Carolina [Mr. SIMMONS] I submit two amendments, and ask that they be printed.

The PRESIDING OFFICER. The amendments will lie on the table and be printed.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to be allowed to refer back to page 80, line 4, of clause 5, down to and including line 8, for the purpose of offering an amendment.

Mr. SMOOT. I will say to the Senator from Mississippi that that would not be in order now under the unanimous-consent agreement. That will be reached after we get through with the committee amendments. It can be taken up at a later time.

Mr. WILLIAMS. I suppose there will be no parliamentary difficulty about offering it at the proper time?

Mr. SMOOT. None whatever.

Mr. WILLIAMS. That is satisfactory. I do not care whether it is offered now or not.

The PRESIDING OFFICER. The Senator from Mississippi withdraws his request. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. On page 87, beginning with line 5, the committee proposes to insert:

(7) A reasonable allowance for the exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence. In the case of such property acquired before March 1, 1913, this deduction shall be computed upon the basis of its fair market price or value as of March 1, 1913.

The amendment was agreed to.

Mr. REED. Mr. President, my attention has just been called to the fact that the amendment just agreed to was one in which the junior Senator from Utah [Mr. KING] was interested and which he had asked to have go over when it was reached if he were not present. I did not have a memorandum of it. He is absent at this moment.

The PRESIDING OFFICER. Does the Senator refer to the amendment that has just been agreed to?

Mr. REED. Yes. I ask that the vote by which the amendment was agreed to be reconsidered and that the amendment be allowed to stand until the junior Senator from Utah can be present.

Mr. SMOOT. May I ask the Senator from Missouri to allow it to stand as agreed to, and if the junior Senator from Utah wishes to take it up afterwards we will ask for a reconsideration of it at that time? I doubt very much whether my colleague will wish to do that.

Mr. REED. With the understanding that on the request of the junior Senator from Utah there will be a reconsideration and he will be given full opportunity to present it, I will allow the matter to stand.

Mr. SMOOT. I will agree to that.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. On page 95, beginning with line 21, the committee proposes to insert section 237, under the subhead "Payment of corporation income tax at source."

Mr. SMOOT. That must go over until we decide the question as to the rate of tax to be imposed on the incomes of corporations.

The PRESIDING OFFICER. The amendment will be passed over.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 103, in lines 2 and 3——

Mr. SMOOT. The question of capital stock tax must be decided before we can pass upon this amendment; therefore I ask that it may go over.

The PRESIDING OFFICER. Without objection, it will go over.

The ASSISTANT SECRETARY. The next amendment is, on page 125, under the subheading "Returns to be public records," where the committee propose to insert——

Mr. LA FOLLETTE. Mr. President, I ask that that may go over.

The PRESIDING OFFICER. Without objection it will go over.

Mr. REED. Mr. President, I wish to inquire how long it is expected to keep us here this evening? We have been getting along very well.

Mr. SMOOT. I will say to the Senator that I wish he would just let us run through the bill. There are not very many more amendments to be considered. Just as soon as we get through the bill we will take a recess.

Mr. REED. We have reached our dinner time. It is now after 6 o'clock.

Mr. SMOOT. It will not take very long. There may be a few other amendments to which there is no opposition that we can act upon to-night.

Mr. REED. Very well; I will wait a little while.

Mr. WATSON of Indiana. Mr. President, there are yet pending 16 committee amendments, 64 amendments proposed by Senators on the majority side, and 62 amendments which have been proposed by individual Senators on the minority side. Of the committee amendments, but 3 can be acted on to-night, because they are tied up with other amendments which have gone over for sufficient reasons. I think that if those committee amendments which the experts have stated could be taken up to-night could be considered and disposed of, then we might take a recess.

Mr. REED. And they may not occasion debate.

Mr. WATSON of Indiana. No; they may not occasion debate.

Mr. SMOOT. That is what I had in mind.

Mr. REED. To what three amendments does the Senator from Indiana refer?

Mr. SMOOT. There is an amendment to be offered on page 127, line 12.

The ASSISTANT SECRETARY. The next amendment passed over is on page 126, beginning in line 12, with the heading "Publication of statistics."

Mr. SMOOT. That amendment has gone over.

Mr. WATSON of Indiana. That amendment was passed over at the request of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. SMOOT. On page 127, line 12, I move to amend the title by striking out before the word "possessions" the words "United States," and after the word "possessions" inserting the words "of the United States."

Mr. REED. I have no objection to the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to change the subhead on page 127, line 12, so as to read:

Citizens of possessions of the United States.

The PRESIDING OFFICER. Without objection the amendment is agreed to. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is on page 128, beginning in line 16, where the committee propose to insert the subhead "Retroactive exemption of income from sources within the possessions of the United States," and section 262 (a)——

Mr. SMOOT. Mr. President, I understand that Dr. Adams has prepared an amendment to this title, and therefore I will have to ask that it go over for to-night.

Mr. KELLOGG. May I ask the Senator from Utah to what it relates?

Mr. SMOOT. It is a Philippine matter.

The PRESIDING OFFICER. The amendment will be passed over without objection. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is on page 146, being "Title IV.—Estate tax."

Mr. SMOOT. I wish to ask if the amendment on page 129, beginning in line 21, under the subhead "Effective date of title," has been agreed to.

The PRESIDING OFFICER. The Chair is advised that it has not been agreed to.

Mr. SMOOT. I should like to have that amendment agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 129, line 21, the committee proposes to insert the subhead, "Effective date of title."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is on page 129, line 22, to strike out "256. This," and to insert "253. That this," and in lines 23, 24, and 25, to strike out "1921, except sections 206, 207, 224, 237, 241, 242, 245, 250, and 903, and subdivision (b) of section 202, all of which shall take effect January 1, 1922," and to insert the numerals "1921."

Mr. WALSH of Massachusetts. Mr. President, I wish the Secretary would announce at whose request the amendments have been passed over.

The PRESIDING OFFICER. The amendment was passed over at the request of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. SMOOT. The Senator from Wisconsin asked that the amendment go over; but it is agreeable to him that it be acted upon now.

Mr. REED. I wish to ask the Senator from Utah if the effect of this language in any way is to exempt from taxes any individuals who would otherwise be taxed?

Mr. SMOOT. It is not. No individuals whatever would under this language escape taxation.

Mr. REED. That was my understanding of the matter, but I have not time at this moment to examine carefully the bill.

Mr. SMOOT. I will assure the Senator from Missouri of that.

Mr. REED. Very well.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. SMOOT. The next amendment passed over is on page 146.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The READING CLERK. The next amendment passed over is on page 146, "Title IV—Estate Tax."

Mr. SMOOT. Let that go over, Mr. President.

The PRESIDING OFFICER. The amendment will be passed over. The next amendment passed over will be stated.

The READING CLERK. The next amendment passed over is on page 176, to strike out from line 4 down to and including line 25, relative to taxes on soft drinks, and so forth, which was passed over at the request of the junior Senator from New York [Mr. CALDER].

Mr. WADSWORTH. Mr. President——

Mr. SMOOT. We can not dispose of that amendment to-night.

Mr. WADSWORTH. I think we can.

Mr. SMOOT. I do not think so.

Mr. WADSWORTH. Why not?

Mr. SMOOT. It will be necessary to have a vote on it, and we should, therefore, have to call for a quorum.

Mr. LODGE. We can secure a quorum.

Mr. WADSWORTH. Is there to be opposition to an amendment to tax the articles covered by the amendment?

Mr. SMOOT. Has the Senator an amendment to offer to this particular item?

Mr. WADSWORTH. As I understood, an amendment had been rather agreed upon by those Senators who had been paying attention to this new situation. I do not insist upon it, of course, and I shall not demand the presence of a quorum.

Mr. LODGE. What does the Senator from New York desire to do? Does he desire to offer a substitute for the language which is proposed to be stricken out?

Mr. WADSWORTH. I desire to offer a substitute for the committee amendment.

Mr. LODGE. Why not do that?

Mr. SMOOT. The Senator from New York says that an amendment has been agreed upon——

Mr. WADSWORTH. I say an amendment has been agreed to informally. Both my colleague and I were requested by members of the Finance Committee yesterday evening to get together and discuss the best method to be employed and the most appropriate language to use in placing a tax upon alcoholic beverages withdrawn from bond and sold for medicinal purposes. We have done so, and we are ready.

Mr. SMOOT. Did the Senator from New York confer with members of the Committee on Finance?

Mr. WADSWORTH. The members of the Committee on Finance requested us to prepare the amendment. We have done so, and we are now ready to go on.

Mr. WILLIS. I suggest that if we are going into that question to-night we will have to have a quorum. It is a matter of great importance.

Mr. WADSWORTH. Has the Senator even read the amendment?

Mr. WILLIS. No; that is one reason why we shall have to have time to consider it.

Mr. WADSWORTH. I should like to offer the amendment.

Mr. WILLIS. I have no objection to the Senator offering the amendment.

Mr. WADSWORTH. I can not offer it if it is going to be put over before I do so.

Mr. WILLIS. There is no desire to prevent the Senator offering his amendment; but I say that if we are going into this question to-night we shall have to have a quorum here.

Mr. LODGE. We can get a quorum. The Senator need not worry about that.

Mr. WALSH of Massachusetts. Let the Senator from New York offer his amendment.

Mr. WADSWORTH. Mr. President, just a word of explanation. On yesterday I offered an amendment which has been printed. At about the same time my colleague [Mr. CALDER] offered an amendment. My amendment imposes a tax upon malt liquors which may be withdrawn and sold for medicinal purposes in accordance with existing law and the regulations of the Treasury. It also imposes a tax upon vinous liquors which may be withdrawn and used for medicinal purposes in accordance with the law and the regulations of the Treasury. It also imposes a tax upon spirituous liquors withdrawn and used in the same way. My colleague's amendment applies only to spirituous liquors and not to malt liquors or vinous liquors. I think the provisions of his amendment in regard to spirituous liquors are better than mine, and I therefore offer the amendment which I presented yesterday, so far as it relates to malt liquors and vinous liquors, and have made it conform to the amendment of my colleague as it affects spirituous liquors.

The PRESIDING OFFICER. Without objection, the Secretary will state the amendment to the committee amendment.

The READING CLERK. On page 176, in line 2, it is proposed to amend the committee amendment by striking out the words "soft drinks," and inserting in lieu thereof the word "beverages"; and on page 176, after line 25, insert the following:

SEC. 600. That there shall be levied upon intoxicating malt liquors containing one-half of 1 per cent or more of alcohol by volume, manufactured as provided by the regulations of the Treasury Department, pursuant to the national prohibition act, brewed or manufactured, and hereafter sold or removed for consumption or sale within the United States, a tax of 60 cents per wine gallon.

SEC. 601. That upon all vinous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured by the regulations of the Treasury Department, pursuant to the national prohibition act, which are hereafter produced in or imported into the United States, there shall be levied, collected, and paid, when sold or removed for consumption, a tax of $1.20 per wine gallon.

SEC. 602. (a) That there shall be levied, collected, and paid on all distilled spirits, except alcohol and except such distilled spirits as are subject to the tax imposed by subdivision (e), now in bond or that have been or that may be hereafter produced in or imported into the United States, in lieu of the internal-revenue taxes now imposed thereon by law, a tax of $6.40 on each proof gallon, to be paid the distiller or importer when withdrawn and collected under the provisions of existing law.

(b) There shall be levied, collected, and paid on alcohol, except such as may be withdrawn free of tax for denaturation or other lawful tax-free purpose, or such as is subject to the tax imposed by subdivision (c), withdrawn for use in the manufacture of the articles enumerated in paragraphs (b), (c), (d), (e), and (f) of section 4 of Title II of the national prohibition act, or other lawful nonbeverage purpose, in lieu of the internal-revenue taxes now imposed thereon by law a tax of $2.20 per proof gallon. Such tax on domestic alcohol shall be paid on withdrawal by the producer thereof or by the proprietor of the industrial alcohol bonded warehouse from which withdrawn, and on imported alcohol shall be paid by the importer thereof.

(c) There shall be levied, collected, and paid on alcohol withdrawn for use in the manufacture for sale of rectified liquor, in lieu of the internal-revenue taxes now imposed thereon by law a tax of $6.40 per proof gallon. As used in this section the term rectified liquor means any mixture produced in such manner that the person rectifying, purifying, refining, or mixing liquors is a rectifier within the meaning of section 3244 of the Revised Statutes as amended; but rectification under such section shall not be construed to include the process of extraction of water from high-proof spirits for the production of absolute alcohol, or of extraction of charcoal from spirits by filtration.

(d) On all alcohol on which tax has been or shall hereafter be paid at the $2.20 rate, provided in subdivision (b) and which is diverted to an unlawful purpose in violation of the internal-revenue laws or the national prohibition act, or to use in the manufacture of rectified liquor, there shall be levied, assessed, collected, and paid an additional tax of $4.20 per proof gallon, to be paid by the person responsible for such diversion: *Provided*, That on alcohol withdrawn tax-free and so diverted, tax shall be similarly assessed and collected at the rate of $6.40 per proof gallon.

(e) Upon all distilled spirits other than alcohol, produced in or imported into the United States which, on the effective date of this act are held out of bond by any person for sale, or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax of $6.40 per proof gallon, less the amount of any internal-revenue taxes previously paid thereon: *Provided*, That upon alcohol held by a person who is a rectifier within the meaning of section 3244 of the Revised Statutes, as amended, for use in the manufacture for sale of rectified liquor, a similar floor tax shall be assessed and collected.

(f) The internal-revenue taxes imposed by subdivisions (a), (b), and (c) upon distilled spirits and alcohol imported into the United States shall be in addition to import duties now or hereafter imposed thereon by law.

(g) The provisions of section 35, Title II, of the national prohibition act, imposing double tax liability shall be applicable to the taxes herein provided.

(h) Nothing in this title shall be construed as in any manner limiting or restricting the provisions of Title III of the national prohibition act.

(i) That liens on distillery premises created under section 3251 of the Revised Statutes as amended, and consents under section 3262 of the Revised Statutes as amended, are hereby discharged and canceled where distillery operations have been permanently discontinued and there is no outstanding liability of the distiller for taxes or penalties and no litigation is pending between the distiller and the United States or any officer thereof: *Provided*, That nothing herein contained shall affect in any manner forfeitures heretofore effected under such sections and consents, or proceedings in forfeiture now pending. Where operations are permanently discontinued at any distillery with spirits in any bonded warehouse and there are no outstanding accrued taxes or penalties, an indemnity bond satisfactory to the commissioner may be given in lieu of the lien and consents under such sections, such bond to be in a penal sum equal to the value of the property covered by the lien.

(j) Where a tax is imposed in this section upon a proof gallon, a like tax shall be imposed upon each wine gallon when below proof, and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon.

Mr. WATSON of Georgia. Mr. President——

Mr. WADSWORTH. May I say just a word in explanation, not to explain the amendment so much as to——

Mr. McKELLAR. Mr. President, a parliamentary inquiry. Is this amendment in order at this time?

Mr. WADSWORTH. Perhaps I can throw a little light on that. I was about to endeavor to do so, although the inquiry is addressed to the Chair, and I do not want to take words out of his mouth.

Mr. LODGE. The Senator has the floor.

Mr. WADSWORTH. There is a very peculiar situation here, to which I should like to have a chance to allude.

On page 176 the Committee on Finance offers an amendment, which is printed in this bill. It consists in striking out sections 601 and 602. At no other place in the printed copy of the bill before us is there anything to be substituted for that. Later on we were informed that the majority Members, or some mysterious aggregation of persons in the Senate, had agreed upon something to take its place, and that is printed in this pamphlet which we had before us so long—upon what page I can not quite remember. It is amendment No. 42; and as soon as Senators began reading amendment No. 42 it promptly lost all its adherents. And now we are informed that no one is going to have the hardihood to offer it as the committee amendment. Therefore I have offered an amendment to the committee amendment as set forth in the bill. It is certainly, in my judgment, in order at this time.

Mr. LODGE. Mr. President, of course the committee amendments have precedence, but this is an amendment to a committee amendment. I think there can be no question about it.

Mr. WADSWORTH. I do not know what the pleasure of the Senate is about acting upon this matter to-night, Mr. President, but I have just this to say:

We have pending before the Senate in the shape of a conference report, as yet unacted upon, the so-called Sterling bill. The Sterling bill, of course, as we all recollect, forbids the use of malt liquors for medicinal purposes. The bill has not yet passed. We do not know when it will pass. We do not know that it will become law. In the meantime the Secretary of the Treasury, under the terms of existing law as interpreted by the Attorney General, has issued regulations governing the prescription of malt liquors for medicinal purposes. There is nothing upon the statute books of the United States which will place an adequate tax upon such malt liquors. I propose that we tax malt liquors sold and distributed for medicinal purposes under the provisions of law and in accordance with the regulations at the rate of 60 cents per gallon.

The Sterling bill, as yet unpassed, does not forbid the sale of wine for medicinal purposes. If the Sterling bill should pass, wine could still be used for medicinal purposes, and in fact that bill places certain restrictions upon the use of wine for those purposes. The regulations issued day before yesterday by the Secretary of the Treasury provide additional regulations for the use of wine. It is legal to-day, and not a proposal of a serious nature has been made in either branch of Congress to do anything about placing an adequate tax upon wine used for those purposes. Surely no one can object to placing such a tax upon wine. My proposal is to place a tax of $1.20 per gallon upon it.

Mr. McKELLAR. Mr. President——

Mr. WADSWORTH. There is little or no tax imposed in the pending revenue measure, or in any other revenue law, upon spirituous liquors withdrawn and sold for medicinal purposes. My colleague [Mr. CALDER], I think, first noticed that omission in existing statutes, and upon a prior occasion offered an amendment, or certainly discussed the matter before the Finance Committee, providing that spirituous liquors should be taxed when withdrawn and sold for medicinal purposes. The Sterling bill permits it, present law permits it, and literally millions of gallons of spirituous liquors have been withdrawn during the last 10 or 12 months and used for medicinal purposes, and little has been collected from it. This combination amendment of my colleague and myself is to accomplish just those three things, to tax the malt liquor as long as it is legal as a medicinal beverage, to tax the wine, and to tax the spirituous liquors.

We have had some estimates made as to what may be expected from the amendment in the way of income to the Federal Government. Based upon the withdrawals for medicinal purposes of distilled spirits or spirituous liquors as they have been going on during the last year we will get, under this tax of $6.40 a gallon, anywhere between $20,000,000 and $40,000,000.

Mr. CALDER. More than last year.

Mr. WADSWORTH. More than last year; yes. We got hardly anything last year.

Mr. SMOOT. Mr. President, did I understand the Senator to say that there was no tax upon alcohol withdrawn——

Mr. WADSWORTH. There is a tax of $2.20, I should have said. This makes it $6.40. That was my error.

Mr. SMOOT. Oh, yes; and also a tax upon wine.

Mr. WADSWORTH. Oh, but look at the wine taxes—14 cents and 12 cents a gallon. I have seen all that, and I say "no tax" because it amounts to nothing. There is no provision of law whatsoever, and the Senator knows it, to meet the new situation under the eighteenth amendment of the sale of alcoholic beverages for medicinal purposes.

Mr. MCKELLAR. Mr. President, the proposal of the Senator is a very important one, and I think it ought to go over until to-morrow. I hope the Senator will let it go over.

Mr. WADSWORTH. May I simply finish my statement? Then the Senate may do as it pleases.

The best estimate that can be made about the revenue which may be expected from the sale of wines for medicinal purposes is $12,000,000. We get these figures from the best authority that we have at our disposal—from the Treasury Department. As to the revenue to be expected from the sale of beer for medicinal purposes, the figures are unobtainable; we do not know; but from the wine and spirits—which are bound to be taxed in one way or another some day, and the tax belongs in this bill; it ought to go into effect when this bill goes into effect—we will have a revenue of at least thirty or forty million dollars. I invite the attention of Senators to the possibilities of revenue from this situation. It is not to be despised.

Mr. BRANDEGEE. Mr. President, I desire to ask the Senator from Utah a question. To what extent are medicines taxed in this bill?

Mr. SMOOT. Proprietary medicines?

Mr. BRANDEGEE. Yes. I assume that there is a tax on proprietary medicines.

Mr. SMOOT. As the bill is reported to the Senate, they are not taxed at all.

Mr. BRANDEGEE. No medicines?

Mr. SMOOT. No medicines.

Mr. BRANDEGEE. The alcohol that is in the medicines is taxed, is it not?

Mr. SMOOT. That is taxed; yes.

Mr. BRANDEGEE. If beer should be made a medicine, why should there be a tax on it?

Mr. SMOOT. For the same reason that alcohol is taxed when it goes into all sorts of medicines.

Mr. BRANDEGEE. There is very little alcohol in beer, as I understand, and not much revenue would be obtained from it; but my idea was, what was the theory of the committee as to making medicines cost more to sick persons?

Mr. SMOOT. I will say to the Senator that this is not a committee amendment.

Mr. BRANDEGEE. I know; but the point is, if medicines are not taxed, if the policy of the Government is to keep them as cheap as possible for the sick people of the country, and if beer and wine are medicines, I should assume that the policy of the committee would apply to beer or wine as well as to other medicines.

Mr. SMOOT. The only reason I can give the Senator is that it is a question of revenue, and it can be collected very easily from the alcohol in wine.

Mr. WATSON of Georgia. Mr. President, I should like to ask the Senator from Utah why the committee has raised the tax on medicated alcohol from $4 and something——

Mr. SMOOT. From $2.20 to $6.40.

Mr. WATSON of Georgia. Has it not gone to $12?

Mr. SMOOT. No. I will say to the Senator that the committee has not acted upon it at all as a committee.

Mr. WATSON of Georgia. That was the information that came to me.

Mr. SMOOT. The proposition was a bloc proposition.

Mr. CALDER. I will say to the Senator from Georgia that that is not before the Senate at all. There is no proposition here at all to increase the tax on the alcohol that goes into medicine.

Mr. WATSON of Georgia. I am very glad to have that information.

Mr. WILLIS. Mr. President, I desire to make a brief statement touching this amendment. I think the statement made by the Senator from New York——

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. WILLIS. I beg pardon; I thought the Senator was through.

Mr. SMOOT. Does the Senator want to make a statement now if we intend to take a recess at this time?

Mr. WILLIS. I was endeavoring to make the statement in order to get a recess. I think we ought not to take up this matter to-night, in view of its importance.

Mr. SMOOT. It is quite evident that this matter can not be disposed of to-night, and I move that the Senate take a recess until 11 o'clock to-morrow.

Mr. REED. Mr. President, if the Senator will withhold that motion for a moment——

Mr. SMOOT. I withhold it.

Mr. REED. I offer an amendment to the pending bill, which I ask to have printed and lie on the table.

The VICE PRESIDENT. That order will be made.

RECESS.

Mr. SMOOT. I renew my motion, Mr. President.

The VICE PRESIDENT. The question is on the motion of the Senator from Utah that the Senate take a recess until to-morrow at 11 o'clock.

The motion was agreed to; and (at 6 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Friday, October 28, 1921, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

THURSDAY, *October 27, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in heaven, O hear us. By prayer and entreaty we would ask that our hearts be fashioned for the purest music and our minds fixed for the noblest ends. May the thoughts we think, the words we speak, and the work we do be so pure, true, and honest that they shall be fit to live another day and thus the world be made better than it was before. Forgive us if we are selfish; recall us if we are estray; rebuke us if we are untrue; and cleanse us from all secret faults. In every way may we so value this present life that we may constantly realize it to be an everlasting echo of that life without end. When we have lived our little day and finished our earthly course, O may we be permitted to bow down in the presence of the holy of holies through Thy undying compassion and because of the things which we have done. In the holy name of Jesus, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

RESOLUTION TO EXPEL A MEMBER.

Mr. MONDELL. Mr. Speaker, I call up for consideration the resolution which is at the Clerk's desk.

The SPEAKER. The gentleman from Wyoming calls up for consideration the privileged resolution, which the Clerk will report.

The Clerk read as follows:

Whereas THOMAS L. BLANTON, Representative from the seventeenth district of the State of Texas, did on October 4, 1921, ask unanimous consent to extend his remarks in the CONGRESSIONAL RECORD "upon the improvements in the Government Printing Office," which consent was granted by the House; and

Whereas under such permission the said THOMAS L. BLANTON did insert and cause to be printed in the CONGRESSIONAL RECORD for Saturday, October 22, 1921, grossly indecent and obscene language, unworthy of a Member of the House of Representatives, contrary to the rules of the House, derogatory to its dignity, and in violation of its confidence: Therefore be it

Resolved, That the said THOMAS L. BLANTON, by his conduct as aforesaid, has forfeited all right to sit as a Representative in the Sixty-seventh Congress, and is hereby expelled and declared to be no longer a Member of this House.

Mr. MONDELL. Mr. Speaker, I shall consume but a few moments at this time, and I assume that at the conclusion of my statement the Member from Texas [Mr. BLANTON] will desire to be heard in his own right; and as under the practice of the House he can not yield in his time, I assume some gentleman will desire to be recognized in his own right in opposition to the resolution. I hope we may be able to dispose of the matter before us in the three hours suggested. Mr. Speaker, the preamble of the resolution before us sufficiently sets out the basis of the indictment against the Member from the seventeenth district of Texas to enable Members familiar as they are with the rules and practice of the House, and familiar as they have been obliged to become under their oaths with the matter complained of, that so far as information or argument to the Members are concerned little further need be said. Mr. Speaker, the public is not so well informed, and what we do to-day must not only be in accordance with our oaths but must be performed so that we may, so far as it is possible in a case like this, lay before the public the facts on which we render our judgment. Unfortunately, the subject matter forming the basis of the charge against the Member from the seventeenth district of Texas is of such a character that it can not be presented upon this floor.

Were I to recite or ask to be read even a portion of these words of offense I should myself be subject to expulsion. Anyone uttering in public anywhere the words placed in the CONGRESSIONAL RECORD by the Member from Texas would be subject to fine and imprisonment under the laws of the land. While we can not repeat the words which form the basis of this charge, it can be said without exaggeration that they are

unspeakable, vile, foul, filthy, profane, blasphemous, and obscene. There is not a Member here who has read the letter complained of—and all Members must have read it because it is their duty in deciding this case so to do—who will not say that it is the vilest thing he ever saw in print. Mr. Speaker, the privilege of extending one's remarks in the RECORD is one long enjoyed, greatly appreciated, and very seldom abused. In all the history of the Congress I recall no case where, under such a leave to print, profane or obscene language has been printed in the RECORD or offered to the Public Printer for printing. The Member from the seventeenth district of Texas on the 4th day of October asked unanimous consent to extend his remarks in the CONGRESSIONAL RECORD upon "improvements in the Government Printing Office," but no manuscript was presented to the Public Printer under that leave until the evening of Saturday, October 22, 18 days later.

Between the hour of 6 and 7 on the evening of that day the messenger of the House, detailed from the Printing Office for that duty, received from Mr. BLANTON'S own hand a manuscript—I hold the manuscript in my hand—on the back of which was written a direction that it should be printed in the RECORD of that day without fail. Under the rules of the Government Printing Office——

Mr. CHANDLER of New York. Was the direction signed?

Mr. MONDELL. The direction was signed by Mr. BLANTON. Under the rules of the Printing Office, as they understand them, there was no option but to print this manuscript and all contained therein, and it was sent to the presses about midnight of Saturday, and before the dawn of the Sabbath day this vile, foul thing, printed at Government expense, was being sent, also at Government expense, by fast express trains to every State, every county, every hamlet in the land, into the schools, the colleges, the universities, into thousands of American homes. The language it contains, placed there by the Member from Texas, would, under the laws passed by Congress, subject anyone now mailing it to imprisonment for five years and a fine of $5,000. It was presented to the Public Printing Office at a time when there could be no reference of the matter to anyone in authority in Congress. It was late Saturday night, on a day when the Congress was not in session, and by the early dawn it was on the wings of the wind, carrying its poison to the ends of the earth.

It would have been bad enough, Mr. Speaker, had the Member from the seventeenth district of Texas attempted to have this letter, purporting to recount a vile, miserable squabble between two employees in the Printing Office, read on the floor, where he would have been halted at the first word, and if he had attempted to proceed he would have been subject to immediate expulsion. In that event no word of this vileness would have gone into the RECORD. But under leave to print, in violation of the confidence of the House, surreptitiously, this vile thing that could not have been presented on the floor was sent into the households of the land. Furthermore, Mr. Speaker, it was sent out carrying on its face all the usual evidences of delivery on the floor of the House. While the first paragraph, if carefully read, might have suggested to an informed reader that these statements, these letters, these excerpts, had not been uttered or read on the floor, the entire manuscript is filled with those addresses to the Speaker which are only logical or usual in the case of a speech made on the floor of the House. In the middle of the first column, "But, Mr. Speaker"; in the middle of the second column, "Now, Mr. Speaker"; in the latter part of the fourth column, "Of course, Mr. Speaker"; in the upper portion of the next column, "Mr. Speaker"; at the bottom of the same column, "About that time, Mr. Speaker."

And so on, through the 19 columns in the RECORD, there are 15 addresses to the Speaker, as though all this had been spoken on the floor; as though you and I and all of us had listened to this vile letter and made no protest against it.

Mr. Speaker, men sometimes do things in anger for which we should forgive them. Men sometimes commit crimes under sudden uncontrollable impulse for which they are entitled to our pity. But, Mr. Speaker, this crime against the House, its dignity, its honor—this crime against decency, against every law and usage of civilized man, was committed deliberately, intentionally, without regard for the law, for decency, or for the honor of this House. There is only one proper or adequate course of action, that is to expel from the House one who has been guilty of these acts. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The Chair will recognize the gentleman from Texas [Mr. BLANTON] if he desires to be heard.

Mr. BLANTON. Mr. Speaker, I am filing with the record clerk of the House my revised and extended speech on the railroad situation. I am calling attention to it in order to give the entire membership of the House under the new rules the opportunity to inspect it, and pass on it, and censor it. If there is anything improper in it, they will exercise their right to cut whatever they may deem necessary out of it. I do not want to abuse any of their senses of justice and right. But they are my remarks as I deem they should be made under my oath as a Representative of the people of this Government.

Mr. Speaker, if the current reports are true, this will be my last speech in the House of Representatives, and the occasion is of more importance to me than it is to you. It is more important to me than it is to the curious who have gathered here.

In the laws that we pass here, Mr. Speaker, governing the conduct of citizens, concerning one charged with an offense for which punishment may be inflicted, we require that he must be confronted with witnesses whom he has the right to cross-examine, and after he has been given due time to prepare for his trial, and when a prima facie case is established against him by competent testimony, beyond a reasonable doubt, he is given an opportunity to present his own witnesses, to be heard by counsel, and, upon conviction, has an appeal. There is no appeal from a conviction by you in this case. I am denied all these privileges, and a conviction in this case, on account of the special manner in which the resolution has been drawn, means that if every one of the 314,000 constituents of mine living in the seventeenth district of Texas should desire to send me back here you would not let me come. So you have provided that there is no appeal.

In an effort to help ward off the pending railroad strike I addressed a number of leading business men of New York last Friday, without any remuneration, and paying my own expenses. For months I have been working overtime in my office. The War Risk Bureau down here could tell you part of the reason why. This delayed my printing the data compiled on the Government Printing Office until Saturday. Knowing its importance to two humble citizens of the United States, neither being of my party or from my State, who had appealed to me as a Representative of this Government for protection under the Constitution in their guaranteed rights, I delivered such remarks to the messenger, Mr. Sam Robinson, about 6 or 7 or 8 o'clock—I have not a definite remembrance as to the exact time—in the evening of last Saturday, requesting that the same be published that night without fail in the RECORD.

In every offense against the law the main ingredient is the intent. Who has sought in this case to ascertain the intent? As God is my witness, I had no intent other than protecting citizens in their rights guaranteed under the Constitution and being of service to my country under my oath through apprising Congress and the administration of the awful conditions existing in the Printing Office. Desperate situations demand extreme means.

During my eight years as district judge there were printed in appealed records and appellate decisions foul evidence of all kinds, not my language, but the testimony of witnesses given in the court, where a mixed audience came at will to hear it. It went through the mails constantly and into the libraries of every State. In each case I required all improper words to be abbreviated so as to veil their significance. Volumes of similar records from every State in the Union are in the libraries of every State in this Union, having been transmitted through the United States mails and mailable under our laws. Throughout my entire remarks on the Government Printing Office in Saturday's RECORD there is not one improper word used by me, and the sole and only document therein that has improper language in it is the one sworn affidavit by a Government employee that was filed with the Public Printer, evidencing how he had been shamefully abused to the extent of forcing him to resign his position—a culmination against which I had been fighting for months. The records show that two at least of my colleagues were not familiar with the conditions there. I wanted all of you to know about it, and I had only one way to apprise you of this fact, which was through the medium of the CONGRESSIONAL RECORD, which outside of your offices, unfortunately, is not generally read by numerous people over the country. I caused all improper words to be abbreviated and veiled exactly in the same manner as is done on the official court records in Texas. Exactly such a course was pursued by the Government Printing Office itself when printing House Document No. 157, Sixty-sixth Congress, first session, which contained a report of Director John B. Densmore, of the manner in which he established and used the dictagraph in the office of the prosecuting attorney at San Francisco to obtain hoped-for evidence. There is the document, which various persons have mailed generally, if any gentleman would like to see it.

Mr. BANKHEAD. Mr. Speaker, would the gentleman mind lifting his voice a little for the benefit of those of us back in the Hall?

Mr. BLANTON. I have been up all night long—that is, without sleep all night long, last night and most of the night before—thinking this case over. If I can not make the gentleman back there hear me, I am sure he will excuse me. I hope he will not take up my time, however, because I have just a few minutes—that is, compared with what would be required to make a proper defense in this case.

The SPEAKER. The Chair thinks the gentleman from Alabama may have been misunderstood by the gentleman from Texas. The gentleman from Alabama simply asked that the gentleman raise his voice.

Mr. BLANTON. Physical possibilities are involved, Mr. Speaker, and that idea was embraced within my answer.

One of the ablest lawyers in New York advised me that this CONGRESSIONAL RECORD report of my remarks is mailable and that it is not unusual for such public proceedings connected with laws, lawmaking, and law-enforcing bodies to be thus compiled and printed and carried through the mails.

Last Monday when, without my knowledge of his intention until the House convened, the majority leader moved to strike out all of my remarks, my own as well as this employee's affidavit, from the RECORD, I naturally requested that I be permitted to have 10 minutes in which to explain my position. It was denied me, and the entire remarks were stricken from the RECORD by a vote of 313 to 1.

Mr. Speaker, it is not contended by anyone that any of the balance of those remarks, with the sole exception of this Government employee's affidavit, has any obscene or improper or indecent language in them whatever. With such affidavit stricken out, I ask my colleagues, in justice to me and my good name and in justice to the good name of my family and my children and children's children, to let the balance of that speech go in the RECORD in connection with my present remarks. I ask such unanimous consent.

Mr. MONDELL. Mr. Speaker, I object.

Mr. BLANTON. If the gentleman objects, I will not urge it further.

The SPEAKER. Objection is made.

Mr. MONDELL. Any gentleman who can print anything of the vileness of that letter should not have leave to print any remarks in the RECORD. [Applause.]

Mr. BLANTON. Mr. Speaker, I always obey the rules of the House and stand for law and order. I am a law-abiding man. I believe in order. The only purpose that the people of this Government have for a Congress is to provide machinery whereby the rights guaranteed them under the Constitution may be accorded them.

Hoping also to help avert the present railway crisis I had agreed to address certain business men at Wheeling, W. Va., on last Tuesday, and I left here Monday night and went there, and the newspaper headlines began to confront me the next day. The New York Tribune yesterday announced that BLANTON was to be expelled for printing a vile speech in the RECORD, intimating it was my language that was vile. Other papers said that a number of my colleagues intended to introduce resolutions, but that the steering committee had met, passed on my case, deemed that I should be expelled, and had this resolution specially prepared, and that they had taken the matter in charge. I do not rebel against the action of the steering committee. They have a right to take action and push it when they think best. One newspaper said that I had caused much trouble to my colleagues ever since I had been in Congress; that I had refused to follow the leadership, and I had caused the majority leader much trouble, and that I had caused the minority leader much trouble. And I have; I must admit it. I can not say that it was done through ignorance of the rules, although it did not seem to me to be against the rules. I came here from a district in west Texas, believing that the Representative of the seventeenth district of Texas had an equal place here, the same as the majority leader and the same as the minority leader. I came here believing that it was the duty of a representative of the people to think and act his sentiments and his judgment, and not to be led on everything. I have been led in instances by the majority leader. There have been times when I thought that he was fundamentally right, and I have followed him when I have been alone on the Democratic side, not a Democrat going with me. There have been numerous times when I followed the minority leader, when I thought he was right. But there have been times when I could not follow him. My judgment was not the same as his.

I am sorry that I have to speak extemporaneously now; my written record gave out before I started good. I did not have time to prepare a written statement and I must depend upon your indulgence, because in speaking here I know that every word I utter is weighed against me, just as I used to warn some defendants when they came in court, "Every word that you may say will be used against you, and not for you." I have told many a one that. And on account of these newspaper reports, which were still confronting me before I got back to Washington—for instance, the New York Times said that two of my colleagues from Texas took the stand that there was a political question in this, a United States Senatorship at stake, and that that must be considered, and that they hoped I would not be kicked out of Congress because it might affect that race. And the New York Times further says—I want to be exact, because I do not want to misquote anybody—that in reply: "The Republicans state they insist that Mr. BLANTON is not a desirable Member for any legislative body and should be expelled, and that such expulsion would be his political end."

Mr. CHANDLER of New York. Mr. Speaker, will the gentleman yield right there?

Mr. BLANTON. I am sorry I can not.

Mr. CHANDLER of New York. Unless the gentleman cheerfully yields, I shall not ask him.

Mr. BLANTON. I ask the gentleman in all kindness to let me proceed until I get some remarks before the House.

The SPEAKER. The gentleman declines to yield.

Mr. BLANTON. Then when I get through I shall be glad to answer any Member who asks me a question.

Mr. CHANDLER of New York. It is particularly pertinent just now.

Mr. BLANTON. I am sorry. Yesterday's New York Times has that to say. I am particular about it because this is what the people of my native land are reading. You talk about censure and punishment—punishment.

No man who ever went upon the scaffold and gave his life, when he felt that it was unjust, has been punished more than I have been in this newspaper notoriety.

Democrats of House line up to aid BLANTON.

With a good motive? As friends? To help me, to protect me in rights? To see that I get justice? I wish you had. I know that this paper has not stated their position correctly, but here is what it states to the country. Here is where the punishment comes in:

Belief felt that his expulsion from Congress would be political boomerang.

Politics? Is that entering into this trial?

By International News Service:

With the Texas Senatorship at stake the House Democrats to-day lined up as many of their fellows as possible to vote against the resolution for the expulsion of Congressman THOMAS L. BLANTON of Texas, charged with violation of the rules and dignity of the House in causing to be inserted unprintable matter in the CONGRESSIONAL RECORD.

BLANTON is a candidate for the United States Senate to succeed Senator CULBERSON, who is not expected to make the race again. There are a number of other candidates seeking the support of the Democratic voters.

The Texas delegation conferred to-day on the political situation in Texas and the possible effect on it of the expulsion of BLANTON. There is a lively apprehension that votes to support the resolution for his expulsion by the Texans and by Democrats generally will be seized upon by BLANTON and converted to political profit.

In a time like this——

Mr. BLACK. Will the gentleman yield there?

Mr. BLANTON. I beg pardon. I hope I will not be interrupted for a few minutes.

The SPEAKER. The gentleman declines to yield.

Mr. BLANTON. I am just telling you what the country is reading just now. Let me read further:

Members of the delegation said they would vote to censure BLANTON, but not to expel him. They fear that to expel him will enable him to assume the rôle of martyr in his plea for vindication, with the result that the State might send him to the Senate. With many senatorial candidates in the primaries a few votes could dominate the final choice.

It is known that BLANTON will urge in the event of expulsion or censure that he is being persecuted by the House because of his antagonism to organized and union labor. He has gained strength in Texas through his bitter attacks on union labor and his frequent charges that the House is influenced by Samuel Gompers and other labor leaders.

Mr. Speaker, I have never given the International News Service or the Texas delegation authority to announce me for the Senate from my State. I have never given any newspaper in this land such authority. If you were going to run for office, would you not prefer to make your own announcement? Would you not prefer in all fairness to a man whose seat in Congress and whose good name is involved, to keep politics out of such a situation as this? But that is what I have been reading, and all of these things have led me to believe that, unlike a candidate usually is, it causes me to believe I am not altogether "in the hands of my friends."

But what is there I can offer bearing on the question of intent in this case, I ask my colleagues? What has been my life

since childhood? Have I been guilty of these alleged acts constantly and repeatedly? Has my character been that? That bears upon the intent.

Let me give you a little chronological history. I want you to know something about the man you are going to kick out of Congress to-day—his whole life—because this resolution was presented in the House and published in the press and sent to the country on my forty-ninth birthday. Forty-nine years I had lived in this land. What had I been guilty of during those 49 years? What act involving moral turpitude in my whole life?

In their indorsement which about 200 of the leading citizens of my home county voluntarily signed and published when I announced myself as a candidate for district judge in 1908 they said:

We hereby indorse and heartily recommend THOMAS L. BLANTON. He enjoys the confidence and esteem of the citizens of this county and of those elsewhere who know him, and he may be counted upon in every emergency which affects the good of our homes and the welfare of our families.

The old residents of Houston, Tex., will tell you that about 40 years ago my sisters and little brothers and myself voluntarily gave up to creditors our home that still stands in Houston at the corner of Fannin and Lamar Streets, in the very heart of that city. When there was an exemption law that protected a homestead against debts, yet we paid a hundred cents on the dollar with our home. They will tell you that I went to the country with my sisters and little brothers, a lad 10 years of age, the principal breadwinner of the family, and farmed a dairy farm on shares, getting up at 4 o'clock in the morning and milking a dozen cows and selling the milk and farming through the day and trying to get an education at night. They will tell you that the newspapers are mistaken when they say in all of this connection that BLANTON is an enemy to the man who labors, and later I did the same at La Grange, Tex. At 18 years of age I went to Austin, Tex., the capital of my State, where is situated the university, and I got a position as deliveryman on a delivery wagon with the firm of Hill & Hill there, wholesale and retail grocers, who have been in the business for all these years and are still in the business there, and from their delivery wagon I delivered groceries at the back door of practically every home then in the capital of my native State, and by hard work was promoted first to a clerkship, then city solicitor, then bookkeeper, and then by keeping their books at night for five long years, earning every dollar of my expenses as I went I took a three-year academic course in our State university, and also a full law degree. I began the practice of law in Bill Ramsey's office in Cleburne, Tex., with only $1.50 in my pocket. That is the history of many of you. I deserve no credit for my hard work—none in the world.

A practice of 12 long years before the courts of our country brought me a lucrative business to take care of my growing family, enabled me to acquire a little ranch and get together a little bunch of horses, cattle, sheep, and hogs, with a splendid home in the town, with my own water works running from my ranch to my house, with my own lighting system in my home, and with everything to make life pleasant to a man. I had one client, a cattleman, who paid me as much as $5,000 a year for attending to his business. But I later on foolishly went into politics and ran for district judge and was elected and served eight years. Was I guilty of any high misdemeanor during this time? Let us see.

During my eight years on the district bench I received from many people letters similar to the one I will now quote. Let me read this one from Dr. C. C. Coleman, then pastor of the First Baptist Church, of Abilene, but later of the First Baptist Church, of Waco, Tex.:

ABILENE, TEX., *January 16, 1911.*

Judge THOMAS L. BLANTON,
Abilene, Tex.

DEAR SIR AND BROTHER: I wish to say that your course on the bench has given me a world of fresh hope for our institutions. You have demonstrated that a fearless, patriotic judge can do wonders in spite of cumbersome precedents and methods of procedure and a prevailing laxity of public opinion. I have often thanked God that we have you on this bench. I have lived in sections of the State where the judge had a very different spirit from yours, and all who stood for law and order keenly felt the difference. Wishing you increasing influence and usefulness.

Heartily, yours,
C. C. COLEMAN.

Now, let me read from the Western Evangel, a Baptist magazine then published in my home city of Abilene, Tex.:

[From the Western Evangel, Abilene, Tex. Issue of Mar. 13, 1912.]

Mr. BLANTON, although the youngest district judge in Texas at present, has been in active practice of law for 15 years. His public record and private life are very commendable. It is in order to say that Judge BLANTON is a stanch prohibitionist, and is one of the wisest, most earnest, conscientious supporters of the cause. He is always on the right side of every moral question, he being a true Christian gentleman.

Here is one from a former president of the Farmers Union of Texas.

GORMAN, TEX., *July 8, 1912.*

Judge THOMAS L. BLANTON,
Eastland, Tex.

DEAR SIR AND FRIEND: I am glad to see the people standing by you. I love true men, and you have proven to me that you are a true man, and ready at any time to brave the powers that be in defense of the rights of the people. The people are with you and will be with you to the end. You have proven to the people that you want good government, and some time I hope to see the people make you governor. God bless you.

Yours, truly,
D. J. NEILL.

This is from the Family Publication at Dallas, Tex.

AUGUST, 1912.

THE HOME AND STATE.

Judge BLANTON, of Abilene, was triumphantly reelected district judge of that district. He has been one of the most faithful officials, administering the laws fairly and justly to all alike, and the people have again rewarded him for faithful service. When men like Judge BLANTON are on the bench the law and order of the community are in safe hands.

Here is an indorsement voluntarily signed and given me by numerous leading citizens of the forty-second judicial district in 1916:

We, the undersigned, heartily indorse Judge THOMAS L. BLANTON for Congress. During his eight years as district judge he has faithfully kept every promise made to the people, has impartially enforced the laws without fear or favor, has kept strict order, has dispatched business and cleared the dockets, has forced all citizens alike to do service as jurors and witnesses, and has economically conducted the courts.

His honesty, integrity, ability, and unsurpassed energy are such as would make him an ideal Congressman. We know him to be fair and impartial in passing upon all questions. We have had every occasion to observe his manly worth and sterling qualities. Judge BLANTON made a wonderful success in the practice of law, and his conduct on the bench has been of the highest type. In his private life he has advocated that which was pure and right, always fighting openly all kinds of vice, and he has given his time and money in the defense of all moral issues that have come before the people of his State.

Here is one from the distinguished editor of the American Agriculturalist:

NEW YORK, *March 9, 1920.*

Hon. THOMAS L. BLANTON,
House of Representatives.

DEAR MR. BLANTON: I want to congratulate you on the splendid fight you are making against extravagance, and against the raids made upon the United States Treasury. You are doing a wonderful work for the people, and they appreciate it. I hope that your health and strength will continue that you may be able to fight this to the end. I am,

Very truly, yours,
C. U. BURKETT,
Editor American Agriculturist.

This is from a leading national farmers' representative:

WASHINGTON, D. C., *April 26, 1920.*

Hon. THOMAS L. BLANTON,
House of Representatives.

MY DEAR MR. BLANTON: As director representing agriculture in the Mississippi Valley Association, embracing about 26 States, I wish to say that if the farmers of our Nation had a few more men in Congress who understand their needs as you do and who would serve their interests as you have done normal prosperity would return more rapidly, for when our farmers are prosperous all other interests in our Nation prosper accordingly.

Not only are the farmers of Texas indebted to you for your defense of agriculture, but the farmers of the Nation as well owe you a debt of gratitude, and I believe not only the farmers but those engaged in banking, industrial, and mercantile pursuits in your district will thoroughly appreciate the services you have rendered. With kindest regards, I am,

Yours, very truly,
R. D. BOWEN.

This is from the famous southern editor, evangelist, and lecturer:

ROSSLYN, VA., *July 26, 1920.*

Hon. THOMAS L. BLANTON,
Abilene, Tex.

MY DEAR JUDGE: Here's three cheers and a tiger for the signal victory of a real man—one who had the courage and patriotism to put up a two-fisted fight. I shall rejoice to see you assume, with added popular commission, your eminent services in the House. With most cordial regards,

Faithfully,
SAM W. SMALL.

[From Hon. Joseph H. Hurley, president of the City Employees' Association, embracing the several thousand city employees in the District of Columbia which has ceased to affiliate with the American Federation of Labor.]

WASHINGTON, D. C., *August 17, 1920.*

Hon. THOMAS L. BLANTON,
Member of Congress Seventeenth District, Abilene, Tex.

DEAR MR. CONGRESSMAN: This organization, which is made up of the employees of the District government, at its last meeting took up your record since coming to the Congress of the United States as a Member. It gives me great pleasure to announce to you that nothing was uncovered which could be considered as at all discreditable to you. We went into consideration of your record as it pertained to labor very thoroughly, and, while we differed with you in some respects as concerned minor matters, in the main we find that as regards the larger aspects of labor your votes and speeches were consistently used for the interests of those who toil with their hands.

We, of course, are aware that certain organizations and interests have been captiously critical of you, but our investigation has not justified them in the continuance of this attitude. We believe that

men like yourself who are filling high positions should not be subject to harassment at the hands of those who have selfish interests to be served.

In the opinion of the men and women who work for the city government in this the Capital City of this great Nation, the interests of the seventeenth congressional district of Texas, nor any other district represented in Congress, has ever been more worthily and faithfully served than by the present incumbent from the seventeenth, yourself, and it is our hope that the intelligence displayed in sending you here in 1916 will continue to manifest itself for many years to come, and will eventuate in sending you to the Senate when Senator CULBERSON retires in the near future.

Very sincerely, yours, JOSEPH H. HURLEY.

And, Mr. Speaker, let me say to the union men in this House who are Republicans that during the last campaign my own Democratic Party renominated me by an overwhelming majority, and your Republican Party in my district held a convention and indorsed my record by not putting out a Republican candidate against me, and this is what Col. Mose Harris, a distinguished Republican editor of Texas, said in the leading Republican paper of my State, published in San Antonio, Tex.:

[From the Texas Republic, issue of Aug. 28, 1920.]

The renomination of Congressman THOMAS L. BLANTON was a deserved tribute to and a merited recognition of the services of an honest, able, and courageous representative of the people. May his tribe increase.

Mr. Speaker, I realize that the issue here is not to be decided by what my people want in the seventeenth district of Texas. It is not what the people of Texas want. It is not what the people of the United States want as to whether or not I remain in the House of Representatives, as it is a matter solely within your hands. You have the right to make charges against any man here and send him out. You are the sole judges, and there is no appeal. I have been told by friends—one of them came to me the other day and asked me about the striking out of my remarks from the RECORD. I considered him a friend and that his interrogation was friendly. He wanted to know what I was going to do about it. I said, "I am going to try and have a number of copies of the RECORD printed and put in the hands of as many people as I can and let them pass upon the question of whether I exceeded my duty as a Representative."

Mr. LONGWORTH. Will the gentleman yield for a question?

Mr. BLANTON. In just a moment. Now that is used against me. Why, the Associated Press from Wheeling carried a paragraph in the Star yesterday in which it said that I said there were no improper words in the article. Do you believe that I said that? They have sent newspaper reporter after reporter to me within the last 48 hours, and to everyone I said, "Wait until I am before my colleagues in the House, because I know I will be misinterpreted." Let me ask you if you believed you had done nothing wrong and your colleagues disagreed with you, but you did not fall out about that, but you felt that your good name and that of your wife and your children and their children called for the public of the United States to pass upon your guilt or innocence, as well as it was the duty of your colleagues, what would you do? I want to say that among all the many strange phenomena that appear to us in daily life, among the greatest miracles that our Lord has created—and he has created many—the strangest thing to me in all the world is the fact that as many human beings as he has placed on the earth he has never placed two exactly alike. He has differentiated between them all. We are different in our characteristics, in our physiognomies, viewpoint, our height, and the way we think and how we look at things.

You all might be practically of one mind here, and yet your constituents might be of different minds. You can not tell. We get into an atmosphere here where one can not tell much about the outside. To show you how other people look at these things—and I know you are not controlled by what other people think, and you are going to act on your own initiative, as you have a right to do——

Mr. LONGWORTH. Mr. Speaker, will the gentleman yield at this point? His answer to this question which I wish to ask him may influence a number of votes in this House.

Mr. BLANTON. Just a moment. I must get these facts into the RECORD before I yield.

The SPEAKER. The gentleman declines to yield.

Mr. BLANTON. How do others think about it? Not my people in Texas, but this organization of business men in Wheeling, W. Va., whom I addressed there the other night on the railroad question—an organization of Republicans, if you please, antagonistic to me in party politics. I placed before their secretary, Dr. Joseph A. Meagher, who for a time under the director was in charge of the main business of the War Risk Bureau here until a short time ago, a copy of this RECORD, and I asked him to read it from one end to the other—this same RECORD upon which I am to be expelled, and he told me he had read it. He sends me now, voluntarily, without my knowing anything about it, this telegram from West Virginia, which I desire to read:

WHEELING, W. VA., *October 26, 1921—12.02 p. m.*

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.:

The following telegram has been sent to our Representatives in Congress and in the Senate:

"This association, comprising 400 executives of financial, industrial, commercial, wholesale and retail, and contracting enterprises, second to none in this country, under whose supervision come a personnel of 50,000 employees, unanimously urge you to use your efforts to prevent the success of any attempt on the part of Congress to deprive THOMAS L. BLANTON of his seat in the House of Representatives."

That telegram is signed by the Industrial Relations Association of Wheeling, W. Va., and is signed by H. E. Field, president, and by J. A. Meagher, manager, and by several others.

Mr. ROSENBLOOM. Mr. Speaker, will the gentleman yield for a question?

Mr. BLANTON. I can not yield.

Mr. ROSENBLOOM. The gentleman has referred to my home State and to my fellow citizens, who have sent me a telegram, and I would like to have a question answered.

Mr. BLANTON. I am sorry, Mr. Speaker——

The SPEAKER. Does the gentleman yield?

Mr. BLANTON. Mr. Speaker, I do not desire to be interrupted.

Mr. HILL. Mr. Speaker, I raise a point of constitutional privilege. No citizen can be attacked in this House without being protected.

Mr. BLANTON. Gentlemen, I am "in the hands of my friends." I know that this is an occasion when every man who has a spleen against me of any kind has an opportunity now to dig me, so come on with it. I have among my colleagues some friends. Job had them, but some of mine are real friends, good loyal friends, not the kind that Job had. Some, however, came to me, and so anxious were they about my interests that in their anxiety they overlooked a great principle in life. They said, "BLANTON, get up before the House and apologize to the House, and tell them you did wrong and ask their mercy, and they will not put you out." I remained awake all night last night trying out that very question, trying to decide in my own mind, in my own heart, with my conscience and my God as company, whether I had done more or less than my duty as a Representative, when people of this country had appealed to me to see that their constitutional rights were upheld—to determine whether or not I have done less or more than my duty in what I did, whether I had done injury to my fellow man, whether I had hurt and harmed my colleagues or any of them, or whether I have done hurt or harm to the House of Representatives of which I am a Member. Gentlemen, if I could have convinced myself that I had done wrong, I would be willing to get on my knees to every man in this House and beg his forgiveness. I would have come to you voluntarily like a man, and I would have gotten on my knees to say that I had done wrong, and I would have asked you to forgive me. But do you think, when I have a deep conscientious feeling that I have done nothing but my duty, that I would buy my office at any such price? This office means much to me. When I came here I was fairly well-to-do. In the fight that I have been making conscientiously and earnestly since I have been here to prevent this Government from becoming sovietized, I have spent piece of property after piece of property. I caused first one fine bungalow to be sold and sacrificed, and then another, and my good wife consented each time. She has made sacrifices daily. Finally, when it seemed that the infamous "Plum plan" was about to be hatched and foisted on this country, when all personal and property rights would be jeopardized, and when it would not be a decent place in which to live, I found I could not carry the fight on any further without more funds. I had long before sold my ranch and live stock. I then went to my wife and said, "There is but one way in the world in which I can carry on this fight, and that is to sell our home. Are you willing?" And she with our five children agreed to do it. We had a position carrying a salary on which we could live—and I want to say that through very economical living and reserving but a bare living for my family, I have spent every dollar of that salary in this work. She agreed to sell our home, and we sold it, and I spent practically every dollar of it in this work.

When you kick me out to-day, after paying all my debts I shall go home with borrowed money to pay my railroad fare; but I am not using that as any excuse for your action. I merely mention it to show that my fight has been earnestly made. You have the power to kick me out, if you think best, and I shall take my medicine. They say that I am a hard fighter, but my fight seems to be over in this House. Show me an adversary that I have ever hit beneath the belt or hit when he was down. Show me one. I am a fighter, but I am a fair fighter.

I have never said one word about the House of Representatives or its Members on the outside that I have not stood before you face to face and said it to your teeth. And I am a man who never squawks when my adversary's cold steel pierces my vitals. Gentlemen, I do not apologize to you, because in my inner consciousness of heart, with God as my witness, I do not believe that I have done wrong or that I have done anything more than my duty. I shall take my medicine when you act to-day. Resign? It was suggested that I resign. If your people had given you a solemn commission and you had brought it to Washington and you had been working day and night in their service, with the Constitution of your country, your God, and your conscience as your guide, would you send that commission back to your people or would you retain it? I can not send it back to them. You gentlemen have the power to do it, and when you send it back they have no appeal.

To show you that all people do not look on things as you do, here is a telegram that came from one of the greatest men in this Nation—Fred Cockrell, of Texas. His late distinguished father served faithfully in this House, from my own district.

His father's brother was a distinguished United States Senator from the State of Missouri, the late Senator Francis Cockrell. Judge Fred Cockrell has read this RECORD, every word. He takes it, has copies on file and reads it daily, and here is what Cockrell says:

Hon. THOMAS L. BLANTON,
Washington, D. C.

If Mondell resolution passes—

Now, he, too, mentions this question of politics in the case. He has seen the papers. Politics concerning a man who could not now run for the office of justice of the peace, because when you take his seat away from him he will be just like your steering committee decided, like your majority leader decided, if the paper reports you all correctly, when it said, "The Republicans would not censure him as his Democratic friends wanted. They would expel him, because it would end him politically." "That they wanted to get rid of me; I had caused roll calls, and so forth"——

Mr. MONDELL. The gentleman has referred to me; will he now yield for me to say——

Mr. BLANTON. How much time have I, Mr. Speaker?

The SPEAKER. The gentleman has 10 minutes.

Mr. BLANTON. I hope the gentleman will take his own time because I have——

Mr. MONDELL. The gentleman has referred to my attitude. May I say to him that the first man who suggested expulsion was on his side?

Mr. BLANTON. Mr. Speaker, do not take this out of my time.

The SPEAKER. The gentleman declines to yield.

Mr. BLANTON. Fred Cockrell says:

If Mondell resolution passes book me for as many speeches for reelection to House or Senate as my physical ability will permit. If the Printing Office is so foul that indecent language alone will reach it, then publish it as it is.

FRED COCKRELL.

I saw in the press that the distinguished gentleman from Nebraska [Mr. MCLAUGHLIN] had a resolution to expel me that was more drastic even than the one drafted by the Republican steering committee and I wondered why out in Nebraska Members should have an additional feeling of resentment. I can not account for it at all, but it is only fair that I should mention that a few days ago, under your unanimous consent, I discussed the question of fraternal organizations using war conditions to commit fraud upon their policyholders. There is a fraternal organization with its home office in Nebraska, the Woodmen of the World. I have made numerous Woodmen speeches in my State gratuitously in the last 21 years, urging the poor men of my State to join it as a fraternal organization with insurance protection. I never received a dollar for such a speech in my life. I even paid my own expenses. It was to help my fellowmen, the poor men of my country. There are 900,000 members of that organization in the United States, all poor men, and I showed that in 1919 it admitted, because the actuaries and auditors passed on its accounts and so reported, that it was 62 per cent insolvent, and right in the face of being 62 per cent insolvent the president of that company in 1919 raised his own salary or caused it to be raised from $12,500 to $25,000 a year and then caused the clerk's salary to be raised from $10,000 to $15,000, and they raised the assessment on every man of the 900,000 members of that company. They placed a lien upon their policy of about $300 on each $1,000 and charged interest and said that if the interest was not paid it would accumulate and be held against the widow and children after death. The policy provided $100 for a tombstone. They took even that tombstone away, except under certain conditions. The worst part was they had a meeting in New York last July and the delegates to that convention in New York decided that they would not hold another meeting until the year 1925; 1925 was before they would hold another meeting, and in the meantime the president of that company will draw another $100,000 and the clerk will draw another $60,000 of the poor men's assessments that are paid over to protect their wives and little children when they die. I called upon that president and warned him that if he did not call a meeting in the early part of next year and did not notify the public that he would not draw that additional salary, that I would try to put his company in a Federal receivership. I do not know whether that had any effect on the additional feeling in the resolution from Nebraska or not.

I am where; I do not know where. Gentlemen, this is one of the most honored positions that can be conferred upon a man—to be in the House of Representatives. Some of the greatest men of this Nation have served here. I do not say anything against your protecting its honor, but other men have served here who were the enemies of this Government and that flag and Constitution, who gave help and encouragement to the foreign enemy during the war, and before you kicked them out you gave them several months' time for preparation for trial; you gave them counsel, you permitted them to cross-examine the witnesses appearing against them; you permitted them to do this and that. I am not complaining because you do not accord me the same privilege. You have the power not to do it. I just wanted to mention it, though. There have been other men here who have made speeches on the floor of this House against our war purposes, that some of you men considered were antagonistic to the purposes of this Government and to a certain extent were disloyal. I have not seen any action of expunging or the personal question of their expulsion.

Mr. SNYDER. Will the gentleman yield for a suggestion? You said in the beginning something about your intent. What was your intention in printing this? You have not said a word about that.

Mr. BLANTON. I thought I had mentioned that. I think I said my sole intent was to bring to the attenion of the Congress, as two Members showed in that RECORD they did not know these conditions—to bring to your attention, to the attention of the President of the United States, to the attention of the Vice President, and of the Cabinet this horrible condition in your Government Printing Office, whereby a man could not stay in there unless he joined a union, where unless he joined a union and paid his 10 per cent assessment for this 44-hour printers' strike in the United States he would be kicked out; or, if not kicked out, he would be insulted, with profane and obscene language used to such an extent that he would have to get out if he was a man of ordinary sensibility.

Mr. CHANDLER of New York. Will the gentleman yield? The gentleman has read notices here this morning. Here is one from Wheeling, W. Va., printed in the Star—a supposed interview with the gentleman from Texas, in which this sentence is used:

Any woman or child could read all that I have printed without a single blush of shame.

I ask the gentleman if he said that?

Mr. BLANTON. I absolutely did not; and did not have any such interview.

A MEMBER. Ask him if he thinks so.

Mr. BLANTON. The gentleman knows I do not. Of course, if that matter had not been abbreviated it would have been improper to put in there for even men to read.

Mr. FUNK. Why did you put it in the RECORD so that they could read it?

Mr. BLANTON. Here is what I said to the reporter, and not for publication, and he told me he would not publish anything, just like these reporters here have promised me. I have talked to them, but they have been gentlemen, and they have kept my confidence. I told him what I said myself; I was accused of having made a vile speech; that of every word I said myself there was not a sentence of my own language in that that was improper and could not be used in the presence of women.

Mr. CHANDLER of New York. Will the gentleman yield? When inserting this in the RECORD was the gentleman not well aware that many thousands of these RECORDS would go to libraries and to debating societies, where women could read them and would read them? Is not the gentleman aware of that? Did he think that women could not interpret these abbreviations, and if they could interpret them was it proper to send them to the homes of America for women and children to read?

Mr. BLANTON. I will answer. I do not believe there would have been 20 women in the United States who would have read this article had not their attention been especially called to it

Mr. REAVIS. Would that have been the gentleman's fault?

Mr. BLANTON. One minute. In our home libraries, that each contains a volume, the greatest literary genius, that we all revere and love, Shakespeare, has profane and obscene words in there that I do not like my good little daughter to read, and Balzac has profane and obscene words in his writings that I do not like my little daughter to read—Balzac, that you let the schools of the country teach as one of the standard literary productions of his age. Why, the court records of every State are full of such things, and all of these books go through the mails; but young ladies do not read the obscene literature.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. BLANTON. I am sorry that you took up in questions my few moments remaining.

Mr. CRISP. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 30 minutes. His seat in this House and his good name are involved, and I believe fair play calls for such an extension of time.

The SPEAKER. Is there objection to the request?

There was no objection.

Mr. REAVIS. Will the gentleman yield to me?

The SPEAKER. Will the gentleman yield?

Mr. BLANTON. When the Members become aware of the seriousness of this occasion and give me an opportunity, I will, Mr. Speaker.

Mr. REAVIS. I understood the gentleman to say that he had spent most of the night in trying to come to what was his conscientious duty with reference to this House and this proceeding.

Mr. BLANTON. The gentleman has heard me say that.

Mr. REAVIS. And that he had reached a conclusion he did not regret the occurrence and would not apologize.

Mr. BLANTON. I stated just exactly what the gentleman from Nebraska says, only not with that accent.

Mr. REAVIS. Eliminating the accent, I have stated the gentleman's position?

Mr. BLANTON. I said I did not feel that when an American citizen had been denied employment in his Government service, and he had appealed to a Congressman of the United States to protect him—and in his letter he not only appealed to me but he asked that the Congress of the United States protect him in his rights—and where he had been denied his rights, and where he had been forced to withdraw from the Government service because of the treatment he had received—I said that I would have been an infamous coward had I not brought the condition, the exact condition, not different from what it was, but just like it was—the exact condition, the record like it was, to the attention of the Representatives of this Government and let them pass upon whether the man had been accorded justice or not. It was a seeking after justice for an American citizen that I was after, and I thought over that subject all of last night; I revolved it in my mind from one side to the other. I had to do it from my own experience in life; I could not do it from yours. I could not look at it from your standpoint. I could not look at the facts from your viewpoint. I was the Representative of the seventeenth district of Texas. The Representative of the seventeenth district of Texas had to decide the question. I do not know what was in your minds. I revolved the question over and over, "What else than what I did could I have done to have brought that matter forcibly to the attention of my colleagues, hoping thereby that justice would be done?" Ah, to save my seat I should apologize, you indicate is in the minds of some of my friends; I should thus buy a seat in my Nation's legislative body at the sacrifice of honor. I should resort to buying it.

I come from a State where in 1836, in the historic old Alamo, at San Antonio, Col. William B. Travis drew out his sword and said, "Men who are brave, cross it in defense of country. To cross it means death." There was but one man who failed to cross it. I am not such a man; I will not buy my seat in Congress at the expense of honor or the sacrifice of principle.

Mr. LONGWORTH. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore (Mr. WALSH). Does the gentleman from Texas yield to the gentleman from Ohio?

Mr. BLANTON. I yield to the gentleman.

Mr. LONGWORTH. Do I understand the gentleman to say that since this House by a vote of 300 to 1 decided to expunge the gentleman's remarks from the RECORD he has declared his intention of having additional copies printed for circulation?

Mr. BLANTON. I will tell the gentleman from Ohio frankly, because I do not believe in any other way. That is one of my faults, I suppose; one of my greatest faults. But I come from west Texas, where men speak what they think. They do not camouflage it. They say exactly what is in their hearts. I want to tell the distinguished gentleman from Ohio that there is just one thing that keeps me from putting a copy of that RECORD into the hands of every male constituent of his district and into the hands of every male constituent of every Representative in the United States just as it is—reprint it: If I were able to I would take it to them in person. If I could not send it through the mails I would hand it to them, and I would say, "Here is an appeal from an American citizen to his Congressman for justice, and the Congressman tried to give it to him, and he was kicked out of Congress like a dog." I would send it to the male constituents of the Representative from Ohio, and I would not buy my seat; but I am not financially able. That is my only reason for not doing it.

When you kick me out, as I know you will, I will go home broke, but I am not broken in spirit. I have my self-respect. I will go back there and I will make a place for myself, and I will remove the humiliation you have put upon my dear wife and my dear children, who are just as dear to me as yours are to you. I will get my good name back some day, and I will show the people of the United States that I am entitled to it. There is nothing that I could say that would change your vote. Your minds are made up. If that New York Times article reported the truth, the Republican steering committee, through Mr. MONDELL, means to cut my head off politically through all time in the future.

Mr. JOHNSON of Washington. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. But the man who is not afraid to lose his own head does not consider his political head. Gentlemen, I thank you kindly. [Applause.]

Mr. GARRETT of Tennessee rose.

The SPEAKER pro tempore. For what purpose does the gentleman rise?

Mr. GARRETT of Tennessee. I wish to make a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. GARRETT of Tennessee. Before I do that, I want to say that I had understood, Mr. Speaker, that at some time I would be recognized for an hour.

Mr. MONDELL. If the gentleman from Tennessee has no objection, I should like to yield 10 minutes of my time at this time.

Mr. GARRETT of Tennessee. Very well.

Mr. MONDELL. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. BURTON].

The SPEAKER pro tempore. The gentleman from Ohio is recognized for 10 minutes.

Mr. BURTON. Mr. Speaker and gentlemen of the House, it is a painful task for me to speak on the subject now pending. My personal relations with the Member from Texas have been of a pleasant nature. While many of us here would not approve his bitter attacks upon Mr. Gompers and organized labor, he nevertheless represents a very considerable body of public opinion in that regard, and it is but natural that he should be heard here.

But, Mr. Speaker, let us first eliminate the immaterial in this controversy. I may say as one of those not having the honor to belong to the steering committee, but as one present at the gathering mentioned, that there was no mention of any desire to get rid of the gentleman from Texas; no mention of his eccentricities in regard to procedure which have been distressful to almost the unanimous sentiment of this House. There was one thing under consideration, and that was that he had caused to be inserted in the CONGRESSIONAL RECORD matter unparalleled in its vulgarity and indecency. It is not at all surprising that I have received a letter from the head of a boys' school asking me to discontinue sending copies of the CONGRESSIONAL RECORD to his organization. That article went out into the homes of the United States, before the womanhood and the childhood. Nothing more offensive to purity and cleanliness and decency could have been attempted. What is worse even than that is that the Member from Texas has spoken here for an hour and ten minutes, and not one word of regret, not one word looking to an apology, has he uttered. The most he said was that he would like to leave it to a committee. And when he was asked if he would now circulate this article, running over with its indecency, he says there is but one thing that prevents him from doing it, and that is a lack of funds.

I recognize that he has made an appeal to your sympathies. I recognize that many of you, with myself, sympathize with him in his present position. But what has come over the Member from Texas? Is this mental or moral obliquity or

callousness, that he does not recognize the enormity of the offense? In the first place, it is breaking faith with the House. Permission was granted him to speak of improvements in the Public Printing Office.

Under this leave there has been sent throughout the country this material so contrary to the dignity of the House, so offensive in every way. I care not if a few of his friends may feel it to be perfectly proper. I can not square my opinions with theirs. My friends of this House, though I have made mistakes, I can not allow it to be left in my record in the passing years that I declined to vote for the expulsion of a man guilty of such an offense. Why, if he had swept the sewers and the slums, if he had walked along the roads where uncleanliness and vileness whisper, he could not have surpassed this article. Something has been said about western Texas, but I do not believe that they approve any such article as this. By no means. If so, there is room for education. If so, there is room for new and higher ideals.

And, my colleagues, we have all of us something at stake in this. It is often said that a certain measure of diminished attention has been given to the House of Representatives, that a certain discredit rests upon it. The place of a legislator is not altogether an ideal one. Mr. Macauley once said that a man who held a position in the House of Commons had a career which was characterized by hope without realization, labor without accomplishment, devotion to duty without reward. Whatever may be said of the attention paid to this House in the past and in the present, it is not now lacking in men who with a trumpet tone can utter sentiments of patriotism and of altruism, and who in their inmost thoughts are filled with devotion to country and to humankind. But can we expect that we will be respected by the country if we allow such material as this to go forth? Can we expect that the people will commend the action of Congress if such a thing as this is allowed?

Think of the days of Madison, that splendid patriotic spirit from Virginia; of Clay and of all that grand array from the beginning to the present. Think of such a thing as this having been tolerated in those days! Think of these RECORDS, containing anything of this kind, being placed beside Hansard's Parliamentary Debates of the English House of Commons, the report of the proceedings of the French Chamber of Deputies, or our own annals of Congress. I impress upon you that if we would gain the respect of the people we must first have regard to our own honor and to our own dignity and must exclude the slimy and the vile, and must exclude from this House those who are guilty of imposing it upon us.

The Member from Texas has gone far astray. Whatever his service may have been here, his action in this one regard eclipses and extinguishes all the rest, and places a blot upon his career; a blot not alone upon his career but a reproach to this House of Representatives, a reproach which this day must be removed and I trust will be removed irrespective of party by an overwhelming vote for his expulsion. [Applause.]

The SPEAKER pro tempore (Mr. WALSH). The gentleman from Ohio yields back two minutes. The gentleman from Tennessee [Mr. GARRETT] is recognized for one hour.

Mr. GARRETT of Tennessee. Mr. Speaker, I wish to inquire if it is now in order to offer a substitute? I do not care, of course, to press it to a decision at this time, but I do desire at the proper time to offer a substitute.

Mr. MONDELL. Mr. Speaker, I think the gentleman has the right in his own time to offer a substitute. I desire to reserve all points of order on all substitutes that may be offered.

Mr. GARRETT of Tennessee. I offer a substitute.

The SPEAKER pro tempore. The gentleman from Tennessee offers a substitute, which the Clerk will report.

Mr. LONGWORTH. I understand that this is read for information?

Mr. GARRETT of Tennnessee. I offer it.

The Clerk read as follows:

Whereas THOMAS L. BLANTON, a Representative in Congress from the State of Texas, did, on the 4th day of October, 1921, ask unanimous consent to extend his remarks in the CONGRESSIONAL RECORD "upon the improvements in the Government Printing Office," which consent was granted by the House; and

Whereas under the permission thus obtained the said THOMAS L. BLANTON did insert and cause to be printed in the CONGRESSIONAL RECORD for Saturday, October 22, 1921, a certain letter or communication purporting to have been written by one Millard French to George H. Carter, Public Printer, which said communication contained language that was so indecent, obscene, vulgar, and vile as to render it unmailable had it been contained in any other than an official publication; and

Whereas the said THOMAS L. BLANTON by taking the responsibility of inserting such matter in the CONGRESSIONAL RECORD has offered an indignity to the House of which he is a Member and to the people represented by the membership of the Congress whose official organ the publication is, for which he deserves the severe rebuke and censure of the House: Therefore be it

Resolved, That the said THOMAS L. BLANTON be, and he is hereby, voted the censure of this body, and the Speaker of the House is hereby directed to summon him to the bar of the House and deliver to him its reprimand and censure.

Mr. MONDELL. Mr. Speaker, I make the point of order that the substitute is not germane to the subject matter of the resolution.

Mr. GARRETT of Tennessee. Is it agreeable to the gentleman to reserve the point of order and let the debate continue?

Mr. MONDELL. Yes.

Mr. GARRETT of Tennessee. Mr. Speaker, of all things which I desire, I think I desire most to be just to all my fellow men, and that without reference to their religious creed, their political beliefs, their race, their eccentricities, or their temperaments.

Since I learned a few moments before this resolution was presented by the gentleman from Wyoming that it was to be presented, it has been almost constantly in my thought during my waking hours. I realized that I was to be called upon to meet a situation which I had never confronted before. I have sought with all the diligence possible to prevent this matter from taking on the slightest appearance of being affected by political affiliations or divisions. In speaking now I speak only for myself; but from conversations had with many Members of the House upon both sides I do know that I voice the sentiment of many at least of them, although not speaking as their representative, that to impose the extreme penalty of expulsion upon the Member from Texas is a punishment that the offense does not merit.

In saying that, Mr. Speaker, I do not for one moment set down aught in extenuation of what the gentleman from Texas inserted in the RECORD. I make no effort to palliate or excuse. It is my judgment, deliberately formed, after earnest, and I hope conscientious study, that the offense does deserve severe rebuke and censure, and so this resolution which has been read at the desk has been presented and will, if the parliamentary situation shall permit, and I trust that it may permit, will be formally offered to the end that the judgment of this House may be expressed upon that question.

Mr. Speaker, I reserve the remainder of my time, and I yield 10 minutes to the gentleman from Pennsylvania [Mr. GRAHAM].

Mr. GRAHAM of Pennsylvania. Mr. Speaker and fellow Members, I take the floor on this occasion with a feeling of deep regret that I am arising in opposition to the resolution offered by the majority leader, but I am obliged to do so by a conscientious distinction in my own mind in regard to the question of punishment. When yesterday morning I learned for the first time that a resolution of expulsion was to be presented to this House, I then read thoroughly and completely and thoughtfully the whole of the speech that was inserted by the gentleman from Texas in the RECORD. I want to give to the House an exact statement of the impression which the reading of this as a lawyer made upon my mind. * * *

This is a resolution of expulsion. Under the situation the House has a right to judge of the qualifications and to punish disorderly and improper conduct of its Members. The action in that respect is unlike an impeachment, which is simply to remove one from office; this is a question of punishment. I said to myself nothing can be expressed by me in condonation of the publication of this article. Gentlemen agree that it should not have gone into the RECORD, and I voted to expunge the whole speech from the CONGRESSIONAL RECORD. But to my mind, in reading it there occurred this differentiation on the question of punishment. If this article had been inserted for the purpose of disseminating something that was blasphemous and obscene, I would vote to expel and add to the force of the expulsion that which would make it felt.

When we take the gentleman himself as an exhibit, as he displayed himself here to-day—and every court in inflicting punishment judges a man and the act, justly and properly—when you regard this gentleman from Texas with his intensity, with his zeal that makes a bigot, that when enlisted in an attack on a cause makes him a partisan in the extreme, you must consider that in connection with what he was doing. He very justly said that intent after all is the vital thing in judging any offense which savors of criminality.

What was his intent in inserting this article in the RECORD? Was it to be blasphemous; was it to be obscene? Not a man in this House can honestly and truthfully say that that is true. It is not true. He was fighting an evil, an evil that he believed to exist honestly and fairly, and he was marshaling all the evidence that would prove that evil did exist, and among other things he inserted a sworn statement which had been sent to him as evidence of this state of affairs in a public office under

this Government. The real obscenity, the real blasphemous words, occurred in the Government Printing Office, if the affidavit be true. This man was simply calling your attention, and my attention, and the attention of the Congress of the United States to the conduct of that Government office which he claimed deserved rebuke, censure, and perhaps punishment.

I hold no brief for the gentleman from Texas. I have scarcely exchanged words with him since he and I have been in this House. I am speaking only and solely from a sense of duty. There is a line of differentiation between that which has for its purpose the expression of blasphemy and obscenity and that which has for its purpose the correction of an evil.

This man wanted you to know the height and breadth and the depth and the ignominy of the conditions against which he was inveighing. I know not whether it be true or false, but he believed it, and he was simply marshaling the evidence which in his mind sustains the charges he was making against a system; a system which he has been fighting unremittingly ever since I have heard his voice on the floor of Congress.

I ask you gentlemen of the House to remember this, that while we are acting upon this resolution no personal feeling should be allowed to enter our thought or our judgment. If this man has been a source of annoyance until he has created an atmosphere of antagonism, you have no right to allow that to enter into your judgment of his case or into the degree of his punishment. You must not administer excessive punishment. In my humble judgment, and I speak for myself alone, expulsion is an excessive punishment and ought not to be administered at the hands of this House. Let him be censured; let him be censured at the bar of this House by the Speaker of the House, and made to feel that the act which he did was an erroneous and improper one; that he had no right to marshal this evidence and put it in the public RECORD where through our acts, not his, it is disseminated throughout the country. Distribution is our act and not his. He knew that it would be distributed, perhaps he thought of it and perhaps he did not, but there is only one thing upon which we can act and base our judgment, and that is, what was his motive? And I say to you that while the act itself is indefensible, the motive makes the punishment of expulsion indefensible. [Applause.]

Mr. MONDELL. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. COCKRAN].

Mr. COCKRAN. Mr. Speaker, it is with feelings of the utmost regret, more painful feelings than I have ever experienced in this body, or than I could ever apprehend to be among the experiences likely to befall me as a Member, that I find myself impelled, from regard for the House and its dignity, from regard for the safety of public morals and the credit of representative government, to support the resolution introduced by the gentleman from Wyoming [Mr. MONDELL].

I should gladly take refuge from this necessity—a necessity imposed upon me by my conscience and my sense of duty—in support of the resolution offered by the gentleman from Tennessee [Mr. GARRETT], the leader of my own side, but I must confess that after the action of Mr. BLANTON here to-day, censure of his conduct would reflect more upon the House than it could upon that Member. [Applause.]

Let us realize the actual condition in which we are placed. The gentleman from Pennsylvania [Mr. GRAHAM]—as I think does everybody in this House—agrees that the publication we are considering was a gross offense, not merely against parliamentary propriety but against all morals and against all law. It might have been that we could have extended leniency to him and considered the motive that governed him—which I am quite willing to concede was not a deliberate purpose to corrupt morals or pander to pruriency—had he not boldly assumed full responsibility for it now that he knows the effect it has produced. God knows I was ready, entering this House to-day, to extend to his conduct every presumption of good intent that could possibly govern a human action in itself reprehensible, if only the Member from Texas [Mr. BLANTON] had given me a chance to do it. But, Mr. Speaker, when that Member stood on this floor and stated deliberately that he did nothing for which he wished to offer an apology, but that he had done a thing which he would repeat if he had the financial ability to make the repetition effective, then all room or reason for speculation about his motive was swept away. Whatever he may have intended when he sent that obscene matter to be printed, however little he may have realized then the enormity of that act, there can be no doubt that he knows now the degree to which it may act as a force for the corruption of morals, and when he declares in the light of all that has been said on the subject his readiness to give those unspeakable obscenities wider circulation, then, Mr. Speaker, if we continue association with him and by allowing him to remain a Member of this House empower him to repeat the offense for which he refuses to apologize, we make ourselves responsible for any tide of depravity, however foul, that may flow in the future from the same source. I do not believe if we assume that attitude we can return to our constituencies with any right to claim that we have done our duty in guarding the honor of Congress and in saving American citizenship from the injury it must suffer through such degradation of its chief representative body.

Mr. Speaker, let us consider just what this offense is, and I make due allowance for the fact that the Member who committed it was encouraged to take liberties with this House by the practice which has grown up of allowing the "extension of remarks," which have never been "remarked" on this floor, in the CONGRESSIONAL RECORD. This experience shows conclusively and strikingly that such a system is not merely unwise in point of parliamentary methods, but, I think, it is a violation of morals. For instead of recording accurately it misrepresents continuously to the country the character of our proceedings here. It conveys every day to the people the assertion—as in this very case—that things have been said on this floor which have never been uttered, that repartees have been exchanged which never have been heard, that views have been expressed and allowed to go without challenge which if actually aired by anyone would have provoked immediate opposition and criticism. But all these circumstances might properly be considered in mitigating the moral turpitude of this act, provided its enormity were acknowledged even now by its author. We might properly take into account his personal characteristics—his fanaticism as the gentleman from Pennsylvania described it—in extenuation of this conduct, which all of us concede to be reprehensible, which most of us deem to be loathsome, if he had but apologized, or even had said that he would not repeat it. But in view of his own words here to-day, I ask, of what value could mere censure of this man be? He has said that what he has done he will repeat. Your censure would not change his judgment of its propriety. He would still, according to his own statement, be bound in conscience as a representative of the people to repeat it if occasion arose—and occasion for such a speech is almost certain to recur, and to recur frequently, and if this act of making the CONGRESSIONAL RECORD a vehicle for publication and diffusion of stuff so unspeakably loathsome be dismissed with a mere expression of our opinion of its propriety, then the House gives him license to repeat it whenever his own notion of propriety may lead him to think such a course is advisable. Now, the crucial fact which we can not escape is that he can not possibly repeat this act—which we all agree is deplorably obscene—unless we give him the power to do it by allowing him to occupy a seat in this House. This is the position he has created for us to-day. We can not escape it. Either we must express toleration, which means approval of this thing, or we must condemn it by making its repetition impossible. There is but one way in which repetition can be made impossible, and that is by expulsion.

The gentleman from Pennsylvania [Mr. GRAHAM], brilliant lawyer that he is, objects to expulsion on the ground that it would be an excessive punishment, and he has discoursed learnedly and eloquently about sufficiency of punishment. There is no element of punishment here. There is no element of punishment in any proceeding which simply affects the holding of a public office, as I had occasion to point out to this House many years ago, when the question of impeaching Judge Swayne, of Florida, was pending.

Gentlemen were appealing then to many maxims and principles of the ordinary law, such as the presumption of innocence or the doctrine of reasonable doubt. I then pointed out that all of those principles and maxims and doctrines belonged to what is known as the common law. They do not affect the "law of Parliament," as was pointed out by Edmund Burke in his memorable report to the English House of Commons on the long delay of the proceedings in the impeachment of Warren Hastings. And the law of Parliament is also the law of Congress. When a man is brought before the House to answer for the administration of an office there is no presumption in his favor. He is in the position of a trustee called upon to account for his trust. If any presumption exists at all, it is that he is always held to the strictest responsibility for the exercise of a power placed in his hands not for his own benefit or glorification but for the welfare of the State—that is to say, of all the people. And when a Representative takes this floor he assumes a trust not alone to the people of the district that chose him but to the whole Nation, for which this body, representing the whole Nation, can always require him to account. When his remarks are inserted in the RECORD they are to be judged by their value to the body politic—by their effect upon

the people of this country. There is no presumption in his favor. He has no right to the office except that which he holds from the Constitution, and when he forfeits that right by conduct which the Constitution and the laws declare to be infamous he can not be retained here without extending his infamy to this House that tolerates it. [Applause.]

Let us consider for one moment the character of the offense. He practically admitted its enormity, although quite unconsciously, when in answer to the gentleman from Ohio [Mr. LONGWORTH] he said that he would gladly put a copy of these obscenities in the hands of every male voter in Mr. LONGWORTH's district. Mr. Speaker, the male voter is only half the constituency now. Why would he not put it in the hands of the female voter? Because even his depraved sense of manhood recoiled from the thought of placing such filth under the eyes of pure American women. Oh, but he says he has taken the precaution to eliminate much of the language and to substitute for the worst expressions dashes or blanks between the first and the last letters of each word.

Mr. Speaker, I regard that as an aggravation of the offense. Certainly, it is an aggravation of the injury. I do not think that ever before was there placed in print anywhere, even in the worst specimens of pornographic literature which are prohibited by statute from circulation through the mails under severe penalties, anything so appallingly filthy, obscene, and impure as these words that are embraced in that speech. The effect of employing dashes between the first and last letters of the filthiest expressions instead of writing them out in full was to provoke additional curiosity. It was to lead many persons—women among them—to ask what those dashes meant. If they had been written in full, I do not believe that among a thousand men one could be found willing to continue reading them after their character had been indicated by the first of them. The inevitable result was to awaken in minds that had never heard of such bestialities curiosities that could not be satisfied without grave injury to morals. So inconceivably base are they that even seasoned sinners must have found in that publication suggestions of depravities that they had never before heard of.

That is the effect—the deplorable effect—of placing these obscenities in circulation. That a Government publication should have been made the agency to bring such horrible stuff under the eyes of women and children, of persons whose minds are just expanding into knowledge of life and its mysteries, awakening in them curiosities about depravities knowledge of which should be withheld from them as long as possible, is an outrage upon the people of this country so awful that nothing but the severest punishment of the person responsible for it—who refuses to apologize for it—can expiate. I thank God that three-quarters of the people who will read this stuff will not understand it. But for that reason they will ask explanations. And those explanations must spread knowledge of depravities in quarters where it may work demoralization that can not fail to be in the last degree deplorable. The very knowledge of such enormities is a dangerous thing. As the poet Pope has sung:

> Vice is a monster of such horrid mien,
> That to be hated needs but to be seen;
> But seen too oft, familiar with her face,
> We first endure, then pity, then embrace.

I do not believe, thank God, that vice such as this publication describes would ever be embraced by many human beings. But the fact remains that the first step toward such deep demoralization is information of those infamies, and that first step has been taken by all those who have read the speech which the CONGRESSIONAL RECORD has placed under their eyes.

What can this House do that is commensurate with this offense? It has been said, censure him. The offending Member has shown he cares nothing about censure; he invites expulsion. He is apparently possessed of the idea—God help us all if it be true—that there is somewhere or other in this country a constituency which would reelect him on the issue of his right to use the CONGRESSIONAL RECORD for dissemination of obscenity. I think he said with some degree of boastfulness that the people of Texas—at least in that part of Texas from which he comes—always say what is in their minds, leaving us to infer that the loathsome stuff for which he assumes responsibility is what they would express. Well, if that be so, the best thing that could happen for us, for that district, and the world would be for a plague of universal dumbness to fall upon its inhabitants.

If that is the kind of matter that a constituency anywhere in this country would tolerate and approve, it is well we should know it. It would be, indeed, deplorable if a constituency or a State should elect a man to high office on the issue of his right to distribute among women and children, through the CONGRESSIONAL RECORD, obscenities which I do not believe any considerable number of you would allow to be uttered in their presence. But while that would be deplorable, it would not be half so deplorable as if the House of Representatives deliberately tolerated such an outrage upon decency by failure to take the one and only effective way to prevent its recurrence. Remember, he has never said he will not repeat this act. He has protested he would. Your censure can not prevent recurrence of it. Expulsion can prevent it. And therefore expulsion becomes a duty you can not evade without becoming yourselves parties to the infamy. If we do less than this we will not have taken the only remedy that is effective. Failure to take the only remedy that is effective will be toleration of that which is disgraceful to ourselves, discreditable to the House, unspeakably debasing to morals, and immeasurably injurious to the credit and the welfare of the country. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, I regret that my conception of my duty on this occasion precludes me from following the example of the gentleman who preceded me, in approaching this problem as an advocate or as a prosecutor, but compels me to believe that it is the function of a Member of this House, faced with a question of expulsion, to act as a judge, and as a judge to shut his eyes to many of the considerations that have been brought to our attention. Justice is blindfold; justice requires that in the determination either of fact or of penalty there shall be no consideration of extraneous circumstances. It is true that with every other Member of this House I approach this case tempted by my recollection of the record of the Member from Texas to introduce that record into the reaching of a conclusion. I recall that in the Sixty-sixth Congress on 126 occasions he compelled a roll call, thus consuming more than 10 days of the time of the House, uselessly in my belief, so filching from me and every other Member 10 days of life. But he kept within the limits of the Constitution. I remember how time and again he has given us occasion for annoyance by his methods of obstructing the processes of legislation, but I must confess he usually has kept within the four corners of the rules of the House. This annoyance, too, must be shut out of our recollection. In the time allotted to him to-day he has given the appearance of inviting and inciting us to impose upon him the extreme penalty. In the face of what he has just said it is even more difficult than before calmly to reach an unprejudiced conclusion. Yet it is our duty wholly to exclude these things from our minds in determining what should herein be done, with the welfare of our institutions in mind. We are building day by day higher still the walls of the fortress of our liberties by adding block after block to the structure of parliamentary law. To-day we may place upon those walls another useful stone if we wisely decide our course in a matter virtually without precedent in the history of legislative assemblies on this side of the ocean.

I should but reiterate the remarks of the gentleman from Pennsylvania [Mr. GRAHAM] if I cautioned you at any length as to the duty of making the penalty proportionate to the offense. Only three times in the history of this House has a Member been expelled, and in each of those cases it was on account of the treasonable condition of the Member concerned. Two of the men were in the field against the Union forces and the third at the head of a provisional government contemplating secession from the United States. Now, calmly, without prejudice, without passion, let us ask ourselves whether it is wise, whether it is right, to place this man's offense upon the level with treason. Like the gentleman from Pennsylvania [Mr. GRAHAM], I have no word to say in palliation or extenuation. The offense smells to Heaven. In the nostrils of righteous-minded men it is a rank and hateful offense. But is this the penalty that should be imposed, the penalty of expulsion?

I doubt if even the attitude that should be taken toward expulsion has been better expressed than in the report of the Poland Committee on the Credit Mobilier scandal in 1873. It found the same purpose in impeachment and expulsion. It said:

> The great purpose of the power of impeachment is to remove an unfit and unworthy incumbent from office, and though a judgment of impeachment may to some extent operate as a punishment, that is not its principal object. Members of Congress are not subject to be impeached, but may be expelled, and the principal purpose of expulsion is not as punishment, but to remove a Member whose character and conduct show that he is an unfit man to participate in the deliberations and decisions of the body, and whose presence in it tends to bring the body into contempt and disgrace.

Mark you that phrase, "bring the body into contempt and disgrace." I realize that many gentlemen are anxious to vote in this matter solely according to what they believe to be the

dictates of conscience. They say it is their duty to vote for what they believe to be right regardless of the result, but when you face the true meaning of expulsion you must realize that not only the character of the House is at stake but also the reputation of the House. We build our character.

The world builds our reputation. In the issue before us here both character and reputation are involved. That is why not only we have the right but also it is our obligation to consider what will be the effect of our course on the reputation of the House.

Let experience throw light thereon.

I told you this matter was without a precedent in our annals. But it is not without precedent in the history of parliamentary bodies, for a little more than 150 years ago in the English Parliament John Wilkes, under circumstances remarkably analogous to these, was confronted by expulsion. In 1763 for attacking the Government in that famous No. 45 of the North Briton, he had been sent to the Tower. Soon after his release he printed a little book containing a parody on Pope's Essay on Man, a paraphrase of the Veni Creator, and other poems. The Government learned of these and proceeded to use them as a weapon with which it was meant to crush Wilkes. In 1769 they were advanced as one of three reasons why he should be expelled from the House of Commons. In the Essay on Woman he had written, or at any rate printed, what according to contemporary judgment was the most indecent and blasphemous poem that had ever been composed. What followed? When the people came to build the reputation of John Wilkes they ignored his obscenity and his blasphemy. They fixed their eyes on what John Wilkes had done for them and, whether mistaken or not, whether right or wrong, they based judgment on that alone, and they made him for a time the most popular man in England. Who to-day will say they erred? Who will say the House of Commons did not err?

The Member from Texas was, of course, wholly wrong in saying there is no appeal from the decision of this tribunal. There is an appeal to the people, and who can doubt that if he is expelled it will be made? Not alone to the people of his district and his State, but to the people of all the land will that appeal be made. Therefore, we may well observe and well profit by what happened when John Wilkes appealed to the people of England after an expulsion from Parliament based in part upon obscenity and blasphemy.

The people showered him with gifts and honors. They reelected him to Parliament. He was rejected. Again and again he was reelected, only to be again and again rejected. At last he was perforce accepted by the House of Commons, and a dozen years or so later that same body expunged from its rolls the stain upon his record.

Mark you what may be done in the present instance. The Member from Texas may go forth and say "These were not my words; these were the words of a Government employee, and words that I believed ought to be called to the attention of the people. My purpose was honorable and high." That may or may not be false. Who shall search the heart and determine? God alone is the searcher of hearts. False or true, it will be said, and false or true the people of the land in building our reputation, in deciding whether they shall place greater or less faith in the Congress of the United States, whether they shall have more or less confidence in their representation under this dome—the people of the United States, as sure as the sun is in the sky, will say we did not expel this man for the reason that might well animate every Representative here; that we did not expel him because we believed him an unfit Member, but that we expelled him for reasons not to the credit of the House. You and I know how this will be exploited. Of all times in our lives was there ever a more inopportune moment to permit the inference to be drawn that in our attitude on this case we saw fit to pass judgment on the problems of organized labor?

Mr. FESS. Will the gentleman yield to a question there?

Mr. LUCE. Certainly.

Mr. FESS. The gentleman agrees the matter that was circulated should not have been circulated?

Mr. LUCE. Absolutely.

Mr. FESS. And also the gentleman agrees that in the degree that we can go we ought to prevent it in the future?

Mr. LUCE. Absolutely.

Mr. FESS. What assurance has the House under the statement of the gentleman from Texas in his defense that the thing will not be repeated whenever the opportunity arises, unless we take this action?

Mr. LUCE. We have no assurance whatever. If he again knocks at our doors, as did John Wilkes, we shall either admit or reject him. Sooner or later, if he persists, as did John Wilkes, we will admit him, and then we will be at his mercy, just as we are at this moment at the mercy of each other. Our only final recourse is the power of public opinion.

Mr. FESS. Will the gentleman further yield?

Mr. LUCE. I will.

Mr. FESS. I came into the room with the same feeling that the gentleman is expressing now on the floor. Until I heard the statement of the gentleman from Texas I was inclined to resist the vote of expulsion. But the gentleman from Texas has put me in an attitude where it is either a vote of expulsion or else I am excusing what he did and giving him the opportunity to continue it in the future. That is the position I am in, and I think my duty to public decency is to say, so far as I can, that this thing should not be repeated with our approval. It strikes me that it will be an approval if we do not take this drastic attitude.

Mr. LUCE. I have been embarrassed in that particular precisely like the gentleman from Ohio. The words of the Member from Texas have made it yet more difficult for me to do what I conceive to be my duty. But I am not voting only for to-day; I am voting for to-morrow as well. A seemingly righteous precedent set now may be turned to unrighteous ends next year. There is no legislator in the United States who may not be put in danger of his political life if it is once embedded in the parliamentary law of the land that men may be expelled from lawmaking bodies for such reason. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. MONDELL. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. WALSH].

The SPEAKER. The gentleman from Massachusetts is recognized for five minutes.

Mr. WALSH. Mr. Speaker, the resolution presented by the gentleman from Wyoming [Mr. MONDELL] brings the Member from Texas before the bar of this House for an alleged offense against the dignity of the House, contrary to its rules, and against good morals and decency. The action and statements of the Member from Texas to-day bring the House of Representatives before the bar of public opinion of the United States of America. A government can not punish itself. The legislative branch of this Government can only purge itself if within its membership there be found one or more who have violated the rules of the House or committed an offense which, had it been done in his individual capacity, would, under the laws that we have made, representing the people of the country, have made him subject to severe punishment.

I recall the words of the gentleman who preceded me, my colleague, Mr. LUCE, to the effect that we might misjudge the motives of the Member from Texas, and therefore we should or ought to hesitate, yea, to fear to do our duty in the premises. Mr. Speaker, the Member from Texas caused to be inserted in the official RECORD of the proceedings of this Congress language unfit for repetition upon this floor, language not used in conversation between men of normal minds and good character. He has said here to-day that he would cause that to be circulated were it not for the expense.

I say that his action here to-day has brought us before the bar of the opinion of the good and decent manhood and womanhood of America to answer the question, whether we desire, when one of our Members has committed that action and has gone to that extent, to say to the country at large that we take our duties only so seriously that we prize the position that we hold only to that extent that, having offered to repeat that offense, we will bring him before the bar of the House and say, "You should not have done it, but you may continue here your membership."

Ah, no, Mr. Speaker; even though this establishes a precedent, the seriousness of this offense warrants us in establishing that precedent and saying to the country that our aspirations here are to keep this body clean and pure; that we will not permit to be sent forth through the mails and put into the official RECORD language that is not only an insult to ourselves but to the people who make up this great Government. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. RAYBURN].

The SPEAKER. The gentleman from Texas is recognized for five minutes.

Mr. RAYBURN. Mr. Speaker, I shall not support the resolution offered by the gentleman from Wyoming [Mr. MONDELL], and in order that I may not be misunderstood, I have sought this opportunity of expressing myself.

I agree with the gentleman from Tennessee [Mr. GARRETT] and with his resolution that the punishment proposed in the resolution of the gentleman from Wyoming is probably itself too severe for the crime committed. But when I say that, I do not intend to be understood to condone anything that the gentleman from Texas [Mr. BLANTON] has done.

I agree with the resolution offered by the gentleman from Tennessee that the language which he inserted in the RECORD is indecent, is vile, is vulgar, and is unspeakable. Even though my colleague from Texas seeks to be the leader in a great cause, the matter that he inserted in the RECORD and the reflection that he made upon the membership of this House are a very high price, indeed, to pay for cheap notoriety as the leader of any cause. I believe that the English language can not be too strong in the drawing of a resolution of censure of my colleague from Texas for this breach of the privileges and the confidence of the Membership of this House. [Applause.]

Mr. Speaker, I yield back the remainder of my time.

The SPEAKER. The gentleman from Texas yields back one minute.

Mr. MONDELL. Mr. Speaker, will the gentleman from Tennessee [Mr. GARRETT] use some of his time?

Mr. GARRETT of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BLACK].

The SPEAKER. The gentleman from Texas is recognized for five minutes.

Mr. BLACK. Mr. Speaker, I do not know that I shall use even the whole of the five minutes' time that has been yielded to me, because this is a question upon which I have found so little difficulty in making up my mind that it will take but a very brief time to state my reasons for my vote upon the pending propositions. From the very outset it has been very clear to me that the gentleman from Texas [Mr. BLANTON] violated the rules of the House when he inserted the objectionable affidavit. Therefore on last Monday I voted without a moment's hesitation to strike his extension of remarks from the permanent CONGRESSIONAL RECORD, and I think a resolution of censure for his insertion of such objectionable matter would be entirely proper. But I think a resolution of expulsion is entirely too severe a punishment for the offense, and I will not vote for it. Therefore I shall support the resolution offered by the gentleman from Tennessee [Mr. GARRETT], if it is held in order. If that resolution should be held out of order or if its adoption should fail by a vote of the House, then I shall not hesitate to vigorously oppose the resolution of the gentleman from Wyoming [Mr. MONDELL].

Since I have been a Member of this House I have not sought to make a reputation as a speaker or an orator. I have not sought to impress the House with any pretense of being a parliamentary expert or as having any profound knowledge of statecraft, but I have tried to impress my fellow Members by my speeches and votes that I have a sense of fairness and justice. Whether I have succeeded in so impressing the House is not for me to say. But whatever sense of justice I do have leads me to believe that the ends of justice would be entirely served by the passage of a resolution of censure. There are many reasons which I could state as to why I believe such method of punishment would be entirely adequate, but lack of time, of course, forbids that I go into these reasons at any length. I will state, however, that expulsion from the House is capital punishment, so far as legislative procedure is concerned, and should be resorted to only in the most extreme and aggravated cases. I do not regard this as such a case.

Mr. HILL. Mr. Speaker, will the gentleman yield for a question?

Mr. BLACK. No; because I have only five minutes.

The SPEAKER. The gentleman declines to yield.

Mr. BLACK. Now, the gentleman from New York, the eloquent Mr. COCKRAN, says this is not a question of punishment, and therefore the question of gradations in punishment has no place in a case of this sort. That is rather a strong statement to be made by one of such wide learning and legislative experience as the gentleman from New York.

He surely forgets for the moment that the very constitutional provision under which we are proceeding—section 5, Article I, of the Constitution says that—

Each House may punish its Members for disorderly behavior, and with the concurrence of two-thirds expel a Member.

It is that very provision which enables the House to act at all in a case of this kind. Without such authority we would have no power to punish a Member at all. Right underneath the provision of the Constitution which I have just quoted in the House Manual and Digest is this statement:

The two methods of punishment are censure and expulsion.

So the gentleman from New York was very wide of the mark when he said that in dealing with a case of this kind we should not consider the gradations of punishment.

And while I am at this point discussing for the moment the remarks of the gentleman from New York [Mr. COCKRAN], I want to take the opportunity to call attention to one unfair statement which he made, whether intentionally or inadvertently, I do not know. He said that Mr. BLANTON, in his argument before the House, said that he represented a district in west Texas where the people spoke out openly and freely.

The SPEAKER. The time of the gentleman has expired.

Mr. BLACK. Will the gentleman yield to me two minutes more?

Mr. GARRETT of Tennessee. I yield to the gentleman two minutes more.

Mr. BLACK. And that Mr. BLANTON had sought to leave the impression with the House that these people would freely approve the use of language such as was in the affidavit. Now, all who heard Mr. BLANTON'S statement know that no remarks that he made could be construed to that effect, nor did he seek to leave any such impression. What he did say, in substance, was: "That his people, understanding the circumstances under which such language was inserted, would not condemn him for it." Whether they would or would not, is not for me to say. But in arguing this question let us be fair to him and not put into his speech an impression which he did not intend to convey. The gentleman from Wyoming [Mr. MONDELL] is usually a very fair man, a man of good temper, and yet he took the RECORD and sought to make the House believe that Mr. BLANTON'S extension of remarks was so written that it was intended to make the people believe that it was a speech which he had delivered on the floor of the House.

Mr. MONDELL. Will the gentleman yield?

Mr. BLACK. In just a moment, then I will. Now, the extension of Mr. BLANTON'S remarks is headed at the outset—

Extension of remarks of Hon. THOMAS L. BLANTON—

just as we all head our extensions of remarks when we make them. Then the gentleman from Wyoming complains that the gentleman from Texas [Mr. BLANTON] throughout the extension of his remarks says, "Mr. Speaker," Mr. Speaker this, and Mr. Speaker that. I submit to every fair-minded man in the House that it is the universal custom of Members to use the expression "Mr. Speaker" in their extension of remarks. Some use the expression more than others, but that it is the universal practice of Members I believe no one will dispute. Therefore I think that the gentleman from Wyoming might well, indeed, have omitted that statement from his speech. Now I yield to the gentleman from Wyoming.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. GARRETT of Tennessee. Mr. Speaker, may I ask how the time is?

The SPEAKER. The gentleman from Tennessee has 20 minutes remaining and the gentleman from Wyoming 15.

Mr. GARRETT of Tennessee. I yield 10 minutes to the gentleman from Texas [Mr. CONNALLY].

Mr. CONNALLY of Texas. Mr. Speaker and gentlemen of the House, I shall vote for the substitute offered by the gentleman from Tennessee [Mr. GARRETT] in case it is held in order. I desire to accompany the statement of that conclusion with a few words respecting this case. The gentleman from Texas [Mr. BLANTON] in making his remarks before the House this morning quoted some newspaper report as having said that Members of the Texas delegation were meeting or caucusing with respect to this case and that political considerations were said to be of influence among that membership. I desire to say for myself and for all members of the Texas delegation with whom I have had the opportunity to consult after that statement was made that the delegation has at no time had any meeting, has at no time had any caucus, has at no time pursued any concerted action with reference to this particular case. Nor have the members of that delegation, either individually or collectively, so far as I am able to ascertain, been influenced, nor will they be influenced in casting their votes, by any political or extraneous consideration, and that the only possible motive which may influence them other than the dictates of their consciences may be impulses of leniency and consideration. The Members of this House, I believe, will bear witness that the Texas delegation is a fair average of the delegations that sit in this body. [Applause.] And I want to disabuse the mind of the gentleman from Texas [Mr. BLANTON] and the minds of those who have heard him, of the idea that there has been at any time any effort whatever to let political considerations govern our action in this regard. So far as I know, the delegation, not collectively but in their individual capacities,

will vote largely against the resolution of expulsion and in favor of the substitute resolution offered by the gentleman from Tennessee [Mr. GARRETT].

The gentleman from Texas [Mr. BLANTON] was absent a few days ago when the resolution of expulsion was introduced. I myself sought to get in communication with him and his office in order to advise him of these proceedings, with no purpose other than a simple desire that any man might have an opportunity to know of a transaction of this kind that had taken place in his absence, and especially a Member from my State. Later I felt an impulse to go to him and say something to him about it; but it is perhaps fortunate that I did not, because I heard him on this floor this morning make the statement that some who had come to him and counseled with him and advised him pretended to be his friends but were not in fact his friends; and a fear that I might be likewise misunderstood influenced me in not making advances to him in that regard.

I shall not be influenced by any personal consideration whatever. I want to say, gentlemen of the House, that expulsion from this body is a severe punishment for any offense. I can not condone or excuse the language contained in the extension of remarks of the gentleman [Mr. BLANTON], whether his own language or whether that of another, placed in the RECORD under the sanction of his approval. I can not believe that that language is fit for any publication. It is not fit to be uttered on the floor of this chamber or upon the floor of any other chamber, but as a Member of this House I can not vote to expel him from this body for that conduct. We must remember, as was so well expressed by the gentleman from Pennsylvania [Mr. GRAHAM], that in inflicting punishment for an offense the intent, motives, and feelings of the person who is charged with the offense must be taken into consideration, and I believe that those who witnessed the gentleman from Texas [Mr. BLANTON] here this morning have come to believe that he did not regard the use of this language as being offensive to the degree that other gentlemen on this floor regard it as offensive.

And so, gentlemen of the House, I am going to appeal to this membership not to expel the gentleman from Texas [Mr. BLANTON]. If you see fit, adopt a resolution of censure and let it remain here on the records of this House as a punishment for his offense in placing matters so vile and filthy in the records of this House. We must remember that perhaps he has become so obsessed with following some purpose in which he has enlisted that he does not see clearly many things that transpire, that he is so intent on pursuing this particular purpose that he has failed to appreciate the gravity of the offensiveness of the language and has failed to appreciate the depths of shame which such language ought necessarily to bring to anyone who contemplates its character.

And so, Mr. Speaker and gentlemen of the House, representing no one except myself, but speaking what I believe to be the sentiment of every Member from Texas other than the gentleman now before the bar of this House, I want to repudiate utterly the idea that any motive shall find consideration within our breasts except even and exact fairness, tempered with consideration for the gentleman from Texas [Mr. BLANTON]. And I ask the membership of this House not to expel him, but to adopt a censure which shall express the regret and the reprobation of this House for the course of action which he, in his misdirected effort, and perhaps his unconsciousness of its gravity, has seen fit to inflict upon the dignity and the privileges of this body. [Applause.]

Mr. COCKRAN. Will the gentleman yield?

Mr. CONNALLY of Texas. I would rather not yield at present.

Mr. MONDELL. Mr. Speaker, I yield two and a half minutes to the gentleman from Texas [Mr. WURZBACH].

Mr. WURZBACH. Mr. Speaker and gentlemen of the House, I want to say that I am fully conscious of the solemnity of this occasion. When I came this morning I had fully intended not to participate, even in the vote upon this resolution. I certainly did not intend to speak upon it. Since hearing the gentleman from Texas [Mr. BLANTON], in his own defense, I can not do otherwise than to vote in favor of the resolution presented by the gentleman from Wyoming. Mr. BLANTON, instead of showing a contrite spirit, publicly defied the House. I can not understand how any man who considers the traditions of this House could assume such an attitude after cool deliberation, and neither can I understand how, in the face of the defiant declaration of the gentleman from Texas [Mr. BLANTON], that he would at any future time he chose repeat this language—how any man in the face of that situation can vote to keep him here, or permit him to remain a Member of this House. I have risen for the principal purpose of resenting the imputations that have been made on this floor in the discussion of this resolution against the good people of my State, the State of Texas, the men, women, and children of my State, especially the imputation that the people of my State would indorse the use of words that were inserted in the CONGRESSIONAL RECORD by the gentleman from Texas [Mr. BLANTON].

Mr. BLACK. Will the gentleman yield?

Mr. WURZBACH. No; I have only a short time. I make that statement for the reason that the gentleman from Texas has stated that he would not apologize, that he had a right to use that kind of language; in other words, that at a future time he would insert the same or similar language, in the RECORD. I want to say that if that is the standard that this House is going to establish, I am going to withdraw my application for RECORDS and the CONGRESSIONAL RECORD be made a sealed record and not for general distribution. I am not going to send copies of the CONGRESSIONAL RECORD to the women of my district if such matter is to blot and pollute its pages, and I have on my mailing list 25 or 30 women. I want to give notice here and now that if the resolution does not pass—for I could construe such action only as meaning that the gentleman from Texas, or any other Member of the House, can insert in the RECORD that kind or similar language—then I am not going to subject the women of my district who are receiving these copies to the shame and humiliation of having to read that language in any other copy that might go to them. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Speaker, I feel a sense of great embarrassment in taking the position that I do, because I have confidence in the leadership of the gentleman from Wyoming, and realize that his jealous care of the reputation and dignity of this House had led him to introduce this resolution. I also like to follow the leadership of the gentleman from Ohio [Mr. BURTON], for there is no man in this House actuated by higher principles and higher motives and more generous impulses than that gentleman in his treatment of fellow Members. Mr. Speaker, I am more embarrassed because every single thing they have said is absolutely true, and it is hard to find any answer or argument to refute their accusations, if one desired to do so. But, sir, this is not a partisan question, and I know that these two gentlemen and other Members of the House would not wish any Member, no matter which side of the House he sits upon, to subject his own ideas or beliefs to their wishes or their opinions. I look at the defense that the gentleman from Texas made on the floor of this House from a different standpoint than that of the gentleman from New York or the gentleman from Texas [Mr. WURZBACH], who preceded me.

If the gentleman from Texas had apologized to the House—and here I know that I will offend the sensibilities of some Members—had he apologized to the House, I would have cried "thumbs down," and voted for the resolution. For it would have been a confession of guilt. But the gentleman stated all that was dear to him, his reputation, his membership in this House, his future political activities, could not be bartered in exchange for a principle, and he stood upon that principle. It may not have been a right principle; it may have been a wrong principle; but the very fact that he did not apologize is sufficient to my mind to prove that he was sincere, and that his motive was to correct, as far as he could, an existing evil in the public Printing Office.

There is another consideration that weighs with me that has hardly been touched upon by any Member of the House, and perhaps it is irrelevant, but I have witnessed a similar session to this in another legislative body, and although you may intend to punish this man by expulsion from the House, in the minds and hearts of many of the people in this country you will make him a martyr and a hero. On the other hand, you may break the heart of a good, honest, beautiful woman, a woman of high character. You place a stigma on five children of this man that they will have to carry through their lives. I do not plead for mercy for him, because he has shown no mercy to us, but I do plead for his unoffending family. [Applause.]

Mr. MONDELL. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Speaker and gentlemen of the House, I shall vote for this resolution of expulsion for precisely the same reasons that the gentleman from Massachusetts [Mr. UNDERHILL] has given for his opposition to it. I received my early education in the great State of Massachusetts, but, thank goodness, I did not there imbibe the ideals which seem to animate the gentlemen from Massachusetts who have spoken to-day.

I am profoundly impressed on this occasion with the solemnity of the duty I feel called upon to perform to vote as I shall vote to expell from this body a man with whom I have for many years enjoyed friendly relations, and some of whose qualities I have heretofore held to be distinctly admirable.

In any case like this I would disassociate myself from any feeling of personal like or dislike and would similarly vote, whether the man concerned was my closest friend or my dearest foe, had he committed the unspeakable offense of which THOMAS L. BLANTON has been guilty. No resolution of censure, this or any other, no matter what its terms, can fully reach this case. This foul child of BLANTON'S creation has been deliberately dispatched to the four corners of the country, and is even now spreading its vile and corrupting influence among the youth of the Nation. Can we salve our consciences, can we feel that we have done our full duty by merely expressing our disapproval of this atrocity and leaving its perpetrator in a position where he can repeat the offense? For, mind you, gentlemen, no man who is not a Member either of this or the body at the other end of the Capitol could dispatch this vile thing through the mails without being arrested and punished as a felon.

Can a man who has thus deliberately, wantonly, and obscenely violated the confidence of his colleagues, violated the code which has for centuries in every country governed the conduct of honorable men—can such a man be trusted not again to offend when permitted to remain in a position immune from any pains and penalties resultant from such action?

My feeling might be different had Mr. BLANTON either before or after the introduction of his resolution expressed contrition or regret for his inexcusable conduct, but on the contrary he has brazenly and blatantly defended it. Only this morning, far from making apology, he announced in this presence that if he had the requisite funds he would see to it that this atrocious libel upon the honor of this House should be placed in the hands of every man in this country. And does anyone seriously contend that if this should go into the hands of every man in the country it would not also be in the hands of practically every woman and every boy and every girl in the Nation?

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. LONGWORTH. Can I have one minute more?

Mr. MONDELL. I yield one minute more to the gentleman from Ohio.

Mr. LONGWORTH. Mr. Speaker, I am not voting to punish Mr. BLANTON. His own conscience, if it shall awaken to the contempt and loathing in which his action is held by his colleagues, should be punishment enough. Nor am I concerned with his future; whether the most improbable result of his unseating would "martyrize" him and lead to his further political advancement matters not to me. What I am concerned with is the honor of this House, the preservation of its traditions and the correct and decent recording of its proceedings. I want to maintain the CONGRESSIONAL RECORD as a document of real use to the people of the United States. I want to maintain it as a document that will be a source of benefit to the pure and virtuous, not a source of delight to the degenerate and vile. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, I yield two minutes to the gentleman from Tennessee [Mr. PADGETT].

Mr. PADGETT. Mr. Speaker, I do not suppose anyone in the House has any thought, intention, or purpose of condoning or palliating or excusing the offense, yet I think we should approach this matter judicially, as though we were sitting on the bench, because we are dealing with a very important matter. Let us remember that this action does not embrace any element of a criminal character.

Mr. HILL. Mr. Speaker, will the gentleman yield to a question.

Mr. PADGETT. No.

Mr. HILL. There is the criminal code of the United States which I hold in my hand——

Mr. PADGETT. Mr. Speaker, I do not yield. The circulation of this through the mail was not Mr. BLANTON'S personal act. What I want to get before the House is this, that it has not about it any element of official corruption. If there were the element of official corruption in the matter, expulsion would be the proper remedy, but this is an indiscretion; it is an exhibition of a lack of sensitiveness; it is a manifestation of a crude, a rough element of character that does not appreciate the finer sentiments and thoughts of life; but it has not within it any element of official corruption, and I think that the punishment should be censure and reprimand and not that which would be meted out to official corruption. [Applause.]

Mr. MONDELL. Mr. Speaker, I yield four minutes to the gentleman from Kansas [Mr. TINCHER].

Mr. TINCHER. Mr. Speaker, there is no complication about this matter. In the first place, if the Member from Texas had meant right he could have inserted in the RECORD all of his speech save and except that portion which has been so ably described by Mr. MONDELL and Mr. COCKRAN, and simply said that there was language too obscene for publication, and given all of the meaning and all of the information to any people who wanted it; but he prefers to take the vile course of putting into the CONGRESSIONAL RECORD obscene matter, unfit for publication or mailing to any constituency, and everyone here knows that. What are we mincing around about? He says to-day that he would not only violate the law but that if he had the money he would violate the postal law and have a reprint of that thing and put it into every home in this country. Oh, where is your southern chivalry? Does it not apply where one of you is concerned? I have heard through all of my life that you would go through fire to protect womanhood, and yet to-day you stand here and talk about censuring a man that caused that vile thing to go into our home and our mother's home and our daughter's home—and he brazenly said that had he the funds he would publish it and put it into every home. I had hoped that your standard of southern chivalry would be exemplified by your votes to uphold the honor and dignity of this House. Censure! Let him stand up here and have the Speaker talk to him and say that he should not have done this, when he says that he is proud to have done it and has not apologized and that he would do it again. Why, you would better tell the Speaker to go over to the House Office Building and administer that censure to that alligator in the little pool there, where there will be just as much of a reaction as there would be from any censure you could administer, if you adopt that fool substitute for this resolution. [Laughter and applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, I yield the remaining time to the gentleman from North Carolina [Mr. POU].

Mr. POU. Mr. Speaker, the summing up of this case might be stated in this manner: The Member from Texas has printed in the RECORD an affidavit which speaks the truth concerning an occurrence in the Government Printing Office. The truth of the matter contained in the affidavit has not been challenged by anyone. We must therefore assume the accuracy of the same. In the next place it has not been charged that the matter printed was inserted in the RECORD and circulated for a vicious or unlawful purpose. On the contrary, it can hardly be denied that Mr. BLANTON believed he was performing a public service. Now, gentlemen, under these circumstances and this statement of the case I can not vote to expel any man from this House. In the third place, you should consider the temperament of the Member as well as the course he has pursued since he has been a Member of this House. The Member from Texas is a very intense character. Time and again I have wondered what motive prompted him to take the peculiar positions he has taken from time to time here. To be perfectly frank, in my judgment he is a crank [applause], and if I am correct that ought to be taken into consideration when you propose to expel any man. In the face of provocation he becomes positively fanatical. I do not believe there is another one of the 435 Members of this House who would be expelled upon the statement of the case made out against this man—not one. In the next place, it has been urged that there is danger of his repeating the offense. Why, that is begging the question. Of course, we can amend the rules in one day's time so that the offense can not be successfully repeated.

Now, gentlemen, make no mistake; you are dealing with a dangerous situation. You are proposing to inflict the extreme penalty—expel this man from this representative body because he has inserted in the RECORD, not his own words but an affidavit setting forth what occurred in the Government Printing Office. No one can defend or excuse the printing of obscene matter for a vicious purpose, but I venture the assertion there is not one Member who believes BLANTON had any such purpose in mind. Now, let me suggest this also. You Republicans have been largely responsible for making this man what he is. [Laughter and applause on the Republican side.] Yes, indeed; you have. Your leaders have used him whenever it was to your interests to use him. There is not a man of you who can truthfully deny it. Now, he has committed this offense and you would kick him out of the House. He is a peculiar character, but he is not the man to attempt to corrupt the morals of the Nation by sending out dirty or obscene literature. All these things should be most carefully weighed before any man is expelled in disgrace. Visit the extreme penalty upon this man if you will, but when you expel him for telling the truth about

an occurrence in a public institution, you may raise an issue and set a precedent which will rise up to plague you hereafter.

BLANTON made a mistake in the method he used to get the case of the printers who besought his help before the people of the Nation. He could easily have avoided using letters which suggest obscene words, but he has not falsified any record. Let us all remember this in passing upon the action of this most energetic but peculiar man.

Mr. MONDELL. Mr. Speaker, we hail that issue. [Applause of the Republican side.] The issue of decency, the issue of honor as against filth, slime, and obscenity. If that is the issue, we welcome it. We stand here in defense of American manhood and womanhood, in defense of the honor and dignity of this House. No motive, no matter what it may be, justifies atrocious crime. No motive that can be suggested justifies the placing in the RECORD of the vile document this man put in the RECORD and sent to the ends of the earth. Having done this he stands here defiantly challenging us to put him out, and in effect declaring that if he remains he would repeat the act if he found the opportunity. There is but one thing possible in the face of acts and an attitude like this, and that is to purge the House of a man who does those things and holds these views.

Mr. Speaker, I move the previous question on the resolution and all amendments thereto.

The SPEAKER. The gentleman from Wyoming moves the previous question on the resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, there is a substitute.

The SPEAKER. The Chair understands.

The question was taken, and the previous question was ordered.

The SPEAKER. The gentleman from Tennessee has offered an amendment, to which the gentleman from Wyoming reserved the point of order.

Mr. MONDELL. Mr. Speaker, I now make the point of order.

The SPEAKER. The Chair will hear the gentleman from Tennessee.

Mr. GARRETT of Tennessee. May I inquire what the point of order is?

Mr. MONDELL. The amendment is not germane to the resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, I regret exceedingly that the gentleman from Wyoming has interposed a point of order, thus using a parliamentary movement—he is clearly within his rights; I do not intend to criticize, but merely express regret—thus utilizing a parliamentary device which may probably prevent many in this House from expressing themselves as they would like to do upon this proposition which is before the House. There is no question, Mr. Speaker, so far as I have been able to find, in point upon this matter. There may be one or more, but I have not been able to find them. All that I can suggest is that the amendment is in the nature of a limitation. The House provides two methods of punishment—that is to say, the Constitution provides two methods of punishment—censure or expulsion.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. GARRETT of Tennessee. I will.

Mr. GREENE of Vermont. Can there be any amendment to such a finality as expulsion? Can there be two degrees of expulsion, partial expulsion or a modification or an amendment in any way affecting the finality of expulsion?

Mr. GARRETT of Tennessee. No; I said it was a limit upon the punishment. I did not say it was a limit upon expulsion.

Mr. GREENE of Vermont. The only issue is, Shall he stay in or go out? There can be no half way.

Mr. GARRETT of Tennessee. There is no quarrel between the gentleman and myself.

Mr. BLACK. Mr. Speaker, may I be heard for a moment. I do not pose in any sense as an expert on parliamentary law, but, as the gentleman from Tennessee said, the Constitution itself provides two methods of punishment, namely, censure or, upon a vote of two-thirds, expulsion. Now, if the Speaker should hold that the substitute motion offered by the gentleman from Tennessee providing for a punishment of censure would not be a germane amendment, then the House would have no opportunity of voting upon the two methods of punishment provided in the Constitution, but would be limited to one, to wit, expulsion. Where there are two punishments provided by law for an offense, one a greater and the other a lesser punishment, it is always the duty of the court to submit to the jury both methods, so they may take both into consideration in settling the penalty. Therefore I submit that inasmuch as the real question now before the House is one as to punishment for an offense against the rules of the House, that the amendment providing for censure, which is one of the constitutional methods of punishment, would be a germane amendment and in order. It would, it seems to me, be going very far afield to hold a resolution of expulsion was unamendable by submitting a resolution calling for a milder punishment. I hope the Speaker will not establish that sort of a precedent in the ruling which he is about to make.

Mr. LUCE. Mr. Speaker, may I call the attention of the Chair to paragraph 5923, fifth volume of Hinds' Precedents, which reads:

On April 12, 1864, the House was considering a resolution for the expulsion——

The SPEAKER. The Chair is familiar with that case.

Mr. LUCE. The Chair is familiar with that case. Does the Chair desire to hear any argument in support of the position thus taken?

The SPEAKER. The Chair will hear argument, but he does not care to hear about that case.

Mr. LUCE. It seems to me the decision of the Chair in the case in question was amply justified, or otherwise we would be embarrassed in determining the measure of penalty to be imposed for an offense. Although the constitutional provision covers two phases of the subject, they are evidently closely related. An expulsion may be in part a punishment, it is generally held. The motion to amend brings before us in orderly manner the question of what degree of punishment may be imposed by the House. For that reason it has seemed to me the position then taken by the Chair was wise.

The SPEAKER. The Chair is ready to rule. The Chair has given considerable attention to this point of order. It seems to the Chair very clear. It does not seem that a motion of censure, if this were a new question, would be germane to a motion to expel. The two are very different intrinsically. Then, the motion to expel requires a two-thirds majority; a motion to censure requires simply a majority. Suppose the amendment was adopted and the motion to expel was amended by a motion to censure; would that still be a motion to expel amended and require a two-thirds vote for its adoption or would it be a motion to censure? But probably that is not final, because it might be interpreted as a substitute. The decision which the gentleman from Massachusetts [Mr. LUCE] cited from Hinds' Precedents appears to be strictly on the point, but the Chair examined it in the RECORD, and he finds in the decision of the Chair that this point was not at all alluded to. It went over for two days, and when the decision was made this point of order was not even referred to. And the Chair does not think, consequently, that that is a precedent. There is a precedent, although the Chair does not think this either is final, in which Speaker Henderson said in the Roberts case:

Does anyone contend that changing a resolution from a condition where a mere majority can carry it through to a resolution which will require a two-thirds vote to carry it through—that such an amendment is germane to the original proposition?

The Chair does not entertain a single doubt but that this is not germane to the original resolution.

Of course, that case was different from this, and therefore the Chair does not think it is a direct precedent. But it seems to the Chair that in the nature of things, and looking at it as a new question, a motion to censure is not germane to a case to expel. And the Chair is confirmed by the conditions that exist on this resolution. Both motions are privileged, and therefore if the motion to expel should not prevail the motion to censure would still be in order, and therefore the remedy would still exist. And as to the objections made by the gentleman from Texas [Mr. BLACK] that this motion is necessary in order that the House may express itself, it must be remembered that men who are opposed to doing anything might well vote, and often do vote, for a milder amendment, and if they carry that then vote against the whole proposition. So it would not follow on this amendment that a man who voted for the amendment would necessarily, if that amendment carried, vote for the resolution as amended. So the vote on the amendment would not really produce the result which the gentleman from Texas [Mr. BLACK] referred to, of allowing the House to express its judgment. The Chair thinks that, inasmuch as both motions are privileged, the House will have the right to express itself if two-thirds do not vote for a motion to expel. The Chair sustains the point of order.

Mr. WALSH. Mr. Speaker, I ask for the yeas and nays.

Mr. GARRETT of Tennessee. Mr. Speaker, a parliamentary inquiry. Would it be in order to give notice that if the motion to expel fails a motion to censure will be offered?

The SPEAKER. The gentleman apparently has given that notice. [Laughter.]

The gentleman from Massachusetts [Mr. WALSH] demands the yeas and nays on the resolution.

The yeas and nays were ordered.

The question was taken; and there were—yeas 204, nays 113, answered "present" 1, not voting 113, as follows:

YEAS—204.

Ackerman	Fairchild	Kline, Pa.	Reed, W. Va.
Anderson	Fairfield	Kraus	Riddick
Andrew, Mass.	Faust	Lampert	Roach
Andrews, Nebr.	Fenn	Lankford	Robsion
Appleby	Fess	Larson, Minn.	Rogers
Arentz	Fitzgerald	Lawrence	Rose
Atkeson	Focht	Leatherwood	Rosenbloom
Bacharach	Fordney	Lehlbach	Scott, Mich.
Beck	Foster	Lineberger	Scott, Tenn.
Begg	Frear	Little	Shaw
Bird	Free	Longworth	Shelton
Bixler	Frothingham	Luhring	Sinnott
Blakeney	Fuller	McCormick	Smith, Idaho
Bland, Ind.	Funk	McFadden	Smith, Mich.
Boies	Gensman	McLaughlin, Mich	Snell
Brennan	Gernerd	McLaughlin, Nebr.	Snyder
Brooks, Ill.	Glynn	McLaughlin, Pa.	Sproul
Brooks, Pa.	Graham, Ill.	McPherson	Steenerson
Browne, Wis.	Green, Iowa	MacGregor	Stephens
Burroughs	Greene, Mass.	Madden	Strong, Kans.
Burton	Greene, Vt.	Magee	Summers, Wash.
Butler	Hadley	Maloney	Sweet
Cable	Hardy, Colo.	Michener	Swing
Campbell, Kans.	Hawley	Miller	Taylor, N. J.
Cannon	Hersey	Millspaugh	Taylor, Tenn.
Carew	Hill	Mondell	Temple
Chalmers	Himes	Montoya	Thompson
Chandler, N. Y.	Hoch	Moore, Ill.	Tilson
Chindblom	Hogan	Moore, Ohio	Timberlake
Clarke, N. Y.	Houghton	Moores, Ind.	Tincher
Classon	Huddleston	Morgan	Towner
Clouse	Hukriede	Mudd	Treadway
Cockran	Hull	Nelson, A. P.	Vare
Codd	Humphreys	Newton, Minn.	Vestal
Cole, Iowa	Hutchinson	Newton, Mo.	Volstead
Cole, Ohio	Ireland	Norton	Walsh
Colton	James	O'Brien	Walters
Connell	Jefferis, Nebr.	Osborne	Ward, N. Y.
Cooper, Ohio	Johnson, S. Dak.	Parker, N. J.	Watson
Cooper, Wis.	Johnson, Wash.	Parker, N. Y.	Webster
Coughlin	Jones, Pa.	Patterson, Mo.	Wheeler
Crowther	Kearns	Patterson, N. J.	White, Kans.
Dallinger	Keller	Perkins	Williams
Darrow	Kelly, Pa.	Petersen	Williamson
Denison	Kendall	Purnell	Wood, Ind.
Dickinson	Kiess	Radcliffe	Woodruff
Dowell	Kinkaid	Ramseyer	Woodyard
Echols	Kirkpatrick	Ransley	Wurzbach
Edmonds	Kissel	Reavis	Wyant
Elliott	Kleczka	Reber	Yates
Evans	Kline, N. Y.	Reed, N. Y.	Zihlman

NAYS—113.

Anthony	Dyer	Lea, Calif.	Rodenberg
Bankhead	Ellis	Linthicum	Rouse
Barbour	Favrot	Logan	Rucker
Bell	Fish	London	Sanders, Tex.
Black	Fisher	Lowrey	Sandlin
Bowling	Garrett, Tenn.	Luce	Sears
Box	Garrett, Tex.	Lyon	Sisson
Briggs	Gilbert	McClintic	Smithwick
Brinson	Goodykoontz	McDuffie	Speaks
Buchanan	Gorman	McSwain	Stafford
Bulwinkle	Graham, Pa.	Mapes	Steagall
Byrnes, S. C.	Hammer	Martin	Stedman
Byrns, Tenn.	Hardy, Tex.	Merritt	Stevenson
Christopherson	Harrison	Michaelson	Stoll
Clague	Hawes	Nelson, J. M.	Swank
Clark, Fla.	Hayden	O'Connor	Tillman
Collier	Hickey	Oldfield	Tyson
Collins	Hudspeth	Oliver	Underhill
Connally, Tex.	Jacoway	Overstreet	Vaile
Cramton	Jeffers, Ala.	Padgett	Vinson
Crisp	Johnson, Miss.	Parks, Ark.	Voigt
Curry	Jones, Tex.	Parrish	Weaver
Davis, Tenn.	Ketcham	Pou	Wilson
Deal	Kopp	Quin	Wingo
Dominick	Kunz	Raker	Wise
Drane	Lanham	Rankin	Wright
Driver	Larsen, Ga.	Rayburn	
Dunbar	Layton	Reece	
Dupré	Lazaro	Ricketts	

ANSWERED "PRESENT"—1.

Sumners, Tex.

NOT VOTING—113.

Almon	Chandler, Okla.	Garner	Knutson
Ansorge	Connolly, Pa.	Goldsborough	Kreider
Aswell	Copley	Gould	Langley
Barkley	Crago	Griest	Lee, Ga.
Beedy	Cullen	Griffin	Lee, N. Y.
Benham	Dale	Haugen	McArthur
Bland, Va.	Davis, Minn.	Hays	McKenzie
Blanton	Dempsey	Herrick	Mann
Bond	Doughton	Hicks	Mansfield
Bowers	Drewry	Husted	Mead
Brand	Dunn	Johnson, Ky.	Mills
Britten	Elston	Kahn	Montague
Brown, Tenn.	Fields	Kelley, Mich.	Moore, Va.
Burdick	Flood	Kennedy	Morin
Burke	Freeman	Kincheloe	Mott
Burtness	French	Kindred	Murphy
Campbell, Pa.	Fulmer	King	Nolan
Cantrill	Gahn	Kitchin	Ogden
Carter	Gallivan	Knight	Olpp
Paige	Robertson	Slemp	Volk
Park, Ga.	Rossdale	Stiness	Ward, N. C.
Perlman	Ryan	Strong, Pa.	Wason
Peters	Sabath	Sullivan	White, Me.
Porter	Sanders, Ind.	Tague	Winslow
Pringey	Sanders, N. Y.	Taylor, Colo.	Woods, Va.
Rainey, Ala.	Schall	Ten Eyck	Young
Rainey, Ill.	Shreve	Thomas	
Rhodes	Siegel	Tinkham	
Riordan	Sinclair	Upshaw	

So, two-thirds not having voted in the affirmative, the resolution was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. WINSLOW and Mr. BEEDY (for) with Mr. LEE of Georgia (against).

Mr. GRIEST and Mr. SANDERS of Indiana (for) with Mr. MOORE of Virginia (against).

Mr. CAMPBELL of Pennsylvania and Mr. GALLIVAN (for) with Mr. PETERS (against).

Miss ROBERTSON and Mr. SABATH (for) with Mr. BRAND (against).

Until further notice:

Mr. DAVIS of Minnesota with Mr. KITCHIN.

Mr. STRONG of Pennsylvania with Mr. TAGUE.

Mr. DUNN with Mr. KINDRED.

Mr. RYAN with Mr. CARTER.

Mr. MILLS with Mr. BLAND of Virginia.

Mr. KREIDER with Mr. RIORDAN.

Mr. LEE of New York with Mr. WARD of North Carolina.

Mr. WHITE of Maine with Mr. GRIFFIN.

Mr. OLPP with Mr. FLOOD.

Mr. SHREVE with Mr. ALMON.

Mr. CRAGO with Mr. GOLDSBOROUGH.

Mr. SINCLAIR with Mr. MEAD.

Mr. RHODES with Mr. GARNER.

Mr. STINESS with Mr. PARK of Georgia.

Mr. VOLK with Mr. TAYLOR of Colorado.

Mr. CONNOLLY of Pennsylvania with Mr. THOMAS.

Mr. MURPHY with Mr. KINCHELOE.

Mr. PERLMAN with Mr. DREWRY.

Mr. LANGLEY with Mr. ASWELL.

Mr. KNIGHT with Mr. SULLIVAN.

Mr. MORIN with Mr. UPSHAW.

Mr. NOLAN with Mr. WOODS of Virginia.

Mr. HAYS with Mr. RAINEY of Alabama.

Mr. CHANDLER of Oklahoma with Mr. FIELDS.

Mr. FRENCH with Mr. TEN EYCK.

Mr. SIEGEL with Mr. DOUGHTON.

Mr. KAHN with Mr. FULMER.

Mr. MCARTHUR with Mr. CULLEN.

Mr. PAIGE with Mr. MANSFIELD.

Mr. HERRICK with Mr. CANTRILL.

Mr. KNUTSON with Mr. BARKLEY.

Mr. KING with Mr. MONTAGUE.

Mr. GAHN with Mr. JOHNSON of Kentucky.

Mr. HICKS with Mr. RAINEY of Illinois.

The result of the vote was announced as above recorded.

Mr. GARRETT of Tennessee. Mr. Speaker, I offer the following privileged resolution.

The SPEAKER. The gentleman from Tennessee offers a privileged resolution, which the Clerk will report.

The Clerk read as follows:

Whereas THOMAS L. BLANTON, a Representative in Congress from the State of Texas, did, on the 4th day of October, 1921, ask unanimous consent to extend his remarks in the CONGRESSIONAL RECORD "upon the improvements in the Government Printing Office," which consent was granted by the House; and

Whereas under the permission thus obtained the said THOMAS L. BLANTON did insert and cause to be printed in the CONGRESSIONAL RECORD for Saturday, October 22, 1921, a certain letter or communication purporting to have been written by one Millard French to George H. Carter, Public Printer, which said communication contained language that was so indecent, obscene, vulgar, and vile as to render it unmailable had it been contained in any other than an official publication; and

Whereas the said THOMAS L. BLANTON by taking the responsibility of inserting such matter in the CONGRESSIONAL RECORD has offered an indignity to the House of which he is a Member and to the people represented by the membership of the Congress whose official organ the publication is, for which he deserves the severe rebuke and censure of the House: Therefore, be it

Resolved, That the said THOMAS L. BLANTON be, and he is hereby, voted the censure of this body, and the Speaker of the House is hereby directed to summon him to the bar of the House and deliver to him its reprimand and censure.

Mr. GARRETT of Tennessee. Mr. Speaker, this is the resolution, word for word, which was read in the hearing of the House to-day, when the order was a little better than it was during the time it has just been read. It was stated then that it would, if the parliamentary situation permitted, be offered as a substitute resolution. The parliamentary situation did not

admit of it. The situation has now arrived in which it is possible to offer it, and I do offer it, and upon it I move the previous question.

The SPEAKER. The gentleman from Tennessee demands the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Tennessee asks for the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. As many as are in favor of the resolution will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 293, nays 0, answered "present" 26, not voting 112, as follows:

YEAS—293.

Ackerman	Echols	Kunz	Reece
Anderson	Elliott	Lampert	Reed, N. Y.
Andrew, Mass.	Ellis	Lanham	Reed, W. Va.
Andrews, Nebr.	Fairchild	Lankford	Ricketts
Anthony	Fairfield	Larsen, Ga.	Riddick
Appleby	Faust	Larson, Minn.	Roach
Arentz	Favrot	Lawrence	Robsion
Aswell	Fenn	Layton	Rodenberg
Atkeson	Fess	Lazaro	Rogers
Bankhead	Fish	Lea, Calif.	Rose
Barbour	Fisher	Leatherwood	Rosenbloom
Beck	Fitzgerald	Lineberger	Rouse
Begg	Focht	Linthicum	Rucker
Bell	Foster	Little	Sanders, Tex.
Benham	Frear	Logan	Sandlin
Bird	Free	London	Scott, Mich.
Bixler	Frothingham	Lowrey	Scott, Tenn.
Black	Fuller	Luce	Sears
Blakeney	Funk	Luhring	Shaw
Bland, Ind.	Garrett, Tenn.	Lyon	Shelton
Boies	Garrett, Tex.	McClintic	Sinnott
Bowling	Gensman	McCormick	Sisson
Box	Gernerd	McDuffie	Smith, Idaho
Brennan	Gilbert	McFadden	Smith, Mich.
Briggs	Glynn	McLaughlin, Mich.	Smithwick
Brinson	Goodykoontz	McLaughlin, Pa.	Speaks
Brooks, Ill.	Gorman	McPherson	Sproul
Browne, Wis.	Graham, Ill.	McSwain	Stafford
Bulwinkle	Graham, Pa.	Madden	Steagall
Burroughs	Green, Iowa	Magee	Stedman
Burton	Greene, Mass.	Maloney	Steenerson
Butler	Greene, Vt.	Mapes	Stephens
Byrnes, S. C.	Hadley	Martin	Stevenson
Byrns, Tenn.	Hammer	Merritt	Stoll
Cable	Hardy, Colo.	Michaelson	Strong, Kans.
Campbell, Kans.	Hardy, Tex.	Michener	Summers, Wash.
Cannon	Harrison	Miller	Swank
Carew	Hawes	Mills	Sweet
Chalmers	Hawley	Millspaugh	Swing
Chandler, N. Y.	Hayden	Mondell	Taylor, Tenn.
Chindblom	Hersey	Montoya	Temple
Christopherson	Hickey	Moore, Ill.	Ten Eyck
Clague	Himes	Moore, Ohio	Thompson
Clark, Fla.	Hoch	Moores, Ind.	Tillman
Classon	Houghton	Morgan	Tilson
Clouse	Huddleston	Mudd	Timberlake
Codd	Hudspeth	Nelson, A. P.	Towner
Cole, Iowa	Hukriede	Nelson, J. M.	Treadway
Cole, Ohio	Hull	Newton, Minn.	Tyson
Collier	Humphreys	Newton, Mo.	Vaile
Collins	Hutchinson	Norton	Vestal
Colton	Ireland	O'Brien	Vinson
Connally, Tex.	Jacoway	O'Connor	Voigt
Connell	James	Oldfield	Volstead
Cooper, Ohio	Jefferis, Nebr.	Oliver	Ward, N. Y.
Cooper, Wis.	Jeffers, Ala.	Osborne	Watson
Coughlin	Johnson, Ky.	Overstreet	Weaver
Cramton	Johnson, S. Dak.	Padgett	Webster
Crisp	Johnson, Wash.	Parker, N. J.	Wheeler
Crowther	Jones, Pa.	Parker, N. Y.	White, Kans.
Curry	Jones, Tex.	Parks, Ark.	Williams
Dallinger	Kearns	Patterson, Mo.	Williamson
Darrow	Keller	Patterson, N. J.	Wilson
Davis, Tenn.	Kelly, Pa.	Petersen	Wingo
Deal	Kendall	Pou	Wood, Ind.
Denison	Ketcham	Purnell	Woodruff
Dickinson	Kinkaid	Quin	Woodyard
Dominick	Kirkpatrick	Radcliffe	Wright
Dowell	Kissel	Raker	Wurzbach
Drane	Kleczka	Ramseyer	Wyant
Driver	Kline, N. Y.	Rankin	Yates
Dunbar	Kline, Pa.	Ransley	
Dupré	Kopp	Rayburn	
Dyer	Kraus	Reber	

ANSWERED "PRESENT"—26.

Bacharach	Hill	Parrish	Tincher
Brooks, Pa.	Hogan	Perkins	Underhill
Clarke, N. Y.	Johnson, Miss.	Reavis	Vare
Cockran	Kiess	Snell	Walsh
Edmonds	Lehlbach	Snyder	Walters
Evans	Longworth	Summers, Tex.	
Fordney	MacGregor	Taylor, N. J.	

NOT VOTING—112.

Almon	Beedy	Bond	Britten
Ansorge	Bland, Va.	Bowers	Brown, Tenn.
Barkley	Blanton	Brand	Buchanan
Burdick	Garner	McLaughlin, Nebr.	Sabath
Burke	Goldsborough	Mann	Sanders, Ind.
Burtness	Gould	Mansfield	Sanders, N. Y.
Campbell, Pa.	Griest	Mead	Schall
Cantrill	Griffin	Montague	Shreve
Carter	Haugen	Moore, Va.	Siegel
Chandler, Okla.	Hays	Morin	Sinclair
Connolly, Pa.	Herrick	Mott	Slemp
Copley	Hicks	Murphy	Stiness
Crago	Husted	Nolan	Strong, Pa.
Cullen	Kahn	Ogden	Sullivan
Dale	Kelley, Mich.	Olpp	Tague
Davis, Minn.	Kennedy	Paige	Taylor, Colo.
Dempsey	Kincheloe	Park, Ga.	Thomas
Doughton	Kindred	Perlman	Tinkham
Drewry	King	Peters	Upshaw
Dunn	Kitchin	Porter	Volk
Elston	Knight	Pringey	Ward, N. C.
Fields	Knutson	Rainey, Ala.	Wason
Flood	Kreider	Rainey, Ill.	White, Me.
Freeman	Langley	Rhodes	Winslow
French	Lee, Ga.	Riordan	Wise
Fulmer	Lee, N. Y.	Robertson	Woods, Va.
Gahn	McArthur	Rossdale	Young
Gallivan	McKenzie	Ryan	Zihlman

So the resolution of Mr. GARRETT of Tennessee was agreed to.

The Clerk announced the following additional pairs:

Until further notice:

Mr. SANDERS of Indiana with Mr. BUCHANAN.

Mr. GRIEST with Mr. MOORE of Virginia.

Mr. LANGLEY with Mr. BLAND of Virginia.

Mr. PETERS with Mr. WISE.

Mr. KENNEDY with Mr. SABATH.

Mr. BEEDY with Mr. GALLIVAN.

Mr. WINSLOW with Mr. BRAND.

Mr. PORTER with Mr. LEE of Georgia.

Miss ROBERTSON with Mr. CAMPBELL of Pennsylvania.

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS.

Mr. POU. Mr. Speaker, I ask permission to extend my remarks in the RECORD on this matter.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to extend his remarks in the RECORD on this matter. Is there objection?

Mr. POU. Very briefly.

The SPEAKER. The Chair hears no objection.

Mr. COCKRAN. Mr. Speaker, I object.

The SPEAKER. The gentleman objects to what?

Mr. COCKRAN. To the extension of the remarks.

The SPEAKER. By the gentleman from North Carolina [Mr. POU]?

Mr. COCKRAN. By anybody, after our experience which we have been considering to-day.

Mr. POU. Mr. Speaker, I think the gentleman is too late.

Mr. COCKRAN. If I am belated, I will withdraw it. I just wanted to express my feeling in regard to the matter.

The SPEAKER. The Chair thinks other business ought to be delayed until the matter before the House is disposed of.

CENSURE.

The SPEAKER. The Sergeant at Arms will bring Mr. BLANTON to the bar of the House.

The Sergeant at Arms appeared at the bar of the House with Mr. BLANTON.

The SPEAKER. Mr. BLANTON, by a unanimous vote of the House—yeas, 293; nays, none—I have been directed to censure you because, when you had been allowed by the courtesy of the House to print a speech which you did not deliver, you inserted in it foul and obscene matter, which you knew you could not have spoken on this floor; and that disgusting matter, which could not have been circulated through the mails in any other publication without violating the law, was transmitted as part of the proceedings of this House to thousands of homes and libraries throughout the country, to be read by men and women, and, worst of all, by children, whose prurient curiosity it would excite and corrupt. In accordance with the instructions of the House and as its representative, I pronounce upon you its censure.

COAL LANDS IN ALASKA.

Mr. SUTHERLAND. Mr. Speaker, by direction of the Committee on the Public Lands I desire to present a privileged report from that committee.

The SPEAKER. The gentleman from Alaska [Mr. SUTHERLAND] presents a privileged report from the Committee on the Public Lands, which the Clerk will report.

The Clerk read as follows:

The Committee on the Public Lands, to whom was referred the bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska, having considered the same, report it back without amendment and with the recommendation that it do pass.

Mr. GARRETT of Tennessee. I reserve points of order on the bill.

The SPEAKER. The gentleman from Tennessee reserves points of order on the bill.

ROADS.

Mr. CAMPBELL of Kansas. Mr. Speaker, I offer a privileged resolution from the Committee on Rules.

The SPEAKER. The gentleman from Kansas offers a privileged resolution, which the Clerk will report.

The Clerk read as follows:

Mr. CAMPBELL of Kansas, from the Committee on Rules, offers the following resolution:

"*Resolved*, That the managers on the part of the House on the committee of conference on the disagreeing votes of the two Houses on the bill (S. 1072) be, and they are hereby, given specific authority, as provided by clause 2 of Rule XX, to agree to an amendment of the Senate providing for an appropriation."

Mr. CAMPBELL of Kansas. Mr. Speaker, under the rules of the House the conferees can not agree to a Senate amendment to a House bill providing for an appropriation, the bill not having originated in the House Committee on Appropriations or reported by that committee. This is the road bill. The Senate so amended it that it carries an appropriation. This is to authorize the conferees on the part of the House to agree with the Senate conferees on an appropriation, so that the bill may be disposed of and handled in the House as the House sees fit. It is provided for under the rule. I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

DESIGNATION OF SPEAKER PRO TEMPORE.

The SPEAKER. The Chair is liable to be away over Sunday, and he designates the gentleman from Massachusetts [Mr. WALSH] to preside.

ANNIE T. NEAL.

Mr. IRELAND. Mr. Speaker, I present the following privileged resolution.

The Clerk read as follows:

House resolution 199.

Resolved, That the Clerk of the House of Representatives be directed to pay, out of the contingent fund of the House, to Annie T. Neal, widow of Henry Neal, late messenger to the Speaker, a sum equal to six months' salary as messenger to the Speaker, and that the Clerk be further directed to pay out of the contingent fund the expenses of the last illness and funeral of said Henry Neal, such expenses not to exceed $250.

Mr. IRELAND. Mr. Speaker, this is the usual resolution for the widow of a deceased employee.

The SPEAKER pro tempore (Mr. WALSH). The question is on agreeing to the resolution.

The resolution was agreed to.

CHESTER W. TAYLOR AND M. J. TAYLOR.

Mr. IRELAND. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House resolution 194.

Resolved, That the Clerk of the House of Representatives be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Chester W. Taylor the sum of $228.33 and to M. J. Taylor the sum of $78.33, being the amount received by them per month as clerks to the late Hon. SAMUEL M. TAYLOR at the time of his death, September 13, 1921.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

ROSE V. ELLIOTT.

Mr. IRELAND. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House resolution 197.

Resolved, That there shall be paid, out of the contingent fund of the House, to Rose V. Elliott, wife of Alex Elliott, late a House police of the House of Representatives, a sum equal to six months of his compensation as such employee, and an additional amount, not exceeding $250, to defray the expenses of the funeral of said Alex Elliott.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

MARY E. TAYLOR.

Mr. IRELAND. Mr. Speaker, I call up the following privileged resolution.

The Clerk read as follows:

House resolution 208.

Resolved, That the Clerk of the House of Representatives be directed to pay, out of the contingent fund of the House, to Mary E. Taylor, widow of John T. Taylor, late messenger on the soldiers' roll, a sum equal to six months' salary as messenger on the soldiers' roll, and that the Clerk be further directed to pay out of the contingent fund the expenses of the last illness and funeral of said John T. Taylor, such expenses not to exceed $250.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

COMMITTEE AUTHORIZATION.

Mr. IRELAND. Mr. Speaker, I ask unanimous consent for the present consideration of Senate concurrent resolution which I send to the desk.

The Clerk read as follows:

Senate concurrent resolution 11.

Resolved by the Senate (the House of Representatives concurring), That the special committee appointed in accordance with the provisions of section 13 of the act entitled "An act to increase the efficiency of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service," approved May 18, 1920, or any subcommittee thereof, is authorized to sit at any time, in the District of Columbia, to send for persons, books, and papers, to administer oaths, to summon and compel the attendance of witnesses, to employ a stenographer, at a cost per printed page as fixed by law, to report such hearings as may be had in connection with any subject which may come before said committee, to print such hearings and other matter as may be necessary, and to employ such clerical services as may be necessary to carry out the purposes of the act. All expenses in pursuance hereof shall be paid from the contingent funds of the Senate and House of Representatives, in equal proportions, upon vouchers authorized by the committee and signed by the chairman thereof.

Passed the Senate August 22 (calendar day, August 23), 1921.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, has the gentleman from Illinois considered the propriety of placing a limitation on the amounts of expenditures to be made by this commission, as is customary in such resolutions?

Mr. IRELAND. Mr. Speaker, I am sorry to say that it is not customary in all resolutions. I wish it were. This, however, involves very little expenditure. The resolution has already passed the Senate. The reason for hastening the matter is that this committee must report upon these subjects by January 1. That is the reason I asked unanimous consent for the consideration of this resolution at this time. I inquired of the chairman of the committee about this, and if gentlemen will indulge me I would like to read from a memorandum that he gave me. It would explain the situation better than I can.

The SPEAKER pro tempore. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, I call attention to one thing. I do not know that it is sufficient to cause me to object to the consideration of the resolution, but I think there should be an amendment to the resolution which would require that the ranking House Member should also sign these vouchers.

Mr. IRELAND. Oh, yes.

Mr. GARRETT of Tennessee. This provides that the money shall be paid out upon the signature of the chairman of the Senate committee. We are turning over the House contingent fund to be paid out upon the signature of the chairman of the committee.

Mr. IRELAND. I quite agree with the gentleman, but I do not think the gentleman will find it necessary in this particular instance. If there were a considerable sum to be expended, we should have a voice in those expenditures, but they have already provided clerks from the Geodetic Survey and the other departments, so that probably the expense will be limited to just one or two clerks for the remaining period.

Mr. GARRETT of Tennessee. I am not raising any question about the expense. Perhaps I do not make myself clear.

Mr. IRELAND. Oh, yes; I understand the gentleman's viewpoint, and I agree with him, but just for the sake of time, can we not forego that in this instance?

Mr. GARRETT of Tennessee. I shall not object on that account.

The SPEAKER pro tempore. Is there objection?

Mr. GARRETT of Tennessee. Just one moment, Mr. Speaker; I am still reserving the right to object. Let us see if we can not agree upon an amendment.

Mr. IRELAND. Would it satisfy the gentleman to say that all of these vouchers have to come before the Committee on Accounts and have to be O. K'd by the chairman of that committee, and that we are not exactly in a philanthropic mood.

Mr. GARRETT of Tennessee. This is largely a matter of preserving the proper respectable place of the House. It is not on account of any anticipation I have that anything wrong is going to be done with the funds that I am raising this question, but where we are paying out of the contingent fund of the House for a joint commission of both the Senate and the

House, I think the expenditure should be approved by some man representing the House as well as by the Senate chairman.

Mr. IRELAND. I agree with the general proposition, but to amend the resolution would involve a conference and further delay.

The SPEAKER pro tempore. Is there objection?

Mr. SISSON. Mr. Speaker, I reserve the right to object.

Mr. STEENERSON. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is demanded.

Mr. SISSON. I object.

Mr. IRELAND. Mr. Speaker, I understand the gentleman from Mississippi will withdraw his objection to the consideration of the resolution if an amendment is agreed to, and if the amendment be offered which he desires we will adopt it.

Mr. MADDEN. Mr. Speaker, I shall offer the amendment to the effect that it shall be certified to by the chairman and vice chairman of the commission.

Mr. IRELAND. Is that satisfactory to the gentleman from Mississippi?

Mr. SISSON. Yes; I withdraw the objection.

The SPEAKER pro tempore. Is there objection to the consideration of the Senate concurrent resolution No. 11, which has previously been reported?

There was no objection.

Mr. MADDEN. Mr. Speaker, I move to amend by requiring the amount to be paid out to be certified by the chairman and the vice chairman of the commission.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MADDEN: Page 2 of the resolution, line 3, after the word "chairman," insert the words "and vice chairman."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on agreeing to the concurrent resolution as amended.

The concurrent resolution was agreed to.

On motion of Mr. IRELAND, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

The SPEAKER pro tempore. In the absence of the Speaker, the Chair lays before the House the following report from the Committee on Enrolled Bills. Is there objection?

There was no objection.

ENROLLED BILL SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 7848. An act authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

LEAVE OF ABSENCE.

By unanimous consent, Mr. FENN was granted leave of absence for two days—October 28 and 29—on account of illness.

EXTENSION OF REMARKS.

Mr. SUMMERS of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the conference that meets in Washington on November 11.

The SPEAKER pro tempore. The gentleman from Washington asks unanimous consent to extend his remarks in the RECORD on the subject of the conference which meets in Washington on November 11. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I do not wish to act as censor in any way of extending remarks that may be put in the RECORD, but there has been some question as to whether there should be any discussion whatsoever in either branch of the Congress of the forthcoming conference.

Mr. SUMMERS of Washington. I will say to the gentleman I have tried to exercise great care in presenting what I have to present and that is a matter I have had in mind.

The SPEAKER pro tempore. Is there objection. [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly at (4 o'clock and 54 minutes p. m.) the House adjourned until Friday, October 28, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 56 of Rule XI,

Mr. SUTHERLAND, from the Committee on the Public Lands, to which was referred the bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska, reported the same without amendment, accompanied by a report (No. 444), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 8861) granting a pension to Georgianna Cawthorne, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. WALSH: A bill (H. R. 8892) to establish a probate court for the District of Columbia; to the Committee on the Judiciary.

By Mr. JOHNSON of South Dakota: Joint resolution (H. J. Res. 212) to declare November 11, 1921, a legal public holiday; to the Committee on the Judiciary.

By the SPEAKER (by request): Memorial of the Legislature of the State of Alabama, urging the sale of the Government's property at Muscle Shoals, on the Tennessee River, to Henry Ford; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENHAM: A bill (H. R. 8893) granting a pension to Nellie Perry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8894) granting a pension to William Turner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8895) granting a pension to Jacob Copeland; to the Committee on Pensions.

By Mr. BLAND of Indiana: A bill (H. R. 8896) granting an increase of pension to Louis D. Argo; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 8897) granting a pension to Mariah Elizabeth Smith; to the Committee on Invalid Pensions.

By Mr. NEWTON of Minnesota: A bill (H. R. 8898) granting a pension to Horace T. Farnsworth; to the Committee on Pensions.

By Mr. PARRISH: A bill (H. R. 8899) granting a pension to Brice Woody; to the Committee on Pensions.

By Mr. REECE: A bill (H. R. 8900) granting a pension to James A. G. Livingstone; to the Committee on Pensions.

Also, a bill (H. R. 8901) granting a pension to J. H. Russell; to the Committee on Invalid Pensions.

By Mr. ROBSION: A bill (H. R. 8902) granting an increase of pension to Jesse Smallwood; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8903) granting an increase of pension to Ludlow D. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8904) granting a pension to Sanford I. Anthony; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2854. By Mr. KAHN: Resolution by social science department of the California Club, indorsing work of director of Veterans' Bureau and urging use of town of Clyde buildings by bureau; to the Committee on Interstate and Foreign Commerce.

2855. By Mr. KISSEL: Petiton of the Foster & Reynolds Co., of New York City; to the Committee on Ways and Means.

2856. Also, petition of the Deco Co., of New York City; to the Committee on Ways and Means.

2857. Also, petition of the Santa Cecilia Sugar Corporation, of New York City; to the Committee on Ways and Means.

2858. By Mr. STEPHENS: Resolution of the Ninth Street Baptist Church, of Cincinnati, Ohio, indorsing the proposed constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

SENATE.

FRIDAY, *October 28, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Borah	Gooding	McLean	Simmons
Brandegee	Hale	McNary	Smoot
Broussard	Harreld	Moses	Spencer
Bursum	Harris	Myers	Stanfield
Calder	Harrison	Nelson	Stanley
Capper	Heflin	New	Sterling
Caraway	Hitchcock	Newberry	Sutherland
Culberson	Johnson	Norris	Swanson
Cummins	Jones, N. Mex.	Oddie	Townsend
Curtis	Kendrick	Overman	Trammell
Dial	Keyes	Page	Wadsworth
Dillingham	King	Penrose	Walsh, Mass.
du Pont	La Follette	Phipps	Walsh, Mont.
Edge	Lenroot	Poindexter	Warren
Ernst	Lodge	Pomerene	Watson, Ga.
Fletcher	McCormick	Reed	Watson, Ind.
France	McCumber	Robinson	Willis
Frelinghuysen	McKellar	Sheppard	
Gerry	McKinley	Shortridge	

Mr. CURTIS. I was requested to announce the absence of the Senator from Iowa [Mr. KENYON] on official business.

Mr. DIAL. I wish to announce that my colleague [Mr. SMITH] is detained on account of illness. I ask that this announcement may stand for the day.

Mr. GERRY. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is detained on account of illness, and that the Senator from Arizona [Mr. ASHURST] is detained on official business.

The VICE PRESIDENT. Seventy-four Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overlue, its enrolling clerk, announced that the House had passed the concurrent resolution (S. Con. Res. 11) authorizing the special committee appointed to investigate pay of personnel of Army, Navy, Marine Corps, etc., to hold hearings, to employ a stenographer to report the same, and to employ clerical assistants, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes, and it was thereupon signed by the Vice President.

HUNGARIAN PRISONERS OF WAR IN RUSSIA.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting communications from Stephen de Rakovszky, speaker of the Hungarian National Assembly, at Budapest, appealing for support in securing the release of Hungarian prisoners of war and hostages illegally detained in Russia, which was, with the accompanying papers, referred to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS.

Mr. EDGE presented 14 memorials of sundry citizens of Atlantic City, N. J., remonstrating against the enactment of Senate bill 1948 providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. TOWNSEND presented resolutions adopted by the board of directors of the Manistee (Mich.) Board of Commerce, favoring inclusion in the permanent tariff bill for a limited period of an embargo against the importation of synthetic organic chemicals now produced in the United States, which were referred to the Committee on Finance.

Mr. CAPPER presented a resolution adopted by the Woman's Christian Temperance Union of Republic, Kans., favoring the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POMERENE:

A bill (S. 2639) to place control of Columbia Institution for the Deaf entirely under the president and board of directors of the institution and Congress; to the Committee on Education and Labor.

By Mr. CAPPER:

A bill (S. 2640) to amend the Federal reserve act so as to enlarge the open-market powers of Federal reserve banks by permitting them to purchase and sell long-time paper secured by shipping documents or warehouse receipts covering staple agricultural products or by chattel mortgages on live stock; and

A bill (S. 2641) to amend section 7 of the Federal reserve act, approved December 23, 1913, as amended, and sections 12 and 13 of the Federal farm loan act, approved July 17, 1916, as amended; to the Committee on Banking and Currency.

By Mr. CALDER:

A bill (S. 2642) for the relief of Mary O'Grady; to the Committee on Claims.

AMENDMENTS OF TAX REVISION BILL.

Mr. LODGE, Mr. REED, Mr. FRELINGHUYSEN, Mr. JONES of New Mexico, Mr. LA FOLLETTE, Mr. MCCORMICK, and Mr. LENROOT submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

CHANGE OF REFERENCE.

Mr. WADSWORTH. I move that the Committee on Military Affairs be discharged from the further consideration of the resolution (S. Res. 106) directing the Secretary of War to report to the Senate the amount of the loss, if any, to the contractors on contract revetment work, Pelican Bend, Missouri River, dated June 12, 1918, and that it be referred to the Committee on Commerce.

The motion was agreed to.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. PENROSE. Mr. President, I suggest that the Senate proceed to the consideration of the so-called Walsh amendment and the matter contained on page 78 of the pending bill. This is in a sense a left-over part of a unanimous-consent agreement, and I trust it may be carried out and finished at an early hour this morning. I hope the Senator from Massachusetts is ready to proceed.

Mr. WALSH of Massachusetts. Mr. President, I trust that I may have the close attention of the Senate, because we are to discuss to-day what I conceive to be one of the most important provisions of the whole revenue bill. I shall try to present my views briefly and concisely.

We have been discussing and criticizing the pending revenue bill because of its discriminatory features. Senators have vigorously and repeatedly pointed out that this bill seeks to relieve from taxation the highly profitable corporations of the country and the ultrarich. Not one word has yet been said—I will not say one word, but not sufficient emphasis has been placed upon the provisions of the bill that actually increases the tax burden of a very large class of business and manufacturing corporations. In attempting to relieve the people of the country of the excessive tax burdens of the war why should not all classes and all business enterprises alike share in the reduction of taxes that any revised tax measure proposes?

Mr. President, the pending bill actually increases by 50 per cent the taxes of a very substantial number of business concerns in the country. No one disputes that. Let us not confine our arguments merely to pointing out favoritism. Indefensible as favoritism is in a tax law, certainly nothing can be said in favor of a program which in extending favoritism to certain business concerns places an increased tax of 50 per cent upon other businesses. No one in this Chamber can dispute the proposition that this revenue bill provides for an increase of 50 per cent in taxes on a great number of businesses and industries. What businesses and what industries? Not the monopolistic corporations, not the profit-making corporations, but the struggling, competitive, small business concerns of the country which, under the provisions of the pending bill, are to have their tax bills increased 50 per cent.

It is to laugh when we realize that the song that has been sung on the other side of the Chamber from the beginning to the end of this discussion is that business was to be relieved; that the stagnation in industry, which it has been claimed was caused in part by heavy taxes, was to be removed; that business from now on was to be relieved of the heavy burdens of tax imposed during the war! What is the naked truth? What is the real situation?

We have relieved in this bill profit-making corporate business, and that class alone. Not a single other business enterprise or corporation in the country, not a single business in the country that is not making a profit in excess of 8 per cent has been relieved of a dollar of taxation; in fact, corporations of small earnings have been increased. We have relieved the large surtax payer; we have relieved the excess-profit making taxpayer; we have relieved the man of family; we have relieved, in part, the normal taxpayer; but one class—and that is the class for which I speak—the struggling business concerns, the honest business, the corporations which are content with a small profit are penalized under this bill.

How can Senators who support the pending measure confront the business element of this country and claim that this bill is to restore business prosperity and at the same time levy upon the great bulk of the business corporations of this country heavier taxes than during the recent war? The most burdensome taxes ever paid by individuals or business have been increased under this bill upon the lowest class of our corporations.

Mr. HITCHCOCK. Mr. President, can not the Senator from Massachusetts at this stage of the proceedings explain his amendment? The amendment has not yet been set forth.

Mr. WALSH of Massachusetts. I shall explain the amendment, but I wish the Senator from Nebraska would permit me to develop my argument, for I want to show, first of all, that there is in this bill an outrageous and unjustified increase in the tax burden which is placed upon certain corporations. I also want to show how this has been brought about, namely, by eliminating the taxes from prosperous corporations. After that presentation, I wish to compare the provisions of the committee amendment with my amendment. That is the path that I should like to pursue.

Why has there been an increase in the taxes upon certain business corporations? That is very easy to explain. The one promise made by Senators on the other side of the Chamber, the one end and object of the majority party in framing this bill, was, first and foremost, to eliminate the excess-profits tax. At all hazards this was to be done. No matter what else happened that tax was to be eliminated, no matter who has to bear the loss in revenue consequent upon its elimination. In that objective Senators on the other side have succeeded. The excess-profits tax, relieving the corporations of this country of $450,000,000 of taxation each year, has been wiped out; it is gone; but in doing that Senators have been confronted with the proposition of seeking somewhere, somehow, the revenue which they lost by the elimination of the excess-profits tax.

So they finally decided that they could recoup the public Treasury for the loss of the excess-profits tax revenue by increasing the tax upon the net incomes of all corporations regardless of whether they were earning small or large profits.

During the World War every corporation paid a 10 per cent tax upon its net income, and all corporations earning over 8 per cent on their invested capital paid in addition an excess-profits tax. The pending measure, as it comes from the Committee on Finance, eliminates the excess-profits tax from corporations, but increases the 10 per cent corporation net income tax from 10 per cent to 15 per cent. The House did not have the effrontery to make the increase more than 12½ per cent, but the Senate Finance Committee was more courageous, and it was fixed at 15 per cent. What has been the result? Every corporation that since the war and during the war made less than 8 per cent on its invested capital has had its tax increased 50 per cent. I challenge contradiction of that statement. Every corporation that has earned less than 8 per cent upon its invested capital, under the provisions of the pending bill, has its tax increased 50 per cent, while every corporation that earned more than 8 per cent has had its taxes substantially reduced.

Think of it! How can our action be justified for after the pending bill shall be enacted into law every corporation earning less than 8 or 10 per cent shall have its tax increased, while every corporation that has been earning over 10 per cent or over 14 per cent, dependent upon the corporation class, will be relieved in large part of the tax burden which it bore during the war; and this at a time when the business of the country is prostrate; this at a time when business is asking for relief; this at a time when the Republican Party is claiming to be friendly to business, to be willing and desirous of helping business, to be anxious to restore business prosperity. Yet the Republican majority would turn to every struggling corporate business in this country and say "If you have not been earning 8 per cent, your tax bill is to be increased; if you have been earning more than 8 per cent, your tax bill is to be reduced." What a preposterous proposition!

Which are the excess profit making corporations that this bill favors? They are usually corporations engaged in a business which controls some natural monopoly; they are corporations which have assumed trust proportions; they are corporations which have special privileges and special rights given by the Government itself, enjoying, indeed, special patents, in many instances. Which are the corporations that are earning less than 8 per cent? They are the competitive corporations and businesses of the Nation; the corporations that have to fight competition and meet competition; that enjoy no special monopolistic privilege; and that have no special exclusive line of business which removes them from the strife and turmoil of competitive business.

Mr. President, there can be no serious contradiction of these facts.

Now, it is proposed, in order to recoup the Public Treasury for some of the revenue lost by the elimination of the excess-profits tax——

Mr. KING. Mr. President, would it interrupt the Senator if I should ask him a question relative to the matter which he just suggested?

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. KING. The Senator stated that certain corporations enjoying governmental favors, certain monopolies, were the ones, as a rule, making excess profits. I was wondering whether the investigation by the Senator showed that most of those corporations have but little invested capital, and that they, least of all, are entitled by reason of risk and hazard and large investment to excess profits or to large profits, for that matter?

Mr. WALSH of Massachusetts. I think that is a true statement. As I said the other day, I am not unmindful of the force of the argument in favor of lessening, if, indeed, not eliminating, the excess-profits tax, but I am complaining at the way it has been done, at the manner in which the burden has been shifted. This bill abandons for the present the principle of making excess profit-making corporations pay a higher tax than nonexcess profit-making corporations. No more are we to ask when we come to tax American business concerns and industries, "Are you making profits of a large amount or not?" That principle has been abandoned and the committee has turned to this principle: "Regardless of whether you are making an excess profit or not, regardless of whether you are making 50 or 1 per cent on your invested capital, or regardless of whether you are making 100 per cent or 10 per cent on your invested capital, hereafter you are to pay a tax upon the net income of your corporation, and the tax on your net income is to be increased from 10 per cent to 15 per cent, which amounts to an increase in the tax bill of many corporations of 50 per cent."

Mr. KING. Mr. President, would that tax upon the corporations for which the Senator is pleading—and I think justly pleading—wipe out the line of margin between what might be denominated net profits and the dividend datum line so that there would be no dividends to stockholders?

Mr. WALSH of Massachusetts. Exactly. All questions of profits or of dividends, or the amount of dividends, or the extent or volume of the earning on the invested capital are eliminated, and we come down to the bare proposition of fixing the rate we shall tax corporations upon their net income. I oppose decreasing the taxes of some corporations and increasing the taxes of other corporations.

The committee proposes to impose a flat tax upon the net income of corporations. I protest and object to that method. I argue for a graduated tax upon the net income of corporations just as we have a graduated tax upon the net income of individuals.

Mr. McCUMBER. Mr. President——

Mr. WALSH of Massachusetts. I yield.

Mr. McCUMBER. I should like to have the Senator explain one feature of his amendment. I think probably he intends to cover the matter, but it seems to me to be the very foundation of the argument or of any argument that may be made, and that is this:

The Senator, of course, as a member of the committee knows that one of the principal arguments that induced doing away with the excess-profits tax was that the enormously capitalized corporations probably would have no excess-profits tax, and therefore would go untaxed entirely, and therefore the flat tax—which was inequitable in that it had no relation to the percentage of the earnings—was imposed. It seems to me, however—and on this point I want the Senator's explanation—that the Senator's amendment has exaggerated that difficulty.

We will take a corporation of $100,000,000 capital. It makes $200,000 net income. That $200,000, however, represents only 2 mills on the dollar. It would hardly declare a dividend, and yet 2 mills on the dollar of $100,000,000 woud bring in $200,000. The Senator would levy a tax of 10 per cent on the first $100,000

and 15 per cent upon the second $100,000 even though that 15 per cent is levied upon what is only 2 mills of profit upon the investment, whereas another corporation, say of $100,000 capital, that makes $200,000 makes 200 per cent, and it pays a tax on the second $100,000 of the 200 per cent no higher than the other corporation would pay on the 2 mills, or two ten-thousandths of 200 per cent. It seems to me that there is one grave difficulty in the Senator's amendment, and I should like to hear him on that.

Mr. WALSH of Massachusetts. Mr. President, the question is so long and involved, necessarily so, that it is difficult to answer; but I will state that both my amendment and the committee amendment are defective in that in placing taxes upon corporations the relativity between invested capital and profits is not a factor.

Mr. McCUMBER. I appreciate that.

Mr. WALSH of Massachusetts. Yours is defective, and so is mine. I am accepting your theory, in which I do not believe. I am taking the proposition which you put forth here, that we will raise this revenue by an increased tax upon net incomes of corporations. I am accepting your theory, but seeking to improve it, as it is the only way open to raise revenue from corporations, in view of the elimination of the excess-profits tax. My amendment and the committee amendment are both defective; but I argue that my amendment is better than yours, because yours is a guess, pure and simple, as to how it will burden corporations, while mine is an attempt to apply to corporations the principle "of ability to pay." Yours, I repeat, is a guess. All pay alike under your amendment. The corporation with 100 per cent profit and the corporation with 1 per cent profit must both pay upon their net incomes 15 per cent under the committee amendment.

My amendment, I repeat, seeks to apply to corporations the principle of ability to pay. That is the principle which we apply to the incomes of individuals. We say that the man with an income of $3,000 has not the ability to pay as much taxes as the man with an income of $30,000. In fact, we say that the man with an income of $30,000 can pay ten times as much taxes and not be injured any more than the man with an income of $3,000. Why not apply the same principle to corporations? If corporations were honestly organized, if corporations were efficiently managed, if watered stock were eliminated from corporations, the same principle would apply in the yield of income to corporations as to individuals. If a heavily capitalized corporation has not a net income sufficient to pay a substantial dividend to its stockholders, it is because it is poorly managed, its business in inefficiently carried on, or there is an overissue of stock and it is not a sound corporation doing business in an efficient manner.

The amendment which I propose, applying this principle of ability to pay, provides that a corporation, regardless of its capital stock issue, regardless of its invested capital, shall pay 10 per cent upon the first $100,000 income, shall pay 15 per cent upon the income between $100,000 and $300,000, and shall pay 20 per cent upon the net income in excess of $300,000; while the amendment of the committee provides that the corporation with a net income of $1,000, of $10,000, of $50,000, of $100,000, of $500,000, or of $1,000,000 shall pay 15 per cent. Which is the more equitable?

I recognize the fact that in that group of corporations whose net incomes are $100,000 there are some corporations that now pay high excess-profits tax. There is no doubt about that.

I recognize the fact that in the group of corporations that have net incomes in excess of $300,000 there are corporations which pay no excess-profits tax; but on what other sound principle can you proceed? My suggestion is no more inequitable than to compel a corporation with $100,000 net income to pay 15 per cent and to compel a corporation with $500,000 net income to pay 15 per cent.

Mr. KING. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. Certainly.

Mr. KING. I do not want to disturb the continuity of the Senator's argument.

The Senator from New Mexico [Mr. JONES] yesterday, in the admirable address which he delivered, directed our attention to the fact that many of the large corporations of the United States, those of large capital, such as the Pennsylvania Railroad Co., had stockholders in excess of 60,000, and some other corporations had stockholders of the number of ninety to one hundred thousand. He also directed our attention to the fact that many of these corporations that had large capital and a large number of stockholders had comparatively small earnings based upon the capital, and that the dividends, the net profits, were small, based upon the capital, not comparable to the net profits of many of the smaller corporations. Would not the Senator's amendment, which exacts a tax of 20 per cent upon the amount by which the net income exceeds $300,000, strike more heavily at the corporations that have a large number of stockholders, whose holdings are small and whose dividends will be small, and would it not penalize poor people rather than strike at those corporations that are making enormous profits, and whose profits are confined to a very few when distributed?

Mr. WALSH of Massachusetts. It so happens that there are only a few corporations, less than 5,000, in the group of which the Senator speaks, earning in excess of $300,000 net income, while there are about 195,000 corporations in the group that earn less than $300,000; and in view of the fact that every single corporation that has earned less than 8 per cent upon its capital stock has had its tax increased 50 per cent, I am seeking to find some way to prevent penalizing the great number of corporations which are included in that 195,000. I agree with the Senator that my amendment is not perfect, but every single argument against my amendment can be made against the amendment of the committee. The only advantage my amendment has is that in the case of those corporations that are handling small sums of money, that have small net incomes—the small real-estate associations of this country, the small struggling manufacturer, the public service corporations of this country, which have small net incomes—the possibilities are that their tax will not be increased under my amendment, while it is certain their tax will be increased under the amendment offered by the committee. Do I make myself clear?

Mr. KING. The Senator does.

Mr. JONES of New Mexico. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from New Mexico?

Mr. WALSH of Massachusetts. Yes.

Mr. JONES of New Mexico. Would the Senator object to amending his amendment by adding a proviso like this?—

Provided, That in the case of public utilities whose rates and charges are subject to regulation by law or by administrative action pursuant to law, the rate will be 10 per cent, regardless of the amount of the net income.

That is to reach the case just referred to by the Senator from Utah, and to which I referred yesterday, of these public utilities. Their rates are regulated by law, and any increase of tax there simply means the increase of the rates allowed by law upon transportation, as in the case of railroads, street railways, and that sort of thing. It seems to me that those concerns ought not to be penalized on the basis of the aggregate earnings, and they are the ones to which the amendment of the Senator from Massachusetts would be most burdensome.

I should like to have the Senator consider the advisability of adding such a proviso to his amendment.

Mr. WALSH of Massachusetts. Mr. President, I shall be very glad to consider the suggestion of the Senator from New Mexico. I want to add that my sole purpose in offering this amendment is to prevent a revenue bill being enacted by Congress which indiscriminately provides that every other business corporation in the country—and it affects 50 per cent of them—shall have their taxes increased. The elimination of the excess-profits tax and the increase in the net income tax have increased the taxes upon 50 per cent of the business corporations of this country, and increased their taxes substantially. I am seeking to get a measure through this Senate which will permit a reduction in taxes to every business concern in this country, and not limit its beneficent provisions merely to those corporations that have heretofore been making excess profits.

Mr. POMERENE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Ohio?

Mr. WALSH of Massachusetts. I yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, the Senator from North Dakota has pointed out a defect in the amendment proposed by the Senator from Massachusetts, which he admits; but he counters by pointing out the fact that the same defect exists in the amendment proposed by the majority of the Finance Committee, and I take it that the Senator from North Dakota admits that defect; in other words, it is substantially the same. At least, the defect is the same in character.

The Senator from New Mexico [Mr. JONES] has called attention to the public utilities of the country, and it is conceded, I think, that during the past year the net earnings of the railroads were less than three-tenths of 1 per cent. It seems to me that we can not disregard entirely one of the fundamental rules of taxation, namely, that the taxpayers should pay in accordance with their ability. I realize, of course, that there are modifications of that rule. Why can not the majority of the committee and the Senator from Massachusetts and the Senator from New

Mexico get together and try to prepare an amendment or a scheme which will eliminate the very objection which every one of those Senators seems to admit is in all of these amendments? I think that can be done.

Mr. WALSH of Massachusetts. We can not do it without taking into consideration the profits that corporations make.

Mr. POMERENE. I realize that; but it is the profits with reference to the stockholdings which must be taken into consideration.

Mr. WALSH of Massachusetts. We are both in sympathy with that view. That sound tax theory has been abandoned by the other side.

Mr. POMERENE. There was a time, for instance, when the railroad stocks of the country were held in large blocks by the so-called Wall Street crowd, but I think anyone who has studied this problem will find that Wall Street has gotten out from under that load, largely, and railroad securities now are held either by the insurance companies, which have invested their moneys in those securities, or the smaller and poorer class of people, who hold the most of those securities.

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from North Dakota?

Mr. WALSH of Massachusetts. Certainly.

Mr. McCUMBER. I think I admitted in the few remarks I made that when we change our system from an excess-profits tax to a flat tax there is more or less injustice in it, and certainly it is illogical to the extent, at least, of the 10 per cent; but we were forced, it seemed to us, to levy the flat tax as a substitute in order to get the revenue from those large corporations whose stock issues were so great that in no case could we expect to get over the 8 per cent; and it is pretty hard for anyone to say just exactly what their capital investment is. Admitting that that is not entirely a logical tax, that it taxes the corporation where the hundred thousand represents 1 per cent the same as where it represents 10 or 20 or 100 per cent, my point was that the Senator's amendment exaggerated that and made it just so much worse by levying the very much higher taxes.

Thus, as I stated, if a corporation had a hundred million dollars in capital invested and it made $200,000, it would have made only 2 mills on the dollar. A man who holds that stock and could get a dividend of only 2 mills upon his stock would have pretty good ground to object if that 2 mills was taxed 15 per cent, so that he could not even get his 2 mills of a dividend. But I have not seen any way, and the Senator from Massachusetts perhaps has not found any midway proposition, by which we could bridge this over and at the same time get the money from these very large corporations.

Mr. WALSH of Massachusetts. Mr. President, my proposition at least provides that if the excess-profits tax is to be eliminated there shall be no increase in the tax of the corporations that have not made excess profits, and in that group are over 100,000 corporations, while the amendment of the Senator from North Dakota compels an increase in the taxes of all this class. His amendment forces every single one of this class of corporations to pay a 50 per cent increase in their tax bills. My amendment at least gives a remedy to all in this class—non-excess-profits class—who have not a net income of over $300,000. In other words, after my amendment is adopted no corporation will pay more taxes than it pays now, if it is a nonexcess-profit-making corporation with a small net income, while the Senator's amendment will compel over 50 per cent of these corporations of this country to pay an increased tax bill.

Mr. POMERENE. Mr. President, I think I understand the virtues of the excess-profits tax and I also recognize, I think, its vices; but it seems to me that while the majority of the committee has sought to eliminate the excess-profits tax, which they claim to be bad and which has some bad features, I admit, they are giving us a scheme of taxation which is more vicious and is going to be more inequitable than the excess-profits tax. Both the members of the majority of the committee and the members of the minority of the committee admit that the scheme of taxation which is embraced in these several amendments has one vice. Why can we not get together and eliminate it?

Mr. WALSH of Massachusetts. Mr. President, the suggestions of the Senator from Ohio are admirable, and some way ought to be found to eliminate the objections to this proposed change in the corporation tax. But I repeat, any Senator who votes for my amendment will vote to keep the present corporation tax upon nearly all nonexcess-profits-making corporations the same. It at least seeks to prevent an increase of 50 per cent on the business that has to struggle and fight to earn a normal dividend.

Mr. POMERENE. Mr. President, this morning I received a large number of telegrams severely condemning the action of the Senate in increasing the taxes from 32 per cent to 50 per cent, as if that were a great injustice. I can not sympathize with the men who sent those telegrams, except that necessarily we all desire to have taxes as low as possible. But there are various security holders who may have their little savings in some corporation or other that have not earned 6 per cent, many of them less than 2 or 3 per cent, and by this method of taxation we are penalizing every one of the stockholders in those corporations by adding a 15 per cent tax, or something in excess of that.

Mr. WALSH of Massachusetts. The Senator's statement is a contribution to the discussion.

I want to summarize, in a very few sentences, just the difference between the amendment of the committee and my amendment.

In fixing a flat tax of 15 per cent on net incomes of corporations, no tax principle whatever has been invoked, while my amendment seeks to apply the same theory upon which the income taxes of individuals rest, namely, the ability to pay. If ability to pay is a sound foundation for taxes on personal incomes, then it is a sound foundation for taxes on corporation incomes. If the individual be forced to pay a graduated income tax, why should not corporations also be forced to pay a graduated tax on their incomes? If one principle is sound, then the other is sound. What are corporations? They are groups of individuals, and I contend that the same principle which we apply in imposing an income tax upon individuals should apply to corporations, and if the groups of individuals are honestly organized and honestly managed, the rule and principle of a graduated income tax will work out equitably with corporations as with individuals.

The removal of the profits tax and the substitution of a flat corporation income tax is a direct step away from the principle of ability to pay. It is a move directly beneficial to monopolies and trusts, which alone, of all business institutions, are certain of being able to make excess profits when business revives.

All restraint on the making of profits is abandoned forever under this bill, because, no matter how much profit a corporation may make, it is to be taxed the same identical rate as a corporation that makes substantially no profit. Competitive business is penalized, under the majority amendment.

Let me quote what the Manufacturers' News, of Chicago, a leading industrial paper of this country, says about this committee amendment. Referring to the tax which the committee amendment proposes to impose, it says:

> This tax will hit thousands of small manufacturers below the belt.

This tax, this amendment, will hit thousands of small manufacturing corporations below the belt, because it increases the taxes 50 per cent upon every small nonexcess-profit-making corporation.

Mr. WATSON of Georgia. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I yield.

Mr. WATSON of Georgia. It seems to me quite in line with the argument being made by the Senator from Massachusetts to suggest to him to inquire of the committee what its reason was for including Coca-Cola among soft drinks, and to ask if the imemdiate result of its action in doing so was not to send up enormously the price of that fatal beverage, as the Senator will see from the New York quotations of yesterday.

Mr. WALSH of Massachusetts. I thank the Senator from Georgia for his reference to the effect that another section of the tax bill has already had upon the beverage to which he referred.

Mr. President, let us come down to cases. Let me take from the files of the Treasury Department two typical corporations and examine their returns. We will consider the statement which they made, the return which they presented, and the tax which they paid in the year 1919, and then we will inquire if the bill which the majority proposes to enact had been the law in 1919, what would have been the difference in the tax which these two corporations would pay.

The first corporation had an invested capital of $135,135,151. It is what we call a large corporation. It had, as shown by its return, a net income of $31,652,279. It paid in 1919 an excess-profits tax of $3,098,375. If the present bill, with the amendment proposed by the majority members of the committee, had been the law in 1919, this corporation would have paid no excess-profits tax, but in its place would have paid a tax upon its net income increased from 10 to 15 per cent, which would amount to $1,435,000. In other words, this corporation, if it

carries on in 1923 the same business that it did in 1919, would save approximately $3,500,000 in taxes. This means that the change in the excess-profits tax and the increase in the income tax from 10 to 15 per cent will mean a tax bill for this large and highly prosperous corporation of $3,500,000 less than during the year 1919.

Let us take a small corporation and examine its tax bill for the same year, 1919. This typical corporation had an invested capital of $102,576. It had a net income of $10,430. It earned 10 per cent on its invested capital, therefore, it had no excess-profits tax to pay, although it had an income of $10,430 ($2,000 of net income is exempt under the law). Its taxable income was $8,430, which, at 10 per cent, made the tax $843.

It is to be noted that we are dealing with a small corporation earning 10 per cent on its capital stock, and yet, under the most burdensome tax law ever imposed on business and upon individuals, with all the tax burdens of the late war; this corporation paid in 1919, at the war peak, tax rates $843.

Under the provisions of the pending bill, had this measure been the law in 1919, this corporation would have paid $1,264. This corporation doing the same business in 1923 that it did in 1919 will have to pay 50 per cent more tax—over $400 more tax in time of peace—after the Congress has passed a bill claiming to relieve our people of the burden of war taxation.

How can the Republican majority justify that? How can you go forward and talk to the country about the Republican Party being a friend of business? How can you defend this course?

Mr. KING. The Senator means the Republican Party is a friend of big business.

Mr. WALSH of Massachusetts. The Senator from Utah suggests that I should amend my statement by saying that the Republican Party is a friend of big business, not a friend of business.

Mr. JONES of New Mexico. A friend of big profits instead of big business.

Mr. WALSH of Massachusetts. The fact remains that this committee amendment is the vital weakness of this bill. It can not be explained. It can not be justified. It has called forth a protest from every business concern in the country that has not been making excess profits, because it attempts now to increase the tax bills of the industries and businesses of the country which are not overprosperous.

Let me resume the conclusion that the comparison of these two corporations leads to. The tax on the large corporation, earning 25 per cent a year, is under the present bill decreased 40 per cent, while the tax of the small corporation earning 10 per cent is increased 52 per cent.

Mr. OVERMAN. Mr. President, I should like to know how many corporations in the country have their taxes increased and how many have them decreased?

Mr. WALSH of Massachusetts. It is estimated that the number of corporations which pay an excess-profits tax is about 100,000. There are approximately 300,000 corporations altogether. About 100,000 of that number file a return showing no net income. About 100,000 file returns showing excess profits. One hundred thousand more show net incomes less than 8 per cent; in other words, 100,000 have a net income less than that which brings them within the excess-profits class. If I am not correct I hope the Senator from North Carolina [Mr. SIMMONS] will correct me.

My amendment seeks to keep the tax at exactly what the rate now is upon that class of 100,000 corporations which are not and have not been earning excess profits. It also will work out to the benefit of the excess-profits class or some of the corporations in the excess-profits class because some of them are in the brackets showing a net income of less than $100,000.

Mr. OVERMAN. I wanted to know how many corporations now in the country are going to be relieved by the bill as presented by the committee and their taxes lessened, and how many are going to have their taxes increased? I wish to see whether the bill is in the interest of big business or not.

Mr. WALSH of Massachusetts. It is a mere guess or approximation, but I should say that 50,000 corporations will have their taxes reduced, and 150,000 corporations have their taxes increased under the provisions of the pending bill. My amendment would tend to keep the taxes from being increased upon the 195,000 corporations that are outside the class of excess profit producing.

Mr. JONES of New Mexico. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. In this connection I think it is important that we consider also the invested capital which will have its taxes increased by the committee amendment, although they are the corporations which are showing a smaller income. In the report of the majority of the committee there is a table which bears upon this subject and gives us some information. That table I introduced in connection with my remarks on yesterday, and it shows that even in the prosperous year 1919 over half of the invested capital of corporations was paying 10 per cent or less.

Mr. POMERENE. How much in amount was it?

Mr. JONES of New Mexico. The amount of invested capital in those two brackets was a little over $30,000,000,000, and the total invested capital of all the corporations making their returns for the year 1919 was only $56,290,000,000. So that the plan proposed by the committee is to actually increase the burden on over one-half of the capital invested in business in the country and which is making a small profit. I have no doubt that in the present state of depression in the country the volume of earnings less than 10 per cent is very much increased.

Mr. WALSH of Massachusetts. I am pleased that the Senator from New Mexico called my attention to the table which he introduced yesterday. That leads me to a consideration of some tables which I desire to have introduced in the RECORD.

I have before me several tables showing that the proposed bill decreases the taxes of those corporations earning from 12 per cent to 100 per cent a year on their investment, in an amount ranging from 1 per cent to 55 per cent. According to these tables this bill also increases the tax on those corporations earning less than 12 per cent in amounts ranging from 1 per cent to 48 per cent. Just reflect upon those figures! There is nothing in this whole revenue bill so inequitable, so unjust, so indefensible.

In seeking to reduce the burden of taxation on business what has the Republican majority done? They have taken the taxes off of those corporations earning a tremendous return on their capital and they have shifted that tax burden to those corporations earning only a normal return on their investment.

The following table shows the number of corporations within various income brackets.

The figures are based upon the returns for the year 1918, which is the last year for which accurate returns are available. The number of corporations in that year that had a net income of less than $10,000 was 148,150. I call attention to the table for the purpose of showing the very large number of corporations that are within the first bracket of the amendment proposed by me, namely, the corporations that have a net income of less than $100,000. The number of corporations having a net income of from $10,000 to $50,000 was 37,053; from $50,000 to $100,000 the number was 7,224; from $100,000 to $250,000 the number is 5,383; from $250,000 to $500,000 the number is 2,054; from $500,000 to $1,000,000 the number is 1,171; from $1,000,000 to $5,000,000 the number is 846; and from $5,000,000 and over the number is 180. The total number of corporations showing income in the varying amounts stated was 202,061; and 115,518 corporations showed no income, making the total of all corporations making returns 317,579.

Based upon returns for 1918, the number of corporations that are within the brackets named in my amendment is as follows: Corporations that showed a net income of less than $100,000 in 1918 were 191,000. So at least I propose to impose a less tax on the net incomes of 191,000 corporations than the committee bill proposes—the rate on that number of corporations being under my amendment the same as the present law, 10 per cent.

The number of corporations in the bracket between $100,000 and $200,000 is 5,000; the number of corporations in the bracket between $200,000 and $400,000 a year is approximately 1,500; from $400,000 to $500,000, about 1,500; and over $500,000 nearly 1,000.

It is claimed that under the committee bill there will be a revenue of $660,000,000 derived by the proposed increase from 10 to 15 per cent in the net income tax on all corporations.

The amount which will be raised under the amendment proposed by me is $602,500,000. Again we come to figures that are problematical. When I first suggested my amendment to one of the experts he said the amount that would be raised would be identical with that raised under the committee amendment, but since that time there has been some change in his estimate, and he now thinks that my amendment will not raise quite so much as the committee amendment.

I offer for the RECORD the table to which I have referred. It shows the corporation tax returns for the year 1918 and the estimated corporation income returns for the year 1922.

The VICE PRESIDENT. Without objection, the table will be printed in the RECORD.

The table referred to is as follows:

Table showing number of corporations that made returns for the year 1918 within various net corporation income brackets:

Corporation tax returns.

[Calendar year 1918.]

Income brackets.	Number of corporations.	Net income of corporations.
$0-$10,000	148,150	$430,659,860
$10,000-$50,000	37,053	800,570,917
$50,000-$100,000	7,224	507,215,825
$100,000-$250,000	5,383	838,508,564
$250,000-$500,000	2,054	713,779,767
$500,000-$1,000,000	1,171	815,090,903
$1,000,000-$5,000,000	846	1,701,416,343
$5,000,000 and over	180	2,554,269,070
Total	202,061	8,361,511,249
With no income	115,518	−689,772,361
Total of all	317,579	7,671,738,888

Estimated corporation income returns for 1922.

Net income brackets.	Number of corporations.	Net income.	Income in each bracket.	Rate of tax received.
$0-$100,000	191,000	$1,700,000,000	$2,600,000,000	[1] $220,000,000
$100,000-$200,000	5,000	750,000,000	650,000,000	[1] 65,000,000
$200,000-$400,000	1,500	450,000,000	650,000,000	[2] 97,500,000
$400,000-$500,000	1,500	700,000,000	200,000,000	[2] 40,000,000
Over $500,000	1,000	1,400,000,000	900,000,000	[3] 180,000,000
Total [1]	200,000	5,000,000,000	5,000,000,000	602,500,000

[1] 10 per cent. [2] 15 per cent. [3] 20 per cent.

Committee bill, $4,600,000, at 15 per cent, equals $690,000,000; as in report, $660,000,000.

This table shows that 202,060 corporations made income returns. One hundred and fifteen thousand five hundred and eighteen made a return with no net income. Total corporations, 317,579.

Mr. WALSH of Massachusetts. Mr. President, this table shows that approximately 190,000 corporations have a net income under $100,000; that 8,000 corporations have an income between $100,000 and $500,000; that 1,200 have an income between $500,000 and $1,000,000; that 850 have an income between $1,000,000 and $5,000,000; and that 180 have an income over $5,000,000. My amendment will therefore lessen the corporation tax upon all corporations with a net income under $300,000, which number about 195,000 corporations, and will increase the tax provided for in the committee bill upon less than 5,000 corporations.

Mr. POMERENE. Mr. President, may I ask the Senator what would be the amount of revenue raised from the corporation tax in the event the present law were continued?

Mr. WALSH of Massachusetts. In the event the present law should be continued, the amount that would be raised would be about four hundred million dollars. The tax under the present law is 10 per cent on the net income of corporations; the committee seeks to increase that to 15 per cent, which will add about two hundred and fifty million dollars more, making about six hundred and fifty million dollars. My amendment proposes a tax in excess of 15 per cent on certain classes of corporations; namely, those corporations that earn over three hundred million dollars net income, which I propose to have pay a tax of 20 per cent. Therefore, under my amendment there will be obtained from that group of corporations a larger revenue than will be derived from the flat 15 per cent tax proposed by the committee. The corporations embraced in that group have large net incomes and, of course, comprise the "big business" of the country. They may not be the business concerns that make the most profits, but they are the business concerns that handle the greatest volume of business, handle the greatest volume of money, and make the largest showing of net income; they are the monopolistic, the trusts, the big corporations of the country.

Mr. GERRY. Mr. President, under the Senator's amendment, if I recollect correctly, the tax will commence to be heavier on a corporation having a net income of $400,000. Below that sum the tax will be lighter.

Mr. WALSH of Massachusetts. Exactly. I am very glad the Senator called my attention to that feature of my amendment, in which, I ought to add, the Senator from Rhode Island has had a share and part in formulating. If there is any merit in my amendment the distinguished Senator from Rhode Island is entitled to share it.

My amendment is so drafted that even those corporations which appear to pay 15 per cent upon their net income will actually pay a less tax than under the committee amendment, which imposes a flat tax of 15 per cent, because those in the group from $100,000 to $300,000 of net income will have the benefit of the lower 10 per cent rate on the first $100,000 of income. Does the Senator from Ohio follow me?

Mr. POMERENE. Yes.

Mr. HITCHCOCK. Mr. President, did the Senator indicate whether he would accept the amendment suggested by the Senator from New Mexico?

Mr. WALSH of Massachusetts. I did not. I am very sympathetic toward the amendment, I will say to the Senator, but I do not want to confuse this issue. I want to consider the amendment, and if I think it will contribute in accomplishing the purpose I am seeking to accomplish I shall be very glad to accept it.

Mr. HITCHCOCK. There is a question which I desire to put to the Senator. If he does not accept that amendment, will not the effect of his amendment be to increase the taxes on the railroads of the country; will not the power which fixes railroad rates take into account the amount of the taxes paid; and will not that be an excuse for maintaining high railroad freight rates?

Mr. WALSH of Massachusetts. I think there is a good deal in what the Senator from Nebraska says; I think that is true; but I should like to ask the Senator from Nebraska if there are many railroad corporations that to-day have a net income in excess of $300,000?

Mr. HITCHCOCK. I judge that most of the large railroads have an income——

Mr. WALSH of Massachusetts. A net income.

Mr. HITCHCOCK. A net income of over $300,000, because that is a mere nominal profit on their enormous capitalization.

Mr. WALSH of Massachusetts. I thought that our railroads were losing money and that there were very few of them that showed a substantial net income upon their business.

Mr. HITCHCOCK. A railroad may be making a profit of $1,000,000 a year and yet that would be very small compared to its enormous capitalization.

Mr. WALSH of Massachusetts. That is true.

Mr. POMERENE. Mr. President, the net income of all of the railroads during the past calendar year, I think, was $63,000,000, which made an average of less than three-tenths of 1 per cent. Let me remind the Senator further that during that year that net income included $60,000,000 of back pay which the railroads received from the Government for carrying the mail.

One of the reasons I favored the elimination of a tax on freight and transportation was that necessarily such a tax increases the cost to the traveler and to the shipper, thereby adding largely to the present high cost of living. Now, under either the Senate committee amendment or under the amendment as proposed by the Senator from Massachusetts there will be an increase. Under the Senate committee amendment there will be an increase in the taxes from 10 to 15 per cent, and under the amendment proposed by the Senator from Massachusetts there will be a graduated increase provided for, so that in either event another reason will be afforded for the keeping up of present high traffic charges. I think we want to avoid that.

I am sorry to interrupt the Senator further, but I wish now to thank him for one thing: He has made perfectly clear to my mind one fact upon which I have been seeking light ever since this debate began, and that is why there was an effort to force this bill through with little or no debate. If I had been one of the sponsors for this bill, I also would have wanted to force it through without debate.

Mr. WALSH of Massachusetts. Mr. President, I appreciate the compliment which the Senator from Ohio has paid me. I feel that the amendment which I offer at least calls attention to the fact that the pending bill does not relieve but penalizes business, and that, too, the businesses of the country that need aid, that need assistance, that need encouragement, that need to be relieved from excessive war-tax burdens.

Mr. KING. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH of Massachusetts. I yield.

Mr. KING. The Senator in his amendment is providing what we have been calling brackets—two brackets, 15 per cent and 20 per cent. In my opinion his amendment effectuates some reform, and is just, based, of course, as it is, upon an imperfect

foundation, because he was forced to take the imperfect foundation which was submitted by the committee. The question I was about to propound the Senator was this: If the two gradations of 15 and 20 per cent do effectuate some relief and some reform, would there not be greater relief and some further justice consummated if he were to introduce further gradations?

Mr. WALSH of Massachusetts. If the Senator will permit me to interrupt him there, of course I had to start with the bracket which retained the present tax at 10 per cent. The Senator will understand that.

Mr. KING. Yes.

Mr. WALSH of Massachusetts. I also had to meet the fact that the highest rate imposed by the committee amendment was 15 per cent.

Mr. KING. Yes.

Mr. WALSH of Massachusetts. So that I was necessarily limited in the number of brackets that I could formulate because of the fact that the percentages should not go below 10 per cent and should not go very high over 15 per cent. So I began with 10 per cent on the corporations with small net incomes. With the so-called middle-class corporations with net incomes from $100,000 to $300,000 I made the rate the same as the committee rate, and then on those with very large net incomes I put the advanced rate of 20 per cent. The Senator will appreciate the difficulties in making an amendment that recognized the principle that the nonexcess-profit-making corporations ought not to have their taxes increased. That is the one object I have had in mind in formulating this amendment. I am trying to have Congress say to this substantial element of our business concerns: "Though we have not given you any relief, we at least have not increased your taxes."

Mr. KING. I appreciate the almost insuperable objections that attend any modification of this bill dealing with this feature upon the basis which has been formulated and presented by the committee.

I had hoped that some provision might be offered as a substitute which would take into account the profits of the corporations as the basis of this tax, so that while the excess-profits tax has been eliminated there might be introduced as a substitute for it a measure by which the taxes upon the corporations would be based upon the profits and the ratio which the profits bore to the legitimate capital-stock investment.

Mr. WALSH of Massachusetts. The Senator will bear in mind that we have had amendment after amendment proposed by the Senator from New Mexico [Mr. JONES], the Senator from Missouri [Mr. REED], and other Senators seeking to do that very thing. They have all been voted down. I withheld offering my amendment until we were confronted with the issue of increasing, by adopting this amendment, the tax upon the normal profit-making business concerns of this country; and I want to fight my amendment out along the line of seeking to prevent an increased tax burden upon one-half of the business concerns of this country. You have got to say to every other corporation, every other business concern, every other business man that you meet who is an officer of a corporation or interested in the management of a corporation, if this committee amendment is adopted: "Under this revenue bill we have increased your tax."

Mr. KING. Mr. President, the more light that is thrown into the dark recesses of this bill, the more apparent become its enormities, its delinquencies, and its oppressive character. When the amendments shall all have been offered I shall move to recommit this bill, if the majority refuses to accept amendments, with instructions to formulate a measure that will take into account the profits of corporations and deal with them in a just and equitable way, not penalizing legitimate business, but basing the taxes to be derived by the Government upon the profits of the corporation, and a ratio to be established between the profits and the legitimate capital stock of the corporation.

Mr. WALSH of Massachusetts. Mr. President, I desire now to quote from a statement given to the public by the National Association of Credit Men in September, after this bill was reported to the Senate, and I want to read what this association had to say about the committee amendment under discussion:

> We are unalterably opposed to any increase in the rate of normal tax levied on the income of corporations. The increase of the normal tax upon corporations from 10 per cent to 15 per cent will affect thousands of corporations whose rate of earning is so low as not to be reached by the excess-profits tax, the very corporations least able to bear it. Increasing the tax burden of such corporations by 50 per cent is indefensible. In the present business depression it may be calamitous.

Now, let me read from a brief presented to the Finance Committee by the real estate interests of the city of Boston. I might say that very vigorous, very intense opposition to this committee amendment has been made by the real estate interests of this country. I do not know whether you realize it or not, but very few of the real estate trusts in the big cities of this country earn any substantial return upon their investment. That is an astounding fact—very few of them. In the city of Boston I doubt if 5 per cent of the real estate trusts earn 6 per cent on their investment. In fact, I will show from some figures I have here that most of them earn only 2 or 3 per cent; yet practically every real estate trust in the country—the investment, as the Senator knows, of widows, trustees, and other highly conservative investors—is to have its tax bill doubled because it is not among the excess-profits-making corporations.

When we consider the building situation in this country, when we consider the need of housing our people, when we consider the need of restoring business prosperity by commencing large building undertakings that have been suspended during the war, we can appreciate what a very, very bad effect this increased tax is going to have upon that class of corporations.

Mr. JONES of New Mexico. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. May I call the Senator's attention to the fact that a great many of the large business buildings of the country are owned by corporations; a great many of the large apartment buildings here in the city of Washington are owned by corporations; and if they are to have their income taxes increased by 50 per cent, will it not necessarily result in a raise of the rents?

Mr. WALSH of Massachusetts. Certainly; that is self-evident.

Let me read from this brief:

> With the present housing and building shortage and a lack of offices and buildings, it is most important to encourage new building. This can not be done if higher rates of taxation are imposed on the income from this class of property. In the first place higher taxes tend to make it impossible to put up buildings which can compete with other buildings built when the cost of construction was much lower. In the second place the present returns on this class of property appear to be so low that it discourages all new capital from making new investments of this character.
>
> If the new revenue legislation proposes a substitute for the present excess-profits tax, then the rate of taxation on these real estate corporations should not be increased, because they do not pay excess-profits taxes at the present time, and so additional taxes on their profits mean a real increase of taxation and not a substitution.
>
> The improved real estate in which corporations and associations of this class invest bear the great bulk of local taxation. The annual rate in Boston was $24.10 last year upon the assessed value of land and buildings, and the assessments are the full value of the properties.

Then follows a list of such real estate associations, with their net earnings. I will only read the conclusion:

> The present Federal taxes add to the local taxes from 6 per cent to 8 per cent more of the net earnings before taxes.
>
> The annexed sheet shows the dividend rates of a few of these real estate associations. One pays at the rate of 8 per cent; two at 7 per cent; five at 6 per cent; and half of them at 4 per cent or less.

Not a single one of the real estate investment companies that are included in this list, a very large number, pays over 8 per cent.

I ought to say that they are office-building companies, not apartment-house real estate companies, companies that develop real estate in the very heart of our great cities. These concerns are largely interested in office buildings in the city of Boston. So, if it is true that the real estate interests of the country that have pooled their capital and have organized real estate investment associations, have not been paying excess-profits taxes, then they are to have an additional burden as the result of this proposed bill.

I now call attention to another table which I present. This table shows the tax of six representative large corporations, computed under existing law and under the pending bill. It shows that these corporations would pay a good deal less tax under the pending bill than they paid under the former law, which provided for an excess-profits tax. I shall not take the time to analyze this table. It is very illuminating. It only goes to develop the argument I am trying to make here, that this bill does favor business, does help business, does lift burdens from business, but only one class of business—the excess-profits-making business concerns of the country. This statement, I should say, was prepared by experts, and is an actual statement of returns made by corporations in the year indicated in the table.

I offer this statement for the RECORD.

The VICE PRESIDENT. Without objection, the statement will be printed in the RECORD.

The statement is as follows:

The tax of six representative large corporations, computed under the existing law and under the proposed bill, is given below. These corporations were picked at random from the largest in the United States. These figures are based upon the returns of the corporations for 1920, the latest year for which figures are available.

Invested capital.	Net income.	Tax under existing law.	Tax under proposed bill.
$7,937,801	$2,970,600	$960,207	$445,590
$11,448,875	6,053,020	2,205,017	907,953
$4,076,390	1,577,248	517,814	236,587
$55,281,989	51,667,660	15,912,826	7,750,149
$1,666,536,898	187,977,752	28,290,761	28,196,662
$172,500,000	12,880,000	1,120,600	1,932,000

An analysis of the above figures shows that the first four corporations earned profits for one year ranging from 22 per cent of the capital invested to 54 per cent of the capital invested. The proposed bill would reduce their taxes approximately 50 per cent. The fifth corporation earned 10 per cent on its capital invested, and the proposed bill would reduce its tax only a fraction of 1 per cent. The sixth corporation earned 7 per cent on its capital invested, and the proposed bill would increase its tax.

It would seem from the above that the proposed bill would reduce approximately 50 per cent the taxes paid by those corporations earning abnormally large profits, considering the capital invested, and would increase the taxes of the corporation earning just the normal 7 or 8 per cent return on its capital.

The returns for 1920 of 41 comparatively small corporations, invested capital of about $100,000, were secured. These returns were selected at random and not with the idea of demonstrating any particular fact. The figures for 10 of these 41 small corporations follow:

Invested capital.	Taxable income.	Tax under existing law.	Tax under proposed bill.
$100,000	$2,412	$41	$62
$100,171	4,226	223	334
$104,790	6,638	461	695
$100,000	8,519	652	977
$99,359	12,774	1,406	1,616
$100,611	16,745	2,265	2,212
$100,830	25,316	5,824	3,497
$100,600	33,070	9,402	4,660
$103,347	34,742	12,511	4,911
$99,873	38,930	21,334	8,539

Of these 41 corporations, 23 earned less than 14 per cent on the capital invested. The proposed bill increases the tax on these 23 corporations from a fraction of 1 per cent to 50 per cent. Eighteen of these corporations earned from 14 per cent to 58 per cent on the capital invested. The proposed bill decreased their tax in an amount ranging from 1 per cent to 66 per cent. It appears here, as with the large corporations, that the proposed bill increases the tax on those corporations earning a normal return on the capital invested, 14 per cent and less, and reduces the tax of those corporations earning abnormal profits from 14 per cent to 58 per cent. The corporation whose tax is most decreased is the corporation which earns the greatest return on the investment, and the decrease of the tax bears a direct relation to the percentage of return on capital invested. These figures would also seem to prove that the statement that the proposed bill benefits the small corporation rather than the large corporation is without foundation.

Mr. WALSH of Massachusetts. Mr. President, I regret that I have taken so much time. I think the members of the committee will agree that the subject matter under discussion is one of great importance; and I think the members of the committee will agree, too, that we ought, if possible, to find some way of decreasing the tax burdens upon the business corporations of the country that have been earning only a normal profit in the past.

I want to say again that I offer this amendment in a constructive way, and not in a destructive spirit. I want to help to improve this bill. I want to help to relieve the honest, struggling business industries of this country from the additional burden which this legislation is to impose upon them. I hope that the suggestion made by me will be met in a nonpartisan way, and that the Members of the Senate on the other side of the Chamber will see the importance and the necessity of doing something to prevent an increase of 50 per cent in the taxes of this large group of worthy corporations.

Just a single word of warning. You can not answer the criticism that will be made against the corporation features of this bill. It has a single purpose—the elimination of the tax on highly prosperous corporations and the increase of the tax upon those corporations that are making a scant profit.

I repeat, my amendment is not perfect; the committee amendment is not perfect. The principle and theory upon which they are both founded may well be attacked; but my amendment at least does not increase the taxes upon the smaller corporations in the country. The committee amendment increases the tax upon all those corporations which have been earning less than 10 per cent, and decreases the tax upon the corporations which have been earning more than 10 per cent. My amendment gives relief to those who need relief; the committee amendment gives relief to those who do not need relief. That is the issue; that is the question that my amendment presents.

Mr. REED. I offer an amendment which I ask to have printed and lie on the table. I also ask to have the amendment printed in the RECORD, except that part which is the soldiers' bonus bill, and I ask to have a statement go into the RECORD to the effect that "here follows the soldiers' bonus bill as heretofore introduced and reported by the committee." I ask, however, that the whole be printed as an amendment.

The PRESIDENT pro tempore. Without objection, the amendment will be printed and lie on the table and also be printed in the RECORD as indicated by the Senator from Missouri.

The amendment intended to be proposed by Mr. REED is as follows:

Amend title 3, page 130, by striking out all of said title on page 130 and page 131 to and including line 10 on page 131 and by inserting in lieu thereof the following:

TITLE III.—WAR-PROFITS AND EXCESS-PROFITS TAX FOR 1921.

PART 1.—GENERAL DEFINITIONS.

SEC. 300. That when used in this title the terms "taxable year," "fiscal year," "personal-service corporation," "paid or accrued," and "dividends" shall have the same meaning as provided for the purposes of income tax in sections 200 and 201.

PART 2.—IMPOSITION OF TAX.

SEC. 301. (a) That in lieu of the tax imposed by title 3 of the revenue act of 1918, but in addition to the other taxes imposed by this act, there shall be levied, collected, and paid for the calendar year 1921 and each year thereafter upon the net income of every corporation (except corporations taxable under subdivision (c) of this section) a tax equal to the sum of the following:

FIRST BRACKET.

Twenty per cent of the amount of the net income in excess of the excess-profits credit (determined under section 312) and not in excess of 20 per cent of the invested capital;

SECOND BRACKET.

Forty per cent of the amount of the net income in excess of 20 per cent of the invested capital.

The monies derived from such taxes shall constitute a separate fund and shall be devoted so far as necessary to pay and discharge the obligations created by paragraph (b) of this amendment.

(At this point follows the text of the soldiers' bonus bill as heretofore introduced and reported by the committee.)

Provided, That if at any time the funds collected under the provisions of section 300 and section 301, paragraph (a) as amended, are not sufficient to carry out the provisions of this act and additional funds to fully carry out said provisions are not appropriated, the funds created under said sections shall be held by the Secretary of the Treasury until a sufficient amount has accumulated to discharge a class of unpaid obligations, and payments by classes shall be made in the order of maturity. The obligations created by this paragraph shall be postponed until sufficient monies have accumulated as aforesaid.

(c) For the calendar year 1921 there shall be levied, collected, and paid upon the net income of every corporation which derives in such a year a net income of more than $10,000 from any Government contract or contracts made between April 6, 1917, and November 11, 1918, both dates inclusive, a tax equal to the sum of the following.

Mr. FRELINGHUYSEN. Mr. President, I realize that the chairman of the committee is desirious of getting a vote on this amendment, and I shall occupy only briefly the time of the Senate.

I am disposed to agree with the Senator from Massachusetts that the present corporation tax imposes a great burden on the smaller corporations, and some measure of relief should be placed in this bill as it is drawn; but I go still further. I believe that not only is the 15 per cent tax in the Senate amendments unwise, but I believe that the 12½ per cent tax of the House provision is unwise.

The Senator from Massachusetts [Mr. WALSH] proposes to reduce the 15 per cent to 10 per cent on corporations whose net incomes do not exceed $100,000, but to vastly increase the corporation tax imposed upon corporations where there is an excess beyond $100,000, and it is to that subject that I wish to address myself, because I do not believe in the burden that is imposed upon business in this bill. I believe it is a political taxation bill, not a scientific taxation bill, and I believe that the burden which it imposes upon business is so great that it means a continuation of business paralysis.

I take this position because if I were not to do so I should be recreant to the trust imposed upon me by the great industrial State which honored me by electing me to this body, a State whose people have a spirit of neighborliness and whose wage earners and employers work together and exchange views to the end of the attainment of a common prosperity. I take this position because it squares with the Republican platform of last year, which declared that—

sound policy equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure, prompt and certain deter-

mination of the tax liability for delay and uncertainty, taxes which do not for taxes which do excessively mulct the consumer or needlessly repress enterprise and thrift.

I take this position because it is that of the leader of the Republican Party, the man pronounced by the titular head of the Democratic Party in the Senate to be the greatest man in the country, President Harding. In his address at the opening of the special session, upon the very subject we have under consideration, he said that—

the most substantial relief from the tax burden must come for the present from the readjustment of internal taxes, and the revision and repeal of those taxes which have become unproductive and are so artificial and burdensome as to defeat their own purpose. A prompt and through-going revision of the internal tax laws, made with due regard to the protection of the revenues, is, in my judgment, a requisite to the revival of business activity in this country. * * * We are committed to the repeal of the excess-profits tax and the abolition of inequities and unjustifiable exasperations in the present system.

The senior Senator from Alabama, as Democratic leader, does not hesitate to say that he will vote against this revenue bill in any event, but the other day he freely admitted that—

there is a limit beyond which you can not put the tax on wealth without destroying industry. There is a limit beyond which you can not put the tax on wealth without confiscation and through taxation, adopting the principles of socialism and the distribution of the assets of the country.

In harmony with the platform of the Republican Party, with the declaration of the great President it gave the country, and with the common-sense admission of the leader of the minority, the majority in the House of Representatives and in the Finance Committee of the Senate favored a measure reducing to 32 per cent the surtaxes on incomes. This reduction was proposed in order that further impetus and initiative might be given to business and that the return of good times might be accelerated.

But this revision, so necessary and beneficial to all the people and not merely to the rich, as the Senator from Missouri [Mr. REED] would have us believe, were met with stern objections on the part of the Democratic Members of this body and of a so-called "agricultural bloc." In an unfair appeal they have declared to the country, through the medium of this debate, that such reduction removes the burden from the rich and places it upon the poor. They have let it be known that as the only genuine friends of the people in this body they will protect them from such an outrage. With a congressional election in the offing and a realization on their part that the people reward their most loyal servants, they beat their manly breasts and point with pride to the fact that at last the country is safe from the effort of the wealthy to escape the duty of giving up the greater part of their incomes to support the Government that made their success possible. Lincoln said that God must have loved the common people because he made so many of them. Some of those here would have us believe that God hates the rich because he made so few of them. Anyway, there are more poor than rich voters on election day, and it seems to be much more profitable from a political point of view to tell the poor who are already heavily taxed to support a great war waged to protect the Nation's honor that the burden of that war should be borne by the rich. The inference is frequently made that all the rich are profiteers, which makes the argument seem all the more politically profitable.

This is not the first time that a demagogic appeal has been made by the Democratic Party. Apparently its sole hope of victory lies in such an appeal. The country has not forgotten its slogan of "Thank God, he kept us out of war." There was no sincerity in it, but it was clever, and foisted the Wilson administration upon us a second time. In 1910 the party captured Congress upon the declaration that it would bring the cost of living down to within reach of the market basket of the average housewife. It declared that the protective tariff and the reactionaries in Congress, the tools of the big interests, were alone responsible for soaring prices and that it would redeem its pledge to reduce them. Time went on and under its administration of the Government prices doubled. But that made no difficulty. Buncombe paid. It was not so long before that that the Democratic Party, headed by Bryan, stood unreservedly for fiat money and the repudiation of the credit of the Nation. It did so on the ground that in that way only could the grip of the money power upon the country be broken. And in the previous generation it had espoused the cause of greenbackism. So now we see the Democrats in this Chamber presenting views in accord with the traditions of their party in the past. Soak the rich and promise relief to the poor, no matter how impossible of realization it may be, and the buncombe thus cast upon the waters will return on election day. That is their maxim.

Excess-profits taxes have penalized the energetic and able business men, have caused the paying out of profits which should have been retained in business as capital to properly carry on the business, to meet the necessary extensions to plants and other such purposes and made necessary to get money for such purposes by excessive borrowings from banks and financial institutions. If the money that was paid out in excessive profits had been allowed to remain in the concerns conducting business much of the excess borrowing that took place in the last year or two would not have occurred and a good deal of the drastic liquidation of which we hear so much would have been avoided. Excessive surtaxes are unfair.

In repealing the excess-profits tax and substituting therefor a flat 15 per cent tax upon the net income of corporations the effect of this amendment is to increase the tax upon the majority of public utilities and corporations making less than 8 per cent upon their investment. It seems to me that the additional 5 per cent corporation income tax in the case of corporations of this kind imposes very heavy tax burdens upon these classes of corporations.

I feel that the surtax rates originally proposed by the committee were the maximum rates that should have been imposed and that the rates agreed to a few days ago are too high to stimulate sales and profit taking and to make possible transactions now blocked by the excessive surtax rates. I think that the surtax rates already agreed to will still tend to force the investment of capital in tax-free securities and to encourage taxpayers to avoid the income tax through the division of their income and to refrain from profitable sales or to place their capital in investments which promise a substantial yield for the future but which will yield little or no immediate return.

The report of the Committee on Finance shows that the number of returns of income over $300,000 fell from 1,296 in 1916 to 679 in 1919, and that the net income reported by these taxpayers fell from $993,000,000 in 1916 to $440,000,000 in 1919. This table also shows that the taxable income of these taxpayers from dividends, interest, and investment fell during the same period from $707,000,000 to $315,000,000.

I am informed that in the case of persons having incomes in excess of $66,000 the 32 per cent maximum surtax rate upon such income plus the 8 per cent normal tax is a tax of 40 per cent upon the amount of the incomes in excess of $66,000. In the case of such taxpayers having investments that yield 8 per cent a 40 per cent tax is equivalent to 3.2 per cent, which would leave the taxpayer 4.8 per cent net. It is clear, therefore, that even the 32 per cent maximum rate proposed in the amendment originally presented by the committee would leave a 5 per cent tax-free obligation in a preferential status to an obligation yielding 8 per cent or less. It seems to me that the higher rates agreed to by the committee will still tend to force taxpayers having large incomes to invest their money in tax-free obligations and in investments which promise substantial yield for the future, but which will yield little or no immediate return, thereby still tending to take capital out of regular investment channels.

One prominent manufacturer has written me as follows:

The old high rates will have to be paid on this year's business during the next year; and as I wrote you before, since very few are in a position to set up reserves for taxes, the tax on this year's business will have to be paid by most people out of next year's income. In the same way, the taxes on next year's business, at the excessive new rates proposed, will be payable in 1923 out of the earnings or income of that year. It is easy to see that with declining business and smaller profits this exorbitant taxation always hanging over from the year before will be very serious and in many cases may well be ruinous.

The tax burden fell very heavily on those who by their own ability and energy have been earning a good income, on which they had to pay the high surtaxes, and on which they will continue to pay such high taxes according to the present Senate proposals. On the other hand, people whose income came from investments, no matter how large that income is, could escape all the tax by putting their money into tax-free securities.

The seriousness of this situation is all the more apparent in times of depression like the present, when the man who tries to keep and succeeds in keeping his business running in face of all kinds of obstacles, takes the risk of loss, and so on, thus giving employment to the workpeople and business to other concerns from whom he draws materials, supplies, etc., when this man is heavily penalized for his enterprise and courage; while another man who seeks safety and ease for himself by placing his money in tax-exempt securities at 5 per cent and over pays no tax whatever. When such a situation is coldly stated and considered, it is unbelievable that any body of legislators could approve or acquiesce in such an obviously unjust and inequitable proposition.

I do not represent the opposition to wealth any more than I represent wealth. I took an oath when I came here to promote the general welfare. Capital is only accrued earnings and not that bugaboo which is so frequently conjured up for political purposes to show that it is exploiting all those who do not possess it. In a sense our reservoir of capital is the sum total of all the thrift and energy and stability which have made our land the greatest of all time. Our surplus of capital is that which gives impetus and intrepidity to new enterprise and sustains old ones in periods of stress. Industry can not do with-

out this surplus any more than the representatives of the agricultural bloc thought the farmers could do without an extension of a billion dollars of the earnings of capital of the people as a whole through their Government to finance new markets for agricultural products in Europe. Our commerce can do without it no more than could the southern planters when they placarded Wall Street with the cry "Buy a bale of cotton!" Our great enterprise can do without it no more than the miner and small business man who seeks it for improvement. On capital, on accrued earnings, all our system of credit is builded. Civilization is expressed not merely in the school room and the book but in the telephone and the electric light, in the steam engine, the steel rail and the trolley; in the ocean liner, the automobile, and the airplane; in the farm tractor, the cotton gin, and the sewing machine; and, if you please, in the cash register. Capital, or accrued earnings, combined with the inventive and creative genius made possible by the liberty of America, has enabled us to subdue a wilderness and people a continent, to feed and clothe a world, to wrest from field and factory and mine a greater wealth than was accredited to the combined British and German Empires at the beginning of the war, and to stand forth as the great servant of humanity.

Our wealthy men who have given us our capital for large extensions of industry have arisen from obscurity and out of the luxuriant possibilities of our institutions have organized and directed achievement which has made one of the most romantic pages in the history of man and has excited the emulation if not the envy of the world. Rockefeller began life as a bookkeeper and Carnegie as a telegraph operator. James J. Hill was a steamboat clerk. The original John Jacob Astor was a butcher. Vanderbilt at 16 began life by carrying passengers in a sailboat from Staten Island to New York. Marshall Field began as a clerk in a country store. Edison, Ford, and Schwab started with nothing but their own native abilities. Men like Adolph Ochs and Frank Munsey, who control two of our greatest newspapers, combined initiative with skill and character with capital, and were enabled to serve us all. All capital and genius can do is to serve us and help us to make life livable and to make America the first Nation in the world. Combine initiative and character and capital together and you have all that we are.

Yet here on this floor it is proposed that the mightiest commercial and industrial possibility our earth has known shall be penalized until the magic spring of initiative which propels it shall refuse to work. American genius and energy as expressed in American business are not content with little results. They are prepared to embark in new enterprise if they are not made to feel that the reward of their toil and intrepidity are to be taken from them. There is a point at which initiative to the expenditure of capital in the extension of new enterprise ceases. That point may be forced by too heavy taxation of capital. It is at that point that we may overturn the theory and tradition of our institutions and become socialistic. Socialism is the joint ownership and use of the means of production and distribution. The Socialist proposes to level the capitalist, whom he regards as an exploiter of labor, to the level of all and then let all harness his genius for good of all. He forgets that capital can not be used without giving employment to labor. He forgets that the man with $2,000 in the bank is a capitalist just as is the man who has $2,000,000 in accrued earnings to his credit. His theory appeals to the uninformed just as does the demagogic appeal against wealth made on this floor; but when you consider this proposed destruction of individuality, when you realize that it can only harness already established enterprises and can not succeed in new ones because it removes the initiative which propels them, you find that his theory is not worthy the time and thought of practical men.

Mr. President, I have here on my desk numerous letters from business men and corporations in my State. They are not profiteers. Their corporations are not corporations of large capital or business enterprises of great magnitude. They are old established merchants and manufacturers in the State, because New Jersey is an industrial State, a large industrial State, and for many years has been so. These old established institutions, prosperous, yet conservative in their business methods, the very best class of industries we have in the State, have almost universally expressed themselves, through their chambers of commerce and boards of trade, against the burdens and the persecution, I may say, of this system of taxation. These enterprises feel that under the plan proposed of extensive surtaxes and the high corporation taxes they can not live. More certainly that is true with the 15 per cent corporation tax on the public utilities. They are practically going to be put on the wrong side of the ledger with this tax.

Almost universally have come to me from my State, from those corporations who are not profiteers, who are not men of great wealth, protests against this burden of taxation and a demand universally that we adopt a more general and uniform system of sales tax. They complain of the intricacies of this tax. They were promised by both parties that they should have a simple tax. It was said by Commissioner Roper that it cost $25,000,000 to collect the tax of 1918, and he estimated that $100,000,000 was spent by the payers of that tax in employing lawyers and experts to show them how to make up their returns.

I submit, representing that great industrial State, hoping that a more moderate revision of the tax will come and that this body will see the force of the great sentiment of the East for a sales tax, that the Senate should adopt the Smoot provisions when they are presented to it and lift that load off of the business of the country.

Mr. REED. Mr. President——

Mr. FRELINGHUYSEN. Mr. President, I shall be very glad to yield to my friend the Senator from Missouri when I finish, if I may be permitted to ask him to wait.

Mr. REED. Will the Senator before he sits down give us the names of those corporations which have protested and are going to be destroyed by this bill, and then tell us the amount of their excess profits during the war and since, and also give us the names of the individuals who have incomes of over $68,000 who are going to be oppressed by paying an income tax on the amount above $68,000?

Mr. FRELINGHUYSEN. I hold in my hand a number of letters from those corporations and from chambers of commerce and from business associations, which the Senator from Missouri is at liberty to examine and investigate. They are from men of character, men of business reputation and stability, and I do not question their word. I have made no statistical investigation of their statements. All I know is that the chambers of commerce and the boards of trade have investigated the situation, and the men, I believe, will be perfectly willing to submit to the inspection and investigation of any expert in regard to their statements. I will say to the Senator from Missouri that I can furnish him with several hundred, I believe a thousand more such letters.

Mr. REED. Yes; I think the Senator can. I think everybody who has to pay a tax of any kind has protested except the ordinary common man.

Mr. FRELINGHUYSEN. Oh, no, Mr. President, I do not agree with the Senator from Missouri that the men who are paying taxes are not patriotic and do not realize at the present time that we are paying for the war, and that we have to be patriotic and bear this burden of taxation. But I do say that to impose such a great burden on business at this time is fundamentally unsound and that some effort should be made to relieve it in order that we may have a revival of business. The business interests of New Jersey to-day are paralyzed to a large extent and they want relief from taxation.

It is my contention, therefore, that when it is proposed to place a surtax on large incomes of 68 per cent in time of peace, as originally suggested by the agricultural bloc, we so harass capital that it will not enter upon the task of restoring American business. It is my belief, also, that when we place a surtax on large incomes of 50 per cent, which, with the ordinary tax, amounts to 58 per cent, we bring about the very same deadening effect. During a great war when the very existence of the Nation is at stake any extremity of taxation may be resorted to and the very wealthy, with a patriotism no less than that of the less fortunate, must submit to even confiscation if necessary. But the war is over and now we must set ourselves to the task of reviving industry. It was in order that we might do so that we were called into extraordinary session by the President. It was in order that we might do so that the House has framed and we are about to pass a tariff which will protect American enterprise. It was in order that we might do so that we began consideration of this revenue bill. But by taxing large incomes 58 per cent we are nullifying any intention of restoring business in revising our system of taxation.

I believe the burden of taxation should be proportionately distributed. No one here will contend, I think, that the man of small income should give to the Government 58 per cent of it. If the experiment were tried the average man might be able to exist, but his purchasing power would be so diminished that our very civilization as expressed in our creature comforts would suffer. A universal protest from Maine to California would be heard. Then why tax the man with large income 58 per cent of the reward of his skill? Because he is better able to bear it, some will contend. Conceding that he is more able

than the poor man to bear it, there is a point at which the interest of the community in his capital steps in. If the rate is too high, the community takes it from him and merely turns it into frozen capital, which is gradually expended for the Army and Navy and the general expense of the Government. If the tax is not too high, and from this point of view we ought to concede that one-third of the income is enough, his surplus is given to new enterprise and the entire industrial fabric is given new vitality.

If the relation of the Government to the pockets and the business of the people can be placed upon a healthful and stimulative basis, this country, with all of its wealth and energy and genius, will take the lead in the greatest commercial and industrial revival ever known. We have passed through a period of severe liquidation. The more severe the liquidation the more certain we shall be of recuperation. The Great War has brought the world in closer touch. In the marshaling of world resources for the sustenance of the fighting forces against the German and Austrian Empires we have learned more of these resources and their uses to man. The golden wealth of Mexico has hardly been touched. Canada is a wilderness as compared with its possibilities. Due to the Democratic tariff, we have had no protecting wall which would permit our enterprise to grow. Democratic extravagance and waste have wrought havoc in the Public Treasury. But with sane and economical administration and proper encouragement to industry we shall be assured that American genius will combine with American capital to bring a far greater prosperity than that which followed the Cleveland administration in McKinley's time.

Some of those of the Democratic Party and the agricultural bloc who seek to stifle capital, and therefore to cripple enterprise, may find favor in States which have been affected by years of muckraking, followed by two administrations of pitiful Democratic experiment. I remind them that in the past as able men as they sought to please misguided constituencies in the face of reason and found defeat in an awakened common sense. I need refer only to the late Senator Henry M. Teller, of Colorado, who left the Republican convention with tears in his eyes and repented in sackcloth and ashes. Demagogism always meets with eventual awakening. The judgment of the people as a whole needs only to be given all of the facts in order to sustain right reason. And I know that when the appeal to cripple the capitalistic stores, which are the basis of development of new industry, is made to them with demagogic intent they will listen for a while, but when they are better informed they will resent any intent to establish socialism in this country in the name of taxation of the business men they indiscriminately designate as the capitalistic exploiter and profiteer. I feel that the people will sustain those in this Chamber who vote, in the words of President Harding, for "the abolition of inequities and unjustifiable exasperations in the present system."

For the same reason that I would not harass American industry and New Jersey enterprise to the point of inaction I would not place a tax of more than 10 per cent upon corporation profits. The fact that there are 600,000 holders of our railway stocks and bonds alone ought to convince us that the capitalistic class in this country is not a small one and that the way ought to be made inviting for extensions of enterprise. A tax of 15 per cent is, in my opinion, altogether too high.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Massachusetts?

Mr. FRELINGHUYSEN. I yield.

Mr. WALSH of Massachusetts. Do I understand the Senator from New Jersey to object, as I do, to the flat tax of 15 per cent upon the net income of corporations which is provided in this bill?

Mr. FRELINGHUYSEN. I do.

Mr. WALSH of Massachusetts. And the Senator feels, as I do, that the tax upon the net income of corporations should not be in excess of 10 per cent. Does the Senator realize that the amendment proposed by me provides for a reduction to less than 15 per cent in the case of 190,000 of the 200,000 corporations of the country which make a net income?

Mr. FRELINGHUYSEN. I accept the Senator's statement.

Mr. WALSH of Massachusetts. Will the Senator, therefore, state whether or not he is going to support my amendment?

Mr. FRELINGHUYSEN. I am not.

Mr. WALSH of Massachusetts. Why not?

Mr. FRELINGHUYSEN. Because the Senator has not stated the whole of the amendment. I most certainly am opposed to the increase of the corporation tax to 15 per cent on incomes of from $100,000 to $300,000 and 20 per cent on incomes over $300,000 as being excessive, oppressive, and unfair.

Mr. WALSH of Massachusetts. Does the Senator from New Jersey appreciate the fact that corporations which have incomes of between $100,000 and $300,000 would get the benefit of the tax of 10 per cent upon the first $100,000 of their income and only pay a 15 per cent tax upon the amount between $100,000 and $300,000, and therefore they would all pay a less tax rate than that which is provided for in the committee amendment?

Mr. FRELINGHUYSEN. How about corporations having an income of over $300,000?

Mr. WALSH of Massachusetts. There are between 3,000 and 5,000 corporations having an income of over $300,000 which would have their tax increased, not to 20 per cent, however, because they would get the benefit of the 10 per cent rate on the first $100,000 and of the 15 per cent rate on the income between $100,000 and $300,000. So that probably the rate of taxation they would pay would be from 17 to 18 per cent if it were fixed as a flat tax.

Mr. WADSWORTH. Mr. President——

The PRESIDING OFFICER (Mr. EDGE in the chair). Does the Senator from New Jersey yield to the Senator from New York?

Mr. FRELINGHUYSEN. I yield to the Senator from New York.

Mr. WADSWORTH. Suppose a corporation which, according to the calculations of the Senator from Massachusetts, is to pay something like 18 per cent on its net income had made in the way of income only about 4 per cent on its invested capital, could it afford to pay the tax proposed by the Senator?

Mr. WALSH of Massachusetts. Certainly not.

Mr. WADSWORTH. But that is what the Senator's amendment would have such corporations do.

Mr. WALSH of Massachusetts. But the same objection applies to the committee amendment.

Mr. WADSWORTH. I think it does.

Mr. WALSH of Massachusetts. While the injustice which the Senator points out applies to that small number of corporations which would be receiving a net income in excess of $300,000, my amendment does what the committee amendment does not—it lessens the tax upon the 190,000 corporations which have made less than a 10 per cent return.

Mr. WADSWORTH. That is true. I understand that; but still the amendment in its entirety would inflict a terrific injustice. I am not, however, defending the committee amendment.

Mr. WALSH of Massachusetts. I agree with the Senator from New York that both amendments create injustice; but the committee amendment creates an injustice to 50 per cent of the corporations of the country, while my amendment creates an injustice to but something less than 5 per cent of the number of corporations because of the smaller number of corporations embraced within the bracket of those having a net income in excess of $300,000.

Mr. WADSWORTH. But may I not suggest to the Senator from Massachusetts that he is counting corporations as entities and tabulating them as if they were individuals? It so happens, as I think the Senator will admit, that some corporations, for example a railroad corporation, should not be considered as one entity. It includes hundreds of thousands of stockholders.

Mr. WALSH of Massachusetts. That is very true. Of course, corporations are groups of individuals.

Mr. WADSWORTH. They are.

Mr. WALSH of Massachusetts. That is why I think there is merit in my amendment, for it applies to corporations, made up of groups of individuals, the same principle as that applied in the case of the income tax, namely, ability to pay. The more the individual receives in the way of income the higher the tax should be; so with a corporation, the greater the income the corporation receives the higher taxes it should pay. However, I am afraid we are taking up the time of the Senator from New Jersey [Mr. FRELINGHUYSEN], whom I want to thank for yielding to me.

Mr. WADSWORTH. I can not quite follow that course of logic on the part of the Senator from Massachusetts. I think the earnings of a corporation can not be put in the same classification as the income of an individual and be taxed in the same manner.

Mr. WALSH of Massachusetts. I agree with the Senator that they can not. They can not because of the mismanagement and the basic evils in the organization and control of corporations. There is no reason, however, why as to a group of individuals the classification should not be the same. They, in fact, organize for the purpose of doing business at a less expense and with the hope of securing greater income than if

they operate in business individually; and if a corporation were properly organized and properly regulated, the same relation of income and investment would apply to corporations as to individuals.

Mr. WADSWORTH. I am not entirely certain of that; in any event, a tax law can not cure incompetency.

Mr. WALSH of Massachusetts. No; but the committee amendment seeks to increase the tax burdens upon the most competent and the most honest business corporations in the country. The Senator from New York is aware of that fact. That is why the Senator from New Jersey objects to the increase in the rate of taxation from 10 per cent to 15 per cent.

Mr. WADSWORTH. I object to the principle of both the committee amendment and the Senator's amendment.

Mr. WALSH of Massachusetts. I thought probably that the Senator would, but the Senator will have to make a choice, and I hope upon reflection he will find a little bit more merit in my amendment than in the committee amendment. I agree with the Senator that both of them are founded upon false fundamental principles.

Mr. FRELINGHUYSEN. Mr. President, I favor limiting the tax on the corporations to 10 per cent; beyond that I am unwilling to go; and I believe the graduated increase tax proposed by the Senator from Massachusetts would simply place a greater burden on the business interests of the country.

The sales tax, which I indorse as the surest way out of our revenue difficulties, is not an attempt to remove the burden of supporting the Government by means of repeal of the excess-profits and high surtaxes from the rich and then place it upon the shoulders of the consuming public by a tax on all they purchase. It is only an attempt to make more simple and collectible a system which has become a burden to the average taxpayer. The excess-profits and surtaxes have been passed on from price to price in an ascending scale which has not contributed to the decline of the high cost of living. The high surtaxes have occasioned a diminishing return upon investment of capital in new enterprise, upon industry in general, and therefore upon the purchasing power of the wage earner, 5,000,000 of whom are to-day without work. By a sales tax enough revenue might be raised to make up for the loss of taxes which now hamper business and stand in the way of prosperity and others which have become a nuisance to the people. And if expenditures continue to be cut down under the budget system, the reorganization of the Government bureaus, and the elimination of surviving Democratic methods, such as the Shipping Board is trying to work out, we shall be able to raise enough through this sales tax to pay off each year the billion dollars of certificates of indebtedness instead of borrowing a billion at 6 per cent to pay off a billion at 4½ per cent.

I appeal to Senators on both sides of the Chamber to cast aside mere political consideration and to seek in common sense and an equitable readjustment of the tax burden the means to the stimulation of American initiative and industry and the attainment of a common prosperity greater than we have hitherto known in the United States.

Mr. HEFLIN. Mr. President, I wish to consume just a few minutes of the time of the Senate. The Senator from New Jersey [Mr. FRELINGHUYSEN] speaks about the return of prosperity. I shall hail with delight the return of the prosperity which we experienced under President Wilson before the Republicans came into power and locked the wheels of Government in 1918 by controlling the two Houses of Congress.

Mr. President, a special dispatch from New York, in the Washington Post of yesterday, tells us that the cotton price broke because of pressure from Wall Street. Cotton ought to be advancing in price every day. I have stated here time and again that the farmer lost money upon his cotton crop last year, and is losing money upon his cotton crop this year. I want briefly to give some facts to the Senate and the country.

The farmer who was paid an average price of 12 cents a pound, or $60 a bale, for 10 bales of cotton in 1920, received for his crop $600. That was 18 cents a pound, or $90 a bale, under the cost of production. So the cotton farmer lost $900 on his 10-bale crop last year. This year on account of the boll weevil and other causes the same farmer produces 5 bales. At the present price of 18 cents a pound, or $90 a bale, he will receive $450 for his crop. So he lacks $450 of receiving for his entire crop this year as much as he lost on his crop last year. His 5-bale crop this year cost him 25 cents a pound to produce it, and if he is forced to sell at the present price he will lose 7 cents a pound, or $35 a bale, which is a total loss of $175 on his 5-bale crop this year. The price that he received last year and the price obtaining to-day would make this one farmer's loss on his last two crops $1,075. This loss is in the form of indebtedness which will hang over the farmer when he plants another crop.

Will the Republican Party permit conditions to exist that rob the cotton producer of the fruits of his toil and that will drive the farmer entirely away from cotton production next year? The cotton farmer must receive a better price for cotton or he must quit producing it.

Mr. President, large cotton acreage reduction, the small amount of fertilizers used, and the ravages of the boll weevil have been the cause of producing the smallest American cotton crop in a quarter of a century. The crop is made and nearly all of it has been gathered. We have consumed in the United States since August 1, 1920, 6,328,000 bales of cotton. This amount is just 209,000 bales less than the whole crop this year will be. The Government's estimate fixes the crop this year at 6,537,000 bales. We have exported since August 1, 1920, 7,252,000 bales. This is 715,000 bales more than the entire American cotton crop will be this year.

We have consumed and exported to date 13,580,000 bales of cotton. This amount is twice as much and 500,000 bales more than twice as much as the entire crop this year will be. And yet, with these astounding facts before us, we see cotton selling to-day way below the cost of production.

In view of the facts that I have here presented, I make bold to declare that cotton ought now to be selling for at least 30 cents a pound. The demand for cotton is so great and the supply of cotton is so small that the price is bound to advance several cents a pound. It is now selling below the cost of production. The commissioner of agriculture of the State of Texas informs me that it cost 25 cents a pound to produce this cotton crop. We are justified in holding cotton off the market until the price will cover the cost of production and yield to the producer a profit. It cost $125 a bale to produce this crop, and cotton is now selling for $90 a bale. This is $35 a bale below the cost of production. At the present price the cotton producers of the United States will lose on this year's crop of 6,537,000 bales, as estimated by the Government, $128,795,000. In the name of fair treatment and common justice to our cotton producers I call on them to hold their cotton for a better price.

Hon. W. H. Kettig, member of the Atlanta Federal Reserve Bank Board, issued the following statement several days ago:

> There will be no necessity for the farmer dumping his crop on the market, as he can borrow 80 per cent of its value at a reasonable rate of interest for the next 12 months. The cotton farmer can place his cotton in bonded warehouses, take his certificates to his local bank, and borrow 80 per cent of their value. The Federal Reserve Bank of Atlanta has just issued a circular to its member banks offering to rediscount this paper in unlimited amounts regardless of the line of credit already received by said banks. The same accommodation is offered the nonmember banks, who can discount through the members of the Federal reserve system.

Hon. Angus McLean, of the War Finance Board, has just informed me that the War Finance Corporation will make loans through local banks to individual farmers who wish to borrow money upon their cotton. I want every farmer who desires to hold his cotton for the advanced price, which is bound to come, to take advantage of the opportunities here offered to obtain the money necessary to keep his cotton off the market. I call upon him to refuse to sell a bale until the price covers the cost of production and yields him a profit. By all the rules of right and laws of justice he is entitled to receive such a price. If he will hold his cotton and refuse to sell a pound at the present price, he ought to receive, and I believe will receive, $50 more per bale than he is now receiving for cotton.

I want every cotton farmer in Alabama who applies for a loan, either to the Federal reserve banks or to the War Finance Corporation, if he fails to obtain it to write to me, giving me all the facts in the case. The Federal reserve banking system and the War Finance Corporation as now operated were both created for the purpose of helping the producers of agricultural products at a time like this. If this aid is now refused to the cotton farmers, I want to know it, and I will bring it to the floor of the Senate and let the Congress and the country know how financial aid is being withheld from farmers whose product is selling below the cost of production.

Mr. President, Walter B. Brown, editor of the New York Commercial, said a few days ago that the course of the cotton market from now on would be upward. He said, in support of his position, that—

> On the present decreased estimates of the United States Government a shortage of fully 3,000,000 bales below world requirements is a conservative figure.

David C. Harrower, cotton expert of the Wall Street Journal, who has just finished a tour of the cotton-growing States, said the other day that the Government had in August estimated the cotton crop at 7,035,000 bales, but that on account of the

damage done by the boll weevil and unfavorable weather it was safe to say that we would not produce more than 6,500,000 bales.

On yesterday, Mr. President, the American Cotton Association, in convention assembled at Birmingham, estimated the crop at 6,447,000 bales.

Deterioration in the cotton crop has been very rapid and very decisive since August 25, and scores of well-informed cotton men in the cotton States express the opinion that about 6,000,000 bales will be all that will be produced this year.

We are consuming more cotton month by month, and we are exporting more cotton month by month than has been the case for several months in the past.

Mr. President, in conclusion I want to say that when the farmer produces a big cotton crop he is confronted with low prices in the market and he is told that the reason for that is that we have a large crop, more than is required to meet the demand. I submit to this body and to the country that when he makes a small crop and comes into the market place with a supply smaller than the amount required to meet the demand, under the same logic and market rules he is entitled to receive a high price because the crop is small. I want to say here now, before I take my seat, that we have not produced enough cotton this year to supply American spindles and the spindles of Great Britain, to say nothing of France and Italy and Japan and China and Germany and other countries that consume American cotton.

The Bible tells us that the man who will not provide for his own family is worse than an infidel. I propose to join the army of those called upon by the president of the American Cotton Association to tour the cotton belt in the interest of a hard-and-fast cotton-holding movement. The one-horse farmer who lost $900 on his crop last year and $175 on half a crop this year is entitled to tie up the market and refuse to sell until the price will cover the cost of production plus a profit. I call upon these people, whose boys went abroad and fought and some of them died to save the civilization of this country, to fight the bear speculators of Wall Street, to fight all those who are robbing them of a fair price on their cotton. They are the masters of the situation. They have it in their power to control it. If they will tie up the market and refuse to sell, cotton will advance from $50 to $75 a bale inside of 90 days.

They are selling cotton now under the cost of production. Nobody who is fair and just will demand that a man sell a thing when he has to sell it for less than it cost him to produce it. Nobody will deny him the right to add a little profit to the cost of production. That is all we are doing, Senators; and I call upon those in authority to help the farmers of the South, who were robbed last year of hundreds of millions of dollars and who are being robbed now of $35 on every bale of cotton that is forced upon the market.

At the rate the United States cotton mills are now consuming cotton we will consume here at home in the next 10 months and by the time another crop comes upon the market 5,000,000 bales of American cotton. This would leave only 1,500,000 bales of this crop to go to foreign countries, where more than 7,000,000 bales have been required to supply the demand since August 1 last year.

This situation discloses the fact that we are face to face with a cotton famine. Surely the man who has cotton to-day is entitled to receive the price justified by the law of supply and demand. The very small supply of American cotton puts the producer in position to demand such a price, a price that will yield a fair profit.

I call upon the farmers to unite their forces and hold for an advance in the price of cotton. I call upon farmers, merchants, and bankers to stand together and compel a fair price to be paid for cotton. I call upon them to stand together in unity of purpose and concerted action in accomplishing this thing. We have a right to demand a price that will yield a profit, and if we will stand together we can enforce our demand.

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Dial	Hale	Keyes
Borah	Dillingham	Harreld	King
Brandegee	Edge	Harris	La Follette
Broussard	Ernst	Harrison	Lenroot
Bursum	Fernald	Heflin	Lodge
Calder	Fletcher	Hitchcock	McCormick
Capper	Frelinghuysen	Johnson	McCumber
Caraway	Gerry	Jones, N. Mex.	McKellar
Culberson	Glass	Kendrick	McKinley
Curtis	Gooding	Kenyon	McLean
McNary	Page	Smoot	Trammell
Moses	Penrose	Spencer	Wadsworth
Nelson	Phipps	Stanfield	Walsh, Mass.
New	Poindexter	Stanley	Walsh, Mont.
Newberry	Pomerene	Sterling	Warren
Norris	Ransdell	Sutherland	Watson, Ga.
Oddie	Sheppard	Swanson	Willis
Overman	Simmons	Townsend	

Mr. PHIPPS. I desire to announce that my colleague [Mr. NICHOLSON] is absent on account of illness.

The PRESIDING OFFICER. Seventy-one Senators have answered to their names. There is a quorum present. The question is on the amendment offered by the Senator from Massachusetts [Mr. WALSH] to the amendment of the committee.

Mr. WALSH of Massachusetts. On the pending amendment to the amendment of the committee I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TOWNSEND. Mr. President, I want to say just a word in reference to this amendment, which does not solve the problem as all of us would like to have it solved. It would leave an unequal burden upon the manufacturers of the United States, and does not necessarily reach the people who are making the largest returns upon their real investments. I have been hopeful that some one would present a solution of this problem which would be satisfactory to all of us who are anxious for just taxation.

I do not believe any such solution has been presented. However, I shall vote for the amendment offered by the Senator from Massachusetts, because I think it is the best plan proposed—and, anyway, this matter ought to go into conference. There ought to be an opportunity for another effort to solve this question properly.

I expect to say something about the bill later, but I wanted to say this now, just prior to the vote that is to be taken. I am not supporting the amendment because I think it is a perfect solution, because I do not; still, I believe, as I said, that it at least furnishes an opportunity to present the matter in conference as it ought to be presented, and I would dislike very much to have it go to conference without such an opportunity.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. TOWNSEND. I yield.

Mr. LENROOT. I wish to say that I am entirely in accord with what the Senator has said. I believe an amendment can be proposed that will put this matter in conference, and at the same time will not compel the corporation earning less than 8 per cent, and one that has never paid any excess-profits tax, to pay the increase which so many of the small corporations have to pay.

Mr. TOWNSEND. Is such a proposition prepared now and before the Senate?

Mr. LENROOT. One has been hastily prepared. I would not like to say that it is in its final form, but some whom I have consulted think this would cover the case:

Provided, That no corporation whose net income is less than 8 per cent of its invested capital, and which paid no excess-profits tax under the provisions of the revenue act of 1918, shall pay a greater tax under the provisions of this section than the per cent of its net income.

Mr. PENROSE. Mr. President, the Senator is getting right back to the excess-profits idea, which we have been trying to abandon. This matter of parading an amendment until it gets into conference is very misleading and is hardly fair to the public. Amendments are supposed to be offered in good faith, on their intrinsic merit, and with the purposes of pressing them to adoption to the best of the conferees' ability. To parade an amendment and let it have a little fresh air is an unusual parliamentary procedure on an important question in a revenue bill. It might be tolerated in the case of some minor amendment concerning baseball bats or some little tax, but hardly in the case of one of the salient features of the bill. I hope the amendment to the amendment will be voted down and that the Senate will not permit itself to flounder back into the mesh of the excess-profits tax proposition.

The PRESIDING OFFICER. The Senator from Michigan [Mr. TOWNSEND] has the floor and will proceed.

Mr. PENROSE. I beg the Senator's pardon; I thought he was through.

Mr. TOWNSEND. I was very glad to yield to the Senator.

I had not believed that the Senator from Massachusetts offered his amendment simply for the purpose of airing it nor am I supporting it on that theory. I do believe that it is better than any proposition on the subject which has been submitted, and for that reason I shall vote for it. If a better one is sub-

mitted, I shall very gladly support that; but this is a present duty, which comes to me now, and I regard the Senator's amendment, as I said, better than the provision of the committee, so that I can not escape the responsibility which rests upon me to vote for it when it is before the Senate.

Mr. WALSH of Massachusetts. I would like to state to the Senator from Wisconsin that the amendment to my amendment suggested by him is acceptable.

Mr. LENROOT. This was not an amendment to the Senator's amendment; it was more in the nature of a substitute for it, because I think it would cure the major injustice of the present committee amendment, which would increase the taxes upon small corporations which have never made as much as 8 per cent, and that is one thing the Senator desires to avoid through the adoption of his amendment.

Mr. WALSH of Massachusetts. Exactly.

Mr. BORAH. That is only one of the things he covers, is it not?

Mr. LENROOT. That is true.

Mr. WALSH of Massachusetts. That is correct.

Mr. LENROOT. Mr. President, I think this matter should be in such shape that it will get into conference, where the conferees will have jurisdiction to adjust this matter of the tax between 10 per cent and some higher figure; but if the committee amendment be adopted there will be no such opportunity; there will be a difference only between 12½ per cent and 15 per cent, the House proposition being 12½ and the Senate 15, and it would not be possible for the conferees to give relief to any corporation against any increase of tax.

I shall offer my amendment when the opportunity presents itself; but in view of the statement made, while I think the amendment of the Senator from Massachusetts does an injustice to a large corporation having a large number of stockholders, honestly capitalized, and earning only 3 or 4 per cent, at the same time I appreciate that it does justice to the small corporations.

Mr. WALSH of Massachusetts. Which are very much more numerous.

Mr. LENROOT. That is true; but it seems to me that we should endeavor to do justice to all of them, as far as possible.

Mr. WALSH of Massachusetts. While my amendment does an injustice to a small group of corporations, the committee amendment does an injustice to nearly every corporation.

Mr. LENROOT. As I calculate the return the Government would receive under the Senator's amendment, a corporation with an income of $100,000, having less than 8 per cent earnings, would pay no increase in taxes, but would pay the same taxes it pays now.

Mr. WALSH of Massachusetts. That is a fact.

Mr. McCUMBER. Will the Senator permit me to ask him a question?

Mr. LENROOT. Certainly.

Mr. McCUMBER. I understand the principal reason why the Senator desires to offer this amendment, or something similar, is that it will afford an opportunity to bring out of the conference an entirely different proposition. When the House passed a bill containing a proposition which carried 10 per cent and the Senate amends it so as to carry 15 per cent, does not that amendment open up the whole subject?

Mr. LENROOT. Yes.

Mr. McCUMBER. Would the conferees be restricted to dividing between 15 per cent and 10 per cent, fixing upon some figure between those, or could they substitute another method between those two?

Mr. LENROOT. I think the Senator is mistaken in saying that the House passed a bill carrying a proposition for 10 per cent. The House proposition was 12½ per cent.

Mr. McCUMBER. Let us say 12½. I simply gave that as an illustration.

Mr. LENROOT. Under the rules of both Houses the conferees would not be permitted to go below 12½ or above 15.

Mr. McCUMBER. Could they not divide it into brackets?

Mr. LENROOT. Between 12½ and 15 per cent.

Mr. McCUMBER. Could they not say that some brackets might even be above 15?

Mr. LENROOT. Absolutely not; I am certain about it.

Mr. SMOOT. No; they can not do it.

Mr. McCUMBER. I am not certain about that.

Mr. LENROOT. Mr. President, as I stated a moment ago, a corporation with a net income of $100,000, and earning less than 8 per cent this year, would pay the same amount under the Senator's amendment as it does under the present law. A corporation with an income of $200,000, earning so little that they are paying no excess-profits tax now, would pay a tax of 12½ per cent under the Senator's amendment as against 15 under the amendment proposed by the committee. If the net income was $300,000, under the Senator's amendment the corporation would pay 13½ per cent, as against 15 per cent under the amendment proposed by the committee. It is not until the income of $400,000 is reached that the tax under the Senator's amendment would equal the tax which would be imposed by the committee, and on all incomes in excess of $400,000 the Senator's amendment would impose a greater tax than is proposed by the committee.

We all see that there is a possibility of as great an injustice to the corporation that has a large net income as to the corporation with a small income. But, Mr. President, it seems to me this must get into conference in some way, so that we can prevent the increase of taxes upon corporations that have never made any money, or made only 3 or 4 per cent. I know of no other way, in view of the uncertainties of the situation, as presented by the chairman of the committee, who is opposed to the suggestion I have made, than for me to vote for this amendment, in order that we may get it into conference, in the hope that some plan can be devised which will do justice both to the large corporations and to the small ones.

Mr. LODGE. Mr. President, the great injustice of the present arrangement and of all the arrangements which have been offered, to my mind does not rest upon whether the corporations are small or great; it rests on the fact that we are giving relief from the excess-profits tax to large corporations which pay excess-profits taxes, and we are giving no relief whatever to corporations which never have paid an excess-profits tax, and never earned an excess profit. Not only are we giving them no relief but we are adding 50 per cent to their taxes, and that seems to me to be extremely unjust.

I have prepared an amendment covering only one class of corporations of that sort, real estate corporations, which are very common in the large cities of the East, and I think everywhere, who are engaged in building great office buildings and structures of that kind, who divide, as a rule, about 5 per cent and pay very heavy local taxes. They have never paid excess-profits taxes, and they would get no relief from the removal of that tax. On the contrary, they are to be burdened with 12½ per cent additional, or 15 per cent additional, and it seems to me that is an injustice which ought to be met in some way.

What I have proposed reaches only one class of corporations, but I think it would be better if we could in some way leave the door open, as suggested by the amendment offered by the Senator from Wisconsin, so that the matter can be discussed thoroughly in conference.

Mr. LENROOT. It could be helped if I could get unanimous consent.

Mr. LODGE. The amendment could be offered in the Senate beyond a doubt.

Mr. LENROOT. Will the Senator yield to me for a moment?

Mr. LODGE. Certainly.

Mr. LENROOT. I stated that I would support the amendment offered by the Senator from Massachusetts [Mr. WALSH], with the understanding that if an opportunity offered I would present the amendment I propose, and if that should be adopted I would later vote against the amendment offered by the Senator from Massachusetts.

Mr. LODGE. But the amendment offered by my colleague seems to me simply to continue, in a slightly modified form, the gross injustices which now exist.

Mr. POMERENE. Mr. President, will the Senator yield for a question?

Mr. LODGE. I yield.

Mr. POMERENE. I heard what the Senator stated with respect to real estate corporations in the city of Boston, and my understanding is, as the Senator has said, that they have been corporations of rather small or modest earning capacity.

Mr. LODGE. They make very small earnings.

Mr. POMERENE. I am in sympathy with the proposition, but why distinguish between them and other corporations with similar earning capacity? It seems to me if the amendment could be formulated to take care of one of the classes of corporations that it could be so modified as to make it general in its character and apply to all the corporations with a modest earning capacity.

Mr. LODGE. I said, or meant to say, that the objection to the amendment which I was proposing is that it relates only to one class.

Mr. POMERENE. Yes; I realize that.

Mr. LODGE. But it is rather a glaring case, because the Senator realizes that the real estate corporations have a very heavy burden of local taxation.

Mr. POMERENE. Ordinarily that is true.

Mr. LODGE. It is heavier than many others. I have a list here of some of them in Boston, and I notice that there are only one or two which paid as high as 7 per cent profit. Most

of the dividends declared have been about 5 per cent. That, I think, applies to the great majority of them.

I think there is an inescapable injustice there, and I do not say it on the ground that one is large and the other small, but we are relieving by the bill a great number of corporations which have made great profits and we are adding to the taxes of corporations, great or small, which have made no excess profits at any time.

Now, one word more. The trouble with taking it into conference now is, as the Senator from Wisconsin points out, that the limitation within which the committee of conference can act is between 12½ and 15 per cent.

Mr. HITCHCOCK. Mr. President——

Mr. LODGE. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. I think that objection would be overcome by the amendment suggested by the Senator from Wisconsin if it be made a part of the amendment of the Senator from Massachusetts, because his amendment provides a maximum of 20 per cent, so that there would then be ample leeway for the conference committee to reach a medium between the two.

Mr. LODGE. I objected to the 20 per cent. I think it is carried altogether too high in my colleague's amendment. I am not trying specially to tax wealth or to tax large corporations or to relieve poor corporations; I am trying to get a just tax which will fall on all corporations alike.

Mr. WALSH of Massachusetts. Of course, my colleagues will understand the reason why I put in a rate of 20 per cent. It was to try to get the same amount of revenue that the committee bill calls for; otherwise I would have allowed a maximum of but 15 per cent. However, in order to get the same revenue or practically the same amount as sought by the committee amendment, I realized that I had to make a larger bracket than 15 per cent.

Mr. LODGE. I do not know just what the figures of the loss would be by such an amendment as is suggested by the Senator from Wisconsin, but that would cover the purpose. I can not vote for my colleague's amendment as it stands, but I should be glad to vote for some general proposition which would take the question into conference and give an opportunity to afford relief to such corporations as I have described, who ought to have the same relief that other corporations have.

Mr. SMOOT. Mr. President, the glaring inconsistency of the amendment offered by the Senator from Massachusetts can perhaps be pointed out by calling attention to cases that apply to many corporations. Take a corporation with $100,000 capital. If they made 100 per cent profit they would only pay a 10 per cent tax under the Senator's amendment. A company with $200,000 capital making 50 per cent profit would likewise fall within the 10 per cent rate.

Mr. WALSH of Massachusetts. I beg the Senator's pardon; the 15 per cent tax rate would apply then.

Mr. SMOOT. If they made a profit of 50 per cent, they would fall within the 10 per cent rate.

Mr. WALSH of Massachusetts. I beg the Senator's pardon; the rate is 10 per cent where the net income does not exceed $100,000, 15 per cent where the net income is between $100,000 and $200,000, and where the net income is $300,000 and more the rate is 20 per cent.

Mr. SMOOT. I still think I am right, or else I did not understand what the Senator himself said. Is not an income of $100,000 or less to be taxed 10 per cent under the Senator's amendment?

Mr. WALSH of Massachusetts. Yes.

Mr. SMOOT. I thought I was right. If a corporation has a capital of $200,000 and earns 50 per cent, that would be $100,000 and would only be taxed 10 per cent.

Mr. WALSH of Massachusetts. The net income being $100,000?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. That is correct.

Mr. SMOOT. Now, take an institution with $1,000,000 capital and only making 4½ per cent. They would then have to pay a 20 per cent tax. I can not see any reason why a concern making 100 per cent should pay one-half the rate of tax that a concern would pay which would earn only 4½ per cent on its capital.

Mr. PENROSE. Mr. President, will the Senator from Utah permit an interruption?

Mr. SMOOT. Certainly.

Mr. PENROSE. The Senator doubtless will recall that this proposition, according to my recollection, was submitted by the Senator from New York [Mr. CALDER], a member of the Finance Committee, and was very exhaustively considered and was acted upon adversely in the committee after a full deliberation of over half a day.

Mr. WALSH of Massachusetts. May I ask the chairman if the minority members were present at that conference?

Mr. PENROSE. They were permitted to be present. Of course, they did not flock there like the majority members or show that zeal and enthusiasm. I am talking about the amendment offered by the senior Senator from Massachusetts.

Mr. WALSH of Massachusetts. The amendment exempting real estate?

Mr. PENROSE. Yes.

Mr. WALSH of Massachusetts. And not the amendment offered by me?

Mr. PENROSE. Oh, no.

Mr. SMOOT. I do not wish to take the time of the Senate, but it does seem to me there are hundreds of such cases, aye, thousands of them. I think there would be an injustice placed upon the corporation that makes a small rate of profit as against the corporation which makes a high rate of profit. Therefore I can not support the amendment.

Mr. WALSH of Massachusetts. Mr. President, I agree with all the Senator said, but what is the alternative? The corporation that makes only 1 per cent profit has its tax increased from 10 per cent to 15 per cent on its net income. The only difference between the committee amendment and my amendment is that whatever injustices are perpetrated by an increase in the rates which corporations have to pay in the future they are restricted to 5,000 in number, while the benefit which my amendment provides by lowering the rate proposed by the committee reaches 100,000 corporations.

Mr. SMOOT. The only alternative, I will say to the Senator from Massachusetts, would be——

Mr. WALSH of Massachusetts. The sales tax?

Mr. SMOOT. No; I did not have that in mind, but I thank the Senator for his suggestion, for it is a wise one. It would be to base it upon the rate of earnings as to capital, and as soon as we do that we get back into the question of capital stock and invested capital and reserve, just those things we are all trying to get rid of.

Mr. WALSH of Massachusetts. Every amendment using that standard has been defeated. We are now confronted with the alternative of the committee amendment or my amendment. The committee amendment increases the taxes of 100,000 business corporations. The Senator agrees to that?

Mr. SMOOT. Oh, yes.

Mr. WALSH of Massachusetts. Every corporation that does not make 8 per cent profit, while my amendment increases the taxes only upon 5,000 of the 100,000 corporations.

Mr. SMOOT. The Senator heard me speak the other day when I called particular attention to the fact that the tax of every corporation in the United States making less than 11.2 per cent was increased 50 per cent.

Mr. McCUMBER. Mr. President, the other day the Senate by a decisive vote voted against retaining the excess-profits tax. Now, without considering whether we voted wisely or unwisely at that time, the Senate did vote against the excess-profits tax. It is now, within a day or two afterwards, proposed to reintroduce the principle of the excess-profits tax. That is what is in the amendment which is to be proposed by the Senator from Wisconsin [Mr. LENROOT].

There were two reasons that actuated the committee, and I assume the same reasons actuated the Senate, in voting against the excess-profits tax. The argument has been that it discourages new enterprise and even discourages a great deal of zeal in the enterprise now in existence where they are liable to make more than 8 per cent. So we decide on that ground—national ground—on the ground that it was an incentive to business if we could get rid of the excess-profits tax. Now, that philosophy has been promulgated not alone by the Republican Party but by the Democratic Secretaries of the Treasury.

Well, we voted it down. Now, there was another reason why we voted that down, and that was that the large overcapitalized corporations were not paying any excess-profits tax and were not liable to pay any. Without knowing exactly what their profits were it was thought by a straight flat tax upon their profits, without respect to the capital invested, we would get from $200,000,000 to $250,000,000 back from what we would lose in the excess-profits tax, or somewhere about that.

Then in order to get a tax out of the large corporations which would not be an excess-profits tax the committee reported in favor of a flat corporation tax on profits. Now, if we are to wipe that out we have to get the money somewhere else, and we have to get it by taxing other people somewhere else along the line, either new taxation or an increase in the old taxes. I believe on the whole that a better result would follow if we would have the straight flat tax.

Now, the Senator from Wisconsin said that the amendment offered by the Senator from Massachusetts is more just than the one brought in by the committee, and at the same time the Senator from Wisconsin suggests an amendment which would

eliminate this tax applying, if I understand his statement, to corporations unless they earn more than 8 per cent. That gets us right back again to excess profits, and that gets us right back again to the proposition that we would get no taxes whatever from corporations that represent about 50 per cent of the entire corporate business in the United States.

But is it more just? The Senator said it is unjust to tax these corporations 10 per cent that earn less than 8 per cent, and that the amendment offered by the Senator from Massachusetts would be less onerous. It is exactly the opposite of that. Take a corporation that has a capital invested of $100,000,000. One hundred thousand dollars return on that represents 1 mill. On that basis it would only make 1 mill, and if it had $200,000 return it would make 2 mills; if it had $300,000 it would make 3 mills. Then a big corporation, though they earned only 1 mill, would be taxed only 10 per cent. Under the proposition of the Senator from Massachusetts if they earned 2 mills they would pay 15 per cent, and if they earned 3 mills they would pay 20 per cent. So that he has increased the tax upon those larger corporations which pay less than 8 per cent, if we adopt the amendment offered by the Senator from Massachusetts.

Now, let us see how it would work out in a given instance. Here is a widow, perhaps, who has bought some of this stock so as to have a steady income. She invests $5,000 in it. If she got 3 mills she would receive $15, which would represent her share of the earnings on the first $300,000 upon $100,000,000 of capital. If this amendment should be adopted, then the Government would take 20 per cent of the $15 which was the earning on $5,000.

It does seem to me, as I have stated, that it exaggerates the evil which may exist in a flat tax by increasing it right where it ought not to be increased. However, if we avoid the flat tax, we have got to go back to a tax based upon the amount of earnings upon the capital invested. When we get into that it is necessary that we should have some sum as our basis—8 per cent or 6 per cent or 5 per cent—and then levy the tax upon a certain per cent of the percentage of the earnings. It seems to me that we would be getting into deeper water instead of relieving ourselves by adopting either of these amendments.

Mr. JONES of New Mexico. Mr. President, I have listened to the discussion this morning with a great deal of interest, and it has served to emphasize the situation which I tried to present to the Senate on yesterday. If the amendment proposed by the junior Senator from Massachusetts [Mr. WALSH] is adopted it will undoubtedly result in very great hardship to certain interests. The senior Senator from Massachusetts [Mr. LODGE] has called attention to real estate corporations. It would undoubtedly increase their taxes by 50 per cent. I have called attention to the public utilities of the country whose rate of earnings is fixed by law or is fixed in pursuance of law.

I desire to call attention to another class of corporations. Take the live-stock corporations of the country and the farming corporations of the country. The bill which comes from the Finance Committee as well as the amendment which the Senator from Massachusetts presents probably will increase the taxes upon those concerns by 50 per cent. Certainly the bill which the committee proposes will do that. It is possible, and in many cases certain, that the proposal of the Senator from Massachusetts would prevent that very grave injustice to many such corporations.

The farming industry and the live-stock industry of the country are suffering to-day, perhaps, as are no other industries in the land; yet the bill which comes from the Committee on Finance proposes to increase their taxes by 50 per cent. It is utterly indefensible; and I should like to have Senators who come from the section of the country where we have such live-stock corporations, which are making modest earnings upon their investment, which have but modest incomes, say whether they are willing deliberately at this time to increase the taxes of such associations by 50 per cent and reduce the taxes of the corporations of the country that are making large profits? Are those Senators going to tax at higher rates the utility corporations, whose earnings are absolutely controlled by law?

Take the railroads of the country under the Esch-Cummins law. The Interstate Commerce Commission interprets that law to mean that the railroads must levy freight rates and passenger rates to such an extent that after paying all expenses, all charges, including taxes, those concerns shall have a net profit ranging from 5½ o 6 per cent. If we are going to increase their taxes by 50 per cent, then we shall have to increase their rates in order to meet the bill. We can not escape that conclusion.

So with all the other concerns of the country which are now in a state of depression. Mark what I say. All of the corporations in this country that are now suffering from adverse conditions, that are suffering the ills and the perils of this time of financial and industrial disturbance—all those concerns are to have their taxes increased by 50 per cent; but the prosperous concerns, even in these times of adversity, are to have their taxes reduced. I submit that that is absolutely indefensible.

Mr. President, I do not intend at this time to enter into a discussion of the excess-profits tax; I take it that the Senate has deliberately decided that it will not levy an excess-profits tax; but I want to submit this thought: The excess-profits tax, with all its ills, is much fairer, more just, more equitable than is the proposal of the committee to levy a flat tax upon corporations. It has been said by the acting chairman of the committee that the committee adopted the present plan because they had to get the money. That is the only reason. Now, if it is desired simply to get the money, regardless of the inequities which are to be placed upon the people of the country, certainly the amendment of the Senator from Massachusetts is preferable to that proposed by the committee, because the Senator's amendment certainly goes into the biggest pile. Senators may say what they please as to the inequities of his amendment—and there are unjust and inequitable features about it, and he himself says he made the proposal only as a choice of evils—but if these inequitable things are to be done, if Senators on the other side are simply trying to go somewhere for the sole purpose of getting the money, then I say go to the biggest pile. That is what the amendment of the Senator from Massachusetts does. As between two evils, I should by all means accept the amendment of the Senator from Massachusetts, because we should thereby at least be going to the biggest pile.

Mr. McCUMBER. Mr. President, will the Senator allow me to interrupt him?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from North Dakota?

Mr. JONES of New Mexico. I yield.

Mr. McCUMBER. Suppose the biggest pile represented only 1 per cent and the smaller pile represented 100 per cent upon the invested capital, would the Senator still say "go to the biggest pile," even though it represented only one-hundredth part of the per cent of the smaller pile?

Mr. JONES of New Mexico. Mr. President, I realize the force of what the Senator from North Dakota has said; but, turn which way we will, to the amendment proposed by the committee or that proposed by the Senator from Massachusetts, we are going to run into difficulties. There may be much force in what the Senator from North Dakota has said, but I do not think that the objection to the amendment of the junior Senator from Massachusetts outweighs the objectionable features of the committee amendment. The proposed amendment of the Senator from Massachusetts certainly has one merit, it strikes at the biggest pile, and by striking at that biggest pile, if the tax is distributed among a large number of people, as referred to by the Senator from North Dakota, it will not affect each individual very much; but the principle of discrimination pervades both of these proposals. If Congress wants to do justice it is driven to some other course.

As I said on yesterday, the excess-profits tax at least did one thing, it put its hands only upon those who were making above 8 per cent profit upon their invested capital. There are many arguments against the excess-profits tax. As I pointed out in 1917, when it first came before the Senate, the excess-profits tax by allowing a flat exemption of 8 per cent discriminated between the businesses of this country. An 8 per cent exemption for a staid old national bank or corporation dealing in staple products that had been doing business for a number of years is itself an undue exemption as against other businesses. The stock of the Chemical National Bank of New York for years was selling upon the open market on the basis of a return of only 4 per cent, and when a flat exemption of 8 per cent before the excess-profits tax applies is allowed in the case of such a corporation it permits that bank to increase its profits by 100 per cent without any excess-profits tax. When, however, we go to the great western section of the country, where business is risky, where it is new, where it is exploring the country and developing an unknown field, an exemption of only 8 per cent for business, that is absolutely unfair and is a discrimination against what should be considered a very modest income. Excess-profits taxes on income over 8 per cent in a new manufacturing corporation, in a mining concern, in any concern which goes out pioneering and developing the resources of the country, is an unjust tax and is an obstruction to the further development of the country.

There are, I repeat, many things to be said against the excess-profits tax, but I want to suggest that if the committee had devoted its time and its efforts to remedying the defects of the excess-profits tax, if it had tried to find some way to make that

tax more equal, I submit that it would have done a great service to the country.

Senators talk about invested capital, but I want to say that the present revenue law has been in operation now for three years. Great trouble has been experienced with it, but during the three years there is perhaps hardly a corporation in all the land that has not had its invested capital fixed by the Treasury Department. They have come to adjust their capitalization to the law. It is in operation, and I do not believe that there is any administrative difficulty in continuing it in operation. Those difficulties have been thrashed out, but at least the inequities of it has become known, and they can in a measure be rectified; and certainly as preferable to this bill the excess-profits tax stands out with preeminence. It has everything in its favor compared to this proposal, this levying of a flat tax.

The Senator referred to what he called the overcapitalized corporation. Mark you, Senators, under the provisions of the excess-profits tax as it is written into the present law the water has been squeezed out of the capital of such concerns. It no longer represents water. It is not overcapitalization in the sense to which the Senator from North Dakota referred, but it is large capital actually employed in the business, large capital owned by hundreds of thousands of people, each one owning a comparatively small interest in the business. When you talk about the so-called overcapitalized corporation you are not penalizing that corporation, but you are penalizing the hundred thousand small stockholders who own the corporation. You can not justify any tax upon a corporation by reason of its mere size.

You talk about mere size, and when you do that you are dealing with great aggregations of your fellow citizens. If you have to have the money, instead of considering the size of the corporation consider the size of the pile, as does the amendment of the Senator from Massachusetts.

I want to say that this country never will be satisfied until you put into the law an excess-profits tax as nearly just as it can be framed, or until you put into the law a graduated tax on the undistributed earnings of corporations. The excess-profits tax bears unequally far more than a graduated tax upon undistributed profits. As I say, the excess-profits tax in many cases is paid by those corporations having large numbers of stockholders, and any tax paid by the corporation is a tax against all of the stockholders at a flat rate, regardless of their income. Any tax placed upon a corporation is, as to the stockholders, a flat tax. You can not escape the result, and to that extent you are discriminating against the small stockholders of the country and relieving the large stockholders, those having large dividends, from a progressive tax.

Mr. POMERENE. Mr. President, as illustrating what the Senator from New Mexico is saying, I should like to submit a few figures which have been verified by one of the Treasury experts.

Mr. JONES of New Mexico. I shall be very glad to have the Senator do so.

Mr. POMERENE. Let us take one corporation with $100,000 capital and $100,000 net surplus. The corporation would have $85,000 and the tax would be $15,000 under the Senate amendment as it has been adopted. The Senator from North Dakota referred to a $5,000 stockholder. The $5,000 stockholder would get one-twentieth of that net surplus, or $4,250 dividend on the stock, if all were distributed.

Take another corporation with a capital stock of $100,000,000 whose net surplus was $100,000, or 1 mill. The tax on this corporation which makes only 1 mill profit would be the same, $15,000, as it was on the $100,000 corporation with $100,000 of profit. The widow who might have $5,000 worth of stock in this corporation, if the surplus were all divided, would get $5 on her $5,000, subject to her portion of the tax, 75 cents. She would get, net, $4.25.

You have these two corporations, one making 100 per cent profit and one making 1 mill profit, and the tax paid by each of them the same, viz, $15,000. How can this be just to the stockholder?

Mr. JONES of New Mexico. Mr. President, I am very glad, indeed, to have the Senator present those figures for the RECORD. They certainly demonstrate the enormity of the proposition presented here by the committee. They present the further point that if the corporation distributes its net earnings to the stockholders without the payment of any tax by the corporation, to that extent you have absolute equality among the stockholders of corporations, among individuals, and among members of partnerships. To the extent of the distribution of the net income of a corporation, if the corporation has paid no tax, you have absolute equality; and the only phase of the case where inequality can creep in is where the corporation pays the tax for the stockholder. Whenever the corporation pays any tax for the stockholder you bring about discrimination, and when you increase the flat tax on all corporations from 10 to 15 per cent you are magnifying the disparity by 50 per cent. You are increasing it to that extent.

So, Mr. President, I have not the slightest doubt that when the people of this country realize just what is going on they are going to turn to the least of all these evils, and that is to let the corporation pay a tax only with respect to that part of its income which it does not distribute to its stockholders. As I said, you can not escape the logic that if corporations distribute to their stockholders all their income, and let those stockholders receiving that income add it to their income from other sources and pay taxes just the same as other individuals, you have absolute equality; but whenever the corporation pays any tax upon any theory for the stockholders you bring about inequality, and this is not the time for inequality in taxation. These burdens are large and oppressive. The country is passing through a stress of adversity; and at this time of all times should we not seek equality, equity, even if it should bring about some reduction in revenue?

Mr. President, you can not escape the logic of what I have been saying. As you increase the payments by the corporation you increase the inequality, and when you undertake to levy a flat tax upon corporate earnings you are violating that other fundamental principle of having those pay who are best able to pay. You may say what you please about the evils of the excess-profits tax, but it did have that one salient virtue. It placed the burden upon those who were best able to pay, those who were earning a profit beyond a definite and fixed net return upon their invested capital. It had that virtue; but, as I say, any tax paid by a corporation violates the other fundamental principle of equality.

If you are seeking equality, if there is to be some inequality, do you not want to have the inequality as small as you can get it?

If to the extent that these corporations distribute their incomes you let the stockholders pay their taxes, normal and surtax, for themselves, to that extent you have secured absolute equality, and it is only with respect to that portion of the net income of corporations which is not distributed that the inequality arises.

Assume that they distribute half to their stockholders; then your inequality rests only upon the other half. You can not escape the logic of that statement, that whenever you require the stockholders to pay all their taxes upon all their dividends and the corporation not pay it for them you broaden the field of equality; but as you step into the field of the payment of taxes by the corporation for the stockholder to the extent that you enter that field you increase the inequality, because the individuals of this country own these corporations. Every individual who has a share of stock in any one of them has just the same relative interest in the assets of that corporation as has the man who owns a large number of those shares, and when the corporation pays any tax you are producing, as I say, inequality as between fellow citizens.

Now, my friends, I want to suggest this: We have just fought out this great war. The people of this country have made sacrifices from one end of it to the other. We all strove to win that great victory.

There was no favoritism among the people of this country when they were bearing that burden, and by reason of those joint and mutual sacrifices somehow or other the people of this Nation were brought a little closer together. We think more of our fellow men to-day than we did before the war. We are more considerate of each other than we were before the war, and in this hour of good feeling and good fellowship are you going to do an injustice to those patriotic citizens, one just as loyal and patriotic as another, one just as much entitled to the protection of his Government as another? Are you going to be unjust as between them and leave an unequal burden resting upon the shoulders of some during this period of adversity? That is just what this bill will do, and the amendment proposed by the Senator from Massachusetts would do the same thing in a little different way and in some instances to a less degree.

As between the two, I shall support the amendment of the Senator from Massachusetts; but I want to exempt from the provisions of any of the amendments, if we are to have such a system at all, the public utilities of this country, the live-stock corporations, the farming corporations, and the rent corporations; but when you begin exempting, where will you stop? The reason you want exemption is because those particular lines of industry are, during this stress of adversity, suffering by reason of the conditions which confront them every day.

But this bill, even with this amendment, increases the burden, and, as so eloquently stated by the junior Senator from Massachusetts [Mr. WALSH], you are putting an additional burden upon those who have been adversely affected by these times and taking it off of those who are prosperous. I submit that the people of this country will not tolerate such an injustice.

So I say that Senators on the other side of the Chamber may feel that a coalition exists over there sufficiently large to pass this bill, but I predict that you could not pass it by a majority of the people of the United States. If the people of this country ever understand that you are discriminating against the people of small incomes, that you are discriminating against the business which is suffering in this period of adversity, they will not tolerate such an infamous proceeding.

Nothing has been said to justify this bill. Every person who has referred to it has referred to it with an apology. Every man who is going to vote for this bill and for this provision, whenever he has uttered a word upon the floor of the Senate has uttered it with an apology. I say that the people of this country are not going to accept such an apology. If you have not the scientific knowledge, if you have not the human intelligence, to bring in a bill which has less discriminatory burdens in it than this, I submit that the people of this country will at least experiment with somebody else and see if they can not find somebody who will bring in a better bill.

Mr. KING. It will not be an experiment, it will be a fact, if they choose the Democrats.

Mr. SIMMONS obtained the floor.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McNary	Stanley
Borah	Harris	New	Sterling
Brandegee	Harrison	Newberry	Sutherland
Broussard	Heflin	Norris	Swanson
Bursum	Hitchcock	Oddie	Townsend
Capper	Johnson	Overman	Trammell
Caraway	Jones, N. Mex.	Page	Wadsworth
Curtis	Kendrick	Phipps	Walsh, Mass.
Dial	Keyes	Poindexter	Walsh, Mont.
Dillingham	King	Pomerene	Warren
Edge	La Follette	Ransdell	Watson, Ga.
Fernald	Lenroot	Reed	Watson, Ind.
Fletcher	Lodge	Sheppard	Williams
France	McCumber	Simmons	Willis
Gerry	McKellar	Smoot	
Glass	McLean	Spencer	

The VICE PRESIDENT. Sixty-two Senators having answered to their names, a quorum is present.

Mr. SIMMONS. Mr. President, I shall detain the Senate but a few moments.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Massachusetts?

Mr. SIMMONS. I yield.

Mr. WALSH of Massachusetts. Acting upon the very valuable suggestion made by the Senator from Wisconsin [Mr. LENROOT], I would like to perfect my amendment by adding the language which I send to the desk and ask to have read.

The VICE PRESIDENT. The Secretary will read it.

The READING CLERK. Add, at the end of the amendment proposed, the following proviso:

Provided, That a corporation which did not pay an excess-profits tax upon its income for the calendar year 1920 under the revenue act of 1918 shall not be taxed on its net income more than 10 per cent.

Mr. WALSH of Massachusetts. I may add, if the Senator from North Carolina will permit, that if that proviso is adopted, no corporations except those which in 1920 paid excess-profits taxes will, under any circumstances, pay a higher corporation tax than is provided for in the amendment of the committee.

Mr. KING. Will the Senator from North Carolina yield to me that I may ask the Senator from Massachusetts a question?

Mr. SIMMONS. I yield.

Mr. KING. If this amendment should be adopted, how much would it diminish the revenue which it is contemplated will be raised by the amendment under consideration?

Mr. WALSH of Massachusetts. I do not know. It can not be very much, because it affects only that group of corporations which have a revenue of more than $300,000 per year. Some of those, as has been pointed out, were earning very small dividends, and have never earned an excess profit. They are eliminated from the necessity of paying a higher net income tax than at present. They will have to pay only 10 per cent.

Mr. HITCHCOCK. If the Senator from North Carolina will permit me, I would like to ask whether the phraseology of the amendment suggested by the Senator from Wisconsin has been changed?

Mr. WALSH of Massachusetts. Not in substance. I do not know the exact phraseology of his amendment, but I have made my amendment apply to those corporations which paid excess-profits taxes in 1920 on the theory that 1920 was a better year by which to judge the normal business of a corporation than the present year.

Mr. HITCHCOCK. Let me call the attention of the Senator to the fact that it might happen that a corporation might subsequently become highly profitable, and it would still be subject to only the small tax. It seems to me that the words should be so arranged as to give that amelioration of taxation to those companies which made not over 8 per cent during the calendar year provided for taxation.

Mr. WALSH of Massachusetts. I shall be glad to receive any suggestion the Senator has to make in that direction. I do not think there is any immediate prospect of any corporations of the country getting into the excess-profits class that did not pay an excess-profits tax in that year.

Mr. McCUMBER. If I understand the amendment correctly, if a corporation did not make any excess profits in 1920, although it would make 500 per cent in 1922, it would be relieved from the higher brackets of taxation?

Mr. WALSH of Massachusetts. That is exactly true, and exactly the same thing would be true under the committee amendment. The committee amendment does not increase the taxes, and the tax under the committee amendment is exactly the same upon the corporation that makes 1,000 per cent as upon a corporation which makes 1 per cent. This prevents increasing the tax of those corporations which have not paid an excess-profits tax.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Florida?

Mr. SIMMONS. I yield.

Mr. TRAMMELL. Is it not also true, under the wording of this proviso, that a corporation which paid an excess-profits tax under the law of 1918 would not be relieved from this higher tax? An inequality and an injustice is brought about in that respect. If the corporation has reformed its ways, and is not now paying an excess-profits tax under the particular wording of the proviso that corporation would still have to pay the higher tax of 15 per cent.

Mr. SIMMONS. Mr. President, I think I can not yield for a discussion of the amendment at this time. I would suggest that Senators confer about it, and see whether the amendment of the Senator from Massachusetts is exactly what he desires it to be. It is clear from the amendment as presented that the Senator has a certain principle in mind, and he has applied that principle in his amendment. It possibly may require some amendment to fit it to the bill.

Mr. President, I think no Senator has urged more strenuously than I have the duty of corporations in the country to contribute their full share toward the payment of the expenses of the Government and the liquidation of its great war obligations. No one has urged more vigorously than I have that if they are to be relieved from the excess-profits taxes, an equal tax in some other form, and yielding substantially the same amount, which could not be easily passed on to the consumer, should be imposed upon them. That proposition is absolutely unassailable, unless it can be shown that the corporations have been paying more than their fair share, and I think that can not be shown. But, Mr. President, in increasing the corporate tax because of the repeal of the excess-profits tax which they alone have heretofore had to pay, I do not wish to see that transfer accomplished in a way that will work unspeakable injustice to a part of the corporations of the United States.

The proposition in the bill as brought in by the committee is to relieve the corporations of their excess-profits taxes to the amount of $400,000,000 and to make that up in part by imposing upon the corporations an additional income tax of 5 per cent. I would be glad to see the loss entailed by thus relieving the corporations recouped by imposing a tax that would yield not only the $267,000,000 which the 5 per cent will yield, but to the full extent of the $400,000,000 of which they have been relieved. But can any Senator justify the effort to recoup this proportion of the taxes that have been remitted to corporations by imposing an additional 5 per cent upon the corporation that never had to pay any excess-profits tax while that tax was in effect and that is in no way whatsoever benefited by the repeal?

Do you deny that you have proposed this 5 per cent additional for the purpose of making up what has been lost by the repeal of the excess-profits tax? Do you deny the proposition that you are increasing by that method the taxes of 100,000 corporations in the country, which never had to pay any excess-profits tax and which have received no benefit whatsoever from

the repeal? Nothing could be more unjust than that. If it is your purpose, and that is your declared purpose, to make up to the Treasury a part of the loss of revenue resulting from the repeal of the excess-profits tax, I submit that every principle of justice and of equity and of fair dealing requires that you should raise that additional amount out of the corporations which have been relieved by the repeal of the excess-profits tax.

I wish any Senator upon the other side of the Chamber would rise in his place and give any reason why that large increase in the corporate taxes or any part of that burden, the purpose being to make up what has been lost by the repeal of the excess-profits tax, should be imposed upon a corporation which got no benefit from its repeal.

Now, Mr President, we of the minority have seen this result from the beginning. We have recognized this injustice. We have felt that it ought to be remedied in some way or other. What are we here for now? We are here for the purpose of revising the revenue legislation of the country, not for the purpose of doing it temporarily, not for the purpose of passing a temporary emergency revenue bill, but, as the country has been given to understand, for the purpose of passing a permanent revenue bill. It was charged, and properly charged, that the old bill having been formulated in time of war in great haste when it was necessary to exhaust every source of revenue possible, many inequalities resulted. Nobody attempted to say that the war revenue bill was one which equitably adjusted and distributed the $8,000,000,000 of taxes which we had to raise. No one failed to recognize that we had to frame that bill in a great hurry to meet the exigency that was expected to last but a short time, and everybody admitted that when peace came it would become our duty to revise that law and to pass a permanent revenue bill that would justly, equitably, and evenly distribute the burdens of taxation.

The Republicans told the country that the new revenue bill was to be a scientific, logical, and well-balanced method of internal taxation, yet in this amendment we discover, in addition to the other inequalities which have been pointed out, and some of which you have remedied after we had exposed them, that you have no just and equitable plan to recoup the revenue loss resulting from the repeal of one of the vital taxes in the old bill, and you offer to the Senate no excuse for the perpetration of the inequality and wrong we now point out.

You say that the bill is complicated, that you did not have time to thoroughly investigate and to devise a system that would be equitable and just to all taxpayers in the country. I say that is one reason why we should not attempt, in the hurry that has characterized these proceedings, to revise the bill, especially in those particulars which fundamentally affect every citizen's taxes.

I say to the majority members of the Finance Committee that if they had taken even a day or two and devoted it exclusively to a discussion of the question involved in this amendment of the committee and made an honest, sincere effort to bring about parity as to the taxes to be paid by the different classes of corporations, in view of the fact that a part of those corporaions had been relieved of an enormous burden, there would have been no difficulty, in my judgment, in framing a measure which would have met the merits of the situation.

I can say offhand, Mr. President, how that could be reached. If a tax of 10 per cent were imposed upon corporations whose net incomes were each not in excess of 8 per cent of their invested capital, and a tax of 15 per cent upon corporations whose net incomes were each in excess of 8 per cent and not in excess of 16 per cent, and a tax of 20 per cent upon corporations whose net incomes were in excess of 16 per cent of their capital, that would remove the discrimination which the amendment works between the small corporations with small earnings and those corporations of large earnings on invested capital.

Now, Mr. President, I ask in all good conscience how can a great political party, claiming to exemplify the highest moral ideals, claiming extraordinary capacity of statesmanship and ability to meet any political or economic question that may arise, go before the country and say, "we have imposed a tax of 5 per cent additional upon a corporation whose earnings were so low during the war that it paid no excess-profits tax whatever? To recoup the loss of revenue resulting from repeal of these taxes against corporations whose excess profits during that time ran from 100 to 200, 300, 400, even to 500 per cent we are increasing those taxes against the weak corporations just as we are increasing them against the strong corporations, for no other reason than to make up the loss to the Treasury as the result of the repeal of the excess-profits tax." If that is not a proposition, Mr. President, to deal harshly, to say the least, with the weaker taxpayer while dealing generously with the corporations that are strong and powerful and able to pay, I am unable to understand it. I do not think the majority wants to take that position.

This is not a difficulty that can not be met. I do not say that the amendment of the Senator from Massachusetts [Mr. WALSH] entirely remedies the evil; it does so only in part. So far so good; but there is an evil, there is a defect, there is an injustice, there is a wrong which can be remedied. How are Senators on the other side of the Chamber going to defend themselves when this wrong is pointed out to them—when they make no decent or reasonable effort to remedy it? They can not justify themselves before the people for this outrageous injustice to one-half of the corporations of the country and this outrageous gratuity to the other half of the corporations by saying, "We had to have the money." If they must have the money, why do they not retain the excess-profits tax? That is a much more justifiable and equitable system of taxation of corporations than is this. There is justice, there is equity, there is defense for the excess-profits tax, but there is none for the discriminating manner in which it is now proposed to raise this additional money. I do not say that we do not need to raise that much and more; but it is against the discriminating manner, the grossly and almost unspeakably unjust manner in which it is proposed to raise it, that I complain.

Mr. President, the amendment of the Senator from Massachusetts was one of the amendments spoken of by me in my original speech as constituting a part of the Democratic program. I say it helps, but it does not completely meet the situation. Practically every other suggestion that was made at the time with reference to the improvement of the pending bill in its vital features was adopted by the agricultural bloc on the other side of the Chamber.

I am very grateful to them for that; the country is very grateful to them for it; but they have had to suffer abuse and criticism by members of their own party, because when they understood the features of the bill which I discussed at that time and which the Senator from Missouri [Mr. REED] discussed, notwithstanding the action of their own Committee on Finance—and its action was the action of the majority and not of the minority—they were so impressed with the inequities and the disparities which had been pointed out that they as a body made their displeasure with the bill known and demanded of their own members of that committee that the defects should be remedied, and remedied as suggested on this side of the Chamber. That was on their part a mere recognition of the justice of our criticism of the inequities of the bill; and their action on this behalf has met, I am pleased to think, a ready response from the people of the country; not of all sections, Mr. President, but, taking the country as a whole, the action of the so-called agricultural bloc, now spoken of in derision by some of their colleagues, was approved as patriotic and was a recognition of the justice of our criticism and of the defects of the bill.

Why they did not include in their demands of the committee the amendment of the Senator from Massachusetts I do not know, except that up to that time no attempt was made, either by myself or by the Senator from Massachusetts or the Senator from Missouri, to discuss the amendment. It was expected that the Senator from Massachusetts, who was to offer the amendment, would discuss it. However, Mr. President, I have so much confidence in what is called the agricultural bloc on the other side of the Chamber, I am so sure that upon these questions they are in agreement with us, I am so sure that they do not want to see any part of the citizenship of this country unjustly taxed, that they, like us, want to see every man and every institution of this country made to pay his or its full share of the taxes, that I firmly believe if the amendment now offered by the Senator from Massachusetts had been as thoroughly explained before they acted as it has been explained by the able Senator from Massachusetts in the brilliant speech which he made here this morning, the agricultural bloc would have included in their demands upon the Republican membership of the Finance Committee the proper and the just imposition of the additional tax made necessary upon corporations by the repeal of the excess-profits tax.

I believe that firmly. I believe that the reason they did not include this amendment in their demands was that it had not been explained, and, therefore they did not understand it, for, if they did understand it, their sense of justice and patriotism and duty to the people of this country would have called upon them, overwhelmingly and irresistibly, to include this amendment or something equally as good or better in their demands upon the committee; and we know that such a demand would have been answered.

Mr. President, I want to appeal to that portion of the Senate to-day, to the agricultural bloc, who, in these tax matters, are standing abreast with this side of the Chamber, who are ani-

mated with the same purposes that animate us—justice to every taxpayer, high or low—who are determined that no big and rich and powerful individual or corporation shall escape his or its just share of the taxes and that more than his just share shall not be imposed upon the humblest citizen or the highest citizen. I believe that they will stand with us upon that principle. Their action in making their demands gives me courage to make this appeal to them.

Here is something that was not attended to then. I believe it was not attended to because the situation had not then been disclosed. It is disclosed now; the agricultural bloc can see the injustice in connection with this proposal of the committee just as they saw the injustice pervading other matters upon which they have acted; and I want now to say to those Senators that, so far as I am concerned, and I believe so far as this side of the Chamber is concerned, we have *heartily* cooperated in these other matters; we are in accord; we have so far voted together, and I hope that we shall continue to the end to vote together upon the vital question that we now have under consideration.

I ask them to consider the amendment now, not with closed minds, not with minds fettered by any understandings or agreements or compromises, but, rising above that, to insist that no compromise can restrain them from doing equity and justice to the taxpayers of the United States. I hope they will take up this amendment and give it serious consideration and help us in so far as it is ineffective to amend it so that it may reach the merits of the situation.

I believe it can be done; and I ask the cooperation of those Senators upon no ground in the world, Mr. President, except that they have shown a disposition to look at the situation from the standpoint from which we look at it, and have evinced a disposition to treat it in the same spirit of equality and justice and right that we have shown; a disposition to tax everybody properly and to tax nobody improperly. Upon that faith I make this appeal. I do it in all honesty and in all sincerity. I do not know whether in the present situation they will receive it kindly or receive it unkindly; I can not control their attitude; but I make the appeal in good faith.

Mr. JONES of New Mexico. Mr. President, I rise for the purpose of presenting an amendment to this section of the bill for the purpose of consideration when the bill gets out of the Committee of the Whole into the Senate. I understand that under the unanimous-consent agreement no amendment can be considered regarding this provision of the bill except the so-called Walsh amendment. I desire to offer the amendment I am now presenting to the bill when it gets into the Senate:

On page 79, after the word "amount," in line 7, insert the following: "*Provided*, That in case of farming and live-stock corporations and public utilities whose rates or charges are subject to regulation by law or to administrative action pursuant to law, the rate shall be 10 per cent regardless of the amount of the net income."

I ask that that amendment be printed and lie on the table for consideration when the bill reaches the Senate.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

The question is on the amendment of the Senator from Massachusetts [Mr. WALSH] to the amendment of the committee.

Mr. WALSH of Massachusetts. I think the yeas and nays were called for.

The VICE PRESIDENT. The yeas and nays have been called for and are in order. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Arizona [Mr. CAMERON] and will vote. I vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL], who is absent. I am unable to obtain a transfer and therefore withhold my vote.

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Rhode Island [Mr. COLT] and will vote. I vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD], which I transfer to the junior Senator from Pennsylvania [Mr. CROW], and will vote. I vote "nay."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. Being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent on account of indisposition. Up to this time I have been unable to get a transfer, and I therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. STERLING (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. I therefore withhold my vote.

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Colorado [Mr. NICHOLSON] and will vote. I vote "nay."

Mr. SWANSON (when his name was called). I have a pair with the senior Senator from Washington [Mr. JONES]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. I transfer that pair to the senior Senator from Tennessee [Mr. SHIELDS] and will vote. I vote "yea."

Mr. WILLIAMS (when his name was called). I am paired with the senior Senator from Pennsylvania [Mr. PENROSE], who is unavoidably absent. Were he present, he would vote "nay." Were I at liberty to vote, I would vote "yea."

The roll call was concluded.

Mr. SIMMONS. I transfer my pair with the junior Senator from Minnesota [Mr. KELLOGG] to the senior Senator from Texas [Mr. CULBERSON] and will vote. I vote "yea."

Mr. STANLEY. Has the junior Senator from Kentucky [Mr. ERNST] voted?

The VICE PRESIDENT. He has not.

Mr. STANLEY. I am paired with the junior Senator from Kentucky and therefore withhold my vote. Were I at liberty to vote, I should vote "yea."

Mr. DILLINGHAM. I have a pair with the Senator from Virginia [Mr. GLASS]. I observe that he is not present, and I am therefore obliged to withhold my vote. If at liberty to vote, I should vote "nay."

Mr. McLEAN (after having voted in the negative). Has the senior Senator from Montana [Mr. MYERS] voted?

The VICE PRESIDENT. He has not.

Mr. McLEAN. I am paired with that Senator, and under the circumstances I shall have to withdraw my vote.

Mr. CURTIS. I have been requested to announce that the Senator from West Virginia [Mr. ELKINS] is paired with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 32, nays 33, as follows:

YEAS—32.

Ashurst	Harris	Lenroot	Sheppard
Borah	Heflin	McKellar	Simmons
Broussard	Hitchcock	McNary	Swanson
Capper	Jones, N. Mex.	Norbeck	Townsend
Caraway	Kendrick	Norris	Trammell
Cummins	Kenyon	Overman	Walsh, Mass.
Dial	King	Pomerene	Walsh, Mont.
Gerry	La Follette	Reed	Watson, Ga.

NAYS—33.

Brandegee	Hale	Newberry	Sutherland
Bursum	Harreld	Oddie	Wadsworth
Calder	Keyes	Page	Warren
Curtis	Lodge	Phipps	Watson, Ind
Edge	McCumber	Poindexter	Weller
Fernald	McKinley	Shortridge	Willis
France	Moses	Smoot	
Frelinghuysen	Nelson	Spencer	
Gooding	New	Stanfield	

NOT VOTING—31.

Ball	Ernst	McCormick	Robinson
Cameron	Fletcher	McLean	Shields
Colt	Glass	Myers	Smith
Crow	Harrison	Nicholson	Stanley
Culberson	Johnson	Owen	Sterling
Dillingham	Jones, Wash.	Penrose	Underwood
du Pont	Kellogg	Pittman	Williams
Elkins	Ladd	Ransdell	

So the amendment of Mr. WALSH of Massachusetts to the amendment of the committee was rejected.

Mr. WALSH of Massachusetts. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 153, strike out lines 1 and 2 and substitute the following:

(b) For each calendar year thereafter 10 per cent of such excess amount by which the net income does not exceed $100,000; 15 per cent of such excess amount by which the net income exceeds $100,000 and does not exceed $300,000; and 20 per cent of such excess amount by which the net income exceeds $300,000: *Provided*, That a corporation which did not make a net taxable income of more than 8 per cent on its invested capital for the taxable year shall not be taxed on its net income more than 10 per cent.

Mr. WALSH of Massachusetts. Mr. President, the difference between the amendment offered now and the amendment just

voted upon is that the amendment just voted upon provided that no corporation which did not pay an excess-profits tax in 1920 should pay a higher rate on its net income than 10 per cent. This amendment provides that in the future no corporation which does not make more than 8 per cent upon its invested capital shall pay a rate upon its net income of more than 10 per cent. On this amendment to the amendment of the committee I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LENROOT. Mr. President, I think this is substantially the amendment I suggested some time ago. The Senator from Pennsylvania [Mr. PENROSE], and, I think, some other members of the Finance Committee, stated that it retained the objectionable feature of the invested capital provision. I think the amendment can be so framed as to avoid that objection and still accomplish the same purpose. I would have no objection to the adoption of this amendment now, with the understanding that when it gets into the Senate a substitute will be offered which will meet the objection which is being made by members of the Finance Committee.

Mr. WALSH of Massachusetts. Mr. President, the suggestion is very agreeable to me. The only reason why I put the other amendment first was to avoid the objection which has been raised upon the other side upon any provision at all being contained in this revenue bill which involves the proposition of a tax on profits.

Mr. WATSON of Indiana. Is there any way by which we can ascertain what the substitute will be? I do not like to have a proposition voted in with the understanding that some substitute is to be offered later on. The Senator from Massachusetts is the only one who has authority to offer a substitute.

Mr. WALSH of Massachusetts. I am content with the amendment which I have offered. If any Member of the Senate can suggest an improvement upon this amendment when the amendment reaches the Senate, I shall be glad to cooperate; and I am sure the Senator from Indiana would be glad to have any additions made to the amendment which would mean its improvement, assuming that its principle is adopted.

Mr. WATSON of Indiana. Does the Senator offer it, then, with the understanding that some substitute is hereafter to take its place?

Mr. WALSH of Massachusetts. I have no substitute to offer, but the Senator from Wisconsin has stated that there may be a suggestion made when the amendment comes into the Senate which will improve it, and I have told the Senator that I would be very glad to receive any suggestion in the way of an improvement when the amendment gets into the Senate, if it is agreed to in Committee of the Whole.

Mr. WATSON of Indiana. Have the two Senators conferred as to what the substitute shall be?

Mr. WALSH of Massachusetts. I personally think this amendment is an excellent one, even a better one than the one which was just voted upon. The reason why I put the other amendment first was because it excepted completely the theory of taxing corporations which the majority suggested, namely, a flat tax.

Mr. SIMMONS. Mr. President, let me say to the Senator from Indiana that I think what the Senator means is what I said, substantially, a little while ago. The proviso to the amendment offered clearly outlines the principle. It may be slightly defective. If this amendment is agreed to, the friends of the amendment certainly would have the privilege of revising it between now and the time when the bill gets into the Senate and offering the revised amendment as a substitute in the Senate.

Mr. McCUMBER. Mr. President, this amendment provides that no corporation which does not earn more than 8 per cent on its invested capital shall pay to exceed 10 per cent of its income. The junior Senator from Wisconsin says that he thinks this can be modified so that it will not bring into question invested capital and therefore the element of an excess-profits tax. I certainly would like to have the Senator from Wisconsin inform me how we can arrive at the 8 per cent profit, which is to be the dividing line between the lower and the higher brackets, without determining first what the invested capital is upon which that 8 per cent is to be calculated.

Mr. LENROOT. I am very frank to say that Dr. Adams has made a suggestion to me which I think obviates this difficulty, and that is, instead of placing it upon invested capital, apply it upon the average value of the capital stock.

Mr. McCUMBER. I must say that that introduces again the same thing we voted out the other day—the question of the excess-profits tax. In addition to that we are voting on this amendment without the slightest idea of how much it is going to affect the revenue or how we are going to raise the revenue to take the place of what is lost by the adoption of the amendment. I can not say myself to what extent it will affect the revenue, but I am informed that it will affect it to a very considerable extent, and we must make other provisions for levying the amount of taxes that will be lost by this amendment.

Mr. SMOOT. Mr. President, I call the Senator's attention to the fact that a 10 per cent tax would yield $460,000,000, and that a 15 per cent tax, upon which we are counting, will raise $655,000,000 according to our estimate. This would cut off at least $100,000,000 in my opinion. That is only an opinion. I have not figured it, nor could I, until I went into the figures as to the number of corporations whose income is less than 8 per cent and who paid no excess-profits taxes, and that is a hard thing to find out, but in my opinion, offhand, Mr. President, I have not any doubt but what there would be a loss of about $100,000,000.

Mr. WALSH of Massachusetts. Mr. President, of course this amendment affects the revenue, because the objection to the committee amendment is that it raises revenue by increasing the taxes 50 per cent upon half, the poorer half, of the corporations of this country, and that is the objection to it. I am seeking by my amendment to prevent increasing taxes upon this class of corporations, the class that has not been making large profits, and therefore there must be a consequent reduction in revenue to the Government. I am trying to stop increasing taxes on the business concerns of the country that can not possibly bear the burdens of an increased tax.

The VICE PRESIDENT. The yeas and nays have been ordered, and the Secretary will call the roll upon agreeing to the amendment of the Senator from Massachusetts [Mr. WALSH] to the amendment of the committee.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair as before and being unable to get a transfer, I withhold my vote.

Mr. HALE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as to the transfer of my pair as before, I vote "nay."

Mr. McLEAN (when his name was called). In the absence of my pair I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. In his absence, not being able to get a transfer, I withhold my vote.

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]). Not being able to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as to the transfer of my pair as on the previous vote, I vote "yea."

Mr. STANLEY (when his name was called). I make the same announcement with reference to my pair as on the previous vote.

Mr. STERLING (when his name was called). Making the same announcement of my pair as on the former vote, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "nay."

Mr. SWANSON (when his name was called). Making the same announcement as to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as to my pair and its transfer, I vote "yea."

Mr. HEFLIN (when Mr. UNDERWOOD'S name was called). My colleague [Mr. UNDERWOOD] is paired with the senior Senator from Massachusetts [Mr. LODGE].

Mr. WILLIAMS (when his name was called). I repeat the announcement as to my pair which I made on the previous vote. If I were at liberty to vote, I would vote "yea."

The roll call was concluded.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I am unable to get a transfer and withhold my vote. If permitted to vote, I would vote "yea."

The result was announced—yeas 32, nays 33, as follows:

YEAS—32.

Ashurst	Harris	Lenroot	Sheppard
Broussard	Heflin	McKellar	Simmons
Capper	Hitchcock	McNary	Swanson
Caraway	Jones, N. Mex.	Nelson	Townsend
Cummins	Kendrick	Norbeck	Trammell
Dial	Kenyon	Norris	Walsh, Mass.
Gerry	King	Pomerene	Walsh, Mont.
Glass	La Follette	Reed	Watson, Ga.

NAYS—33.

Brandegee	Gooding	New	Stanfield
Bursum	Hale	Newberry	Sutherland
Calder	Harreld	Oddie	Wadsworth
Curtis	Keyes	Page	Watson, Ind.
Dillingham	Lodge	Phipps	Weller
Edge	McCormick	Poindexter	Willis
Fernald	McCumber	Shortridge	
France	McKinley	Smoot	
Frelinghuysen	Moses	Spencer	

NOT VOTING—31.

Ball	Ernst	Myers	Shields
Borah	Fletcher	Nicholson	Smith
Cameron	Harrison	Overman	Stanley
Colt	Johnson	Owen	Sterling
Crow	Jones, Wash.	Penrose	Underwood
Culberson	Kellogg	Pittman	Warren
du Pont	Ladd	Ransdell	Williams
Elkins	McLean	Robinson	

So the amendment of Mr. WALSH of Massachusetts to the committee amendment was rejected.

Mr. EDGE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. EDGE. Do I understand that the unanimous-consent agreement under which we are now working would preclude the presentation of any further amendment to this particular section?

The VICE PRESIDENT. It would; except by the Senator from Massachusetts [Mr. WALSH].

Mr. EDGE. The reason why I ask is that I wish to give notice that if the unanimous-consent agreement does preclude the introduction of amendments now, when the bill reaches the Senate I shall offer an amendment which will retain the present straight 10 per cent corporation tax in place of the committee's presentation of 15 per cent.

The VICE PRESIDENT. The Senator has that right.

Mr. WALSH of Massachusetts. I wish to give notice that I reserve the right to offer both these amendments to the amendment of the committee when the bill reaches the Senate.

The VICE PRESIDENT. Such notice is not necessary.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. REED. Is the legislative status such that we must now proceed with the regular committee amendments, or is the bill open generally to amendment?

The VICE PRESIDENT. The committee amendment is next in order.

Mr. REED. What amendment next, may I inquire?

The VICE PRESIDENT. Section 230, on page 78.

Mr. LENROOT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. LENROOT. Has the amendment of the committee to which the Senator from Massachusetts [Mr. WALSH] directed his amendment been adopted?

The VICE PRESIDENT. It has not.

Mr. WALSH of Massachusetts. I suppose, in the absence of further amendments, the committee amendment is in order?

The VICE PRESIDENT. It is.

Mr. WALSH of Massachusetts. I have no further amendment to offer.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. REED. Mr. President, just a moment until I can turn to that amendment.

The VICE PRESIDENT. It is at the foot of page 78.

Mr. REED. In the print which I have before me that is an amendment to section 814. There are so many prints I can not find the amendment now pending.

The VICE PRESIDENT. The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. The pending amendment is on page 78, beginning in line 21, where it is proposed to insert a subhead, "Part III—Corporations," and a subhead under that, "Tax on corporations," and section 230.

Mr. REED. I do not like to delay the Senate, but I do wish I could get straightened out on this matter, because I fear it would operate to deprive me of offering amendments, and I may wish to ask that it be passed over. Which one of the committee amendments is now pending?

Mr. LODGE. I wish to ask the Senator from Missouri where his amendment would apply that he has in mind?

Mr. REED. My amendment is to section 230.

Mr. LODGE. That is what I supposed. That section is closed to amendment by the unanimous-consent agreement, which reads:

All amendments to said section 230, except the amendments offered by the Senator from Massachusetts [Mr. WALSH], shall be disposed of on said calendar day.

Mr. REED. I am not dealing with that section now or not proposing to amend it, as I understand it.

Mr. LODGE. I thought the Senator was offering an amendment to section 230.

Mr. REED. What I am inquiring about—and I am frank to say I have not been able to get the situation clear in my mind—is whether we are now proposing at this time to act on section 230.

Mr. SMOOT. That is the committee amendment.

Mr. REED. I make the parliamentary inquiry whether it is the opinion of the Chair under the unanimous-consent agreement that a substitute may not now be offered to section 230?

The VICE PRESIDENT. It can not now be offered. It can be offered in the Senate.

Mr. REED. Very well. I give notice, whether it is necessary or not, that I shall offer in the Senate an amendment in the nature of a substitute for a portion of section 230.

The VICE PRESIDENT. The question is on agreeing to the section.

Mr. SIMMONS. On that question I demand the yeas and nays.

Mr. EDGE. Let the amendment be stated.

Mr. WALSH of Montana. I ask that the pending amendment be stated.

The VICE PRESIDENT. The pending amendment will be reported.

The ASSISTANT SECRETARY. On page 78, beginning with line 21, insert the following:

PART III.—CORPORATIONS.

TAX ON CORPORATIONS.

SEC. 230. That, in lieu of the tax imposed by section 230 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

(a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and

(b) For each calendar year thereafter 15 per cent of such excess amount.

The VICE PRESIDENT. The question is on agreeing to the amendment read, on which the yeas and nays have been requested.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. FLETCHER (when his name was called). I make the same announcement as to my pair as before and withhold my vote.

Mr. HALE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and vote "yea."

Mr. McKELLAR (when his name was called). I have a general pair with the Senator from Indiana [Mr. NEW]. If he were present he would vote "yea." If I were permitted to vote I would vote "nay." I am unable to obtain a transfer and therefore withhold my vote.

Mr. McLEAN (when his name was called). In the absence of my pair I withhold my vote. If permitted to vote, I would vote "yea."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. That Senator being absent, I withhold my vote.

Mr. RANSDELL (when his name was called). I again announce my pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). Making the same announcement as to the transfer of my pair to the senior Senator from Texas [Mr. CULBERSON], I vote "nay."

Mr. STANLEY (when his name was called). Making the same announcement as to my pair, I withhold my vote.

Mr. STERLING (when his name was called). Making the same announcement that I made on the former vote as to my pair, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. SWANSON (when his name was called). Making the same announcement with regard to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the previous vote with reference to my pair and transfer, I vote "nay."

The roll call was concluded.

Mr. CURTIS. I wish to announce that the Senator from Pennsylvania [Mr. PENROSE] is paired with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 36, nays 26, as follows:

YEAS—36.

Borah	Hale	McNary	Shortridge
Brandegee	Harreld	Nelson	Smoot
Bursum	Hitchcock	Newberry	Spencer
Capper	Keyes	Norbeck	Stanfield
Curtis	King	Oddie	Sutherland
Dillingham	Lenroot	Page	Townsend
Fernald	Lodge	Phipps	Wadsworth
France	McCormick	Poindexter	Watson, Ind.
Gooding	McCumber	Reed	Willis

NAYS—26.

Ashurst	Gerry	La Follette	Swanson
Broussard	Glass	McKinley	Trammell
Calder	Harris	Moses	Walsh, Mass.
Caraway	Heflin	Norris	Walsh, Mont.
Dial	Johnson	Pomerene	Watson, Ga.
Edge	Jones, N. Mex.	Sheppard	
Frelinghuysen	Kendrick	Simmons	

NOT VOTING—34.

Ball	Fletcher	New	Smith
Cameron	Harrison	Nicholson	Stanley
Colt	Jones, Wash.	Overman	Sterling
Crow	Kellogg	Owen	Underwood
Culberson	Kenyon	Penrose	Warren
Cummins	Ladd	Pittman	Weller
du Pont	McKellar	Ransdell	Williams
Elkins	McLean	Robinson	
Ernst	Myers	Shields	

So the committee amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 95, beginning in line 21, to insert under the subhead "Payment of corporation income tax at source," down to line 10, on page 96.

The VICE PRESIDENT. The amendment has been read. Is it desired that it be reread?

Mr. WALSH of Massachusetts. Mr. President, let the amendment be again stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 95, beginning in line 21, it is proposed to insert:

PAYMENT OF CORPORATION INCOME TAX AT SOURCE.

SEC. 237. That in the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 221 a tax equal to 15 per cent thereof (but during the calendar year 1921 only 10 per cent), and such tax shall be returned and paid in the same manner and subject to the same conditions as provided in that section: *Provided*, That in the case of interest described in subdivision (b) of that section the deduction and withholding shall be at the rate of 2 per cent.

Mr. WADSWORTH. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator from New York will state his parliamentary inquiry.

Mr. WADSWORTH. When the Senate recessed yesterday evening there was pending before the Senate an amendment offered by way of substitute for the committee amendment on page 176, applicable to beverages.

The VICE PRESIDENT. The Senator's statement is correct, and the amendment to which he refers will be pending whenever it is reached.

Mr. WADSWORTH. Mr. President, as I understood the unanimous-consent agreement which was entered into on yesterday or day before yesterday it was to conclude all committee amendments to the title which we had been considering yesterday and have been considering to-day, with the exception of the amendment to be offered by the Senator from Massachusetts [Mr. WALSH].

Mr. SMOOT. That unanimous-consent agreement applied only to section 230, I will say, and not to the entire title.

Mr. WADSWORTH. It applied only to section 230?

Mr. SMOOT. It applied merely to section 230, and that has been acted upon. Now we proceed with the consideration in regular order of the amendments which have been passed over.

Mr. WADSWORTH. Merely to be reminded, I desire to inquire how did we ever reach page 176 last night?

Mr. SMOOT. By passing over by unanimous consent those items which were requested to go over.

The PRESIDING OFFICER. The question is on agreeing to the amendment which has just been stated.

The amendment was agreed to.

The VICE PRESIDENT. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is found on page 103, where the committee proposes, in line 2, to strike out "sections 230 and 1000" and to insert "section 230 of this act, and by Title III of the revenue act of 1918."

Mr. McCUMBER. Mr. President, in lieu of the committee amendment which has just been stated I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from North Dakota to the committee amendment will be stated.

The ASSISTANT SECRETARY. On page 103, in lieu of the words proposed to be inserted by the committee it is proposed to insert the words "sections 230 and 1000, and by Title III."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is on page 125, where the committee proposes to insert the subhead "Returns to be public records," and so forth.

Mr. SMOOT. Mr. President, the Senator from Wisconsin [Mr. LA FOLLETTE] asked to have that amendment passed over until he could go to his office and procure the papers which he desires to have in the Chamber when he speaks upon this subject. He will be in the Chamber a little later, but we might as well go on with the bill until he can return.

The VICE PRESIDENT. Without objection, the amendment will be temporarily laid aside.

Mr. SMOOT. The same request applies as to the amendments passed over which are found on pages 126 to 128.

The VICE PRESIDENT. Without objection, the amendments referred to by the Senator from Utah will be temporarily laid aside.

The next amendment passed over was on page 146, to strike out line 1 and insert the subhead "Title IV.—Estate tax."

The VICE PRESIDENT. Without objection, the amendment will be agreed to.

The next amendment passed over was on page 146, after line 2, to insert a new section, as follows:

SEC. 400. That when used in this title—

The term "executor" means the executor or administrator of the decedent, or, if there is no executor or administrator, any person in actual or constructive possession of any property of the decedent;

The term "net estate" means the net estate as determined under the provisions of section 403;

The term "month" means calendar month; and

The term "collector" means the collector of internal revenue of the district in which was the domicile of the decedent at the time of his death, or, if there was no such domicile in the United States, then the collector of the district in which is situated the part of the gross estate of the decedent in the United States, or, if such part of the gross estate is situated in more than one district, then the collector of internal revenue of such district as may be designated by the Commissioner.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The Assistant Secretary proceeded to read the next amendment passed over, which was on page 146, after line 21, to insert a new section, and reads as follows:

SEC. 401. That, in lieu of the tax imposed by Title IV of the revenue act of 1918, a tax equal to the sum of the following percentages of the value of the net estate (determined as provided in section 403) is hereby imposed upon the transfer of the net estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States.

Mr. HITCHCOCK. Mr. President, I should like to inquire if that is not a little general? It says, "The net estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States."

Mr. SMOOT. That is the existing law, I will say to the Senator.

Mr. HITCHCOCK. It is rather vague. It seems to include everybody in the world.

Mr. SMOOT. There is an exception, I will say to the Senator.

Mr. HITCHCOCK. I have not been able to find it.

Mr. SMOOT. If the Senator will wait until the title is read through, he will find it.

Mr. McCUMBER. Mr. President, the provision simply describes the individuals and then the tax is levied upon their estates in the United States, no matter whether the decedent was a resident or nonresident.

Mr. HITCHCOCK. There is no qualification at all. Apparently it would apply to every decedent, whether he was living in this country or not at the time of his death.

Mr. McCUMBER. That is right if he owns any property here.

Mr. HITCHCOCK. There is no qualification about owning property here.

Mr. McCUMBER. If he owns property here, we levy the tax.

Mr. HITCHCOCK. There is no qualification about owning property here.

Mr. McCUMBER. Yes; there is, if the Senator will follow the provision down.

Mr. HITCHCOCK. I think it might include the estate of Li Hung Chang, who died in China some time ago and left three or four hundred million dollars.

Mr. McCUMBER. Only if he left any property here would it be taxed.

Mr. HITCHCOCK. Will the Senator point out where that qualification exists?

Mr. McCUMBER. It is found in the provision which reads:

(b) In the case of a nonresident, by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States—

Then it goes on to make clear that the tax shall only apply to property in the United States, and of course it applies only to such property.

Mr. President, I desire to ask whether we have agreed to everything now down to line 17, on page 148?

The VICE PRESIDENT. We have not.

Mr. SMOOT. There are three items, I will say to the Senator, that have been passed over at the request of the Senator from Wisconsin, who has gone to his office to get his papers.

Mr. McCUMBER. I had reference to the estate tax.

Mr. KING. We have not; the Secretary is now reading on page 147.

The VICE PRESIDENT. The question now is on section 401. The section has heretofore been read in full. Does the Senate desire to have it read again?

Mr. McCUMBER. I am trying to find out where the reading ended.

The VICE PRESIDENT. On page 147, line 5.

Mr. KING. Mr. President, I should like to inquire of the Senator from North Dakota whether the committee, in reporting this provision dealing with the taxes upon the estates of decedents, attempted to ameliorate the condition which has excited a good deal of just opposition to the enforcement of the law, namely, the taxing of the entire estate rather than the distributive share? It has eventuated in conditions of this character: Where there are a number of heirs in the case of one decedent the tax was very much greater with respect to the holdings of the heirs than in those instances where the decedent left but one heir; and there has been a universal demand that correction be made of that great inequality.

Mr. McCUMBER. The tax is levied upon the entire estate, and not upon the several interests of those entitled to the estate.

Mr. KING. The Senator knows that in view of the rather drastic estate taxes in some of the States and the provisions of this law many estates have been practically confiscated in meeting the exactions of the Federal Government and the State governments; and it does seem to me that the committee ought to have made some provision to tax the distributive share rather than the entire estate.

Mr. McCUMBER. Mr. President, that matter was fought out on the 1918 tax bill, and it was kept in by a very decisive vote, and it was kept in again this time by the committee by a decisive vote not to change it from the entire estate to the interest of each one of the heirs of the decedent. Personally, I am perfectly free to say that I do not think the Government should lay its hands upon estates at all. There are some things that ought to be left for the States to levy their taxes on, and I think this should be left entirely to the States as a means of taxation; but we have levied the tax, and it materially affects the value of these large estates and the taxes that are to be derived from them if you divide them up into small parcels. The main revenue comes from the very large estates; and it was thought by a majority of the committee that it was best not to reduce the size of the estate by dividing it up among those entitled to it before the tax was levied and thereby reduce the tax.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. I have an amendment which relates to this matter, and I am not sure whether it is permissible, under the rules of the Senate as they are applied to the consideration of this bill, as an amendment to this amendment, or whether I must defer offering it until this amendment has been adopted.

The VICE PRESIDENT. The Senator can offer his amendment now.

Mr. McCUMBER. Mr. President, I should like first to perfect the amendment which has been offered by the committee.

Mr. KING. I have no objection.

Mr. McCUMBER. I offer amendment numbered 38.

The VICE PRESIDENT. The Senator from North Dakota offers an amendment to the committee amendment, which will be stated.

The ASSISTANT SECRETARY. On page 148, at the end of line 17, it is proposed to strike out the period and to insert:

and does not exceed $15,000,000;
30 per cent of the amount by which the net estate exceeds $15,000,000 and does not exceed $25,000,000;
35 per cent of the amount by which the net estate exceeds $25,000,000 and does not exceed $50,000,000;
40 per cent of the amount by which the net estate exceeds $50,000,000 and does not exceed $100,000,000; and
50 per cent of the amount by which the net estate exceeds $100,000,000.

Mr. WADSWORTH. Mr. President, I understand that this is the amendment that has been agreed upon as a substitute for or a supplement to the committee amendment.

Mr. SIMMONS. I have not understood that it was agreed upon. I supposed that it was offered, but I did not know that the Chair had announced that it was agreed to.

Mr. WADSWORTH. When I say "agreed upon," I mean agreed upon by somebody.

Mr. SIMMONS. Oh!

The VICE PRESIDENT. The question is on the adoption of the amendment which has just been stated by the Secretary to the amendment of the committee as printed in the bill.

Mr. WADSWORTH. Mr. President, on a former occasion—I will confess that it was some years ago—I addressed the Senate on the question of the imposition by the Federal Government of inheritance taxes. As I recollect, inheritance taxes were resorted to by the Federal Government for war purposes, and as such I think they are not objectionable; and certainly it can be said that they produce revenue to the governments imposing them, whether they be State or National governments, in a manner that may be termed easy for the collecting agency. Now, however, we have emerged from the war period, and whereas the effects of the war are still upon us in a financial sense, I think it is proper for us to give some consideration at this moment as to what functions the Federal Government shall perform in the matter of imposing taxes, especially when they come into direct competition with taxes which for many, many years have been imposed by the State governments.

Perhaps I should not take the time of the Senate were this last amendment not offered. Were the Finance Committee satisfied to permit the highest tax upon inheritances to remain at 25 per cent in the highest bracket, I think the question would not be acute; but now the proposal is to raise the highest bracket to 50 per cent, and in my humble judgment that does make this question exceedingly acute.

I know that it has been our fashion to sit here in Washington as parts of the machinery of the Federal Government and to lay taxes in our revenue bills without paying much attention to what the States are doing, and forgetting, I fear, a goodly portion of the time that the several States of this Union have exceedingly heavy burdens to carry, that their governments are sovereign in their nature, that the obligations which they have to perform can not be performed by the Federal Government, and for one I hope they never will be attempted. So, starting many years ago, the State governments commenced to develop the field of inheritance taxes in order to build up their revenue and meet their obligations.

The State of New York has for many years imposed inheritance taxes. Those taxes form a considerable proportion of the State's revenue. Without any doubt here in the last few years the rate of that taxation in that State would have been raised——

Mr. WATSON of Indiana. Mr. President, has the Senator a statement showing the estate taxes levied by the various States?

Mr. WADSWORTH. No; I have not in all the States.

Mr. WATSON of Indiana. Will the Senator put it in the RECORD?

Mr. WADSWORTH. I wish I could get it. It would take quite a bit of research to get it; but I think we can discuss the situation, because, when we stop to think a moment, each Senator can remember what his own State estate tax is.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, if it will not interrupt him, I should like to say that in my State we do not tax property at all for State purposes. We leave all of those sources of taxation to the counties and the cities, and we raise our entire taxes from license taxes, income taxes, and inheritance taxes. I am told that all the States in the Union except three have an inheritance tax; but we do not tax property at all for State purposes.

Mr. WADSWORTH. That has been the policy of the State of New York. In recent years the expenses of the government of the State of New York have risen so much, and the Federal Government has invaded its field of taxation so severely, that the State has been compelled to resort to a direct tax on real estate for the first time in many, many years. Senators may realize what that means in the way of a burden to a taxpayer, for, of course, real estate pays municipal and county taxes, and when it is called upon to pay State taxes in addition it creates a condition that is almost intolerable. The State taxing authorities are very much alive to the situation, and they are very much puzzled as to what they are to do in the future if the Federal Government is continually to invade their province.

The representatives of 38 States met the other day at Bretton Woods, N. H., in a conference. Those representatives were the State tax commissioners of the several States, or other representatives appointed by the governors of the several States; and they adopted a resolution which I think should be read to the Senate.

Whereas at the first conference of the National Tax Association—

This gathering calls itself the National Tax Association—

Whereas at the first conference of the National Tax Association, held in 1907, it was resolved that it was the sense of that conference that inheritance taxes should be reserved wholly for the use of the several States, which resolution has been reaffirmed at subsequent conferences; and

Whereas inheritance taxes have not heretofore been imposed by the Federal Government except as emergency measures in time of war; and

Whereas the Federal estate tax now in force imposes an unduly heavy burden of expense upon the estates of deceased persons, in addition to the tax itself, out of proportion to the revenue received by the Government, seriously interferes with the administration of such estates, and delays final settlement:

Be it resolved, That the estate tax should be recognized by Congress as a war measure only and should be repealed at the earliest possible moment.

Resolved, That the secretary of the National Tax Association be requested to take appropriate action to bring to the attention of Congress the resolution passed by this conference—

And so forth.

Mr. President, I am not here this afternoon and at this stage of the proceedings to urge seriously the repeal of the Federal estate tax which is now upon the statute books, but I am here to protest against the raising of the rates of that tax one penny beyond those proposed originally by the Finance Committee. We can not keep this thing going much further, anyway, as a matter of scientific taxation. I know that it sounds very easy—that is, the suggestion sounds feasible and plausible—that when an estate worth a hundred million dollars or two hundred million dollars is bequeathed, the Federal Government ought to tax the upper brackets in that regard 50 per cent or more. Many people are apt to believe that no hardship is imposed upon the decedent, and, of course, that is true; but the decedent, having passed off the stage and being utterly unconcerned, the point that we have in mind is, what becomes of the estate, especially if the estate is invested in a going business concern?

We might not be so concerned about this matter if the upper bracket tax was confined to a 50 per cent rate; but we have to remember that the States themselves are taxing this same estate, and in many, many instances State taxes duplicate each other clear around the circle.

It so happens that only to-day, quite by accident, I had an opportunity of discussing this matter with a gentleman who for many years has been attorney for the State comptroller of the State of New York in charge of the collection of the New York inheritance tax, and he tells me that the laws of the several States are such that in many, many instances an estate left by a New York State resident is taxed by 17 or 18 other States in addition to New York State, in whole or in part. A New York resident dying and leaving an estate, a portion of which is in the State of Ohio, pays not only the full rate for the entire estate to the government of the State of New York, but he also pays to the State of Ohio a tax on that portion of his estate which is situated in Ohio, and again in Indiana, and again in Illinois, and clear around the circle, so that the tax is constantly mounting up. We must not labor under the impression that the proposition as to this is going to stop at 50 per cent. It goes higher than that, and in my humble judgment reaches the point of confiscation, and when we reach the point of confiscation in taxation we are doing an injury not to the man who is in his grave, for he can not be reached, but to the people who are charged with the responsibility of carrying on a great business concern, upon which hundreds of people may be dependent for employment, and many, many other people indirectly dependent, in one way or another, for their prosperity.

Mr. POMERENE. Mr. President, since the Senator has made reference to the State of Ohio, I am reminded that probably 15 or 18 years ago, when our tax gatherers got busy, for some unaccountable reason there was a strange exodus of many rich people to the Senator's own State.

Mr. WADSWORTH. We caught them there.

Mr. POMERENE. But their property is largely in Ohio.

Mr. WADSWORTH. Yes.

Mr. POMERENE. It seems to me that, notwithstanding the fact that the Senator's State has the benefit of their presence, we ought to have the benefit of some of their taxes.

Mr. WADSWORTH. I am not complaining about that. I am merely stating the fact, and it has an important bearing upon a Federal estate tax, for we must add these duplicated and triplicated rates of the States in the aggregate to the Federal rates, and when we add them to the higher Federal rates, we reach a point where we are going to kill the goose that lays the golden egg.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Missouri?

Mr. WADSWORTH. I yield.

Mr. REED. I am very sure the Senator did not mean to leave the impression that because the estate of a citizen of New York may pay taxes in 16 or 17 States, they had to pay 16 or 17 taxes, one on top of the other?

Mr. WADSWORTH. Oh, no.

Mr. REED. Of course, the most the estate would have to pay would be two taxes.

Mr. WADSWORTH. It is doubled.

Mr. REED. One in New York, and one in the State where the property is located.

Mr. WADSWORTH. Yes. And then add the Federal tax, and it is tripled when we reach these tremendous rates, and that is what I am complaining against.

Mr. REED. It would be a double tax.

Mr. LENROOT. Mr. President, I would like to ask the Senator if the difficulty he suggests in his own State is not that the State of New York is taxing an inheritance that ought not to be taxed in New York, in so far as the property is located elsewhere?

Mr. WADSWORTH. Perhaps so; but I am merely stating the fact.

Mr. LENROOT. That is not a reason why the Federal Government should take cognizance of any wrong that may be imposed by the State of New York upon its citizens, and should relieve these estates from Federal taxes because New York is doing something it ought not to do.

Mr. WADSWORTH. Mr. President, I am not asking the Government to relieve these estates from taxes, nor am I saying that New York is the only State that does what I have just described. Nearly all of them are doing it. We have to face the condition. It does no good to rise upon the floor of the Senate and scold the State of New York, or suggest that New York has done wrong. We are not powerful enough here to make New York or any of the other States change. But how about the estates?

Mr. STERLING. Does the Senator mean to say that the entire estate is taxed in the State of New York, no matter where the property may be situated?

Mr. WADSWORTH. It is.

Mr. STERLING. Is the estate not allowed an abatement for that part of the taxes paid in another State?

Mr. WADSWORTH. No; it is not.

Mr. LODGE. It is not allowed any abatement in the State of Massachusetts.

Mr. KING. And in no State that I know of.

Mr. WADSWORTH. I do not know of any State that does allow it; that is the point. I do not care what State we take for example, the result is that large portions of these are paying double taxes before they are ever reached by the Federal Government at all, and the Federal tax makes the triple tax.

Mr. NELSON. Mr. President, it seems to me the remedy for the evil the Senator complains of lies with the States. A State government should not impose an inheritance tax on that part of a man's estate that is in another State subject to an inheritance tax.

Mr. WADSWORTH. It is easy for Senators to rise here and assert that.

Mr. NELSON. They are imposing a double rate, and it is their own mistake. I would like to ask the Senator a question for my own information. I understood a moment ago the Senator said that until lately they had not for many years had any land taxes in New York. Is that true?

Mr. WADSWORTH. As a direct State tax, not until recently.

Mr. NELSON. Is that a fact?

Mr. WADSWORTH. It is.

Mr. NELSON. All over the West the States impose direct land taxes, and we have paid them for years.

Mr. WADSWORTH. I am sorry for you. I wish the States could avoid that and support the State governments on corporation and inheritance and excise taxes, which the State of New York did for many, many years, and which, in my judgment, it could do nearly every year in the future if it had not reached that place where we find the Federal Government standing right in the way.

Mr. McCORMICK. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Illinois?

Mr. WADSWORTH. I yield.

Mr. McCORMICK. If I remember the terms of the statement made by the tax association read by the Senator, the association holds that taxation by States on inheritances should be reserved to the several States.

Mr. WADSWORTH. It does. I think myself it is too late; but I think they are correct.

Mr. McCORMICK. Does not the Senator think that inasmuch as these great fortunes are accumulated under the Constitution of the United States rather than within any one State, it is proper they should be taxed by the United States rather than by any one State?

Mr. WADSWORTH. That brings up an academic discussion. It might also be said that these great fortunes are accumulated and protected by the police powers of the States. The Federal Government provides no police protection for them, does not support the fire department or the police department, and has no jurisdiction over the courts in which the wills are brought to probate.

Mr. WATSON of Indiana. Does the Senator believe in a Federal tax law, the tax to be collected by the General Government, and then certain portions remitted to the States, so as to make it uniform?

Mr. WADSWORTH. That would be a scientific distribution of Federal money. I do not know whether we could ever reach such a point in the evolution of our tax system.

There is a duplication in the matter of income taxes, too; and this question of the duplication of taxes by the Federal Government, if it goes on step by step, year after year, will bring us to the point where the States will finally come to Washington and say, "We can not support ourselves any longer."

Mr. LENROOT. When that time comes, will not such action be the pressure which will do just what the Senator from Indiana suggests?

Mr. WADSWORTH. Perhaps; I do not know; but it will require some rather drastic amendments to the Constitution to bring such a thing about. However, that is an academic discussion which I did not intend to embark upon, and I would not bring this matter before the Senate at all to-day were it not that the amendment just offered by the Senator from North Dakota provides a big boost again on top of the Federal taxes, and it is a serious matter.

Mr. TOWNSEND. May I ask the Senator if they have a graduated estate tax in New York?

Mr. WADSWORTH. The inheritance tax in New York is of two kinds: First, the tax is imposed upon inheritances by lineal or direct descent at one rate and at a good deal higher rate on collateral inheritances. The collateral inheritances tax in the State of New York upon occasion has gone up to 25 per cent. It goes as high as 8 per cent now on direct inheritances.

Mr. TOWNSEND. What is the highest rate on any estate?

Mr. WADSWORTH. I think the figures I have just given.

Mr. TOWNSEND. Twenty-five per cent?

Mr. WADSWORTH. Twenty-five and 8 are the highest, I think, which may be collected. That would not be so serious, may I say to the Senator from Michigan, if it were not for the fact that there are portions of the same estate taxed in Ohio, Michigan, Indiana, Illinois, Iowa, all over the country, doubled up, and we double it again.

Mr. McLEAN. After the States have confiscated 50 per cent and the Government has confiscated 50 per cent there will not be anything left, and the Government will have to resort to a direct tax on land to pay its expenses.

Mr. WADSWORTH. We are forcing the States to that now. Eventually the Federal Government will have to do something else. As I said a little while ago, it is very easy to propose to tax an estate of $100,000,000 at the rate of 30 per cent. The average listener would say, "That is easy. Any estate worth a hundred million dollars ought to pay thirty or forty million dollars into the Treasury."

I probably shall never have a chance, but, frankly, I would hate to be the executor of an estate that had to raise thirty or forty million dollars in cash, and then pay the State taxes besides in 4 or 5 or 10 or 17 States. If the estate was invested entirely in securities whose value had not been impaired very severely in the market at the time of the death of the decedent, as executor I probably could raise the thirty or forty million dollars; but suppose the estate is invested in a great manufacturing concern; it would be a mighty difficult thing. Do we intend here in the Congress, or in the States, if we know what we are doing, to compel the liquidation of a going concern in order to raise a sum of money? Every business man knows that when you compel liquidation you destroy value.

What is the situation which confronts the executors of an estate that is taxed in 12 or 14 different States of the Union, and then taxed by the Federal Government as high as 50 per cent in the surtax bracket? The first thing they do is to go out and try to borrow the money. It can not be saved by them in one year's time, or two years' time, or ten years' time. They have to borrow it, and borrow it in huge amounts, if they can command the credit. They have to pay interest on that borrowed money, and the mere fact that a great going business concern has to place a huge loan through the channels of the executors certainly is not healthy for the credit of that concern as a business concern. It injures it.

There is a point where we will have to stop. I believe that this amendment now offered by the Senator from North Dakota reaches the destruction point. You are commencing now to confiscate property. As I said a moment ago, you are killing the goose.

There are some things in this inheritance tax of the Federal Government with which I do not agree. You exempt all bequests to charitable, religious, and educational societies. Consider the effect of that. Witness the great foundations which have been established in this country in recent years, endowed by the millions, all exempt from the Federal inheritance tax. Ways and means will be found in the future to save estates the payment of these inheritance taxes if you raise them so high, and they must be added to the State inheritance taxes, which also are going up. Pennsylvania, I am informed, doubled her inheritance tax only this year.

You will reach the point where you will compel people by hook or by crook to devise their property in some way or another before they die. As was said in the discussion of the surtax rates on the income tax, you will reach and go beyond the saturation point and you will not get the money, or if you do get the money you will get it at the cost of legitimate business enterprises whose values will be depreciated through forced liquidation.

These are the observations I have to make concerning the matter. There is just one other point which I may touch upon and which has to do more with the administration of the tax by the Federal Government. I do not know how it is in other States or what the experience has been, but in New York the appraising authorities of the State department appraise the property of the decedent very promptly. I have known some very large estates of New York residents that have been appraised, millions of dollars of taxes have been paid into the State treasury, and within one year the whole thing settled up, the executor relieved from further responsibility to the State government, and an order entered through the proper State courts to that effect.

But under the Federal administration there is no end to it, apparently. I have known of estates that have gone on for three or four years, waiting for the Federal Government finally to say whether or not the tax has been paid, with no relief, apparently, to the executors, who, of course, can not go ahead and administer the estates with that freedom which is essential to good business management because, forsooth, some clerk sitting behind a desk up here in the Internal Revenue Department is not satisfied that the estate of a decedent who died four years ago has been appraised thus and so. Apparently there is no end. No order is ever entered releasing the executors of their responsibilities to the Federal Government. However, that is a matter of administration and one of the annoyances and nuisances with which the business world is inflicted.

Mr. LENROOT. Mr. President, my understanding is that the objection which the Senator now makes has been cured by an amendment to the bill.

Mr. WADSWORTH. I am very glad. I hope incidentally that the exemption will be taken out. I can not understand—and I do not mean to appear heartless or inhuman or unfeeling when I make this observation—why a great university, when it has bequeathed to it $10,000,000 or $5,000,000 or $2,000,000, should not be willing to have that bequest taxed at least to a reasonable extent. The influences that have been brought here to maintain the exemptions in this matter of the inheritance of bequests to educational and charitable and religious institutions are all based upon the theory that without such exemptions the inheritance tax is a tax on charity, a tax on education, a tax on religious associations. I am not sure about the latter, but on the first two at least, the charitable associations and educational institutions, it is not a tax on them. It is merely withholding from them a little bit of the money which they are getting for nothing, and I do not call that taxation.

Mr. LODGE. Mr. President, the sound theory of taxation, I think generally accepted, is that taxes should be taken from the earnings of the year; that is, from income. They should not be taken in such a way as to impair capital which is the source of income and the sound source of all taxes. We can go very far in taxing incomes without destroying capital, but when we take money from an estate we take capital, in many cases active capital, and put it into the Treasury and spend it, thereby destroying the accumulated capital of the country.

I know it is very inviting, if a man leaves an estate of $15,000,000 or $20,000,000 or $100,000,000, to say, and with some truth, that no one person should have so much money as that, that such large estates are not wholesome.

It is not that, however, that is in question. It is taking money in that form. It may be academic to argue the question, because all countries now impose an estate tax, but in this country, as the Senator from New York has already pointed out, and I do not need to dwell upon it, it is the chief source of revenue of the States. The result is that the estate has to bear the burden of two inheritance taxes in any event, and in many cases on parts of the estate at least a triple tax. All the money that is taken in that way is taken from the total savings of the community, the total capital of the country, and is destroyed for business purposes. It is destroying the resources of the country.

But admitting that we must make up our minds to accept the system of taxing estates, it certainly should be done with moderation and with judgment. There should not be this duplication or triplication of estate taxes with all the uncertainties that they bring and all the heavy loss they cause to estates.

Whether we can come to the system that is suggested by the Senator from Indiana, that all estate taxes should be collected by the United States and then distributed in due proportion to the States from which the money comes, it would certainly be an ideal way of collecting the inheritance taxes.

It is to be remembered that owing to the State laws, and they are all subject to inheritance State taxes, inheritance taxes here are very much more burdensome than in other countries. England lays a heavy inheritance tax, but when that is done that is the end of it. There it is the one tax laid by the general Government. But in the United States it does not stop there. Take one of these large estates which may be invested in business. Liquidation is very likely to be forced, and if it is forced on a falling market the whole estate, even very large estates, may be used up, and it thus amounts to a 100 per cent tax and confiscation of the entire estate, which is entirely withdrawn from business and no longer of use to the community, no longer gives employment, and fulfills all the duties which are so important economically and which can be fulfilled by accumulated capital alone.

Mr. KING. Mr. President——

Mr. LODGE. I yield to the Senator from Utah.

Mr. KING. The Senator from Massachusetts alluded to the fact that in some instances the State taxes and the Federal taxes destroy the estate. I have heard of many instances where because of the taxes being cumulative it was impossible to sell the estate to meet the Federal taxes and the State taxes. Many of the heirs, supposing that they had a considerable competency, have been stripped and have gone out into the world deprived of the property which was left to them by their fathers.

Mr. LODGE. I have known of such cases. There was a very large estate bequeathed recently in New York, a large portion of which was left for public purposes. The settlement was forced in order to meet the taxes imposed in New York and the Federal taxes and forced on the falling market through which we have just been passing. The value of the bequests, which were very large and very well distributed to educational and artistic purposes, was cut in two. It was a singularly well-invested estate, and it stood it better than most estates would, but half of that estate went in that way, and was taken from objects which would have been of value to the whole community.

It is an evil more severe in its operation on the small estate, especially in a time when there is a falling market, and they often either have to borrow money or sell the property at a great loss. It is the most destructive method of raising money for taxation that can possibly be imagined. But as we are certain to have the system, it ought at least to be fairly administered, and these gigantic additions which are proposed here seem to me unwise purely from an economic point of view. I am not questioning the taking of millions for public purposes, except that it is such a destructive way of taking them.

Then the system we have here is very bad in another respect which is not now in the bill; that is, of taxing the estates and not the beneficiaries. There never was a more unjust arrangement than that. A man dies and leaves an only child. The estate tax is paid, and it comes out of the whole estate, which all goes to the benefit of that child. Another man dies leaving an equal estate to five children. The five beneficiaries, each of whom only gets one-fifth of the total estate, each have to pay the full estate tax on the whole estate. We have had that question here before, however. It is an injustice that is patent, and ought to be remedied.

The only point I desire to make to-night, because I do not care to go into any long discussion about it, is the unwisdom of taking these vast sums from large estates and small ones, too, but particularly these additions to large estates, in its effect on the business of the country. I know the argument that if a man leaves $100,000,000 why should not $50,000,000 be taken for the Government? If a man has $100,000,000 income it may do to take $50,000,000 of that income, but when we take half of the property—and for the moment I leave out of consideration the State—we may be closing factories, impairing properties which are giving large employment, and destroying active going businesses. It seems to me it is extravagant and unsound in the last degree.

It is better to raise the money in almost any other way than by the excessive taxation of estates. Some taxation of estates there must be. I think in the Senator's own State there is an estate tax that in some cases amounts to 30 per cent, and when the Federal taxes are added pretty nearly the whole estate is gone. That is a disastrous way to tax. It is practically confiscation and will lead to great injury to the business of the country and to the tax-producing sources of the country, or it will be evaded in some way, and the evasion of these laws is extremely unfortunate and very bad.

I regret that it has been thought wise to increase so greatly the estate taxes, which are now extremely heavy. New York differs in no respect, so far as I can understand, from my own State of Massachusetts, where we have collateral and direct taxes on estates. Those taxes are very heavy there, though I do not just now remember the exact rates imposed. However, all of the property of an estate is taxed there, no matter whether it pays a tax in another State or not. Many estates are largely invested outside of Massachusetts. The result is three taxes are paid on the estate. We ought to consider the fact that in many instances an estate has to pay taxes imposed by at least two States. I repeat, I regret that it should have been thought necessary to impose this additional tax, especially as I understand from the experts that the increased rate will not yield more than fourteen or fifteen million dollars.

Mr. WADSWORTH. May I suggest to the Senator from Massachusetts that if these taxes are put into effect during the next two years they will not yield anything.

Mr. LODGE. It will be two or three years, as Dr. Adams now reminds me, before any revenue will be derived from this source.

Mr. McCORMICK. Mr. President, if the aggregate which is to be derived from these destructive taxes shall not amount to more than fourteen or fifteen million dollars the sum of the damage done will not be very great.

Mr. LODGE. Of course men do not die regularly; that is something which can not be determined; and sometimes the returns from such a tax may be larger. The objection is that by this proposed legislation we shall be terrifying capital in every possible way, making it hide and get out of the way of

taxation. We may tax incomes as much as we please, but we do not thereby destroy the capital.

Mr. McCORMICK. Mr. President, I know that there are sharp differences of opinion as to the wisdom of taxing incomes or inheritances. I have heard Theodore Roosevelt argue with something like vehemence that income taxes were a mistake, but that sharply graduated inheritance taxes were sound. He never pretended to be an economist, but there is some reason to believe that his judgment of the social value of taxes was good.

It should be noted that the amendment reaches fortunes of $15,000,000 and more, and only that portion of great fortunes which exceeds $15,000,000. It should be noted further that the tax of 50 per cent falls only on that part of a fortune which exceeds $100,000,000. If it be true—and I think it is—as the Senator from New York [Mr. WADSWORTH] has said, that no harm can be done by this tax to the deceased, then no harm can be done to the heir by this tax, for no man will be a better citizen or be more useful by reason of the inheritance of the second hundred million dollars.

Mr. WADSWORTH. But how about the business?

Mr. McCORMICK. I shall have something to say about that later.

Mr. WADSWORTH. Especially in such a case as that referred to by the Senator from Utah [Mr. KING], where the whole thing went.

Mr. McCORMICK. If in the case cited by the Senator from Utah "the whole thing went," it would not be by reason of any taxes contemplated in this amendment.

Mr. WADSWORTH. It was by reason of the Federal tax plus State taxes.

Mr. McCORMICK. Doubtless it was an estate which was largely invested in mining property——

Mr. KING. It was invested in real estate and mining property.

Mr. McCORMICK. And by reason of the peculiar character of the estate and the heavy taxes in the State of Utah it was difficult to liquidate the assets.

The Senator from New York has argued that inheritance taxes should not be imposed except as war taxes. I think that most of us believe of this bill that it is the fruit of the World War.

Mr. WADSWORTH. I made exactly that statement, and I would not urge anything to the contrary.

Mr. McCORMICK. And until another year or two shall have passed we can not expect to revise the terms of the measure which is now before us. Before that time arrives, however, I hope that Congress may make a careful study of the whole principle of the taxation of estates and inheritances; not only, as has been suggested by the Senator from Massachusetts [Mr. LODGE], but also as suggested by the Senator from Indiana [Mr. WATSON], to see that the tax falls on the sum inherited and that there be taken into consideration the taxes which are levied by the several States. That, however, is not the issue to-day. We have before us what, in effect, is a war-revenue measure. We have been unable to reduce the taxes on the smaller inheritances or the basic tax upon incomes. Is it too much to expect, then, at a time like this that the few estates in this country exceeding $15,000,000 which may become liable to taxation shall bear a proportionate share of the increase in taxation?

At a time when great numbers of men in this country are out of employment, and when others are not making the cost of their crops, when men of meager income can hope for no great relief under the bill, there does not seem to me to be any sound ground for opposing a tax of 50 per cent on that part of a fortune which exceeds $100,000,000.

The imposition of such a tax does not destroy the property; the property itself remains, merely the ownership thereof is transferred, by one means or another, and there is covered into the Treasury a portion of the accumulations of the deceased precisely as there would be covered into the Treasury by taxation a part of his income.

Mr. LODGE. Mr. President——

Mr. McCORMICK. I yield to the Senator from Massachusetts.

Mr. LODGE. The point may be academic, but suppose the funds of the estate are largely invested in a great factory and that factory has to be sold in order to pay the tax. The price offered is accepted and half of the proceeds go into the Treasury in the shape of taxes. There are now two blocks of capital where before there was one. One block may be invested outside or may be put in another factory, but the other block is gone. It is lost; it is not kept; it is gone into current expenses; so at least half of the capital is gone.

Mr. McCORMICK. Mr. President, I have tried to grasp the argument of the Senator from Massachusetts; but, due to a psychological inhibition, perhaps, I can not understand it.

Mr. LODGE. If $100,000 is taken out of the capital and expended in the course of a year, it is gone, so far as the purposes of capital are concerned. Of course, it is so much capital destroyed.

Mr. McCORMICK. It is gone, so far as the capital of the particular individual or corporation is concerned——

Mr. LODGE. It is eaten up.

Mr. McCORMICK. But not so far as the aggregate capital of the country is concerned.

Mr. LODGE. Certainly it is wiped out; there is no addition to the aggregate capital. If you eat a loaf of bread, the loaf of bread is gone.

Mr. LENROOT. Mr. President, will the Senator from Illinois yield to me?

Mr. McCORMICK. I yield the floor.

Mr. LENROOT. I should like to ask the Senator from Massachusetts whether he takes the position that money expended by the Government never becomes capital in the hands of anybody, but is merely so much money expended.

Mr. LODGE. No; I do not say anything as broad as that; but a large part of it is used in meeting current and daily expenses.

Mr. LENROOT. It then becomes capital in the hands of somebody eventually.

Mr. LODGE. No; it is destroyed. What we ourselves spend to support our families, to maintain our homes, to feed our families is lost so far as we are concerned. If it is income, it is all right; we make it and spend it, but if we take capital and expend it it is gone, of course, just as much as if it were burned up.

Mr. TOWNSEND. Mr. President, I have felt ever since I have been called upon to deal with the question of an estate tax that under ordinary conditions estates were a very proper source to which we might go for taxes. If all of the assets of an estate were in cash and not invested in a going business, it would be very easy to levy the tax; but I am reminded now of an instance that occurred in my State. Within a year two brothers who owned one of the most prosperous concerns in the State died. Practically all of their money was tied up in one great factory, which was one of the largest factories in the United States. They owned the assets of the business. Their estates were called upon to pay taxes under existing law, and the inheritance taxes and other taxes which were imposed amounted to a very large sum. Before the affairs of the first brother who died had been settled the other one passed away. Then their estates were confronted with the fact that they did not have enough money to pay their taxes and continue their business; and yet, if they sold the business, under another provision of law imposing a tax on the increased value between 1913 and the date of their deaths, there would be absolutely nothing left to the estates.

I do not know just how they have settled it, but it has been a very serious matter, and the situation was still serious when last I heard about it. The estates to which I have referred, as I understand, were, combined, worth about $70,000,000. I am wondering now if such a case as that should occur in the next year after the passage of this act, and we should increase the rate of taxation on such estates, as the amendment reported by the committee would increase it, and add 40 per cent to their taxes, how in the world that concern would be able to continue in business.

That to me is a serious proposition. I do not think that we can afford to have that institution wiped out. It was an institution which had the confidence and respect of all people and was considered one of the finest institutions in our State.

Mr. LODGE. And it employed a great many men, did it not?

Mr. TOWNSEND. It employed a great many men. It could not continue to do business; that is clear. According to the last accounts I heard, it was having difficulty to continue under existing law and the taxation therein provided. I am wondering just how the amendment now pending would affect such a case as that.

Mr. McCORMICK. Mr. President, if I remember the case in point, it was not long ago that the widow of one of the partners petitioned the court for an allowance of $500,000 a year, stating that the family had spent a million dollars a year during the life of her husband, and she did not feel that she could live on less; that her personal expenses would amount to that much.

Mr. TOWNSEND. I am not familiar with that; I do not know and can not state at the moment how they have arranged their affairs, but I know it has been a serious matter for them to consider.

Mr. LENROOT. Mr. President, I fail to see the difficulty which the Senator from Michigan suggests in a particular case. Assuming that it becomes necessary for the executor to sell the stock of the decedent, and he says that it is made up very

largely of accumulated earnings since 1913, and they would have to pay an income tax upon them, that means that the Government has been deprived during those years of the income that would have been received had those earnings been distributed, does it not?

Mr. TOWNSEND. I am not objecting to that.

Mr. LENROOT. Very well. Then when the stock is sold and the estate is settled the taxes that have been paid are deducted from that estate. Supposing that the stock is sold and it is necessary to pay a very large per cent of the proceeds of that sale in income taxes, in arriving at the net estate, of course, that is deducted, is it not?

Mr. TOWNSEND. I had not thought about that; I had assumed that it would be a tax upon the estate which the decedent left.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. LENROOT. Yes.

Mr. NELSON. Does not the Senator think that for the good of the entire country it would be well to dissipate these enormous fortunes, and scatter them broadcast, instead of having them pile up year after year? Does not the Senator think that the effect on the social fabric would be much better if these fortunes were dissipated?

Mr. LENROOT. Up to a certain point, Mr. President, there can be no possible question concerning the correctness of that statement. I remember that the first time my attention was ever seriously called to this question was in a speech made by ex-President Harrison, where he advocated taking a higher tax than is proposed in this amendment from a large estate.

Mr. WADSWORTH. Mr. President, may I ask if he advocated taking a higher tax than is proposed in this amendment, plus State taxes?

Mr. LENROOT. Plus such State taxes as may have existed at that time.

Mr. WADSWORTH. Not at this time, however?

Mr. LENROOT. Of course not, because ex-President Harrison has been dead a good while; but at that time I remember that he advocated an inheritance tax of more than 50 per cent upon large fortunes.

It is true that when we get fortunes exceeding $100,000,000 the continual increase of those fortunes in the hands of one or two individuals is a menace to our social fabric; no one can deny it; and if those large fortunes are divided, either through an estate tax or through previous division, as is suggested by the Senator from New York, it will be a good thing for the public welfare, however they may be divided, and, as the Senator from Ohio [Mr. POMERENE] suggests, for the family as well. Where anyone has inherited more than $5,000,000, I doubt whether the excess has not been a positive injury to the person who inherited it, rather than a benefit, in the vast majority of cases.

Mr. LODGE. Mr. President, if the Senator will allow me a moment——

Mr. LENROOT. Yes.

Mr. LODGE. The Senator may have noticed that I did not make any plea for the heirs. I was thinking solely of the economic proposition.

Mr. LENROOT. Yes; I understand.

Mr. LODGE. I think the heirs will be provided for.

Mr. LENROOT. I think so, too.

I want to say in that connection that I am thoroughly in agreement with the Senator from Massachusetts that I do not think this plan of an estate tax is based upon any correct principle. It should be strictly an inheritance tax, and the tax should be based upon the distributive share; and when the Finance Committee shall have completed its work upon this bill and the tariff bill, I hope that one of the first things Congress will take up will be the revision of the law upon this subject.

With reference to the Senator from Massachusetts, however, he objects because he says this tax will destroy capital. Granting for the moment that what he says is true in part, I want to call his attention to the fact that I understand that the Senator from Massachusetts is disposed to favor a sales tax that will soon be offered upon this bill.

Mr. President, there are more than four and a half million men out of employment in the United States to-day, and a very large percentage of those four and a half million men and their families are living from day to day, not upon income, not upon earnings—because they have none—but upon savings that they have made in prior years.

Mr. POMERENE. And some on charity.

Mr. LENROOT. And, as the Senator from Ohio suggests, some on charity; and yet a sales tax will take from every man who has not a daily or a yearly income a part of his capital to exactly the extent that the sales tax is imposed.

Mr. NELSON. Mr. President——

Mr. LENROOT. I yield.

Mr. NELSON. If the Senator will yield, is not a sales tax in its final analysis a pure tax upon consumption?

Mr. LENROOT. Certainly, upon consumption.

Mr. NELSON. And it will come on the consumer. Every man, woman, and child who has to buy any of those products has to pay the tax.

Mr. LENROOT. Exactly.

Mr. NELSON. And it is distributed, not on the basis of the means of the people, but on the basis of their necessities—as to what they have to buy, not what they earn.

Mr. LENROOT. That is true; and, Mr. President, it is not voluntary with any man in the United States, as some suggest, whether he shall buy or not. Men have to live; men have to be clothed; men have to be sheltered; men have to be warmed; and whether they will or not, they must pay this sales tax. They can not avoid it, and if they have no income they must pay it out of capital, which the Senator from Massachusetts objects to in the case of the inheritance tax.

Mr. SMOOT. Mr. President, I do not want to take any of the time of the Senate; but if the Senator is going to discuss that question I think it is fair to say that the taxes that will be abolished certainly will equal what a small sales tax would equal; and not only that, but it will be direct and not indirect, and it will not be pyramided as other taxes are.

Mr. LENROOT. Does the Senator now suggest, then, that he only proposes to substitute a sales tax for such direct consumption taxes as now exist?

Mr. SMOOT. All of the consumption taxes; yes.

Mr. LENROOT. And nothing more?

Mr. SMOOT. No; there is something more—certainly.

Mr. LENROOT. Very well. Then, to the extent that there is something more——

Mr. SMOOT. But as to the "something more," if you call a tax on transportation a consumption tax, which everybody here in the Chamber says has always been passed directly on to the farmer or the consumer, that and all of the other taxes such as taxes upon insurance here I think I shall remove entirely.

Mr. LENROOT. The transportation tax has been removed.

Mr. SMOOT. Yes.

Mr. LENROOT. And that deficit has been taken care of in another way, as the Senator knows.

Mr. SMOOT. I do not know yet what we are going to do, whether it is or not.

Mr. LENROOT. The Senate has acted on that to the full extent and more than the full extent of the transportation tax.

Mr. SMOOT. Yes; but, as I was going to say, I think there is no question but that a manufacturers' tax of 1 per cent, or a turnover tax of one-half of 1 per cent, is the very least burden that can be put upon the consumers of this country.

Mr. LENROOT. Whatever it is, the Senator must concede that if a man has not an income, and he must purchase the things upon which the sales tax is imposed, it is a tax upon capital, a taking from capital, to which the Senator from Massachusetts objects.

Mr. SMOOT. Just exactly the same as any other tax that is imposed, and no more, only the sales tax is a small tax that can not be passed on and multiplied as some of the other taxes have been multiplied.

Mr. LENROOT. The only point I am making at this particular time is that the Senator from Massachusetts objects, because he says this is destroying capital, when, if it is, a sales tax destroys capital.

Mr. SMOOT. Or any other tax.

Mr. LENROOT. Or any other tax that the consumer must pay, and can not pay out of income. I think the Senator from Utah will agree with me about that.

Mr. President, just one word more. As the Senator from Illinois [Mr. MCCORMICK] has said, this amendment affects estates only in excess of $15,000,000. The Senator from Massachusetts says that if we impose these taxes upon these very large fortunes they will hide them and get them out of the way. Nearly a week was consumed in this Chamber with the argument by these same Senators that we must not impose a surtax in excess of 32 per cent, because if we did these large fortunes would be invested in tax-exempt securities, and the Government would receive no revenue from them. Now, when we say, "Here is an opportunity to get at, to some extent at least, these very large fortunes where a high surtax is applied; here is an opportunity to get for the Government some of the money that they have escaped paying to the Government by reason of their investment in tax-exempt securities," again these same gentlemen say, "Do not touch it here." A little while ago they said, "Do not touch it there"; and what is the result? The result is, they say, "Do not touch it anywhere if a fortune be large."

Mr. President, this is not the best system; but I see no injustice to these very large fortunes in the adoption of the amendment that is now proposed, and it does not increase the estate taxes upon any estate under $15,000,000.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from North Dakota to the amendment of the committee.

Mr. McCUMBER. Mr. President, the Senator from Wisconsin [Mr. LA FOLLETTE] is absent for just a moment, and I think he wants to offer an amendment to this amendment. He just so informed me, and stated that he would be back in a moment; and I understood that his amendment was directed toward this amendment.

Mr. KING. Mr. President, does the Senator want to suspend until the Senator from Wisconsin returns to the Chamber?

Mr. McCUMBER. Yes; I do not wish a vote, because he asked me to hold the matter until he could return.

Mr. KING. Mr. President, just a word pending the return of the Senator.

Mr. McCUMBER. I assume that this matter will take a little longer discussion. I do not want to take advantage of his absence.

Mr. KING. May I occupy the attention of the Senate until the return of the Senator from Wisconsin, or at least for a moment or two?

I have offered an amendment which perhaps might be regarded as a suitable amendment to the pending section, and yet it would be perhaps more apposite if it followed the concluding section of the bill. It reads as follows:

That the President is authorized and requested to invite the governments of the several States of the Union to appoint representatives to confer with representatives to be appointed by the President, to consider the general question of the relation between Federal and State taxation, cooperation in the laying and levying of taxes, and particularly the matter of the conflicting Federal and State taxes upon the estates of deceased persons, and means for the accommodation of such conflicts, and for the allocation or distribution of the revenues derived from inheritance taxes as between the Federal Government and the several States.

Mr. President, there has been very much controversy between the Federal Government and the States since the imposition of the Federal Government inheritance tax, growing out of the levies by the Federal Government and by the States. It has led in instances to a practical confiscation of the property of many estates. Even where there is a comparatively low State tax and a Federal tax imposed, where the property consists of real estate or of business plants, it is almost impossible to raise sufficient money to meet the taxes imposed by the State and the taxes imposed by the Federal Government. No estate can meet the exactions of both the Federal Government and the States unless its assets consist of money or stocks which have an available market value.

It does seem to me that the time has come when there must be some uniform method of levying estate taxes, and that there should be cooperation between the Federal Government and the States in the laying of these taxes. I have no doubt that in view of the controversy, which is so acute and so important, the States would not hesitate, indeed would be glad, to respond to the invitation extended by the President of the United States to appoint representatives to meet at a conference for the purpose of evolving some plan that would provide a just method of taxing estates and a just allocation of the funds derived therefrom to the Federal Government and to the States.

I believe that is the best solution of this vexatious and very important question. When this matter is disposed of I shall offer this amendment to the pending section or at the end of the bill.

Mr. McCUMBER. Mr. President, the question now is on the amendment to the committee amendment, as I understand it, which has just been offered, and I presume that should be voted upon after we have voted upon this proposition.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from North Dakota to the committee amendment.

Mr. McCUMBER. Mr. President, this amendment is one of the so-called "bloc" amendments. I have offered it on behalf of the chairman of the committee during his temporary absence. I have already stated my own views in reference to these taxes. The Senator from New York admits that we should levy a tax of this character for war purposes. If we can levy it for war purposes directly to raise revenue to carry on the war, I presume it is for war purposes to the same extent if it is to pay the debt for borrowed money to carry on the war; and as long as the debt continues I can see no reason why we should not levy the heavier tax. I would be very much inclined to think that in the case mentioned by the Senator from New York, where the tax is levied by the State, and also against the estate in the State where the decedent lives, and in other States, that in the State in which he lived there ought to be a credit for the taxes which are paid in other States; but inasmuch as that can not be handled by a Federal tax law, I would suggest to the Senator that if he wanted to reach that point it might be done by an amendment which would allow a credit for any taxes paid in any State upon the estate which is transferred through the death of the decedent. If the Senator would prepare an amendment of that kind, I say frankly that I would support it.

The Senator from New York has just come in, and I will repeat the statement. The Senator complains, and I think justly, that an estate in New York, for instance, not only has to pay the Federal tax, but has to pay taxes in the several States in which portions of the estate may be situated, and that this, added to the Federal tax, makes an exceedingly heavy tax. I agree with the Senator in that, and it seems to me that inasmuch as we can not legislate for the States and give the estate in New York the credit for any taxes paid in Wisconsin or Illinois, the tax that is paid by the estate of the decedent in any State or States ought to be deducted from the Federal taxes that are paid upon the same estate.

Mr. WADSWORTH. Whether or not it is a tax of the State of his residence?

Mr. McCUMBER. I think it should be, because it is really an estate tax, and it is duplicating the estate tax. Of course, I do not speak for anyone but myself, and the reason I suggest that is that I myself do not believe very strongly in Federal estate taxes. I think that is one domain which ought to be left, if possible, to the States themselves, as a means of raising revenue for running the State; but we have adopted it, we have adopted it as a war measure, we have adopted it because we needed the revenue; and we need the revenue to-day to pay the interest upon the war indebtedness.

If the Senator looks upon that part of the argument as worthy of consideration, he could prepare an amendment, if he thinks best.

Mr. SMOOT. Do I understand the Senator to mean that there shall be a credit for the State tax against the amount of money to be collected by the Federal Government?

Mr. McCUMBER. If we place as heavy a tax as is proposed by this amendment, then I think it would be perfectly fair that the amounts paid by any estate to the States should be deducted from the amount that would have to be paid to the Federal Government, especially in those cases where it runs as high as 50 per cent of the entire estate.

Mr. SMOOT. I think the suggestion is a very proper one, indeed, Mr. President; but, of course, it would not be equal in all States. One State may impose 10 per cent, one State 15, one 20, one 25, one 30. There would be that discrepancy in the payment of an inheritance tax by the individuals in different States.

Mr. McCUMBER. My idea would simply be to treat it as an expense the estate has to meet, and deduct it from the entire value of the estate.

Mr. SMOOT. That is, the gross value of the estate?

Mr. McCUMBER. The gross value of the estate. If the estate was worth $1,000,000, and it pays 10 per cent tax in one State, the net estate then would be worth only $900,000 on which we would base the Federal tax.

Mr. WADSWORTH. I misunderstood the Senator in the first instance.

Mr. McCUMBER. I desire to say to the Senator from Wisconsin that I understood he had an amendment he was to offer to the estate-tax provision. If that is not so, I am willing to have a vote at this time.

The VICE PRESIDENT. The question is on the amendment to the amendment.

Mr. POMERENE. Is the question on the amendment proposed by the Senator from North Dakota?

The VICE PRESIDENT. It is.

Mr. McCUMBER. I ask for the yeas and nays on the amendment to the amendment.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Curtis	Harrison	McCormick
Borah	Dial	Heflin	McCumber
Brandegee	Edge	Hitchcock	McKellar
Broussard	France	Jones, N. Mex.	McKinley
Bursum	Frelinghuysen	Kendrick	McLean
Calder	Gooding	Kenyon	McNary
Capper	Hale	La Follette	Moses
Caraway	Harreld	Lenroot	Myers
Cummins	Harris	Lodge	New

Newberry	Sheppard	Swanson	Watson, Ga.
Oddie	Simmons	Townsend	Watson, Ind.
Overman	Smoot	Trammell	Williams
Penrose	Spencer	Wadsworth	Willis
Poindexter	Stanley	Walsh, Mass.	
Pomerene	Sterling	Walsh, Mont.	
Reed	Sutherland	Warren	

The VICE PRESIDENT. Sixty-one Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from North Dakota [Mr. McCUMBER] to the amendment of the committee.

Mr. McCUMBER. I ask for the yeas and nays on the amendment to the amendment.

The yeas and nays were ordered, and the Reading Clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I have a pair with the Senator from Colorado [Mr. PHIPPS]. In his absence I withhold my vote.

Mr. EDGE (when his name was called). Making the same announcement as to my pair and its transfer, I vote "yea."

Mr. HALE (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. SHIELDS]. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD] and vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. In his absence I withhold my vote.

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. SWANSON (when his name was called). Making the same announcement as on the previous vote as to my pair and transfer, I vote "yea."

The roll call was concluded.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. McCUMBER (after having voted in the affirmative). I observe that my pair, the junior Senator from Utah [Mr. KING], has not voted. I therefore transfer my pair to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

Mr. STANLEY. Making the same announcement as before with reference to my pair I withhold my vote.

Mr. CURTIS. I wish to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL];

The junior Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL]; and

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 44, nays 15, as follows:

YEAS—44.

Ashurst	Harris	McKellar	Reed
Borah	Harrison	McKinley	Sheppard
Broussard	Heflin	McNary	Spencer
Bursum	Hitchcock	Myers	Sterling
Capper	Jones, N. Mex.	New	Sutherland
Caraway	Kendrick	Newberry	Swanson
Cummins	Kenyon	Norbeck	Walsh, Mass.
Curtis	La Follette	Oddie	Walsh, Mont.
Edge	Lenroot	Overman	Watson, Ga.
France	McCormick	Penrose	Williams
Harreld	McCumber	Pomerene	Willis

NAYS—15.

Brandegee	Hale	Moses	Wadsworth
Calder	Keyes	Poindexter	Warren
Frelinghuysen	Lodge	Smoot	Watson, Ind.
Gooding	McLean	Townsend	

NOT VOTING—37.

Ball	Fernald	Nicholson	Simmons
Cameron	Fletcher	Norris	Smith
Colt	Gerry	Owen	Stanfield
Crow	Glass	Page	Stanley
Culberson	Johnson	Phipps	Trammell
Dial	Jones, Wash.	Pittman	Underwood
Dillingham	Kellogg	Ransdell	Weller.
du Pont	King	Robinson	
Elkins	Ladd	Shields	
Ernst	Nelson	Shortridge	

So Mr. McCUMBER'S amendment to the amendment of the committee was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. At the end of line 15, page 148, strike out the word "and."

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I have some amendments to this title of the bill which I wish to offer and ask to have printed and lie upon the table. I shall offer them when the opportunity presents itself when the bill is in the Senate.

The VICE PRESIDENT. The amendments will lie on the table and be printed.

Mr. LA FOLLETTE. I offer at this time two amendments which I ask to have printed.

The VICE PRESIDENT. It will be so ordered.

Mr. LA FOLLETTE. I ask that all the amendments be printed in the RECORD as well.

The amendments intended to be proposed by Mr. LA FOLLETTE were ordered to be printed in the RECORD, as follows:

On page 148, after line 17, insert the following:

"*Provided*, That in addition to taxes heretofore levied by this section a tax of 10 per cent shall be imposed upon the value of the securities of such estates so transferred, issued by any State, county, or municipal authority, or authority other than that of the Federal Government, which securities have not been taxed under the Federal income or excess profits tax laws and which were issued prior to the passage of this act; and that upon such tax-exempt securities issued subsequent to the passage of this act the additional tax so levied shall be 15 per cent."

On page 148, after line 17, insert the following:

"*Provided*, That in addition to taxes heretofore levied by this section a tax of 10 per cent shall be imposed upon the value of the securities of such estates so transferred, by whatsoever authority issued, which securities have not been taxed under the Federal income or excess profits tax laws, and which were issued prior to the passage of this act; and that upon such tax-exempt securities issued subsequent to the passage of this act the additional tax so levied shall be 15 per cent."

On page 150, line 15, strike out the word "two" and insert the word "five".

On page 153, line 1, after the word "administered" and the comma, strike out the remainder of the line and all the lines 2, 3, and 4 and insert in lieu thereof the following: "including State inheritance, legacy, succession, or estate taxes paid or payable in an amount not exceeding 50 per cent of the net estate computed without benefit of such deduction, but not including any income taxes upon income received after the death of the decedent" and a semicolon.

Amendment intended to be proposed by Mr. LA FOLLETTE to the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, viz: Strike out all the matter beginning on page 146, line 22, down to and including line 17, page 148, and insert the following:

"SEC. 401. That, in lieu of the tax imposed by title 4 of the revenue act of 1918, a tax equal to the sum of the following percentages of the value of the net estate (determined as provided in sec. 403) is hereby imposed upon the transfer of the net estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States:

"One per cent of the amount of the net estate not in excess of $50,000;

"Two per cent of the amount by which the net estate exceeds $50,000 and does not exceed $100,000;

"Three per cent of the amount by which the net estate exceeds $100,000 and does not exceed $150,000;

"Four per cent of the amount by which the net estate exceeds $150,000 and does not exceed $200,000;

"Five per cent of the amount by which the net estate exceeds $200,000 and does not exceed $250,000;

"Six per cent of the amount by which the net estate exceeds $250,000 and does not exceed $300,000;

"Seven per cent of the amount by which the net estate exceeds $300,000 and does not exceed $350,000;

"Eight per cent of the amount by which the net estate exceeds $350,000 and does not exceed $400,000;

"Nine per cent of the amount by which the net estate exceeds $400,000 and does not exceed $450,000;

"Ten per cent of the amount by which the net estate exceeds $450,000 and does not exceed $500,000;

"Eleven per cent of the amount by which the net estate exceeds $500,000 and does not exceed $550,000;

"Twelve per cent of the amount by which the net estate exceeds $550,000 and does not exceed $600,000;

"Thirteen per cent of the amount by which the net estate exceeds $600,000 and does not exceed $650,000;

"Fourteen per cent of the amount by which the net estate exceeds $650,000 and does not exceed $700,000;

"Fifteen per cent of the amount by which the net estate exceeds $700,000 and does not exceed $750,000;

"Sixteen per cent of the amount by which the net estate exceeds $750,000 and does not exceed $800,000;

"Seventeen per cent of the amount by which the net estate exceeds $800,000 and does not exceed $850,000;

"Eighteen per cent of the amount by which the net estate exceeds $850,000 and does not exceed $900,000;

"Nineteen per cent of the amount by which the net estate exceeds $900,000 and does not exceed $950,000;

"Twenty per cent of the amount by which the net estate exceeds $950,000 and does not exceed $1,000,000;

"Twenty-one per cent of the amount by which the net estate exceeds $1,000,000 and does not exceed $2,000,000;

"Twenty-two per cent of the amount by which the net estate exceeds $2,000,000 and does not exceed $3,000,000;

"Twenty-three per cent of the amount by which the net estate exceeds $3,000,000 and does not exceed $4,000,000;

"Twenty-four per cent of the amount by which the net estate exceeds $4,000,000 and does not exceed $5,000,000;

"Twenty-five per cent of the amount by which the net estate exceeds $5,000,000 and does not exceed $6,000,000;

"Twenty-six per cent of the amount by which the net estate exceeds $6,000,000 and does not exceed $7,000,000;

"Twenty-seven per cent of the amount by which the net estate exceeds $7,000,000 and does not exceed $8,000,000;

"Twenty-eight per cent of the amount by which the net estate exceeds $8,000,000 and does not exceed $9,000,000;
"Twenty-nine per cent of the amount by which the net estate exceeds $9,000,000 and does not exceed $10,000,000;
"Thirty per cent of the amount by which the net estate exceeds $10,000,000 and does not exceed $11,000,000;
"Thirty-one per cent of the amount by which the net estate exceeds $11,000,000 and does not exceed $12,000,000;
"Thirty-two per cent of the amount by which the net estate exceeds $12,000,000 and does not exceed $13,000,000;
"Thirty-three per cent of the amount by which the net estate exceeds $13,000,000 and does not exceed $14,000,000;
"Thirty-four per cent of the amount by which the net estate exceeds $14,000,000 and does not exceed $15,000,000;
"Thirty-five per cent of the amount by which the net estate exceeds $15,000,000 and does not exceed $16,000,000;
"Thirty-six per cent of the amount by which the net estate exceeds $16,000,000 and does not exceed $17,000,000;
"Thirty-seven per cent of the amount by which the net estate exceeds $17,000,000 and does not exceed $18,000,000;
"Thirty-eight per cent of the amount by which the net estate exceeds $18,000,000 and does not exceed $19,000,000;
"Thirty-nine per cent of the amount by which the net estate exceeds $19,000,000 and does not exceed $20,000,000;
"Forty per cent of the amount by which the net estate exceeds $20,000,000 and does not exceed $21,000,000;
"Forty-one per cent of the amount by which the net estate exceeds $21,000,000 and does not exceed $22,000,000;
"Forty-two per cent of the amount by which the net estate exceeds $22,000,000 and does not exceed $23,000,000;
"Forty-three per cent of the amount by which the net estate exceeds $23,000,000 and does not exceed $24,000,000;
"Forty-four per cent of the amount by which the net estate exceeds $24,000,000 and does not exceed $25,000,000;
"Forty-five per cent of the amount by which the net estate exceeds $25,000,000 and does not exceed $26,000,000;
"Forty-six per cent of the amount by which the net estate exceeds $26,000,000 and does not exceed $27,000,000;
"Forty-seven per cent of the amount by which the net estate exceeds $27,000,000 and does not exceed $28,000,000;
"Forty-eight per cent of the amount by which the net estate exceeds $28,000,000 and does not exceed $29,000,000;
"Forty-nine per cent of the amount by which the net estate exceeds $29,000,000 and does not exceed $30,000,000; and
"Fifty per cent of the amount by which the net estate exceeds $30,000,000."

Mr. WALSH of Massachusetts. Mr. President, I have two amendments which relate to this general subject, but which are new matter. One seeks to impose an excise tax upon the estate of every decedent dying after the passage of this bill, and the other seeks to impose a tax upon tax-exempt securities when they pass through an estate.

I would like to ask unanimous consent that I may offer these amendments to-morrow, and that no objection will be raised because of the fact that I did not offer them while this section was pending. I think it is not necessary, anyway, for me to offer them under this section, but I desire to be sure that I may have the opportunity to offer them after the committee amendments have all been passed upon.

Mr. PENROSE. Why does not the Senator offer them now?

Mr. WALSH of Massachusetts. I am prepared to offer them now, but they are a subject matter somewhat new that will lead to long discussion, and I thought we could pass upon matters in the bill that are not in controversy and perhaps eliminate a number of the smaller amendments.

Mr. PENROSE. The fact that the amendments will lead to a long discussion is an overwhelming and conclusive argument in my mind that we ought to proceed immediately to the consideration of them. So far as I understand the position of the suggested amendments, they are not in order.

Mr. WALSH of Massachusetts. I think the amendments are probably in order. I think there is some question whether they could not be offered after the committee amendments are disposed of, because they are new subject matter, but they relate to this general title in the bill.

Mr. PENROSE. If they are in order now, and the Chair so holds, I hope the Senator will submit them.

Mr. WALSH of Massachusetts. I am ready to proceed, and I am ready to stay here as long as the Senator from Pennsylvania is.

Mr. PENROSE. I am only too delighted to proceed when I am informed they may lead to discussion. I would much rather have the discussion now than to-morrow morning.

Mr. WALSH of Massachusetts. Mr. President, I send to the desk two amendments to the committee amendment.

The VICE PRESIDENT. The Secretary will report the amendments to the amendment.

The ASSISTANT SECRETARY. On page 146, line 22, after "section 401," insert "(a)." On page 148, after line 17, insert the following:

(b) That in addition to the tax imposed by subdivision (a) of this section, a tax equal to the following is hereby imposed upon the transfer of the gross estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States: 15 per cent of the amount, in excess of $50,000, which is included in gross estate because of the ownership of, or interest in, (a) the obligation of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (b) securities issued under the provisions of the Federal farm loan act of July 17, 1916; or (c) the obligations of the United States or its possessions issued prior to September 1, 1917.

Mr. WALSH of Massachusetts. Mr. President, if I may have the attention of the Senate for a moment, I desire to say that this amendment proposes to test the sincerity of the criticism that has been made against the wealthy investor in tax-exempt securities. Again and again during the discussion of this bill reference has been made to the evasion of our tax laws during the war and since the war by those who are possessed of extreme wealth investing in tax-exempt securities. We have folded our arms, stood here, and said, "Nothing can be done; it would be unconstitutional to attempt it; we can not reach them except by amending the Constitution." This amendment proposes to reach them not during the lifetime of the holder of the tax-exempt securities, but when such securities pass to his heirs as a part of his estate my amendment seeks to segregate them and to place a tax of 15 per cent, in addition to the regular estate tax, upon all tax-exempt securities.

I might talk for hours upon the merits of the amendment. It provides a method, a perfectly legitimate method, of imposing a tax upon securities of which the holder during his lifetime has received the benefit without paying any income tax. I do not know what opposition to this amendment there is upon the part of the committee. I might state that innumerable articles have been written on the subject. Only very recently the Saturday Evening Post contained a very illuminating article, which was entitled "Capital on strikes."

It cited the fact that capital was investing in tax-exempt securities in order to escape taxation and that the possessors of capital were making gifts to relatives for the purpose of avoiding the high surtaxes. The amendment offered by me affords an opportunity to "call" the strike and to impose a tax upon such tax-exempt securities when they become part of the estate of a deceased person; in other words, we can at least take the position of saying to the owner of tax-exempt securities, "You may escape during your lifetime the payment of taxes upon such securities, but when you bequeath or devise them to relatives or friends, then we propose to tax them."

Mr. SPENCER and Mr. McCUMBER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Massachusetts yield, and, if so, to whom?

Mr. WALSH of Massachusetts. I yield to the Senator from Missouri, he having first risen.

Mr. SPENCER. Will the Senator from Massachusetts be good enough to give me light upon this proposition in connection with his amendment? Suppose a man, for the benefit of his children—and that is his purpose in making the investment—invests $50,000 in tax-exempt securities. I presume there can be no doubt that under the law so long as he holds them he pays no taxes upon the income and any attempt to collect such taxes would be unconstitutional.

Now, do I understand that when that man dies and the purpose of his investment is about to be realized, namely, that his children shall have an income after his death, then the Senator from Massachusetts proposes to put as against the income of those children a 15 per cent tax upon the proceeds of those tax-exempt securities which their father purchased?

Mr. WALSH of Massachusetts. Mr. President, if I understand the Senator's proposition correctly, the case he has cited will not be reached at all by my amendment——

Mr. SPENCER. Then, I misunderstood the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Because I have not proposed to change the exemption of $50,000 which is given to all estates. So if an estate consists of $50,000 of tax-exempt securities it would pay nothing. My amendment reaches only that class of estates over $50,000 which include tax-exempt securities. In substance, it amounts to this: That if an estate is made up of tax-exempt securities and is over $50,000 in value there shall be paid a larger estate tax upon it than if the estate had not been loaded up with tax-exempt securities.

I referred the other day to a communication which I had read from the New York Times, in which a leading resident of the city of New York, in discussing the pending revenue bill, referred to the fact that he had invested every single dollar he had, amounting to $500,000, in tax-exempt securities, and that he was now ready to let the politicians in Washington do what they pleased with the revenue bill.

The Secretary of the Treasury in stronger language than I could use has referred to the efforts which have been made by persons who have heretofore been paying surtaxes to escape taxation by two methods: Investing in tax-exempt securities and the making of gifts to relatives. There has been no effort made from the beginning to the end of the pending bill to stop

those abuses, but every effort possible has been made to reduce the taxes of the very class that has been engaged in evading taxation. That is what the two amendments which I have proposed are intended to prevent.

Mr. SPENCER. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield further to the Senator from Missouri?

Mr. WALSH of Massachusetts. I yield to the Senator from Missouri.

Mr. SPENCER. I do not want to misunderstand the Senator from Massachusetts, and may I therefore repeat the question so as to ascertain whether or not I am right? Under his amendment if a man invests $100,000, $60,000 of it in general investments, which are subject to the inheritance tax, and $40,000 of it in tax-exempt securities for the benefit of his children, and when he dies leaves that $40,000 of tax-exempt securities to his children, am I not right in thinking that under the Senator's amendment the very moment those bonds come into the hands of the children or their guardian for the purpose for which their father invested the money, they then become subject for the first time to a 15 per cent tax?

Mr. WALSH of Massachusetts. The Senator is correct. My amendment, in substance, says, "Your father has escaped paying taxes for years upon these securities; you are to escape paying taxes so long as you hold them; but when they pass from your father to you, then you shall pay a different tax than if the securities were other than tax exempt."

Mr. McCUMBER. Mr. President, will the Senator answer a question with reference to the legal proposition involved? A State issues its bonds and by the law authorizing the issue provides that the bonds shall not be subject to tax in any form whatsoever. Does the Senator claim that the Federal Government can step in and impose an inheritance tax upon such bonds?

Mr. WALSH of Massachusetts. Mr. President, the Federal Government at the present time imposes an inheritance tax upon tax-exempt securities.

Mr. McCUMBER. But Congress provides in the law under which certain Government securities are issued—for instance, in the case of some Liberty bonds—that they shall be free from all taxes except inheritance taxes; so that they are not free from that tax.

Mr. WALSH of Massachusetts. Not only is there a discrimination in favor of that class of bonds during the lifetime of their holders, but when they die and their estates are called upon to pay an estate tax, we say, "Instead of paying the full amount of money that everybody else has to pay under the estate tax, you can pay your tax bill with these tax-exempt securities."

Mr. McCUMBER. I am putting the question directly to the Senator, where the State provides by law for the issuance of State bonds, and it is provided in the law that the bonds shall be free from any character of taxation, can the Federal Government levy an inheritance tax upon such bonds?

Mr. WALSH of Massachusetts. I have no doubt about it, I will say to the Senator.

Mr. McCUMBER. I do not think the Federal Government can levy such a tax.

Mr. WALSH of Massachusetts. My inquiry and investigation have led me to come to that conclusion, but even were there a doubt about it, why not make an effort, why not now start the machinery to raise that constitutional question? How long are we going to sit here and denounce the escaping of taxes by those investing in tax-exempt securities and offer not a single constructive amendment to this bill or any other revenue bill to remedy that well-known abuse?

Mr. McCUMBER. I will say to the Senator that we can denounce the States if we see fit to do so, but I have not denounced them. I think the States have a right to declare that their securities shall be free from taxation; and having that right, their bonds being valued according to whether or not they are free from taxation, I do not believe the Federal Government has the right to step in and say that a State bond free from taxation shall nevertheless pay a Federal tax, and if it is subject to a Federal tax at all the Federal taxing authority can levy a tax so heavy that it amounts to a confiscation, and therefore strikes at the very life of the State itself. I do not believe that can be done.

Mr. POMERENE. Mr. President, will the Senator yield to me for a moment?

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield; and if so, to whom?

Mr. WILLIAMS. I thought the Senator was through. I want to be heard in my own right.

Mr. WALSH of Massachusetts. I yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, I simply wish to offer this suggestion, in view of what has been said: It seems to me that the tax provided for in the amendment of the Senator from Massachusetts is not a tax on the security itself; in other words, if bonds belonging to an estate pass into the hands of some one else they are still tax free, but the tax provided by the amendment is a tax on the corpus of the estate alone; in other words, it is a kind of an inheritance tax. We have a right to provide in advance that upon a given class of securities while in the hands of the estate the estate shall pay an additional tax. That is as I construe it, and I do not think that it is a tax upon the securities themselves.

Mr. BORAH. I ask to have the amendment read.

Mr. WALSH of Massachusetts. I yield for the purpose of having the amendment read.

The VICE PRESIDENT. The Secretary will read as requested.

The ASSISTANT SECRETARY. On page 146, line 22, after "section 401," it is proposed to insert "(a)," and on page 148, after line 17, to insert the following:

(b) That in addition to the tax imposed by subdivision (a) of this section, a tax equal to the following is hereby imposed upon the transfer of the gross estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States: Fifteen per cent of the amount, in excess of $50,000, which is included in gross estate because of the ownership of, or interest in, (a) the obligation of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (b) securities issued under the provisions of the Federal farm loan act of July 17, 1916; or (c) the obligations of the United States or its possessions issued prior to September 1, 1917.

Mr. BORAH. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Idaho.

Mr. BORAH. I should not want to advance an opinion upon this matter by which I should be bound; but it seems to me that an investigation of the authorities will disclose, if I remember them correctly, that this is not a tax upon the bonds or the securities, but is a tax upon the right to take from the estate—in other words, a tax of the right to inherit—and that is the rule which the Supreme Court laid down in a case which I have in mind somewhat nebulously at this time, but I think I am correct. That is the basis of an inheritance tax—that it does not reach the securities at all. It is simply a tax upon the right to inherit.

As I say, I do not want to pass upon that matter absolutely at this time, but I am satisfied that I can find, in a short time, the authorities in support of it.

Mr. SPENCER. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Missouri?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. SPENCER. I think the Senator from Idaho is right, that we have a right to tax even a tax-exempt security when the effect of our tax is thus to tax a tax-exempt security under the guise of a tax upon inheritance. Any man has a right to devise or bequeath his property to anyone else, and upon the devise or bequest we can fix any tax that we like; but the inequality of this amendment is manifest from this illustration:

If two men have $50,000 of tax-exempt securities, and one of them gives those securities on the eve of death to his children who are in his bedroom, they never can be taxed in the hands of those children, because there has been no devise or bequest. There has been a gift.

Mr. WALSH of Massachusetts. I will say to the Senator that the amendment which I am next to offer covers exactly that situation and provides for a tax upon gifts during lifetime.

Mr. SPENCER. I doubt very much if the Senator can draw an amendment which will stand the constitutional test to make a tax-exempt security taxable in the hands of anybody as a security. He can tax the devise, he can tax the bequest, he can tax the right to inherit; but when any man gets those tax-exempt securities in his hands, not by a bequest, I doubt very much if the Senator from Massachusetts can draw any amendment that will constitutionally tax them.

Mr. BORAH. I think the vice of the Senator's argument consists in the fact that the state of facts which he gives would not take the party from under the inheritance law. It has been held over and over again that if a gift is made in contemplation of death, with the idea or purpose of evading administration upon the estate, and so forth, it comes within the law taxing inheritances.

Mr. SPENCER. Mr. President, I know that well enough. I know that no man can make on his deathbed a gift that is conditioned upon death and is to be revoked in case he does not die, but that was not my illustration.

Mr. BORAH. No; it is not one that is to be revoked if he does not die, but in contemplation of death, in the expectation of death, he gives something to his children, hands it to them, or hands a deed to his wife. It is an inheritance, whether he dies or not, or whether there was any understanding that he was to take it back in case he did not die.

Mr. SPENCER. Mr. President, in my judgment the Senator is wrong.

Mr. BORAH. Well, I may be.

Mr. SPENCER. If the time ever comes—which I hope will be many, many years in the future—when the Senator finds death coming and wants to give something——

Mr. BORAH. I will not have anything to give.

Mr. SPENCER. As an absolute, unconditional gift on his deathbed, and passes the physical property over and says, "This is yours," independent of his life or death, that gift is as valid as if it were made 10 years before death.

Mr. BORAH. The gift is perfectly valid.

Mr. LODGE. That is prohibited in some States.

Mr. SPENCER. Not in Missouri. It may be in Massachusetts. If it is, I am not informed of it. There are some States that prohibit a gift within a certain number of days before death for charitable purposes; but an actual gift before death is not measured by hours or by days.

Mr. BORAH. Mr. President, I do not contend that the gift would be void. What I contend is that it would pass under the rule of inheritance and be subject to a tax.

Mr. SPENCER. Then the gift, as a gift, is void.

Mr. BORAH. Oh, no. The party takes over the property, but he pays a tax, if it is in contemplation of death, just the same.

Mr. SPENCER. If the Senator from Idaho is right, the tax is upon a gift and not upon a bequest. You can not tax the gift if the gift is a tax-exempt security. You can tax the bequest.

Mr. HITCHCOCK. Mr. President, may I ask the Senator from Massachusetts a question?

Mr. WALSH of Massachusetts. I shall be glad to yield for a question.

Mr. HITCHCOCK. I am in sympathy with the Senator's amendment, but I should like to know whether it would not be evaded in this way—whether a man could not organize a company for the purpose of holding tax-free securities, so that when he died he would devise and will to his heirs or to his children devisees the stock in that company?

Mr. WALSH of Massachusetts. I think it is quite possible that there can be evasions of this amendment in operation, as there can be evasions of other provisions of this law.

Mr. HITCHCOCK. And that that can not be cured by any amendment.

Mr. WALSH of Massachusetts. Mr. President, I have nothing more to say before yielding the floor, except that it seems to me the amendment gives us an opportunity to provide that tax-exempt securities shall, when passing through an estate, yield some revenue.

Mr. WILLIAMS. Mr. President, it is a principle of English law as broad as English law itself, it is a principle of equity as broad as equity itself, that no human being has the right to do indirectly that which he has no right to do directly.

If it be true that the Federal Government has no right to tax State securities and the securities of political subdivisions of States directly, it has no right to tax them indirectly. If it can not tax them in re, it can not tax them as a part of a man's income, nor can it tax them as a part of a dead man's savings, nor as a part of a live man's inheritance.

I do not care what the particular line betwixt the nor' and nor'west side may be as to that being decided by some court or other under the interpretation of some lawyer or other. That principle runs all through English jurisprudence, in Great Britain, in the United States, in Canada, in New Zealand, in Australia, and even in South Africa.

Mr. President, it was decided in the case of McCulloch against Maryland that a State could not tax the securities or the fiscal agencies of the Federal Government, because if it had the power to tax them it had the power to destroy them, and if it had the power to destroy them one of our dual forms of government could do away with the other.

Mr. BORAH. Mr. President, nobody doubts that.

Mr. WILLIAMS. When we had the agricultural bank loan bill up I went to the Senator then in charge of the bill, the Senator from New Hampshire, Mr. Hollis, and I said: "If you will put in that bill a declaration that these farm-loan banks are fiscal agencies of the Federal Government, then you can issue their bonds tax free, and unless you do that there is some question about it"; but the Supreme Court of the United States has decided that neither of our dual forms of government can tax the fiscal agencies of the other, because with the power of taxation goes the power of destruction.

The first decision was declared in favor of the Federal Government against the State. There are some few Senators over on this side of the Chamber yet, maybe about 6, possibly 12, who still continue to believe that the States are political entities and mean something, and that they are not mere subordinate political divisions of the Federal Government. Unless you are prepared to surrender that doctrine you will vote against the amendment offered by the Senator from Massachusetts, because if you can once begin to tax, under the pretense of inheritance, State bonds and State securities and State fiscal agencies and instrumentalities, then you can begin to do it under the guise of taxing income, and then you can begin to tax the securities themselves, because there is no distinction in principle between the three things.

One other word, Mr. President.

A great deal has been said about men investing money in tax-free securities in order to avoid taxation. What have they done after they have been proven guilty of what you charge?

For example, last week I sent a little, miserable $3,500—most of you Senators would spend it at a ball or at a banquet if you felt like it; you would not feel that it amounted to much—but I sent it to buy some farm loan bank bonds, because I thought that was the best that my poor little $3,500 could do for the farmers of the country. I could get the bond, and farm-loan banks could loan them the money, and out of the lending they could do something, maybe, if they had the ability to do it, and I sent it. Those bonds were issued tax-free, as fiscal instrumentalities of the Federal Government. Suppose the State stepped into the arena and wanted to tax those bonds: Is there one of you here that would allow the State of Massachusetts or the State of Mississippi to do it? And if there is not one of you that would allow a State to tax Federal instrumentalities, why should you, being first citizens of a State and afterwards citizens of the Federal Government, permit the secondary government to do what they deny the primary Government the right to do?

Mr. President, I am getting a little tired of ascertaining, little by little, that a State is a sort of county in the Federal Union; that it does not amount to much more in Washington than a county in Iowa does in the capital of Iowa. It does seem to me that we do not stand here alone as representatives of the citizenship of the United States in the aggregate as a Federal Union, but that we also stand here as citizens of our several States, and that we ought to insist upon their rights just as much as upon the power of the United States Government. Of course, whenever it comes to a question between their respective powers, the War of 1861–1865 settled the question as to whether the States must go down or the Federal Government should go down, whether it was right or whether it was wrong, but still there ought to be some few of us left, and we are going to stand by the rights of the States, whatever rights are left, regardless of the question of whether they can be overpowered or not, and the States have certain rights.

It was proposed in the Committee on Finance at one time to tax the salaries of State officials, that the Federal Government should tax the incomes they received as State officials. Luckily Massachusetts and Mississippi stood side by side at that time. Luckily, I say, because Massachuetts is generally wrong. But at that time we stood side by side, at any rate. Suppose that had been agreed to. If the Federal Government, in its omnipotence, in its sublimity, could tax the State governor and all the other officials 100 per cent of their salaries, it would put the State out of business. There is not a man here ass enough, unpatriotic enough, to confess that a State would have a right to tax the President of the United States any percentage whatsoever of his salary.

If this grand experiment of ours—and thus far it is an experiment, it has not proven itself successful—if this grand Federal Government of ours, which is an experiment upon the surface of the earth, is to succeed at all, it must succeed upon the theory that neither of the dual parts can destroy the other by taxing it out of existence.

When the War between the States occurred they settled the issue that neither could destroy the other by arms, or at any rate that the States could not destroy the Federal Government, and that the Federal Government could only partially destroy the State; but I return to the old principle, that whenever a man or a nation or a representative assembly can not do directly it can not do in foro concientiae indirectly, and I do not care how many votes might be gained by that sort of proposition, how much antagonism might be aroused against the very rich, to which class, thank God, I do not belong; and I

purposely say thank God because I would not belong to it if I could.

Whatever may be done here in the shape of argument directed to individual prejudice or intelligence, whichever it may be, I call upon this body to stop, look, and listen before it adopts an amendment which will confer upon the Federal Government the power indirectly to extinguish the financial instrumentalities of a State or of a political subdivision of a State. You tell me the people will escape taxes. I might say I do not care; I do care, but I care more for the other thing than I do for that; and, by the way, they do not escape as much taxation as you would suppose.

Suppose my State wants to issue a bond, and suppose with the Federal taxes upon the income derived from that bond or the inheritance of it when it passes from father to child it could float that bond at nothing less than 7 per cent, and suppose that with tax exemptions it could float it at 4½ per cent.

That difference of 2½ per cent would be saved to the people who have to pay that bond, and it is equal to a tax of 2½ per cent uniformly levied for the benefit of any treasury, anywhere, belonging to the people, whether that treasury be in Washington, in Minneapolis, or in Jackson, Miss.

It is better than levying a tax; and why do I say that? Because if you levy a tax of 2½ per cent you would have to pay somebody to collect it, and you would lose that much. The very best saving to the people that can be conceived of is the dollar left in the citizen's pocket. There is no deduction from that; but when you levy a tax and maintain expensive machinery to collect it there is a deduction of somewhere from 5 to 50 per cent, depending upon the efficiency of the machinery and the character of the tax.

It would be better if you would leave in the pockets of the citizens of my State 2½ per cent which they would not have to pay in the shape of interest upon necessary public obligations, to build public roads, to pay their State officers, to compensate for damages on account of State accidents, to do all sorts of things that are governmentally necessary; and remember, in connection with that, that the State does nine things where the Federal Government does one, because the State takes care of education, it takes care of public roads, it takes care of the levees, it takes care of the bridges, it takes care of ordinary criminal jurisdiction, and everything of that sort.

Mr. WATSON of Georgia. Will the Senator yield to me to make a suggestion to him?

Mr. WILLIAMS. Certainly.

Mr. WATSON of Georgia. I was about to make the point which the Senator has been making, and much better than I could have made it, but I want to suggest to him another objection to this, that it impairs the obligation of a contract. It must be apparent to everybody that when the Federal Government issues a tax-exempt bond the Government could not thereafter tax that bond without impairing the obligation of the contract.

Mr. WILLIAMS. There is no doubt about that.

Mr. WATSON of Georgia. The same thing applies to a State bond.

Mr. WILLIAMS. Mr. President, I shall not enter into that, because while there is some dispute as to whether the Government can or can not do various things which are very close to violating or impairing a contract, there might be a good deal of dispute about it; but equity and justice and the ethics of it are along the line of suggestion of the Senator from Georgia, where the strict technical law is not.

Mr. President, I do not want to take up the time of the Senate talking about nothing. I suppose this is not going to be agreed to, because even if it were right, the majority party has decided that it should fail, I think; but, at the same time, I want to enter my voice, 67 years of age a few days ago, against any further usurpation of power by the Federal Government which threatens to put the States and their political institutions out of existence.

You may say whatever you please, we worship the flag in all its glory, we talk about the Union, we speak of the unity of the Nation, and we do everything else, but I tell you that the grandeur and glory of civilization of this country is founded upon the United States in the plural, not upon the Federal Government as a representative of these United States.

This is merely an experiment so far, but the greatness and the hope of this country are founded upon the old English principle of local self-government, in so far as local self-government is competent to deal with the subject matters committed to it, and it is competent to deal with every local question. Our greatness and our glory are as much in New York and in Massachusetts and in Virginia and in South Carolina and in Connecticut and in Mississippi as in the President and the Congress of the United States. You can get along without the Federal Government; it is not absolutely necessary. Different parts of the country would travel along the best they could. Most of them have the old common sense of the English-speaking people and the old principles of the English-speaking man's common law left with them. They could get along; but the Federal Government could not get along without the States, and the principle of local self-government and the laws of every English-bred and Scotch-bred and Welsh-bred and Irish-bred man in the world is home rule.

I can not for the life of me, even for the nonce, even theoretically, permit to pass any attack upon the innate, inherent, and original sovereignty of the States, especially with regard to their taxing power, which has been proven by all the history of the English-speaking race to be the real power which inheres in any form of government, without making my objection to it, and I hope that no Democrat will vote for it.

Mr. JONES of New Mexico. Mr. President, I have a theory regarding these taxes which are now being discussed perhaps somewhat different from that advanced by the committee or by anyone who has discussed the subject.

If we go back to elementary principles it seems to me this bill and its proposals rest upon an unsound foundation. The very name of this provision is to me contrary to what logic would suggest. It is called an estate tax. I do not believe that the Federal Government should ever levy an estate tax. The transference of property from ancestor to his descendants is wholly a question of State law. It is a matter which depends entirely upon the laws of inheritance of the various States. But the Federal Government has a right, under the Constitution, to tax incomes. It seems to me that for the Federal Government to levy what is called an estate tax is violative of the fundamental principles which govern the law of inheritance and the constitutional amendment which permits us to tax incomes.

There is only one logical way to deal with this subject, and that is to treat incomes from estates as income. Call it an inheritance tax if you will, but it is not in the strict sense of that term. It should be a tax upon incomes derived through inheritances, under the constitutional amendment.

I submit, if Senators please, that that is the only authority which the Federal Government possesses. Such income derived through inheritance should be treated as a special class of income and a tax levied accordingly. But it is through the State laws that inheritances are permitted at all. How and by what right should the Federal Government tax something which is brought into being solely and only by reason of a State law? Let the States retain their inheritance laws, their estate taxes. What the Federal Government has a right to put its hand on is income the heirs may receive. I submit that that is the only true principle which should govern legislation of this kind and that anything which we may call an estate tax is not warranted by the Constitution of the United States and has no correct foundation in morals or in rights of property. We have a right to deal with what comes to the heir through inheritance as income, a separate class of income, but we have no right to invade the domain of the State under whose authority only the right of inheritance is permitted. I submit that this whole title of the bill is founded upon an incorrect principle.

Mr. CUMMINS. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator from Iowa.

Mr. CUMMINS. Is it not true that long before we had any constitutional right to levy a tax upon income the Supreme Court had decided that we had a right to levy a tax upon inheritance?

Mr. JONES of New Mexico. I think the Senator from Iowa is right in that, but what I am dealing with is the substance and not the technicality of the law. While we may have the right under the decisions of the Supreme Court to tax the conveyance of property and so on, as the Senator has suggested, in its last analysis what we seek to do is to tax the incomes of the citizens of the United States. We are not relegated to any mere technicality of the law, but the substance of it is that we do and are proposing by this bill to tax incomes of individuals derived through inheritance. It seems to me that that should be the fundamental principle on which our whole legislation of this kind should be founded.

Mr. LODGE rose.

Mr. JONES of New Mexico. I yield to the Senator from Massachusetts.

Mr. LODGE. I shall wait until the Senator has concluded. I wish to read a decision of the Supreme Court.

Mr. KING. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator from Utah.

Mr. KING. Will the Senator permit me, in connection with one statement made by the Senator from Iowa, to ask that Senator a question?

Mr. JONES of New Mexico. Certainly.

Mr. KING. The Supreme Court, however, did not decide, as I recall, that the Federal Government in taxing inheritances had the right to tax that part of the estate which consisted of tax-exempt securities.

Mr. CUMMINS. The question was not before the Supreme Court in the particular case, as I remember it, but if that objection is tenable or valid, then the present law is unconstitutional. We now tax estates, or, as the Senator from New Mexico prefers to call them, incomes from ancestors composed partly of tax-free securities. Our law at the present time makes no distinction between tax-free securities and other forms of property, and we are, and for some years have been, levying a tax upon estates composed in part of securities issued by the various State governments and municipalities, so that the criticism which is now levied against this general subject is a criticism upon the law as it stands.

The only thing the Senator from Massachusetts proposes to do is to discriminate between the tax-free securities and other forms of property, and levy a larger tax upon the tax-free securities than is levied by the law upon other forms of estate property.

Mr. LODGE and Mr. WATSON of Georgia addressed the Chair.

The PRESIDING OFFICER (Mr. BRANDEGEE in the chair). Does the Senator from New Mexico yield, and if so, to whom?

Mr. JONES of New Mexico. I yield first to the Senator from Massachusetts.

Mr. LODGE. In the case of Pollock against Farmers Loan & Trust Co., 157 United States Reports, 585, the court said:

> It is contended that although the property or revenues of the States or their instrumentalities can not be taxed, nevertheless the income derived from State, county, and municipal securities can be taxed. But we think the same want of power to tax the property or revenues of the States or their instrumentalities exists in relation to a tax on the income from their securities, and for the same reason, and that reason is given by Chief Justice Marshall in Weston *v.* Charleston (2 Pet., 449, 468) where he said: "The right to tax the contract to any extent, when made, must operate upon the power to borrow before it is exercised, and have a sensible influence on the contract. The extent of this influence depends on the will of a distinct government. To any extent, however inconsiderable, it is a burthen on the operations of government. It may be carried to an extent which shall arrest them entirely. * * * The tax on Government stock is thought by this court to be a tax on the contract, a tax on the power to borrow money on the credit of the United States, and consequently to be repugnant to the Constitution." Applying this language to these municipal securities, it is obvious that taxation on the interest therefrom would operate on the power to borrow before it is exercised, and would have a sensible influence on the contract, and that the tax in question is a tax on the power of the States and their instrumentalities to borrow money and consequently repugnant to the Constitution.

That is as clearly as possible a holding that such a tax as my colleague proposes is unconstitutional.

Mr. JONES of New Mexico. I now yield to the Senator from Georgia.

Mr. WATSON of Georgia. I wish to ask the Senator from Iowa [Mr. CUMMINS] if he does not consider a bond as much of a contract as a charter? He will remember the decision of the Supreme Court in the Dartmouth College case, where it was held that even an English charter could not be changed by American law. There are lawyers who hold that a charter, being a mere license that may not be exercised, is not so much of a contract as a bond which a man buys and accepts from the State upon the terms stated on the face of that bond. My question is, Does not the Senator think that a law of this sort would impair the contract?

Mr. CUMMINS. The answer to that is, of course, the one given by the Senator from Idaho [Mr. BORAH] that this is not a tax upon securities, it is not an imposition upon the contract, but it is a tax upon the right of an ancestor to transfer by his death property to his descendants.

Mr. WATSON of Georgia. That is the point the Senator from New Mexico is arguing so ably now.

Mr. JONES of New Mexico. The point I would like to have the Senate consider is that if we deal with the subject from the standpoint of income we obviate the necessity for considering any of the questions which have been suggested by the Senator from Iowa, the Senator from Massachusetts, or the Senator from Georgia. It is perfectly apparent that the heir who receives anything from his ancestor receives an income. There is no common law which transfers from the ancestor to the heir any property. It all comes either from an act of Parliament or from the acts of the legislatures of our various States, but there is one thing which stands out undisputed, and that is that the heir has an income, and the amendment to our Constitution provides that the Federal Government may tax incomes from whatever source received.

Mr. CUMMINS. Mr. President, I do not want the Senator from New Mexico to infer that I am disputing his proposition. I quite agree with him that the property that comes to an heir by either gift or devise, or no matter how, might be treated as income, just exactly as the increase in the value of property when it is sold is counted as income. My notion is that it is a stretch of the imagination to call it income; but, nevertheless, we do treat it as income, and I see no reason why the property that comes to the heir from his ancestors should not be treated as income. That is not the way we have been treating it for the last six or seven or eight years, however.

Mr. JONES of New Mexico. The purpose of my rising at this time is to start the thought, if I may, that the present law and the proposed bill rest upon an unsound foundation. What we should do is not to put a tax upon the estates, but to put a tax upon the inheritances or the incomes which the heirs receive, and whenever we change the foundation on which this law is based we come nearer doing justice to the citizens of this country.

"Put a tax upon the estates." What does that mean? If there is only one heir, that entire tax is put upon him. If there are six heirs, it is first taken out of the estate. This estate tax is based upon the amount of the estate. It is a graduated tax upon the estate; but when, owing to the condition of the family, the number of heirs is multiplied, an unequal tax is levied upon those heirs. Each one of the half dozen heirs is being taxed at the same rate as we would tax one if there were only one heir, although it is supposed that there is a graduated tax upon inheritances.

I submit that the present law, which I opposed in the Finance Committee, and the perpetuation of which is proposed by the pending bill, is based upon a wrong foundation. We should consider inheritances as individual incomes. We may have a graduated tax upon them as incomes, and which they will bear equally, but whenever we undertake to place a graduated tax upon the estate—the total fund to be distributed—we are violating the principle of equal taxation. It is wrong. It is a wrong foundation. We should not call it an estate tax. It should not be an estate tax. It should be an income tax; but inasmuch as it all comes in at one time perhaps it should be considered differently from other incomes.

Under the bill as proposed by the committee—and a very wise proposal, I believe—we provide that when real estate is sold, if through the passage of the years it has increased in value by a considerable amount when the property is sold, we only consider 40 per cent of the increase as income for the year. We make a special rate of taxation for that, and there is no reason why we should not have a special rate of taxation to apply to incomes which are derived from estates. When we do that we are upon an absolutely firm foundation. We then put that tax upon those who have the ability to pay, and we equalize the tax as between heirs where there are half a dozen of one estate and one of another estate. We can not escape it.

I desire to emphasize now this proposition. I do not know how long it will be before the Congress will come to accept it, but it must come to it, just as certain as the sun rises in the morning, that it is unfair for the Federal Government to levy any tax upon an estate as such. We should levy it upon income derived from estates and put such income in a special class, because it is specially circumstanced and is different from other income. By doing that we will do absolute justice as between the various citizens of the country.

Mr. WILLIAMS. Mr. President, there can be no doubt about the justice of the last statement made by the Senator from New Mexico if it were taken with limitations. It is absolutely true that income from inheritances should be taxed just like income from anything else, but within certain limits. Income from State bonds is not taxable by the Federal Government, and therefore an inheritance of interest from the income of State bonds is also not taxable by the Federal Government; in other words, every properly taxable income ought to be taxed equally and every improperly taxed income ought not to be taxed at all.

Mr. JONES of New Mexico. Mr. President——

Mr. WILLIAMS. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. Will the Senator from Mississippi permit the suggestion that even where there are tax-exempt bonds in an estate, whenever they are transferred to the heirs they become income, regardless of the kind of securities they are? We do not tax them because they are tax-

exempt securities but we tax them because the heir inherits or acquires such bonds as income.

Mr. WILLIAMS. Mr. President, the Senator from New Mexico now suggests that, although we might not have a right as a Federal Legislature to tax inheritances, we might have the right to tax the instrumentalities of a State government as a part of an income. It has already been decided long ago that we had no right to tax a part of a man's income from State or Territorial bonds or bonds of the subdivisions of a State or Territory or from bonds of any State fiscal agency. So the Senator from New Mexico has gone beyond the decision to suppose a case that might exist somewhere but never has existed thus far. If Congress has no right to tax my bonds of the State of Mississippi which I hold—I say "my bonds" although I do not hold a single bond of the State of Mississippi, but suppose I did—then Congress has no right to tax my income from such bonds and there is no right to tax my inheritance in them.

Mr. JONES of New Mexico. That is different.

Mr. WILLIAMS. And the Senator's entire argument fails right there, because he is attempting to make a distinction between an income derived from the thing itself and the inheritance derived from the thing itself.

Mr. President, with the latter part of the speech which the Senator from New Mexico has made I am in cordial agreement, and I have twice expressed that agreement upon this floor. Originally in the Committee on Finance I objected to the idea that an estate should be taxed by the amount of money that the dead man left; I contended that it ought to be taxed by the amount of money that the live man inherited; in other words, I have never believed that the Congress of the United States, even after the Civil War, had acquired the right to tax the dead who had died and gone over to hell, purgatory, or heaven; they have the right to tax only the living.

Here is a man who lies down and dies, leaving an estate of $150,000; he leaves it to 10 children, who get $15,000 apiece. Here is another man who lies down and dies, leaving an estate of $150,000, and he leaves it to one child, who gets $150,000; or he leaves it to a nunnery or a monkery and it gets $150,000; or he leaves it to the Philanthropic Dog Society, which keeps dogs from dying unduly while unmuzzled in large cities, and that society gets $150,000. According to every principle of right and ethics and right thinking, such a tax ought to be levied upon the man who gets the money and not upon the man who leaves the money. The man who leaves the money ought to be left to account to God or St. Peter or somebody else for it, while the man to whom he leaves the money ought to be allowed to account to the United States or the States for getting it. That is a different proposition.

Now, when the man with the $150,000 lies down and dies, under this bill he is taxed—I have forgotten the amount, but it does not matter; we will call "X," an unknown quantity. Then each one of the 10 heirs pay "X," whereas if each one of the heirs paid only upon what that heir got each one would pay one-tenth of "X."

Let me assume another case. Down in Mississippi a man who dies leaving an estate of $150,000 is accounted comparatively rich; in Georgia, outside of Atlanta or Savannah, he is accounted as being exceedingly wealthy. Suppose an ordinary Mississippian or Georgian dies and leaves $20,000.

Mr. WATSON of Georgia. The boll weevil would get half of it.

Mr. WILLIAMS. If the boll weevil would get half of it; but he dies possessed of an estate of $20,000 and leaves it to 10 children, each child who only gets $1,000 has to pay something like 30 per cent.

Mr. SMOOT. The rate on an estate of $150,000 is 2 per cent.

Mr. WILLIAMS. Whatever may be the rate, the principle underlying it is the same, that the dead man is taxed and not the live man; the man who left his money and not the man who receives it; the one unable to pay it because he was already buried is the measure of obligation to the Federal Government, while the man who is able to pay it, if he is able because he is alive, is not the measure of the obligation to the Federal Government.

Mr. JONES of New Mexico. Mr. President, I should like to make a brief statement regarding one thought which the Senator from Mississippi has just expressed. He very wisely says that if we can not tax a Federal security we can not tax the income from it; I think that is true; but so far as the question before the Senate is concerned it is not a question of taxing the income from Federal securities, but it is a question of taxing the income of the heir by reason of his inheritance. The income in that case is not the income of the Federal security but it is the Federal security itself. The whole thing is income, so far as the heir is concerned.

Mr. WILLIAMS. Mr. President, will the Senator permit an interruption?

Mr. JONES of New Mexico. I will be very glad to.

Mr. WILLIAMS. In the interest of historical accuracy I desire to complete a statement which I started but did not finish. After offering a proposition to the Senate Committee on Finance to regulate inheritance taxes by the amount received and not by the amount left, it went through the committee and then went through the Senate; but it failed in conference because a very democratic southern Representative, who seemed to think that anything above $100,000 was taboo, insisted so much upon its failing that it did fail.

Mr. JONES of New Mexico. Mr. President, I just wish to say one word further only, and that is this: I think the Congress has a perfect right to do just what is proposed by this bill, but I think that the bill conveys a wrong impression as to what should be done. I hope at some time this provision of the revenue bill will not be called "an estate tax," but "income from estates" or an "inheritance tax," or something of that sort. I think it is founded upon a wrong principle. If we ever once get into our minds that this is really and properly a tax upon the income of the heirs, we are then on a firm and just foundation. Any tax upon an estate as such brings about an inequality. I have no doubt of the validity of the proposal of the committee, but I do hope that in the near future we will call it something else.

The PRESIDING OFFICER (Mr. McNARY in the chair). The question is on the amendment offered by the Senator from Massachusetts to the amendment reported by the committee.

Mr. WALSH of Massachusetts. Mr. President, I desire to have the RECORD show the attitude of some of the extremely wealthy citizens of this country in regard to investments in tax-exempt securities. I desire to quote from a statement made by Otto H. Kahn, published recently in a New York paper. He says:

> From the merely selfish standpoint the man of means need have little quarrel with the existing schedule of surtaxes. If he chooses to avail himself of the lawful opportunities at hand, he can invest a greater or less portion, and in some cases, all of his capital in tax-exempt securities at an attractive rate of interest, and to the extent that he does so the income tax and surtaxes will cease to trouble him.

Again——

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from California?

Mr. WALSH of Massachusetts. If the Senator will wait until I place in the RECORD some further quotations, I will be glad to yield. I now quote from an article in the Saturday Evening Post of recent date, which discusses at great length the whole question of tax-exempt securities.

The article states, among other things:

> It is impossible to say exactly how many totally tax-exempt securities there are or to exactly what extent the large incomes have been converted into them. The volume of such securities has been estimated as high as $16,000,000,000. It is certainly increasing at the rate of $1,000,000,000 a year. As to the extent to which the rich have converted their incomes into these securities, upon which of course it is unnecessary to pay any income tax whatever, no one can say, because the amount of such securities still owned by savings banks and other similar institutions can not be stated with any degree of preciseness.
>
> Dr. Adams, economic expert to the Treasury Department, has stated that in his opinion the volume of exempt securities is "quite sufficient for the wealthy men to invest nearly their entire fortunes." Other experts differ radically from this view; but it might be noted that Congressman McFADDEN, chairman of the House Committee on Banking and Currency, has stated that by 1922 the process of conversion into exempt securities on the part of the very large incomes will have gone so far that they will be scot-free from taxes.
>
> This much is certain: Practically every broker and bond or investment dealer has gone into municipals. The financial pages of the newspapers contain far more offerings of municipal bonds than of any other variety, and even persons with means so moderate that tax exemption is no benefit receive by mail two or three offerings of such securities daily. New issues of municipals are being put out every day.
>
> One of the country's richest men, already quoted at length, told me that the people he knew were converting at a steadily increasing rate. I objected that many rich men could not put their property into sufficiently liquid form to sell, but he replied by saying that though that was entirely true of one year, there had now been four years in which to make the change. The first year or two, he said, rich men decided to hang on, thinking the taxes would not last, but that by now everyone is doing it.
>
> The investment manager of one of the largest fortunes said that he no longer buys any securities whatever except exempts, and added, "If we are in this position, others of like means must be."
>
> I objected that the volume of exempt securities, even if around $16,000,000,000, hardly seemed large enough to me to permit of so many of the very large incomes seeking refuge therein. He replied that the great fortunes had been able to get all they want, because the active, successful business men on incomes of say $50,000 to $100,000 a year had been very slow about coming into the exempt market.

This is conclusive proof that the extremely wealthy class have been the worst offenders—if I may use the word "offenders"—in resorting to the practice of evading the tax laws of the country by investing in tax-exempt securities.

I also want to offer for the RECORD a communication which was recently published in the New York Times by a citizen of New York, who boasts of the fact that he has converted his entire estate into tax-exempt securities.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

TRANSFERS HIS FORTUNE.

To the Editor of the New York Times:

I have just completed transferring my entire fortune of $550,000 into tax-exempt bonds netting me 5 per cent, and now feel that I don't care what the politicians at Washington do to the taxpayers. Owing to the preelection promises of both Republican and Democratic Parties to reduce the cost of Government and taxes, I held off for a while, to see what our "statesmen" were going to do after they got into office. Now I am convinced that the taxpayer will get no relief from the present lot at Washington, and have made up my mind to take no chances in any business with my capital. If you engage in any business and happen to make good Uncle Sam is a preferred partner; if you lose Uncle Sam shares not in your losses. That the taxpayers of this and other countries stand so meekly for all this outrageous taxation is a mystery to me.

If the taxpayers were organized, like the farmers or the workers, perhaps there might be a taxpayers' bloc as well as a farmers' or labor-union bloc. One thing is sure, however, there will be no "good times" or full dinner pails in the country as long as we have surtaxes and profit taxes.

Any man who would risk his capital and contribute his time and energy to make money, and then have to give up to the Government from one-third to a half of his earnings, ought to have his head examined.

READER.

NEW YORK, *October 12, 1921.*

Mr. WALSH of Massachusetts. I am offering no new constitutional question here in regard to the levying of an estate tax by the National Government. I am not discussing whether or not it is a wise thing to do. I am not even discussing whether or not the rates are larger than they ought to be. An estate tax now exists; and tax-exempt securities, like every other security when they pass into that estate, are taxed under the provisions of the present law.

There is one objection that can be made to my amendment, and a serious one. It is that it is discriminatory. It is discriminatory because the holders of these tax-exempt securities have themselves been discriminating against the Government in seeking to invest disproportionately their fortunes in tax-exempt securities. I recognize the force of that objection—that it seeks to place a special tax upon tax-exempt securities—but who has suggested any other way? Who has named or intimated any other manner in which something could be done to prevent the converting of the great fortunes of America into tax-exempt securities and permitting the tax burdens to be borne by the poorer classes and the great middle classes of our people?

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New Mexico?

Mr. WALSH of Massachusetts. I yield.

Mr. JONES of New Mexico. I believe it would be enlightening if the Senator would state at this time what the present law is, and what his amendment proposes, and in a very brief way why he proposes the amendment.

Mr. WALSH of Massachusetts. Mr. President, I thought I had explained the amendment. First of all, I will say this:

My amendment does not affect the estate of any man, woman, or child that does not amount to $50,000. That is the first proposition. No tax-exempt security is reached by my amendment in any estate of less than $50,000. I am accepting the fundamental proposition that all estates of less than $50,000 shall be exempt from an estate tax. When these larger estates of over $50,000 become subject to our present estate-tax laws, my amendment provides that in addition to the present estate tax the tax-exempt securities shall be segregated, counted, tabulated, and an additional flat tax of 15 per cent put upon those securities.

Mr. CARAWAY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Arkansas?

Mr. WALSH of Massachusetts. Certainly.

Mr. CARAWAY. There is one thing that I am curious to know. I am not combating this amendment; but three or four years ago we denounced everybody who would not buy Government securities, and now we turn around and denounce everybody who buys them. We ought to be consistent. We ought either to say that it is wrong to issue these tax-exempt securities and that we will not do it, or we ought not to denounce the man who purchases them.

Mr. WALSH of Massachusetts. But does not the Senator think there is a different situation when tax-exempt securities fall into an estate——

Mr. CARAWAY. No; I do not.

Mr. WALSH of Massachusetts. And they have been exempted during the lifetime of the holder, and are to be exempted during the lifetime of the beneficiary?

Mr. CARAWAY. I think it infinitely better that a man who has a large fortune, and therefore is not able to manage it well and leave it actively at work, shall buy tax-exempt securities, than to go around and compel, as we did, everybody to borrow money to buy them. The Government has to have some means of existence. I do not believe, to start in with, that large fortunes are seeking tax-exempt securities, because the securities are going down all the time. They are seeking a market, and can not find it; but if they do find it, either they ought to be exempt from taxes, as we said they should be, or else we ought to repeal that provision of law under which we issued those securities. It seems to me to be monstrous to denounce a man because he will not buy, and then to penalize him if he buys.

Mr. WALSH of Massachusetts. Mr. President, I have nothing further to offer.

Mr. SMOOT. Mr. President, the other day, when the question was under consideration of allowing as a deduction the rate of interest paid upon tax-exempt securities held by a taxpayer, I made the statement upon the floor of the Senate that the Government itself, in appealing to the people to purchase these tax-exempt bonds, had specifically promised the American people that if they would buy those bonds the rate of interest upon any money borrowed to carry them could be deducted as an exemption. The Senator from Missouri [Mr. REED] challenged that statement. I well remembered the circulars sent from one end of this country to the other making that statement, and I promised the Senator from Missouri that I would send to the Treasury Department and have a copy of the circular sent to me, and I would place it in the RECORD.

I now have a photostatic copy of the letter sent out by the Treasury Department, in which they appeal to the American people to buy 3¾ per cent Victory notes, and in that appeal they specifically state that the amount of interest that is paid upon loans to carry those notes shall be allowed as an exemption.

I ask unanimous consent, as a part of my statement, to print in the RECORD paragraph D from this appeal, which is entitled, "Tax Exemption Features in Connection with the Victory Liberty Loan Campaign," issued by the Government Loan Organization, Second Federal Reserve District Liberty Loan Committee, 120 Broadway, New York City.

The PRESIDING OFFICER. If there is no objection, the matter will go into the RECORD.

The matter referred to is as follows:

D. ADVANTAGE FROM DEDUCTIBILITY OF CARRYING CHARGES.

For the purpose of computing net income subject to income and excess-profits taxes, all interest paid or accrued within the taxable year is deductible from gross income, except interest on indebtedness incurred or continued to purchase or carry tax-exempt securities other than obligations of the United States issued after September 24, 1917. It is therefore permissible for a purchaser of either the 3¾ per cent or the 4¼ per cent notes to borrow the purchase price and deduct interest paid from his gross income without being subject to any tax upon the income received from 3¾ per cent notes so purchased and carried, and without being subject to the normal tax upon the income received from 4¼ per cent notes so purchased and carried. This applies to corporations liable to excess-profits tax as well as to individuals liable to surtax.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Florida suggests the absence of a quorum. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Frelinghuysen	McKellar	Smoot
Borah	Gerry	McKinley	Stanfield
Brandegee	Gooding	McLean	Sterling
Bursum	Hale	McNary	Sutherland
Calder	Harreld	Moses	Townsend
Capper	Harris	Myers	Trammell
Caraway	Harrison	New	Wadsworth
Cummins	Heflin	Newberry	Walsh, Mass.
Curtis	Jones, N. Mex.	Norbeck	Warren
Dial	Keyes	Oddie	Watson, Ga.
Dillingham	Lenroot	Overman	Watson, Ind.
du Pont	Lodge	Sheppard	Williams
Edge	McCormick	Shortridge	Willis
France	McCumber	Simmons	

The PRESIDING OFFICER. Fifty-four Senators having answered to their names, there is a quorum present. The question is upon the amendment offered by the Senator from Massachusetts to the amendment of the committee.

Mr. McKELLAR. Mr. President, I merely want to say that I would like very much to vote for this amendment. I am quite sure that something of the kind ought to be done, but I am not convinced that it is constitutional, and I feel that I must vote against it on constitutional grounds. If it could be made clear that it was constitutional, if authority from our Supreme Court had been adduced showing that it was constitutional, I think I should vote for it; but without such a showing, believing, as I do, that it is not constitutional, I shall have to vote against it.

Mr. WALSH of Massachusetts. As I will have an opportunity to offer the amendment in the Senate again, I shall not ask for a yea-and-nay vote at this time.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to section 401 as amended.

Mr. WALSH of Massachusetts. I regret at this time to have to trouble the Senate to listen to the consideration of another amendment to the amendment which I now offer and ask to have read.

The PRESIDING OFFICER. The Secretary will read it.

The reading clerk proceeded to read the amendment to the amendment.

Mr. McCUMBER. Mr. President, before proceeding with the reading, I would like to ascertain whether or not that is a matter pertinent to the particular section now under consideration. As I understand it, under the agreement any amendment offered should apply to a section which is being considered by the Senate.

Mr. WALSH of Massachusetts. I should be glad and grateful to the Senator if he would agree that I might offer it later, at another stage.

Mr. McCUMBER. Very well. I simply want to have the Senate follow the rule we have adopted with reference to disposing of amendments.

Mr. WALSH of Massachusetts. With that understanding, then, I will not press the amendment at this time, with the understanding that I may offer it after the committee amendments are finished.

The VICE PRESIDENT. The question is on agreeing to section 401 as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

Mr. McCUMBER. Mr. President, there was an amendment passed over, I think, on page 128.

Mr. SMOOT. I will say to the Senator from North Dakota that the three amendments which Senator LA FOLLETTE intends to discuss this evening begin on page 125, and include the one on page 128. I suppose he wants to take up all three of the amendments. I thought he was coming into the Chamber at this time, but if not, we can go on with the other amendments.

Mr. McCUMBER. Very well, Mr. President; if those may be passed over, the Secretary may proceed with the next.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. The committee proposes on page 176 to strike out, beginning with line 4, the remainder of the page, as follows:

SEC. 601. Subdivision (a) of section 600 of the revenue act of 1918 is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That on all distilled spirits on which tax is paid at the nonbeverage rate of $2.20 per proof gallon and which are diverted to beverage purposes or for use in the manufacture or production of any article used or intended for use as a beverage, there shall be levied and collected an additional tax of $4.20 on each proof gallon, and a proportionate tax at a like rate on all fractional parts of such proof gallon, to be paid by the person responsible for such diversion."

SEC. 602. Section 605 of the revenue act of 1918 is amended by adding at the end thereof the following: "The process of extraction of water from high-proof spirits for the production of absolute alcohol shall not be deemed to be rectification within the meaning of section 3244 of the Revised Statutes, and absolute alcohol shall not be subject to the tax imposed by this section, but the production of such absolute alcohol shall be under such regulation as the commissioner, with the approval of the Secretary, may prescribe."

SEC. 603. Sections 628 and 629 of the revenue act of 1918 are amended to read as follows:

The VICE PRESIDENT. There is an amendment pending, offered by the Senator from New York [Mr. WADSWORTH], which the Secretary will state.

The ASSISTANT SECRETARY (reading):

On page 176, in line 2, strike out the words "soft drinks" and insert in place thereof the word "beverages."

On page 176, after line 25, insert the following:

"SEC. 600. That there shall be levied upon intoxicating malt liquors containing one-half of 1 per cent or more of alcohol by volume, manufactured as provided by the regulations of the Treasury Department, pursuant to the national prohibition act, brewed or manufactured, and hereafter sold or removed for consumption or sale within the United States, a tax of 60 cents per wine gallon.

"SEC. 601. That upon all vinous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured by the regulations of the Treasury Department, pursuant to the national prohibition act, which are hereafter produced in or imported into the United States, there shall be levied, collected, and paid, when sold or removed for consumption, a tax of $1.20 per wine gallon.

"SEC. 602. That upon all spirituous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured by the regulations of the Treasury Department, pursuant to the national prohibition act, and other intoxicating liquors that are hereafter withdrawn from bond for sale or consumption, there shall be levied a tax of $6.40 per proof gallon."

Mr. STERLING. Mr. President, I did not quite understand the situation. The amendment of the Senator from New York is now before the Senate?

The VICE PRESIDENT. It is.

Mr. STERLING. With reference to the first section of this amendment, Mr. President, section 600, while I do not at all like the amendment, yet I shall not be disposed to object to it or to move to strike it out.

The amendment, section 600, provides as follows:

SEC. 600. That there shall be levied upon intoxicating malt liquors containing one-half of 1 per cent or more of alcohol by volume, manufactured as provided by the regulations of the Treasury Department, pursuant to the national prohibition act, brewed or manufactured, and hereafter sold or removed for consumption or sale within the United States, a tax of 60 cents per wine gallon.

I do not object to a tax per se on beer, but this is a bill for the raising of revenue, and I do not think anything is to be accomplished by this provision in regard to the taxation of beer.

The two Houses of Congress, both the House and the Senate, by decisive and, I might say, overwhelming majorities, have declared against the manufacture and sale of beer for medicinal purposes. The conference report on the bill has been considered at great length, and I think I am warranted in saying the adoption of that conference report is imminent, and hence I see no necessity for this amendment, section 600.

However, as I said, I shall not object to it, thinking that it will be a subject of conference between the two Houses, and that by the time it is reached in conference, it may have been decided by the adoption of the conference report on H. R. 7294 that there is no necessity for providing for a tax on beer.

With reference to other provisions of the amendment of the Senator from New York I wish to offer amendments. I think the Senator from New York has practically agreed to those amendments.

The VICE PRESIDENT. The Secretary will state the amendment offered by the Senator from South Dakota to the amendment of the Senator from New York.

The ASSISTANT SECRETARY. In the proposed amendment of the Senator from New York, in section 601, as printed in that amendment, after the word "vinous," on line 11 of the amendment, strike out the words "alcoholic medicinal preparations fit for use for beverage purposes" and insert the words "liquors or preparations containing such vinous liquors."

Mr. STERLING. Mr. President, section 601, to which this amendment applies, reads as follows:

SEC. 601. That upon all vinous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured by the regulations of the Treasury Department pursuant to the national prohibition act which are hereafter produced in or imported into the United States there shall be levied, collected, and paid, when sold or removed for consumption, a tax of $1.20 per wine gallon.

The contention is that that provision in the form in which it is proposed actually contravenes section 4 of the national prohibition act. Subdivision (b) of that section reads as follows:

Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopœia, National Formulary, or the American Institute of Homeopathy that are unfit for use for beverage purposes.

Subdivision (c) reads:

Patented, patent, and proprietary medicines that are unfit for use for beverage purposes.

So that no medicinal preparation can be made from alcohol or vinous or distilled liquors or spirits unless it is unfit for beverage use, and the amendment I propose is for the purpose of covering that point.

I ask for a vote on this amendment to the amendment.

Mr. WADSWORTH. Mr. President, I have no objection to the amendment. I simply desire to call the attention of the Senator from South Dakota and the Senate to the fact that the expression "alcoholic medicinal preparations fit for use for beverage purposes" is the expression, word for word, used by the Secretary of the Treasury in setting out the regulations governing this very thing, and I assume the regulations gotten out by the Secretary of the Treasury were gotten up really by the prohibition enforcement bureau, and they contain that exact phrase.

The meaning, to my mind, is no different whatever, and I am willing to accept the amendment to the amendment.

Mr. SMOOT. May I ask the Senator from South Dakota what difference there is between the language of the amendment offered by the Senator from New York and the language he has proposed in its place? If I caught the wording as the Senator gave it, I can not see any difference.

Mr. STERLING. There is all the difference in the world.

Mr. SMOOT. There may be.

Mr. STERLING. This is the difference, the language of the amendment proposed by the Senator from New York is as follows:

That upon all vinous alcoholic medicinal preparations fit for use for beverage purposes.

There are no alcoholic medicinal preparations fit for use for beverage purposes possible under the national prohibition act. If the Senator will turn to section 4 he will so find. They must be unfit for use for beverage purposes.

Mr. SMOOT. That may be the provision in the prohibition act to which the Senator refers, but it is not so in actual practice.

Mr. STERLING. I do not know as to that.

Mr. WADSWORTH. Nor according to the opinion of the Attorney General.

Mr. STERLING. It is prohibited in the national prohibition act. It is unfortunate, I think, that regulations of the kind described by the Senator from New York have been made in the face of the prohibition contained in section 4 of the national prohibition act.

Mr. WADSWORTH. My only observation, in addition, is that the Senator from South Dakota and others who think the amendment which he proposes is necessary would better hasten to see the Prohibition Enforcement Bureau and have them change their regulations.

Mr. STERLING. Do not blame it on the Prohibition Enforcement Bureau.

Mr. WADSWORTH. They drew the regulations.

Mr. STERLING. I do not know that they did.

Mr. SMOOT. Mr. President, it seems to me that if the amendment is adopted the following words will have to be changed:

By the regulations of the Treasury Department, pursuant to the national prohibition act.

Otherwise there will be a conflict between the bill containing the words suggested by the Senator from South Dakota and the regulations of the department.

Mr. STERLING. Let there be a conflict if there is to be one, and let the regulations then conform to the law as the law now is. That is all we are asking.

Mr. WILLIS. Mr. President, I wish to correct an evident misapprehension in the mind of the Senator from New York [Mr. WADSWORTH] when he states that the Prohibition Enforcement Bureau ought to be seen and ought to change its regulations and that the regulations were prepared by that bureau. I will say to him that they were not prepared by that bureau.

Mr. WADSWORTH. Will the Senator state by whom they were prepared?

Mr. WILLIS. I do not know, but they were not prepared by that bureau.

Mr. McCUMBER. Mr. President, I desire to ask the Senator from New York why he wishes to reduce the tax on champagne 72 cents a gallon?

Mr. WADSWORTH. That is a pointed question.

Mr. SMOOT. That is what happens.

Mr. McCUMBER. It is now $1.92 and under the Senator's amendment it would be $1.20.

Mr. WADSWORTH. The question of the Senator from North Dakota does not comprehend the entire subject. All I am seeking is to put it on an equal percentage with still wine, which I do by my amendment.

Mr. McCUMBER. I understand that the charge has been made that we are increasing the tax on the poor man's drink and decreasing it on champagne, and so forth.

Mr. WADSWORTH. I am not particularly interested in the rate imposed in the amendment, so long as it is not so high as to make it inoperative as a revenue producer. At the time I drafted it, after consulting several of my colleagues, it was deemed wiser to have a flat rate on all wine.

The old law imposing taxes on wines prior to the advent of the eighteenth amendment taxed wines in varying degree. Still wines were taxed in accordance with their alcoholic content, varying, as I recollect it, from 16 cents a gallon to $1 a gallon. Sparkling wines, amongst which champagne is the most conspicuous, was taxed $1.92 per gallon. I thought $1.20 was about a mean between the two extremes and I think that is about the fact. That was my idea in offering that figure. If the Senator from North Dakota desires to restore that distinction between still wines and champagne, as a matter of principle I have no objection whatsoever. If he does that I think probably we ought to have the still wines at about 75 cents and champagne at about the old rate, but I thought it would be simpler as a matter of administration to have the flat rate.

Mr. SMOOT. I will say to the Senator from New York that there has always been a difference in all the acts since I have been here; and there has been an average of about 72 cents a gallon.

Mr. WADSWORTH. That is, when wines were used for other than medicinal purposes?

Mr. SMOOT. Whether for medicinal purposes or for banquet purposes, it was always the same.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Brandegee	Hale	McLean	Stanfield.
Broussard	Harreld	McNary	Sterling
Bursum	Harris	New	Sutherland
Calder	Harrison	Newberry	Townsend
Capper	Heflin	Norbeck	Trammell
Curtis	Keyes	Oddie	Wadsworth
Dial	La Follette	Overman	Walsh, Mass.
Dillingham	Lenroot	Pomerene	Warren
du Pont	Lodge	Reed	Watson, Ga.
Edge	McCormick	Sheppard	Watson, Ind.
France	McCumber	Shortridge	Willis
Frelinghuysen	McKellar	Simmons	
Gooding	McKinley	Smoot	

The VICE PRESIDENT. Fifty Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from South Dakota [Mr. STERLING] to the amendment of the Senator from New York [Mr. WADSWORTH].

Mr. REED. Mr. President, I desire to inquire whether the principal amendment now pending is the one offered by the Senator from New York [Mr. WADSWORTH].

The VICE PRESIDENT. It is.

Mr. REED. May we have the amendment to that amendment reported?

The VICE PRESIDENT. The Secretary will report the amendment to the amendment.

The ASSISTANT SECRETARY. On page 11 of the amendment of the Senator from New York as printed, strike out the words "alcoholic medicinal preparations fit for use for beverage purposes," and insert in lieu "liquors or preparations containing such vinous liquors," so that it will read:

SEC. 601. That upon all vinous liquors or preparations containing such vinous liquors authorized to be manufactured by the regulations of the Treasury Department—

And so forth.

Mr. REED. I would like to inquire what change this makes in the import of the bill? I would like to ask the Senator who offered the amendment to the amendment what change it makes?

Mr. STERLING. If the Senator had been here when the amendment was offered he would have seen its purpose.

Mr. REED. Unfortunately I was not here.

Mr. STERLING. The amendment is really for the purpose of making the entire amendment; that is, section 601, conform to the law as it now is, and conform to section 4 and the subdivisions of section 4 relative to medicinal preparations. As the Senator from Missouri will note, the language of the amendment, section 601, is:

That upon all vinous alcoholic medicinal preparations fit for use for beverage purposes authorized to be manufactured—

And so forth.

"Fit for use as beverage purposes." Under the law the contention is that no medicinal preparations can be made that are fit for use as beverage purposes.

Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopœia, National Formulary, or the American Institute of Homeopathy that are unfit for use for beverage purposes.

So reads subdivision (b) of section 4 of the national prohibition act. Section (c) reads:

Patented, patent, and proprietary medicines that are unfit for use for beverage purposes.

The object of the amendment to the amendment is to strike out the words "unfit for use for beverage purposes" and substitute the language of the law.

Mr. REED. Is it proposed to frame the bill so that a tax can not be levied upon such intoxicating liquors as are used for medicinal purposes?

Mr. STERLING. Oh, no; that is not the intent at all.

Mr. REED. I see no objection to this particular amendment, and I see no reason for it, but I am entirely willing that we should have a vote. On the amendment to the amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DU PONT (when his name was called). I have a pair with the Senator from Louisiana [Mr. RANSDELL], and therefore withhold my vote.

Mr. HALE (when his name was called). I have a general pair with the Senator from Tennessee [Mr. SHIELDS], which I transfer to the senior Senator from Rhode Island [Mr. COLT], and will vote. I vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the junior Senator from Rhode Island [Mr. GERRY], and will vote. I vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW], and will vote. I vote "yea."

Mr. McCUMBER (when his name was called). I have a general pair with the junior Senator from Utah [Mr. KING], and he being absent I withhold my vote.

Mr. POMERENE (when his name was called). I am temporarily paired with the junior Senator from Missouri (Mr. SPENCER], and therefore withhold my vote.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. In his absence I withhold my vote.

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Vermont [Mr. PAGE], and will vote. I vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer as on the previous votes, I vote "yea."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my pair with the Senator from Montana [Mr. WALSH] to the junior Senator from Washington [Mr. POINDEXTER], and will vote. I vote "yea."

Mr. HEFLIN. I desire to announce that my colleague [Mr. UNDERWOOD], who is necessarily absent, is paired with the Senator from Massachusetts [Mr. LODGE].

Mr. JONES of New Mexico. I have a general pair with the Senator from Maine [Mr. FERNALD], who is not present. I transfer that pair to the Senator from Nevada [Mr. PITTMAN], and will vote. I vote "yea."

Mr. DU PONT. I transfer my pair with the Senator from Louisiana [Mr. RANSDELL] to the Senator from Minnesota [Mr. NELSON], and will vote. I vote "yea."

Mr. DILLINGHAM. I transfer my general pair with the Senator from Virginia [Mr. GLASS] to the Senator from Maryland [Mr. WELLER], and will vote. I vote "yea."

Mr. CURTIS. I am requested to announce the following pairs:

The Senator from Colorado [Mr. PHIPPS] with the Senator from South Carolina [Mr. DIAL];

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The junior Senator from Kentucky [Mr. ERNST] with the senior Senator from Kentucky [Mr. STANLEY];

The Senator from Washington [Mr. JONES] with the Senator from Virginia [Mr. SWANSON]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 49, nays 0, as follows:

YEAS—49.

Ashurst	Hale	McNary	Stanley
Brandegee	Harreld	Moses	Sterling
Broussard	Harris	Myers	Sutherland
Bursum	Harrison	New	Townsend
Calder	Heflin	Newberry	Trammell
Capper	Jones, N. Mex.	Norbeck	Wadsworth
Caraway	Keyes	Oddie	Walsh, Mass.
Curtis	La Follette	Overman	Warren
Dillingham	Lenroot	Reed	Watson, Ind.
du Pont	Lodge	Sheppard	Willis
France	McKellar	Shortridge	
Frelinghuysen	McKinley	Smoot	
Gooding	McLean	Stanfield	

NOT VOTING—47.

Ball	Colt	Cummins	Elkins
Borah	Crow	Dial	Ernst
Cameron	Culberson	Edge	Fernald
Fletcher	King	Penrose	Smith
Gerry	Ladd	Phipps	Spencer
Glass	McCormick	Pittman	Swanson
Hitchcock	McCumber	Poindexter	Underwood
Johnson	Nelson	Pomerene	Walsh, Mont.
Jones, Wash.	Nicholson	Ransdell	Watson, Ga.
Kellogg	Norris	Robinson	Weller
Kendrick	Owen	Shields	Williams
Kenyon	Page	Simmons	

So Mr. STERLING's amendment to Mr. WADSWORTH's amendment was agreed to.

Mr. STERLING. I submit an amendment to the amendment of the Senator from New York [Mr. WADSWORTH], to be designated as subdivision (k).

The VICE PRESIDENT. The amendment proposed by the Senator from South Dakota to the amendment of the Senator from New York will be stated.

The ASSISTANT SECRETARY. It is proposed to add at the end of the proposed amendment of the Senator from New York the following:

(k) There shall be levied, collected, and paid upon all intoxicating liquors diverted to an unlawful purpose under the provisions of the internal revenue laws or the national prohibition act an additional tax equal in amount to that which is provided herein, such tax to be paid by the person responsible for such diversion to such unlawful purpose.

Mr. REED. Mr. President, may I inquire of the Senator from South Dakota whether he proposes to suggest any rule by which it is to be determined who is responsible?

Mr. STERLING. No; I do not propose to do so.

Mr. REED. In all seriousness, I call the Senator's attention to the peculiar language of the amendment to the amendment—"person responsible."

Mr. STERLING. I understand the Senator from Missouri, but I shall leave to the prohibition enforcement officials to lay down the rule—to the Secretary of the Treasury or the Commissioner of Internal Revenue.

Mr. REED. That is, the Senator wants the prohibition enforcement officer to pass a law or to make a rule binding upon the American people instead of doing it by statute? I have not the slightest objection to the Senator's amendment, provided he will frame it in such a way that we shall know who the responsible party is—the person vending the liquor or importing the liquor contrary to law. There is no objection to that.

As I have said repeatedly, I am perfectly willing to aid in the enactment of reasonable legislation to carry out the eighteenth amendment, but I am not willing, and I hardly think my good friend from South Dakota will be willing, when he reflects upon the matter, to fix a penalty and leave the question as to the application of the penalty to some prohibition officer. That is not sound doctrine, and I have asked the question to elicit the Senator's view.

Mr. STERLING. Mr. President, I think we could hardly undertake to frame a rule for a case of this kind that for the unlawful diversion or use of any intoxicating liquor the person responsible shall be held for the double taxes. If the Senator from Missouri will permit me, I will say that this amendment follows closely, in meaning, at any rate, section 35 of the national prohibition act and imposes the same double liability for taxes. Calling attention to the language of section 35 of that act, it reads:

No liquor, revenue stamp, or tax receipts for any illegal manufacture or sale shall be issued in advance, but upon evidence of such illegal manufacture or sale a tax shall be assessed against and collected from—

Whom?

the person responsible for such illegal manufacture or sale in double the amount now provided by law, with an additional penalty of $500 on retail dealers and $1,000 on manufacturers.

So the national prohibition act from which I have quoted uses identically the same language in regard to responsibility and who shall be liable—"the person responsible"—that to be determined, of course, by those who have in charge the enforcement of the law.

Mr. REED. Mr. President, that is not the language employed by the Senator in his amendment, as I heard the amendment read. I have not had the benefit of seeing the amendment.

Mr. STERLING. The Senator directed to me the question who is to determine who is responsible; and I am citing the section of the national prohibition act, which is clothed in the same language in regard to responsibility.

Mr. REED. No, Mr. President; it is a very different question. Of course, the citation of the national prohibition act as a precedent proves nothing, because there never was a law conceived that contained so many——

Mr. STERLING. Good things.

Mr. REED. That contained so many willful attempts to override the fundamental principles of the law as the particular statute to which the Senator from South Dakota now calls attention. I speak in all seriousness of it. I am not here to

antagonize that particular law now, but the fact that certain phraseology is employed in that extremely drastic statute does not at all warrant its repetition. However, the language employed by the Senator from South Dakota in his amendment, in my judgment, is much more objectionable. The language of the national prohibition act is:

This act shall not relieve anyone from paying any taxes or other charges imposed upon the manufacture or traffic in such liquor.

Of course, that phraseology or similar phraseology has been repeatedly construed, and it covers the person engaged in the manufacture or traffic. The succeeding sentence to which the Senator particularly refers reads:

No liquor revenue stamps or tax receipts for any illegal manufacture or sale shall be issued in advance, but upon evidence of such illegal manufacture or sale a tax shall be assessed against, and collected from, the person responsible for such illegal manufacture or sale.

Applying that language to the context and to the well-known construction of the law, it would apply only to the person who manufactured or sold the liquor. I have no objection to an amendment to the proposed amendment couched in that kind of language; but the language is:

There shall be levied, collected, and paid upon all intoxicating liquors diverted to an unlawful purpose under the provisions of the internal revenue laws or the national prohibition act an additional tax equal in amount to that which is provided herein, such tax to be paid by the person responsible for such diversion to such unlawful purpose.

Any man with the slightest knowledge of the law knows that it would be contended under that language as now proposed that the person who purchased the liquor was responsible for the diversion as well as the person who sold the liquor. That never has been true under any law relating to the prohibition question. It is not true, as far as I know, in any State, although I may be in error about that; for when I find States actually proposing to abolish trial by jury, I am prepared to expect anything.

If the Senator will couch his amendment in language similar to that of the act, so that it is clear, as it is in the act, that its penalties are visited upon the vendor of the article or the manufacturer of the article who fails to pay a tax, I shall make no objection to it, because this is a revenue proposition, and I am in favor of getting all the revenue we possibly can.

Mr. WILLIS. Mr. Presient, I desire to ask the Senator from Missouri if it would meet his objection if the last sentence of the amendment offered by the Senator from South Dakota were stricken out? I understand that to be the language to which he objects:

Such tax to be paid by the person responsible for such diversion to such unlawful purpose.

Would that meet the Senator's objection?

Mr. REED. Yes, sir.

Mr. WILLIS. Will not the Senator from South Dakota consent to the striking out of that language?

Mr. STERLING. I hardly think so, Mr. President. In that respect the language follows almost verbatim the language of the national prohibition act as it is in regard to the illegal manufacture and sale. It provides that the tax—

shall be assessed against, and collected from, the person responsible for such illegal manufacture or sale in double the amount now provided by law.

My proposed amendment is:

Such tax to be paid by the person responsible for such diversion to such unlawful purpose.

There is no material difference between the two.

Mr. WILLIS. Mr. President, if the Senator will yield there, the provision of the amendment providing for the levying, collecting, and assessment of the tax is contained in the first part of the amendment. That is all perfectly clear, and every legal right that the Government has is covered in that portion of the amendment. The part to which the Senator from Missouri is objecting is the last sentence in the amendment.

Mr. STERLING. I really think that if the Senator from Missouri considered the effect of striking out those words he would not want them stricken out. Who else should pay the double tax than the person responsible for the unlawful diversion—anybody that might be chosen?

Mr. REED. Who does the Senator say is responsible? I am going to assume in the illustration, without offense, that the Senator is a manufacturer of liquor, and that he sells it to me. Who is responsible in that case? Who will the Senator contend is responsible? Who does he think the court would say is responsible—he or myself, or both of us?

Mr. STERLING. If I unlawfully manufacture and sell to the Senator I am responsible. I am personally responsible for the illegal sale as well as for the illegal manufacture.

Mr. REED. What about the buyer, the purchaser? Is it not the Senator's purpose here to reach the purchaser?

Mr. STERLING. No.

Mr. REED. Then will the Senator accept an amendment of this kind?—

Such tax to be paid by the vendor or manufacturer.

Mr. STERLING. Oh, this does not apply necessarily to a sale or to the manufacture. The diversion to an unlawful purpose may be in some other manner than by manufacture or by sale, and that is the reason why the broad language is used, the unlawful diversion of it. The language of the national prohibition act, I think, refers again and again to the unlawful diversion of alcohol or of intoxicating liquors generally; and that unlawful diversion from the purpose for which manufactured or sold under the national prohibition act is unlawful under the terms of the national prohibition act. We provide here, just as in section 35, a double tax for an illegal sale or manufacture.

Mr. REED. Let me put it this way: A man gets a doctor's prescription for a pint of whisky for medicine, and he finally concludes that he wants to drink it regardless of the condition of his health. He has diverted it from the original purpose. Is the Senator going to have a lawsuit filed against him to collect the tax on that pint of whisky? That is just exactly what can be done under the language of this amendment. The person who diverted it is the man who got it on a prescription and finally concluded that he would drink it as a matter of amusement; and, as has been suggested by a learned Senator whose name I shall not mention, there are a great many people who would be willing to stand a lawsuit in order to secure a pint. [Laughter.] I am not going to expose this Senator if he does not do it himself.

In all seriousness, I ask the Senator if he would accept an amendment so that the last two lines of his amendment would read as follows:

Such tax to be paid by the manufacturer or vendor of said liquor.

Will the Senator accept that sort of an amendment to his amendment?

Mr. STERLING. Is that all of the Senator's proposed amendment?

Mr. REED. That is all.

Mr. STERLING. No, Mr. President; I do not feel justified in accepting that amendment, because there may be an unlawful diversion in other ways than by manufacture or sale.

Mr. REED. Then, Mr. President, I move to amend the amendment by striking out the last two lines and inserting in lieu thereof the following:

Such tax to be paid by the vendor of such intoxicating liquors.

The VICE PRESIDENT. The question is on the amendment of the Senator from Missouri [Mr. REED] to the amendment of the Senator from South Dakota [Mr. STERLING].

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). I have a general pair with the Senator from Virginia [Mr. GLASS], who, I observe, is absent. I therefore withhold my vote.

Mr. DU PONT (when his name was called). I transfer my general pair with the Senator from Louisiana [Mr. RANSDELL] to the Senator from Minnesota [Mr. NELSON] and will vote. I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before, I vote "nay."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. LODGE (when his name was called). Making the same announcement of transfer as before, I vote "nay."

Mr. POMERENE (when his name was called). Announcing my pair with the junior Senator from Missouri [Mr. SPENCER], I am not able to say how he would vote on this matter, and I therefore reserve my vote. If permitted to vote, I would vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], and in his absence I withhold my vote.

Mr. STANLEY (when his name was called). I transfer my pair with the junior Senator from Kentucky [Mr. ERNST] to the junior Senator from Rhode Island [Mr. GERRY] and vote "yea."

Mr. STERLING (when his name was called). Making the same announcement as to my pair and transfer as on the former vote, I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. GERRY. I transfer my pair with the Senator from Kentucky [Mr. ERNST] to the Senator from Nebraska [Mr. HITCHCOCK] and vote "yea."

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. If at liberty to vote, I would vote "nay," but in his absence I am not permitted to vote.

Mr. JONES of New Mexico. I have a general pair with the Senator from Maine [Mr. FERNALD], who is absent, and I therefore withhold my vote.

Mr. CURTIS. Mr. President, I desire to announce the following pairs:

The Senator from Colorado [Mr. PHIPPS] with the Senator from South Carolina [Mr. DIAL];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS];

The Senator from Washington [Mr. JONES] with the Senator from Virginia [Mr. SWANSON]; and

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER].

The result was announced—yeas 9, nays 40, as follows:

YEAS—9.

Broussard	Gerry	Reed	Walsh, Mass.
Edge	Newberry	Stanley	Warren
France			

NAYS—40.

Ashurst	Hale	McKellar	Sheppard
Brandegee	Harreld	McKinley	Smoot
Bursum	Harris	McLean	Stanfield
Calder	Heflin	McNary	Sterling
Capper	Keyes	Moses	Sutherland
Caraway	King	Myers	Townsend
Curtis	Lenroot	New	Trammell
du Pont	Lodge	Norbeck	Wadsworth
Frelinghuysen	McCormick	Oddie	Watson, Ind.
Gooding	McCumber	Overman	Willis

NOT VOTING—47.

Ball	Fletcher	Nelson	Shields
Borah	Glass	Nicholson	Shortridge
Cameron	Harrison	Norris	Simmons
Colt	Hitchcock	Owen	Smith
Crow	Johnson	Page	Spencer
Culberson	Jones, N. Mex.	Penrose	Swanson
Cummins	Jones, Wash.	Phipps	Underwood
Dial	Kellogg	Pittman	Walsh, Mont.
Dillingham	Kendrick	Poindexter	Watson, Ga.
Elkins	Kenyon	Pomerene	Weller
Ernst	Ladd	Ransdell	Williams
Fernald	La Follette	Robinson	

So Mr. REED's amendment to Mr. STERLING's amendment was rejected.

The VICE PRESIDENT. The question recurs on the amendment of the Senator from South Dakota [Mr. STERLING] to the amendment of the Senator from New York [Mr. WADSWORTH].

Mr. TRAMMELL. Mr. President, I desire to make an inquiry in regard to the amendment adopted just previous to the vote taken upon this last amendment. I am among those who supported it; in fact, the vote in favor of the amendment was unanimous. I have since read the amendment, and I gather the impression that the language inserted in place of the language stricken out is such that it will be construed as imposing this tax upon the preparations in which vinous liquors may be used, just the same as on the vinous liquor itself. I have no desire whatever to tax the preparation; I do not believe a big majority of the Senators have such a desire. But here is the way the section reads as amended:

That upon all vinous liquors or preparations containing such vinous liquors authorized to be manufactured by the regulations of the Treasury Department pursuant to the national prohibition act which are hereafter produced in or imported into the United States, there shall be levied, collected, and paid, when sold or removed for consumption, a tax of $1.20 per gallon.

I call special attention to the language in the first sentence:

That upon all vinous liquors or preparations containing such vinous liquors.

I am unable to see how one can construe that otherwise than as imposing a tax upon the liquors and upon the preparations in which they may be used, the rate being fixed at $1.20 per gallon. I think the tax ought to be imposed upon liquor, but I do not think the tax ought to be imposed upon preparations which might have the liquor used in the preparation.

Mr. SMOOT. If the Senator's construction is correct, and I rather think it is, it would not only be $1.20 upon the vinous liquor in the preparation, but that would be the tax upon the whole preparation.

Mr. TRAMMELL. That is the point I am attempting to bring to the notice of the Senate.

Mr. SMOOT. I think the Senator's construction is absolutely correct.

Mr. TRAMMELL. I do not see how one can construe it otherwise. It says "all preparations in which vinous liquors are used." What does it mean if it does not mean that?

Mr. President, I very much object to the amendment in that form. Although I wish to tax the liquor, I do not desire to tax medical preparations because they have in them a certain quantity of vinous liquor.

Mr. HEFLIN. Mr. President, I, like the Senator from Florida, voted for this amendment under a misapprehension as to exactly what it contained. I agree with his construction of it, and I do not propose to be recorded as voting to tax medicine. I am opposed to taxing medicine. I think the tax bill we have here taxes nearly everything from the cradle to the grave and makes it almost impossible for anybody to get the necessities of life, and when those are withdrawn and a fellow falls sick for want of proper nourishment we should not tax the medicine he has to take in order to get him up on his feet again.

Mr. BROUSSARD. May I ask the Senator a question?

Mr. HEFLIN. Certainly.

Mr. BROUSSARD. Did not the Senator vote for the Willis-Campbell bill, which prohibited the prescribing of a glass of beer for medicinal purposes? Is it better to tax it than to prohibit it?

Mr. HEFLIN. That bill is in conference now, Mr. President.

Mr. BROUSSARD. I know that, but the Senate passed the House bill, and it is in conference on the Stanley amendment, and you say you would not tax it, but you will prohibit it.

Mr. HEFLIN. Oh, the Senator wants to get a glass of beer for his patient. I am talking about medicine that is kept on the shelves of the drug stores of the country and used every day all over the land. Beer is not permitted yet to be used as medicine.

Mr. BROUSSARD. It is permitted now, under the regulations issued last week.

Mr. HEFLIN. By the Treasury Department.

Mr. BROUSSARD. Yes.

Mr. HEFLIN. I mean Congress has not given its sanction yet.

Mr. BROUSSARD. May I interrupt the Senator again?

Mr. HEFLIN. I have noticed evidences of an agreement being reached here to-night between the Senators from Louisiana and Missouri and the Senators from South Dakota and Ohio, and I am getting a little scared. I do not understand the situation.

Mr. WATSON of Georgia. This was one of the very few provisions upon which I have not had a clear idea and have not voted, and I refrained from voting for the very reason that there is a puzzle about it somewhere.

Mr. HEFLIN. Mr. President, I want to go upon record as distinctly opposed to taxing the medicine of the people of this country. I will not vote to tax medicine that has alcohol in it to preserve the medicine. If you take a spoonful of alcohol and five spoonfuls of wine and mix them up in medicine to give to the sick, I fear that it is covered under this amendment. I did not know that at the time I voted for it. I asked the Senator from South Dakota about it, and he thought it was all right.

Mr. STANLEY. Mr. President, does the genial Senator from Alabama think that the concoction he has just described is a pretty good dose for a well man, or a sick man, either?

Mr. HEFLIN. I would not deny it to the sick man because some well man might stumble over it, or fall down on it, or with it.

Mr. President, having voted for the amendment, I desire to serve notice that I shall move to reconsider it to-morrow, because I do not want it to go out to the country that the Senate has gone on record as being unanimously in favor of taxing the medicine of the people. I do not think the amendment would have obtained 12 votes in this body if Senators had known exactly what they were voting on. I give notice now, Mr. President, as one who voted in the affirmative, that I will move on to-morrow to reconsider the vote by which that amendment was adopted.

Mr. STERLING. I desire to say, Mr. President, that the object was to tax the alcoholic content and not the medicinal preparations. If I thought the amendment could be given the construction put on it by the Senator, I myself would have asked a reconsideration of the vote by which the amendment was agreed to. The matter may go over until to-morrow.

Mr. McCUMBER. Did I understand the Senator to say that he intended his amendment to cover the taxing of the alcoholic content?

Mr. STERLING. Yes.

Mr. McCUMBER. Then, if the alcoholic content was one-half of 1 per cent in a wine gallon, what would we get in the matter of revenue under the amendment proposed by the Senator from New York?

Mr. STERLING. I do not think there would be much.

Mr. McCUMBER. We would not get enough out of it to pay for the printing of the paper.

Mr. SMOOT. Under most of the former tax measures, where liquors have been used in preparations, the tax has only been imposed upon the quantity of the liquor contained in the preparation, and I will say to the Senator from South Dakota that in all extracts of every name or nature, and all drugs that may be made in the drug store, they run all the way from 10 per cent up to 60 per cent and sometimes 70 per cent of the alcohol in those preparations, and necessarily so, but the tax only applies upon the wine gallon if it is vinous liquors, or upon the proof gallon if it is alcohol, on the amount that is contained in the preparation. That is very easily figured, whether it is an 8-ounce bottle or whether it is a pint bottle or whether it is a quart or gallon. As it is put up it takes so many of them to make a proof gallon of alcohol or a wine gallon in case it is vinous liquor, and the tax is assessed to the manufacturer and paid upon the amount of those liquors in the preparation. That is the way it ought to be.

Mr. WATSON of Indiana. Does the Senator from South Dakota want the amendment to go over?

Mr. WADSWORTH. I do not want it to go over. I shall object to its going over.

Mr. WILLIS. Mr. President, will the Senator from South Dakota accept this amendment, and I ask the attention of the Senator from Missouri [Mr. REED] to see if it will not meet his objections. Change the amendment so as to read:

Liquors or such liquors contained in medicinal preparations not fit for beverage purposes.

Does that meet the objection of the Senator from Missouri?

Mr. BROUSSARD. Mr. President, may I inquire of the Senator from Ohio if his purpose is to tax liquor intended for medicinal purposes—I mean alcohol contained in medicine?

Mr. WILLIS. Certainly; that is in the amendment offered by the Senator from New York.

Mr. WADSWORTH. Oh, no; it is not.

Mr. WILLIS. The amendment provides, for example, for a tax of $6.40 a gallon on whisky, whether used for medicinal purposes or otherwise. That is the whole purpose of the amendment of the Senator from New York.

Mr. BROUSSARD. I think the Senator from Ohio has gone clear outside of the intention of the amendment of the Senator from New York. As I understood that amendment it was not intended to tax any alcohol contained in any medicine that is permitted to be prescribed, whereas the amendment of the Senator from Ohio would tax any legitimate medicine which a physician might prescribe and which contained alcohol.

Mr. EDGE. Mr. President, the proposed legislation appeals to me as rather an indirect way to tax liquor that is supposed to be used for beverage purposes, but secured through prescriptions or medicinal distribution. I do not think that it is defensible to levy a tax supposedly on medicine, because we all know that the only way liquor can be dispensed to-day legally is as medicine through prescriptions. It is indefensible to levy a tax of that character on medicine, suddenly tripling the amount of the tax, not admitting that the thought or purpose is to tax that which is used for beverage purposes, because, of course, we could not legislate for something that we know is illegal. Indirectly, it seems to me, that must be the thought, that we are tripling the amount of the tax because we assume that a large proportion of the liquor taken out under medicinal prescription is used for other purposes.

Personally, I think that as far as we can go is to consider the legal purpose, which is medicine, and when we impose or levy a tax as high as that suggested in the proposed amendment for medicine it is not a correct theory. If we are going to attempt in this indirect way to reach a situation that perhaps does exist, I think we are simply in a way granting a premium on an evasion of the law. So far as I am concerned, I think the tax should be for medicine such as we would, in our judgment, believe that medicine should pay, if we believe it should pay at all; but not this sudden increase to three or four times the ordinary amount that would be taxed, and has been taxed, on alcohol used in medicine. Personally, I think it is very unwise legislation.

Mr. CALDER obtained the floor.

Mr. REED. Mr. President, will the Senator from New York pardon a brief interruption?

Mr. CALDER. Certainly.

Mr. REED. A moment ago the genial Senator from Alabama [Mr. HEFLIN] said it created a suspicion in his mind when he saw me in conference with the Senator from Ohio [Mr. WILLIS]. I have just detected the Senator from Alabama with his nose about two and one-half inches from that of the Senator from Ohio, and my suspicions are in turn aroused. [Laughter.]

Mr. CALDER. Mr. President, I wish to reply to what the Senator from New Jersey [Mr. EDGE] has said. Section 602 of the amendment proposed by my colleague [Mr. WADSWORTH] is in exact form with an amendment proposed by me. This section is for the purpose of obtaining additional revenue for the United States Government. Under the present law alcohol is taxed at the rate of $2.20 a gallon, whether used in pharmaceutical preparations or withdrawn in the form of whisky.

In the calendar year 1919, that being the first year of prohibition, there were withdrawn from the distilleries in this country 5,200,000 gallons of whisky, upon which a tax of $2.20 a gallon was paid. In the calendar year 1920 there were 8,700,000 gallons of whisky withdrawn from the distilleries, on which the same tax was paid. Three million five hundred thousand gallons more were withdrawn in 1920 than in 1919. While this was ostensibly withdrawn for medicinal purposes, I venture to say that 90 per cent of it was used for beverage purposes.

We can make all the laws we like, but we can not prevent this being done until the whisky now in the distilleries is used up or its manufacture and sale is forbidden for any purpose whatsoever.

Mr. EDGE. What is the increase—from $2.20 to $6.40 a gallon?

Mr. CALDER. Yes; from $2.20 to $6.40 a gallon. Six dollars and forty cents per gallon was the amount of the tax levied on whisky before the national prohibition law went into effect. We simply place the tax upon it now exactly as it was before prohibition. If we had charged $6.40 a gallon upon the 5,200,000 gallons withdrawn in 1919, we would have had an additional tax paid into the Federal Treasury in that year of $21,840,000. If we had had the additional tax of $4.20 on the 8,700,000 gallons withdrawn last year, the greater portion of which of course was withdrawn for beverage purposes, although taken out for medicinal purposes, we would have had an additional amount of tax paid into the Treasury of $36,540,000.

The tax proposed in this amendment is exactly that which was charged the year before the national prohibition law went into effect.

Mr. KING. Mr. President——

Mr. CALDER. I yield to the Senator from Utah.

Mr. KING. May I inquire of the Senator from New York what assurance there is that demands during the coming year will be as great as they were during the past year? That is one question. Secondly, may I inquire of the Senator what effect his amendment would have upon the patent medicines for which there seems to be so much solicitude? Will not any of these liquors so withdrawn be used in the manufacture of medicine?

Mr. CALDER. The Senator undoubtedly refers to alcohol withdrawn from distilleries, much of which is used in the manufacture of medicines. In the year 1919 about 15,000,000 gallons of alcohol, not including whiskey, was withdrawn from the distilleries, and that paid a tax of $2.20 a gallon. In the year 1920 there were 27,000,000 gallons of alcohol, exclusive of whisky, withdrawn, an increase in the one year of 12,000,000 gallons. Of course, we assume that this was withdrawn for the industries and for manufacturing medicines. A great deal of it, however, went into the manufacture of the so-called bootleg whisky.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. CALDER. Certainly.

Mr. EDGE. If I have correctly interpreted the remarks and the meaning of the Senator from New York, he views the very large withdrawal of whisky as for purposes other than those permitted under the law; and recognizing and realizing and practically frankly stating that, he proposes now to go back to the old tax of $6.40, or whatever it was, when liquor was permitted to be dispensed for beverage purposes; in other words, he recognizes and realizes the absolute futility of attempting to enforce the present prohibition law.

Mr. CALDER. I know that the prohibition law can be enforced better than it has been in the past. I do not, however, believe that it is possible to completely enforce it, but I agree with what the Senator says, that most of the whisky manufactured and sold is going to be used as a beverage, although withdrawn for medicinal purposes.

I took occasion the other day to inquire from a physician just how whisky was obtained from a druggist. I got a prescription for a pint of whisky, and obtained the whisky in a drug store here in the District of Columbia. I paid $3.60 for it. This price was paid with a tax of $2.20 a gallon, or something like 27 cents a pint. Before prohibition, we could have purchased this same whisky for $1.40 a pint, and upon that the tax was paid at the rate of $6.40 a gallon. With the tax now proposed we can bring into the Federal Treasury $20,000,000 to $30,000,000 more this year than last out of whisky alone, and will at the same time do nothing to affect the tax of alcohol used in the manufacture of pharmaceutical products or for the industries. We can get that additional amount of money and in a measure discourage the sale of liquor for beverage purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee as amended.

The amendment of the committee as amended was agreed to.

Mr. McCUMBER. Mr. President, as some of the smaller taxes and whether we will retain them depend on whether we shall adopt a general provision for the taxing of capital stock, I ask permission to consider at this time Title X, or the tax on capital stock under Title X, amendment No. 60, on page 212 of the bill.

The VICE PRESIDENT. The Chair is informed that that section has been agreed to.

Mr. McCUMBER. There is an amendment to be offered to that, on page 212, after line 12, as proposed by the majority of the committee. It has reference to the special excise tax.

Mr. SIMMONS. I understand the Senator from Missouri [Mr. REED] has an amendment which he desires to offer to that. I call the attention of the Senator from Missouri to that.

Mr. SMOOT. I would like to have the amendment reported.

The VICE PRESIDENT. The Secretary will report the amendment.

The ASSISTANT SECRETARY. On page 212, after line 12, insert the following:

Section 1000——

Mr. REED. What is the number of this amendment?

The VICE PRESIDENT. It will be necessary to reconsider the vote by which the committee amendment was agreed to.

Mr. KING. May I inquire whether there was an agreement as to the section?

The VICE PRESIDENT. The section has been agreed to.

Mr. KING. I think the chairman of the committee, then, should move to reconsider.

Mr. McCUMBER. I was not present when this section was agreed to, and I did not understand that the title had been agreed to without the amendment I desire to offer.

Mr. LODGE. Neither did I, for I have an amendment which I wish to offer.

Mr. McCUMBER. I, therefore, ask that the vote by which Title X was agreed to may be reconsidered.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was agreed to will be reconsidered.

Mr. McCUMBER. I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from North Dakota will be stated.

The ASSISTANT SECRETARY. On page 212, after line 12, it is proposed to insert the following:

SEC. 1000. (a) That on and after July 1, 1922, in lieu of the tax imposed by section 1000 of the revenue act of 1918—

"(1) Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business, equivalent to $1 for each $1,000 of so much of the fair average value of its capital stock for the preceding year ending June 30 as is in excess of $5,000. In estimating the value of capital stock the surplus and undivided profits shall be included."

Mr. LODGE. At that point I desire to offer an amendment to the amendment which has been proposed by the Senator from North Dakota. The capital-stock tax provided for in section 1000 of the revenue law is based on the fair average value of the stock of the corporation. That value may be based largely upon the stock of other corporations, which other corporations are also subject to a capital-stock tax. That results in double or multiple taxation. For the purpose of curing that defect or evil, as it seems to me, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment proposed by the Senator from Massachusetts to the amendment of the Senator from North Dakota.

Mr. LODGE. The amendment which I offer, I understand, has been considered by the majority of the committee.

Mr. REED. Just one moment. Is the amendment which the Senator from Massachusetts proposes to the text of the bill?

The VICE PRESIDENT. It is proposed to the printed amendment No. 60, which is found on page 13 of the pamphlet copy of committee amendments.

Mr. LODGE. It is found on page 13 of the printed amendments, under amendment No. 60, at the end of paragraph, the concluding sentence of which reads:

In estimating the value of capital stock the surplus and undivided profits shall be included.

Then I offer my amendment which, I repeat, has been considered by a majority of the Committee on Finance.

The VICE PRESIDENT. The amendment proposed by the Senator from Massachusetts to the amendment of the Senator from North Dakota will be stated.

The ASSISTANT SECRETARY. In the last line of paragraph 1 of subdivision (a) of the proposed section 1000, after the word "include," and before the semicolon, it is proposed to insert a comma and the following words:

but if the taxpayer owns at least a majority of the voting stock, and at least a majority of the total number of shares of all other classes of stock of any other domestic corporation liable to the tax imposed by this section, the fair average value for the preceding year ending June 30 of the stock so owned by the taxpayer shall be deducted.

Mr. SIMMONS. Mr. President, I wish to ask the Senator from Massachusetts a question. How much revenue would we lose by that amendment? In other words, how much would it reduce the tax that we would realize from the capital stock tax against corporations?

Mr. LODGE. I understand from the estimates which have been made that the amendment would reduce the returns $20,000,000, but I have always thought that double and multiple taxation ought to be cured. This seems to me to be only fair. The present law has the effect of taxing twice and sometimes more than twice the stock which is held in subsidiary corporations which is already taxed and which is again taxed in the holding company.

Mr. SIMMONS. If I understand the proposition of the Senator from Massachusetts it is this: If there are a holding company and a good many subsidiaries no tax shall be imposed except upon the holding company?

Mr. LODGE. Not if the subsidiary is taxed as well as the holding company.

Mr. HITCHCOCK. In that case which is exempted?

Mr. SIMMONS. Would all of the capital stock of all of the subsidiary companies exactly equal the stock held by the holding company?

Mr. LODGE. Not necessarily.

Mr. SIMMONS. Then, the holding company might have very much less stock than the aggregate stock of the subsidiaries?

Mr. LODGE. The amendment, as I understood it read, requires a majority of the stock, does it not?

Mr. McCUMBER. The subsidiary corporation will pay upon its entire stock; then the holding corporation would pay upon its entire stock and have deducted therefrom the value of its stock in the subsidiary corporation.

Mr. LODGE. Which has already once been taxed.

Mr. McCUMBER. Which has already been taxed.

Mr. SIMMONS. Does the Senator have in mind a case where the holding company would have no assets that were represented by stock except such as were represented in the subsidiary company?

Mr. McCUMBER. I can not see any difference whatever, inasmuch as the subsidiary corporation pays the full tax upon all of its stock, even though the stock be held by the principal corporation. Whatever the value of the stock held by the principal corporation may be will be deducted when the principal or holding company pays its stock tax, because that stock in the subsidiary corporation has already paid its tax.

Mr. SMOOT. Mr. President, perhaps I can state a case and in stating it show the Senator just what effect the amendment would have: A holding company, we will say, has $1,000,000 capital, and there are two subsidiary companies, one with $250,000 capital and another with $500,000 capital, which would make a total holding of the two subsidiary companies of $750,000. The two subsidiary companies will pay on their capital stock whatever rate is provided for in the law.

Mr. SIMMONS. On their $750,000 of capital?

Mr. SMOOT. Yes; on their $750,000. When the holding company makes its return, having $1,000,000 of capital stock, it will be allowed credit for $750,000, the tax on which has been paid by the two subsidiary companies.

Mr. REED. Mr. President, I think we have reached an important question, and I wish to inquire how long we are going to be required to stay here in this very depressing atmosphere?

Mr. WATSON of Indiana. We thought, I will say to the Senator from Missouri, that we would remain here until we disposed of this proposition, and then go home.

Mr. LODGE. Until the pending amendment is disposed of.

Mr. REED. I have an amendment to this section which I propose to offer as soon as the pending amendment is disposed of, and I imagine that my amendment is going to provoke a considerable amount of discussion. So far as I am concerned, I am worn out with this day's work, and there is not any possibility of passing this bill this week.

Mr. WATSON of Indiana. There is not, if we do not go on with it; that is certain.

Mr. REED. I see no use in keeping Senators here to the point of punishment, when surely it ought to be conceded that Senators, while they have expressed their opinion fully about this bill, have not tried to delay it. We have adopted an amendment of very great importance with practically no discussion. I refer to the amendment offered by the Senator from New York. I cite that merely to show that there is no disposition here to consume time.

Mr. WATSON of Indiana. There is no question about that.

Mr. REED. I do not want to present my amendment to-night with a meager attendance of the Senate. We have barely a quorum, if we have that. The matter which is now proposed by the Senator from Massachusetts I think involves a very important question. I do not think it can be passed over lightly at all. It is a debatable question, and I suggest the propriety of adjourning or taking a recess. There is a limit to human endurance.

Mr. SMOOT. Let us dispose of the pending matter first.

Mr. REED. This matter is going to provoke some discussion.

Mr. WATSON of Indiana. That is entirely legitimate, of course. This is a debatable question, and it ought to be debated, but it is not a new question. The capital-stock tax has been before us from the very beginning, and those of us who will ever become familiar with it are more or less familiar with the subject now. I suggest that we go on and at least determine the question which has been presented by the amendment proposed by the Senator from Massachusetts, and then, if the Senator from Missouri does not desire to proceed with his amendment, we can wait until to-morrow for that. There is no disposition to crowd the Senator, but, after all, there is no reason why we should not go on with the pending amendment.

Mr. REED. Mr. President, I think—and I say it in all good nature to the Senator from Indiana and the Senator from Massachusetts, both of whom fully know how highly I esteem them—that the attempt to hold the Senate here during these long hours day after day would be entirely justifiable if there were a great emergency confronting us; it might be justifiable if there were a filibuster going on; but nothing of that kind is before us. We ought to observe reasonable hours, hours that will permit a man to live a little beyond the present session of Congress if he has an ordinary degree of vitality. Of course, if Senators say they are going on, they have control of the situation; but I think we ought to adjourn.

Mr. LODGE. I think we might finish the pending amendment at least. We made an agreement last night and expected to get through speedily with the amendment offered by my colleague [Mr. WALSH], but the whole day was spent on that question.

Mr. REED. That is true; the whole day has been spent on it, but it was a day well spent. We came within one vote of adding an important amendment. So one by one the roses fall and one by one the converts are coming up to the mourners' bench.

Mr. WATSON of Indiana. If that be true, the Senator ought to be willing to go on to-night, because the longer we go the better it gets from his standpoint.

Mr. REED. No; I think even to be a good Christian one ought to have a little sleep occasionally.

Mr. LODGE. I think we might finish the pending amendment.

Mr. REED. Mr. President, there are some Senators who are absent to-night who, I know, will be interested in this amendment. If it is insisted that we shall go on, I can talk on it.

Mr. LODGE. Mr. President, if we are to be held here to suit the convenience of other Senators who can be here and choose to go away, of course we will never get anywhere.

Mr. REED. No; but to stay here from 11 o'clock in the morning to half past 9 at night is a violation of the union rules, and it is a violation of good-health rules.

Mr. LODGE. It is a long day, I admit; but Senators on the other side have left us no choice but long days. We shall have to stay in session long days if we are going to get the bill through.

Mr. REED. Of course, somebody had to explain this bill, and the proponents of it have absolutely refused to do so, throwing the whole burden upon this side; but I do not say this jestingly. Of course, if the Senator insists on going on, I am going to suggest the absence of a quorum in that event, and if we have to go on we will go on.

Mr. LODGE. We can supply a quorum.

Mr. REED. Very well. I suggest the absence of one.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Hale	McKinley	Simmons
Brandegee	Harreld	McLean	Smoot
Bursum	Harris	Moses	Sutherland
Calder	Heflin	Myers	Townsend
Capper	Hitchcock	New	Wadsworth
Caraway	Keyes	Newberry	Walsh, Mass.
Curtis	King	Oddie	Warren
Dillingham	Lenroot	Overman	Watson, Ga.
Edge	Lodge	Pomerene	Watson, Ind.
France	McCormick	Reed	Weller
Frelinghuysen	McCumber	Sheppard	Willis
Gooding	McKellar	Shortridge	

The VICE PRESIDENT. Forty-seven Senators have answered to their names. A quorum is not present. The Secretary will call the names of the absentees.

The reading clerk called the names of the absent Senators, and Mr. GERRY and Mr. TRAMMELL answered to their names when called.

Mr. JONES of New Mexico, Mr. HARRISON, Mr. STANLEY, and Mr. NORBECK entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-three Senators have answered to their names. A quorum is present.

Mr. WATSON of Indiana. Mr. President, I move that the Senate take a recess until to-morrow morning at 11 o'clock.

Mr. LENROOT. Mr. President, will the Senator yield for just a moment?

Mr. WATSON of Indiana. I yield for a moment.

Mr. LENROOT. I send to the desk an amendment which I ask to have printed and lie on the table.

The VICE PRESIDENT. That order will be made.

Mr. McCORMICK. I ask leave to send to the desk an amendment to be printed and lie on the table.

The VICE PRESIDENT. That order will be made.

COMPULSORY SUNDAY OBSERVANCE.

Mr. JONES of New Mexico. I ask the Senator from Indiana to withhold his motion for just a moment. I have here a petition to Congress regarding a measure which is pending before Congress. I ask that the petition may be inserted in the RECORD, together with the names which are signed to it, and referred to the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, it is so ordered.

The petition is as follows:

PETITION TO CONGRESS.

To the honorable the Senate and House of Representatives of the United States:

Believing (1) in the separation of church and State;

(2) That Congress is prohibited by the first amendment to the Constitution from enacting any law enforcing the observance of any religious institution, or looking toward a union of church and State, or of religion and civil government;

(3) That any such legislation is opposed to the best interests of both church and State; and

(4) That the first step in this direction is a dangerous step, and should be opposed by every lover of liberty:

We, the undersigned, adult residents of Maxwell, State of New Mexico, earnestly petition your honorable body not to pass the compulsory Sunday observance bill (S. 1948), introduced in the Senate by Mr. Myers of Montana, June 2, 1921, which aims to regulate Sunday observance by civil force under penalty for the District of Columbia.

Mrs. J. M. Colburn, Maxwell, N. Mex.; C. E. Watrous, Colmor, N. Mex.; Marion F. White, Maxwell, N. Mex.; L. A. Colburn, Maxwell, N. Mex.; Vivian Colburn, Maxwell, N. Mex.; Violet Colburn, Maxwell, N. Mex.; C. D. Colburn, Maxwell, N. Mex.; Mrs. C. D. Colburn, Maxwell, N. Mex.; Mrs. L. A. Colburn, Maxwell, N. Mex.; J. H. Martin, Maxwell, N. Mex.; Mr. Martin, Maxwell, N. Mex.; Mrs. Blanche Hughes, Maxwell, N. Mex.; J. T. Hughes, Maxwell, N. Mex.; Jose S. Espmosa, Maxwell, N. Mex.; Pablo A. Lopez, Maxwell, N. Mex.; Wm. Van Bruggin, Maxwell, N. Mex.; Vito Cdveya de Boca, Maxwell, N. Mex.; Salomon Ata, Maxwell, N. Mex.; Miguel A. Lopez, Maxwell, N. Mex.; Mary A. Lopez, Maxwell, N. Mex.; Celestino Pinciani, Maxwell, N. Mex.

The VICE PRESIDENT. The petition will be referred to the Committee on the District of Columbia.

RECESS.

Mr. WATSON of Indiana. I now renew my motion.

The motion was agreed to, and (at 9 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Saturday, October 29, 1921, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

FRIDAY, *October 28, 1921.*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. WALSH.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed heavenly Father, we lift heart and voice unto Thee, for we have no other refuge. May they chant a thankful and silent refrain in grateful memory of Thy love, so amazing, so divine. Frail and feeble are we, yet in Thee do we put our trust and Thou wilt never fail us. Bestow blessings of loving care upon all our homes and may our children always love to claim us as their own. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for two minutes on a question of procedure.

The SPEAKER pro tempore. The gentleman from Wyoming asks unanimous consent to address the House for two minutes on a question of procedure. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Speaker, Monday next is a maverick. There are on the Unanimous Consent Calendar a number of bridge bills and some others of more or less local character, which I think the House could readily dispose of and which it would be well to have disposed of promptly, or considered, at least. I therefore ask unanimous consent that the business on the Unanimous Consent Calendar and suspensions may be in order on Monday.

The SPEAKER pro tempore. The gentleman from Wyoming asks unanimous consent that business on the Unanimous Consent Calendar and suspensions may be in order on Monday next. Is there objection?

Mr. PARRISH. Reserving the right to object, Mr. Speaker, although I will not object, I would like to know if the gentleman from Wyoming will give us any assurance as to when the road bill will be considered?

Mr. MONDELL. I hope on Monday afternoon; if not, on Tuesday.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

The order to-day is business on the Private Calendar.

PENSIONS.

Mr. FULLER. Mr. Speaker, I ask unanimous consent that private pension bills in order to-day may be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that private pension bills in order to-day may be considered in the House as in the Committee of the Whole. Is there objection?

Mr. GARRETT of Tennessee. Reserving the right to object, I suppose that is to apply to bills both from the Committee on Invalid Pensions and the Committee on Pensions. Is that the understanding?

The SPEAKER pro tempore. Private pension bills. Is there objection? [After a pause.] The Chair hears none.

Mr. FULLER. Mr. Speaker, I ask unanimous consent that the formal committee amendments to each bill may be offered after the reading of the bill has been completed.

The SPEAKER pro tempore. The gentleman ask unanimous consent that the formal committee amendments may be offered to each bill upon the conclusion of the reading of the bill for amendment. Is there objection? [After a pause.] The Chair hears none.

Mr. FULLER. I call up the bill H. R. 7340.

The SPEAKER pro tempore. The gentleman from Illinois calls up a bill which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7340) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Edmond D. Judkins, late of Company E, Fourth Regiment Tennessee Volunteer Mounted Infantry, and pay him a pension at the rate of $50 per month.

The name of Orlie A. Armstrong, widow of George W. Armstrong, late of Company D, One hundred and ninety-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary R. Aten, helpless and dependent daughter of Peter Aten, late of Company A, Ninth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Dollie C. Goodell, widow of Lyman P. Goodell, late second-class private, Signal Corps, United States Volunteers, and pay her a pension at the rate of $30 per month.

The name of Eveline S. White, widow of James T. White, late of Company G, Sixth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of William R. Potter, late of Company E, Third Regiment New York Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Sarah J. White, widow of William W. White, late of Company K, Fourteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $70 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Alice O. White, helpless and dependent daughter of said Sarah J. and William W. White, $20 per month of the pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Minnie E. White, helpless and dependent daughter of said Sarah J. and William W. White, $20 per month of the pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Sarah J. White, the names of said Alice O. White and Minnie E. White shall both be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month to each from and after the date of death of said Sarah J. White.

The name of Mary A. Lutz, widow of Frederick Lutz, late of Capt. Hopkins' Company H, First United States Reserve Corps, Missouri Volunteer Home Guards, and pay her a pension at the rate of $30 per month.

The name of Dora Richter, widow of Charles H. Wittman, alias Herman Wittman, alias Charles Richter, late of Company K, Thirty-fifth Regiment Wisconsin Volunteer Infantry, and Twenty-fifth Battery, Indiana Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Eva A. Steece, widow of James A. Steece, late of Company H, One hundred and Forty-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lewvina Hoffer, widow of John Hoffer, late of Company C, Seventy-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $36 per month in lieu of that she is now receiving: *Provided*, That upon the date of attainment of the age of 16 years, or upon death, in the event of death prior to attaining the age of 16 years of Ida F. Hoffer, minor daughter of said Lewvina and John Hoffer, $6 per month of the pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Lewvina Hoffer before Ida F. Hoffer attains the age of 16 years, the name of said Ida F. Hoffer shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $36 per month from and after the date of death of said Lewvina Hoffer, and be paid at that rate until she does attain the age of 16 years.

The name of Georgia M. Sabin, widow of George F. Sabin, late of Company F, Fifty-seventh Regiment Massachusetts Volunteer Infantry, and Company B, Nineteenth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Marsha E. Towles, widow of John R. Towles, late of Company L, Eleventh Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Laura A. McCormick, widow of James T. McCormick, late of Company C, Sixty-second Regiment Ohio Volunteer Infantry, and Company A, One hundred and sixtieth Regiment Ohio National Guard Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of James Campbell, late of Company G, Thirty-third Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $50 per month without recoupment by the Government for former alleged erroneous payments of pension.

The name of Alcey Thompson, widow of Peter Thompson, late of Company A, One hundred and sixth Regiment United States Volunteer Colored Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma E. Waldo, widow of Dillingham Waldo, late of Company K, Sixth Regiment, and Company E, Second Regiment, Vermont Volunteer Infantry, and Twenty-fourth Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Sadie J. Waldo, helpless and dependent daughter of said Emma E. and Dillingham Waldo, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Emma E. Waldo, the name of said Sadie J. Waldo shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Emma E. Waldo.

The name of Mamie Van Tyle, widow of George H. Van Tyle, late of Company H, Fifth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Kirk, widow of Edmond C. Kirk, late of Company A, One hundred and seventy-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Clara Collins, widow of John H. Collins, late of Company B, Twentieth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Bridget Maloney, widow of Michael Maloney, late of Company A, Fifteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Susan Zeek, widow of Farlow S. Zeek, late of Company C, Eighty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Ellen Murray, widow of David M. Murray, late acting assistant surgeon, United States Army, Third Army Corps, and pay her a pension at the rate of $30 per month.

The name of John Canfield, late landsman, United States Navy, and pay him a pension at the rate of $50 per month.

The name of Catharine M. Miller, widow of John A. B. Miller, late of Company K, Third Regiment Maryland Volunteer Cavalry, Company A, Twelfth Regiment Pennsylvania Reserve Volunteer Infantry, and Company G, First Regiment United States Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Aletta A. Querry, widow of John M. Querry, late of Company G, Third Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Nellie Thompson, widow of George Thompson, late of Company B, Second Regiment Potomac Home Brigade Maryland Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eliza J. Roman, widow of John Roman, late of Company K, Third Regiment, and Company B, Eighth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Howard Roman, helpless and dependent son of said Eliza J. and John Roman, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Eliza J. Roman, the name of said Howard Roman shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month, from and after the date of death of said Eliza J. Roman.

The name of Leo J. Emery (Poe H. Emery, guardian), helpless and dependent son of Charles F. Emery, late of Company D, Thirty-ninth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving, payable to guardian.

The name of Charles I. Ginter, helpless and dependent son of William Ginter, late of Company E, One hundred and fortieth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Cyrus W. Harris, late of Company I, One hundred and ninety-first Regiment Ohio Volunteer Infantry, and Company D, Fifty-third Regiment Kentucky Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Jessie Lockwood, helpless and dependent daughter of Samuel D. Lockwood, late of Company I, One hundred and fortieth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month through legal guardian, Francis M. Long.

The name of Sarah E. Lord, widow of Charles W. Lord, late of Company G, Forty-sixth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Nannie Williams, widow of James Williams, late of Company C, One hundredth Regiment United States Volunteer Colored Infantry, and pay her a pension at the rate of $30 per month.

The name of Charles Lynch, alias Thomas Sheridan, late of Company A, Ninth Regiment Connecticut Volunteer Infantry, and Company M, Fourth Regiment Massachusetts Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Lurania Reynolds, widow of James H. Reynolds, late of Company E, Thirty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Nancy Cochran, former widow of Brice W. Jarvice, late of Company C, Eightieth Regiment, and Company C, One hundred and twenty-ninth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of John Nighswander, helpless and dependent son of Martin Nighswander, late of Company B, Fifty-fifth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Emma A. Palmer, widow of John Palmer, late of Company F, Sixtieth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Canton, widow of John Canton, late of Companies I and B, Eighty-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Harriet M. Tyler, widow of Herman A. Tyler, late of Company F, First Regiment Connecticut Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of George F. Bemont, helpless and dependent son of Nelson J. Bemont, late of Company K, Fourteenth Regiment Connecticut Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mary J. Wright, widow of Franklin Wright, alias Franklin Reifine, late of Company H, Twelfth Regiment Pennsylvania Volunteer Cavalry, and Company D, Fifty-second Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Abigail Snay, widow of Joseph Snay, late of Company C, First Regiment Michigan Volunteer Engineers and Mechanics, and pay her a pension at the rate of $30 per month.

The name of Melissa A. Sears, widow of George W. Sears, late of Company I, One hundred and forty-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Etta B. Julius, widow of John D. Julius, late of Company C, Sixth Regiment United States Volunteer Colored Infantry, and pay her a pension at the rate of $30 per month.

The name of Eliza J. Farmer, widow of Eli Farmer, late of Company A, Third Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Evaline Kerr, widow of Henry C. Kerr, late of Company M, Second Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth Acton, former widow of John Quinn, late of Company B, Tenth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Hattie Jeffers, widow of Oscar Jeffers, late of Company F, Sixty-fifth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Benjamin F. Schriver, late of Company B, Fiftieth Regiment Wisconsin Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Jennie Upton, widow of Gainford N. Upton, late of Company C, Twenty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Edward Lichtenstein, helpless and dependent son of Gustave A. M. von Lichtenstein, alias George Smith, late landsman, United States Navy, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Mary E. Webb, widow of James S. Webb, late of Company H, Thirtieth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of James Gilroy, late of Company H, One hundred and forty-third Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Mary E. Fogg, widow of George Fogg, late of Company I, Fifth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Adelia A. Devan, widow of David Devan, late of Company F, One hundred and fifty-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha Ousley, widow of James Ousley, late of Company K, First Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Jennette Hamilton, widow of James D. Hamilton, late of Company D, Seventh Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of James M. Byrne, late of Company I, Eighth Regiment, and Company C, Fourth Regiment, New York Volunteer Heavy Artillery, and pay him a pension at the rate of $50 per month.

The name of Ella Shurtleff, widow of Aaron Shurtleff, late of Company A, Tenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Walter W. Donahue, helpless and dependent son of James Donahue, late of Company E, Eighteenth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Permelia J. Battelle, widow of George S. Battelle, late of Company H, Twenty-fifth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Ellen B. Lathrop, widow of Frederick O. Lathrop, late of Company G, First Battalion, Fourteenth Regiment United States Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alida Payne, helpless and dependent daughter of John A. Payne, late of Company E, Thirty-ninth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mina Binder, widow of Nicklos Binder, late of Company C, First Battalion, Thirteenth Regiment United States Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Bridget Keating, widow of Patrick Keating, late of Company M, Second Regiment, and Company M, Ninth Regiment, New York Volunteer Heavy Artillery, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Jessie Banta, helpless and dependent daughter of Perry Banta, late of Company G, Twenty-fourth Regiment United States Volunteer Colored Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Charity L. Wentzel, widow of George Wentzel, late of Company H, Eighth Regiment New York State Volunteer Militia Infantry, and pay her a pension at the rate of $30 per month.

The name of Julia B. Leibrich, widow of John Leibrich, alias John Miller, late of Company C, One hundred and eighty-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annis Lavera Hastings, helpless and dependent daughter of John W. Hastings, late of Company B, Fifty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Emeline Weir, widow of Robert A. Weir, late of Company G, Eleventh Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Susan F. Tolson, widow of Benjamin Tolson, late of Company K, One hundred and seventeenth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Fannie M. Wilson, widow of David H. Wilson, late acting assistant surgeon, United States Army, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Sarah H. Adams, widow of Alvin Adams, late of Company C, United States Engineer Battalion, and pay her a pension at the rate of $30 per month.

The name of Edith C. Rowlison, widow of Manlabert C. Rowlison, late of Company K, Twenty-second Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jane Loring, widow of Nelson W. Loring, late of Company A, Forty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth A. Sitzer, widow of Daniel S. Sitzer, late of Company B, One hundred and fifty-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of M. Isabel Peirce, widow of James E. Peirce, late of Company L, Third Regiment Massachusetts Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Louisa Phelps, widow of Joseph J. Phelps, late of Company G, One hundred and thirty-ninth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Driscoll, widow of Daniel Driscoll, late of Company I, Thirty-first Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Ellen Driscoll, helpless and dependent daughter of said Mary and Daniel Driscoll, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Mary Driscoll, the name of said Ellen Driscoll shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Mary Driscoll.

The name of Jennie E. Lane, widow of Riley Lane, late of Company F, One hundred and thirty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $36 per month in lieu of that she is now receiving: *Provided*, That upon the date of attainment of the age of 16 years, or upon death, in the event of death prior to attaining the age of 16 years, of John W. Lane, minor son of said Jennie E. and Riley Lane, $6 per month of the pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Jennie E. Lane before John W. Lane attains the age of 16 years, the name of said John W. Lane shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $36 per month from and after the date of death of said Jennie E. Lane, and pension be paid to him at that rate until he does attain the age of 16 years.

The name of Susie Rebekah Underwood, widow of Henry C. Underwood, late of Company C, Third Regiment Potomac Home Brigade, Maryland Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Arthur O'Hara, late of Company G, One hundred and forty-first Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $30 per month.

The name of Sharlett Farmer, widow of Felix G. Farmer, late of Companies G and H, Forty-ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Johanna Mulvihill, widow of Jeremiah C. Mulvihill, late of Company M, Eleventh Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Katherine Denzer, widow of George Denzer, late of Company K, Thirty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ephraim Dillow, late of Company K, Fifteenth Regiment Iowa Volunteer Infantry, transferred to Company C, Seventeenth Regiment Iowa Volunteer Infantry, and Companies B and E, Third Regiment Illinois Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Florence A. David, widow of Alpheus David, late of Company E, One hundred and eleventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Paschal C. Hibbs, late of Company F, One hundred and fourth Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Reuben Clymer, late of Company I, One hundred and thirty-eighth Regiment Pennsylvania Volunteer Infantry, and Companies C and K, Third Regiment New Jersey Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of George W. Horn, late of Companies A and E, Fifth Regiment New Jersey Volunteer Infantry, and Company B, Second Regiment United States Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Georgeanna Sharp, widow of Orin B. Sharp, late of Company K, Sixty-fifth Regiment New York Volunteer Infantry, and Company K, Thirty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Catharine Brummet, widow of William Brummet, late of Company H, Eighty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Margaret M. Bowzer, widow of Augustus A. Bowzer, late of Company K, Thirty-ninth Regiment United States Volunteer Colored Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Whelan, widow of Timothy Whelan, late seaman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Florence F. Watson, widow of Willis H. Watson, late of Company G, Eightieth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Mary C. Mott, widow of Gilbert Mott, late of Company E, Eighth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Edmund N. White, late of Company E, Sixtieth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Celia H. Hulslander, widow of Charles B. Hulslander, late of Company A, Two hundred and seventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mattie F. Conkle, widow of Philip M. Conkle, late of Company F, One hundred and fifteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Nellie C. Newton, widow of Chauncey Newton, late of Company E, Forty-sixth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Martin Egeness, helpless and dependent son of Larse T. Egeness, late of Company M, First Regiment Illinois Volunteer Light Artillery, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Jennie Yarbrough, widow of John R. Yarbrough, late of Company K, Ninety-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Augusta Harrington, widow of John Harrington, alias John Shannon, late of Company I, Twenty-fourth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah K. Marshall, widow of James I. Marshall, late of Company A, Seventeenth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lucy Lavin, widow of Patrick Lavin, late of Company C, Seventh Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Lucinda Buckles, widow of Roley Buckles, late of Company G, Ninety-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jane Lewis, widow of Alfred Herman Lewis, alias Alfred H. Herman, late of Company A, Tenth Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary Burke, widow of John Burke, late of Company B, Sixth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Emma Phipps, widow of William A. Phipps, late of Companies H and A, Sixty-second Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Joshua B. Anderson, late of Company A, Seventeenth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Mary D. Phillippi, widow of Robert M. Phillippi, late of Company E, Eleventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Lola A. Stevens, widow of Cyrenus P. Stevens, late of Company E, Fifth Regiment Maine Volunteer Infantry, and Company A, First Regiment Maine Veteran Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Holton, widow of Noble Holton, late of Company B, Fifty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Lucy J. Foster, widow of James M. Foster, late of Company B, One hundred and sixth Regiment Illinois Volunteer Infantry, and Company K, Twenty-fourth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Lillie A. Foster, helpless and dependent daughter of said Lucy J. and James M. Foster, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Lucy J. Foster, the name of said Lillie A. Foster shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Lucy J. Foster.

The name of Loretta Burket, widow of Peter Burket, late of Company F, Nineteenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Margaret J. Wadsworth, widow of Daniel P. Wadsworth, late of Company H, One hundred and forty-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $12 per month.

The name of Martha Baker, widow of James M. Baker, late of Company D, Sixty-third Regiment Missouri Enrolled Militia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna M. Quinlan, helpless and dependent daughter of John T. Quinlan, late of Company B, One hundred and fifty-seventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Nancy J. Duncan, widow of Charles P. Duncan, late of Company B, Sixth Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Sarah Gaddis, widow of Robert F. Gaddis, late of Second Battery Ohio Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Carrie Lourenia Briney, helpless and dependent daughter of Simon P. Briney, late of Company G, One hundred and first Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month, to continue at that rate during period of helplessness.

The name of Rebecca Brown, widow of George J. Brown, late of Company F, First Regiment Indiana Volunteer Heavy Artillery, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Alice M. Stafford, widow of Stephen R. Stafford, late captain, Fifteenth Regiment, and major, United States Army, retired, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Louisa Tincher, widow of Thomas B. Tincher, late of Company A, Forty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Emma L. Helsel, widow of John F. Helsel, late of Company A, Fifty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Drucilla T. Collier, widow of Frank M. Collier, late of Companies F and C, First Regiment Maryland Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jonah B. Eaton, late of Company D, Third Regiment Potomac Home Brigade Maryland Volunteer Infantry, and pay him a pension at the rate of $50 per month, without recoupment by the Government for former alleged erroneous payments of pension.

The name of Nancy Bastin, former widow of Alonzo Kelly, late of Company K, Thirty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Caroline Sowers, widow of George H. Sowers, late of Company A, Sixty-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Rose E. Cain, widow of Anthony Cain, late of Company A, Sixth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Mary J. Johnson, widow of John Johnson, late of Companies M and E, Twenty-first Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Malinda S. Lambert, widow of James H. Lambert, late of Company K, Forty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary O. Weatherhead, widow of Lewis Weatherhead, late of Companies K and C, Second Regiment United States Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided* That in the event of the death of Inez Weatherhead, helpless and dependent daughter of said Mary O. and Lewis Weatherhead, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Mary O. Weatherhead the name of said Inez Weatherhead shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Mary O. Weatherhead.

The name of Nancy A. Young, widow of John F. Young, late of Company C, One hundred and thirty-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of John Young, helpless and dependent son of said Nancy A. and John F. Young, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Nancy A. Young the name of said John Young shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Nancy A. Young.

The name of Mittie Van Bibber, widow of Sidney Van Bibber, late hospital steward Twenty-second Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Lydia A. Keller, widow of Hiram E. Keller, late of Company H, One hundred and fifteenth Regiment Indiana Volunteer Infantry, and Twenty-fifth Battery Indiana Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Martha J. Holden, widow of Richard Holden, late of Company G, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of William Owins, helpless and dependent son of John P. Owins, late of Company G, One hundred and thirty-first Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The foregoing bill is a substitute for the following House bills referred to the Committee on Invalid Pensions:

H. R. 422. Edmond D. Judkins.
H. R. 586. Orlie A. Armstrong.
H. R. 665. Joshua B. Anderson.
H. R. 766. Mary R. Aten.
H. R. 1093. Mary D. Phillippi.
H. R. 1224. Dollie C. Goodell.

H. R. 1265. Lola A. Stevens.
H. R. 1314. Eveline S. White.
H. R. 1580. William R. Potter.
H. R. 1745. Sarah J. White.
H. R. 1782. Sarah E. Holton.
H. R. 1909. Mary A. Lutz.
H. R. 1947. Dora Richter.
H. R. 2107. Eva A. Steece.
H. R. 2632. Lewvina Hoffer.
H. R. 2650. Georgia M. Sabin.
H. R. 2698. Marsha E. Towles.
H. R. 3088. Laura A. McCormick.
H. R. 3092. James Campbell.
H. R. 3213. Alcey Thompson.
H. R. 3281. Emma E. Waldo.
H. R. 3289. Mamie Van Tyle.
H. R. 3290. Mary E. Kirk.
H. R. 3292. Lucy J. Foster.
H. R. 3413. Clara Collins.
H. R. 3497. Bridget Maloney.
H. R. 3889. Susan Zeek.
H. R. 3963. Ellen Murray.
H. R. 3967. John Canfield.
H. R. 4011. Loretta Burket.
H. R. 4012. Catharine M. Miller.
H. R. 4014. Aletta A. Querry.
H. R. 4068. Nellie Thompson.
H. R. 4148. Eliza J. Roman.
H. R. 4149. Leo J. Emery.
H. R. 4152. Charles I. Ginter.
H. R. 4155. Cyrus W. Harris.
H. R. 4156. Jessie Lockwood.
H. R. 4235. Sarah E. Lord.
H. R. 4295. Nannie Williams.
H. R. 4364. Charles Lynch, alias Thomas Sheridan.
H. R. 4431. Lurania Reynolds.
H. R. 4612. Nancy Cochran.
H. R. 4644. John Nighswander.
H. R. 4648. Emma A. Palmer.
H. R. 4840. Sarah E. Canton.
H. R. 4922. Margaret J. Wadsworth.
H. R. 4962. Martha Baker.
H. R. 5075. Harriet M. Tyler.
H. R. 5076. George F. Bemont.
H. R. 5116. Mary J. Wright.
H. R. 5145. Abigail Snay.
H. R. 5187. Melissa A. Sears.
H. R. 5193. Etta B. Julius.
H. R. 5197. Eliza J. Farmer.
H. R. 5201. Evaline Kerr.
H. R. 5235. Elizabeth Acton.
H. R. 5269. Anna M. Quinlan.
H. R. 5471. Hattie Jeffers.
H. R. 5488. Benjamin F. Schriver.
H. R. 5493. Jennie Upton.
H. R. 5499. Edward Lichtenstein.
H. R. 5509. Mary E. Webb.
H. R. 5535. James Gilroy.
H. R. 5540. Mary E. Fogg.
H. R. 5561. Adelia A. Devan.
H. R. 5593. Martha Ousley.
H. R. 5707. Nancy J. Duncan.
H. R. 5712. Jennette Hamilton.
H. R. 5725. James M. Byrne.
H. R. 5737. Ella Shurtleff.
H. R. 5738. Walter W. Donahue.
H. R. 5742. Permelia J. Battelle.
H. R. 5779. Ellen B. Lathrop.
H. R. 5782. Alida Payne.
H. R. 5788. Sarah Gaddis.
H. R. 5797. Mina Binder.
H. R. 5802. Bridget Keating.
H. R. 5819. Jessie Banta.
H. R. 5821. Charity L. Wentzel.
H. R. 5858. Julia B. Leibrich.
H. R. 5867. Annis Lavera Hastings.
H. R. 5874. Carrie Lourenia Briney.
H. R. 5905. Emaline Weir.
H. R. 5907. Susann F. Tolson.
H. R. 5913. Fannie M. Wilson.
H. R. 5937. Sarah H. Adams.
H. R. 5956. Edith C. Rowlison.
H. R. 5967. Rebecca Brown.
H. R. 5994. Jane Loring.
H. R. 6007. Elizabeth A. Sitzer.
H. R. 6080. M. Isabel Peirce.
H. R. 6082. Louisa Phelps.
H. R. 6086. Mary Driscoll.
H. R. 6090. Jennie E. Lane.
H. R. 6133. Susie Rebekah Underwood.
H. R. 6144. Arthur O'Hara.
H. R. 6190. Sharlett Farmer.
H. R. 6192. Alice M. Stafford.
H. R. 6268. Johanna Mulvihill.
H. R. 6277. Louisa Tincher.
H. R. 6279. Katharine Denzer.
H. R. 6326. Ephraim Dillow.
H. R. 6360. Florence A. David.
H. R. 6362. Emma L. Helsel.
H. R. 6369. Paschal C. Hibbs.
H. R. 6370. Reuben Clymer.
H. R. 6371. George W. Horn.
H. R. 6404. Drucilla T. Collier.
H. R. 6436. Georgeanna Sharp.
H. R. 6440. Catharine Brummet.
H. R. 6444. Margaret M. Bowzer.
H. R. 6469. Jonah B. Eaton.
H. R. 6532. Margaret Whelan.
H. R. 6578. Florence F. Watson.
H. R. 6617. Nancy Bastin.
H. R. 6625. Mary C. Mott.
H. R. 6626. Caroline Sowers.
H. R. 6639. Rose E. Cain.
H. R. 6689. Edmund N. White.
H. R. 6695. Celia H. Hulslander.
H. R. 6696. Mary J. Johnson.
H. R. 6708. Mattie F. Conkle.
H. R. 6711. Nellie C. Newton.
H. R. 6731. Malinda S. Lambert.
H. R. 6756. Martin Egeness.
H. R. 6764. Mary O. Weatherhead.
H. R. 6766. Nancy A. Young.
H. R. 6798. Mittie Van Bibber.
H. R. 6803. Lydia A. Keller.
H. R. 6828. Jennie Yarbrough.
H. R. 6897. Martha J. Holden.
H. R. 6950. William Owins.
H. R. 6971. Augusta Harrington.
H. R. 6979. Sarah K. Marshall.
H. R. 6984. Lucy Lavin.
H. R. 7004. Lucinda Buckles.
H. R. 7013. Jane Lewis.
H. R. 7029. Mary Burke.
H. R. 7046. Emma Phipps.

ADJOURNMENT OVER.

During the reading of the foregoing bill the following occurred:

Mr. GARRETT of Tennessee. Mr. Speaker, I move to strike out the last word. I would like to ask the attention of the gentleman from Wyoming for a moment for the benefit of some of the Members. Is it the purpose to adjourn over to-morrow?

Mr. MONDELL. I am glad the gentleman has asked me that question, as I had intended to say that unless there is a very considerable insistence on the part of the membership of the House to the contrary I shall ask that when we adjourn to-day we adjourn to meet on Monday. Not hearing any insistence for a meeting on Saturday, and realizing that Members have been working very diligently, and that they really need a day to attend to departmental work and to catch up with their correspondence, I ask unanimous consent, Mr. Speaker, that when the House adjourn to-day it adjourn to meet on Monday next.

The SPEAKER pro tempore. Does the gentleman from Tennessee yield to the gentleman from Wyoming?

Mr. GARRETT of Tennessee. I yield.

The SPEAKER pro tempore. The gentleman from Wyoming asks unanimous consent that when the House adjourn to-day it adjourn to meet on Monday next. Is there objection? [After a pause.] The Chair hears none.

The Clerk concluded the reading of the bill.

PENSIONS.

Mr. FULLER. Mr. Speaker, I offer the following committee amendments to the bill H. R. 7340.

The SPEAKER pro tempore. The gentleman from Illinois offers the following amendments, which the Clerk will report.

The Clerk read as follows:

Mr. FULLER moves to amend H. R. 7340 as follows:

Strike out lines 9, 10, 11, and 12 on page 22 (pension of Lucy Lavin).

On page 25, at the end of line 11, insert the words: "In lieu of that she is now receiving."

The SPEAKER pro tempore. The question is on the amendments offered by the gentleman from Illinois [Mr. FULLER].

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. FULLER a motion to reconsider the vote by which the bill was passed was laid on the table.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2594. An act authorizing the counties of Allendale, S. C., and Screven, Ga., to construct a bridge across the Savannah River between said counties at or near Burtons Ferry;

S. 2591. An act to provide for the construction of a public bridge across the Niagara River; and

S. 2425. An act granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes.

The message also announced that the Senate had disagreed to the amendments of the House of Representatives to the bill (S. 920) for the consolidation of forest lands in or near national forests, New Mexico, had asked a conference on the disagreeing votes of the two Houses, and had appointed Mr. SMOOT, Mr. NORRIS, and Mr. MYERS as the conferees on the part of the Senate.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2591. An act to provide for the construction of a public bridge across the Niagara River; to the Committee on Interstate and Foreign Commerce.

S. 2594. An act authorizing the counties of Allendale, S. C., and Screven, Ga., to construct a bridge across the Savannah River between said counties at or near Burtons Ferry; to the Committee on Interstate and Foreign Commerce.

PENSIONS.

Mr. FULLER. Mr. Speaker, I call up the bill H. R. 7827.

The SPEAKER pro tempore. The gentleman from Illinois calls up the bill H. R. 7827, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7827) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Hall S. Siner, helpless and dependent son of William Siner, late of Company F, Seventy-second Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Harriet F. Bailey, helpless and dependent daughter of Ephraim Bailey, late of Company I, Fourth Regiment Massachusetts Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Noelie Gilmore, widow of Henry E. Gilmore, late of Company I, One hundred and fourteenth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Helen A. Seeker, former Widow of Edward A. Edgar, late of Company F, Fourteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Graham, helpless and dependent daughter of Barton W. Graham, late of Company H, Sixty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of William Martin, helpless and dependent son of Clay Martin, late of Company B, First Regiment United States Colored Volunteer Heavy Artillery, and pay him a pension at the rate of $20 per month.

The name of Nancy E. Spilman, widow of Charles T. Spilman, late assistant surgeon, Seventh Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Andrew J. Shepherd, late of Company A, Michigan Provost Guards Volunteers, and pay him a pension at the rate of $50 per month.

The name of Jemima J. Parker, widow of Isaac A. J. Parker, late of Company G, First Regiment Alabama Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Lillian Parker, helpless and dependent daughter of said Jemima J. and Isaac A. J. Parker, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Jemima J. Parker, the name of said Lillian Parker shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Jemima J. Parker.

The name of Sarah B. Jewett, widow of Orin Jewett, late of Company G, Third Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Ash, helpless and dependent daughter of Andrew J. Ash, late of Company F, Osage County Missouri Home Guards, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Mary Jane Miller, widow of John C. Miller, late of Battery E, Fifth Regiment United States Volunteer Artillery, and pay her a pension at the rate of $35 per month.

The name of Mary E. Coss, widow of John C. Shoemaker, known as John Coss, late of Company A, One hundred and forty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lewis E. Phillips, helpless and dependent son of George W. Phillips, late of Company B, Thirtieth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mary A. Adams, widow of James F. Adams, late of Company D, One hundred and sixty-seventh Regiment Pennsylvania Volunteer Drafted Militia Infantry, and pay her a pension at the rate of $30 per month.

The name of Amanda A. M. Anderson, former widow of James W. Mount, late of Company F, Thirty-ninth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary W. McShellabarger, widow of John McShellabarger, late of Company C, Sixty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah Gibbs, widow of Elias Gibbs, late of Company I, Second Regiment Kansas Volunteer Infantry, and Company D, Eleventh Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mathilda Wendorff, widow of Ferdinand Wendorff, late of Companies A and D, Ninth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary M. Joy, widow of Stephen D. Joy, late acting master U. S. S. *J. P. Jackson* and *Midnight*, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Cora A. Lasley, helpless and dependent daughter of Francis M. Lasley, late of Company D, Thirty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Charles S. George, helpless and dependent son of Enoch George, late of Company I, Fifth Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Johannah Cuff, widow of Patrick Cuff, late of Company G, Sixth Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Sarah A. Dow, widow of William H. Dow, late of Company D, Sixty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Carrie M. Smart, helpless and dependent daughter of William M. Smart, late of Company K, Fifty-first Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Emily Wilson, widow of George Wilson, late of Company H, Fifty-third Regiment, and Company D, One hundred and thirty-second regiment, New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Laura C. Kinney, widow of Sylvester Kinney, late of Company G, Fifty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Jennings, widow of John J. Jennings, late of Company H, Third Regiment North Carolina Volunteer Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Eveline Weekley, widow of Andrew J. Weekley, late of Company G, Twenty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of George W. Weekley, helpless and dependent son of said Eveline Weekley and Andrew J. Weekley, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Eveline Weekley the name of said George W. Weekley shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Eveline Weekley.

The name of Cora May Hill, widow of Perry S. Hill, late of Company G, One hundred and fifty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Nancy J. Brafford, widow of Thomas J. Brafford, late of Company H, Twelfth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Agnes L. Hoffman, widow of Frank George Hoffman, late of Company I, Fifteenth Regiment New Jersey Volunteer Infantry, and Company E, Second Regiment New Jersey Volunteer Veteran Infantry, and pay her a pension at the rate of $30 per month.

The name of Aaron V. S. Rouse, late of Company B, One hundred and second Regiment New York Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Clara Jackson, widow of Peter W. Jackson, late of Company C, Thirty-eighth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alice M. McCoy, widow of Robert J. McCoy, late of Company E, Thirty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Nancy Smith, widow of David U. Smith, late of Company F, Twenty-sixth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Clara B. Jinks, widow of Liberty Jinks, late of Company I, Second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Frances V. Kenney, widow of Michael Kenney, late of Quartermaster Department, United States Army, and pay her a pension at the rate of $30 per month.

The name of Hester A. Devereux, widow of Hugh Devereux, late of Company K, First Regiment New York Volunteer Mounted Rifles, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Ellen Brown, widow of Reuben B. Brown, late of Company C, Ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Martha E. Fuqua, widow of Cyrus G. Fuqua, late of Company I, Second Regiment Missouri Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of George S. Fuqua, helpless and dependent son of said Martha E. and Cyrus G. Fuqua, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Martha E. Fuqua, the name of said George S. Fuqua shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Martha E. Fuqua.

The name of Mollie Nave, widow of Isaac N. Nave, late of Company A, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Christine Schlusser, widow of Benjamin J. Schlusser, late of Company H, One hundred and eighty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary A. Gibbons, former widow of Lysander Pelton, late second-class fireman, United States Navy, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Fanny E. Cade, widow of William A. Cade, late of Company B, Nineteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving, through duly appointed guardian.

The name of Mary J. Thompson, widow of John R. Thompson, late of Company H, One hundred and forty-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Waters, widow of Thomas Waters, late major, Fourth Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Mary A. Crow, widow of Washington D. Crow, late of Company C, First Regiment Alabama Volunteer Vidette Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Nancy Miller Odom, former widow of Thomas Miller, late of Company M, Eighth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Catharine Celley, widow of James M. Celley, late unassigned, Second Regiment Vermont Volunteer Infantry, and pay her a pension at the rate of $35 per month.

The name of Sarah L. McDavitt, widow of Phillip McDavitt, late of Company B, Fourth Regiment Massachusetts Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Gertrude B. Swain, widow of John B. Swain, late of Company K, Fourteenth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Callaghan, widow of Michael Callaghan, late of Company K, Forty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Andrew J. Leonard, helpless and dependent son of Albert R. Leonard, late of Company A, One hundred and eighteenth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Margaret J. Ewers, widow of Mire Ewers, late of Company E, One hundred and seventy-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Morrill, widow of Ira G. Morrill, late of Company B, Fifty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Cora C. Prickett, widow of Francis M. Prickett, late of Company B, Seventieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Wallace M. Davis, late of Company G, Fifth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Anna Myers (whose guardian is Logan Shuey), helpless and dependent daughter of David R. P. Myers, late of Companies C and B, Seventy-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Nettie E. Myers (whose guardian is Logan Shuey), helpless and dependent daughter of David R. P. Myers, late of Companies C and B, Seventy-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Elizabeth J. Batchelor, widow of James Batchelor, late of Company C, Ninety-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Henrietta Argadine, widow of Elmore C. Argadine, late of Company A, First Battalion, Thirteenth Regiment United States Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of William W. Stone, helpless and dependent son of William W. Stone, late of Company F, First Regiment Massachusetts Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Elizabeth V. McAllister, widow of Miron B. McAllister, late of Company A, Fifth Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of John Green, helpless and dependent son of Richard Green, late of Company B, First Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Anna E. Washington, widow of Robert Washington, late of Company I, Fifty-fifth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Hide, widow of Francis M. Hide, alias George Bryant, late of Company E, Ninety-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving through duly appointed guardian.

The name of Margaret Keller, widow of George Keller, late of Company I, Fifty-third Regiment, and Company G, One hundred and thirty-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Louisa Sinclair, widow of Benjamin F. Sinclair, late of Company K, Forty-seventh Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Andrew J. Legg, late of Company N, Green and Christian Counties Home Guards, and Company C, Fifty-first Regi-

ment Enrolled Missouri Militia, and pay him a pension at the rate of $50 per month.

The name of Anna Topper, widow of William A. Topper, alias Avitus B. Topper, late of Company F, First Regiment Potomac Home Brigade Maryland Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary Walden, widow of William Walden, late of Company E, First Regiment Arkansas Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now reciving.

The name of Marion B. Rathbun, helpless and dependent son of George W. Rathbun, late of Company I, Twenty-first Regiment Missouri Volunteer Infantry, and pay him a pension at the rate of $20 per month through duly appointed guardian.

The name of Sadie M. McKinney, widow of Harvey McKinney, late of Company K, One hundred and eighteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Susan Hall, widow of Melvin S. P. Hall, late of Company E, Forty-ninth Regiment, and Company I, Seventh Regiment Kentucky Volunteer Infantry, and Company E, Sixth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Annie E. Houseman, widow of Louis Houseman, late of Company K, One hundred and forty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Martha E. White, widow of William L. White, late of Company B, Seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month.

The name of Eliza P. Pike, widow of Elijah Pike, late of Company C, Thirteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Holt, widow of Joseph D. Holt, late of Company A, Twenty-eighth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Louisa A. Pennock, widow of Henry Pennock, late of Company K, Sixth Regiment Minnesota Volunteer Infantry, and pay her a pension at the rate of $30 per month through duly appointed guardian.

The name of Josephine C. Browning, widow of Abraham M. Browning, late of Company H, Thirty-eighth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Carrie M. Birdsall, helpless and dependent daughter of James H. Birdsall, late of Company I, Fifty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Mary J. Rookard, widow of James Rookard, late of Company C, Forty-ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Kester, widow of Francis M. Kester, late of Company A, Twenty-second Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Rankin, widow of John Rankin, late of Company F, Twenty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah Elizabeth Burress, widow of Jesse Burress, late of Company A, Twenty-third Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Louisa S. Skaggs, widow of William B. Skaggs, late of Company E, Third Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary J. Davis, widow of Jacob B. Davis, late of Company C, Twenty-sixth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Hannah Bailey, widow of James W. Bailey, late of Company E, Ninety-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Arthur Bailey, helpless and dependent son of said Hannah and James W. Bailey, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Hannah Bailey, the name of said Arthur Bailey shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Hannah Bailey.

The name of Emelie Caron, widow of David Caron, alias David Curran, late of Company D, First Regiment Maine Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Evaline Jenkins, widow of David B. Jenkins, late of Company F, Second Regiment Tennessee Volunteer Infantry, and Company C, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Celia Cary, helpless and dependent daughter of Samuel Cary, late of Company I, Sixteenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Maggie B. Sullivan, widow of George W. Sullivan, late of Company E, Fourteenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary J. Brown, widow of William Brown, late of Company B, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and the Eighty-sixth Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Claribel Healy, helpless and dependent daughter of Stephen Healy, late of Company D, Eighty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Melissa J. Walker, widow of Hiram Walker, late of Company B, One hundred and fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha J. Munson, widow of Henry C. Munson, alias Charles Wright, late of Company H, Thirty-third Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Andrew Shillingburg, late of Quartermaster Department, United States Army, and pay him a pension at the rate of $50 per month.

The name of Fannie Knowles, widow of James Knowles, late of Company K, Sixty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alice B. Moore, widow of Pliny Moore, late of Company C, Sixteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

Mr. FULLER. Mr. Speaker, I offer the following amendments.

The SPEAKER pro tempore. The gentleman from Illinois offers the following amendments, which the Clerk will report.

The Clerk read as follows:

Page 3, line 23, strike out "$35" and insert "$30."
On page 4 strike out lines 19 to 23, inclusive.
On page 14 strike out lines 1 to 4, inclusive.
On page 15 strike out lines 7 to 11, inclusive.

Mr. FULLER. In the case of the last three amendments the proposed beneficiaries have died.

The SPEAKER pro tempore. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. FULLER, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The foregoing bill is a substitute for the following bills referred to the Committee on Invalid Pensions:

H. R. 1289. Hall S. Siner.
H. R. 1676. Harriet F. Bailey.
H. R. 1791. Noelie Gilmore.
H. R. 1811. Helen A. Seeker.
H. R. 1842. Mary E. Graham.
H. R. 2802. William Martin.
H. R. 3513. Nancy E. Spilman.
H. R. 3522. Andrew J. Shepherd.
H. R. 3983. Jemima J. Parker.
H. R. 3997. Sarah B. Jewett.
H. R. 4329. Mary E. Ash.
H. R. 4662. Mary Jane Miller.
H. R. 4663. Mary E. Coss.
H. R. 4665. Lewis E. Phillips.
H. R. 4700. Mary A. Adams.
H. R. 5081. Amanda A. M. Anderson.
H. R. 5150. Mary W. McShellabarger.
H. R. 5666. Sarah Gibbs.
H. R. 5719. Mathilda Wendorff.
H. R. 5723. Mary M. Joy.
H. R. 5740. Cora A. Lasley.
H. R. 5741. Charles S. George.
H. R. 5774. Johannah Cuff.
H. R. 5798. Sarah A. Dow.
H. R. 5854. Carrie M. Smart.
H. R. 5862. Emily Wilson.
H. R. 5865. Laura C. Kinney.
H. R. 5915. Mary E. Jennings.
H. R. 5959. Eveline Weekley.
H. R. 6063. Cora May Hill.
H. R. 6087. Nancy J. Brafford.
H. R. 6092. Agnes L. Hoffman.
H. R. 6176. Aaron V. S. Rouse.
H. R. 6242. Clara Jackson.
H. R. 6291. Alice M. McCoy.
H. R. 6355. Nancy Smith.
H. R. 6361. Clara B. Jinks.
H. R. 6456. Frances V. Kenney.
H. R. 6474. Hester A. Devereux.
H. R. 6555. Ellen Brown.
H. R. 6585. Martha E. Fuqua.
H. R. 6598. Mollie Nave.
H. R. 6633. Christine Schlusser.
H. R. 6657. Mary A. Gibbons.
H. R. 6660. Fanny E. Cade.
H. R. 6670. Mary J. Thompson.
H. R. 6688. Mary E. Waters.
H. R. 6702. Mary A. Crow.
H. R. 6703. Nancy Miller Odom.
H. R. 6719. Catharine Celley.
H. R. 6720. Sarah L. McDavitt.
H. R. 6729. Gertrude B. Swain.
H. R. 6732. Margaret Callaghan.
H. R. 6759. Andrew J. Leonard.
H. R. 6787. Margaret J. Ewers.
H. R. 6789. Sarah E. Morrill.
H. R. 6794. Cora C. Prickett.
H. R. 6797. Wallace M. Davis.
H. R. 6801. Anna Myers.
H. R. 6802. Nettie E. Myers.
H. R. 6833. Elizabeth J. Batchelor.
H. R. 6853. Henrietta Argadine.
H. R. 6881. William W. Stone.
H. R. 6886. Elizabeth V. McAllister.
H. R. 6898. John Green.
H. R. 6921. Anna E. Washington.
H. R. 6932. Margaret Hide.
H. R. 6934. Margaret Keller.
H. R. 6941. Louisa Sinclair.
H. R. 6947. Andrew J. Legg.
H. R. 7008. Anna Topper.
H. R. 7023. Mary Walden.
H. R. 7026. Marion B. Rathbun.
H. R. 7030. Sadie M. McKinney.
H. R. 7068. Susan Hall.
H. R. 7085. Annie E. Houseman.
H. R. 7091. Martha E. White.
H. R. 7134. Eliza P. Pike.
H. R. 7135. Mary E. Holt.
H. R. 7136. Louisa A. Pennock.
H. R. 7142. Josephine C. Browning.
H. R. 7173. Carrie M. Birdsall.
H. R. 7188. Mary J. Rookard.
H. R. 7224. Mary Kester.
H. R. 7231. Sarah E. Rankin.
H. R. 7238. Sarah Elizabeth Burress.
H. R. 7242. Louisa S. Skaggs.
H. R. 7244. Mary J. Davis.
H. R. 7282. Hannah Bailey.
H. R. 7287. Emelie Caron.
H. R. 7313. Evaline Jenkins.
H. R. 7332. Celia Cary.
H. R. 7355. Maggie B. Sullivan.
H. R. 7373. Mary J. Brown.
H. R. 7377. Claribel Healy.
H. R. 7382. Melissa J. Walker.
H. R. 7391. Martha J. Munson.
H. R. 7524. Andrew Shillingburg.
H. R. 7557. Fannie Knowles.
H. R. 7588. Alice B. Moore.

Mr. FULLER. Mr. Speaker, I call up the bill H. R. 8624.

The SPEAKER pro tempore. The gentleman from Illinois calls up the bill H. R. 8624, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 8624) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Sabria L. Clark, former widow of Louis G. Foote, late of Company H, Second Battalion Fourteenth Regiment United States Volunteer Infantry, and Battery E, Third Regiment United States Volunteer Artillery, and pay her a pension at the rate of $30 per month.

The name of Seph J. Jones, widow of Hubbard F. Jones, late of Company L, Eighth Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Minnie W. Caswell, widow of Morris A. Caswell, late of Company H, Ninety-second Regiment New York Volunteer Infantry, and Company K, Fourteenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Jonathan D. Hale, late of Company D, Twelfth Regiment Kentucky Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Susan E. Slinker, widow of Levi Slinker, late of Company G, Seventy-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah A. Graves, widow of Samuel C. Graves, late captain, Twenty-seventh Unattached Company Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Joseph Miley, late of Company F, Seventh Regiment West Virginia Volunteer Infantry, and pay him a pension at the rate of $30 per month.

The name of Lavina F. Prichett, widow of Martin Prichett, late of Company B, Ninety-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Marie Hirt, widow of Herman A. Hirt, late of Company B, Twelfth Regiment, and Company I, Fifty-fourth Regiment, and Company A, One hundred and ninety-first Regiment, New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha J. Purdon, widow of John P. Purdon, late of Company I, Twelfth Regiment, and Company D, Fifty-ninth Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Albert H. Ellwood, late of Company P, First Regiment California Volunteer Infantry, and Company G, Seventy-first Regiment Pennsylvania Infantry, and Company P, Seventy-first Regiment Pennsylvania Volunteer Infantry, and Eighteenth Independent Battery and Twenty-fifth Independent Battery, New York Volunteer Light Artillery, and pay him a pension at the rate of $50 per month.

The name of Mary E. Wells, widow of Edwin O. Wells, late of Company H, Sixth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annie Casey, widow of James Casey, late landsman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Rose M. Tucker, widow of Frank Tucker, late of Company F, Thirty-sixth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary A. Jones, widow of Samuel Jones, late of Company E, One hundred and forty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lucetta Brown, widow of William H. Brown, late of Company C, One hundred and fifteenth Regiment Indiana Volunteer Infantry, and Thirteenth Battery, Indiana Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Earl Brown, helpless and dependent son of said Lucetta and William H. Brown, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Lucetta Brown, the name of said Earl Brown shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Lucetta Brown.

The name of Winifred W. Adams, widow of Martin L. Adams, late of Company C, Twenty-sixth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Reynolds, widow of William Reynolds, late of Company C, Seventy-ninth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Dieffenbacher, widow of James G. Dieffenbacher, late of Company B, Thirty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ezra M. Sellers, helpless and dependent son of John H. Sellers, late of Company B, Fifty-seventh Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of George Stanley, late of Company D, Fifth Regiment United States Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Emma M. McIntyre, widow of Ezra McIntyre, late of Company E, Fourteenth Regiment New York Volunteer Infantry, and Company E, First Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Hester Lindsay, widow of William W. Lindsay, late of Company A, First Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $72 per month, to include $60 per month for each of the seven minor children of Hester and William W. Lindsay, to wit, Mable Lee, William Henry, Eula Bell, Maray Daisy, Angeline, Leo, and Clarence Walden, to the date they severally attain the age of 16 years, such pension to be paid, distributed, and terminated the same as widows' and minors' pensions granted under existing general pension laws.

The name of Jeremiah W. McNew, helpless and dependent son of John J. McNew, late of Company D, Thirty-seventh Regiment Indiana Volunteer Infantry, and Company H, Fifteenth Regiment Veteran Reserve Corps, and pay him a pension at the rate of $20 per month.

The name of Catherine Rugg, widow of Jay Rugg, late of Company D, One hundred and thirty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Angeline Bissel, widow of Jacob Beisel, alias Jacob Bissel, late of Company B, Black Hawk Cavalry, and known as Company B, Seventh Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Ellen J. Webb, former widow of John N. Lawson, late of Company E, Forty-sixth Regiment Ohio Volunteer Infantry, and Company K, Second Regiment United States Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Nellie Thompson, widow of George Thompson, late of Company B, Second Regiment Potomac Home Brigade, Maryland Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jennie M. Freeborn, widow of Montraville M. Freeborn, late of Company L, Fourth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Hester Tracy, widow of Daniel P. Tracy, late of Company D, First Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Viola Andrews, helpless and dependent daughter of George W. Andrews, late of Company E, Thirty-third Regiment Pennsylvania Volunteer Infantry, Fourth Reserve, and unassigned, Fifty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of William H. Willard, helpless and dependent son of Elias Willard, late of Company A, Sixty-eighth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Margaret Staton, widow of Reuben Staton, late of Company C, Tenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Ernest M. Staton, helpless and dependent son of said Margaret and Reuben Staton, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Margaret Staton the name of said Ernest M. Staton shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Margaret Staton.

The name of Emma F. Freeland, widow of John J. Freeland, late of Company I, Seventy-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Maria C. Fick, widow of William P. Fick, late of Company F, Eleventh Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Maud P. Fick, helpless and dependent daughter of said Maria C. and William P. Fick, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Maria C. Fick the name of said Maud P. Fick shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Maria C. Fick.

The name of Mary J. Light Lawrence, widow of Absalom Light Lawrence, late of Company B, Forty-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth Mullins, former widow of James Monroe, late of Company E, First Regiment Kentucky Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Clara L. Randall, widow of James H. Randall, late of Company D, First Regiment Vermont Volunteer Heavy Artillery, and Company C, First Battalion Vermont Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Mary Chapman, widow of Henry K. Chapman, late of Company A, First Battalion Massachusetts Volunteer Heavy Artillery, any pay her a pension at the rate of $30 per month.

The name of Oscar F. Heath, late of Company C, Seventh Regiment, and Company I, Ninth Regiment, Kansas Volunteer Cavalry, and Company A, Twenty-first Regiment Kansas Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Lucinda Grubb, widow of Abraham Grubb, late of Company K, One hundred and eighty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sally A. Carney, widow of John H. Carney, late of Company A, Second Regiment, and Company H, First Regiment, North Carolina Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Cole, widow of Alonzo Cole, late of Company F, Twenty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of James Gloster, late musician, Sixteenth United States Volunteer Infantry, and of the Twenty-seventh Independent Battery, New York Volunteer Light Artillery, and Company K, First Regiment Potomac Home Brigade, Maryland Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Mary Jane Howells, helpless and dependent daughter of Robert D. Howells, late of Company C, One hundred and seventy-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Ida J. McMath, widow of Charles McMath, late of Company C, Twenty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of William S. Wilson, late of U. S. S. *Vermont*, United States Navy, and pay him a pension at the rate of $50 per month.

The name of Ella W. Cunningham, helpless and dependent daughter of John Cunningham, late of Company B, Fourteenth Regiment New York State Militia, later known as the Eighty-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Mordecai Fizone, late of Company E, Fifty-fourth Regiment Pennsylvania Volunteer Infantry, also known as Company E, Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and Capt. Wrigley's independent company, Pennsylvania Volunteer Infantry, and Company D, Fifty-first Regiment Pennsylvania Volunteer Infantry, and Battery L, Fifth Regiment United States Artillery, and pay him a pension at the rate of $50 per month.

The name of Annie G. Allen, widow of George L. Allen, late of Company F, Ninth Regiment Maine Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eliza Robinson, widow of William A. Robinson, late of Company K, Seventieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of George W. Garrison, late of Company C, One hundred and twentieth Regiment New York Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Nancy A. Judson, widow of Phineas D. Judson, late of Company H, First Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Sallie Perdue, widow of Granville C. Perdue, late of Company A, Eleventh Regiment East Tennessee Volunteer Cavalry, and Company E, Seventh Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Lucrusy Gray, widow of Hiram H. Gray, late of Company A, Forty-ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary F. Green, former widow of James R. Rice, late of Company B, Sixty-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of John Calvin Lane, late scout and guide, Eighth Regiment Missouri Volunteer Cavalry, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Nellie A. Lovell, helpless and dependent daughter of J. Byron Lovell, late of Company C, Twenty-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Ella J. Lovell, widow of Nathan V. Lovell, late of Company B, Seventh Regiment Michigan Volunteer Cavalry, and Company B, Ninth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alverdie Rush, helpless and dependent daughter of Salathiel Rush, late of Company F, Sixty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Anna D. Clinch, widow of Edward S. Clinch, late of Company A, Eighth Regiment Minnesota Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary F. Grady, former widow of Jesse Grady, late of Company H, Sixty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Henry Horton, late of Company E, Thirty-first Regiment Massachusetts Volunteer Infantry, and Company A, Second Regiment Vermont Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Nora E. Billstein, widow of Marcus Billstein, late of Company A, Fifteenth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Cole, widow of James M. Cole, late of Company C, Second Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Jacob B. Boyer, late of Company F, Third Regiment Michigan Volunteer Infantry, and pay him a pension at the rate of $50 per month without recoupment by the Government for former alleged erroneous payments of pension.

The name of Saladn Moses, late nurse, Medical Department, United States Army, and pay her a pension at the rate of $30 per month.

The name of Dorcas B. Hall, widow of William N. Hall, late of Company B, Eleventh Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Sadie E. Younkin, helpless and dependent daughter of Samuel F. Younkin, late of Company A, Twelfth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Alice Meeks, widow of Reuben M. Meeks, late of Company E, First Regiment Alabama Volunteer Vidette Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Steinberg, widow of John Steinberg, late of Company K, Third Regiment Wisconsin Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Albertina L. McAllister, widow of William B. McAllister, late of Company A, Fifth Regiment Maine Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Esteller Barrows, helpless and dependent daughter of Isaac C. Barrows, late of Company E, Fourteenth Regiment Connecticut Volunteer Infantry, and Forty-first Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Margaret L. Livensparger, widow of Louis Livensparger, late of Company G, Twenty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Hobbs, widow of James H. Hobbs, late of Company F, Thirty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha L. Stahl, widow of Hiram E. Stahl, late of Company D, One hundred and seventeenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth J. Smith, widow of Harry H. Smith, late of Company I, Eleventh Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lou Phillips, widow of John C. Phillips, late of Company G, Fourth Regiment Kentucky Volunteer Infantry, and Company H, Sixteenth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Alice H. Williams, widow of James J. Williams, late of Company B, Sixteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth E. Rettig, widow of George Rettig, late of Company F, Forty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Kate Wilder, widow of John W. Wilder, late of Company F, Twelfth Regiment, and Company G, Fifty-ninth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Caroline E. Harris, widow of Edward J. Harris, late of Company D, Sixty-fifth Regiment Indiana Volunteer Infantry, and Company E, Second Regiment Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Lydia E. Johnson, widow of Thomas W. Johnson, late of Company H, One hundred and forty-sixth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Harriet J. Houghtaling, widow of Aaron Houghtaling, late of Company D, Fourth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Phebe A. Moore, widow of James A. Moore, late of Company E, Osage County, Missouri, Home Guards, and pay her a pension at the rate of $30 per month.

The name of Mary White, widow of George W. White, late of Company I, Twenty-sixth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth D. Place, widow of Edward Place, late of Company I, One hundred and twenty-second Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Druke Nettie Barnett, now Humphry, helpless and dependent daughter of Edmond Barnett, late of Company B, Thirty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mary A. Bennett, widow of Emery Bennett, late of Company C, Fifty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Rose E. Stephens, widow of Owen Stephens, late of Company B, Third Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Bernadina Bruns, helpless and dependent daughter of Anton Bruns, alias Anton Brown, late of Company C, Sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Sarah E. Hewetson, widow of Walter Hewetson, late of Company E, Fifteenth Regiment, and Company K, Seventeenth Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving through duly appointed guardian.

The name of Nora H. Dobbins, widow of George H. Dobbins, late ordinary seaman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Harry H. Sieg, helpless and dependent son of Henry A. Sieg, late of Company F, Ninth Regiment United States Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Samuel W. Farmer, helpless and dependent son of James E. Farmer, late of Company G, Third Regiment Indiana Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Laura J. Lowman, widow of Zachariah W. Lowman, late of Company A, Third Regiment Potomac Home Brigade Maryland Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Malinda C. Greyer, widow of John H. Greyer, late of Company H, Sixty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Charlotte E. Rockwell, widow of Thomas H. Rockwell, late of Company G, Ninth Regiment, and Company E, Third Regiment, New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha Morrow, widow of William A. Morrow, late of Company G, Tenth Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of David J. Collins, late of Company D, First Regiment Tennessee Volunteer Infantry, and Company C, Tenth Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Josephine Jump, widow of Joseph Jump, alias George Millington, late of Company G, Seventy-seventh Regiment New York Volunteer Infantry, and Company D, Twelfth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Hattie E. Rayburn, widow of John F. Rayburn, late of Company C, Fiftieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Eva Lochner, widow of Charles Lochner, late of Company A, Seventeenth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Elizabeth Walker, widow of Reason Walker, late of Company C, Seventieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Price, widow of James M. Price, late of Company D, One hundred and nineteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Henry Coffee, helpless and dependent son of Grandison G. Coffee, late of Company E, One hundred and tenth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Josephine McAfee, widow of James McAfee, late of Company E, Fifth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Matilda Marshall, widow of Abram L. Marshall, late of Company C, One hundred and fifty-fifth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Clara A. Young, widow of John Young, late of Company L, Fifth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Bessie M. Cogley, helpless and dependent daughter of David D. Cogley, late of Company M, Fourteenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Maggie Simpson, widow of James Simpson, late of Company A, Sixtieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Mary L. S. Bailey, widow of Lorenzo W. Bailey, late assistant surgeon, Ninety-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Charity A. Freeman, widow of Jasper T. Freeman, late quartermaster surgeon, Seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Charles E. Tate, helpless and dependent son of David M. Tate, late of Company B, Thirty-second Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mary Sanders, widow of Christian Sanders, late of Companies C and A, Thirty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Selby, widow of Francis M. Selby, late of Company I, Ninety-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Margaret Poore, widow of Joel L. Poore, late of Battery C, First Regiment Kentucky Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Margaret R. Smallwood, widow of Francis M. Smallwood, alias Charles Kimble, late of Company K, Seventy-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Eliza Jane Bell, widow of Jesse W. Bell, late of Company F, Thirteenth Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Nancy L. King, widow of John H. King, late of Company G, Ninety-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Lutitia Stilwell, widow of Jarrett Stilwell, late of Company I, One hundred and forty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Effie Fatheree, helpless and dependent daughter of William Fatheree, late of Company C, One hundred and eleventh Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Emma Wiley, widow of Lemuel S. Wiley, late of Company H, Fiftieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Phebe Cooper, widow of Louis Cooper, late of Company I, Eleventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Walter H. Cannon, helpless and dependent son of Thomas B. Cannon, late of Company K, Forty-sixth Regiment Missouri Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Rosa De Graff, widow of Simon De Graff, pensioned as Simon De Gruff, late of Company B, One hundred and sixty-sixth Regiment Ohio National Guard Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma A. Littrell, widow of William W. Littrell, late of Company A, Thirty-second Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of John W. Fish, helpless and dependent son of James Fish, late of Company E, First Regiment Maine Volunteer Heavy Artillery, and pay him a pension at the rate of $20 per month.

The name of Clara J. Merwin, widow of Byron W. Merwin, late of Company D, Ninth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eliza M. Clark, widow of Jehiel Clark, late of Company F, Seventy-fifth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Calvin Logan, late of Company F, Seventy-eighth Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Harriet Dietrich, helpless and dependent daughter of Jeremiah Dietrich, late of Company C, Eighty-fifth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Mary E. Wright, widow of Joel Wright, late of Company H, One hundred and forty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ida D. Campbell, widow of Jacob Campbell, late of Company I, Ninth Regiment Pennsylvania Reserve Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna M. Hay, widow of Wellington Hay, late of Company K, Sixteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Shearer, helpless and dependent daughter of William Shearer, late of Companies B and A, Eighth Regiment, and Company E, Fourth Regiment, Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Emma Hodge, former widow of Zachariah Roberts, late unassigned, Twenty-eighth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary J. Malone, widow of John H. Malone, late of Company A, Fourth Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah Bennett, widow of Nathaniel Bennett, late of Company C, One hundred and thirty-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Tabitha Hammons, widow of William Hammons, late of Company E, Twenty-first Regiment, and Company C, Twenty-fourth Regiment, Missouri Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Henry H. Hill, late of Company G, First Regiment Alabama and Tennessee Independent Vidette Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Elizabeth A. Lunsford, widow of John H. Lunsford, alias John Harrison, late of Company B, Fifty-second Regiment Ohio Infantry, and Company K, Sixty-ninth Regiment, and Company F, Eighteenth Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Nancy J. Kelliker, widow of James C. Kelliker, late of Company H, First Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Jessie M. Brundage, widow of Isaac S. Brundage, late of Company C, One hundred and fifth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of James W. McLaughlin, late of Company C, Benton Cadets, Missouri Volunteer Infantry, and pay him a pension at the rate of $50 per month.

The name of Milton T. Callahan, jr., helpless and dependent son of Milton T. Callahan, late major, Thirty-fourth Regiment Kentucky Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving, through duly appointed guardian.

The name of Isaac Johnson, late of Company F, Twelfth Regiment Iowa Volunteer Infantry, and pay him a pension at the rate of $30 per month.

The name of Mary Jane Quiggle, widow of Horatio H. Quiggle, late of Company K, Fourteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Frances I. Wallace, widow of William A. Wallace, late of Company E, Thirteenth Regiment New York State Volunteer Militia Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Hattie Pringle, former widow of Morris H. Allen, late of Company D, Fifteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Louisa S. Gayland, widow of Alexander Gayland, late of Company I, Forty-seventh Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Effie J. Wolf, helpless and dependent daughter of Leonard Wolf, late of Company B, Forty-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mary L. Haddix, widow of David Haddix, late of Company C, Seventeenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Katherine Hoch, widow of John Hoch, late of Company A, Ninety-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Malinda K. McGowen, widow of William S. McGowen, late of Company C, Twenty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Mary Peters, widow of Wesley B. Peters, late of Company H, One hundred and seventy-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Hattie Nolan, widow of James Nolan, late landsman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Mary A. Guthrie, widow of Frederick A. Guthrie, late of Company B, Thirteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Emma F. Bartholomew, widow of Ephraim Bartholomew, late of Company A, Nineteenth Regiment Indiana Volunteer Infantry, and Company I, Twentieth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eugene Hightower, widow of Meade Hightower, late of Company H, One hundred and sixteenth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of William S. Dilger, helpless and dependent son of Mathias J. Dilger, late of Company A, First Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month through duly appointed guardian.

The name of Thomas H. Dilger, helpless and dependent son of Mathias J. Dilger, late of Company A, First Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month through duly appointed guardian.

The name of Frances W. Mallow, widow of Adolphus P. Mallow, late of Company C, Sixtieth Regiment Ohio Volunteer Infantry, and Company A, Nineteenth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Martha J. Cooper, widow of Thomas McCuin Cooper, late of Company I, Ninth Regiment Provisional Enrolled Missouri Volunteer Militia, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Alice Carleton, helpless and dependent daughter of Daniel W. Carleton, late of Company A, Nineteenth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving, through duly appointed guardian.

The name of Ella Snow, widow of Thomas J. Snow, late of Company H, Second Regiment Ohio Volunteer Heavy Artillery, and Two hundred and forty-fourth Company, First Battalion Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Mary J. Mackey, widow of David L. Mackey, late of Company B, Ninety-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Rosetta Moon, widow of Whitcom Moon, late of Company C, Sixth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Kate R. Wolf, widow of Peter F. Wolf, late of Company C, One hundred and fortieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Louis Wise, helpless and dependent son of Thomas A. Wise, late of Company E, Eighth Regiment Illinois Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of S. Ida C. Lewis, widow of Reuben M. Lewis, late of Company E, Second Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Ida C. Figley, widow of William B. Figley, late of Company F, Ninety-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Phoebe Ann Webb, widow of Daniel C. Webb, late of Company C, Third Regiment Volunteer Tennessee Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Maranda A. Chance, widow of Perry Chance, late of Company C, Twenty-first Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Eliza J. Stever, widow of John H. Stever, late of Company I, Forty-seventh Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Carrie M. Stringer, widow of George Stringer, late third assistant engineer, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Nancy A. Stratton, widow of William Stratton, late of Company D, Sixth (Eleventh) Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Martha E. Hart, former widow of Jeptha S. Hart, late of Tenth Independent Battery, Wisconsin Volunteer Light Artillery, and transferred to Ninth Independent Battery, Wisconsin Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Nancy A. Flannigan, widow of Harrison Flannigan, late of Company I, Eleventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving, through duly appointed guardian.

The name of Mary E. Berdine, widow of George W. Berdine, late of Company B, Eighty-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of George H. Webb, alias George Hinman, late of Company I, Ninety-ninth Regiment, Illinois Volunteer Infantry, and Company G, Eleventh Regiment Minnesota Volunteer Infantry, and pay him a pension at the rate of $30 per month.

The name of William Edwards, helpless and dependent son of Montgomery Edwards, late of Company C, One hundred and eightieth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Emma Oliver, widow of William M. Oliver, late of Company L, Fourth Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Mary A. Stroup, widow of Samuel Stroup, late of Company C, One hundred and twenty-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Maggie Schweigert, widow of Louis Schweigert, late of Company H, Forty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Laura A. Rains, widow of James Rains, late of Company B, Fifth Regiment East Tennessee Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Irene B. Johnson, widow of Bradish W. Johnson, late midshipman, United States Naval Academy, and pay her a pension at the rate of $30 per month.

The name of Anna Robbins, widow of Daniel S. Robbins, late of Company M, Second Regiment California Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Olive Robbins, helpless and dependent daughter of said Anna and Daniel S. Robbins, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Anna Robbins, the name of said Olive Robbins shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Anna Robbins.

The name of Caroline Chambers, former widow of LaFayette Stahlman, late of Company B, Two hundred and eleventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Anna M. Benton, widow of Edward T. Benton, late of Company F, First Regiment United States Cavalry, and Company M, First Regiment United States Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Julia Larone, widow of Julius Larone, late of Company M, Sixth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Ida V. Trinkle, widow of Leander Trinkle, late of Company I, Seventy-third Regiment Indiana Volunteer Infantry, and Company A, Fifth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Sarah Dailey, widow of Francis M. Dailey, late of Company C, Thirtieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth Hatfield, widow of William H. Hatfield, late of Company H, Forty-eighth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Louisa E. Williams, widow of John D. Williams, late of Company H, Eighth Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Margaret A. Plank, widow of George W. Plank, late of Company C, Webster County (Mo.) Volunteer Home Guards, and pay her a pension at the rate of $30 per month.

The name of Louisa M. Loving, widow of George W. Loving, late of Company B, Eighteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Josa Anna Loving, helpless and dependent daughter of said Louisa M. and George W. Loving, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Louisa M. Loving, the name of said Josa Anna Loving shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Louisa M. Loving.

The name of Emma Loop, widow of Spellman Loop, late of Company K, One hundred and sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annie J. Gove, widow of Edward A. Gove, late of Company H, Sixth Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Matilda S. Brewer, former widow of John B. Brewer, late of Company G, One hundred and sixty-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

Mr. FULLER. Mr. Speaker, I offer the following amendments.

The SPEAKER pro tempore. The Clerk will report the amendments offered by the gentleman from Illinois.

The Clerk read as follows:

Mr. FULLER moves to amend H. R. 8624 as follows: Page 6, line 1, strike out "$60" and insert in lieu thereof "$6."

Page 11, line 18, strike out the capital letter "G" in the name of the proposed beneficiary and insert in lieu thereof the capital "E," so that it will read "Annie E. Allen" instead of "Annie G. Allen."

Page 18, strike out lines 22, 23, 24, and 25.

On page 19 strike out lines 1 and 2.

Page 27, line 19, between the words "of" and "company" insert "Captain Gilbert's."

The SPEAKER pro tempore. The question is on agreeing to the amendments.

The amendments were agreed to.

Mr. FULLER. Mr. Speaker, I offer a further amendment. On page 7 strike out lines 3, 4, 5, and 6.

The SPEAKER pro tempore. The gentleman from Illinois offers a further amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FULLER: Page 7, strike out lines 3, 4, 5, and 6.

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. FULLER, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The foregoing bill is a substitute for the following House bills referred to the Committee on Invalid Pensions:

H. R. 467. Sabria L. Clark.
H. R. 519. Seph J. Jones.
H. R. 583. Minnie W. Caswell.
H. R. 741. Jonathan D. Hale.
H. R. 859. Susan E. Slinker.
H. R. 1680. Sarah A. Graves.
H. R. 1888. Joseph Miley.
H. R. 4432. Lavina F. Prichett.
H. R. 4553. Marie Hirt.
H. R. 4554. Martha J. Purdon.
H. R. 4661. Albert H. Ellwood.
H. R. 4893. Mary E. Wells.
H. R. 5331. Annie Casey.
H. R. 5450. Rose M. Tucker.
H. R. 5503. Mary A. Jones.
H. R. 5533. Lucetta Brown.
H. R. 5640. Winifred W. Adams.
H. R. 5663. Sarah E. Reynolds.
H. R. 5711. Sarah E. Dieffenbacher.
H. R. 5720. Ezra M. Sellers.
H. R. 5739. George Stanley.
H. R. 5856. Emma M. McIntyre.
H. R. 5910. Hester Lindsay.
H. R. 5957. Jeremiah W. McNew.
H. R. 6011. Catherine Rugg.
H. R. 6066. Angeline Bissel.
H. R. 6173. Nellie Thompson.
H. R. 6186. Ellen J. Webb.
H. R. 6187. Jennie M. Freeborn.
H. R. 6218. Hester Tracy.
H. R. 6282. Viola Andrews.
H. R. 6289. William H. Willard.
H. R. 6292. Margaret Staton.
H. R. 6335. Emma F. Freeland.
H. R. 6367. Maria C. Fick.
H. R. 6459. Mary J. Light Lawrence.
H. R. 6494. Elizabeth Mullins.
H. R. 6519. Clara L. Randall.
H. R. 6529. Mary Chapman.
H. R. 6599. Oscar F. Heath.
H. R. 6605. Lucinda Grubb.
H. R. 6666. Sally A. Carney.
H. R. 6685. Mary Cole.
H. R. 6694. James Gloster.
H. R. 6788. Mary Jane Howells.
H. R. 6795. Ida J. McMath.
H. R. 6804. William S. Wilson.
H. R. 6889. Ella W. Cunningham.
H. R. 6910. Mordecai Fizone.
H. R. 6974. Annie G. Allen.
H. R. 6981. Eliza Robinson.
H. R. 6990. George W. Garrison.
H. R. 7002. Nancy A. Judson.
H. R. 7065. Sallie Perdue.
H. R. 7067. Lucrusy Gray.
H. R. 7151. Mary F. Green.
H. R. 7179. John Calvin Lane.
H. R. 7221. Nellie A. Lovell.
H. R. 7226. Ella J. Lovell.
H. R. 7233. Alverdie Rush.
H. R. 7278. Anna D. Clinch.
H. R. 7281. Mary F. Grady.
H. R. 7289. Henry Horton.
H. R. 7303. Nora E. Billstein.
H. R. 7305. Mary E. Cole.
H. R. 7308. Jacob B. Boyer.
H. R. 7316. Salada Moses.
H. R. 7317. Dorcas B. Hall.
H. R. 7318. Sadie E. Younkin.
H. R. 7320. Alice Meeks.
H. R. 7357. Mary E. Steinberg.
H. R. 7403. Albertina L. McAllister.
H. R. 7404. Esteller Barrows.
H. R. 7435. Margaret L. Livensparger.
H. R. 7438. Margaret Hobbs.
H. R. 7440. Martha L. Stahl.
H. R. 7443. Elizabeth J. Smith.
H. R. 7478. Lou Phillips.
H. R. 7550. Alice H. Williams.
H. R. 7554. Elizabeth E. Rettig.
H. R. 7555. Kate Wilder.
H. R. 7556. Caroline E. Harris.
H. R. 7558. Lydia E. Johnson.
H. R. 7561. Harriet J. Houghtaling.
H. R. 7563. Phebe A. Moore.
H. R. 7573. Mary White.
H. R. 7577. Elizabeth D. Place.
H. R. 7592. Druke Nettie Barnet (now Humphry).
H. R. 7593. Mary A. Bennett.
H. R. 7611. Rose E. Stephens.
H. R. 7612. Bernadina Bruns.
H. R. 7615. Sarah E. Hewetson.
H. R. 7663. Nora H. Dobbins.
H. R. 7666. Harry H. Sieg.
H. R. 7674. Samuel W. Farmer.
H. R. 7675. Laura J. Lowman.
H. R. 7676. Malinda C. Greyer.
H. R. 7692. Charlotte E. Rockwell.
H. R. 7694. Martha Morrow.
H. R. 7701. David J. Collins.
H. R. 7709. Josephine Jump.
H. R. 7721. Hattie E. Rayburn.
H. R. 7724. Eva Lochner.
H. R. 7731. Elizabeth Walker.
H. R. 7741. Margaret Price.
H. R. 7744. Henry Coffee.
H. R. 7752. Josephine McAfee.
H. R. 7771. Matilda Marshall.
H. R. 7773. Clara A. Young.
H. R. 7799. Bessie M. Cogley.
H. R. 7814. Maggie Simpson.
H. R. 7815. Mary L. S. Bailey.
H. R. 7821. Charity A. Freeman.
H. R. 7836. Charles E. Tate.
H. R. 7846. Mary Sanders.
H. R. 7857. Mary E. Selby.
H. R. 7859. Margaret Poore.
H. R. 7874. Margaret R. Smallwood.
H. R. 7889. Eliza Jane Bell.
H. R. 7896. Nancy L. King.
H. R. 7901. Lutitia Stilwell.
H. R. 7906. Effie Fatheree.
H. R. 7932. Emma Wiley.
H. R. 7934. Phebe Cooper.
H. R. 7937. Walter H. Cannon.
H. R. 7938. Rosa De Graff.
H. R. 7939. Emma A. Littrell.
H. R. 7942. John W. Fish.
H. R. 7958. Clara J. Merwin.
H. R. 7964. Eliza M. Clark.
H. R. 7965. Calvin Logan.
H. R. 7966. Harriet Dietrich.
H. R. 7972. Mary E. Wright.
H. R. 7973. Ida D. Campbell.
H. R. 7977. Anna M. Hay.
H. R. 7979. Mary Shearer.
H. R. 7997. Emma Hodge.
H. R. 8004. Mary J. Malone.
H. R. 8027. Sarah Bennett.
H. R. 8049. Tabitha Hammons.
H. R. 8050. Henry H. Hill.
H. R. 8056. Elizabeth A. Lunsford.
H. R. 8060. Nancy J. Kelliker.
H. R. 8064. Jessie M. Brundage.
H. R. 8065. James W. McLaughlin.
H. R. 8070. Milton T. Callahan, jr.
H. R. 8072. Isaac Johnson.
H. R. 8080. Mary Jane Quiggle.
H. R. 8081. Frances I. Wallace.
H. R. 8090. Emma Hibbard.
H. R. 8092. Hattie Pringle.
H. R. 8099. Louisa S. Gayland.
H. R. 8100. Effie J. Wolf.
H. R. 8101. Mary L. Haddix.
H. R. 8112. Katherine Hoch.
H. R. 8113. Malinda K. McGowen.
H. R. 8138. Mary Peters.
H. R. 8140. Hattie Nolan.
H. R. 8141. Mary A. Guthrie.
H. R. 8151. Emma F. Bartholomew.
H. R. 8156. Eugene Hightower.
H. R. 8158. William S. Dilger.
H. R. 8159. Thomas H. Dilger.
H. R. 8172. Frances W. Mallow.
H. R. 8178. Martha J. Cooper.
H. R. 8179. Alice Carleton.
H. R. 8180. Ella Snow.
H. R. 8199. Mary J. Mackey.
H. R. 8200. Rosetta Moon.
H. R. 8222. Kate R. Wolf.
H. R. 8228. Louis Wise.
H. R. 8229. S. Ida C. Lewis.
H. R. 8241. Ida C. Figley.
H. R. 4243. Phoebe Ann Webb.
H. R. 8252. Maranda A. Chance.
H. R. 8253. Eliza J. Stever.
H. R. 8266. Carrie M. Stringer.
H. R. 8267. Nancy A. Stratton.
H. R. 8268. Martha E. Hart.
H. R. 8272. Nancy A. Flannigan.
H. R. 8278. Mary E. Berdine.
H. R. 8283. Margaret A. Plank.
H. R. 8287. George H. Webb, alias George Hinman.
H. R. 8295. William Edwards.
H. R. 8322. Emma Oliver.
H. R. 8326. Mary A. Stroup.
H. R. 8327. Maggie Schweigert.
H. R. 8335. Laura A. Rains.
H. R. 8336. Irene B. Johnson.
H. R. 8338. Anna Robbins.
H. R. 8339. Caroline Chambers.
H. R. 8341. Anna M. Benton.
H. R. 8359. Julia Lerone.
H. R. 8376. Ida V. Trinkle.
H. R. 8384. Sarah Dailey.
H. R. 8395. Elizabeth Hatfield.
H. R. 8396. Louisa E. Williams.
H. R. 8411. Louisa M. Loving.
H. R. 8445. Emma Loop.
H. R. 8575. Annie J. Gove.
H. R. 8601. Matilda S. Brewer.

Mr. FULLER. Mr. Speaker, I call up the bill H. R. 8874.

The SPEAKER pro tempore. The gentleman from Illinois calls up the bill H. R. 8874, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 8874) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Lewis V. Boyle, helpless and dependent son of James H. Boyle, late of Company C, Tenth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month, through duly appointed guardian.

The name of Rachel Melton, widow of Austin P. Melton, late of Company I, Fourth Regiment, and Company G, One hundred and sixth Regiment, Illinois Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Pryor R. Bright, helpless and dependent son of Robert H. Bright, late of Company I, Third Regiment Tennessee Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mary Mahoney, widow of Patrick Mahoney, late of Company G, Cole County Missouri Home Guards, and pay her a pension at the rate of $30 per month.

The name of Myra C. Robbins, widow of Henry A. Robbins, late of Company B, Sixteenth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Cann, widow of Otho Cann, late of Company E, Second Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Gray, widow of Charles D. Gray, late of Company E, Eighth Regiment, and Company C, One hundred and forty-eighth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of John A. Kirkham, late private of Captain Young's company, Fourth Indiana Legion, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Betty Dobson, widow of Manuel Dobson, late of Company F, Seventy-ninth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha J. Hazlewood, widow of George W. Hazlewood, late of Company I, Thirty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Inez Hazlewood, helpless and dependent daughter of said Martha J. and George W. Hazlewood, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Martha J. Hazlewood, the name of said Inez Hazlewood shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Martha J. Hazlewood.

The name of Orilla Laduke Martin, former widow of Joseph Laduke, late of Company F, Eighth Regiment Vermont Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Benjamin F. Burch, late of Company C, First Battalion, Nebraska Veteran Volunteer Cavalry, and pay him a pension at the rate of $50 per month.

The name of Eliza A. Beaman, former widow of James W. Beaman, late of Company B, Thirty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha F. Berry, widow of Charles T. Berry, late of Company F, Fifty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth Carroll, widow of Henry Carroll, late of Thirty-eighth Regiment United States Volunteer Cavalry; Battery E, Third Regiment United States Artillery; Battery G, Third Regiment United States Artillery; Third Regiment United States Cavalry; Ninth Regiment United States Cavalry; First Regiment United States Cavalry; Sixth Regiment United States Cavalry; Seventh Regiment United States Cavalry, with ranks from private to brigadier general, at which rank he was retired, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Caroline Sherman, widow of Alexander V. Sherman, late of Company C, One hundred and twenty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mathilde Richter, widow of August Richter, late of Company G, Twenty-fourth Regiment Illinois Volunteer Infantry, and ordinary seaman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Effie Robinson, helpless and dependent daughter of Peter Robinson, late of Company E, First Regiment Potomac Home Brigade, Maryland Volunteer Infantry, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Catherine Moler, widow of Henry Moler, late of Company B, One hundred and sixteenth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma Hibbard, widow of Oliver D. Hibbard, late of Company E, Third Regiment Vermont Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annie I. Geen, widow of William Geen, late of Company M, Sixth Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Margaret C. Fish, widow of Simon W. Fish, late of Company E, Twenty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Amanda J. Moon, widow of Isaac F. Moon, late of Company B, Fortieth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Malcom C. Rogers, late guide United States Volunteers, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Evelina Sprague, helpless and dependent daughter of William N. Sprague, late of Company D, First Regiment Massachusetts Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Mollie Alexander, widow of Josiah Alexander, late of Company G, First Regiment Provisional Enlisted Missouri Volunteer Militia, and pay her a pension at the rate of $30 per month.

The name of Mary Demott, widow of Charles Demott, late of Company H, One hundred and third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Susan C. McCollum, widow of Owen McCollum, late of Seventeenth Battery New York Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Cora A. Froman, widow of James M. Froman, late of Company E, Seventh Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Margaret E. Geist, widow of Frederick W. Geist, late of Companies A and F, Thirty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary Davis, widow of William Davis, late of Company B, Fifty-seventh Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna Rehwinkel, widow of Fritz Rehwinkel, late of Company B, Third Regiment United States Mounted Rifles; Third Regiment United States Cavalry; and captain Company D, Third Regiment United States Infantry, and pay her a pension at the rate of $30 per month.

The name of William H. Jenkins, helpless and dependent son of William Jenkins, late of Company A, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $20 per month through duly appointed guardian.

The name of Sarah E. Squires, widow of Newlon Squires, late of Company F, Tenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Maryettie Crawford, widow of Eli H. Crawford, late of Company E, Fiftieth Regiment New York Volunteer Engineers, and pay her a pension at the rate of $30 per month.

The name of Flora I. Siggins, widow of Isaac W. Siggins, late of Company E, Eighty-third Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Mary J. Trimble, widow of Robert Trimble, late of Company C, One hundred and ninety-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary A. Valentine, widow of Noah Valentine, late of Company B, Fifty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary J. Weaver, former widow of Benjamin F. Weaver, late of Company F, Fourth Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Gertrude A. Robinson, former widow of Carl Rantzau, known as Charles H. Grantson, late of Companies E and B, Thirty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth Northcraft, widow of Joseph R. Northcraft, late of Company H, Sixth Regiment Ohio Volunteer Infantry, and Company A, Fourth Regiment United States Veteran Volunteers, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving through duly appointed guardian.

The name of Harriet R. J. Hughes, widow of Ceola K. Hughes, late of Company A, Eighth Regiment, and Company D, Eleventh Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Martha M. Hughes, helpless and dependent daughter of said Harriet R. J. and Ceola K. Hughes, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Harriet R. J. Hughes the name of said Martha M. Hughes shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Harriet R. J. Hughes.

The name of Eliza A. Grizzle, widow of John F. Grizzle, late of Company H, Fifty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Helen M. Silsby, widow of William H. Silsby, late lieutenant colonel, Tenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Martha F. Vanzant, widow of John G. Vanzant, late of Company D, Thirteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Frederick Kidwiler, late teamster, Quartermaster Department, United States Army, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Mary J. Coulson, widow of Alpheus D. Coulson, late of Company B, Second Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Everett Coulson, helpless and dependent son of said Mary J. and Alpheus D. Coulson, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Mary J. Coulson, the name of said Everett Coulson shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Mary J Coulson.

The name of Margaret Zetler, widow of William H. Zetler, late of Company A, Seventh Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Prudence A. Hempstead, widow of James Hempstead, late of Company C, Sixteenth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lizzie Butler, widow of James F. Butler, late of Company K, Fourteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mourning Sisemore, widow of Farris Sisemore, late of Company F, Thirty-ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Georgia A. Ludwick, helpless and dependent daughter of James E. Ludwick, late of Company A, Twelfth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Henry A. King, late of Clay County (W. Va.) Independent Scouts, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Margaret J. Rowe, widow of Thomas G. Rowe, late of the Signal Corps, United States Army, and pay her a pension at the rate of $30 per month.

The name of Henry C. Selleck, helpless and dependent son of Woodward D. Selleck, late of Company D, Ninety-second Regiment, and Company D, Ninety-sixth Regiment, New York Volunteer Infantry, and pay him a pension at the rate of $20 per month through duly appointed guardian.

The name of Mollie A. Bradford, helpless and dependent daughter of Jackson A. Bradford, late of Company F, One hundred and thirtieth

Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Harriet A. Wood, widow of Abner G. Wood, late of Company H, One hundred and ninety-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving.

The name of Ellen Clendenin, widow of Leverett H. Clendenin, late of Company I, Forty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lizzie Cragg, widow of Edmund Cragg, late of Company D, One hundred and nineteenth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Rose, helpless and dependent daughter of George W. Rose, late of Company K, Fifty-sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Elizabeth Corl, widow of Martin Corl, late of Company K, Fifty-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Susan Tolbert, widow of John H. Tolbert, late of Company B, Fifth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary F. May, widow of Jeremiah May, late of Company F, Thirtieth Regiment Maine Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Catharine Hoover, widow of Allen Hoover, late of Company H, Fourth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Hannah Bell, widow of John L. Bell, late of Company A, Fourth Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Anna Coleman, widow of Thornton Coleman, late of Company I, First Regiment United States Colored Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Drusilla Bush, helpless and dependent daughter of Daniel D. Bush, late of Company G, Tenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $20 per month through duly appointed guardian.

The name of Louisa A. Gemmill, widow of Edwin S. Gemmill, late of Company I, One hundred and sixty-sixth Regiment Pennsylvania Drafted Militia Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Eliza J. Adams, widow of Edward Adams, late of Company F, Forty-ninth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $56 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of John R. Adams, helpless and dependent son of said Eliza J. and Edward Adams, the additional pension herein granted shall cease and determine: *And provided further*, That in the event of the death of Eliza J. Adams, the name of said John R. Adams shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $20 per month from and after the date of death of said Eliza J. Adams: *And provided further*, That upon the attainment of the age of 16 years by Ida E. Adams, minor daughter of said Eliza J. Adams and Edward Adams, or in the event of her death prior to her attainment of the age of 16 years, $6 per month of the pension herein granted shall cease and determine.

The name of Margaret LaFayette, former widow of Alonzo L. Scott, late of Company F, One hundred and forty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Paula E. Nyce, helpless and dependent daughter of John O. Nyce, late of Company B, One hundred and ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month through duly appointed guardian.

Mr. FULLER. Mr. Speaker, I ask for a vote.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. FULLER, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The foregoing bill is a substitute for the following bills referred to the Committee on Invalid Pensions:

H. R. 1024. Lewis V. Boyle.
H. R. 1810. Rachel Melton.
H. R. 2819. Pryor R. Bright.
H. R. 5178. Mary Mahoney.
H. R. 5596. Myra C. Robbins.
H. R. 6283. Mary E. Cann.
H. R. 6359. Margaret Gray.
H. R. 6632. John A. Kirkham.
H. R. 6654. Betty Dobson.
H. R. 6829. Martha J. Hazlewood.
H. R. 6905. Orilla Laduke Martin.
H. R. 7005. Benjamin F. Burch.
H. R. 7006. Eliza A. Beaman.
H. R. 7219. Martha F. Berry.
H. R. 7379. Elizabeth Carroll.
H. R. 7393. Caroline Sherman.
H. R. 7518. Mathilde Richter.
H. R. 7597. Effie Robinson.
H. R. 7935. Catherine Moler.
H. R. 8090. Emma Hibbard.
H. R. 8098. Annie I. Geen.
H. R. 8147. Margaret C. Fish.
H. R. 8171. Amanda J. Moon.
H. R. 8197. Malcom C. Rogers.
H. R. 8276. Evelina Sprague.
H. R. 8285. Mollie Alexander.
H. R. 8353. Mary Demott.
H. R. 8450. Susan C. McCollum.
H. R. 8479. Cora A. Froman.
H. R. 8481. Margaret E. Geist.
H. R. 8482. Mary Davis.
H. R. 8485. Anna Rehwinkel.
H. R. 8488. William H. Jenkins.
H. R. 8489. Sarah E. Squires.
H. R. 8490. Maryettie Crawford.
H. R. 8494. Flora I. Siggins.
H. R. 8496. Mary J. Trimble.
H. R. 8506. Mary A. Valentine.
H. R. 8510. Mary J. Weaver.
H. R. 8514. Gertrude A. Robinson.
H. R. 8515. Elizabeth Northcraft.
H. R. 8516. Harriet R. J. Hughes.
H. R. 8528. Eliza A. Grizzle.
H. R. 8536. Helen M. Silsby.
H. R. 8557. Martha F. Vanzant.
H. R. 8563. Frederick Kidwiler.
H. R. 8584. Mary J. Coulson.
H. R. 8589. Margaret Zetler.
H. R. 8591. Prudence A. Hempstead.
H. R. 8596. Lizzie Butler.
H. R. 8597. Mourning Sisemore.
H. R. 8614. Georgia A. Ludwick.
H. R. 8617. Henry A. King.
H. R. 8620. Margaret J. Rowe.
H. R. 8640. Henry C. Selleck.
H. R. 8641. Mollie A. Bradford.
H. R. 8650. Harriet A. Wood.
H. R. 8651. Ellen Clendenin.
H. R. 8652. Lizzie Cragg.
H. R. 8668. Mary E. Rose.
H. R. 8670. Elizabeth Corl.
H. R. 8678. Susan Tolbert.
H. R. 8684. Mary F. May.
H. R. 8702. Catherine Hoover.
H. R. 8705. Hannah Bell.
H. R. 8711. Anna Coleman.
H. R. 8717. Drusilla Bush.
H. R. 8720. Louisa A. Gemmill.
H. R. 8731. Eliza J. Adams.
H. R. 8749. Margaret LaFayette.
H. R. 8772. Paula E. Nyce.

BILLS ON THE PRIVATE CALENDAR.

Mr. EDMONDS. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the purpose of taking up bills on the Private Calendar.

POST-OFFICE BUILDING AT PLAINFIELD, N. J.

Mr. ACKERMAN rose.

The SPEAKER pro tempore. For what purpose does the gentleman from New Jersey rise?

Mr. ACKERMAN. I ask unanimous consent to take from the Speaker's table Senate bill No. 2425.

The SPEAKER pro tempore. The gentleman from New Jersey asks unanimous consent to take from the Speaker's table and put upon its passage Senate bill 2425. Is there objection?

Mr. STAFFORD. Let it be read.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 2425) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and empowered to convey by quitclaim deed to the city of Plainfield, N. J., for street purposes, and for no other purpose, all the right, title, and interest of the United States of America in and to all or any lesser part of a strip of land off the west side and along the Watchung Avenue frontage of the Federal building site in said city 10 feet in width, except opposite the entrance steps of the Federal building, where such strip shall be approximately 3 feet 9 inches in width; and the Secretary of the Treasury is hereby authorized and directed to remodel, alter, and repair, and do such other work upon said Federal building, grounds, and approaches as may be necessary, in his opinion, for the accommodation and convenience of the business of the United States on account of the widening of said Watchung Avenue: *Provided, however*, That the said city of Plainfield, as a consideration for such conveyance, shall bear the costs of all of said work upon said Federal building, grounds, and approaches as ascertained by the Secretary of the Treasury: *And provided further*, That the said city of Plainfield shall not have the right to sell or convey the said described premises, nor to devote the same to any other purpose than as hereinbefore provided; and in the event said premises shall not be used for street purposes only and cared for and maintained as are other public streets in said city the right, title, and interest hereby authorized to be conveyed shall revert to the United States.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to inquire of the gentleman from New Jersey whether this bill, or a similar House bill, has been favorably reported from the House committee?

Mr. ACKERMAN. I will say to the gentleman from Wisconsin that a similar bill, H. R. 8840, has been reported from the Committee on Public Buildings and Grounds, and the report, No. 443, is on file with the Clerk of the House at the present time. It is a favorable report.

Mr. STAFFORD. How recently was it reported?

Mr. ACKERMAN. It was reported on October 26.

Mr. STAFFORD. I wish to inquire further whether the Treasury Department approves in toto of the provisions contained in the bill?

Mr. ACKERMAN. It does; and there is a letter from the Secretary of the Treasury printed in full in the report. I will say to the gentleman that no expense to the United States is involved.

The SPEAKER pro tempore. Is there objection?

Mr. ROBSION. Mr. Speaker, further reserving the right to object, I wish to propound a parliamentary inquiry. There are various bills reported from the Pensions Committee, and I wish to know if this will interfere with the consideration of those bills?

The SPEAKER pro tempore. The Chair will state that nobody from the Pensions Committee seemed to be seeking recognition of the Chair.

Mr. ROBSION. Will this displace those pension bills?

The SPEAKER pro tempore. Not at all. This is a request for unanimous consent. Is there objection?

There was no objection.

The bill was ordered to a third reading, and was accordingly read the third time and passed.

On motion of Mr. ACKERMAN, a motion to reconsider the vote by which the bill was passed was laid on the table.

By unanimous consent, H. R. 8840, the corresponding House bill, was ordered to lie on the table.

PENSIONS.

Mr. PRINGEY. Mr. Speaker, I call up H. R. 7847, a private pension bill, from the Committee on Pensions.

The SPEAKER pro tempore. The gentleman is a member of the Committee on Pensions?

Mr. PRINGEY. Yes.

The SPEAKER pro tempore. The gentleman from Oklahoma calls up a bill, which the Clerk will report.

The bill (H. R. 7847) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Bernard J. Boldermann, late of Battery A, First Battalion California Heavy Artillery, War with Spain, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of George C. Hazeltine, late of Company K, Second Regiment Texas Infantry, War with Spain, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Ellen Hoctor, dependent mother of John Hoctor, late of Company I, First Regiment Maine Infantry, War with Spain, and pay her a pension at the rate of $20 per month.

The name of John B. Jeffery, late captain and assistant quartermaster United States Volunteers, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of Winfield H. Handley, late of Company I, Fifth Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Johanna Moss, widow of Christopher T. Moss, late of Company H, Third Regiment New York Cavalry, Civil War, and Companies A and B, Tenth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $20 per month.

The name of Mary M. Newman, widow of John R. Newman, late captain Company K, Second Regiment Arkansas Infantry, War with Spain, and pay her a pension at the rate of $12 per month and $2 per month additional on account of the minor child of said John R. Newman until he reaches the age of 16 years.

The name of Frederick Daggett, helpless child of Alfred Daggett, late of Company H, Ninth Regiment Illinois Infantry, War with Spain, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of James T. Page, dependent father of Joseph Page, late of the Twelfth Recruit Company, General Service, United States Army, Regular Establishment, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Charles A. Evans, late of Company G, First Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of John Shafranek, late of Company E, Fourth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Daniel Smith, late of Company K, Second Regiment Wisconsin Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of George Milams, late of the Sixty-sixth Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Jasper N. Baker, late of Troop E, Fourteenth Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of August C. Reisz, late of Battery A, Wisconsin Light Artillery, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Timothy P. Brennan, late of the United States Marine Corps, War with Spain, and pay him a pension at the rate of $24 per month.

The name of Edward H. Harpster, late of Company E, Forty-seventh Regiment United States Volunteer Infantry, War with Spain, and pay him a pension at the rate of $65 per month in lieu of that he is now receiving.

The name of Scott Tussey, late of Company G, Seventeenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Roselia Meehan, dependent mother of Augusta Meehan, late of Company L, Sixth Regiment United States Volunteer Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of William Coleman, late of Troop H, Ninth Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Ann Cannon, widow of William R. Cannon, late of Captain Layton's Company H, First Regiment Oregon Mounted Volunteers, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Martin F. Gibbons, late of the United States Navy, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Ann H. Russell, widow of James H. Russell, late major Ninth Regiment Oregon Militia, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Victoria Saint C. E. C. Mickelson, widow of Michael Mickelson, late of Captain Thomas Smith's Company, Ninth Regiment Oregon Mounted Militia, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Roy B. Wilcox, late of Company D, Third Regiment Tennessee Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of George W. Kelley, late of the United States Navy, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of James B. Gibson, late of Company C, Frontier Battalion, Texas Rangers, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Alonzo Blankenship, late of Company K, Eighteenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Alfred Ashton, late of Company H, Second Regiment New York Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of Charles W. Adams, late of Company E, Third Regiment Virginia Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of Charles A. Swartz, late of Company B, Third Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of William H. Robinson, late of Company A, First Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Maggie L. Schafer, widow of Henry W. Schafer, late of Company I, Nineteenth Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $12 per month and $2 per month additional on account of each of the minor children of said Henry W. Schafer, until they reach the age of 16 years.

The name of Frederick A. Mackey, late of Company B, Thirty-fourth Regiment Michigan Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of James E. Embury, late of Company F, Thirty-third Regiment Michigan Infantry, War with Spain, and pay him a pension at the rate of $72 per month in lieu of that he is now receiving.

The name of Nancy J. Miller, dependent mother of Jerry Miller, late of Battery A, Fifth Regiment United States Field Artillery, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of William H. Trautman, late of the United States Navy, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Julia Gallagher, widow of John Gallagher, late of the United States Marine Corps, Regular Establishment, and pay her a pension at the rate of $20 per month.

The name of Elizabeth Whitehurst, widow of Berrien D. Whitehurst, late of Captain Snell's Independent Company, First Regiment Florida Mounted Volunteers, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Andrew Hammond, dependent father of William A. Hammond, late of the Seventeenth Battery, United States Field Artillery, Regular Establishment, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Ulysses Drinnon, late of the Twenty-second Battery, United States Field Artillery, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of James M. Howard, late of Company M, Third Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Charles F. Carver, late of Company D, Fourth Regiment Virginia Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of Catherine Rodgers, widow of Hugh Rodgers, late of Company I, Sixteenth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Kitty B. Reynolds, widow of Samuel W. Reynolds, late of Company E, Twenty-fourth Regiment United States Infantry, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Harry M. Batty, late of Company K, Sixth Regiment Pennsylvania Infantry, War with Spain, and pay him a pension at the rate of $17 per month.

The name of Mary McBride, widow of James McBride, late of Troop A, Second Regiment United States Cavalry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Martin V. Endicott, late of Company L, Second Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Milford W. Oxley, late of the United States Navy, Regular Establishment, and pay him a pension at the rate of $65 per month in lieu of that he is now receiving.

The name of John D. Weidle, late of Battery F, Fifth Regiment United States Field Artillery, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Emma C. Wiese, widow of Frank J. Wiese, late of Company C, Tenth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Robert Clark, late of Company K, Tenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Bertel Pederson, late of Battery D, Second Regiment United States Field Artillery, Regular Establishment, and pay him a pension at the rate of $24 per month.

The name of Anna M. Prendergast, widow of Patrick Prendergast, late of Company B, Thirty-seventh Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Walter Barbo, late of Company I, One hundred and sixtieth Regiment Indiana Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of Mathilda Eck, dependent mother of Charles Eck, late of Company E, Third Regiment Wisconsin Infantry, War with Spain, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Mallie C. Fikes, late of Company E, Signal Corps, United States Army, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Roscoe Caudill, late of the One hundred and sixty-sixth Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of John E. Root, late of Troop A, Second Regiment, and Troop D, Eighth Regiment, United States Cavalry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Isabelle R. Brown, widow of Eldon Brown, late of the band, Thirteenth Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Frances A. Kirk, widow of Robert J. Kirk, late of Company E, Fourteenth Regiment New York Infantry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of William Elliott, late of Company K, Fifteenth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Henrietta A. Hewett, dependent mother of Elmer M. Hewett, late of Company F, First Regiment Maine Infantry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Lawrence L. Dunning, late of Hospital Corps, United States Army, War with Spain, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Lida S. Williams, widow of William C. Williams, late of Company A, Third Regiment Tennessee Infantry, War with Spain, and pay her a pension at the rate of $25 per month in lieu of that she is now receiving.

The name of Nathan L. Smith, dependent father of Walter B. Smith, late of the United States Navy, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Orpha Young, widow of Lemuel Young, late of Company B, Fourteenth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Joseph Hixon, late of Company E, Sixteenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Barbara A. Chambreau, widow of Edward Chambreau, late of Capt. Kelly's company, Clark County Rangers, Washington Territory Volunteers, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Arabell Hatcher, widow of John Hatcher, late of Capt. Cone's company, First Florida Mounted Volunteers, and of Capt. Joseph J. Knight's company, Florida Militia, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of William S. Davis, who served in Troop H, Seventh Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The names of Joseph M. Bingler, John R. Bingler, and Alice M. Bingler, minor children of Eugene Bingler, late of Troop H, Seventh Regiment United States Cavalry, War with Spain, and pay them a pension at the rate of $12 per month, and $2 per month additional on account of each of the minor children of the said Eugene Bingler until they reach the age of 16 years.

The name of Martha Jane Wilson, dependent mother of Lebby E. Wilson, late of the Eighteenth Company, United States Coast Artillery, Regular Establishment, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Van Letsinger, late of Company D, Eighth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Harriet R. Palmer, dependent mother of Wilbur N. Gillette, late of Company I, Eighteenth Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Tony Verrosso, late of Company H, First Regiment Delaware Infantry, War with Spain, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Thomas Reece, late of Capt. Rogers's company, Texas Rangers, Indian wars, and pay him a pension at the rate of $20 per month.

The name of George M. Wright, late of Capt. June Peak's Company B, Frontier Battalion, Texas Rangers, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Peter McLaughlin, late of Company B, Thirtieth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Nellie Hubacher, widow of Nicholas Hubacher, late of Company M, Sixth Regiment Illinois Infantry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of William A. Dell, late of the Ordnance Department, United States Army, Regular Establishment, and pay him a pension at the rate of $17 per month in lieu of that he is now receiving.

The name of Ora O. Beerbower, late of Company E, First Regiment Ohio Cavalry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of Freeland H. Dam, late first lieutenant, Thirty-sixth Regiment Minnesota Militia, Indian wars, and pay him a pension at the rate of $20 per month.

The name of John F. Brannan, late of Company B, Twenty-fourth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Gilbert J. Jackson, late of Troop H, Seventh Regiment United States Cavalry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

This bill is a substitute for the following bills referred to the Committee on Pensions:

H. R. 1584. Bernard J. Boldermann.
H. R. 2034. George C. Hazeltine.
H. R. 2071. Ellen Hoctor
H. R. 2617. John B. Jeffery.
H. R. 3416. Winfield H. Handley.
H. R. 3812. Johanna Moss.
H. R. 4360. Mary M. Newman.
H. R. 4428. Frederick Daggett.
H. R. 4539. James T. Page.
H. R. 5655. Charles A. Evans.
H. R. 5718. John Shafranek.
H. R. 5878. Daniel Smith.
H. R. 5988. George Milams.
H. R. 5996. Jasper N. Baker.
H. R. 6121. August C. Reisz.
H. R. 6174. Timothy P. Brennan.
H. R. 6273. Edward H. Harpster.
H. R. 6276. Scott Tussey.
H. R. 6349. Roselia Meehan.
H. R. 6372. William Coleman.
H. R. 6473. Ann Cannon.
H. R. 6516. Martin F. Gibbons.
H. R. 6583. Ann H. Russell.
H. R. 6584. Victoria Saint C. E. C. Mickelson.
H. R. 6597. Roy B. Wilcox.
H. R. 6690. George W. Kelley.
H. R. 6726. James B. Gibson.
H. R. 6738. Alonzo Blankenship.
H. R. 6783. Alfred Ashton.
H. R. 6805. Charles W. Adams.
H. R. 6927. Charles A. Swartz.
H. R. 6928. William H. Robinson.
H. R. 6930. Maggie L. Schafer.
H. R. 6935. Frederick A. Mackey.
H. R. 6965. James E. Embury.
H. R. 7007. Nancy J. Miller.
H. R. 7016. William H. Trautman.
H. R. 7021. Julia Gallagher.
H. R. 7049. Elizabeth Whitehurst.
H. R. 7058. Andrew Hammond.
H. R. 7062. Ulysses Drinnon.
H. R. 7066. James M. Howard.
H. R. 7070. Charles F. Carver.
H. R. 7140. Catherine Rodgers.
H. R. 7148. Kitty B. Reynolds.
H. R. 7165. Harry M. Batty.
H. R. 7171. Mary McBride.
H. R. 7172. Martin V. Endicott.
H. R. 7180. Milford W. Oxley.
H. R. 7185. John D. Weldie.
H. R. 7191. Emma C. Wiese.
H. R. 7198. Robert Clark.
H. R. 7228. Bertel Pederson.
H. R. 7232. Anna M. Prendergast.
H. R. 7266. Walter Barbo.
H. R. 7271. Mathilda Eck.
H. R. 7279. Mallie C. Fikes.
H. R. 7304. Roscoe Caudill.
H. R. 7339. John E. Root.
H. R. 7345. Isabelle R. Brown.
H. R. 7346. Frances A. Kirk.
H. R. 7352. William Elliott.
H. R. 7358. Henrietta A. Hewett.
H. R. 7411. Lawrence L. Dunning.
H. R. 7412. Lida S. Williams.
H. R. 7422. Nathan L. Smith.
H. R. 7423. Orpha Young.
H. R. 7442. Joseph Hixon.
H. R. 7444. Barbara A. Chambreau.
H. R. 7464. Arabell Hatcher.
H. R. 7468. William S. Davis.
H. R. 7469. Joseph M. Bingler, John R. Bingler, and Alice M. Bingler.
H. R. 7481. Martha Jane Wilson.
H. R. 7486. Van Letsinger.
H. R. 7575. Harriet R. Palmer.
H. R. 7579. Tony Verrosso.
H. R. 7609. Thomas Reece.
H. R. 7610. George M. Wright.
H. R. 7670. Peter McLaughlin.
H. R. 7673. Nellie Hubacher.
H. R. 7726. William A. Dell.
H. R. 7730. Ora O. Beerbower.
H. R. 7774. Freeland H. Dam.
H. R. 7795. John F. Brannan.
H. R. 7818. Gilbert J. Jackson.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. PRINCEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. SCOTT of Tennessee. Mr. Speaker, I desire to call up H. R. 8261, a private pension bill.

The SPEAKER pro tempore. The gentleman from Tennessee calls up a bill, which the clerk will report.

The bill (H. R. 8261) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Archie M. Leighton, late of Company C, First Regiment New Hampshire Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of Margaret G. Boudreaux, widow of Louis R. Boudreaux, late of the Hospital Corps, United States Army, War with Spain, and pay her a pension at the rate of $12 per month, and $2 per month additional on account of each of the minor children of said Louis R. Boudreaux until they reach the age of 16 years.

The name of Calvin S. Hines, late of Capt. George W. Stevens's company, Texas Rangers, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Catherine Howard, dependent mother of Joshua E. Howard, late of Company C, Second Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Mary Lee Love, helpless and dependent child of Richard Lee Love, late lieutenant, United States Navy, War with Mexico, and pay her a pension at the rate of $20 per month.

The name of John W. Albrey, late of Company G, Thirty-first Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Edward Kirchen, late of Company K, Second Regiment Wisconsin Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Edward Frank, late of Company K, Second Regiment Wisconsin Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Oscar Neumeister, late of Company C, Second Regiment Wisconsin Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Mary J. Beard, widow of John David Beard, late of Company D, Thirtieth Regiment United States Infantry, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Maria D. Emmanuel, dependent mother of Michel Emmanuel, late of the United States Naval Auxiliary Service, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Lydia F. Munns, widow of Charles L. Munns, alias Lee C. Munns, late of Company C, Fourth Regiment Wisconsin Infantry, and Hospital Corps, United States Army, War with Spain, and pay her a pension at the rate of $12 per month, and $2 per month additional on account of each of the minor children of said Charles L. Munns until they reach the age of 16 years.

The name of Alvin E. Briggs, late of Company B, Third Regiment, Field Artillery, New York National Guard, Regular Establishment, Border Defense, and pay him a pension at the rate of $24 per month.

The name of Eliza W. Davis, widow of Gilbert F. Davis, late of Battery E, Fourth Regiment United States Artillery, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Peter F. Fleming, late of Company D, Thirty-sixth Regiment United States Volunteer Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Addison H. Barbour, late of Company A, Tenth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Julia B. Reynolds, widow of Robert W. Reynolds, late first lieutenant of the Third Regiment, United States Cavalry, Regular Establishment, and pay her a pension at the rate of $35 per month in lieu of that she is now receiving and a continuance of the pension of $2 per month on account of the minor child of said Robert W. Reynolds until he reaches the age of 16 years.

The name of Robert Leigh Morris, late of Company B, Fourth Regiment Virginia Infantry, War with Spain, and pay him a pension at the rate of $24 per month.

The name of Osco L. Robinson, late of Company K, Twenty-seventh Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Taylor Hubbard, late of Company I, Eighth Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of James G. Follansbee, late of Company M, Two hundred and second Regiment New York Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of William W. Gillihan, late of Company D, Gray's battalion, Arkansas Volunteers, War with Mexico, and pay him a pension at the rate of $72 per month in lieu of that he is now receiving.

The name of Edward J. Murphy, late of Company I, Nineteenth Regiment Kansas Cavalry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of James O. Cotman, late of Company H, Twenty-fifth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month in lieu of that he is now receiving.

The name of George Bingham, late of Company C, Eighth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Axie M. McClendon, widow of Thomas M. McClendon, late of Company A, First Regiment Florida Infantry, War with Spain, and pay her a pension at the rate of $25 per month in lieu of that she is now receiving.

The name of Harry G. Hodges, late of the Eighty-sixth Company United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of John T. Knotts, late of Company A, Instruction General Service, United States Army, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Ulric S. McPheeters, late of Companies C and I, Second Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $36 per month in lieu of that he is now receiving.

The name of Decatur D. Kinser, late of Company G, Sixteenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $12 per month in lieu of that he is now receiving.

The name of Lillie Dixon, widow of Aaron W. Dixon, late of Company E, Twenty-ninth Regiment United States Volunteer Infantry, War with Spain, and pay her a pension at the rate of $12 per month, and $2 per month additional on account of each of the minor children of said Aaron W. Dixon until they reach the age of 16 years.

The name of Solomon Williams, sr., late of Company A, Fourth Regiment Tennessee Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of Will Brown, late of Company A, Third Regiment Tennessee Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Carrie C. Fry, widow of Robert J. Fry, late of Company E, Second Battalion, Sixteenth Regiment United States Infantry, Regular Establishment and Civil War, and pay her a pension at the rate of $20 per month.

The name of Merle Hoopengardner, helpless child of Marion Hoopengardner, late of Company F, One hundred and sixtieth Regiment Indiana Infantry, War with Spain, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving, and continue to pay pension to Dorothy V. Hoopengardner, minor child of said Marion Hoopengardner, at the rate she is now receiving until she reaches the age of 16 years.

The name of Melvin F. Wyman, late of Company K, First Regiment Maine Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Monroe Cole, late of Company D, Fourth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Katherine C. Eiffert, widow of George E. Eiffert, alias George Edwards, late of Company B, Thirty-second Regiment United States Infantry, Indian wars, and pay her a pension at the rate of $12 per month.

The name of James F. Burbage, late of Company H, Third Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of William R. Spooner, late of Company F, First Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Abbie Devere, widow of William Devere, late of Company D, Independent Battalion Washington Infantry, War with Spain, and pay her a pension at the rate of $20 per month.

The name of Joseph R. Lanham, late of the One hundred and twenty-seventh Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Walter G. Benninger, late of Company G, Forty-ninth Regiment Iowa Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of James Noe, dependent father of James W. Noe, late of the One hundred and thirty-seventh Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of William Hulshart, late of Company H, Eleventh Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $24 per month.

The name of Edward F. Stewart, late of Company K, Thirty-first Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Jesse C. Cawood, late of Company B, Seventh Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Henry C. Block, late of First Lieut. Freeland H. Dam's company, Minnesota Militia, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Samuel V. Hamilton, late of Company E, Texas Frontier Battalion, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Patrick J. Manning, late of the United States Navy, War with Spain, and pay him a pension at the rate of $18 per month.

The name of Lemuel A. Mitchell, late of Company G, One hundred and sixty-first Regiment Indiana Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of Lona B. Porter, late of the Coast Artillery School Detachment, United States Army, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Max Landowsky, late of Company I, First Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $30 per month.

The name of Ray England, late of Company H, Second Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of Lettie Stewart, widow of Edward Stewart, late of Company C, Tenth Regiment United States Cavalry, Regular Establishment, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of John A. Smith, late of Capt. John L. Sperry's company, Umatilla County, Oregon Guards, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Rose Edwards, widow of William H. Edwards, late of Company B, First Battalion Nevada Infantry, War with Spain, and pay her a pension at the rate of $12 per month, and $2 per month additional on account of each of the minor children of said William H. Edwards until they reach the age of 16 years.

The name of Elizabeth Williams, dependent mother of John Williams, late of Company D, Third Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Vina Blanks, dependent mother of Dennis Blanks, late of Company F, Sixth Regiment Virginia Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Thomas F. Riley, late of Battery I, Second Regiment United States Artillery, War with Spain, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of William Johnson, late of Company E, Twentieth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Phebe E. Sargent, widow of John R. Sargent, late of Company E (Capt. H. O. Neil's), Second Regiment Oregon Volunteers, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mary E. Wannall, widow of William T. Wannall, late of the U. S. S. *Alert*, United States Navy, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Gustav Buelow, late of Company E, Fourteenth Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of John C. Butler, late of Company H, Sixth Regiment United States Cavalry, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Napoleon W. Alexander, late of Col. Dalrymple's company, Texas Rangers, Indian wars, and pay him a pension at the rate of $20 per month.

This bill is a substitute for the following bills referred to the Committee on Pensions:

H. R. 1685. Archie M. Leighton.
H. R. 1736. Margaret G. Boudreaux.
H. R. 2756. Calvin S. Hines.
H. R. 4540. Catherine Howard.
H. R. 4613. Mary Lee Love.
H. R. 5254. John W. Albrey.
H. R. 5875. Edward Kirchen.
H. R. 5876. Edward Frank.
H. R. 5881. Oscar Neumeister.
H. R. 5882. Mary J. Beard.
H. R. 6413. Maria D. Emmanuel.
H. R. 6518. Lydia F. Munns.
H. R. 6893. Alvin E. Briggs.
H. R. 7022. Eliza W. Davis.
H. R. 7274. Peter F. Fleming.
H. R. 7315. Addison H. Barbour.
H. R. 7354. Julia B. Reynolds.
H. R. 7376. Robert Leigh Morris.
H. R. 7386. Osco L. Robinson.
H. R. 7388. Taylor Hubbard.
H. R. 7410. James G. Follansbee.
H. R. 7441. William W. Gillihan.
H. R. 7462. Edward J. Murphy.
H. R. 7467. James O. Cotman.
H. R. 7470. George Bingham.
H. R. 7474. Axie M. McClendon.
H. R. 7538. Harry G. Hodges.
H. R. 7603. John T. Knotts.
H. R. 7616. Ulric S. McPheeters.
H. R. 7681. Decatur D. Kinser.
H. R. 7698. Lillie Dixon.
H. R. 7699. Solomon Williams, sr.
H. R. 7704. Will Brown.
H. R. 7739. Carrie C. Fry.
H. R. 7743. Merle Hoopengardner.
H. R. 7769. Melvin F. Wyman.
H. R. 7782. Monroe Cole.
H. R. 7790. Katherine C. Eiffert.
H. R. 7794. James F. Burbage.
H. R. 7798. William R. Spooner.
H. R. 7816. Abbie Devere.
H. R. 7822. Joseph R. Lanham.
H. R. 7839. Walter G. Benninger.
H. R. 7845. James Noe.
H. R. 7855. William Hulshart.
H. R. 7900. Edward F. Stewart.
H. R. 7904. Jesse C. Cawood.
H. R. 7925. Henry C. Block.
H. R. 7962. S. V. Hamilton.
H. R. 7988. Patrick Manning.
H. R. 7989. Lemuel A. Mitchell.
H. R. 7999. Lona B. Porter.
H. R. 8013. Max Landowsky.
H. R. 8021. Ray England.
H. R. 8032. Lettie Stewart.
H. R. 8048. John A. Smith.
H. R. 8054. Rose Edwards.
H. R. 8057. Elizabeth Williams.
H. R. 8069. Vine Blanks.
H. R. 8088. Thomas F. Riley.
H. R. 8094. William Johnson.
H. R. 8097. Phebe E. Sargent.
H. R. 8149. Mary E. Wannall.
H. R. 8194. Gustav Buelow.
H. R. 8223. John C. Butler.
H. R. 8227. Napoleon W. Alexander.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time, and passed.

On motion of Mr. SCOTT of Tennessee, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. ROBSION. Mr. Speaker, I call up H. R. 8569 from the Committee on Pensions.

The SPEAKER pro tempore. The gentleman from Kentucky calls up from the Committee on Pensions a bill which the Clerk will report.

The bill (H. R. 8569) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, was read as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of John J. Roberts, late of Troop B, First Regiment United States Cavalry, Indian wars, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of John F. Graper, late of the Thirteenth Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Bettie Cowels, dependent mother of George E. Cowels, late of Company E, Forty-eighth Regiment United States Volunteer Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Alonzo Hazelton Hatch, late of the United States Navy, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of John Tomlinson, late of Tyler's Rangers, Colorado Volunteers, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Louis Settles, late of Company E, Twelfth Regiment United States Infantry, Regular Establishment, Indian wars, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Liza Sharp, dependent mother of James D. Sharp, late of Company A, Twentieth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Julia A. Atkinson, widow of John T. Atkinson, late of Company A, First Regiment Wisconsin Infantry, and Hospital Corps United States Army, War with Spain, and pay her a pension at the rate of $20 per month.

The name of Mary K. Ward, widow of John Ward, late of Company H, Fifth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Susan Penn, widow of Abram C. Penn, late of Captain McLins's Company, Tennessee Volunteers, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mark T. Smith, late of Company E, First Regiment Ohio Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of William Newman, late of Company B, Forty-second Regiment United States Volunteer Infantry, War with Spain, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Isaac M. Conley, late of Company B, Twelfth Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $12 per month in lieu of that he is now receiving.

The name of Francis M. Phares, late of Company E, Thirty-first Regiment, United States Infantry, Indian wars, and pay him a pension at the rate of $20 per month.

The name of George Lappin, late of Company A, Eighth Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Mattie Grimes, widow of Albert Grimes, late of Troop D, Fifteenth Regiment United States Cavalry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Kate Momper, dependent mother of John G. Momper, late of Company M, Eighth Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mary A. Scanlan, dependent mother of William J. Scanlan, late of Battery A, Fifth Regiment United States Field Artillery, Regular Establishment, border defense, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Lemuel G. Cherry, late of Troop K, Seventh Regiment United States Cavalry, Indian wars, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Abby G. W. Ross, widow of Worth G. Ross, late commander United States revenue cutter *Woodbury*, United States Revenue Cutter Service, attached to United States Navy, War with Spain, and pay her a pension at the rate of $30 per month.

The name of John R. Wright, late of Company M, First Regiment Arkansas Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of Katherine Timlin, dependent mother of John J. Timlin, late of the band, Second Regiment North Carolina Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Charles J. Kilcullen, late of Company C, Tenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $12 per month in lieu of that he is now receiving.

The name of William J. Hines, late of Company B, Sixty-fifth Regiment New York Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Frederick C. Harlacher, late of Company A, Sixth Regiment Pennsylvania Infantry, War with Spain, and pay him a pension at the rate of $15 per month.

The name of Hugh G. Smelcer, late of the Seventy-fifth Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $17 per month in lieu of that he is now receiving.

The name of Richard T. Jacob, late captain Company K, Eighth Regiment United States Volunteer Infantry, War with Spain, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Kate Thomas, dependent mother of William J. Thomas, late of the Sixteenth Company, United States Coast Artillery, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Emil Voris, late of the Machine Gun Company, Second Infantry, New York National Guard, Regular Establishment, border defense, and pay him a pension at the rate of $17 per month in lieu of that he is now receiving.

The name of Ellsworth W. Pixler, helpless and dependent child of William Pixler, late of Company B, Thirteenth Regiment, United States Infantry, War with Mexico, and pay him a pension at the rate of $12 per month.

The name of Margaret Smyth, widow of Bryan Smyth, late of detachment of Artillery, United States Military Academy, and detachment United States Army Service men, War with Spain, and pay her a pension at the rate of $32 per month: *Provided*, That in the event of the death of John Smyth, helpless and dependent son of said Bryan Smyth, the additional pension herein granted shall cease and determine: *Provided further*, That in the event of the death of Margaret Smyth the name of said John Smyth shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $12 per month from and after the death of said Margaret Smyth.

The name of Patrick J. Blake, late of the Tenth Company, United States Volunteer Signal Corps, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Clara Cloe Ross, widow of Samuel W. Ross, late of the United States Navy, War with Spain, and pay her a pension at the rate of $12 per month and $2 per month additional on account of each of the minor children of said Samuel W. Ross until they reach the age of 16 years.

The name of Charles Ingle, late of Company C, Tenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of John J. Haggerty, late of Company E, Sixty-ninth Regiment New York Infantry, and Fourth and Ninth Companies, United States Volunteer Signal Corps, War with Spain, and pay him a pension at the rate of $12 per month in lieu of that he is now receiving.

The name of Maude Woods, widow of John D. Woods, late of Seventh Battery United States Field Artillery, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Gustave Domras, late of Company H, Thirteenth Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving. Pension to be paid to duly appointed guardian.

The name of James J. O'Shea, late of Company A, Fourth Regiment United States Volunteer Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of Sawyers Webb, late of the Sixth and Twenty-fourth Companies, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Mortimer S. Martin, late of Capt. D. B. Randall's company and Capt. James Cearley's company, Idaho Volunteers, Nez Perce Indian wars, and pay him a pension at the rate of $20 per month.

The name of Addie I. Meuli, widow of Martin Meuli, late of Capt. I. B. Cowan's company, Second Regiment Idaho Volunteers, Nez Perce Indian wars, and pay her a pension at the rate of $12 per month.

The name of William S. Ritman, late of Capt. D. B. Randall's Company B, Second Regiment, Idaho Volunteers, Indian wars, and pay him a pension at the rate of $20 per month.

The name of James P. Patton, late of Company G, Second Regiment North Carolina Infantry, War with Spain, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Bettie B. Scott, widow of Walker Scott, late of Company F, Twenty-fifth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Eva A. Smith, widow of Franklin H. Smith, late of Company G, Twenty-third Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Albert Luck, late of Company F, Third Regiment Wisconsin Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of Nelson Yarnall, late scout and guide, with Gen. Crook, United States Army, Indian wars, and pay him a pension at the rate of $20 per month.

The name of James Neary, late of Company H, Third Battalion, Thirteenth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of William H. Surridge, late of Troop F, Fourth Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $12 per month in lieu of that he is now receiving.

The name of Charles L. Farmer, late of Troop E, Sixth Regiment United States Cavalry, War with Spain, and pay him a pension at the rate of $15 per month.

The name of Julia A. Hatcher, dependent mother of Clarence O. Casto, late of the United States Navy, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of John J. Mahan, late of Company E, Fourteenth Regiment New York Infantry, War with Spain, and pay him a pension at the rate of $24 per month.

The name of Martin Beckler, late of Company F, Eighth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month in lieu of that he is now receiving.

The name of Janie M. Jones, widow of Robert M. Jones, late of Company G, First Regiment Mississippi Infantry, War with Spain, and pay her a pension at the rate of $32 per month in lieu of that she is now receiving: *Provided*, That in the event of the death of Robert M. Jones, minor child of said Robert M. Jones, or upon his attaining the age of 16 years, the additional pension of $12 per month herein granted shall cease and determine: *Provided further*, That in the event of the death of Janie M. Jones prior to December 5, 1924, the name of said Robert M. Jones shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of $12 per month until he reaches the age of 16 years from and after the death of said Janie M. Jones.

The name of John W. Wabrass, late of Company F, Sixth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $17 per month in lieu of that he is now receiving.

The name of Jacob S. Best, late of Company F, First Regiment District of Columbia Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of Esther J. Hamilton, dependent mother of Benton F. Hamilton, late of Company G, One hundred and sixty-first Regiment Indiana Infantry, War with Spain, and pay her a pension at the rate of $12 per month.

The name of Henry Fleming, late of Company M, Third Regiment Nebraska Infantry, War with Spain, and pay him a pension at the rate of $15 per month.

The name of Leona J. Johnson, widow of Green Johnson, alias Green Brown, late of Troop L, Ninth Regiment United States Cavalry, Indian wars, and pay her a pension at the rate of $12 per month.

The name of Tena Allard, widow of Silas J. Allard, late of Troop D, Sixth Regiment United States Cavalry, Indian wars, and pay her a pension at the rate of $12 per month.

The name of Frank Miller, late of the Sixty-seventh Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Bertha A. Beckman, widow of Charles C. Beckman, late of Company B, Eleventh Regiment United States Infantry, War with Spain, and pay her a pension at the rate of $12 per month and $2 per month additional on account of each of the minor children of said Charles C. Beckman until they reach the age of 16 years.

The name of John H. Dority, late of Company E, Thirty-second Regiment Michigan Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of John Welton, alias John Weldon, late of Battery I, Fourth Regiment United States Artillery, Regular Establishment, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Martin Lee, jr., late of Troop B, Sixth Regiment United States Cavalry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Jennie C. Richardson, dependent mother of Warren W. Richardson, late of Troop I, Seventh Regiment United States Cavalry, War with Spain, and pay her a pension at the rate of $20 per month.

The name of Herbert S. Coheley, late of Troop A, First Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $40 per month.

The name of Reese H. Johnson, late of the Ninety-third Company, United States Coast Artillery Corps, Regular Establishment, and pay him a pension at the rate of $12 per month.

The name of Ernest H. Maynard, late of Company M, First Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $12 per month.

The name of Charles Nichols, late of the Hospital Corps, United States Army, Regular Establishment, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Jacob Mottl, late of Company K, Second Regiment Wisconsin Infantry, War with Spain, and pay him a pension at the rate of $18 per month.

The name of James F. B. P. Gould, late of Company K, Third Regiment Pennsylvania Infantry, War with Spain, and band, Third Regiment United States Infantry, Indian wars, and pay him a pension at the rate of $30 per month.

The name of Godfrey Müller, alias John Maier, late of Company A, Sixth Regiment United States Cavalry, Indian wars, and pay him a pension at the rate of $20 per month.

The name of Sarah E. Fowler, former widow of Robert Morgan, late of Capt. Abram Fulkerson's company Virginia Militia, War of 1812, and pay her a pension at the rate of $30 per month.

The name of William W. Waters, late of Company D, Sixth Regiment United States Cavalry, Indian wars, Regular Establishment, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Charles C. Chadick, late of Troop A, First Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Reuben J. Smith, late of Company I, First Regiment South Carolina Infantry, War with Spain, and pay him a pension at the rate of $30 per month.

The name of Elizabeth Willis, widow of Eugene Willis, late of Troop E, Fourth Regiment United States Cavalry, Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Harry Weinheimer, late of Company F, Forty-second Regiment United States Volunteer Infantry, War with Spain, and pay him a pension at the rate of $24 per month in lieu of that he is now receiving.

The name of Eleanor W. Massey, widow of Arthur W. Massey, late of the United States Navy, Regular Establishment, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Antoinette McMacken, widow of George F. McMacken, late of Company L, Fifty-first Regiment Iowa Infantry, War with Spain, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Emily Watkins, widow of William H. H. Watkins, late of Capt. B. Miller's Company I, Second Regiment Washington Territory Volunteers, Orgeon and Washington Territory Indian wars, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of John F. Mossberg, late of Company D, Fifteenth Regiment Minnesota Infantry, War with Spain, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

The name of Francis H. McGee, late of Troop G, Third Regiment United States Cavalry, Regular Establishment, and pay him a pension at the rate of $30 per month in lieu of that he is now receiving.

The name of Nancy Ellis, dependent mother of Martin C. Ellis, late of Troop E, Tenth Regiment United States Cavalry, Regular Establishment, and pay her a pension at the rate of $12 per month.

The name of Solomon Hubbard, late of Company A, Twenty-seventh Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of Sarah F. Clark, widow of Zachariah Clark, late of Company K, Twenty-fifth Regiment United States Infantry, Regular Establishment, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Mary Myrtle Leone Tucker, widow of William Francis Tucker, late colonel, United States Army, Regular Establishment, and pay her a pension at the rate of $30 per month.

The name of Charles H. Jackson, late of Company M, First Regiment South Dakota Infantry, War with Spain, and pay him a pension at the rate of $18 per month in lieu of that he is now receiving.

The name of Samuel J. Heron, late unassigned company, Montana Volunteers, Nez Perce Indian war, and pay him a pension at the rate of $20 per month.

The name of Louisa Donnelly, widow of Joseph J. Donnelly, late of Company F, Eighth Regiment New York Infantry, War with Spain, and pay her a pension at the rate of $12 per month, and $2 per month additional on account of the minor child of said Joseph J. Donnelly until she reaches the age of 16 years.

The name of Florence Belle Andarsson, widow of Oskar Andarsson, late of the United States Navy, War with Spain, and pay her a pension at the rate of $20 per month.

The name of James M. Burns, late of Company L, First Regiment United States Volunteer Engineers, War with Spain, and pay him a pension at the rate of $12 per month.

The name of James T. Gibbs, late of Company M, Thirteenth Regiment United States Infantry, War with Spain, and pay him a pension at the rate of $50 per month in lieu of that he is now receiving.

The name of Mearl Simon Shockley, late of the United States Navy, Regular Establishment, and pay him a pension at the rate of $17 per month.

The name of Sarah Jane Perkins, widow of John H. Perkins, late of Capt. T. G. Rainer's company, Alabama Militia, Indian wars, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Teddy Sexton, late of Company A, Twenty-ninth Regiment United States Infantry, Regular Establishment, and pay him a pension at the rate of $40 per month in lieu of that he is now receiving.

Mr. ROBSION. Mr. Speaker, I offer the following amendment.

The SPEAKER pro tempore. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ROBSION offers the following amendment: Page 13, line 5, after the word "month," insert the words "in lieu of that he is now receiving."

The amendment was agreed to.

Mr. ROBSION. Mr. Speaker, I offer the following amendment.

The SPEAKER pro tempore. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ROBSION offers the following amendment: Page 13, line 23, after the word "month," insert the words "in lieu of that he is now receiving."

The amendment was agreed to.

Mr. ROBSION. Mr. Speaker, I offer the following amendment.

The SPEAKER pro tempore. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ROBSION offers the following amendment: Page 16, line 17, strike out lines 17, 18, and 19.

The amendment was agreed to.

The bill is a substitute for the following bills referred to the Committee on Pensions:

H. R. 515. John J. Roberts.
H. R. 516. John F. Graper.
H. R. 1380. Bettie Cowels.
H. R. 1891. Alonzo Hazelton Hatch.
H. R. 2033. John Tomlinson.
H. R. 2746. Louis Settles.
H. R. 2812. Liza Sharp.
H. R. 3277. Julia A. Atkinson.
H. R. 3306. Mary K. Ward.
H. R. 3310. Susan Penn.
H. R. 3506. Mark T. Smith.
H. R. 4190. William Newman.
H. R. 4465. Isaac M. Conley.
H. R. 4566. Francis M. Phares.
H. R. 4616. George Lappin.
H. R. 4708. Mattie Grimes.
H. R. 4760. Kate Momper.
H. R. 4837. Mary A. Scanlan.
H. R. 4886. Lemuel G. Cherry.
H. R. 5327. Abby G. W. Ross.
H. R. 5400. John R. Wright.
H. R. 5496. Katherine Timlin.
H. R. 5610. Charles J. Kilcullen.
H. R. 5658. William J. Hines.
H. R. 5784. Frederick C. Harlacher.
H. R. 5868. Hugh G. Smelcer.
H. R. 6143. Richard T. Jacob.
H. R. 6248. Kate Thomas.
H. R. 6382. Emil Voris.
H .R. 6709. Ellsworth W. Pixler.
H. R. 6723. Margaret Smyth.
H. R. 6987. Patrick J. Blake.
H. R. 7001. Clara Cloe Ross.
H. R. 7084. Charles Ingle.
H. R. 7087. John J. Haggerty.
H. R. 7285. Maude Woods.
H. R. 7310. Gustave Domras.
H. R. 7421. James J. O'Shea.
H. R. 7476. Sawyers Webb.
H. R. 7530. Mortimer S. Martin.
H. R. 7532. Addie I. Meuil.
H. R. 7669. William S. Ritman.
H. R. 7703. James P. Patton.
H. R. 7723. Bettie B. Scott.
H. R. 7753. Eva A. Smith.
H. R. 7781. Albert Luck.
H. R. 7959. Nelson Yarnall.
H. R. 7980. James Neary.
H. R. 8002. William H. Surridge.
H. R. 8005. Charles L. Farmer.
H. R. 8022. Julia A. Hatcher.
H. R. 8031. John J. Mahan.
H. R. 8078. Martin Beckler.
H. R. 8095. Janie B. Jones.
H. R. 8111. John W. Wabrass.
H. R. 8116. Jacob S. Best.
H. R. 8135. Esther J. Hamilton.
H. R. 8146. Henry Fleming.
H. R. 8155. Leone J. Johnson.
H. R. 8174. Tena Allard.
H. R. 8176. Frank Miller.
H. R. 8177. Bertha A. Beckman.
H. R. 8198. John H. Dority.
H. R. 8213. John Welton (alias John Weldon).
H. R. 8226. Martin Lee, jr.
H. R. 8233. Charles Nichols.
H. R. 8250. Jennie C. Richardson.
H. R. 8251. Herbert S. Coheley.
H. R. 8254. Jacob Mottl.
H. R. 8257. Reese H. Johnson.
H. R. 8280. James F. B. P. Gould.
H. R. 8281. Ernest H. Maynard.
H. R. 8293. Godfrey Müller (alias John Maier).
H. R. 8294. Sarah E. Fowler.
H. R. 8324. William W. Waters.
H. R. 8340. Charles C. Chadick.
H. R. 8356. Reuben J. Smith.
H. R. 8369. Elizabeth Willis.
H. R. 8371. Harry Weinheimer.
H. R. 8409. Eleanor W. Massey.
H. R. 8412. Antoinette McMacken.
H. R. 8415. Emily Watkins.
H. R. 8430. John F. Mossberg.
H. R. 8431. Francis H. McGee.
H. R. 8437. Nancy Ellis.
H. R. 8438. Solomon Hubbard.
H. R. 8446. Sarah F. Clark.
H. R. 8451. Mary Myrtle Leone Tucker.
H. R. 8465. Charles H. Jackson.
H. R. 8468. Samuel J. Heron.
H. R. 8483. Louisa Donnelly.
H. R. 8484. Florence Belle Andarsson.
H. R. 8486. James M. Burns.
H. R. 8505. James T. Gibbs.
H. R. 8543. Mearl Simon Shockley.
H. R. 8552. Sarah Jane Perkins.
H. R. 8556. Teddy Sexton.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. ROBSION, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. McSWAIN. Mr. Speaker, on behalf of the Committee on Pensions I call up H. R. 5597.

The SPEAKER pro tempore. The gentleman from South Carolina calls up from the Committee on Pensions a bill which the Clerk will report.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry—a question of order.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. STAFFORD. I wish to inquire whether the unanimous consent requested by the gentleman from Illinois [Mr. FULLER] is limited only to the general pension bills reported by the Committee on Pensions and Invalid Pensions?

The SPEAKER pro tempore. The Chair will state that the request of the gentleman from Illinois was that private pension bills on the Private Calendar be considered in the House as in Committee of the Whole, which would include omnibus bills and private pension bills as well.

Mr. STAFFORD. Mr. Speaker, if this bill is to be called up, I think we ought to have a quorum present. I therefore make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Wisconsin makes the point of order that no quorum is present. It is clear that no quorum is present.

Mr. STAFFORD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Almon	French	Lowrey	Ryan
Ansorge	Fulmer	Luhring	Sabath
Atkeson	Funk	Lyon	Sanders, Ind.
Bacharach	Gahn	McArthur	Sanders, N. Y.
Barkley	Gallivan	McKenzie	Sandlin
Bland, Ind.	Garner	McLaughlin, Pa.	Shreve
Bond	Goldsborough	Madden	Siegel
Bowers	Goodykoontz	Maloney	Sinclair
Brand	Gould	Mann	Slemp
Britten	Graham, Ill.	Mansfield	Snell
Brown, Tenn.	Graham, Pa.	Mead	Stevenson
Burdick	Griest	Michaelson	Stiness
Burke	Griffin	Mills	Strong, Pa.
Burtness	Hadley	Moore, Ill.	Sullivan
Campbell, Pa.	Harrison	Morin	Tague
Cantrill	Hays	Mott	Taylor, Colo.
Carter	Herrick	Mudd	Taylor, N. J.
Chandler, N. Y.	Hicks	Murphy	Thomas
Chandler, Okla.	Hogan	Nelson, J. M.	Thompson
Clark, Fla.	Houghton	Newton, Minn.	Tillman
Clarke, N. Y.	Husted	Nolan	Tinkham
Classon	Jeffers, Ala.	O'Brien	Treadway
Codd	Johnson, S. Dak.	Ogden	Upshaw
Connell	Johnson, Wash.	Paige	Vare
Cooper, Ohio	Kelley, Mich.	Parker, N. Y.	Voigt
Copley	Kennedy	Perkins	Volk
Coughlin	Kincheloe	Perlman	Walters
Crago	Kindred	Peters	Ward, N. C.
Culien	King	Porter	Wason
Dale	Kirkpatrick	Rainey, Ala.	Watson
Davis, Minn.	Kitchin	Rainey, Ill.	White, Kans.
Dempsey	Kleczka	Ransley	White, Me.
Drewry	Knight	Reavis	Winslow
Dunn	Knutson	Rhodes	Woods, Va.
Echols	Kreider	Riddick	Woodyard
Elston	Langley	Riordan	Wyant
Faust	Larson, Minn.	Robertson	Young
Fenn	Layton	Rodenberg	Zihlman
Fields	Lee, Ga.	Rose	
Flood	Lee, N. Y.	Rossdale	
Freeman	Longworth	Rucker	

The SPEAKER pro tempore. On this call 269 Members have answered to their names. A quorum is present.

Mr. STAFFORD. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were reopened.

N. MAY JERNEGAN.

The SPEAKER pro tempore. The gentleman from South Carolina calls up a bill, which the Clerk will report.

The Clerk read the bill (H. R. 5597) granting a pension to Nettie May Jernegan, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws, the name of Nettie May Jernegan, widow of Warren G. Jernegan, in special recognition of the services rendered by the said Warren G. Jernegan in assisting in the discovery and the means of preventing, as well as the cause and method of propagation of, yellow fever, and pay her a pension at the rate of $125 per month in lieu of that she is now receiving.

With the following committee amendments: Page 1, line 6, strike out the word "Nettie" and insert the letter "N."

In lines 7, 8, 9, and 10 strike out the words "in special recognition of the services rendered by the said Warren G. Jernegan in assisting in the discovery and the means of preventing, as well as the cause and method of propagation of, yellow fever," and insert in lieu thereof the following: "late of the Hospital Corps, United States Army, War with Spain."

Mr. McSWAIN. Mr. Speaker and gentlemen of the House, I feel that a few words of explanation would be entirely in order in connection with this bill. The question has been raised, Why was this pension not included in the omnibus bill from our committee? The reasons are, first, that the circumstances are peculiar, and in order to cover an explanation of the bill a report of several pages is necessary. In the second place, the amount asked for is larger than the amount carried in the ordinary omnibus bill.

The facts are: Warren G. Jernegan was a private in the Hospital Corps in the Spanish-American War; enlisted for a period of three years and served for a period of three years. After the actual fighting was over and Gen. Wood was made Governor General of Cuba, there was a commission appointed by the War Department to go to Cuba and study the cause of and the propagation of yellow fever. At that time yellow fever was sweeping down the American forces who were occupying the island.

Gen. Wood said that 30 per cent of his officers lost their lives through yellow fever. Cubans born and raised in Cuba are practically immune from yellow fever, but persons coming there from northern regions where they are not infested by the kind of mosquito which was discovered to be the cause of spreading yellow fever are not immune, and when they go into these regions are almost immediately and almost certainly afflicted by yellow fever. The commission was headed by Dr. Walter Reed, and he had associated with him Dr. Carroll and Dr. Lazear. They went to the island and appealed to Gen. Wood and asked him for volunteers from the military forces to undertake the necessary experiments.

This man Warren G. Jernegan was one of the men who stepped up and said that he was willing to risk his life in order to advance medical science, in order that the lives of other people might thereby be saved. He was placed in a room where yellow fever patients had died. He slept on the bed that the yellow fever patients had died upon, and in the clothing that yellow fever patients had worn. He did not take yellow fever. Then he was inoculated with the blood taken from the veins of patients suffering from yellow fever. From that he did contract the disease, but he did not die immediately, nor as a result of yellow fever. He married in June, 1901. His enlistment expired in November, 1901. In 1905 there was born a child, and the evidence before the committee shows that that child has never been strong. The child is now 16 years old and lives with its mother, the father having died from influenza and pneumonia in 1919. This child is so weak, so infirm, that it is believed its condition is a result of the weakened constitution of the father and the result of the experiments to which he subjected himself. The child is asthmatic, is nervous, and has never been able to attend a public school. The mother is compelled to send the child to a private school, where it receives particular attention.

The SPEAKER pro tempore. The time of the gentleman from South Carolina has expired.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 minutes more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. STAFFORD. The gentleman has stated that the frail condition of the child was occasioned by the weakened condition of the father, which he ascribes to the result of the inoculation of yellow-fever germs, or the transmission of blood from a yellow-fever patient to himself. Is there anything in the record—there is nothing in the report which I have read—any testimony before the committee to show that the father during his service on the Isthmus 10 years afterwards, or at any time thereafter, was in a weakened physical condition?

Mr. McSWAIN. There was nothing in the records to show that the father himself did not have sufficient strength to do the ordinary work of a man.

Mr. STAFFORD. The gentleman made the statement that the frail condition of the child was due to the weakened condition of the father, and I am merely asking to ascertain the facts.

Mr. McSWAIN. Exactly; but it is the belief of the people who knew, and it is common sense, I should think, to conclude that if the father subjected himself to this treatment, and if he did, as a result of his bravery, receive an injection into his body of these disease germs, his constitution would be weakened; and even though he did drag along, even though he was able to work in the Panama Canal Zone later, yet I believe that the condition of the child, which is an only child of a wedlock of 18 years, must be the result of the weakened condition of the father. I have the affidavits here of people who now live in Arkansas, a Mr. and Mrs. W. J. Douglas, who testified that they were in Cuba at the time and knew the circumstances surrounding the treatment of this man, knew the married life of the husband and wife, and that the husband did suffer from the disease.

Mr. MILLER. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. MILLER. The gentleman says that this man after he was subjected to this experimentation recovered his health and lived for years.

Mr. McSWAIN. Yes; he lived about 18 years, I believe.

Mr. MILLER. And there were no ill effects during his lifetime from this thing?

Mr. McSWAIN. I never saw him myself.

Mr. MILLER. Is there anything in the record—in the testimony before the committee—to that effect?

Mr. McSWAIN. There is nothing before the committee to show that the man was not able to carry on the ordinary work of a man.

Mr. MILLER. Who is it that testified before the committee that the health of this child is the result of the experimentation upon the father?

Mr. McSWAIN. There was no testimony, no witnesses. We have the letters and affidavits of people. For instance, we had numerous letters from the mother.

Mr. MILLER. Why not pension the child? This is really a pension for the child.

Mr. McSWAIN. It is for the mother and the child, and I would gladly consent to an amendment that it shall include the child, because that is the purpose of it.

Mr. MILLER. What precedents has this Congress established about granting pensions under such circumstances?

Mr. McSWAIN. There are three precedents. There is the widow of Dr. Walter Reed, who died in the city of Washington, not from yellow fever, for he never had any disease germs put into his body, but who did die here in this city from acute appendicitis. His widow is on the pension roll at the rate of $125 a month. This poor private's widow is down in Spartanburg, working in a 5 and 10 cent store, making $10 or $12 a week, and has this poor invalid child on her hands. All her husband left her was $1,500 in a life insurance policy. Does the gentleman want the other precedents?

Mr. MILLER. Yes.

Mr. McSWAIN. They consist of the widow of Dr. James Carroll and of Dr. Jesse W. Lazear. Dr. Lazear did die in Cuba as a result of exposure he suffered while there. Dr. Carroll did not. When Dr. Carroll died he left a widow, as did Dr. Lazear. The question of pensioning them came before Congress in 1908, and on January 31, 1908, this message was sent to the committee having it in charge:

JANUARY 31, 1908.

The CHAIRMAN OF THE SENATE COMMITTEE ON PENSIONS:

I call your particular attention to the accompanying memorandum from the Surgeon General of the Army in behalf of the widows and children of Dr. James Carroll and Dr. Jesse W. Lazear. I earnestly hope the pensions can be provided for in both cases.

THEODORE ROOSEVELT.

Now, there are your precedents, the widow of Dr. Walter Reed, for whom the great hospital here is named, and the widow of Dr. Carroll, and the widow of Dr. Lazear. These three are now on the pension roll at the rate of $125 a month. Some one has said that this man was nothing but a private. Of course, in time of war it is necessary to have rank, it is necessary to have colonels and generals who get higher pay than does a private.

But when the uniform is doffed and all become citizens again, the only way to be fair is to pension the widow of the private just the same as to pension the widow of the officer.

Mr. MILLER. May I ask this question. Will this give a pension to the widow?

Mr. McSWAIN. No; to the widow and child.

Mr. MILLER. Is that case of Dr. Walter Reed the case of a widow and child?

Mr. McSWAIN. I am not sure about the case of Dr. Walter Reed; I want to say to my friend I am not sure, but I assume so.

Mr. MILLER. Is this the only case the committee has in view as to pensioning under these circumstances?

Mr. McSWAIN. It has only one that has come to the surface.

Mr. ROBSION. Will the gentleman yield?

Mr. McSWAIN. I will.

Mr. ROBSION. As I understand it, which I know from the record, this man did undergo this experimentation—sleep in clothing that had been worn by a yellow fever patient.

Mr. McSWAIN. Yes, sir.

Mr. ROBSION. Did either one of those three men whose widows are getting $125 each go through the same experimentation?

Mr. McSWAIN. Not one. Dr. Walter Reed took the commission down there and afterwards died in the city of Washington from an attack of acute appendicitis, and his widow and children—I say children—get $125 a month. Now, I am informed it is the same with Dr. Carroll. Dr. Lazear did die from yellow fever. I am not saying at all that Congress did anything wrong in 1908, because the Surgeon General of the United States Army, M. W. Ireland, says this in speaking of these same men on page 2 of the report:

I am sure that the history of preventive medicine does not contain other examples where the sacrifice of individuals has accomplished so much for humanity as did the volunteers in the yellow-fever experiments in Cuba.

The Surgeon General of the United States Army says that the history of medicine shows no parallel case, because yellow fever was sweeping people down in the southern and tropical regions, and since they have learned the cause they have had an opportunity to combat it.

Mr. JAMES. Will the gentleman yield?

Mr. McSWAIN. I will.

Mr. JAMES. The gentleman talks about being fair. Does not the gentleman know that a great many other privates went to Cuba at the same time that this man did?

Mr. McSWAIN. Yes.

Mr. JAMES. And they came back and only worked half time, and when they died their widows got $12 a month and $2 for each child. Does the gentleman think it is fair to give this woman ten times as much as these widows of other privates get?

Mr. McSWAIN. I will answer. The other men only subjected themselves to those hazards that military duty compels, but when Gen. Wood issued a bulletin saying in effect, "Who will volunteer to undergo the hazards of the invisible dangers of yellow fever; who will go and sleep in this room with windows and doors closed where men have stayed who had yellow fever"——

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. HILL. I ask unanimous consent that the gentleman's time be continued for five minutes.

The SPEAKER pro tempore. The gentleman from Maryland asks unanimous consent that the time of the gentleman from South Carolina be continued for five minutes. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, can we have some understanding as to time? There are some of us who are opposed to the bill. I am not desirous of opposing the granting of time to those who wish to speak in favor of the bill, but I think those in opposition should have an equal amount of time. I ask unanimous consent that there may be time in opposition to the same amount as to those in favor.

Mr. McSWAIN. We agree to that.

The SPEAKER pro tempore. The gentleman from Maryland asks unanimous consent that the time of the gentleman from South Carolina be extended for five minutes. Is there objection? [After a pause.] The Chair hears none. The gentleman from Wisconsin asks unanimous consent that gentlemen opposed to the bill may have the same amount of time as those who favor it. Is there objection?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, it seems to me it would be proper for the gentleman to suggest some specific time.

Mr. STAFFORD. The gentleman from South Carolina has had 15 minutes and has been granted another 5 minutes, which makes 20 minutes. Now, there are others who wish to speak. I do not wish to lengthen the debate——

Mr. BANKHEAD. My objection is rather to the indefiniteness of the request, as I think it ought to be specific.

Mr. STAFFORD. I ask unanimous consent that the time may be——

The SPEAKER pro tempore. The gentleman from Alabama objects.

Mr. BANKHEAD. No; I reserved the right to object.

Mr. STAFFORD. I submit the further suggestion that the time be extended to those in favor 20 minutes. That would make the time 35 minutes for those in favor and half an hour to those in opposition.

Mr. McSWAIN. That is all right.

Mr. LITTLE. Mr. Speaker, reserving the right to object——

The SPEAKER pro tempore. The Chair does not understand the request of the gentleman from Wisconsin.

Mr. STAFFORD. That the time for debate be extended so that there will be 20 minutes more allowed those in favor and 30 minutes to those in opposition.

The SPEAKER pro tempore. The gentleman from Wisconsin asks unanimous consent that the time be extended 20 minutes to those in favor of the bill and 30 minutes to those opposed. Is there objection?

Mr. COOPER of Wisconsin. Mr. Speaker, reserving the right to object, I would like to have three minutes. I am in favor of the bill.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none. The gentleman from South Carolina is recognized for five additional minutes.

Mr. HILL. Mr. Speaker, on page 2 of the bill it says:

Amend the title so as to read "A bill granting an increase of pension."

Can the gentleman state what kind of a pension is being received now?

Mr. McSWAIN. Yes; she is receiving a pension now from the Pension Bureau under the general law of $12 a month. She did receive for one year $2 additional for the child up to the age of 16. The child was 16 last spring; that has expired now.

Mr. HILL. At this time she is receiving only $12 a month?

Mr. McSWAIN. Only $12 a month, under the general law.

Mr. Speaker, I move to amend——

Mr. STAFFORD. Will the gentleman permit?

Mr. McSWAIN. Certainly.

Mr. STAFFORD. What is the highest rate that the Committee on Pensions grants to widows who are suffering with bad cases of injury or who have children? What would be the largest amount that would be recommended by the Committee on Pensions if she was included under a general omnibus bill?

Mr. McSWAIN. I am not informed as to that. I would not undertake to say. But I say that this comes under a different class; that this widow ought not to be in the same class as the other widows.

Mr. STAFFORD. I would like to ask some member of the Committee on Pensions what is the highest rate paid to widows of Spanish-American War veterans?

Mr. TAYLOR of Tennessee. It is $12 ordinarily, and $25 if they can show the soldier died of disabilities incurred in the service.

Mr. LITTLE. That is not the maximum that has been granted to them.

Mr. McSWAIN. Mr. Speaker, I move to amend by inserting, on line 6, after the name "N. May Jernegan," the words "and child," so that there may be no doubt about the fact that this child is a beneficiary.

The SPEAKER pro tempore. The Chair will state that there is a committee amendment pending. It is not in order to offer another amendment now.

Mr. McSWAIN. Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The Chair will ask the gentleman from South Carolina to give heed. The Chair states that there is a committee amendment pending, and it will not be in order to offer another amendment at this time unless it be to the committee amendment. The Chair understands the gentleman's amendment is not such an amendment.

Mr. STAFFORD. Mr. Speaker, as I recall the history of the granting by special private acts of pensions for $125 to the widows of Drs. Carroll and Lazear, they were provided for in one bill, and the report in this case shows that at least one of them died as a direct result of the yellow-fever experimentation. Dr. Lazear gave up his life in this heroic, noble work of trying to find a means whereby they could check the spread of yellow-fever germs. It would be furthest from my purpose to detract from the heroic work, the work of sacrifice, of this private soldier, Mr. Warren G. Jernegan. If there was any testimony whatsoever to show that he had been afflicted or affected in the slightest degree after his leaving the hospital by subjecting himself to the experimentation of the transfusion of blood from a yellow-fever patient to his own body, I would be the last to object, or if he had died as the result of the experimentation I would be the last to raise any protest. In fact, I would rather favor it, because he was a private soldier. I do not believe in the policy of making distinctions between officers and privates. But we have been here long enough to know that in times past there have been bills passed where they should not have been passed, coupled with another bill, and the House has been swept off its feet.

There can be no criticism of the policy of Congress in voting $125 of a pension to the widow of Dr. Lazear, but I say it is wrong as a matter of principle, where the uncontradicted testimony, shows as admitted by the gentleman who is the author of the bill and the sponsor of the bill on the floor, that the person fully recovered from the effects of his submission to these tests, worked for the Government many years afterwards on the Canal Zone, and as far as the record shows was in perfect health, died in no way as the result of his submission to this test, that we should now, just because, perchance, he has an invalid child and a mother who is somewhat invalided—that we should grant that mother a pension of $125. Why, as suggested by the gentleman from Michigan, a Spanish-American War veteran—and I have not the honor to be that—there are many soldiers, and you in your districts know of many instances, who went down into the swamp-infested districts of the South, and in Porto Rico, where they contracted malaria and suffered afterwards——

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes. I mean out of the time of the opposition.

The SPEAKER pro tempore. The gentleman from Wisconsin asks unanimous consent to proceed for 10 minutes. Is there objection?

Mr. WOODRUFF. Reserving the right to object, who controls the time in opposition?

The SPEAKER pro tempore. The Chair.

Mr. WOODRUFF. The gentleman from Wisconsin does not?

The SPEAKER pro tempore. He does not.

Mr. WOODRUFF. Is it assumed that the time consumed will be taken out of the time allotted for the opponents of the bill?

The SPEAKER pro tempore. It is.

Is there objection. [After a pause.] The Chair hears none.

Mr. STAFFORD. Many are the instances of soldiers who came from Porto Rico after that campaign who had contracted malaria, and who for years and years afterwards, and perhaps even to this day, have not ever fully recovered from those ill effects, men who have been married, and whose widows with the same good grace could come before this body and ask for a higher pension than is being granted under the general rules of the Committee on Pensions. If there was any proof at all to show that this man suffered at all as a result of his submission to these tests, it would be a different proposition, but certainly in 18 years of life, with the record showing that he had fully recovered, you can not vote a pension of $125 merely upon conjecture, and that is what I claim this is.

Mr. COLTON. Will the gentleman yield?

Mr. STAFFORD. I will.

Mr. COLTON. Does the gentleman recognize any difference in principle between this case and the case of Dr. Reed and Dr. Carroll?

Mr. STAFFORD. I can not recall now from memory the circumstances surrounding our granting of a pension to Dr. Carroll. As I recall, and as I stated, the widows of Dr. Carroll and Dr. Lazear were taken care of in one bill, and it was suggested on the floor here that these men gave up their lives. As to one, the testimony was positive, and it is confirmed in this report here, that Dr. Lazear gave up his life in this great humanitarian work. I do not recall what the facts were so far as Dr. Carroll is concerned, nor do I recall the facts so far as Dr. Walter Reed is concerned. But here we have a special case, where there is no evidence whatsoever showing the connection between these experiments and his death, or even showing that he was in poor health as the result of this experimentation on his body. It is easy enough to vote pensions, and they can come back as precedents to haunt us. But I think we are going pretty far when we vote $125, which is merely to this widow. I would not withhold voting to the widow some reasonable amount more than $12 per month. It has been suggested that we change this so as to include the child. Oh, well, if the child is in weak health for some unknown reason—and who is there to state what the cause of the infirmity of the child is?—and the child passes away, or when he reaches a majority gets married, the amount of money, the pension, is no longer awarded to the child, but is awarded to the widow, is there anything in the record that shows that this widow's health has in any way been impaired by the fact that she married this soldier, which was in 1901, a few months after the experimentation, and lived and cohabited with him for 18 years afterwards? I think there is nothing to support that position.

The bill as originally reported carries the provision that this special pension of $125 was to be in special recognition of the services rendered by the soldier in assisting in the discovery of means of preventing, as well as ascertaining the cause and method of propagation of, yellow fever. They have eliminated that and have awarded this widow $125.

I have nothing against the position assumed by the gentleman from South Carolina [Mr. McSWAIN], as the Members of this House know, in endeavoring to award a proper pension according to the policy of the House; but I thought we ought to have a larger attendance here, so as to call it to the attention of the House and let the Members of the House determine as to what the policy should be, whether it should be extended or not.

Mr. Speaker, I reserve the balance of my time.

Mr. HAMMER. Will the gentleman yield?

Mr. STAFFORD. Yes; I yield.

Mr. HAMMER. Does the gentleman take the position that these unusual circumstances, when one person volunteers, when the scientific world was trying to ascertain the means of controlling the ravages of this dreadful disease—does the gentleman mean to take the position that this poor widow, who is now getting only $12 a month, the widow of one man who had the courage to go through that trying odeal that would shatter the nerves of the strongest man living, that because we are not at this time able to state the cause of his death or the physical condition that was probably inherited by the child on account of the nervous strain to which the father was subjected by sleeping in the clothes of people suffering from this disease—does the gentleman claim that we ought to deny that widow a reasonable amount to keep her from dire want?

Mr. STAFFORD. If the gentleman had done me the credit to listen to my remarks he would know I had stated that I thought there was ground for granting her an increase of pension beyond $12.

But the gentleman assumes too much in his statement as to the facts. There is nothing in the record to show that this soldier was the sole, lone person that offered his life in this regard; there is nothing whatsoever in the record to show that he was the only person. If the gentleman from North Carolina had read the report he would have found that this soldier did not suffer at all by reason of sleeping in the clothes of yellow-fever patients. He did not suffer at all from that experimentation.

If the gentleman had read the report further, he would have found that this soldier was in the hospital as the result of this innoculation only 10 days, from January 8, 1901, to January 18, 1901, when he was dismissed as a well man, and the further record of his service with the Government—and there is not one iota of testimony to controvert it—is that for 18 years he was a well man. Let us not be swayed by sentiment and say that the Treasury of the United States is able to take care of every possible case. It is, but the taxpayers ultimately pay the expense. The facts are that this soldier was a well man. He may have married an invalid wife. She is an invalid to-day. The only report shows that she is an invalid. Does the gentleman deny it?

Mr. McSWAIN. I deny that she is an invalid. What does the record say?

Mr. STAFFORD. In the gentleman's own language the evidence submitted shows that the claimant is afflicted with varicose veins and unable to work regularly. I conclude from that statement that she is an invalid.

Mr. HAMMER. From varicose veins?

Mr. STAFFORD. Yes; from varicose veins. Inasmuch as we had in the past granted a pension of $125 to the widow of an officer in the Army who had thus sacrificed his life, if there were an iota of testimony in this record to show that in any way this soldier had been affected by his submission to these tests I would favor this bill. No distinction should be made between privates and officers. There are many privates who faced gunfire and who were the victims of fever contracted in Porto Rico who died as a result of disabilities traceable to that source whose widows are receiving only $12 a month. Shall we go wild and vote $125 a month on conjecture and sympathy?

Mr. COOPER of Wisconsin. Mr. Chairman, this pension ought, in my judgment, to be granted to the widow and invalid child of this private soldier, Jernegan, because of the immeasurable service he rendered to humanity.

Members of the House will remember the former terrible ravages of yellow fever. At one time it went up the Mississippi Valley killing its victims by the thousands and at last reached Memphis, where people died so fast that there were not sufficient coffins in which to bury them.

No words can adequately describe, I once heard Gen. Leonard Wood say in conversation at Fort Myer, the horrors of yellow fever at Santiago de Cuba. He told how every day persons died by scores, and how he and his assistants put the bodies in heaps and poured oil on and burned them. "I did not know then," said the general, "nor did anybody in the world know, whether that horrible disease was propagated by contagion or by inoculation; by mere contact or by first entering the blood." Gen. Wood said that afterwards when he was in Habana in command of Cuba, he and his officers felt that it had become absolutely necessary to find some remedy for that disease. He described how they asked for volunteers to make the great experiment to decide the question of contagion and inoculation. He told of the men who volunteered.

When I said to Gen. Leonard Wood, "That was a brave thing for them to do," he replied, "Mr. COOPER, you may search all the annals of war and you can not find an instance of more heroic bravery."

Jernegan was one of those heroes. What did he do? Here is a little of his story, told officially by Roger Post Ames, surgeon, United States Army, late attending surgeon, United States Army yellow fever commission:

> He entered two experiments, namely, by sleeping 21 nights in a room without ventilation and covered with soiled clothing from yellow fever dead, and at the same time wore the night clothing of the recently sick from that dreadful disease. The result of this experiment fully demonstrated that clothing does not convey the germs. In experiment No. 2 Mr. Jernegan permitted blood to be taken from the vein of a malignant yellow fever subject and the same injected into his system. As a result within three days he was desperately ill with yellow fever.

And says M. W. Ireland, Surgeon General, United States Army:

> The records show that he was one of the men who volunteered to sleep in a room with foul clothes and bedding which had been used for yellow fever patients, with a view to demonstrating that the fever was not transmitted by contact with such articles. The records also show that Warren G. Jernegan afterwards submitted to mosquito inoculation on two different occasions, December 28, 1900, and again on December 29, 1900, the result being negative. The records show that he volunteered for blood injection on Januaray 4, 1901, with a positive result, and was taken sick on January 8, 1901. He was a patient in the hospital from January 8, 1901, to January 18, 1901, suffering with yellow fever.
>
> Through the experiments conducted in Cuba, and which were made possible by the volunteering of certain individuals, the late Maj. Walter Reed and his associates were able to demonstrate that yellow fever was transmitted by a certain species of mosquito. As soon as this fact was proven it was a comparatively easy matter to control the ravage of this disease, which had demanded such a tremendous toll in human lives and which had cost the Governments of the Western Hemisphere millions of dollars in a commercial way every year.

The name of Maj. Walter Reed is immortal in the annals of heroism and noble service to mankind. His widow deserves and receives a pension of $125 a month. But she deserves it no more than does the widow of Jernegan, the private soldier.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. SUMMERS of Washington. Mr. Speaker, going back to the Senate report that was made at the time the bills were being considered for pensioning the widows of Dr. Carroll and Dr. Lazear, we find that they were pensioned at the rate of $125 a month. Then we find this information, to which I wish to call the special attention of the gentleman from Wisconsin [Mr. STAFFORD]:

> Dr. Lazear was not infected at this time—
>
> Referring to the time that the experiments were made—
>
> due to the fact that the conditions necessary to the transmission of the disease by the mosquito were not yet understood, but he was bitten while working in the yellow-fever ward somewhat later, and died a martyr of science, working in behalf of humanity. This was the only fatality which occurred in these experiments.

They did a wonderful work. He did subject himself to the experiment as Dr. Carroll did, and so did the husband of the widow for whom we are asking a pension to-day subject himself to the same. Not one time, but two times did he do that, while hundreds and thousands were dying as the result of this disease, and then a third time he subjected himself to the inoculation and contracted the disease. This occurred a year later.

Mr. STAFFORD. Will the gentleman yield?

Mr. SUMMERS of Washington. I yield to the gentleman from Wisconsin.

Mr. STAFFORD. Where does the gentleman get the information that he subjected himself a third time? It was all one occasion, in the latter part of 1900, December 28, 1900, to January 18, 1901. He was in the hospital only 10 days, fully recovered and discharged a well man, so the report shows, and died years afterwards of pneumonia.

Mr. SUMMERS of Washington. If I am mistaken, I stand corrected, but I thought it was a third time. At least he was inoculated on two different occasions and contracted the disease.

Mr. STAFFORD. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. STAFFORD. Will the gentleman kindly point out where is his warrant for saying this man was inoculated twice? I have not been able to find any such reference.

Mr. SUMMERS of Washington. I will find it and ask recognition a little later.

Mr. LITTLE. Mr. Speaker, everybody who goes to war is liable to be killed. We have certain fixed rules for the pensioning of soldiers and their widows; but occasions arise when men are called upon for extraordinary and special duty, accompanied by special danger, and they volunteer. By general consent we have fixed a much higher rate of pension as a reward and return for those men. Then, in addition to that there are occasions when men are asked to go out and commit suicide, as in the case of this man. At least three bills seem to have been passed in matters of this kind, and they have fixed the amount at $125. The basis is laid. We are just following a precedent, and all we have to do is to treat them all alike, which is just.

The gentleman from Wisconsin [Mr. STAFFORD] has stated that there is no evidence that this husband and father passed anything on to his child. He appears to have been very well. But, gentlemen, we all know that the most dreadful disease in the world is one that seems now to yield to treatment, and men who contract that disease in the wildness of their youth apparently are entirely cured, and die from other causes, but yet their children and grandchildren suffer from the disease. The effects come out in future generations. The good Book tells us that the sins of the fathers shall be visited upon the children unto the third and fourth generation.

The gentleman from South Carolina [Mr. McSWAIN], a very intelligent, sensible man, suggests that from what he has seen he gathers the view that this child inherits from his father a weakness as the result of his father's illness from yellow fever, although it did not manifest itself in the father.

I think it is quite as probable that the gentleman is right as it is in the case of those children who suffer from the effects of this other disease which I have mentioned. It is quite absurd to think that any man can take his life in his hands and go and contract yellow fever and come out of it as good as he went in. Ninety per cent of the men who go to war and campaign to any great extent never entirely recover. They carry all through their lives some weakness somewhere that frequently comes out, and you can not tell me that any man could go down there and get yellow fever without being somewhat the worse for it. If the result did not appear in him, it might appear in his children, as in this case. But what of it, anyway? Dr. Reed performed his splendid service down in Cuba, and came out of it and died afterwards of appendicitis. Does anyone claim he contracted appendicitis while developing the scientific principles applicable to the eradication of yellow fever? Yet his family gets this pension. Whenever these people go out and dare death for the benefit of mankind, you have got to take off your hat and quit discussing the thing along the line of pure logic. [Applause.] If there is any man here that will commit suicide, providing his wife and children get $125 a month, I will vote against the bill. [Laughter and applause.]

Mr. SUMMERS of Washington. Mr. Speaker, for the information of the gentleman from Wisconsin I want to read from the letter of Surg. Gen. Ireland, who says:

WAR DEPARTMENT,
OFFICE OF THE SURGEON GENERAL,
Washington, February 15, 1921.

MRS. WARREN G. JERNEGAN,
Spartanburg, S. C.

MY DEAR MRS. JERNEGAN: I have known for many years of the self-sacrificing spirit which Warren G. Jernegan exhibited in Cuba when experiments were being made to determine the mode of transmission of yellow fever. The records show that he was one of the men who volunteered to sleep in a room with foul clothes and bedding which had been used for yellow fever patients, with a view to demonstrating that the fever was not transmitted by contact with such articles.

I will call this exposure No. 1.

The records also show that Warren G. Jernegan afterwards submitted to mosquito inoculation on two different occasions, December 28, 1900, and again on December 29, 1900, the result being negative.

I will call these exposures Nos. 2 and 3.

The records show that he volunteered for blood injection on January 4, 1901, with a positive result, and was taken sick on January 8, 1901. He was a patient in the hospital from January 8, 1901, to January 18, 1901, suffering with yellow fever.

I will call this exposure No. 4.

Now, he did contract the disease in helping to carry out these experiments. He offered himself on four different occasions wholly in the interest of science, and now you deny to his widow a pension of $125, whereas the officer's widow has received $125, and I think this one is entitled to it, although the widow of a private.

Mr. STAFFORD. Mr. Speaker, can not the gentleman recognize the distinction between awarding the widow of an officer who dies as a result of injury contracted during service in the Army, not being inoculated for yellow fever, and one, even though he did sacrifice himself and submit to an experiment of inoculation of the blood of a former yellow-fever patient, who continued in the service 10 years afterwards and whose military record does not show that he suffered at all from the effects of that experimentation?

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. McSWAIN. Mr. Speaker, in order to make it absolutely certain that the child is to receive the benefit of the pension, at the suggestion of our venerable friend, Mr. CANNON, I move to amend by striking out "N. May Jernegan" and the words "widow of," in line 6, and insert "Warren G. Jernegan, jr., son of Warren G. Jernegan."

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Page 1 of the bill, in line 6 strike out the word "N. May Jernegan, widow of," and insert in lieu thereof "Warren G. Jernegan, jr., son of."

Mr. JAMES. Mr. Speaker, I rise in opposition to this amendment. The gentleman says this man was a private. There were thousands of privates in 1898. The gentleman from South Carolina says this man was a volunteer; there were thousands of volunteers in 1898. There were thousands of men who came back from Cuba in 1898 suffering from the effects of yellow fever and malaria—thousands never worked full time on account of the effects of malaria. There were thousands of men whose deaths resulted from the effects of malaria. I have been on the Pension Committee, and you will find hundreds of cases where men died on account of malaria and because of that left their children affected. Yet, we grant these boys and these girls a pension of only $2 a month, and then only until they reach the age of 16. Here you are going to give a boy $125 a month. We only give $2 a month when the evidence shows absolutely that the death of the father came from the effects of malaria or other disease or wounds contracted or received in service. The evidence in this case shows very clearly that his death did not result from disease contracted in the service. If the widow had been able to prove that his death was the result of service she would be getting $25 a month instead of $12 a month. The committee themselves are not satisfied that the party is entitled to any special recognition, because they themselves have stricken out the language which entitled him to special recognition. There is hardly a Member of Congress here who does not have applications for a special pension. I myself have a case where a widow is over 90 years of age, whose husband gave his life to his country, and she can not get any more than $30 per month. Under the rules of the Pension Committee and the pension laws we do not allow more than $30 a month. I sincerely hope that you will not give $125 a month to a boy when other boys whose fathers have died in the service or from disease contracted in the service only get $2 a month.

Mr. McSWAIN. Mr. Speaker, my friend fails to recognize the distinction between the ordinary hazards of the soldier and the peculiar and practically suicidal proposition of the man who volunteers for these hazardous experiments, as Col. LITTLE, of Kansas, a soldier of experience as well as of daring, says that the rule has been fixed in the cases of Walter Reed, James Carroll, and Jesse W. Lazear.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. No matter what position we may take on the original bill, we certainly should not adopt a new precedent in this House and award the child of a soldier who submitted to this risky experiment a pension of $125 a month, and then later permit the widow to come to this House with another bill and under the example of precedent that we have awarded the widow of an Army officer $125 a month under like circumstances get another $125 a month, making in all for the family $250 a month. Regardless of what position you take on the bill you should vote down the pending amendment to substitute the son's name for the widow's. I am not in any way directly interested, as the Members know, in the defeat of this bill, but I think we all do not wish to establish a precedent by voting $125 to a son, not knowing when he may recover his full health, to remain on the pay roll with a gratuity for years and years, accepting an honorarium to which he may not be entitled at all.

Mr. WILLIAMSON. Mr. Speaker, I was not in the Chamber when the amendment was offered. What is it?

Mr. STAFFORD. The amendment is to substitute the name of the son, who is 16 years old, and who is attending a private school, for that of the widow, and allow this pension to him for the rest of his life.

Mr. JAMES. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. JAMES. In the case of a man who died from malaria contracted in the service we pay the child only $2 a month up to the time it is 16 years of age, but here is a case where it is proposed to give $125 a month to a son so long as he lives.

Mr. STAFFORD. The gentleman can see the outrageous policy attempted to be pursued, to vote to one person, a child of a deceased soldier, who happens to be in poor health, $125 a month, when under the general law we vote only $2 a month, even though the latter may be children of soldiers who died from disease contracted in the service, and then the $2 a month is to be paid only until they are 16 years of age.

Mr. REED of West Virginia. Mr. Speaker, I am bound to admit that this bill presents something different from the ordinary pension. It is true we have a large pension roll already. The Government has very properly pensioned men who have carried our flag to victory, carried it for the preservation of the Government of American institutions, and for the safeguarding of American civilization. The glory and grandeur of our country is, after all, found in the health, strength, and the efficiency of its men and women. We hope there will be no more wars. We fervently pray that the peace conference about to meet will bring about an era of universal peace, and then, instead of pensioning the heroes of war, it will be the heroes of peace that will claim our attention; those heroes who may voluntarily give their lives that the race may grow stronger and greater. Such awards as this bill proposes present a different appeal to our generosity, and this Government can well afford to go on record as favoring a liberal policy toward its citizens who offer themselves for this unselfish kind of service. Let us hope that the American heroes of the future may be heroes of peace, heroes who give themselves that the race may be strengthened and human diseases eliminated. [Applause.]

The science of medicine, Mr. Speaker, is yet in its infancy. A great deal has been accomplished, a great deal is yet to be accomplished. We have a wonderful America, but it would be a mighty poor America if it were peopled by a race of invalids. The wealth of America is not to be measured by her great cities, fertile farms, railroads, institutions, and industries. The real wealth of America is the health, strength, and character of her men and women. The men who offer themselves as martyrs for the advancement of medical science ought to be recognized, and this Congress will make no mistake in passing this bill and by its action to-day say, "Thus do we honor the heroes in the interest of humanity and progress." There will never be many awards of this nature and it can not be maintained that the precedent is unwise. [Applause.]

The SPEAKER pro tempore. The question is on the amendment of the gentleman from South Carolina.

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to withdraw the pending amendment for the purpose of offering another, after conference with some gentlemen who are friends of the measure.

The SPEAKER pro tempore. The gentleman from South Carolina asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN: Page 2, after the word "receiving," in line 3, insert: "*Provided*, That one-third of the pension allowed by this act shall be for the benefit of the child until he shall reach the age of 21 years."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 2, strike out the figures "$125" and insert in lieu thereof the figures "$50."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 32, noes 70.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum voting and that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Wisconsin makes the point of order that there is no quorum present. Evidently there is not. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and there were—yeas 46, nays 203, answered "present" 3, not voting 179, as follows:

YEAS—46.

Anthony	Dickinson	Kraus	Stafford
Appleby	Edmonds	Layton	Strong, Kans.
Bird	Ellis	MacGregor	Taylor, Tenn.
Bland, Va.	Evans	Madden	Tilson
Butler	Fuller	Miller	Tincher
Campbell, Kans.	Greene, Vt.	Mondell	Treadway
Cannon	Hill	Newton, Minn.	Underhill
Chalmers	James	Parks, Ark.	White, Kans.
Christopherson	Johnson, S. Dak.	Ramseyer	Williamson
Clouse	Jones, Pa.	Rankin	Wingo
Collins	Kelly, Pa.	Sinnott	
Cramton	Kline, Pa.	Smith, Idaho	

NAYS—203.

Ackerman	Cable	Faust	Hoch
Andrews, Nebr.	Carew	Favrot	Houghton
Arentz	Chindblom	Fess	Huddleston
Aswell	Cole, Iowa	Fisher	Hudspeth
Atkeson	Cole, Ohio	Fitzgerald	Hull
Bankhead	Collier	Focht	Humphreys
Barbour	Colton	Fordney	Hutchinson
Beck	Connally, Tex.	Foster	Ireland
Beedy	Cooper, Wis.	Free	Jacoway
Bell	Crisp	Frothingham	Jefferis, Nebr.
Benham	Crowther	Garrett, Tenn.	Johnson, Ky.
Black	Curry	Gensman	Johnson, Miss.
Blanton	Dallinger	Gernerd	Jones, Tex.
Boies	Darrow	Glynn	Kahn
Bowling	Davis, Tenn.	Gorman	Kearns
Box	Deal	Green, Iowa	Keller
Brennan	Dominick	Hammer	Kendall
Briggs	Doughton	Hardy, Colo.	Ketcham
Brinson	Dowell	Hardy, Tex.	Kiess
Brooks, Pa.	Drane	Harrison	Kissel
Buchanan	Driver	Hawes	Kline, N. Y.
Bulwinkle	Dunbar	Hawley	Kopp
Burroughs	Dupré	Hayden	Lampert
Burton	Elliott	Hersey	Lanham
Byrnes, S. C.	Fairchild	Hickey	Lankford
Byrns, Tenn.	Fairfield	Himes	Larsen, Ga.
Lawrence	Montague	Reece	Stoll
Lazaro	Montoya	Reed, N. Y.	Summers, Wash.
Lea, Calif.	Moore, Ohio	Reed, W. Va.	Sumners, Tex.
Leatherwood	Moores, Ind.	Ricketts	Swank
Lehlbach	Nelson, A. P.	Roach	Sweet
Lineberger	Nelson, J. M.	Robsion	Swing
Linthicum	Newton, Mo.	Rogers	Temple
Little	Norton	Rouse	Ten Eyck
Logan	O'Connor	Sandlin	Timberlake
London	Oldfield	Schall	Tyson
Lowrey	Oliver	Scott, Mich.	Vaile
Luce	Osborne	Scott, Tenn.	Vestal
Luhring	Overstreet	Sears	Vinson
McClintic	Padgett	Shaw	Volstead
McCormick	Park, Ga.	Shelton	Ward, N. Y.
McDuffie	Parker, N. Y.	Smith, Mich.	Weaver
McLaughlin, Nebr.	Parrish	Smithwick	Webster
McPherson	Patterson, Mo.	Snell	Williams
McSwain	Pou	Snyder	Wilson
Magee	Pringey	Speaks	Woodruff
Mapes	Purnell	Sproul	Woodyard
Merritt	Quin	Steagall	Wright
Michaelson	Raker	Stedman	Wurzbach
Michener	Rayburn	Stephens	Yates
Millspaugh	Reber	Stevenson	

ANSWERED "PRESENT"—3.

Clark, Fla.	Goodykoontz	Parker, N. J.

NOT VOTING—179.

Almon	Elston	Langley	Rose
Anderson	Fenn	Larson, Minn.	Rosenbloom
Andrew, Mass.	Fields	Lee, Ga.	Rossdale
Ansorge	Fish	Lee, N. Y.	Rucker
Bacharach	Flood	Longworth	Ryan
Barkley	Frear	Lyon	Sabath
Begg	Freeman	McArthur	Sanders, Ind.
Bixler	French	McFadden	Sanders, N. Y.
Blakeney	Fulmer	McKenzie	Sanders, Tex.
Bland, Ind.	Funk	McLaughlin, Mich.	Shreve
Bond	Gahn	McLaughlin, Pa.	Siegel
Bowers	Gallivan	Maloney	Sinclair
Brand	Garner	Mann	Sisson
Britten	Garrett, Tex.	Mansfield	Slemp
Brooks, Ill.	Gilbert	Martin	Steenerson
Brown, Tenn.	Goldsborough	Mead	Stiness
Browne, Wis.	Gould	Mills	Strong, Pa.
Burdick	Graham, Ill.	Moore, Ill.	Sullivan
Burke	Graham, Pa.	Moore, Va.	Tague
Burtness	Greene, Mass.	Morgan	Taylor, Colo.
Campbell, Pa.	Griest	Morin	Taylor, N. J.
Cantrill	Griffin	Mott	Thomas
Carter	Hadley	Mudd	Thompson
Chandler, N. Y.	Haugen	Murphy	Tillman
Chandler, Okla.	Hays	Nolan	Tinkham
Clague	Herrick	O'Brien	Towner
Clarke, N. Y.	Hicks	Ogden	Upshaw
Classon	Hogan	Olpp	Vare
Cockran	Hukriede	Paige	Voigt
Codd	Husted	Patterson, N. J.	Volk
Connell	Jeffers, Ala.	Perkins	Walsh
Connolly, Pa.	Johnson, Wash.	Perlman	Walters
Cooper, Ohio	Kelley, Mich.	Peters	Ward, N. C.
Copley	Kennedy	Petersen	Wason
Coughlin	Kincheloe	Porter	Watson
Crago	Kindred	Radcliffe	Wheeler
Cullen	King	Rainey, Ala.	White, Me.
Dale	Kinkaid	Rainey, Ill.	Winslow
Davis, Minn.	Kirkpatrick	Ransley	Wise
Dempsey	Kitchin	Reavis	Wood, Ind.
Denison	Kleczka	Rhodes	Woods, Va.
Drewry	Knight	Riddick	Wyant
Dunn	Knutson	Riordan	Young
Dyer	Kreider	Robertson	Zihlman
Echols	Kunz	Rodenberg	

So the amendment was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. BACHARACH with Mr. KITCHIN.

Mr. CONNELL with Mr. RIORDAN.

Mr. GRIEST with Mr. BRAND.

Mr. WHEELER with Mr. DREWRY.

Mr. VARE with Mr. THOMAS.

Mr. STINESS with Mr. WOODS of Virginia.

Mr. OLPP with Mr. CANTRILL.

Mr. KNUTSON with Mr. FLOOD.

Mr. HAYS with Mr. TILLMAN.

Mr. COUGHLIN with Mr. GARNER.

Mr. MORGAN with Mr. KUNZ.

Mr. SANDERS of Indiana with Mr. MARTIN.

Mr. WINSLOW with Mr. UPSHAW.

Mr. McLAUGHLIN of Michigan with Mr. RUCKER.

Mr. ROSENBLOOM with Mr. O'BRIEN.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. PERKINS with Mr. TAGUE.

Mr. MUDD with Mr. GOLDSBOROUGH.

Mr. HUKRIEDE with Mr. KINDRED.

Mr. DUNN with Mr. CULLEN.

Mr. BLAKENEY with Mr. SULLIVAN.

Mr. BEGG with Mr. WARD of North Carolina.

Mr. DAVIS of Minnesota with Mr. RAINEY of Illinois.

Mr. KENNEDY with Mr. CARTER.

Mr. SIEGEL with Mr. ALMON.

Mr. TAYLOR of New Jersey with Mr. SABATH.

Mr. KREIDER with Mr. KINCHELOE.
Mr. MCARTHUR with Mr. SISSON.
Mr. GRAHAM of Pennsylvania with Mr. GARRETT of Texas.
Miss ROBERTSON with Mr. JEFFERS of Alabama.
Mr. ROSE with Mr. GRIFFIN.
Mr. MOORE of Illinois with Mr. TAYLOR of Colorado.
Mr. RADCLIFFE with Mr. SANDERS of Texas.
Mr. PORTER with Mr. RAINEY of Alabama.
Mr. PATTERSON of New Jersey with Mr. MOORE of Virginia.
Mr. NOLAN with Mr. WISE.
Mr. STRONG of Pennsylvania with Mr. LYON.
Mr. PERLMAN with Mr. BARKLEY.
Mr. HOGAN with Mr. FULMER.
Mr. CONNOLLY of Pennsylvania with Mr. MANSFIELD.
Mr. REAVIS with Mr. MEAD.
Mr. VOLK with Mr. CAMPBELL of Pennsylvania.
Mr. RHODES with Mr. COCKRAN.
Mr. PAIGE with Mr. GALLIVAN.
Mr. MORIN with Mr. LEE of Georgia.
Mr. CHANDLER of Oklahoma with Mr. FIELDS.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Doorkeeper will open the doors.

The bill was ordered to be engrossed and read the third time; was read the third time.

The SPEAKER pro tempore. The question is upon the passage of the bill.

The question was taken and the Speaker pro tempore announced the ayes appeared to have it.

Mr. STAFFORD. Mr. Speaker, I demand a division.

The House again divided and there were, ayes 137, noes 28.

So the bill was passed.

The SPEAKER pro tempore. Without objection the title of the bill will be amended in accordance with the text.

There was no objection.

On motion of Mr. MCSWAIN a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. GARRETT of Tennessee. Mr. Speaker——

The SPEAKER pro tempore. For what purpose does the gentleman rise?

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER pro tempore. The gentleman from Tennessee asks unanimous consent to proceed for one minute. Is there objection? [After a pause.] The Chair hears none.

Mr. GARRETT of Tennessee. Mr. Speaker, I have recently had a conversation with the gentleman from Texas [Mr. BLANTON], the first conversation or communication of any character that has passed between us since the resolution for his expulsion was presented to the House. I understand from the conversation which I have had with the gentleman from Texas that in the 17th line of the second column of the CONGRESSIONAL RECORD of yesterday, page 7667, there are four words, the denial of the use of which he does not make, but which were made, if made at all——

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. GARRETT of Tennessee. I ask unanimous consent to proceed for two more minutes.

The SPEAKER pro tempore. The gentleman from Tennessee asks unanimous consent to proceed for two additional minutes. Is there objection. [After a pause.] The Chair hears none.

Mr. GARRETT of Tennessee. And which were made, if made at all, in what might be termed the heat of debate, or at least the stress of speaking under which he was laboring at the time, that gave to his remarks a meaning different from that which he intended to convey. I refer to the four words in the line, column, and on the page mentioned, "Just as it is," and in behalf of the gentleman from Texas I ask unanimous consent that those words may be stricken from the permanent RECORD.

The SPEAKER pro tempore. Is there objection?

Mr. MONDELL. Mr. Speaker, the gentleman from Texas was talking deliberately when those words were uttered. They were uttered. They indicate his purpose and intent at the time they were uttered. I do not think it is fair to the House that the RECORD shall be altered. I think it should stand as it was made, and I object.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired. The gentleman from Wyoming objects.

Mr. LONDON. Mr. Speaker, I rise to a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LONDON. Can a motion be made to the effect intended to be accomplished by the gentleman from Tennessee [Mr. GARRETT]? Can a motion be made to strike out those four words?

The SPEAKER pro tempore. The Chair does not understand the gentleman from New York yet.

Mr. LONDON. I asked whether a motion can be made to strike out the four words mentioned by the gentleman from Tennessee?

The SPEAKER pro tempore. The Chair thinks not.

PERSONAL EXPLANATION.

The SPEAKER pro tempore. The Chair is in receipt of a communication addressed to the Speaker of the House and which the writer of the communication has requested should be laid before the House to-day. The Chair after conference with the majority leader, the gentleman from Wyoming [Mr. MONDELL], and the minority leader, the gentleman from Tennessee [Mr. GARRETT], feels that the request of the writer of the communication is entitled to be recognized, and therefore directs the Clerk to read the letter.

The Clerk read as follows:

OCTOBER 28, 1921.

Hon. FREDERICK H. GILLETT,
Speaker House of Representatives.

MY DEAR MR. SPEAKER: I am involved in no issue now before the House, hence what I now say is not a sacrifice of any principle.

When I expressed a wish of being able to place before the country the record expunged, I was misunderstood by my colleagues, who believed that I would circulate the objectionable language. My intention was not to do this, but to circulate the expunged record with all the objectionable words and abbreviations contained in the employee's affidavit eliminated, and circulated only to show to the country the honest bona fide purpose of my remarks.

I realize that the judgment of no human is infallible. I bow to the collective judgment of my colleagues, against none of whom I harbor malice, and offer this my apology to the House for what my colleagues in their decision determined was an error.

Very sincerely,

THOMAS L. BLANTON.

[Applause.]

BILLS ON THE PRIVATE CALENDAR.

Mr. EDMONDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the consideration of bills upon the Private Calendar.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House for the consideration of bills on the Private Calendar, Mr. TILSON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House for the consideration of bills on the Private Calendar. The Clerk will report the first bill.

HUBERT REYNOLDS.

The Clerk read as follows:

A bill (H. R. 2003) for the relief of Hubert Reynolds.

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of Hubert Reynolds, postmaster at Greeley, Colo., in the sum of $69,300, due to the United States on account of war-savings stamps, on account of losses resulting from burglary of said post office on December 26, 1918.

Mr. GLYNN. Mr. Chairman, this is a bill for the relief of the postmaster at Greeley, Colo. On the night of December 26, 1918, the assistant postmaster at that office, who had come back to figure up his accounts, left the office in which the vault was located for a few minutes to step out into the workroom and handle with four other clerks the incoming mail.

It was in the Christmas rush period, and because of the Christmas rush, and because of influenza prevalent at the time, there was a shortage of help. He was only 45 feet away from his room, and could see if anyone went into it from the outside, but it appears that during the time he was gone some burglar or burglars were able to get in by sawing off a lock in the basement, getting into the coal bin, and from the coal bin, by prying open a door, getting up into the lookout and into the room of the assistant postmaster, where these stamps were in the vault. Sixty-nine thousand three hundred dollars' worth of war-savings stamps were taken. The assistant postmaster felt that in stepping out to be gone but a few minutes to sort the mail that it was safe not to lock that vault. In any case the stamps are gone, and while there may be a difference of opinion as to whether or not the assistant postmaster exercised proper care, surely it is not the assistant postmaster to-day who is being punished. Here are those stamps, $69,300 worth, charged up to the postmaster at Greeley, Colo., and the bill provides that the postmaster shall be entitled to credit. I might say, as to the assistant postmaster, that his resignation was asked for. The postmaster is still occupying the office at Greeley, Colo. If this bill does not pass, it will be punishing the postmaster, who was in no wise to blame and who had been at the office all of that day, and was at his home when this happened, between 8 and 9 o'clock of the evening of December 26, 1918. The committee are of the opinion that no blame can be attached to the postmaster, and that he should receive credit.

Mr. STAFFORD. Will the gentleman yield?

Mr. GLYNN. Surely.

Mr. STAFFORD. The gentleman stated that the vault was within view of the assistant postmaster from the place where he was working, or that the door leading into the office where the vault was located was within view of the place where he was working. Where is there any statement in the report to support that position?

Mr. GLYNN. My recollection is that that was the evidence submitted. My impression was that it was in the report. It is my recollection that that is the evidence submitted before the committee. As a matter of fact, the burglars did not go through this door. They went through what is called the lookout, which is only used by post-office inspectors or by the postmaster. There is a secret passage to the lookout, which gives a post-office inspector or a supervisory official a chance to look into the workroom. The door through which they would ordinarily go, I am very certain, was within view of the assistant postmaster.

Mr. STAFFORD. I would say to the gentleman, while I have not read every line of the entire report containing all the testimony, still I have read a substantial portion of it, and I think the gentleman is not only in error as to that particular statement but is in error as to the other statement, that he was only away from his own office, which contained the vault, and the vault unlocked, and with the door of the safe unlocked which contained these war-savings stamps, more than half an hour.

Mr. GLYNN. I will call the gentleman's attention to the fact that the testimony shows that the burglars went in through the lookout.

Mr. STAFFORD. I do not dispute the fact that they got in there by way of the basement window.

Mr. GLYNN. I think it is true that the evidence will show that he was away more than half an hour, but that he was within 40 feet, all of this time, of that vault.

Mr. STAFFORD. May I read to the gentleman in his time just what the letter of the Postmaster General shows as to the situation under which he was working. I read on page 2 of the report, the first paragraph of the letter of the Postmaster General as printed on that page:

> He had opened the vault door and was attending to his own work until the arrival of an evening mail, when he entered the workroom to assist the mailing clerks in distributing the mail, which special work would have required less than a half hour. Being only about 40 feet from his own room and practically within hearing distance, he left the vault door open, especially because he expected to return to his room in so short a time.

There is nothing so far as I find that the workroom gave him an opportunity to see the open door which led into his office, and the record shows, if I remember the testimony and the report—and I have not read it for several months—that he was engaged with the clerks much more than half an hour, with no one in the private inner office standing guard whatsoever, no clerk in the office, with the vault door open, and also the private safe door open.

Mr. GLYNN. Assuming for the purpose of argument that the statement of the gentleman from Wisconsin is true, this is not a bill for the relief of the assistant postmaster. The postmaster is charged up with this $69,300 worth of stamps. The question is, Was there negligence on the part of the postmaster? Here is an assistant postmaster who had been in that office for years, and presumably during that time had been watchful and careful. He was not only assistant postmaster at this time, but he had been assistant postmaster for years under the predecessor of the then postmaster. The postmaster himself was at his home. It was nearly 9 o'clock at night. There would be a difference of opinion whether he would believe it was necessary to lock the door while knowing the outside door was locked, and my recollection is that where he was working he was in sight of the only door that led into his office, except through the lookout. If we do not pass this bill, it means that a postmaster who in the opinion of the committee was not negligent will be charged up with $69,300 worth of war savings stamps.

Mr. NEWTON of Minnesota. Will the gentleman yield there?

Mr. GLYNN. Surely.

Mr. NEWTON of Minnesota. May I also add that the assistant postmaster, who was primarily responsible, was under civil service, so that the postmaster himself did not choose him. He was furnished to the postmaster by the Government in accordance with the rules and regulations of the Civil Service Commission.

Mr. GLYNN. The fact that the Post Office Department called for the resignation of the assistant postmaster might indicate that they had felt he had not exercised due care.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield there?

Mr. GLYNN. Yes.

Mr. WILLIAMSON. What protection, upon that kind of a theory, would the people or the Government have at all? I understand the postmaster is responsible for the acts of his assistants.

Mr. GLYNN. I think there may be something in that, but you would not want to be responsible for the acts of your assistant if you had nothing to say as to the selection of that assistant. If you are going to be held responsible for the action of your assistants you want to come pretty near having something to say about who your assistants are to be.

Mr. CLOUSE. Will the gentleman yield?

Mr. GLYNN. Certainly.

Mr. CLOUSE. I would like to ask the gentleman if the committee in their investigation decided that it was the fault of the Civil Service Commission rules that resulted in this loss to the United States Government?

Mr. GLYNN. No; we did not go into that. We felt—and it was our opinion—that here, when these stamps disappeared, the postmaster ought not to be charged with negligence. The amount covers I do not know how many times the salary, but I suspect that 20 years' salary would not pay for the amount of these stamps.

Mr. CLOUSE. What does the gentleman say about laying this down as a precedent, exculpating this postmaster for this loss? What would be the result of cases similar to this?

Mr. GLYNN. The assistant postmaster, who was directly responsible, when he was acting as postmaster in the absence of the postmaster himself, has been removed. His resignation has been asked for. I suspect that the present assistant postmaster is not going to go out and leave that safe door open even for five minutes.

Mr. CLOUSE. What did your committee find out or ascertain with reference to the solvency of the assistant postmaster? What is his financial position? Is he able to reimburse the postmaster for his palpable negligence?

Mr. GLYNN. I yield to the gentleman from Colorado [Mr. TIMBERLAKE], who is informed as to the details of this matter.

Mr. CLOUSE. I would like to know, because I think that is a question that the postmaster would have liked to pursue, and bring suit against this assistant for his negligence there.

Mr. TIMBERLAKE. Mr. Chairman, I desire to make some statements with reference to this case, which has come under my personal knowledge, it being within my congressional district. I have taken every pains to investigate this case personally for myself. I can state at the outset that I have a personal acquaintance not only with the postmaster there but also with the assistant postmaster, whom I have known from the time he was a little boy in school, at the age of 8 or 10 years. I know his parents, than whom there were no more respectable or influential citizens in that portion of the country. I knew the young man who was acting postmaster in that office several years prior to his being selected for the position by the present postmaster, Mr. Reynolds, when he was a teacher in the public schools, and his reputation is beyond reproach.

Answering the questions propounded as to his financial standing, I will say that he is working daily for his living. He has his own home. He has raised a family of five or six children and is educating them in the schools of the State.

Mr. CLOUSE. The question I asked was directed wholly as to the assistant postmaster.

Mr. TIMBERLAKE. That is the one of whom I am speaking, and of his financial ability. He would not be able in any way to make compensation if he were at fault, or if the postmaster claimed him to be at fault and should demand reparation it would be impossible for him to make reparation financially.

But I want to say that the postmaster himself does not attach one iota of fault to this assistant postmaster. Probably he was derelict from the fact that he left his office and went out to assist those who were attending to the sorting of the mails coming in on a late train, at a time when the city was down with the "flu," when it was impossible to get extra assistance and the force of the office was unable to take care of the congested condition of the mail. It is a city of fifteen or sixteen thousand people. The building in which this robbery took place is an up-to-date building, costing something like $250,000, equipped with all the devices thought necessary by the Treasury Department, so as to allow the inspectors to come into the building unnoticed and climb to the cupola, from which they could observe the workings inside the office without themselves being observed.

Mr. CLOUSE. Mr. Chairman, will the gentleman yield further?

Mr. TIMBERLAKE. I yield.

Mr. CLOUSE. I will ask the gentleman to say whether or not it is required for the assistant postmasters to make a bond to the postmaster for the faithful performance of his duties?

Mr. GLYNN. The assistant postmaster and the clerks and carriers all file a bond with the Government and with the postmaster.

Mr. CLOUSE. Then, would it not be possible for the Government to reimburse itself on the bond that this assistant postmaster gave for the faithful performance of his duties?

Mr. GLYNN. While it would be possible, yet with all the efforts of the inspectors and the inspectors in charge—they were around there as thick as bees around a sugar barrel—they have not been able to attach any charge of negligence upon the assistant postmaster, so that reparation could be demanded on his part, so that they could resort to his bond.

Mr. CLOUSE. Were there no rules as to when the vault should be opened?

Mr. GLYNN. There was no rule. The fact is that this man came back after supper, and——

Mr. STAFFORD. The gentleman does not mean to say that there is any rule of the Post Office Department that permits the safe there to be left open when there is no one in the office?

Mr. GLYNN. As to that, as to the time, the assistant postmaster might be there at midnight, and if he is, the door might be open.

Mr. STAFFORD. I question whether, under the rules and regulations—although I do not speak positively as to that—whether the postmaster or the assistant postmaster has authority to leave the doors near a vault or the doors of the safe open after working hours.

Mr. TIMBERLAKE. I think that was reprehensible. I acknowledge that.

Mr. WILLIAMSON. I should like to ask the gentleman if he is not aware that when a postmaster assumes that position he takes it with full knowledge of the rules and regulations of the department, and knows that he assumes the risk for the assistant postmaster? It is clear that the purpose of putting up a bond is to cover any possible loss, regardless of how it occurs, if it can be traced to negligence of postmaster or employees. The mere fact that he had a negligent assistant postmaster in no way exculpates the principal in this case, who was the postmaster. Otherwise, the Government has no protection against the negligence of the assistant postmaster.

Mr. NEWTON of Missouri. As a matter of fact, is not the bond of the postmaster taken as security against his defalcation?

Mr. TIMBERLAKE. The gentleman is asking me a technical question.

Mr. NEWTON of Missouri. Does the gentleman know that in many other instances, where a principal Government official was not directly at fault, where there was a default on the part of a subordinate in the civil service, Congress has passed relief bills almost uniformly in cases of this kind?

Mr. TIMBERLAKE. There is no question about that, and I beg to state that I was informed by an official in the Post Office Department that the matter stated by the gentleman from Missouri [Mr. NEWTON] is a fact, that the postmaster gives a bond against any unlawful act on his part, but that it does not go further than that.

Mr. STAFFORD. Is the gentleman positive about that?

Mr. TIMBERLAKE. That is what I am informed.

Mr. LAYTON. Will the gentleman yield?

Mr. TIMBERLAKE. I yield to the gentleman from Delaware.

Mr. LAYTON. Does the gentleman think that the bond given by the postmaster covers only his delinquency and not the delinquencies of his subordinates?

Mr. TIMBERLAKE. I can not answer that. It is a technical question.

Mr. LAYTON. Is it a technical question?

Mr. TIMBERLAKE. It is a question of law into which I have not examined.

When this burglary occurred in 1918 I personally inspected conditions in that office, and I felt justified in introducing a bill for the relief of this postmaster, and I introduced H. R. 6892 on June 28, 1919. I did this after consulting the department and finding out that under the law the Postmaster General is not permitted to settle cases of this kind where the loss exceeds $10,000, and I was informed that in order to bring this to Congress it would be necessary to introduce a special bill. This I did, and it was referred to the Committee on Claims. By the chairman of that committee it was referred to a subcommittee of which the gentleman from New York, Mr. McKiniry, was the chairman. Mr. McKiniry investigated this case very carefully. He expressed a desire to question the postmaster and his assistant personally. For that purpose they came here to Washington and appeared before this subcommittee and accounted fully to that committee, I believe to the entire satisfaction of the committee, so that the committee were convinced that no fault could be found with the action of either the postmaster or the assistant postmaster, and a favorable report would have been filed with the committee except for the fact that Congress adjourned. Only a verbal report was made, so that there is no written or printed report on file with the Committee on Claims.

Mr. LAYTON. This theft or embezzlement, or whatever you call it, took place in 1918?

Mr. TIMBERLAKE. December 26, 1918, just at the Christmas holidays.

Mr. LAYTON. That gives some hope for some of the rest of us who have bills.

Mr. WILLIAMSON. Can the gentleman state what was the character of the bond given by the postmaster? Was it a personal bond or a surety bond?

Mr. TIMBERLAKE. It was a surety bond for $15,000, as I understand.

Mr. GOODYKOONTZ. I am at a loss to understand why this claim should come here. A postmaster is not an insurer of the property in his possession. He is merely custodian of it. If a thief breaks in and steals and carries away that property he is not liable upon his bond. True, he is charged with the stamps in the first instance. But why should he not now be credited by the department with the value of the stamps that were stolen?

Mr. MADDEN. The department has not the authority to do that.

Mr. GLYNN. All this bill asks is that he be credited with this amount.

Mr. BLACK. Will the gentleman yield?

Mr. TIMBERLAKE. I yield to the gentleman from Texas.

Mr. BLACK. On page 15 of the report of the inspectors I see the following:

> Under sections 256 and 317, Postal Laws and Regulations of 1913, supplemented by section 87, Book of Instructions to Post Office Inspectors, as construed, on February 13, 1919, we made formal written demands upon United States Fidelity & Guaranty Co., Baltimore, Md., and upon American Surety Co. of New York, for $3,500 and $15,000, respectively, those being the amounts of official bonds of assistant postmaster and postmaster, issued by said companies in the order mentioned.

Can the gentleman state whether or not anything has been collected from these bondsmen?

Mr. TIMBERLAKE. Nothing has been collected. Any action looking toward the collection of those bonds has been held in abeyance by the Post Office Department awaiting the action of Congress.

Mr. BLACK. If we should pass this bill allowing the full amount as a credit to the postmaster, is it the purpose of the Post Office Department to sue for recovery upon these bonds?

Mr. TIMBERLAKE. I could not state with reference to that.

Mr. NEWTON of Missouri. They could not sue until they did that.

Mr. WILLIAMSON. I may say that if we release the principal we can not hold the surety, as a matter of law.

Mr. BLACK. I think the gentleman has raised a very interesting point there, and it is evident we are proceeding too fast here in allowing this claim until the liability of the surety is exhausted. If we should fail in such a suit and are unable to recover from the surety, it occurs to me that it will be soon enough then to pass a bill relieving the postmaster.

Mr. EDMONDS. My colleague knows that bonds are given for the faithful and honest performance of duties. In the case of a robbery like this if the man did not follow the regulations of the department, if we relieve the charge against him of all liability, then the sureties would be relieved.

Mr. BLACK. Does not the gentleman think this is an inopportune time to pass this bill? Does he not think that we had better lay it aside until the department determines in a suit or by agreement what the liability of the surety companies are? If we collect of the surety company, then we do not have to pass the bill to relieve the postmaster, or at least for so much as is paid by the surety company.

Mr. EDMONDS. I would like to answer the gentleman in this way: The regulations require that when a man leaves the room where the safe is the day door shall be locked on the safe. They do not require him to put the night lock on until he has finished and leaves for the night. But when he leaves the office in the daytime where the safe is he shall have the day door locked. Of course, locking the day door would not have prevented the man getting into the safe, but in the rush of business the assistant postmaster went outside of the door, men came in through the back way, which is quite unusual, got

down into the office, and robbed the safe. When they turned off the electric light and the postmaster was going back, he locked the safe the first thing. But the robbery had taken place.

Mr. BLACK. The point I am making is, if the gentleman will permit, we are assuming in advance that the sureties are not liable. Now, we have no statement from the Post Office Department officials that they do not regard the sureties as liable on the bond. We have no assurance from anybody that the state of facts are such as to relieve the sureties, and until we have an assurance of that fact we ought not to pass the bill and release the principal, which, of course, would release the sureties.

Mr. REED of West Virginia. In the case cited by the gentleman from Texas, the surety after paying would at once have recourse against the postmaster and exhaust his funds.

Mr. BLACK. We are not here inquiring into the liability of the principal to the sureties.

Mr. McPHERSON. That is the point. It appears to me that it would be unfair and unjust to hold the postmaster for the loss that occurred through no fault of his. If the Government should recover against the sureties, then, under the law of principal and surety, the sureties could recover of him and he would have to pay over and we would not relieve him at all. It would be indirectly holding him responsible for the loss that he is not responsible for.

Mr. GOODYKOONTZ. I want to suggest that the sureties would not be liable unless the principal obligor was also liable, and it is useless to talk about releasing the sureties unless you also release the principal, the primary person involved.

Mr. LITTLE. Mr. Chairman, the principle of law which the gentleman from North Dakota and the gentleman from Texas have been discussing has been entirely settled in the procedure of the department and this committee for years. The plan used by the committee now is the same pursued in all similar legislalation. In the first place, no postmaster is liable for the negligence of people for whom he is not responsible by his authorization to perform certain duties. If there is a civil-service officer pushed onto a postmaster, who becomes negligent, then the postmaster is not liable at all for that. The department has long since reached that conclusion, and in five years in which I have been somewhat familiar with this class of bills the department has never attempted to enforce that obligation on postmasters' bonds in such cases as this, as far as I know. In this case the committee has supported the department; there has been no effort by the department to prevent this legislation. They have had three years in which to sue on the bond.

Not only is the postmaster not responsible for the misdeeds of somebody that he did not select, but neither are his bondsmen. If he is not responsible they would not be responsible. If they sued upon all these claims it would precipitate considerable additional expense upon the Government and take a good deal of time. If the department lawyers thought the suggestions that gentlemen make were correct they would have long before this brought suit upon the bond, and this claim would not be here. They do not think so, and they do not bring it. The committee finds the postmaster charged with a lot of stamps. He is not responsible for the loss of the stamps. The assistant was in charge that evening and had as much authority there as if he were the postmaster; he was selected by somebody else and the postmaster is not responsible. In this case there is no evidence to sustain any charge against the postmaster in any particular, and the department has not tried to collect of him. Nobody pretends that he was responsible. As a matter of fact, the assistant was very zealous. What he was doing was working harder than usual, and the chief is not responsible for that. And yet this postmaster is charged with a lot of stamps, the loss of which he is in no way responsible for. It is a matter of settling up the books, as the gentleman from Texas suggests, and the department ought to do it. The department can not without authority credit him with the money, and he comes to Congress and says they do not sue me and I wish my books balanced. The question is whether you are going to do a plain, sensible act of justice or force the department to go through the technical form of bringing two or three lawsuits.

Mr. WILLIAMSON. Is the gentleman a member of the committee?

Mr. LITTLE. I am.

Mr. WILLIAMSON. Is the gentleman's committee of the opinion that the postmaster is not liable on his bond for this loss?

Mr. LITTLE. As I said, I do not know anything about this particular case. I did not pass on it. I am stating the general principles of law under which we have worked, either correctly or mistakenly. Perhaps we have been wrong all these years.

Mr. WILLIAMSON. It appears from this record that this vault door was left open, that the safe was left open in which the stamps were deposited, and that the assistant postmaster went off into another room to attend to some other matters in connection with the office. Does the gentleman contend that under those circumstances the assistant would not be liable under his bond, and that his sureties would not be liable?

Mr. LITTLE. I told the gentleman that I did not know anything about the details of the case, except what I have heard on the floor just now. I was merely undertaking to call attention to the principles of law that have governed all such cases. Of course they do not have to sit on the safe during the night.

Mr. BLACK. Mr. Chairman, will the gentleman yield for a question?

Mr. LITTLE. If I have the floor; yes.

Mr. BLACK. In view of the fact that the postal laws and regulations prescribe that these valuable stamps and funds shall be kept in a safe, that if the postmaster leaves his office that the day lock shall be put on in the daytime and at night that the night lock shall be put on, does the gentleman think that the postmaster would be negligent if he did not see to it that that was done? If a loss occurred, what protection would the Government have?

Mr. LITTLE. As I said before, I do not pretend to be familiar with the details of this case. I never voted on this particular bill. I am merely stating the general principles, and I gather from what the chairman said that he answered the gentlemans' question. As I said a moment ago, a man does not have to sit on that safe in order to be doing his duty. The evidence seems to show that the safe was locked when the postmaster went home, and that the assistant came in the evening and opened it, as he had a right to in the postmaster's absence, an act for which the chief had no responsibility whatever. He was no more to blame for that opening than he would have been if a burglar had broken in in the night and blown the safe open.

Mr. MADDEN. Mr. Chairman, will the gentleman from Colorado yield?

Mr. TIMBERLAKE. Yes, sir; I yield.

Mr. MADDEN. It occurred to me while listening to this debate to ask the gentleman from Colorado if the committee inquired into whether or not the Government takes out burglary insurance in addition to insurance to protect the Government itself against the cupidity or the dishonesty of officials?

Mr. TIMBERLAKE. I believe that the gentleman from Illinois [Mr. MADDEN], who for many years was connected with the Committee on the Post Office and Post Roads, would be better informed about that than I. I have not taken that up with the department.

Mr. MADDEN. My own judgment is that they do not take out any burglary insurance, and that it has always been the practice where a burglary occurred, if it could be proved that the official himself had no part in the burglary, to relieve the official of responsibility.

Mr. BLACK. Provided that he had the safe locked.

Mr. MADDEN. Of course I do not know whether that condition was included or not.

Mr. EDMONDS. Oh, no.

Mr. TIMBERLAKE. Mr. Chairman, there are a few more statements that I should like to make in respect to this matter.

Mr. MADDEN. Just one more word in connection with that, if the gentleman will permit. There have been so many burglaries in the post office that I have been wondering whether or not it would not be wise for the Post Office Department to take out burglary insurance. It would save a lot of money and perhaps a lot of litigation. I doubt if it would be possible to collect from any insurance company, however, under the present form of policy in a case of this sort.

Mr. TIMBERLAKE. Mr. Chairman, I want to say a few more words in this connection with reference to the conditions of the case. The department asked for the resignation of both the assistant and the postmaster.

Mr. LAYTON. Why did they do that?

Mr. TIMBERLAKE. I could not answer that question, but that was done. The assistant postmaster protested, but he sent in his resignation. It was accepted by the department. The postmaster sent in his resignation with a strong protest against the department for requesting his resignation until after a full hearing had been held by the agents of the department with reference to the matter. However, he sent in his resignation over the protest or petition from the citizens of Greeley, which I would like to take the time to read. I recognize that the report made in the case is voluminous, and I question whether there are many Members of the House who

have read that report. Here is one item showing the esteem in which this postmaster is held in that city, which I feel should go into the record, and I ask the privilege of reading it. I read from that petition to which I have referred:

To the honorable the Postmaster General of the United States:

We, citizens of Greeley and of adjacent territory, receiving our mail at the Greeley post office, respectfully petition the reconsideration of the late action of the Post Office Department of the Government requesting the prompt resignation of Postmaster Hubert Reynolds.

From long acquaintance with Mr. Reynolds and personal knowledge of his honesty, ability, and courtesy to all, his high character, entirely above reproach, the faithful service he has rendered to the Government and the patrons of the office for which we vouch, we take this opportunity to express our deep regret at the action of the department above referred to.

We respectfully represent that we are impressed with the belief that the department, in considering the robbery and burglary of the post office at Greeley, which occurred in December last, did not give sufficient weight to a circumstance for which the postmaster is not to blame and, therefore, committed a grave injustice both to Postmaster Reynolds and to Assistant Postmaster John Harbottle.

The circumstance above referred to is that in the construction of the post-office building at Greeley, Colo., the Treasury Department, having control thereof and apparently for the purpose of enabling inspectors to enter the building, without the knowledge of the employees, to observe their conduct and to report on any possible neglect of duty, thereby gave opportunity to criminals to enter the building and to plan a successful robbery at the most opportune time.

We further respectfully represent that, by virtue of this unfortunate planning of the building, the criminals who were guilty of said robbery and burglary were enabled to take advantage of a particular moment when, because of the intense application of all the employees in the office then present, they could commit a crime which otherwise would not have occurred.

In view of what precedes, we respectfully but most earnestly urge to the attention of the Postmaster General our strong conviction that the course taken by the department is unjust, especially as it tends to cast reflection upon Postmaster Reynolds's faithfulness as an officer of the Government.

Dated at Greeley, Colo., this 31st day of March, A. D. 1919.

That is signed by 186 of the principal business men regardless of politics. The present postmaster is a Democrat. He is a fine man, a fine business man; his character has always been above reproach; I have known him for many years.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. TIMBERLAKE. I yield.

Mr. LITTLE. Did they reconsider their demand for his resignation?

Mr. TIMBERLAKE. The department never acted on his resignation. It is in their hands, and he is now performing the duties of the office at that place.

Mr. LITTLE. Let me say in the gentleman's time, that either this man stole this money and ought to be sent to the penitentiary or else he is not responsible for its loss, and the books should be straightened up. That is all there is to it. The department still leaves him in charge?

Mr. TIMBERLAKE. Yes.

Mr. LITTLE. Well, that is all there is of it.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. TIMBERLAKE. Yes.

Mr. LAYTON. According to the statement made by the gentleman himself, here is a room that people from the outside can have access to, without anyone in the post office observing the fact, constructed for the purpose of ingress and egress of the post-office inspectors and, of course, anyone else if they have the same opportunity. Why did this man put his safe in such a place as that? He might as well have put it on the street. Could he not have found some place safer than that in which to put the safe?

Mr. LITTLE. The gentleman must remember that that safe had probably been inspected many times by the Government inspectors, and it was right where they authorized it to be.

Mr. McPHERSON. Technically he is. Technically the postmaster is bound to account to the United States for all the money and property that comes into his hands. If he has a loss, as in this case, that is due in no way to negligence, the liability would run up to $10,000; if in excess of $10,000 he would only be relieved by the bondsmen. This case has been in the hands of the post-office inspector for about three years, and they have been able to find a claim nowhere that anybody connected with this loss, either the postmaster or the assistant postmaster, was guilty of any wrong. The assistant postmaster might be said to be guilty of negligence, but he has no bond and no surety that agreed to pay anything for a loss resulting from negligence. The only man that is sought to be relieved or that can be relieved is the postmaster. Nobody can relieve him but Congress, and it seems to me it would be an awful thing for a Government officer like this postmaster to be held responsible. This is a first-class office; I do not know how many employees he has, but there is one assistant postmaster, and numerous clerks, all of whom by their dishonesty can rob him; he was robbed by somebody in the office or somebody outside of $69,000 worth of property for which he is bound to account. Nobody could claim that in any way he was responsible for this loss. And if public officers who are accounting officers, who have to have a number of employees under them, selected by somebody else, are to be held responsible for their larceny or dishonesty or negligence when he himself is without fault, then it is a dangerous thing for a citizen of the United States to hold one of these offices. The question is not what can be done with the assistant postmaster if he was negligent. In case he is solvent the United States can still recover from him.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. McPHERSON. Yes.

Mr. WILLIAMSON. According to the gentleman's statement you are relieving the postmaster of the whole proposition, and he is the only one that is liable at all.

Mr. McPHERSON. He is not the only one that is liable for dishonesty under the terms of that bond. If that assistant postmaster had been guilty of dishonesty or negligence amounting to dishonesty, then his bond would be liable.

Mr. WILLIAMSON. If you release this whole obligation——

Mr. McPHERSON. We do not release the liability. The law requires this assistant postmaster to account for it. If the man embezzled money and had a bond for faithfulness in the discharge of his duty, his principal could recover from him, so that no claim would be brought.

Mr. WILLIAMSON. The distinction between the principal and the deputy is very different from that between the postmaster and his assistant. It is not parallel under the practice of law.

Mr. McPHERSON. Let us see. The United States has a bond from this assistant postmaster for $3,500; a separate contract between the surety company and the United States, that they will pay so much if the United States loses anything through his lack of faithfulness. Now it has lost $3,500. According to the proof, it has really lost $69,000 as the result of some act of his that is not covered by the bond. Clearly, then, whatever is done with this bill, that surety would be liable if the conditions of the bond were broken.

Mr. GLYNN. Mr. Chairman, will the gentleman yield?

Mr. McPHERSON. I yield.

Mr. GLYNN. In view of the fact that for nearly three years no suit has been brought on that bond, either of the postmaster or of the assistant postmaster, is it not a fair presumption that the Post Office Department can not find negligence which would permit a recovery? Is not that a fair presumption?

Mr. McPHERSON. That is certainly a reasonable presumption. There is this difference, however, as I stated when I called it to the attention of the gentleman from Texas [Mr. BLACK]: The bond that the postmaster gave for $15,000 is a bond on which recovery could be had. But it would shock the conscience of this Congress; it would be equivalent to holding this postmaster responsible for $15,000, because if the surety company paid his bond, it would have recourse upon him for the loss, and we would have here a bill to reimburse him for the $15,000 he had paid out.

Mr. REED of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. McPHERSON. Certainly.

Mr. REED of West Virginia. Is it known that the Government's loss on this paper that was stolen was $69,000?

Mr. McPHERSON. Yes. I understand they were savings stamps.

Mr. REED of West Virginia. They would have to be negotiated for cash. Is that easily done by private individuals in large amounts?

Mr. McPHERSON. I think it could be done by thieves who get possession of them, and the Government has lost $69,000. That is my idea.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. McPHERSON. Certainly.

Mr. LANHAM. Is this risk that postmasters are likely to assume in this regard resulting in any perceptible falling off in the number of applicants for appointment? [Laughter.]

Mr. McPHERSON. There are a few individuals down in my district who are willing to take those offices and risk it; but I doubt whether they would if this bill fails. And this is the interest, I imagine, that several of us have in this bill.

Mr. LITTLE. Mr. Chairman, that joke, by the way, comes up every time that one of these cases comes up in this committee, and it is just as good now as it was the first time. [Laughter.]

The gentleman from Missouri [Mr. McPHERSON], a very distinguished lawyer, has so thoroughly explained the law in this case that really there is not much more to be said about it. But I have in mind the question of the gentleman from West Virginia [Mr. GOODYKOONTZ], which seemed to me quite pertinent. He inquired directly whether the postmaster would be

responsible if the deputy were to blame, and the gentleman from Missouri has explained that he would not be in such a case as this, because he did not select the deputy and had nothing to do with his selection. Some other force of the Government put him in there. I want to go a step further, with the gentleman's permission.

Let us suppose that the postmaster had selected him himself and had put him in there. Let us suppose that the Government sued the postmaster, on the theory that the deputy had stolen this $69,000 and had run off. Now, what would the Government need to prove? In my judgment, that man would come back and say he had used his very best judgment in the selection, and had chosen a well-known, reliable, and sensible man; and if he were able to prove that he had taken proper and reasonable care in selecting an honest man, he probably would not be held liable, because it would be natural for you or me or anybody to go off and leave a man whom we had known for 50 years and leave him in charge. He might go crazy the next day, but the postmaster would not be responsible for that. If this postmaster had selected this deputy and had been able to demonstrate to the court and the jury that when he selected him he had every reason in the world to suppose that he was a proper man to put in there, and that no more care could be used than he used when he selected him, probably no court or no jury would hold his responsible. I think that position would be sustained.

Mr. CLOUSE. Mr. Chairman, this is a bill that I regard as of very great importance to the membership of this House and one that I think we ought to thoroughly understand. I have had only a few minutes in which to look into the report of the committee on this bill, but during the discussion here I have procured the Postal Laws and Regulations governing and prescribing the duties of postmasters in just such cases.

When a postmaster is appointed to an office he shall, before entering upon the discharge of his duties, execute a bond.

I read from section 256 of the Postal Laws and Regulations, which prescribe the conditions of the bond which he is required to execute:

> Every postmaster before entering upon the duties of his office shall give bond with good and approved security, and in such penalty as the Postmaster General shall deem sufficient, conditioned for the faithful discharge of all duties and trusts imposed on him either by law or the rules and regulations of the department.

I find further that a rule has been adopted with reference to these postmasters' duties, and I find at section 361 of the Postal Laws and Regulations this rule. Paragraph 2 of this section reads as follows:

> If the post office is not such a reasonably safe place as to warrant the postmaster in leaving his own funds in it at night, or when the building is unoccupied, all moneys and postage stamps should be removed to a place of greater security. Where stamps and funds are kept in iron safes with combination locks, such safes shall be carefully and completely locked at night, or when the office is left without occupants. No credit will be allowed for losses from safes fastened only with what is termed a day lock or a day combination.

It has been said here that there is no remedy as against the assistant postmaster, who seems to be the individual responsible for the loss. I find under the Postal Laws and Regulations at section 316 that the assistant postmaster is also required to execute a bond conditioned upon the faithful performance of his duties and all rules prescribed by the Post Office Department:

> Assistant postmasters and cashiers at first, second, and third class post offices, and when deemed necessary by the Postmaster General for the better protection of the interests of the Government, any other employees in such offices, shall before entering upon the duties of their office give bond to the United States with good and approved security and in such penalty as the Postmaster General shall prescribe, conditioned for the faithful discharge of all duties and trusts imposed upon them either by law or the rules and regulations of the Post Office Department.

Now, from the law as we find it to be it seems perfectly evident to me that there is a liability on the part of the postmaster as well as on the part of his assistant. In the first place, the postmaster himself violated the rules and regulations of the Post Office Department when he left the funds intrusted to him, in the nighttime, without that safe being securely locked.

Mr. GLYNN. Will the gentleman yield?

Mr. CLOUSE. Yes; I yield to the gentleman from Connecticut.

Mr. GLYNN. The gentleman from Tennessee misunderstands the evidence. The fact is that that safe was locked at night. The postmaster went home. When the assistant postmaster came back after supper, the testimony is that then he, the assistant postmaster, unlocked the vault.

Mr. CLOUSE. I understand. That is the very question I am trying to make myself clearly understood upon. Now, the funds of the United States Government are not intrusted to an assistant postmaster, and when the postmaster is absent from that office it is his duty to keep the safe securely locked if he has a safe furnished by the Government for that purpose, for the security of the funds intrusted to him by the Federal Government.

Mr. GLYNN. Will the gentleman yield there?

Mr. CLOUSE. I will.

Mr. GLYNN. The gentleman can look through the postal laws and regulations from cover to cover and he will find no such regulation. As a matter of fact the postmaster can not be there all the time. There are stamps to be sold. They must be taken out. Change must be made. There is no office in the country of any size where the vault can be kept locked when the postmaster is not there. It would simply be a jerk office that would do that.

Mr. McPHERSON. Mr. Chairman, will the gentleman yield?

Mr. CLOUSE. Yes.

Mr. McPHERSON. I will ask if the regulations just read about the locking of the safe did not provide that it should be locked only when the post office was not occupied by the employees?

Mr. CLOUSE. If I understand the English language it provides that such safes shall be carefully and completely locked at night or when the office is left without occupants, and that no credit will be allowed for losses from safes if the safe only was locked with what is known as the day lock or day combination.

Mr. LITTLE. Do I understand that if the postmaster was called to Washington for a week, they would have to lock up the safe and keep it locked until he got back?

Mr. CLOUSE. I do say that that would not change or alter the rule one whit. He may leave the office in the custody of his assistant, but the assistant is then delegated and required under the authority given him by the postmaster to comply with the regulations laid down.

Mr. LITTLE. Does the gentleman think the postmaster is responsible for the fact that he does not comply with them?

Mr. CLOUSE. Why, certainly; I think that the postmaster is responsible.

Mr. LITTLE. He is not; and there is no question about that.

Mr. CLOUSE. Otherwise how could this Government deal with him? Unless it has a responsible person at the head of every department of government, or if the clerks are responsible, then I ask the gentleman how the Government could recover in any case where a shortage occurs.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. CLOUSE. Yes.

Mr. EDMONDS. The gentleman read the regulation in regard to locking the safe at night when the office is empty, and the fact that no credit would be given if the safe was locked at night with the day combination. That is what the regulation is and what we have had a number of times from the department. The department says that if a man leaves the office in the daytime he puts on the day lock, and when he leaves the office permanently to go home or to close the office they will not give him credit if he only leaves the day lock on and it is not locked with the whole combination.

Mr. CLOUSE. The gentleman misunderstands the rule which I have just read. It provides that no credit will be allowed a postmaster whether it is closed in the daytime or night with that lock.

Mr. EDMONDS. Why, we have had dozens of letters from the department that explains the matter. If a man goes home at night and closes his office he must put the full combination on.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield to me?

Mr. CLOUSE. Yes.

Mr. STAFFORD. I think it would be of interest if the chairman of the committee would present for the information of the House, or incorporate in his report in connection with this case, some of the letters that he refers to.

Mr. EDMONDS. I can easily do that.

Mr. STAFFORD. Fortunately we have incorporated in this report the report of the inspector, Mr. W. M. Hughes. He makes special reference to the provision which the gentleman from Tennessee [Mr. CLOUSE] is referring to, and the regulation thereunder, providing that the safe shall be locked when no one is in the office. I direct the chairman's attention and the attention of the gentleman reporting the bill to the fact that that inspector called attention to these two sections of the postal rules and regulations, viz, sections 256 and 316, as having been

violated, and that pursuant to those provisions of the regulations formal written demand was made upon the United States Fidelity & Guaranty Co., of Baltimore, Md., and upon the American Surety Co., of New York, for $3,500 and $15,000, respectively. The inspector, who ought to know the rules and regulations and practices of the department, in construing this regulation made formal demand upon the surety companies, and in my time later on, after the gentleman concludes, I wish to have something to say about the deficiencies and the default of the surety companies in this case.

Mr. GLYNN. Mr. Chairman, will the gentleman yield?

Mr. CLOUSE. Yes.

Mr. GLYNN. We know, as a matter of fact, that one of the first things that the post-office inspectors do when there is a loss, whether caused by negligence or otherwise, is, in order to protect the Government, to make formal demand. That is done to protect any rights they may have. The fact of the matter is that they have done nothing except to make that demand, and that was done to protect all rights.

Mr. STAFFORD. Does the gentleman deny that there is anything in the record whereby the surety companies at any time denied their responsibility under these bonds?

Mr. GLYNN. I would say that there is nothing in the records to show that they ever admitted it.

Mr. STAFFORD. They did not deny it, when they replied to the formal demand of the Government.

Mr. GLYNN. As a matter of fact the surety company would not deny a liability very much. It is not——

Mr. STAFFORD. Surety companies in this case are willing to take the premiums but not to stand the losses.

Mr. GLYNN. It is not necessary for the United States Government ever to bring a suit against a surety company. All they have to do is to demand that something be paid, and if they insist upon it, it is paid without question. Why? Because only certain surety companies are permitted to give bonds, and the Government holds a great club over their heads, and if they do not comply when the demand is made upon them they are simply wiped off the slate and they are not permitted to give bond. That is why it is never necessary to bring suit against a surety company. If the demand is made they do it. They will always settle rather than be thrown out of business.

Mr. CLOUSE. I did not yield for a speech, I have not quite concluded. Now, Mr. Chairman, I want to call the attention of the committee to this further proposition which is along the line that has been discussed here in the colloquy just finished. I find in the report of the committee that on March 1, 1919, the United States Fidelity & Guaranty Co. addressed a letter to the Post Office Department in Washington in which they stated this, among other things:

> I shall want to make some further investigation before concluding that the alleged negligence in leaving the safe or the vault unlocked is entirely attributable to the carelessness of Mr. Harbottle and not some one else.

Now it is not an express admission of liability, but by every inference and deduction to be drawn from the language used the Guaranty Co. admits that if the assistant postmaster was responsible for leaving the vault of the safe open the liability of the Guaranty Co. was fixed and certain. Now, Mr. Chairman, I can not understand another thing from my casual observation and reading of this report. At no place since March 1, 1919, is there reported in this report any further communication with respect to this implied admission on the part of the Guaranty Co. of liability of the assistant postmaster, and I do not know whether or not the Department of Justice or the Post Office Department have ever as yet recommended to this committee or to the subcommittee that there is no liability on the part of the Guaranty Co., nor, indeed, have I heard such a statement by any member of the committee in debate upon this bill, and I would like to know now from some member of this committee, for my own information, whether such advice is given by the Department of Justice. I take it that such has not been done. Now I think that it would be establishing a bad precedent with the thousands of postmasters in the United States if we were absolutely to relieve the postmaster in this instance of the responsibility that attaches to him by virtue of the laws and regulations of the Postal Department, and, as the gentleman from Texas [Mr. BLACK] suggested, I think it is highly proper to make these rules drastic for the protection of the United States Treasury and the United States Postal Department, and I am not at all apprehensive that with all these rules, as drastic as they can be made, we will be short of postmasters anywhere. I do hope that the membership of this committee will give this bill careful consideration before laying down that precedent with reference to postmasters in the United States.

Mr. LITTLE. Mr. Chairman, that was a very interesting remark. The gentleman is alarmed at that precedent. This committee is the oldest committee in this House. It has a longer line of precedents than any other committee in the House. There is no proposition better established than the one upon which this bill is founded. I presume there have been 10,000 such bills——

Mr. CLOUSE. Does the gentleman mean to be understood that where gross negligence enters into the case that under heretofore established precedents we relieve postmasters of their gross negligence?

Mr. LITTLE. No; but it is very evident here there is no gross negligence of the postmaster entering into it. The theory upon which this bill is reported is the same as upon which at least 10,000 such bills have been predicated in the past. The gentleman's suggestion might have been made 125 years ago, but I submit to the gentleman he is at least a century behind the precedent. When I first went on this committee, I took exception to this plan of the department much as the gentleman does now, but precedents settled me. If this man was guilty, the Government would sue on that bond, and when the Government did not sue on the bond it remains for this committee to do something, and this is what the committee has done. Three years have gone by and the department has not sued, and because it knows there is no liability on the postmaster's bond. The man now asks that since they do not sue his books be balanced. For a century this plan has been followed. I was not born till two or three generations after these precedents were first made.

Whenever the department does not pursue a suit upon a bond everybody knows at once that they know it would not be just to do it. And, gentlemen of the committee, you may rest assured that as far as precedents are concerned that point was long since disposed of. This committee is proceeding as it always has. Every year, every month, these cases come up, I think, and the precedent of handling them in this way has long since been established. And all this committee has to do, if it follows precedents, is simply to decide upon the equities of the case.

Mr. WILLIAMSON. That may be true as a matter of precedent, but I do not think this House ought to vote in favor of this bill on the theory and in the belief that this postmaster is not liable upon his bond, because I am convinced he is. The gentleman said a moment ago, for illustration, suppose a principal should turn over to the deputy certain funds and he would steal them without any fault on the part of the principal, could it be contended the principal could be held in that kind of a case? The gentleman knows the act of a deputy is the act of the principal, and it seems to me the principal, under the circumstances suggested, would be liable without any question at all as a matter of law.

Mr. LITTLE. With all due deference to the distinguished jurist, whose legal capacity I have long since learned to respect upon another committee with him, I think my original statement of this matter was the law. Now, if you and I differ, that is another matter. You may be right. I am simply stating the precedents on which the bill is based. The department and committee took the view I speak of. There is no such situation as the gentleman suggests. However, when the postmaster is gone the assistant is the acting postmaster in effect.

The gentleman from California [Mr. CURRY] asked me to yield, and he wishes, I think, to suggest something that he suggested to me a minute ago, which I think will be very valuable and important on this case.

Mr. CURRY. The gentleman from Kansas knows, I presume, that the assistant postmaster is placed in absolute charge and control in the absence of the postmaster, not by the act of the postmaster or selection by the postmaster, but by act of the law and the rules and regulations of the Post Office Department. If the postmaster is absent at lunch the assistant postmaster is in charge. He can not select anyone else to put in charge. The bonds that are given by the employees of the Post Office Department are made to the Government and not to the postmaster and are for the honest and faithful performance of their duties. They do not cover robbery cases at all, and the bonds are given cheaper than if they did cover robbery cases. Probably there would not be any surety company that would give bonds if robbery cases were included in the bond in order to protect the Government from robbery. The postmaster performed his duty. He is honest. The assistant postmaster performed his duty. He is honest. It was not their fault that the stamps were stolen from the safe. The assistant postmaster was within 45 feet of the safe. The rules of the department do not require that the safe shall be closed at 5 o'clock and not be open until 8 o'clock in the morning. It says the office shall be open

during certain hours, but not that the safe shall be closed after those hours are past, or that the postmaster or the assistant postmaster shall be responsible for a robbery of funds in the safe or the dereliction of duty of other employees. The postmaster had nothing whatever to do with this. He is not responsible on his bond. If he was, the Postmaster General would long ago have gotten the money from the surety company, and if the assistant postmaster had been derelict in his duty they would also have recovered. It would simply be a waste of time and effort and money to try to recover it. As a matter of equity I think this bill ought to pass.

Mr. EDMONDS. Mr. Chairman, I would like to ask unanimous consent that all debate on this bill be closed in 10 minutes, the 10 minutes to be in the hands of the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. I will object. I do not intend to take 10 minutes, possibly——

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that debate be closed in 10 minutes. Is there objection?

Mr. LAYTON. I object.

Mr. STAFFORD. Mr. Chairman, I wish to call the attention of the committee to some testimony that has not been so far presented for consideration. This whole case hinges on the negligence, the culpability, of the assistant postmaster, and if the assistant postmaster was culpable in this case, then as the postmaster himself was in possession of this office for years and years, with this assistant postmaster as his subordinate, it may be well contended that the negligence or the fault of the assistant postmaster in this case should be charged up directly to the postmaster. It is not the case of a new assistant postmaster that takes charge of the office in the absence of the postmaster, nor is it the case of a postmaster coming into office of a sudden and accepting the services of an assistant postmaster who has been long in the service. But it is the case of a postmaster who was long in the office—eight years or more—continuing to utilize the services of an assistant postmaster, who, according to the testimony here, was most negligent under the circumstances.

Mr. GLYNN. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. In a moment.

Why do I say he was most negligent? From the fact that this was a robbery, performed evidently by somebody who was acquainted with the action of the local post office officials, with the conduct of this assistant postmaster in the care of his office during the absence of the postmaster, as on this occasion, when these burglars entered from downstairs and tried the door secretly when he was absent from the office where the vault was located.

Let me read to you the testimony that I consider shows the assistant postmaster guilty of most culpable negligence. He was not only engaged while he was away from his office in the work of the post office, but after he did that work he was reading the newspapers, with the office door unlocked and the vault door unlocked and the safe unlocked, with $69,000 of Government funds in the safe, in the evening, in the night, with no one in the office; leaving it unlocked, reading a newspaper. Reading a newspaper under these conditions, in the performance of his duty of helping out, is a serious matter. It is easy enough to introduce a bill like this. I do not criticize the gentleman from Colorado [Mr. TIMBERLAKE] for introducing this bill. The postmaster wished to be relieved of this obligation. But why does not the surety company come forward and pay up?

Mr. LITTLE. Because they are not liable.

Mr. STAFFORD. It is easy for the gentleman to say "because they are not liable." On the record and the testimony here we will see whether they are liable or not.

Mr. LITTLE. Does the gentleman think the Postmaster General was wrong in not enforcing the bond?

Mr. STAFFORD. Oh, all the details of this case have not been called to the attention of the Postmaster General. Busy as he is in making recommendations and receiving representations from Congressmen and Senators, he has not the time to pass on the details of a bill like this. The gentleman knows that. The gentleman knows——

Mr. LITTLE. Does the gentleman realize how he is criticizing the Post Office Department?

Mr. STAFFORD. I am not criticizing the Post Office Department, and even if I were, what of it? But I contend that the report from the Post Office Department criticizes the committee. The report of the inspectors, according to your own report, shows that the assistant postmaster has been most culpable in the performance of his duties, unless the gentleman from Kansas [Mr. LITTLE], who happens to be an honorary member of the Committee on Claims, wishes to take the position that the assistant postmaster while reading a newspaper in the nighttime away from his post of duty with the cashier's office door open, without a clerk in it, and with the vault open and the safe open, is engaged in the performance of the duties of his office.

Mr. LITTLE. It is safer than to read the CONGRESSIONAL RECORD sometimes. [Laughter.]

Mr. STEVENSON. The gentleman is referring to the moral of this thing; but is there any evidence as to whether those stolen securities were presented and paid by the United States, or what became of them? Did they ever show up anywhere? Were they ever collected?

Mr. STAFFORD. The evidence shows that they were pilfered by some unknown person, and there has never been any recovery.

Mr. STEVENSON. In other words, has the Government had to pay them?

Mr. STAFFORD. The Government has been obliged to pay them and is responsible for them.

Mr. HULL. Where is the evidence that the Government has ever paid them?

Mr. STAFFORD. Where is the evidence that the Government ever paid them? War savings-stamp certificates are payable to the holder like any other stamps. The gentleman from Iowa, before he came to this body, served honorably and creditably, no doubt, as postmaster out in Iowa, and perhaps he is more acquainted with the details of the conduct of a post office than I, although I served for eight years on the Committee on the Post Office and Post Roads.

But the gentleman, I think, although he has been separated from the Postal Service for a number of years, is nevertheless acquainted with the character of war-savings stamps, and he knows that they are payable to the holders. It is a remarkable question for him to ask whether they have been paid.

Mr. HULL. I want to say to the gentleman——

Mr. STAFFORD. Oh, the gentleman can make his explanation in his own time, and decide whether his question is pertinent or not.

Now, as to the question whether this postmaster was culpable or not. I direct the attention of the committee to page 16 of the report, where Inspector Hughes sets forth the facts as to what really transpired on the evening when this robbery took place:

About 8 p. m. Harbottle—

The assistant postmaster—

leaving the vault open and the safe unlocked, left the money-order room and went to the main workroom to assist in the distribution of incoming mails from a train due at that time. He was so employed until about 8.20 p. m., but remained in the main workroom reading the evening papers.

I will not say in the performance of his duties. Perhaps some other gentleman may say that he was so engaged.

At about 8.30 p. m. Harbottle went to the toilet in the basement and claims that he returned to the workroom in about one minute. Some five to eight minutes later Harbottle engaged in conversation with Clerk Forsythe concerning address of some special delivery letter at a point in the main workroom not far distant from the stairway to the basement. Almost immediately after Forsythe left Harbottle the lights in the building were thrown off. The building is also equipped with gas lights, and within a minute some of the employees lighted the gas in the main workroom. Harbottle states that he walked to the mailing case and turned on the gas there, then went to the money-order room and placed some mail for the office on the desk therein, immediately returning to the main workroom and resumed reading of an evening paper. Approximately five minutes after the electric lights had been thrown off the janitor entered the workroom from the main lobby, inquired about a blown fuse, and remarked that street lights were burning. The janitor then went to the basement and within two minutes the lights were thrown on. The janitor hurriedly came up steps to the workroom and excitedly announced that he had found the main switch thrown. Harbottle and Janitor Randall then went to the basement, where the janitor explained that the switch could not have been accidentally thrown.

Then it was that it was discovered that the robbery had taken place. I think on that showing you will agree that the assistant postmaster was greatly culpable, greatly negligent, and that he failed utterly in the performance of his duties.

I claim that with that kind of an assistant postmaster in the employ of this postmaster for eight years it is a fair presumption that he ought to have known that that was the character of the man who was assistant postmaster in charge of the office when he was not there.

Mr. GLYNN. Will the gentleman yield now?

Mr. STAFFORD. I yield to the gentleman from Connecticut.

Mr. GLYNN. Will the gentleman from Wisconsin kindly explain to us what course he would pursue to get rid of an assistant postmaster whom he did not appoint? How could he get rid of him?

Mr. STAFFORD. Does the gentleman take the position that a postmaster can not discharge an inefficient clerk, cashier, or assistant postmaster?

Mr. GLYNN. I do, under the civil service law. The assistant postmaster is under the civil service, and can only be removed on charges.

Mr. STAFFORD. Yes; charges of neglect, charges of culpability, and I am claiming here and have the right to make the assertion that the presumption is that this assistant postmaster, who had held that position for eight years, when the same postmaster was in office, had so conducted himself that the postmaster should have known what kind of an employee he was.

Mr. LITTLE. The gentleman is too good a lawyer not to know——

Mr. STAFFORD. The gentleman has time reserved in which he can speak a fourth time. He has spoken three times already in his own time. Let me make a connected statement. I claim that this postmaster must be charged with having notice of the character of the man who was assistant postmaster, and that he allowed this assistant postmaster to continue in his employ without making any protest whatsoever as to his character and efficiency.

Mr. CLOUSE. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. CLOUSE. The last paragraph on page 15 of the report reads like this:

John Harbottle, assistant postmaster, has an extended postal experience and has occupied his present position for about five years. His default and negligence in safeguarding funds and valuable matter with which he was charged has been habitual, and culminated in heavy loss to the Government.

Does not that indicate that he was an habitually careless, negligent man?

Mr. STAFFORD. I am very much indebted to the gentleman from Tennessee. I stated in the beginning that I had not read the entire report. I had not read that part of it or certainly I would have called it to the attention of the committee long before this. What do those words mean?—

His default and negligence in safeguarding funds and valuable matter with which he was charged has been habitual and culminated in heavy loss to the Government.

It means, if it means anything, that the official records in the Post Office Department show that he has been careless and neglectful, or if the official records do not show that, then it means that the postmaster who has been in this office all of this time must have known of the character of the man who was acting as assistant postmaster. Just because this is a governmental agency, are we going to establish a standard that is different from the standard that is established by private corporations in exacting from their employees the measure of service that the positions they occupy require? Are we, here, going to establish that standard that will exempt this man and exempt the surety companies? I am after the surety companies. They are the ones that I am most after. Shall we exempt these surety companies, after they have accepted the premiums, from the responsibility that is their due to the Government?

The inspectors presented formal proof in due course of the losses to the surety companies, as the report shows on page 18. The surety companies do not deny their responsibility, but just about that time somebody, I suppose, got active in presenting a bill to Congress to relieve the postmaster of responsibility. It is not the first time that we have had cases like this, but it is the first time in many, many years, notwithstanding the statement of the gentleman from Kansas [Mr. LITTLE] that a bill of this character has been presented for consideration. These cases are, indeed, rare, and I myself now do not recall one where we have exempted the official and the surety company where it was shown that the official was negligent in the performance of his duties. Oh, the gentleman from Kansas may speak of 10,000 cases, and may say to the gentleman from Tennessee, because, perchance, he is a new Member, that he is a century behind, but the trouble is with the gentleman from Kansas, that he is over a century ahead of something that should not occur. He is trying to establish a new precedent for the first time. I agree with the gentleman from Texas [Mr. BLACK] that this bill at the present time should not be considered until a showing is made that the surety companies come across with the amount of principal on their bonds in fulfillment of the letter of the bond, because not only was the assistant postmaster at fault, but the testimony shows that this assistant postmaster had been, according to the testimony, habitual in his deficiencies in safeguarding funds for a long time.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LITTLE. Did the gentleman hear the statement of the gentleman from California [Mr. CURRY]?

Mr. STAFFORD. I was not paying particularly close attention to it.

Mr. LITTLE. I wish he had, because, then, he would not have made this speech.

Mr. STAFFORD. Oh, I grant to the gentleman from Kansas the opportunity to state the main point of the argument of the gentleman from California. The gentleman from California advanced the argument, as I understood it, that there was no negligence on the part of the postmaster in retaining in the employ of the office an inefficient assistant postmaster. I deny that position. I think the facts show that he was guilty of negligence in keeping him in office, and that such negligence is a breach of the condition of the postmaster's bond.

Mr. LAYTON. Mr. Chairman, I personally dislike to oppose the committee, especially a committee that has 10,000 hoary, venerable cases behind it, established through a long course of a thousand years or more. It certainly deserves consideration of every Member of the House. However, there is one particular piece of evidence weighty to my mind, and that is that there is a well-founded suspicion of neglect in the conduct of the business of this office. It is going to cost $69,000 if we pass this bill. How much of this loss was due to fault of Congress, because that is where the responsibility lies, and the Post Office Department, with these 10,000 cases, that I presume have had to be paid, does not matter at all. If that is the case, the argument is all the greater that we should stop right now and find out two or three things; first, whether or not the postmaster and his assistant were guilty of negligence, and that can be best found out by the Government Post Office demanding that the surety companies pay for this theft. Then, when the Government finds that the surety companies are not responsible, having gone into a court of law and proved their irresponsibility, I think it would be time for the Committee on Claims to come before this body and ask that the matter be made good.

Mr. LITTLE. Does not the gentleman realize that that is the reason this committee brought in this bill? It is because the Post Office Department has reached that conclusion.

Mr. LAYTON. I am not asking about what the Post Office Department has done. I want the Post Office Department to put this thing up to the surety companies and get the categorical answer, "No; we are not liable."

Mr. LITTLE. If they said "no," would the gentleman vote for the bill?

Mr. LAYTON. Yes.

Mr. LITTLE. I would not under such circumstances.

Mr. LAYTON. If they say no and the Post Office Department has proved that they are not liable—— .

Mr. LITTLE. I would not be governed by any answer the fidelity company would make. The Post Office Department has decided nothing else could be done with this claim and they have checked it up to the committee and that is the reason this bill is brought here.

Mr. LAYTON. Just a moment. Mr. Chairman, there is another small matter about this I want cleared up for my understanding. I want to ask something about that room, that beautiful little room, that from the Post Office Department's standpoint of architecture is so constructed that anybody on earth may sneak into the post-office building. I want a little information in regard to that room. Tell me why in the name of common sense that safe was permitted to be in that room?

Mr. CURRY. That safe was put there under the instructions of the post-office inspector. The room was arranged by the post-office inspector and not by the postmaster.

Mr. LAYTON. Then there ought to be some law passed by the Congress that would hale him up and make him pay this $69,000. It is the most foolish thing I ever heard tell of in my life—Government money in a room constructed for the purpose of observation and——

Mr. EDMONDS. I would like to explain to the gentleman in reference to this room. This room was built with an entrance from the cellar going across the gallery so the men could get into any part of the post office. All of these entrances did not go directly into this room.

Mr. CURRY. It was built according to plans and specifications of the Post Office Department and approved of by the architect.

Mr. EDMONDS. I ask for a reading of the bill.

The Clerk read as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of Hubert Reynolds, postmaster at Greeley, Colo., in the sum of $69,300, due to the United States on account of war-saving stamps, on account of losses resulting from burglary of said post office on December 26, 1918.

Mr. EDMONDS. Mr. Chairman, I move that the committee do now rise and report the bill back with a favorable recommendation.

Mr. STAFFORD. Not with a favorable recommendation; no.

The question was taken, and the motion was agreed to.

Accordingly the committee rose; and Mr. WALSH (Speaker pro tempore) having resumed the chair, Mr. HAWLEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 2003, had directed him to report the same back with the recommendation that it do pass.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time; was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. STAFFORD. Mr. Speaker, I demand a division.

The House divided; and there were—ayes 36, noes 13.

Mr. STAFFORD. Mr. Speaker, I make the point of order there is no quorum present, and that on the vote just cast there was no quorum present.

The SPEAKER pro tempore. The gentleman from Wisconsin makes the point of order that no quorum has voted, and that no quorum is present.

ADJOURNMENT.

Mr. WILLIAMSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 13 minutes p. m.) the House, under its previous order, adjourned to meet on Monday, October 31, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

247. A letter from the Secretary of the Treasury, transmitting estimate of appropriation required by the Treasury Department for additional vault facilities and reducing the amount from $2,000,000, formerly requested, to $1,500,000; to the Committee on Appropriations.

248. A letter from the Secretary of State, transmitting letter from the speaker of the Hungarian National Assembly, urging the release of the 60,000 prisoners of war and hostages illegally detained in Russia; to the Committee on Foreign Affairs.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. STRONG of Kansas: A bill (H. R. 8905) to amend section 7 of the Federal reserve act, approved December 23, 1913, as amended, and sections 12 and 13 of the Federal farm loan act, approved July 17, 1916, as amended; to the Committee on Banking and Currency.

Also, a bill (H. R. 8906) to amend the Federal reserve act so as to enlarge the open-market powers of Federal reserve banks by permitting them to purchase and sell long-time paper secured by shipping documents or warehouse receipts covering staple agricultural products or by chattel mortgages on live stock; to the Committee on Banking and Currency.

By Mr. HUDSPETH: A bill (H. R. 8907) admitting civilian employees of the United States Government stricken with tuberculosis to Army and Navy and Public Health Service hospitals; to the Committee on Interstate and Foreign Commerce.

By Mr. HAUGEN: A bill (H. R. 8908) to amend section 1 of the act entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved July 27, 1916, and section 1 of the act entitled "An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes," approved March 1, 1917; to the Committee on Rivers and Harbors.

By Mr. JACOWAY: A bill (H. R. 8909) authorizing and directing the Postmaster General to permit the use of a special canceling stamp at all presidential post offices within the State of Arkansas bearing the words "Arkansas, the Wonder State"; to the Committee on the Post Office and Post Roads.

By Mr. FAIRCHILD: A bill (H. R. 8910) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920; to the Committee on Military Affairs.

By Mr. LAYTON: A bill (H. R. 8911) to place control of Columbia Institution for the Deaf entirely under the president and board of directors of the institution and Congress; to the Committee on the District of Columbia.

By Mr. GARRETT of Texas: Joint resolution (H. J. Res. 213) authorizing the Secretary of War to loan to the city of Houston, Tex., 125 hospital cots, mattresses, pillows, and blankets for the use of the Houston Fair and Exposition for 15 days, November 1 to 15, 1921; to the Committee on Military Affairs.

By Mr. KELLY of Pennsylvania: Joint resolution (H. J. Res. 214) to provide for the expenses of veterans of the Civil War who have been awarded congressional medals of honor attending burial of unknown soldier in Arlington National Cemetery; to the Committee on Appropriations.

By Mr. LINEBERGER: Resolution (H. Res. 217) for the appointment of a committee of five Members of the House of Representatives to investigate conditions in the office of the Public Printer at Washington, D. C.; to the Committee on Rules.

By Mr. McDUFFIE: Memorial of the Legislature of the State of Alabama, urging the sale by the Government of the Muscle Shoals project, on the Tennessee River, to Henry Ford; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CABLE: A bill (H. R. 8912) granting accrued pension to Carrie C. Whaley; to the Committee on Invalid Pensions.

By Mr. CRAMTON: A bill (H. R. 8913) granting a pension to Benjamin F. Williams; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 8914) granting a pension to Annie L. Fonda; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H. R. 8915) granting a pension to William Lanier; to the Committee on Pensions.

By Mr. KETCHAM: A bill (H. R. 8916) granting a pension to Herbert L. Lemon; to the Committee on Pensions.

Also, a bill (H. R. 8917) granting a pension to Ellen M. Hathaway; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H. R. 8918) granting a pension to John W. Welliver; to the Committee on Pensions.

By Mr. LINEBERGER: A bill (H. R. 8919) granting an increase of pension to Preston C. Freed; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 8920) granting a pension to Retta B. Ackerson; to the Committee on Invalid Pensions.

By Mr. SPROUL: A bill (H. R. 8921) for the relief of Ellen McNamara; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2859. By the SPEAKER (by request): Resolution adopted by the Southern California Conference of the Methodist Episcopal Church, representing 250 ministers and a church membership of 64,000, commending the President and the Congress of the United States for taking the initiative in inviting the chief powers of the world to a conference on a reduction in armaments and assure them of their high hopes and eager prayers that large practical results may flow from this agenda; to the Committee on Foreign Affairs.

2860. Also (by request), cablegram from M. F. Chiques, president of the Assembly, and Jose J. Alvarez, president of the Council, of Caguas, Porto Rico, relative to the violent policy of Gov. Reily; to the Committee on Insular Affairs.

2861. Also (by request), resolutions adopted by the Twenty-second Annual Encampment of the Veterans of Foreign Wars of the United States, urging Congress to immediately enact proper and adequate measures in order to establish and maintain a permanent, independent chemical industry in the United States to serve this country in time of peace, and to insure a trained chemical personnel and adequate equipment and supplies for instant use in time of war; to the Committee on Ways and Means.

2862. By Mr. ARENTZ: Resolution of the Reno (Nev.) Chamber of Commerce, urging the administration to use every effort to bring about a drastic reduction of naval and military expenditures; to the Committee on Military Affairs.

2863. Also (by request), resolution of members of the Methodist Episcopal Church of Yerington, Nev., indorsing and urging immediate passage of House joint resolution 159, proposing constitutional amendment to prohibit appropriations for sectarian purposes; to the Committee on the Judiciary.

2864. Also, petition of citizens of Fallon and Dayton, Nev., protesting against the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2865. By Mr. BACHARACH: Petition of 325 citizens of Atlantic City, N. J., protesting against the passage of the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2866. By Mr. BURROUGHS: Petition of A. B. Hayden and sundry citizens of Manchester, N. H., protesting against compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2867. By Mr. FRENCH: Resolution from Baptist Church of Wilder, Idaho, urging enactment of House joint resolution 159; to the Committee on the Judiciary.

2868. By Mr. FULLER: Petition of the American Chemical Society, favoring passage of the Lampert Patent Office bill (H. R. 7077); to the Committee on Patents.

2869. Also, petition of the Dearborn Chemical Co., of Chicago, Ill., protesting against increase of tariff on sugar; to the Committee on Ways and Means.

2870. Also, petition of the Chicago (Ill.) Association of Commerce, opposing the Borah bill exempting American coastwise vessels from the payment of Panama Canal tolls; to the Committee on Interstate and Foreign Commerce.

2871. By Mr. GALLIVAN: Resolutions adopted by the John J. O'Connell Council, American Association for the Recognition of the Irish Republic, of Neponset, Mass., relative to the Penrose bill (S. 2135); to the Committee on Ways and Means.

2872. Also, letter from the Boston Association of Retail Druggists (Inc.), transmitting a resolution from that association relative to the proposed increase in the tax on nonbeverage alcohol; to the Committee on Ways and Means.

2873. By Mr. GILBERT: Petition of the Republican Church, of Richmond, Ky., to indorse the proposed constitutional amendment prohibiting sectarian appropriations; to the Committee on the Judiciary.

2874. By Mr. KISSEL: Telegram from the Packard Motor Car Co., of New York City; to the Committee on Ways and Means.

2875. Also, petition of Frank Allen, of New York City; to the Committee on Ways and Means.

2876. Also, petition of the National Manufacturers of Soda Water Flavors; to the Committee on Ways and Means.

2877. By Mr. LAYTON: Petition of Joseph Caruso and others, of Wilmington, Del., opposing House bill 4388; to the Committee on the District of Columbia.

2878. By Mr. RAKER: Petition of the Texas Chamber of Commerce, of Dallas, Tex., relative to the Ku-Klux Klan; to the Committee on the Judiciary.

2879. Also, petition of the J. J. Jacobs Motor Co., of Sacramento, Calif., protesting against the 5 per cent excise tax on the sale of automobiles; also, petition of the Automobile Trade Association, of Santa Barbara, Calif., urging the repeal of the present income tax and indorsing a sales-tax measure; to the Committee on Ways and Means.

2880. By Mr. SNELL: Resolutions of the Street Road Methodist Episcopal Church, of Ticonderoga, N. Y., indorsing the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

2881. Also, resolutions of the executive committee of the Essex County Farm Bureau, of Westport, N. Y., requesting the continuation of testing cattle by the State bureau of animal industry; to the Committee on Agriculture.

2882. Also, resolutions of the Methodist Episcopal Church of Crown Point, N. Y., indorsing the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

SENATE.

SATURDAY, *October 29, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Capper	Dillingham	Gerry
Borah	Caraway	Edge	Gooding
Brandegee	Culberson	Fernald	Hale
Broussard	Cummins	Fletcher	Harreld
Bursum	Curtis	France	Harris
Calder	Dial	Frelinghuysen	Harrison
Heflin	McKellar	Page	Stanley
Hitchcock	McKinley	Penrose	Sterling
Johnson	McLean	Phipps	Sutherland
Jones, N. Mex.	McNary	Poindexter	Townsend
Kendrick	Moses	Pomerene	Trammell
Keyes	Nelson	Ransdell	Wadsworth
King	New	Reed	Walsh, Mass.
Ladd	Newberry	Sheppard	Walsh, Mont.
La Follette	Norbeck	Simmons	Warren
Lenroot	Norris	Smoot	Watson, Ga.
McCormick	Oddie	Spencer	Watson, Ind.
McCumber	Overman	Stanfield	Willis

Mr. CURTIS. I wish to announce that the Senator from Iowa [Mr. KENYON] is absent on official business.

Mr. HARRISON. I desire to state that the Senator from Nevada [Mr. PITTMAN] is absent owing to illness.

Mr. DIAL. I desire to announce that my colleague [Mr. SMITH] is detained from the Senate on account of illness. He is paired with the Senator from South Dakota [Mr. STERLING]. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy-two Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed without amendment the bill (S. 2425) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 5597. An act granting an increase of pension to N. May Jernegan;

H. R. 7340. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war;

H. R. 7827. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war;

H. R. 7847. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 8261. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 8569. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 8624. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 8874. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

PETITION AND MEMORIAL.

Mr. WILLIS presented a resolution adopted by the Seventy-fourth Session, Defiance (Ohio) District Conference, Methodist Episcopal Church, favoring the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Seventy-fourth Session, Defiance (Ohio) District Conference, Methodist Episcopal Church, protesting against the action of the Treasury Department in issuing regulations allowing physicians to prescribe beer and wine, and urging the immediate enactment of the so-called antibeer bill, which was ordered to lie on the table.

AMENDMENTS OF TAX REVISION BILL.

Mr. EDGE, Mr. MCKELLAR, and Mr. JONES of New Mexico submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

Mr. HARRIS submitted an amendment intended to be proposed by him to House bill 8245, the tax revision bill, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 231, after line 21, insert the following new section:

"SEC. 1006. That there shall be levied, collected, and paid by every person who contributes, loans, advances, or promises more than $100 in connection with any general, special, primary, or other election at which presidential or vice presidential electors, a Representative in

Congress, or a Senator of the United States is to be voted for, or who contributes, loans, advances, or promises more than $100 to any person, committee, association, or organization which influences or attempts to influence the result of any such election, a tax equal to ten times the amount so contributed, loaned, advanced, or promised in excess of $100."

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORRIS:

A bill (S. 2643) granting a pension to Charlotte Woods; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2644) authorizing the appointment of Sidney B. Colquitt as a major in the United States Army; to the Committee on Military Affairs.

TOUR OF THE UNITED STATES BY DISARMAMENT DELEGATES.

Mr. STANFIELD submitted the following concurrent resolution (S. Con. Res. 13), which was referred to the Committee on Foreign Relations:

Whereas the foreign delegates to the Conference on Limitation of Armament, with few exceptions, have heretofore not visited the United States; and

Whereas a better appreciation of the extent, the resources, and development of the United States, and a wider and more intimate knowledge of its people will contribute to a better understanding of American problems; and

Whereas the conference, by stipulation of the call of the President, will consider specifically the problems of the Far East; otherwise the problems of the Pacific; and

Whereas the delegates, by closer contact with our people, can more readily learn the sentiment prevailing in the United States regarding limitation of armament; and

Whereas it is desirable that American sentiment be considered by the delegates when the conference comes to its final deliberations, that they may weigh not only the welfare of their own people but requirements of the people of the United States; and

Whereas the people of the United States will welcome an opportunity to meet and to entertain the delegates and newspaper correspondents from foreign lands: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Secretary of State be authorized, in the name of the President, to invite all delegates to the Conference on Limitation of Armament and all foreign correspondents representing newspapers abroad to make a tour of the United States, including the States of the Pacific coast, at such time as may be convenient to them before the conclusion of the conference.

PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on the 28th instant the President had approved and signed the bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred to the Committee on Pensions:

H. R. 5597. An act granting an increase of pension to N. May Jernegan;

H. R. 7340. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war;

H. R. 7827. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war;

H. R. 7847. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 8261. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 8569. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 8624. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 8874. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. SMOOT. I ask unanimous consent to have printed in the RECORD a review of the testimony on the sales tax given before the Finance Committee.

Mr. PENROSE. I would like to ask the Senator how voluminous it is. It is rather an unusual request. I do not object to it; I only wish to know what it involves.

Mr. SMOOT. I do not have that review before me at this moment. I will withdraw the request for the present, and when I get the manuscript I will show it to the Senator.

Mr. PENROSE. Very well.

The VICE PRESIDENT. The pending question is on the amendment offered by the senior Senator from Massachusetts [Mr. LODGE] to the amendment of the Senator from North Dakota [Mr. MCCUMBER].

Mr. PENROSE. Mr. President, I rise to ask that the amendment of the senior Senator from Massachusetts to the amendment of the Senator from North Dakota be submitted to the Senate for a vote. It has been fully explained to the Senate by the Senator from Massachusetts and by the Senator from North Dakota, the latter a member of the Finance Committee. The debate, as printed in the CONGRESSIONAL RECORD this morning on page 6943, a very brief explanation, is all that is necessary. I hope the Senate will see its way clear to adopt the amendment of the Senator from Massachusetts to the amendment.

Mr. REED. Mr. President, I think the amendment to the amendment is well worthy the close attention of the Senate. It is proposed that there shall be restored to the bill the tax of $1 on each $1,000 of the fair average value of the capital stock of any corporation. It is in the nature of an excise tax. That provision had been stricken from the bill by the committee. Subsequently the majority members of the committee brought it in, I understand, at the demand of a bloc which, whether it be called the agricultural bloc or by whatsoever name it may be known, was instrumental in having it restored.

As the matter now stands, if the amendment reported is adopted each corporation will pay an annual tribute to the Government of $1 for each $1,000 of the market value of its stock, no tax, however, being laid on the stock of corporations below $5,000. It is estimated that this tax will raise $75,000,000.

Mr. PENROSE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Pennsylvania?

Mr. REED. I yield.

Mr. PENROSE. Of course the Senator realizes that this is the existing law.

Mr. REED. Oh, yes; I know that.

Mr. PENROSE. I had no doubt the Senator realized that it is the existing law, but I did not know, in the way he put it, whether the Senate would realize it.

Mr. REED. Oh, yes; it is the existing law, but it was left out of the bill as reported by the committee, and now an amendment is offered to restore it, so that it shall be the law for the future. It is now proposed by the Senator from Massachusetts that an exception shall be made to the law as it exists and as it is proposed to be restored for the future. That exception is that if any taxpayer; that is, any corporation—

owns at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of any other domestic corporation liable to the tax imposed by this section, the fair average value for the preceding year ending June 30 of the stock so owned by the taxpayer shall be deducted.

Put in plain language, this is what the amendment means: If a holding company is organized and that holding company issues its stock and takes over 51 per cent of the stock of the corporations for which it is the holding company, then there shall be deducted from the tax to be paid by that holding company on its stock an amount equal to the taxes paid by the various subsidiary companies the stock of which it holds. The amendment ought to be entitled "an amendment to exempt holding companies from the corporation-stock tax." That is all it is; that is all it is intended to be.

Now, Mr. President, let us, for a moment, give attention to the character of tax to which this part of the bill applies.

Mr. STANLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. STANLEY. The question which the Senator from Missouri is now discussing is, perhaps, the most important matter in this whole bill, both as to the amount of the tax that could be collected and as to the character of the taxation. I think it highly important that a full Senate should be present. For that reason and not for any purpose of delay, I make the point of no quorum.

Mr. McCUMBER. Mr. President, I raise the point of order that there has just been a call of the roll for a quorum and that no business has since been transacted.

Mr. REED. The call for the quorum occurred the first thing after the Senate convened, and since that time this particular measure has been laid before the Senate.

Mr. McCUMBER. I leave it to the Chair to determine whether or not any business has intervened.

The PRESIDENT pro tempore. The Chair overrules the point of order, and the Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McKinley	Sheppard
Borah	Harris	McLean	Simmons
Brandegee	Harrison	Moses	Smoot
Bursum	Heflin	Nelson	Spencer
Capper	Hitchcock	New	Stanfield
Caraway	Johnson	Newberry	Stanley
Cummins	Jones, N. Mex.	Norbeck	Sterling
Curtis	Kendrick	Norris	Townsend
Dial	Keyes	Oddie	Trammell
Dillingham	King	Overman	Wadsworth
Edge	Ladd	Page	Walsh, Mass.
Fernald	La Follette	Penrose	Warren
Fletcher	Lenroot	Phipps	Watson, Ga.
France	McCormick	Poindexter	Watson, Ind.
Gerry	McCumber	Pomerene	Willis
Gooding	McKellar	Reed	

The PRESIDENT pro tempore. Sixty-three Senators have answered to their names. There is a quorum present.

The Chair desires to say that he overruled the point of order made by the Senator from North Dakota [Mr. McCUMBER] because, since the former quorum call, the Senate had received a message from the House of Representatives, so that the ruling of the Chair may not be made a precedent for any future point of order that may be made. The Senator from Missouri will proceed.

Mr. REED. Mr. President, on that point I simply call the attention of the Chair to the fact, although it is immaterial now, that we proceeded this morning with the roll call, after which the chairman of the committee asked that the amendment of the Senator from Massachusetts be laid before the Senate, and that was done. In my judgment that is the transaction of business.

The PRESIDENT pro tempore. The Chair does not find it necessary to rule on that point now.

Mr. McCUMBER. Mr. President, the point was that the Senate met after a recess and the amendment of the Senator from Massachusetts was already the pending amendment, and, therefore, it was not necessary to lay it before the Senate again.

Mr. REED. It is utterly immaterial at this time.

Mr. President, I was inviting attention to the character of this tax. The proposed amendment, after the fight against the repeal of the tax upon corporations had been started upon this side of the Chamber, was brought in, we understand, at the instance of the so-called agricultural bloc; but I call attention to the character of this tax. The language of the amendment is:

> Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business.

It is a tax upon the right of a corporation to do business. The amendment of the Senator from Massachusetts is a proposition to exempt a corporation doing business from that tax on the ground that it is a holding company and holds the stock of other corporations. That may be true; but it is still a corporation doing business and it ought to pay an excise tax, because it does business the same as any other corporation. Any corporation that can not afford to pay to the Federal Government $1 each year on each $1,000 of the actual value of its capital stock had better go out of business.

Let us see for a moment how this amendment will work out in actual practice. Enterprising gentlemen conclude to gain control of a large number of corporations and put them under one central control. Accordingly they proceed, by various devices which are too numerous even to pause to dwell upon, to acquire control of 51 per cent of the stock of each of a number of various other corporations. That may leave 49 per cent of the stock utterly protesting against the control of the company being taken over by a central or holding organization and protesting against such combinations, which we all understand are made for the purpose of restraining trade, for ninety-nine times out of one hundred there are two reasons for these consolidations: One is to restrain trade, to control prices, to limit output; and the other reason is that those who organize the holding company expect to make large profits speculating in its stock.

The history of this country is replete with the story of this class of corporations, and they have been one of the means employed to wreck honest going competitive corporations and to enrich the stock jobber and the stock gambler. It has come to a point so low and so utterly at war with the welfare of this country that in many instances it has amounted to a public scandal.

Let us take, for instance, the holding companies which were organized to take over the Rock Island road and certain other roads and combine them, contrary to the real spirit of the Sherman Antitrust Act. A few years ago I had that story at my fingers' ends, but I am able now only to give it in its broadest details.

Some three or four railroads existed as separate institutions. A holding company was organized. The majority of the stock in these railroads was turned over or swapped to that holding company for a part of its stock, and thus a combination was effected and an immense sum of money realized to those who had promoted this scheme. Under the bill as proposed, that holding company organized by these stock jobbers and stock gamblers will be allowed to deduct from the total of its capital stock the aggregate of the capital stock of the subsidiary companies that it took over, and thus reduce the tax upon its stock, although it has all the benefit of being a corporation, and although it must bring a particular and peculiar benefit, or it would not exist.

That is not the end of that story. A holding company was then organized for the holding company, and this bill would in like manner allow the holding company of the holding company to escape its taxes to the extent I have already stated.

That was not the end of this scheme. There was a holding company organized for the holding company, and again a holding company organized for the holding company of the holding company. Five times, if my recollection serves me rightly, this scheme was worked. Five times, according to the amendment of the Senator from Massachusetts, these stock jobbers and gamblers, these men who promote combinations in restraint of trade, these individuals who seek to gather within a single control vast properties and to destroy competition, would have been exempted or relieved from taxation under this amendment.

Mr. President, let me call attention to the way this will work: I am informed that, although the chairman of the committee called this matter up especially this morning and asked to have it acted on, the Senator from Massachusetts [Mr. LODGE], who is the author of the amendment, is ill and can not be at the Senate, and has sent a request that the amendment be passed over until he can be at the Senate. Under those circumstances, I will bring my remarks to a speedy conclusion.

The United States Steel Corporation will afford a splendid example of how this amendment will work; and I shall reserve my further remarks in regard to the matter until the Senator from Massachusetts can be present, or until the chairman of the committee again asks that this amendment be laid before the Senate.

Mr. PENROSE. Mr. President, my attention was diverted. I should like to ask the Senator from Missouri what his suggestion was concerning this matter?

Mr. REED. The Senator from Kansas [Mr. CURTIS] and the Senator from Indiana [Mr. WATSON] came to me while I was talking and stated that the Senator from Massachusetts [Mr. LODGE] was ill and could not be present, and that they desired to have this amendment passed over. The Senator's attention was directed somewhere else, and he did not hear me.

Mr. CURTIS. Mr. President, I understand that the Senator from Massachusetts proposes to modify his amendment. In view of that fact, as the amendment can not be offered in his absence because it is in the third degree, and no doubt the bill can not be finished to-day, I think it would be well to have the amendment passed over until he can be here.

Mr. PENROSE. The arrangement is entirely satisfactory. I simply wanted to know what it was.

Mr. CURTIS. I understood that the Senator from Indiana had talked to the Senator from Pennsylvania about it.

Mr. PENROSE. Only in a very general way. All right, Mr. President; then let the further consideration of the amendment go over until Monday, when the senior Senator from Massachusetts, who is absent on account of illness, can be present to submit his modification, and let us go on with the balance of the bill. Is that satisfactory?

Mr. REED. It is perfectly satisfactory to me. I am giving way out of courtesy to the Senator.

The PRESIDENT pro tempore. Is there objection to passing over temporarily this amendment? The Chair hears none, and

it will be passed over. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is, on page 239, in the paragraph beginning with line 1, down to and including line 19, passed over at the request of the senior Senator from North Dakota [Mr. MCCUMBER]. In line 12, after the word "cents," it is proposed to insert a colon and the following proviso:

Provided, That where a premium is charged for the issuance, execution, renewal, or continuance of such bond the tax shall be 1 cent on each dollar or fractional part thereof of the premium charged.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment passed over.

Mr. SMOOT. Mr. President, may I call the Senator's attention to the fact that, as I understand, a substitute amendment is to be offered for this whole section; and if that is the case there is no necessity now of agreeing to this amendment or any amendment to the schedule.

Mr. PENROSE. Mr. President, my understanding is exactly the same as that of the Senator from Utah.

Mr. REED. May I inquire what the substitute is?

Mr. SMOOT. It is a different way of imposing a tax upon bonds; also the insurance provisions generally.

Mr. REED. Who is getting it up?

Mr. SMOOT. I think the chairman of the committee will offer the amendment.

Mr. REED. Is he prepared to offer it now?

Mr. SMOOT. I do not know whether he is ready or not.

Mr. FLETCHER. Mr. President, does the committee propose to stand by the amendment, No. 64, in this printed list of amendments, that has been suggested to this section on page 239? If so, I do not see that any provision with reference to life insurance and other companies has any connection at all with this.

Mr. MCCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I do.

Mr. MCCUMBER. It seems to me that we can settle this matter very quickly, as there is an intention to substitute amendment No. 32, which is printed on page 6 of the proposed amendments. That is the amendment which goes back to page 107 and introduces a new method of taxation of these insurance companies, which, of course, will take the place of some of these stamp taxes.

Mr. FLETCHER. Mr. President, I do not understand that that has anything to do with the surety company premiums. This has to do with the tax on insurance companies, found in section 246. The amendment to which the Senator refers covers insurance companies, but it has not anything to do with taxing surety companies on the premiums that are paid. It seems to me that no matter what you do with amendment No. 32, you do not reach No. 64 at all. They are separate matters.

Mr. MCCUMBER. If amendment No. 32 is agreed to, then the committee proposes to strike out entirely the portion on page 239. As this is a substitute, it will come before that. The latter amendment relates to stamp taxes. So we would have to adopt No. 32 first and then strike out the language on page 239; but if we do not adopt No. 32 as a substitute we want to keep it in.

Mr. FLETCHER. Does the Senator mean that if we do not adopt No. 32 we will adopt No. 64?

Mr. MCCUMBER. Yes; we will strike out the language on page 239.

Mr. FLETCHER. I really see no connection between the two; but I have no objection to adopting No. 32.

Mr. SMOOT. The connection is this: We want to impose the same sort of a tax upon all the insurance companies.

Mr. FLETCHER. I understand that we want to tax the insurance companies alike, but this surety company tax is on the premiums. That is not affected by the tax on insurance companies.

Mr. SMOOT. The insurance companies would pay it.

Mr. FLETCHER. I know that; but it is a different tax. I understand it is proposed now to deal with No. 32.

Mr. MCCUMBER. Yes; I ask unanimous consent that we go back to page 107 for the purpose of offering amendment No. 32.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Secretary will state the proposed amendment.

The READING CLERK. On page 107 strike out lines 13 to 22, inclusive, and in lieu thereof insert two new sections, as follows:

SEC. 246. (a) That, in lieu of the taxes imposed by sections 230 and 1000, there shall be levied, collected, and paid for the calendar year 1922, and for each taxable year thereafter, upon the net income of every insurance company (other than a life insurance company) a tax as follows:

(1) In the case of such a domestic insurance company the same percentage of its net income as is imposed upon other corporations by section 230;

(2) In the case of such a foreign insurance company the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230.

(b) In the case of an insurance company subject to the tax imposed by this section—

(1) The term "gross income" means the combined gross amount earned during the taxable year from investment income and from underwriting income as provided in this subdivision, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners;

(2) The term "net income" means the gross income as defined in paragraph (1) of this subdivision less the deductions allowed by section 247;

(3) The term "investment income" means the gross amount of income earned during the taxable year from interest, dividends, and rents, computed as follows:

To all interest, dividends, and rents received during the year add interest, dividends, and rents due and accrued at the end of the taxable year, and deduct all interest, dividends, and rents due and accrued at the end of the preceding year;

(4) The term "underwriting income" means the premiums earned on insurance contracts during the taxable year less losses incurred and expenses incurred;

(5) The term "premiums earned on insurance contracts during the taxable year" means an amount computed as follows:

From the amount of gross premiums written on insurance contracts during the taxable year, deduct return premiums (or, in the case of mutual companies, dividends or unabsorbed premiums returned or credited to the assured) and premiums paid for reinsurance. To the result so obtained add unearned premiums on outstanding business at the end of the preceding taxable year and deduct unearned premiums on outstanding business at the end of the taxable year;

(6) The term "losses incurred" means losses incurred during the taxable year on insurance contracts, computed as follows:

To losses paid during the taxable year, add salvage and reinsurance recoverable outstanding at the end of the preceding taxable year, and deduct salvage and reinsurance recoverable outstanding at the end of the taxable year. To the result so obtained add all unpaid losses outstanding at the end of the taxable year and deduct unpaid losses outstanding at the end of the preceding taxable year.

(7) The term "expenses incurred" means all expenses shown on the annual statement approved by the National Convention of Insurance Commissioners, and shall be computed as follows:

To all expenses paid during the taxable year add expenses unpaid at the end of the taxable year and deduct expenses unpaid at the end of the preceding taxable year. For the purpose of computing the net income subject to the tax imposed by this section there shall be deducted from expenses incurred as defined in this paragraph all expenses incurred which are not allowed as deductions by section 247.

SEC. 247. (a) That in computing the net income of an insurance company subject to the tax imposed by section 246 there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in paragraph (1) of subdivision (a) of section 234;

(2) All interest as provided in paragraph (2) of subdivision (a) of section 234;

(3) In the case of mutual marine insurance companies, unless otherwise allowed, amounts repaid to policyholders on account of premiums previously paid by them, and interest paid upon such amounts between the ascertainment and the payment thereof;

(4) Taxes as provided in paragraph (3) of subdivision (a) of section 234;

(5) Losses incurred;

(6) Bad debts in the nature of agency balances and bills receivable ascertained to be worthless and charged off within the taxable year;

(7) The amount received as dividends from corporations as provided in paragraph (6) of subdivision (a) of section 234;

(8) The amount of interest earned during the taxable year which under paragraph (4) of subdivision (b) of section 213 is exempt from taxation under this title, and the amount of interest allowed as a credit under subdivision (a) of section 236;

(9) A reasonable allowance for the exhaustion, wear and tear of property, as provided in paragraph (7) of subdivision (a) of section 234;

(10) In the case of such a domestic insurance company, the net income of which (computed without the benefit of this paragraph) is $25,000 or less, the sum of $2,000.

(b) In the case of a foreign corporation the deductions allowed in this section shall be allowed to the extent provided in subdivision (b) of section 234.

(c) Nothing in this section or in section 246 shall be construed to permit the same item to be twice deducted.

Mr. SMOOT. I am informed by the expert that there is to be a change made in the proposed amendment. There was an error discovered as to one or two items in it, and in order to have it conform with the plan agreed upon, I ask that the amendment may go over and that we proceed with the amendment on page 239 of the bill—the bonds, indemnity, and surety provision.

The PRESIDENT pro tempore. Does the Senator from Utah propose that the entire amendment numbered 32 shall go over?

Mr. SMOOT. I ask that it be passed over.

The PRESIDENT pro tempore. Is there objection?

Mr. SIMMONS. Mr. President, I thought we were going to act on this amendment.

Mr. SMOOT. I have just stated that in reading it more closely it was found that there are one or two amendments which must be made to it. I ask that amendment No. 32 go over for the present until we can rewrite it and cover the two items I have spoken of. I ask now that we proceed with the amendment on page 239.

Mr. SIMMONS. I have no objection. I just wanted to understand the procedure.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and amendment No. 32, proposed by the Senator from North Dakota, will be passed over.

Mr. SMOOT. Now, I propose amendment No. 64, on page 239, to strike out lines 1 to 19, both inclusive.

The PRESIDENT pro tempore. Does the Senator from Utah want the proposed amendment divided? As it is before the Chair, it is a single amendment.

Mr. SMOOT. That is right.

The PRESIDENT pro tempore. Beginning with the title "Amendment No. 64." Does the Senator from Utah offer that as an entire amendment?

Mr. SMOOT. I can offer it as an entire amendment.

Mr. REED. I hope the Senator will not. It is entirely too cumbersome to handle in that way, and I hope he will offer it by lines.

Mr. SMOOT. Then we will take each item up and offer it item by item. The first amendment, then, will be to strike out lines 1 to 19, both inclusive.

Mr. REED. I ask the Senator from Utah briefly to explain to the Senate the purpose of the amendment.

Mr. SMOOT. Under title 5 of the bill, the taxes on premiums of insurance companies are abolished entirely. If this provision which we ask to have stricken out is agreed to, all insurance companies will be put on one basis and under one form of taxation, and that is the object of this amendment.

Mr. REED. Where is that form provided for?

Mr. SMOOT. If the Senator will look at amendment No. 32, which I have just asked to have go over, he will find the form in that amendment; but, as I stated, there will have to be two or three amendments made to amendment No. 32 in order to perfect it.

Mr. REED. Mr. President, I put the question to the Senator from Utah in all fairness, whether we ought to strike out the present substantive law until we know what is proposed to be substituted for it, and whether we should not adopt the new matter before we strike out the existing law? I would be entirely in the dark. I may be quite agreeable to all these changes; but I do not know what it is proposed to substitute.

Mr. SMOOT. I want to say to the Senator, briefly, that the insurance companies of the United States have felt that the existing law is rather cumbersome and in some cases unfair. They are not asking for any decrease in the amount of tax to be collected. In fact, the plan which has been agreed upon will raise more revenue than the existing law; but it simplifies it, and all companies are treated alike. All the companies in the United States, as far as I know, have agreed to the new form of taxation.

Mr. REED. But here is the situation we will be in if we are not careful. We will strike out the present law, and that is what we are about to do now. Then there will be no law. Then the question will be, Will the new proposition, which we have not yet seen, be acceptable or not? It might not be accepted at all by the Senate. It might be modified in such a form that the Senate would prefer the existing law. Therefore the proper way to proceed is to bring forward the new proposition and move it as a substitute for the language which is to be stricken out.

Mr. SMOOT. This is a part of the plan. We have already abolished Title V, covering insurance and transportation. In doing that we must insert in the bill a new provision which we intend to do as soon as amendment No. 32 is perfected.

Mr. REED. But the Senator is undertaking to do it backward.

Mr. SIMMONS. I think there is some confusion as to what we are doing now. What we may do hereafter is another thing, but what is proposed to do now, I wish to say to the Senator from Missouri, is simply to strike out a section, which relates only to stamp taxes on certain bonds, indemnity, and insurance, and on certain premiums. It is merely a stamp tax with which the amendment deals.

I wish to ask the Senator from Utah if in abolishing the stamp taxes imposed in this paragraph of the section he proposes anywhere else to impose stamp taxes or any other kind of taxes in lieu of the stamp taxes?

Mr. SMOOT. No; I will say to the Senator that we do not.

Mr. SIMMONS. I supposed the Senator did not.

Mr. POMERENE. Under the bill as reported to the Senate, while checks and drafts which are payable on demand are not to be stamped, those that are payable in future are to be stamped, I understand.

Mr. SMOOT. That is the present law.

Mr. POMERENE. What amount of revenue is derived from that source?

Mr. SMOOT. Of course, we can not state exactly as to each item, but I will say that the change in the form of taxation which has been agreed to by all the insurance companies will bring us more revenue than the present law. The insurance companies are perfectly willing to pay it. They say they will gladly pay it, because of the fact that everybody will be treated alike. It simplifies the form and is much preferable to the present plan.

Mr. POMERENE. But the Senator is addressing himself now to insurance papers. The Senator said something about stamp taxes generally, and I was addressing myself to the general subject. I would like to see the stamp taxes on all checks and drafts removed.

Mr. SMOOT. The very amendment I am asking the Senate to consider removes the stamp taxes on those bonds.

Mr. SIMMONS. It only removes them on indemnity and surety bonds and upon premiums.

Mr. SMOOT. Of course, that is the section or paragraph which is under consideration now.

Mr. FLETCHER. They have already been removed on other documents of the same kind.

Mr. SIMMONS. Yes; of the same kind, but there are many other stamp taxes contained in the bill which are not repealed.

Mr. SMOOT. I thought the Senator from Ohio had reference only to indemnity and surety bonds.

Mr. SIMMONS. What we are dealing with now is only the stamp tax on bonds and premiums.

Mr. SMOOT. Bonds, indemnity and surety, and premiums.

Mr. KING. Mr. President, I understand the striking out of paragraph 2, on page 239, means that there shall be no tax whatever upon surety bonds.

Mr. SMOOT. That is correct.

Mr. KING. There is no provision contemplated in the amendments hereafter to be offered which will supersede or take the place of paragraph 2?

Mr. SMOOT. Of course, it is all included in the premium tax that will be paid by all insurance companies of every kind and nature.

Mr. KING. There will be a premium tax paid, and it is contemplated that that tax will raise more than the smaller taxes derived from insurance premiums, and so forth.

Mr. SMOOT. In the past we have not placed a tax upon incomes of insurance companies. Now, we are going to place a tax upon the incomes of insurance companies the same as we do on all other companies, and that tax upon the incomes of insurance companies will amount to more money than the present form of taxation.

Mr. KING. I understand that.

Mr. SMOOT. The amendment we offer is simply to bring that about.

Mr. KING. I am aware of that, and it is my understanding that a general tax will be levied upon those insurance companies which will supersede this small tax.

Mr. SMOOT. That is correct.

Mr. KING. This is what I was about to ask my colleague: What will be the result of bonds, surety bonds or otherwise, which are furnished where the sureties are individuals rather than insurance companies? I suppose no tax will be imposed upon them.

Mr. SMOOT. Whatever gains there may be from any kind of business of that sort will have to pay a tax just the same as a company.

Mr. KING. As the Senator knows, in private business very often individuals obtain their bonds from other individuals, from friends.

Mr. SMOOT. The Senator means by individual signatures and personal responsibility?

Mr. KING. Yes; personal surety bonds. There is no purpose to tax them?

Mr. SMOOT. Of course, the revenue from that source would be almost negligible; it is insignificant.

Mr. KING. Absolutely, and if we exempt insurance companies from taxation upon surety bonds furnished obviously private individuals who may furnish surety bonds ought not to be taxed. I am assured that the pending bill does not tax them, and no amendment is contemplated by the committee that would impose

a tax upon private individuals for furnishing indemnity or surety bonds.

Mr. SMOOT. The only amendment contemplated by the committee is that hereafter the tax upon all kinds of insurance companies will be based upon their income and not stamps upon premiums.

Mr. REED. Mr. President, the only objection I have to the amendment is the method of procedure. The Senator refers to the amendment proposed by the committee. The amendments which he speaks of are not amendments that were proposed by the committee.

Mr. SMOOT. That is true.

Mr. REED. They were proposed by a majority of the committee without consultation with the minority, and the minority does not know what is in them. They are not even here now for our inspection, and, I understand, are not fully completed. With that state of affairs we are asked to strike out the substantive law now existing, which will leave us without any law, and then we will hereafter be presented with something. It may be entirely acceptable to every Member of the Senate, it may be utterly rejected by the Senate, or it may be so modified that it will not be the kind of proposition which the Senator has in mind. Under those circumstances the Senate will be left in the position of having stricken out the present law.

Mr. FLETCHER. It is not the present law. It is in the text of the House bill.

Mr. REED. It is stricken out of the text of the House bill. I think it is the present law, is it not?

Mr. SMOOT. Yes; it is the present law.

Mr. REED. We will be left without the present law before us. It will be repealed, wiped out, and we may be left to confront a proposition that we can not accept.

Mr. SMOOT. I wish to call the Senator's attention to the fact that we have already stricken out Title V, which is the premium tax on insurance companies. I recognize the fact, of course, that it would be more logical to wait until amendment 32 is acted upon before we take up this title. But even though we did not act upon amendment 32 after abolishing Title V, we ought to strike out this section.

Mr. REED. But we ought not to strike it out until we know what is to be put in place of it.

Mr. SMOOT. There will be nothing put in the place of it, because this is a stamp-tax provision, and it will go out, as we have abolished Title V, the premium tax.

Mr. REED. Then I was misled by the Senator's remark that he had something to propose in substitution for it.

Mr. SMOOT. That is in amendment numbered 32. The Senator from Missouri will remember that when the act of 1918 was under consideration this very plan was agreed to, not only by the full committee but by the Senate at that time.

Mr. REED. Which plan?

Mr. SMOOT. The plan we proposed to adopt, but which went out in conference.

Mr. SIMMONS. That is true. The statement the Senator is making is correct.

Mr. REED. What conference?

Mr. SMOOT. The conference between the House and the Senate.

Mr. SIMMONS. If the Senator will pardon me, in 1918——

Mr. REED. Oh, the Senator is speaking of some other year?

Mr. SIMMONS. Yes. In 1918 the committee undertook to rewrite the insurance provision of the 1917 act and place it upon a different principle. We did rewrite it and it was adopted by the Senate, but in conference it was stricken out. Now the committee this year readopts the plan that passed the Senate before and was stricken out in conference.

Mr. REED. The Senator means the majority members of the committee?

Mr. SIMMONS. No; I mean the whole committee.

Mr. SMOOT. The whole committee, and at that time the Senator from North Carolina [Mr. SIMMONS] was chairman of the committee. That committee unanimously agreed that the plan of collecting taxes from insurance companies should be changed, and we agreed upon the plan of placing a tax on the incomes of all insurance companies instead of the tax that was imposed upon the premiums.

I will state one of the reasons for that, and there are dozens of other reasons. The old line companies that had been in operation for a long time, their business well established, had every advantage of the new company that entered the field and had to secure all new business. It was for that reason that the Senate decided in 1918 to make the change, and it is for that reason now that the committee wish to make it again. We think that we can convince the House of Representatives now that the policy is right.

Mr. SIMMONS. Will the Senator from Utah let me ask one question? I understand perfectly well that the committee agreed to report substantially the same provisions with reference to insurance that the committee reported in 1918——

Mr. SMOOT. That is correct.

Mr. SIMMONS. And which were passed by the Senate and stricken out in conference. But I wish to ask the Senator whether, in the amendment which was read from the desk a little while ago and read from the printed sheet of proposed amendments presented by majority members of the committee, there has been any substantial change in the plan that was agreed upon by the full committee in 1918 relative to insurance?

Mr. SMOOT. I think, as far as the life insurance part of the bill is concerned, it is almost identical.

Mr. SIMMONS. That is what I thought.

Mr. SMOOT. I think there is hardly any change. I have not examined it to see whether there was any technical change.

Mr. SIMMONS. We are dealing now only with life insurance.

Mr. SMOOT. May I say to the Senator that if it is not in exact words, the substance of it and the result of it are exactly the same.

Mr. SIMMONS. I have not myself examined it, but I was advised by experts that it was practically the same.

Mr. SMOOT. We could have agreed to that, as I have already said, but there are two or three changes that were made necessary and they are simply minor changes not affecting the principle at all. In order to clear up the doubt of one or two people who claim that there may be a construction put upon it that would be adverse to their particular company and which will make no difference in the plan itself, those minor amendments may be agreed to and, of course, we want to do it. They will be ready in a very little while.

Mr. SIMMONS. My understanding is that as to life insurance the majority members of the committee made no substantial or real change in the action of the full committee which was a tender of the same plan that we adopted in the Senate before and which was stricken out in conference.

Mr. SMOOT. It is just the same as in 1918.

Mr. SIMMONS. The amendments which are offered by the majority of the committee propose a somewhat different method of taxing marine insurance and fire insurance?

Mr. SMOOT. That is true, I will say to the Senator.

Mr. REED. Mr. President, I hope the Senator from Utah will allow these amendments to go over until the language which is to be substituted may be laid before the Senate. That would be the only right way to proceed. I do not think it is vital, and I do not want to take the time of the Senate in insisting upon that course, but I repeat I hope the Senator from Utah will do that. Let us go on with something else. I have an amendment which I can present here at any time.

Mr. SIMMONS. I think that would be the orderly way to proceed anyway.

Mr. REED. Unquestionably that would be the orderly way to proceed.

Mr. SMOOT. Mr. President, I hope the Senator from Missouri will not insist upon that, for if we do not agree upon this amendment, then the excise taxes are to follow immediately, and then we shall not want to consider them. I wish to assure the Senator from Missouri that this is not a new scheme on the part of the Senate. This whole proposition is virtually what the committee, both Democrats and Republicans, unanimously agreed to in 1918.

Mr. REED. But 1918 is a long time ago.

Mr. SMOOT. I plead with the Senator from Missouri to let this amendment go in, and then if at any time he desires to ask that the vote whereby it was agreed to may be reconsidered, so far as I am concerned, I shall be glad to grant the request.

Mr. REED. If the understanding is that if we allow these amendments to go in and hereafter the Senator from North Carolina or some other member of the Committee on Finance upon this side shall ask for a reconsideration the question shall be reopened, I shall not object.

Mr. SMOOT. I will agree to that as to this amendment. Of course, I should not like to have such an understanding as to other amendments.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

Mr. PENROSE. The suggestion of the Senator from Missouri is entirely acceptable, I think, to the majority of the committee, and not only as to this matter but as to nearly every other matter of importance. The committee does not want to be unreasonable.

Mr. REED. I am perfectly willing to take the assurance of the chairman of the Committee on Finance and of the Senator from Utah [Mr. SMOOT].

Mr. PENROSE. Very well.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REED. I simply ask that we proceed slowly enough with the other amendments, so that we may get an idea of what they are.

Mr. SMOOT. Let me explain them to the Senator, and I think he will consent that all of the amendments with the exception of the last one be agreed to en bloc.

The PRESIDENT pro tempore. The Chair understands that under the order of the Senate already made the Secretary has authority to renumber the subsections.

Mr. SMOOT. I think that is true, Mr. President.

The PRESIDENT pro tempore. Without objection, that will be the order.

The Chair is informed that the committee amendment on page 237, line 24, has already been agreed to. Without objection, the vote by which the amendment was adopted, for this purpose only, will be reconsidered. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 237, in line 24, of the committee amendment, which has been now reconsidered, it is proposed to strike out "3, 4, and 5" and to insert in lieu thereof "2, 3, and 4."

Mr. SMOOT. That is only a changing of the numerals, I will say to the Senator, because of the amendment previously adopted.

The PRESIDENT pro tempore. Without objection, the amendment to the amendment is agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The next amendment passed over will be stated.

Mr. PENROSE. Now, Mr. President, it will be in order to go to page 125 of the bill and proceed to the consideration of section 257, which follows the subhead "Returns to be public records." That section was passed over at the request of the senior Senator from Wisconsin [Mr. LA FOLLETTE], and I think if he is ready to go on with the discussion the Senate ought to hear him.

Mr. REED. Mr. President, there is some misunderstanding. I understood that we had agreed thus far to the first line of amendment 64, which was to "strike out lines 1 to 19, both inclusive, on page 239. Does the Senator from Pennsylvania understand that we agreed to all of the clauses in amendment numbered 64?

Mr. SMOOT. I will say to the Senator from Missouri that by unanimous consent the Secretary was instructed to change the figures where there is an amendment which necessitates such a change.

Mr. REED. Is that all that is involved in it?

Mr. SMOOT. That is all there is in it.

Mr. REED. Very well; let the Secretary proceed. I beg pardon of the Senator from Pennsylvania.

Mr. NELSON. Mr. President, I ask the attention of the chairman of the Committee on Finance, and request unanimous consent to recur to the provision at the foot of page 193 relative to the matter of exemption from taxation of admissions to agricultural fairs, and so forth. I have an amendment at that point, to which I think there will be no objection, to be inserted on the top of page 194, in line 2, before the word "maintenance," so that it will include not only maintenance but improvements which may be made in connection with agricultural fairs, such, for instance, as additional sheds for cattle and other buildings.

I think there will be no objection to the amendment, and I ask unanimous consent that I may offer it.

Mr. PENROSE. Mr. President, the amendment intended to be proposed by the Senator from Minnesota will be accepted.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Minnesota will be stated.

The ASSISTANT SECRETARY. On page 194, in the House text of the bill, before the word "maintenance," in line 1, it is proposed to insert the word "improvements" and a comma.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to. The Secretary will state the amendment passed over on page 125.

Mr. PENROSE. Mr. President, I think I had better suggest the absence of a quorum.

Mr. SIMMONS. Yes. The Senator from Wisconsin [Mr. LA FOLLETTE] wishes to be heard, and he is not in the Chamber.

Mr. PENROSE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Glass	McLean	Smoot
Brandegee	Hale	McNary	Spencer
Broussard	Harris	Nelson	Stanley
Bursum	Harrison	New	Sterling
Capper	Heflin	Newberry	Sutherland
Caraway	Hitchcock	Nicholson	Swanson
Culberson	Jones, N. Mex.	Norris	Townsend
Cummins	Kendrick	Oddie	Trammell
Curtis	Kenyon	Overman	Wadsworth
Dial	Keyes	Page	Walsh, Mass.
Dillingham	King	Penrose	Warren
Edge	Ladd	Phipps	Watson, Ga.
Fernald	Lenroot	Poindexter	Watson, Ind.
Fletcher	McCormick	Pomerene	Willis
France	McCumber	Reed	
Frelinghuysen	McKellar	Sheppard	
Gerry	McKinley	Simmons	

The PRESIDENT pro tempore. Sixty-five Senators have answered to their names. There is a quorum present. The question is on agreeing to the amendment found on page 125, beginning with line 1 and ending with line 11 on page 126.

Mr. PENROSE. Mr. President, this portion of the bill went over at the request of the Senator from Wisconsin [Mr. LA FOLLETTE]. He has just informed me that he will not press any request of this kind, but that he will look after whatever matters he may have in mind in this connection when the bill goes into the Senate. He practically informed me that it would be entirely satisfactory to him for the Senate to go on and take action on the paragraphs either agreeing or disagreeing to them. I therefore ask that the question be put and that the Senate may vote on the question at this time.

Mr. REED. Mr. President, I know that the Senator from Wisconsin [Mr. LA FOLLETTE] was in that frame of mind. I had a talk with him, however, and I understood that he was going to his office, and that he expected to return.

So far as I am concerned, regardless of the attitude of the Senator from Wisconsin, I am not satisfied with this proposition as it now stands.

The section provides—and I will say, for the benefit of Senators who may not have the page, that I am referring to section 257, printed at page 125 of the bill—

> That returns upon which the tax has been determined by the commissioner shall constitute public records, but they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President.

Under that language, if the Congress wanted these records for any purpose, even though it proposed to treat them as highly confidential, it could not secure them unless two things concurred: First, that the President should issue his order; and, second, that the Congress should use the records in the manner and form prescribed by the Secretary of the Treasury. My opinion is that that sort of restriction upon the right of Congress is wholly unjustifiable, and it might work infinite harm.

The Congress can be trusted to handle with propriety these returns just as well as the Secretary of the Treasury. I am not in favor of putting into the hands of the Secretary of the Treasury or the President of the United States the authority by law to deprive Congress of information, and yet that is exactly what this amendment does.

Mr. President, there was a contention, which may or may not have been well founded, to the effect that all tax returns should be made absolutely public, so that anybody could go down and look at the books and publish the returns to the world. There is much to be said in favor of that proposition. Because a corporation makes a return to the Federal Government, why should that return to the Federal Government be kept secret any more than the return of any taxpayer to his county officers? If I make a return upon my personal property or upon my income under the laws of my State, I am not entitled to have that kept a secret. There are many arguments in favor of removing all secrecy. For instance, suppose that I am a tax dodger. Suppose that I make a return of only a small part of my property, and suppose that that record can be examined by the public generally, and it comes to the attention of some citizen that I have not made a correct return. That citizen thereupon is in a position to lay the facts before the tax officers and see to it that I am compelled to bear my just share of the tax burdens. The matter could properly be presented to a grand jury for the purpose of indicting me for a false return.

That is true in most States as to city taxes, as to county taxes, and as to State taxes; but when a concern makes a return to the Federal Government we are told that that return shall be a secret, sacredly kept, not by the Government but by a small part of the Government officers down here in the office of the Secretary of the Treasury, and that even the Congress of

the United States can not secure that information unless the President graciously grants to Congress the privilege of inspecting a record which this bill declares to be a public record, and unless, in addition to that, Congress shall receive it under rules and regulations prescribed by the Secretary of the Treasury and approved by the President.

Let us assume a case. Let us assume that some great corporation or some extremely wealthy individual or a large group of them are habitually defeating the purposes of the law, and are not making just returns. Let us assume in addition to that, if you please, that the officers of the Government at the other end of the Avenue are not doing their duty, and are not compelling these institutions to pay what is justly due to the Government. You say that is a violent presumption. I reply that all of the public business has to be done upon the presumption that occasionally some public officer will fail to do his duty by the public, and even upon the presumption that some public officer may become a member of a conspiracy having the purpose of defrauding the Government. It has occurred in the past, and it has reached into very high places once or twice in the past. It is a matter, I grant you, of rare occurrence; nevertheless, the occurrences do come. I think I may say that there was one member of a Cabinet, at least, who at one time was lashed from office by public indignation because he was alleged, at least, to be a party to a conspiracy to defraud the Government.

Therefore, a situation may arise where the Congress would desire to investigate the operations of the Treasury Department itself. It is conceivable that a situation might arise where even the Secretary of the Treasury—almost unthinkable and certainly unspeakable as it is—might be a party to a conspiracy to loot the Government; and yet we propose to say that the Congress can not send its proper request for these records and have the records brought before a committee of Congress to be treated as the Congress may deem proper.

Of course, there are a lot of people—and some of them occasionally get into executive departments—who think that Congress would not know how to handle information of this kind and to do so with a due regard for the rights of the citizen; but I do not entertain that view regarding Congress. I think it is quite as trustworthy and quite as discreet and quite as safe a body as any of the officials who may be connected with the executive departments; and I say that with all respect for the officials of the executive departments.

Mr. BRANDEGEE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Connecticut?

Mr. REED. I do.

Mr. BRANDEGEE. This provision is practically existing law, is it not?

Mr. SMOOT. Yes; word for word.

Mr. BRANDEGEE. Even if it is, it does not detract at all from the point the Senator is making; but, in view of the statement he has just made, I will ask him whether he would be satisfied with the provision if it were amended so as to provide that these records should be confidential except in the instances cited in the provision and unless their production was required by Congress?

Mr. REED. I was about to suggest an amendment, to insert, after the word "only," in line 5, the words "at the request of a committee of Congress or," so that the language would read:

That returns upon which the tax has been determined by the commissioner shall constitute public records; but they shall be open to inspection only at the request of a committee of Congress or upon order of the President.

Mr. SMOOT. Mr. President, if the Senator will permit me, should it be "at the request of a committee of Congress," or "at the request of Congress"?

Mr. REED. I think it should be "at the request of a committee of Congress," because if you said "at the request of Congress," you would have to have a bill passed.

Mr. SMOOT. It could be an order of the House or an order of the Senate.

Mr. REED. That would not be the request of Congress.

Mr. SMOOT. Does the Senator think that any committee of the House or any committee of the Senate ought to have the right to request it?

Mr. REED. Unquestionably, I think so. I say to the Senator that I think the Finance Committee of the Senate—and I do not speak of it because I happen to be a member—the Judiciary Committee of the Senate, or any of the other committees, can be trusted quite as well as the clerks employed in the office of the Secretary of the Treasury; and I do not in any way reflect upon them by that statement.

Mr. WATSON of Georgia. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Georgia?

Mr. REED. I yield.

Mr. WATSON of Georgia. To add to the force of what is being said by the Senator from Missouri, I will tell the Senate that I know of my own personal knowledge that ex-Senators are here at work in the departments trying to aid corporations in escaping their income taxes, and necessarily those attorneys must have some access to those returns, and those returns, of course, must be the first source of information. If lawyers—ex-Senators and ex-Representatives—can have access to those records, we Senators ought to have access to them.

Mr. SMOOT. Does the Senator think any attorney can go to the department and see the return of any corporation?

Mr. WATSON of Georgia. I do think so.

Mr. SMOOT. I think the Senator is mistaken.

Mr. WATSON of Georgia. I do not see how they obtain them, then.

Mr. SMOOT. Attorneys have a perfect right to go to the department and discuss the question as to how the tax was imposed and the disputed items, and they do that. They have a right to construe the law in their own way and present their construction to the department, but I doubt whether an attorney ever saw the sworn statement of a corporation filed in the department.

Mr. WATSON of Georgia. Mr. President, it resolves itself to this: How can an attorney present his case without knowing the facts?

Mr. SMOOT. He has to answer the complaint made by the Internal Revenue Bureau, which claims that his client deducted so and so, and that under the law it was not deductible. The only questions they bring to his attention are the ones in dispute, but not the whole return. I know that I would not be permitted to see one.

Mr. WATSON of Georgia. No; you are not an ex-Senator.

Mr. SMOOT. I do not think the Senator from Georgia would be allowed to see one.

Mr. WATSON of Georgia. I am sure I would not.

Mr. SMOOT. I do not believe an attorney was ever allowed to see a completed return of any corporation in the United States.

Mr. WATSON of Georgia. I do not question for a moment the sincerity of the Senator from Utah, but I know that ex-Senators are making a good living by doing that very thing.

Mr. SMOOT. I know they are here in the National Capital and I know they are giving special attention to such cases as those referred to by the Senator, and I think they are getting all the information they can from any source, but I think if an official or employee of the Government should show an attorney a sworn return of any corporation or any individual he would be violating the law, and he ought to be dismissed at once.

Mr. KING. Mr. President, we know that many returns have been made, and the Government has charged upon some of them undue taxes; that is to say, it has misconceived the law, and has imposed taxes in excess of what the person ought to pay. I can not believe there is any wrong, if the Senator from Georgia believes that he has been unduly taxed, in employing a person to go to the department with him, with a view to having the account rectified and justice done. I can not see any injustice in the department permitting the Senator from Georgia, if he is the complainant, to examine his own sworn return, with a view to securing justice, and I can see no injustice or wrong in the Senator from Georgia being permitted to have an attorney with him, and that attorney examining the return, because the Government is there called upon to pass upon the question in a judicial way, and obviously the matter can not be presented to the Government unless the Senator from Georgia and his attorney have a full knowledge of the return which has been made.

But may I say to my friend from Georgia that in a number of cases which I have heard about, the individuals or corporations kept copies of their returns; they were familiar with the returns and their attorneys were familiar with the returns, because of the copies which they retained. I have no doubt that every man of any means retains a copy of the return which he makes, so that his attorney may get full information from the return which he has filed. If a man has lost his return, I see no impropriety in his demanding the right to see his own sworn return, where he is a litigant contesting the claim of the Government, and I see no reason why the Government may not permit his attorney also to examine the return.

Mr. WATSON of Georgia. Mr. President, it will occur to every lawyer here that the case has been surrendered. If anyone can see his return, everybody can see it, and exactly what the senior Senator from Utah said could not happen is constantly happening, according to his colleague.

Mr. REED. Mr. President, I desire to offer an amendment, which I think may meet the approval of the committee. I will offer it now. I move to insert after the word "President," in line 7, the following proviso:

Provided, That said returns shall be open to inspection by any committee of Congress, but shall be retained in confidence unless the Senate or House of Representatives shall otherwise by resolution direct.

Mr. PENROSE. Will the Senator from Missouri yield to me for a moment?

Mr. REED. Certainly.

Mr. PENROSE. Does the Senator from Missouri contemplate getting the name of the taxpayer, or only the facts as to a certain return?

Mr. REED. I contemplate getting full information, to be treated in confidence, unless the Senate or the House shall by resolution remove the confidence.

Mr. PENROSE. For instance, my information and experience are that all this data can be obtained at any time by a committee of Congress, or perhaps by an individual Senator or Representative, in confidence, but without conveying the name of the taxpayer.

Mr. BRANDEGEE. This applies only to corporations, I understand.

Mr. PENROSE. I call a corporation a taxpayer.

Mr. REED. The Senator is correct. We have been able to get a statement made to us that there are certain returns by corporation 1, corporation 2, corporation 3, or corporation 4 or individual 5, 6, or 7, without having the names furnished. It deprives us in some instances of the very thing we want. It leaves us in the dark. I insist that a committee of Congress ought to have the right to get this information, to treat it in confidence, unless, the matter being laid before either body, a resolution is passed to remove the confidence. I do not think there ought to be serious objection to that.

Mr. SMOOT. Does the Senator really believe that if a committee of Congress should ask for the information and it was sent to that committee it would be kept secret overnight? The Senator knows the executive sessions we hold are supposed to be secret, but before morning what takes place is known to all the world, even more in detail than the proceedings of the open sessions. I really think that if we want to make the returns public we ought to make them public, out and out, to everybody, rather than have the information given to a committee having no jurisdiction over the subject matter whatever, simply asking for this information for purposes not disclosed.

Mr. PENROSE. I had the idea that the Senator from Missouri yielded to me to make an inquiry.

Mr. REED. I did.

Mr. SMOOT. I beg the Senator's pardon; I thought he was through.

Mr. PENROSE. I had not gotten through. This matter was thoroughly discussed on the floor of the Senate when the present law was under consideration, and I was one of those who expressed entire willingness to have all tax returns published, and I do not know but that I am still willing. I think the former Senator from Georgia, Hoke Smith, and others were among those who opposed such publicity, in the interest of the small storekeeper and merchant. I do not know but that the great concerns can stand the publicity fully as well as the little concerns, or better, if there is any question of anyone having anything to stand. I have no authority to accept the amendment, but personally I am pretty nearly willing to accept any publicity amendment. However, I have no authority to do it and will not do it.

Mr. REED. If that is the feeling of the Senator, and I think he is right that these companies ought to make full returns, and individuals ought to, as a matter of dealing with the public, and if that is the feeling on the other side of the Chamber, I will withdraw the present amendment and propose——

Mr. PENROSE. Before the Senator goes on, I want to say that all the great corporations of the country, of the octopus type, which the Senator from Missouri delights in dilating upon, are fully exposed, I suppose, in Moody's Manual, and in other manuals, and nearly all of them have been investigated, and many indicted. Whether any further publicity could be obtained I am not altogether sure. If it can be, let us have it.

Mr. REED. Mr. President, in view of that statement, in order to test the sentiment of the Senate——

Mr. PENROSE. I have no authority to speak for the committee.

Mr. WATSON of Indiana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Indiana?

Mr. REED. I yield.

Mr. WATSON of Indiana. I trust that the Senator from Pennsylvania will not make the statement on the part of the committee that he favors universal publicity.

Mr. PENROSE. I expressly disavowed that; but the CONGRESSIONAL RECORD will show the statement I made on the floor of the Senate in a brief colloquy with Senator Smith of Georgia when the present law was under discussion.

Mr. WATSON of Indiana. I know that the Senator has far greater authority to represent the committee in this matter or any matter than I have, and——

Mr. PENROSE. I have no authority to represent the committee in this matter.

Mr. WATSON of Indiana. I am opposed to this proposition for reasons which are as obvious as they are numerous. I need not state them; they are reasons with which we are all familiar. As far as I as a member of the committee am concerned, I am opposed to the amendment.

Mr. SMOOT. As a member of the committee, I certainly would not accept the amendment. I think nothing but harm could come from it. I do not see one particle of good that could come from it, but I can see harm untold. I do not think the Senator from Missouri wants to do a thing like that.

Mr. REED. I hope I do not want to do any great harm, Mr. President.

Mr. HARRIS. The Senator from Missouri remembers that three years ago Congress asked for such information as we have been discussing, and there was a report sent to us by Mr. McAdoo, the then Secretary of the Treasury, giving information, but he did not give the names of the corporations; he gave symbols. I tried to get the same information last year. The Senate passed a joint resolution which I introduced, and the Ways and Means Committee recommended it, but the House failed to pass on it. I was anxious for the information, we need it here in discussing the tariff and revenue legislation, and I was anxious for the country to know the profiteers.

Mr. REED. Mr. President, I can tell a very good reason for this. We have been having hearings before the Finance Committee on a tariff bill. We have had a large number of gentlemen before us who complained to us that their business would be ruined unless certain taxes were levied for their protection. We have asked some of the advocates of those high tariffs, who declared that their businesses would be ruined unless a heavier tax were laid, what their profits were last year, and we have been told by those gentlemen that they do not propose to tell us. We asked them other questions, what salaries they were paying, and such questions as that, and they have declined to tell us.

It would be exceedingly illuminating, when a gentleman appears before that committee and asks that a tax be imposed in order that his business would not be destroyed, if we had before us a balance sheet showing just how that business had prospered, and therefore could determine from the facts whether or not the statement that an additional tax is necessary is a correct statement.

Now, Mr. President, that is one use that certainly Senators can not say is an improper use of the information. We likewise, in sitting down as a Committee on Finance, seeking to determine what taxes are necessary to protect American industries, would find it not only useful but absolutely vital to have before us the facts with reference to the condition of that business, how much money it had made. We might find with that information before us that some of the taxes are too high, we might find that some of the taxes are too low. I am referring now to taxes upon imports. Again, we might find that this information would be useful to us for the purpose of determining how much domestic tax or income or corporation tax could be justly laid upon a particular line of business.

What is the objection on the other hand? Boiled down, it is that if corporation A makes a return showing that it is either losing money or making money, that fact may be of use to competitor B; but that argument applies to every return that is made to a local tax gatherer, and it applies to the reports that all these individuals and corporations of any magnitude make to Dun and Bradstreet and similar institutions, because they are all subscribers, and being subscribers they can obtain information with reference to other subscribers. Why this refusal to allow the inspection of a record of a public fact, of a public act?

But, Mr. President, I am anxious to speed the bill along and, therefore, instead of proposing the broader question, I have proposed the amendment, and I ask the Secretary if he will kindly report it. I think there is a change I wish to make in it.

The PRESIDENT pro tempore. The Secretary will report the amendment as requested.

The ASSISTANT SECRETARY. On page 125, line 7, after the word "President" it is proposed to insert the following proviso:

Provided, That said returns shall be open to inspection by any committee of Congress——

Mr. REED. Insert the word "proper" before the word "committee."

Mr. PENROSE. May I inquire what would be an improper committee of Congress?

Mr. REED. I mean a committee having jurisdiction of the subject matter that made it competent to investigate the question. That is my idea. In other words, I would not think the Committee on the Library had any business investigating this question.

Mr. PENROSE. Had not the Senator better say "any committee of Congress having jurisdiction of the questions concerned," or language to that effect?

Mr. REED. "Any properly authorized committee of Congress."

Mr. PENROSE. Of course, they are all properly authorized.

Mr. KING. Mr. President, will the Senator from Missouri pardon me?

Mr. REED. I yield to the Senator from Utah.

Mr. KING. Would this meet the Senator's wishes? I do not desire at all to intrude upon a field which he is occupying so splendidly, but may I be permitted to suggest this language:

Provided, That any committee authorized by either House of Congress shall have the right to inspect said returns, and the Secretary of the Treasury shall afford full opportunity for such inspection.

Mr. REED. The Senator had better add to that language "and said returns shall be held in confidence, unless otherwise ordered by the Senate or House of Representatives."

Mr. KING. I have no objection, but I supposed the other provisions of the statute relative to secrecy would cover the inspection or the use by the committee of such records.

Mr. REED. Will the Secretary state the amendment as now presented?

The PRESIDENT pro tempore. The modified amendment will be stated.

The ASSISTANT SECRETARY. On page 125, after the word "President," insert:

Provided, That any committee authorized by either House of Congress shall have the right to inspect said returns, but said returns shall be retained in confidence, unless the Senate or House of Representatives shall otherwise by resolution direct.

Mr, REED. "But such information shall be retained in confidence, unless the Senate or House of Representatives shall by resolution otherwise direct." That would be the better language. I am sorry to present an amendment in this form, but I did not know the matter was coming up this morning.

The PRESIDENT pro tempore. The Secretary will state the amendment as now modified.

The Assistant Secretary read as follows:

Provided, That any committee authorized by either House of Congress shall have the right to inspect said returns and the Secretary of the Treasury shall afford full opportunity for such inspection, but such information shall be retained in confidence, unless the Senate or House of Representatives shall otherwise by resolution direct.

Mr. BRANDEGEE. Mr. President, I do not think the amendment ought to prevail. The provision that information when so furnished to an entire committee shall be kept in confidence, when it is furnished in connection with a matter of great importance to the country, will be nugatory. As the Senator from Utah has said, the proceedings of the executive sessions of the Senate are generally known to the public the next morning, although the rule of the Senate puts Senators upon their honor to regard them as confidential.

It is well known that we can not have a committee of 16 Senators who are taking different views of a question which they are investigating and then get information before that committee of the entertaining character that this information always is to outsiders and third parties and have it considered confidential. It does get out. No one can then do anything about it or punish anybody or find out who it was that has given it out. No Senator would take it upon himself to go around to the other 15 members of the committee and denounce them as having violated a confidence which had been placed in them by law. The result is that there is no confidence in such a communication.

These records and returns either ought to be private or they ought to be public. The policy adopted by the Congress under existing law, as it is repeated in the pending bill, is that the returns shall be confidential and not subject to inspection except by order of the President and under rules and regulations prescribed by the Treasury Department. I think that is ample provision for every public purpose for publicity or for the information of Congress. If the Finance Committee, which would be more interested, perhaps, in view of its jurisdiction in the returns made under this provision that we are discussing, felt that they needed to inspect the returns of a company or corporation, I can not conceive that the President of the United States would not immediately issue an order to the Secretary of the Treasury upon the request of the committee to furnish those returns to the committee for inspection. I can not conceive that the President would deny such an application. But to say that any committee of Congress might request them, whether the returns related to any matter within the jurisdiction of any committee of either House of Congress, would be to destroy all confidence pertaining to the returns.

Inasmuch as the provision of the bill as it now stands states how the returns may be inspected, I would suggest that the same uniform language be preserved. I think instead of the amendment as proposed by the Senator from Missouri, if we should insert after the word "President," in line 7, page 125, the words "or at the request of either House of Congress," every legitimate purpose of Congress for investigation and legislation would be accomplished. Then the provision would read as follows:

That returns upon which the tax has been determined by the commissioner shall constitute public records; but they shall be open to inspection only upon the order of the President and under rules and regulations prescribed by the Secretary and approved by the President, or at the request of either House of Congress.

Any committee of Congress then which has a subject matter before it upon which one of these returns is relevant may come here upon the floor through its chairman and introduce a Senate resolution, or if it is in the House a House resolution, requesting that the returns be placed before the committee for inspection, and, of course, the Senate or the House would pass the resolution. I think that would accomplish every object the Senator has in view. At any rate, I think it is better and wiser and safer to try that first. Then if there is any trouble about it we can always amend and throw it open to wider inspection and more publicity.

Mr. SIMMONS. I think that is what the last amendment offered does and nothing more, as I understand it.

Mr. REED. Which amendment?

Mr. SIMMONS. The one offered by the Senator from Utah and accepted by the Senator from Missouri with certain modifications.

Mr. BRANDEGEE. If it does, I think what I have suggested does it in fewer words and in more uniformity with the existing draft of the bill.

Mr. REED. If the Senator will pardon me, there is this distinction between the two. In case the amendment which I have proposed is accepted, then the Finance Committee, for instance, could pass a resolution asking for the information. It would receive it and would be compelled to treat it as confidential unless released by resolution of the Senate, but the committee would have the information. Under the proposition offered by the Senator from Connecticut it would be necessary first to come to Congress and procure a resolution from the Senate or House of Representatives requesting the information.

Mr. BRANDEGEE. But let me put it straight to the Senator. If it were limited to the Committee on Finance, I would not have a word to say; there is no question about their jurisdiction attaching to this line of subjects; but if any committee of Congress could make such a request, upon the mere vote of the committee, the Committee on Patents, the Committee on Agriculture, the Committee on Indian Affairs, or any other committee could ask for all these tax returns. They ought not to be given that broad power in advance. If the Senate wishes to confer it upon them in a particular state of facts, it can always be done by a Senate resolution.

Mr. REED. The Senator from Connecticut is so near the point at which I am driving that I am willing to accept his suggestion as my amendment or let him offer it himself as an amendment, whichever he may prefer.

Mr. BRANDEGEE. It is immaterial to me.

The PRESIDENT pro tempore. The amendment to the amendment as modified will be stated.

The ASSISTANT SECRETARY. On page 125, line 7, after the word "President," it is proposed to insert the words "or at the request of either House of Congress."

Mr. REED. I withdraw the amendment heretofore offered and substitute the amendment suggested by the Senator from Connecticut.

Mr. PENROSE. I have no objection—and I think I am authorized to speak for the committee—to the acceptance of the amendment, Mr. President.

Mr. BRANDEGEE. Mr. President, the Senator from Utah suggests that there ought to be added to the amendment the words "but each House shall regard the same as confidential."

Mr. REED. We must leave that to the judgment of the respective Houses.

Mr. BRANDEGEE. I do not myself think there would result any breach of confidence, but I do not object to the proposed modification of the amendment.

Mr. REED. I think that the respective Houses should determine that matter, and I should not be willing to accept that modification of the amendment.

The PRESIDENT pro tempore. The question is upon the amendment offered by the Senator from Missouri to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. HEFLIN. Mr. President, last evening I gave notice that I would move to reconsider the vote by which the amendment offered by the Senator from New York [Mr. WADSWORTH] was agreed to. I am not sure that his amendment as originally presented would put a tax on medicines that have vinous liquors in their composition. I do not think the Senator intended to tax medicines. In order that there may be no doubt about it I move to reconsider the vote by which that amendment was agreed to, and if that motion prevails I shall move to reconsider the vote by which the amendment to his amendment was agreed to.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Alabama, that the vote by which the so-called Wadsworth amendment was adopted be reconsidered.

Mr. SMOOT. Mr. President, I know that the Senator from South Dakota [Mr. STERLING] has a substitute amendment to offer for the amendment referred to by the Senator from Alabama, and I have sent word for him to come to the Chamber, he being temporarily called away for a little while. I do not believe the action suggested by the Senator from Alabama [Mr. HEFLIN] should be taken in his absence.

Mr. HEFLIN. I saw the Senator from South Dakota in the Chamber just before I made the motion, and so I thought he was still in the Chamber.

Mr. SMOOT. I have sent for the Senator from South Dakota.

Mr. HEFLIN. Then, Mr. President, I will withdraw the motion until the Senator from South Dakota returns.

Mr. EDGE. Mr. President, I will take advantage of the opportunity to offer an amendment to the pending bill, which I ask to have lie on the table, to be taken up later.

The PRESIDENT pro tempore. The amendment proposed by the Senator from New Jersey will lie on the table and be printed. The next amendment passed over will be stated.

The next amendment passed over was, on page 126, after line 11, to insert:

PUBLICATION OF STATISTICS.

SEC. 258. That the commissioner, with the approval of the Secretary, shall prepare and publish annually statistics reasonably available with respect to the operation of the income, war-profits, and excess-profits tax laws, including classifications of taxpayers, and of income, the amounts allowed as deductions, exemptions, and credits, and any other facts deemed pertinent and valuable.

The amendment was agreed to.

Mr. STERLING entered the Chamber.

Mr. HEFLIN. Mr. President, I see the Senator from South Dakota has returned to the Chamber. I desire to say that I understand he has an amendment which will cure the defect in the amendment which was adopted by the Senate last night. I therefore renew my motion to reconsider the vote by which the so-called Wadsworth amendment as amended was agreed to.

I understand that the Senator from South Dakota has written an amendment which makes it clear that medicines are not to be taxed by this provision.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The question is on the motion of the Senator from Alabama to reconsider the vote whereby the so-called Wadsworth amendment as amended was adopted. Is there objection to such reconsideration? The Chair hears none. Is there objection to the reconsideration of the vote whereby the amendment proposed by the Senator from South Dakota [Mr. STERLING] to the amendment of the Senator from New York was adopted? The Chair hears none. The question now is on the amendment of the Senator from South Dakota to the amendment of the Senator from New York.

Mr. STERLING. Mr. President, as stated last evening when this matter was before the Senate, it was not the intention to put any tax upon medicinal preparations, but the language of the amendment I offered to the amendment submitted by the Senator from New York [Mr. WADSWORTH] was at least ambiguous in that regard, and perhaps would have imposed a tax upon such preparations. That is not the intention. I now offer a substitute amendment for section 601.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. After the numerals "601" it is proposed to strike out all of the section and insert the following:

That upon all vinous liquors, including such vinous liquors as are used in those medicinal preparations which are authorized to be manufactured under the regulations of the Treasury Department pursuant to the national prohibition act, and which liquors are hereafter produced in or are imported into the United States, there shall be levied, collected, and paid when sold or removed for consumption a tax of $1.20 per wine gallon.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

Mr. HEFLIN. Mr. President, I wish the Senator from South Dakota would state to the Senate, so that the record will be clear upon this point, that the medicines which are made out of vinous liquors will not be taxed.

Mr. STERLING. Certainly. That is the intention of the amendment. It is designed to clear up all doubt on that point which existed under an amendment previously offered; to show there is no doubt that medicinal preparations themselves are not to be taxed, and to show further that there is to be but the one tax upon vinous liquor.

Mr. HEFLIN. Which is a flat tax.

Mr. STERLING. Yes; a flat tax of $1.20 per wine gallon.

Mr. HEFLIN. And medicines which are composed in part of such vinous liquors are not in any way to be taxed?

Mr. STERLING. That is correct.

Mr. HEFLIN. Some Senators from the reading of the proposed amendment fear that it still contains provisions that will tax medicines of that character.

Mr. STERLING. It can not tax medicinal preparations by its very terms. It is confined to vinous liquors, and is couched in such phraseology that there can be no mistake about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota to the amendment offered by the Senator from New York.

Mr. HEFLIN. Mr. President, just one moment. Several Senators desire to examine the amendment. Personally, I think if there is anything in the world that ought to be tax free it is medicine of all kinds. I am opposed to taxing anything that goes into medicine because the price of medicine is increased to the unfortunate person who may be sick.

Mr. SMOOT. Mr. President, did I understand the Senator to ask whether there was any tax upon vinous liquors that go into medicinal preparations?

Mr. HEFLIN. I did not ask that question. I said I am opposed to taxing anything that goes into the preparation of medicine, because when you tax medicine you increase its price to the sick and afflicted people of the country. I will ask the Senator, however, what is the tax now on vinous liquor that goes into medicinal preparations?

Mr. SMOOT. If this amendment shall be adopted, the tax will be $1.20 per wine gallon on the amount of the vinous liquors that are contained in the preparation. Of course, the tax will not be levied on the whole of the preparation itself, but merely upon the vinous liquors that are contained in the preparation.

Mr. HEFLIN. And after that tax is paid once on the vinous liquor the man who buys that medicine is not taxed upon the medicine which he buys?

Mr. SMOOT. Oh, no; the tax on medicines of all kinds is stricken from the bill.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Dakota to the amendment of the Senator from New York.

Mr. WADSWORTH. Mr. President, there is one correction I should like to have made in the amendment. As it reads it would permit the use of such vinous liquors as are produced hereafter. As is well known, there are wines now in this country, and there can be no reason why such wines should not be permitted to be used for medicinal purposes according to the regulations and the statutes. I desire to correct the amendment by striking out the word "hereafter," so that it will read "which liquors are or have been produced," and so forth.

The PRESIDING OFFICER. Does the Senator from South Dakota accept the modification?

Mr. STERLING. I think I have no objection to that suggestion, Mr. President. In framing the amendment which I offer now as a substitute for the amendment presented last evening, I followed the language in other respects of the amendment of the Senator from New York, and hence the use of the word "hereafter," but I can see the point of the criticism of the Senator from New York and consent to the modification which he now suggests.

The PRESIDING OFFICER. Let the Secretary state the amendment as it has been perfected.

The ASSISTANT SECRETARY. After "Section 601" it is proposed to strike out the remainder of the section and to insert:

That upon all vinous liquors, including such vinous liquors as are used in those medicinal preparations which are authorized to be manufactured under the regulations of the Treasury Department pursuant to the national prohibition act, and which liquors are or have been produced in or imported into the United States, there shall be levied, collected, and paid, when sold or removed for consumption, a tax of $1.20 per wine gallon.

The PRESIDING OFFICER. The question is on the amendment as it has been stated by the Secretary.

Mr. HEFLIN. Mr. President, what objection would the Senator have to making that read "upon the quantity of alcoholic liquors or vinous liquors used therein"?

Mr. STERLING. I think there is no necessity for that amendment. The amendment itself taxes nothing but the vinous liquor; that is all. It taxes the vinous liquor so much per gallon, and it has no reference to the alcoholic content going into the vinous liquor or that which goes into the medicinal preparation. It taxes the vinous liquor as such.

Mr. HEFLIN. There is no doubt but that the amendment agreed to last night would have taxed these medicines, and I am glad to see the matter made clear and such medicines removed from the tax provision of section 601 of the tax bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Dakota [Mr. STERLING] to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. HARRIS. Mr. President, I offer an amendment and ask that it be printed and lie on the table.

The PRESIDING OFFICER. It will be so ordered in the absence of objection. The Secretary will proceed with the reading of the amendments passed over.

The ASSISTANT SECRETARY. On page 128, beginning with line 16, the committee proposes to insert the heading:

Retroactive exemption of income from sources within the possessions of the United States.

Continuing the reading:

(3) If, in the case of such citizen, 50 per cent or more of his gross income (computed without the benefit of this section) for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States either on his own account or as an employee or agent of another.

(b) In case an amount of tax has been paid under the revenue act of 1918, as in force prior to the passage of this act, in excess of a tax determined with the benefit of this section, the amount of such excess shall be credited or refunded in accordance with section 252 of this act.

Mr. SMOOT. Mr. President, I desire to offer a number of amendments to this section, the purpose of which will be to have the section apply to China—not to all of the other countries of the world, but simply to China—on account of the peculiar conditions existing in that country at the present time.

On page 128, line 16, I move to strike out "retroactive exemption of"; and, in line 17, at the beginning of the line, insert "China or."

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. In the subheading, strike out the words "retroactive exemption of," and after the word "within," at the end of the line, insert "China or," so that the subhead will read:

Income from sources within China or the possessions of the United States.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah to the amendment of the committee.

Mr. LA FOLLETTE. Mr. President, I shall not interpose any objection at this time to the adoption of that amendment. I want an opportunity to study it somewhat in connection with the provisions on page 128 and page 129 with regard to the Philippines; and, if I desire to offer any modification to it, I can do it when the bill reaches the Senate.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. On page 128, line 20, after the word "under," I move to insert "this act and under."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. On page 129, line 3, after the word "within," I move to insert "China or."

Mr. KING. Mr. President, may I inquire of my colleague—I think I have in mind the point sought to be reached by this amendment—what really is the purpose of the amendment?

Mr. SMOOT. The purpose is to allow American citizens or American corporations doing business in Porto Rico, the Philippine Islands, and China to deduct the taxes that they pay upon the business done in those countries, providing 80 per cent or more of the gross income of such corporation or citizen is derived from business done in those countries.

Mr. KING. Why select China?

Mr. SMOOT. Because of the peculiar conditions existing there. I will say to the Senator that the United States of late has been trying very hard to increase our trade with China. Conditions in China are such that an English citizen or corporation can do business in China and be exempt from the corporation tax imposed by England on the business that is done in China. They have one country's tax to pay, but an American citizen doing business alongside of the English citizen or corporation would be compelled to pay the same taxes as the English citizen or corporation to China, but in addition all taxes imposed by the United States.

Mr. KING. If my colleague will pardon me, I do not understand that these concerns are exempt in the broad sense that that term would imply. Upon the contrary, I understand that they have to pay the tax imposed by the law of Great Britain as residents of Great Britain upon the business which they do in China.

Mr. LA FOLLETTE. That is absolutely true, as I understand, Mr. President.

Mr. SMOOT. An English firm can organize in China and do business as an English firm and escape all English taxes.

Mr. KING. Let me inquire of my colleague whether they pay any tax at all to China. Do they not pay a tax to the Hongkong government, or to some English dominion or territory, which belongs to China in one sense, and yet over which Great Britain has sovereignty for the purpose of taxation? They do not pay a penny of tax to the Chinese Government, but they may pay to some local government which is an adjunct of the British Government; but they likewise pay a tax to the British Government.

Mr. SMOOT. There are three ways in which a foreign corporation can do business in China and simply pay one tax and that tax to China. One way is that just announced by my colleague. The other way, as I understand, is that they can do business both in England and in China, and the amount of tax that is paid in China is allowed as a deduction from the taxation in England.

Mr. LA FOLLETTE. I think the senior Senator from Utah is mistaken about that. My understanding is that upon every dollar of business done by any corporation, whether it be organized under the ordinances of the Hongkong colonial government or otherwise, if the net profits of the business are received either by an individual stockholder in the corporation or by the corporation in England it pays its full tax in England, with no deduction made for any tax paid under the organization made in conformity with the ordinances of the Hongkong colonial government.

Mr. SMOOT. Of course this provision does not exempt the taxpayer from taxes.

Mr. LA FOLLETTE. Or the corporation—I am quite confident about that.

Mr. SMOOT. Where there is a corporation whose headquarters is in England, and it does business in China as well as in England, the amount of money that is sent from China into England is taxed.

Mr. LA FOLLETTE. Yes.

Mr. SMOOT. That is so; but if, we will say, the headquarters of the concern is in China it is not taxed. With us it does not make any difference whether the headquarters are in America or China, the American pays a double tax and the Englishman does not. If an American citizen is doing business there, he pays double taxes. He pays not only the tax here, but he pays the tax abroad.

Mr. HITCHCOCK. Mr. President, why does the Senator select China above any other country?

Mr. SMOOT. On account of the peculiar conditions affecting taxes imposed by different countries.

Mr. HITCHCOCK. What corporations is this provision intended to relieve from taxes?

Mr. SMOOT. If a corporation is organized in the United States and 80 per cent or more of its gross income is derived from business in China, then that class of business will be exempt from the corporation tax imposed by the United States.

Mr. HITCHCOCK. I understand. What are the companies which come within this category?

Mr. SMOOT. I can not name them, but there are many of them.

Mr. HITCHCOCK. Of course, this must be intended, judging from the careful description, to apply to certain corporations; and I am curious to know what they are.

Mr. SMOOT. I think it would apply to nearly every corporation that sells goods to China in the quantity named in the amendment.

Mr. HITCHCOCK. Did the committee have evidence on this subject?

Mr. SMOOT. I do not remember any evidence being given as to just what companies it affected.

Mr. HITCHCOCK. Mr. President, I think that is a very serious matter. Repeated efforts are made to give exemption to corporations from taxation, and in this case where an exemption is attempted we do not know what the facts are, at least we are not told, we are not told what the amount involved is, and I think it is a dangerous and a bad way to legislate. There may be a reason for exempting from tax American companies doing business in our insular possessions and taxed there, but it seems to me that when it comes to specifying companies in China, we ought to be told frankly what the companies are.

Mr. SMOOT. It is every company. England allows any company to incorporate at Hongkong or Shanghai, and it is exempted from taxation by the home Government. A citizen of the United States, even though he incorporates at Hongkong or Shanghai, if he still retains his citizenship, would have to pay double taxation, not only the tax in China but the tax in the United States. American companies can not compete under such conditions, and I do think we can go this far toward relieving them as to China.

Mr. HITCHCOCK. How can the Senator know that when he is not able to name the companies?

Mr. SMOOT. I have not asked the names of the companies, but it applies to every American company doing business in China whose income exceeds 80 per cent from the business done in China.

Mr. HITCHCOCK. Can the Senator name some of them?

Mr. SMOOT. I suppose there may be cotton manufacturers, or a few manufacturers of dyestuff specialties; or the manufacturers of some particular style of goods that are used only in China; there may be grain companies, and dealers in foodstuffs.

Mr. HITCHCOCK. Suppose we stop right there. Is it not a fact that there has been an enormous expansion in our exports of dyestuffs, and that the record shows that the dyestuffs industry is enormously profitable?

Mr. SMOOT. It was profitable during the war, Mr. President, but to-day it is not profitable.

Mr. HITCHCOCK. There was a prospectus issued for the year 1920 which showed that it was enormously profitable, and profitable in part on account of its great exports to Asiatic countries.

Mr. SMOOT. I mentioned the exportation of dye specialties, but little business in that line is done in China to-day. Japan is not buying a dollar's worth of synthetic indigo from us to-day. The exportations of synthetic indigo to China last month were not a quarter of what they were in the corresponding month two years ago. I only mention the classes of goods exported because they come to my mind when the Senator asks me to name some of the companies. I might say it relates to every American company doing business in China whose income is derived to the extent of 80 per cent from business done in China.

Mr. HITCHCOCK. The Senator has named companies which are notorious for being highly profitable and which have a growing business. It seems to me that unless it can be shown that our business is in a serious condition by reason of the competition he speaks of, they should not be considered. These are paragraphs relating altogether to our insular possessions, and why there should be an exception made of any country I am unable to say, unless there is a tremendous evil, and the fact that the Senator is not able to mention any companies or any testimony before the committee——

Mr. SMOOT. I did not say there was not any testimony before the committee that there was an evil. The testimony before the committee showed that it was absolutely impossible for certain American companies to compete with British companies doing a like business under the conditions existing in China.

Mr. HITCHCOCK. Who gave that testimony?

Mr. SMOOT. The experts of the Treasury Department gave it.

Mr. LA FOLLETTE. If the Senator will permit me, there was just that naked statement made, without any facts to support it. Of course, as the bill was reported it provided for exempting American corporations transacting business in foreign countries from taxation when a certain percentage of the income was derived from the foreign business, and that opened up an immense exemption of capital from taxation in this country. The Standard Oil Co., the Tobacco Trust, the packers' organization, the Harvester Trust, under the provisions of the bill as reported, would have escaped taxation on billions of invested capital, I think it is no exaggeration to say.

I am not contending for anything which will place at a disadvantage the capital of this country when it comes in competition, for example, with British capital in conducting a foreign business, and I asked the members of the committee who supported the provision as reported to cite any British statute which would sustain the provisions of the bill as reported, and up to the present hour no provision of English law has been cited which exempts the capital of British corporations in conformity with the provisions as reported in this bill relating to the capital of domestic American corporations.

It is true that there is provision in the ordinances of the colonial establishment at Hongkong under which corporations there evade or escape taxation upon the incomes derived from their business, but I undertake to say that they are in no sense British corporations as our own corporations are recognized as American corporations under our law. They make no report to any stockholder of England or residing outside of the Hongkong colony of income derived from that business. If they do, then they are obliged to pay the income tax of Great Britain on that reported income. If the corporation is a British corporation transacting business in China, or if it be located in Hongkong and organized under the ordinances of the colonial establishment in Hongkong, and reports any of its earnings to stockholders or to a parent organization established in England, it must pay the full income tax upon every dollar of its profits so reported.

That is not the provision which is before the Senate now, and it is not the provision which was presented when this bill was reported from the committee, and there were written into the bill, as reported, provisions that opened wide the door for the escape of vast amounts of income derived from domestic corporations in this country transacting business in foreign countries.

Mr. President, I wish to have an opportunity to examine with some care, as we can not do just at this time, the suggested amendments. If they are to be voted upon at this time I do not care to stand in the way of the Senate acting upon them, but I want to reserve the right to further consideration of them when the bill reaches the Senate, if they are adopted in Committee of the Whole.

Mr. SMOOT. The Senator from Nebraska asked if there had been any information given to Congress in this matter. There is a bill now before the Judiciary Committee relating to corporations engaged in China trade——

Mr. LA FOLLETTE. Allow me to correct the Senator; it has been reported and is now on the calendar.

Mr. SMOOT. The Senator from Wisconsin corrects me, and says that not only was it referred to the Committee on the Judiciary but it has been acted on favorably by that committee and is on the Senate calendar.

Mr. LA FOLLETTE. It is a bill simply to provide for the Federal incorporation of organizations to transact business in China under a Federal charter, and that bill as it passed the House of Representatives contained provisions exempting the capital so invested from taxation under our general statutes, but those provisions were stricken out of the bill as reported from the Committee on the Judiciary to the Senate, and there remains nothing in the bill except the provisions providing for incorporation.

Mr. PENROSE. Mr. President, if the Senator will permit me, the provisions relating to taxation as it passed the House were stricken out of the bill in the Senate committee at the special request of the Finance Committee of the Senate, conveyed through me as chairman of the committee, to the effect that they could be better dealt with by the Finance Committee and that that committee would take charge of the matter. Hence at the request of Secretary Hoover and Secretary Hughes and chambers of commerce all over the country this provision has been inserted in the revenue bill.

Mr. LA FOLLETTE. Mr. President, permit me just to make this correction of the statement made by the chairman of the Finance Committee. The Finance Committee did not take the action he states. I have attended every session of the Finance Committee since this tax bill has been pending before that com-

mittee, and the Finance Committee did not act upon those matters at all. The chairman may have suggested that the matter would be taken care of when the tax bill was taken up; and I have some reason to believe that the Judiciary Committee, in reporting that bill, had some understanding with somebody that the exemption of taxation which had been provided in the House bill could be taken care of with less chance of its being defeated if it were incorporated in the general revenue bill than if it were reported in that special bill.

Indeed, there is a possibility that the Senate will not look favorably upon the incorporation of a company under special Federal charter to prosecute trade in China. That all remains to be thrashed out when we come to the consideration of that bill.

This whole subject comes up now for determination as it would have come before the Senate had the bill been reported from the Committee on the Judiciary containing those provisions as passed in the House, and the Senate is confronted with the problem of whether we are to exempt large blocks of capital which are withdrawn from business in this country and invested in foreign countries, where the profits are very large.

I put into the RECORD when this matter was first under discussion a statement from a Chinese publicist showing that the profits made by those companies in China ranged from a hundred per cent to a thousand per cent.

Mr. PENROSE. Mr. President, the report of the Senate Judiciary Committee indicates that the companies affected are some 300 comparatively small concerns engaged in that trade.

Mr. LA FOLLETTE. That is true, Mr. President; and while the tax provisions were dropped out of that bill, they appeared in this bill so broadened that they can take care of the exemptions from taxation of the Standard Oil Co., the Beef Trust, the United States Steel Corporation, and every other big business organization conducting a large business in foreign countries. In other words, the provision presented to Congress in the bill as introduced in the House to take care of a particular situation in China appears in this Senate tax bill as opening wide the door to a still further exemption of taxes upon immense investments in corporations that are conducting business abroad.

To put it a little differently, we have established the system in this country of protecting by a protective tariff capital that is invested in domestic concerns and domestic business in this country against foreign competition, and now, after those industries have built up to the point where they are able to carry into foreign countries, against the competition of foreign countries with all that that signifies, a prosecution of the mastery of the foreign markets, they are not satisfied to make the profits that they can make and pay their taxes upon those profits in this country under the general provisions of the tax law imposing taxes upon net income and upon profits made by corporations, but after having the benefit of a protective tariff to give them the exclusive markets of this country, with all the profits that they are able to exact from the business of this country, they desire to take the profits they have made in this country, prosecute their trade in foreign countries, and escape taxation upon their investments in that business in foreign countries.

Mr. SMOOT. Mr. President, I was going to refer to the House bill, that bill having been passed; I will do so, but briefly at this time. Mr. DYER, from the Committee on the Judiciary, of the House of Representatives, submitted the report, and among other things we find in that report a statement by Mr. Arnold, now and for many years our commercial attaché in China. In his testimony before the Judiciary Committee of the House he made the following statement:

> The 8,000 Americans in China are stanch, loyal American citizens and in no sense wish to evade any responsibilities or duties as American citizens. They do not ask that they be exempt from the payment of their personal income taxes, as our Britishers do who derive their incomes from China sources, but in order that they may continue their business enterprise in China, in order that they may add to American trade and development enterprise in the market of the world's greatest potentialities, and in order that they may advance American prestige throughout the Orient, they ask that they be given equality of consideration with their British competitors in China.

I am not going to read any further along that line. I wish to call the attention of the Senate to the importance of the American trade in China. In 1904 the amount of trade with China was 56,360,000 taels. In 1909 it increased to 65,054,000 taels. In 1914 it increased to 80,643,000 taels. In 1919 it increased to 211,000,000 taels. In other words, that means that the trade between the United States and China has nearly quadrupled in 15 years. On the other hand our trade from China—that is, that we take from China—amounts to $194,906,000, Japan has a trade of $156,832,000, Great Britain has a trade with China of $129,147,000, and France a trade of $45,670,000. So the United States to-day holds the command as the seller of goods to China, but we can not pay double taxation and hold that trade.

Perhaps it will be said that beginning in 1919 we did very well in holding our trade and increasing it, as the Senator from Wisconsin [Mr. LA FOLLETTE] suggests. Of course we did, because during the war and following the war the other countries were in no condition to supply that trade. But Senators will find in the year 1921 that Germany's trade with China will be not equal to ours nor quite equal to the trade she had before the war, but very nearly so.

The Senator from Nebraska, I think, asked for what reason this amendment was offered. In the report to which I have referred I find examples given as reasons for such legislation, such as the following:

> The difficulties of these American firms now engaged in the China trade may be summarized as follows: China is an extraterritorial country, which means that all foreign merchants doing business in China must, by treaty, do so under their own laws and regulations.
>
> For example: Americans must do business under American laws; British under British laws; French under French laws; Japanese under Japanese laws; and so on. This is due to the fact that the young Republic of China has not yet codified her laws and modernized her courts to the extent that foreigners may become subject to them. Practically every country interested in the China trade, and this applies especially to our strong competitors, has adapted special laws for the control and promotion of its business in China. America has never done this, and as a result American companies doing business in China are subject to the conflicting corporate regulations of the various 48 States and our Territories. This factor handicaps us specifically as follows:

Then it goes on and gives the handicaps. I shall not take the time to read it, but I ask that it may be inserted in the RECORD at this point as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

> First, there is no uniformity, none of the State laws being adapted to foreign trade purposes, and several of the State incorporation laws being lax, permits the promotion of a great deal of undesirable business, such as fly-by-night promotions that are very damaging to our prestige with the Chinese business men.
>
> Second, our chief competitors in China are the British, Japanese, and French, the French competition not being so serious. The British, Japanese, and French have enacted special regulations governing their companies in China, exempting them from the operation of home income and excess-profits taxation. This places the American firm at a distinct disadvantage, since it can not build up the necessary reserve to carry over the years of depression and uncertainty. In prosperous years the American firm can meet the competition, but in slack times such as the present the American firms are going bankrupt, while our competitors are going along and getting the business.
>
> Third, the operations of the home income and excess-profits taxation under the various State regulations upon our companies in China prevents the Chinese business men from forming joint enterprises with American business men. The Chinese are now striving to develop their country industrially and are anxious to cooperate with American merchants who are experienced in the management of industries on a modern basis. Since this Chinese capital coming into an American company is taxed the same as the American capital, the Chinese are thus prevented from cooperating with us and are forced to invest in British and Japanese companies, thus throwing the resulting purchases of equipment and other business to those countries instead of the United States. The British have taken advantage of this desire of Chinese business men for western experience and management and have built up much of their great business in China in this way; that is, by attracting Chinese capital. The lack of a uniform high standard American corporation law governing our business in China debars us from these partnerships with the Chinese, and this cooperation is the outstanding element in the new development of China.
>
> Hundreds of Chinese young men who have been educated in our colleges and universities and engineering schools are anxious to cooperate with Americans in the development of China, using American materials, but they are debarred by our failure to enact legislation providing the machinery for cooperation. In short, we have educated these young men in our ways of doing business, but when it comes to actually doing the business we shortsightedly permit them to go to the British and Japanese.
>
> Since China is the only country where we operate to any great extent under extraterritorial treaties, a general law will not and can not solve the problem of American business development in China. Furthermore the present period of depression combined with famine conditions in China will not permit delay if we are to hold our position and take advantage of Chinese friendship for Americans and American institutions. If we can not obtain the assistance, our trade is certain to recede to the unimportant position it occupied before the war.
>
> The recent revival of American trade with China may mislead some to think commercial relations with that country are of short standing. Such a supposition is not borne out by history. One hundred and thirty-six years ago an American ship visited Canton, China, with such good results that a regular trade followed. American clipper ships were an important factor in the commerce of China from the visit of that first vessel in 1778 to 1860, when our commerce was driven from the seas by the development of the British merchant marine. During the height of the period, along about 1825, American shipping and trade led in the Far East. This serves to show that Chinese-American relations are not of recent origin, but have existed on a friendly basis, to the mutual advantage of the two peoples, during practically the entire national life of the United States. With legislation that will remove our technical handicaps, most Americans familiar with present developments in the Orient believe that we may in a comparatively few years regain our old position in this trade occupied before the Civil War.
>
> China occupies a stretch of territory one-sixth larger than continental United States. Her population is four times as large as our population and her climatic conditions and natural resources are quite similar to ours. For years through the work of our missionaries and educators and the operation of our "open-door" policy we have been building

up a great asset of good will toward America on the part of the Chinese people. They know that America has no designs on their territory and that the close commercial relations of the two Republics will do much to strengthen China and enable her to more successfully cope with aggressors who do have designs on her territory.

The China trade act has the full support of our American officials who have worked so long and faithfully to cement the relations of the two countries. Dr. Reinsch, for six years our minister to Peking, has supported this legislation constantly in dispatches to the State Department, and quite recently appeared before the Treasury Department and gave testimony in its support.

Mr. SMOOT. Mr. President, I know there is not a Senator who wants to do one thing that would in any way, shape, or form interfere with the trade of the United States with China. That is one of our great fields for exportation and for business. I say now that where the American corporation doing business in China is compelled to pay a double tax as against the Britisher who does not, or as against the national of any other country that does not do so, the American corporation can not compete successfully when conditions are normal.

For the next few years trade in all the countries will be sought for and fought for, and necessarily so. One of the reasons why we have so many unemployed to-day in our own country is because of the fact that foreign countries can not purchase our goods. There are two reasons for that, I will say to the Senate. One reason, and the chief reason perhaps, is because of their cheap money. Germany can not, with the mark at less than 1 cent, purchase from us the absolute necessities they require and that we are so well able to furnish. That is one of the great reasons. The other reason I have in mind is that every country now wants to give employment to every man and woman and child in the country, and they undertake to furnish as far as possible the goods and commodities required by their people by the labor of their own people.

Mr. BRANDEGEE. Mr. President, will the Senator allow me to cite an instance showing the extent to which the currency has depreciated in some of the foreign countries. The senior Senator from Maryland [Mr. FRANCE], who has been to Russia recently, yesterday was exhibiting in the cloakroom a Russian note for 10,000 rubles. Before the Russian revolution the ruble was worth somewhere between 40 and 50 cents. Now this 10,000 ruble note is the price of a loaf of bread in Russia.

Mr. SMOOT. Yes. In all countries, I think with the exception of Japan, their currency is at a discount, in Germany and the Balkan States and Poland particularly. The Austrian money is almost worthless. I think the Polish money is the least valuable of any outside of the Russian money.

As we look toward the future and consider where our foreign trade is to be, we invariably look to China. We must remember that we must have exportations in order to provide labor for the American workingman, and I at times wonder how long it is going to be before the world will be financially sound, so as to enable them to purchase our overproduction. Therefore, the only interest I have in this is that I desire to put the American business man, who is fighting for the China trade—and that trade is an immense one with that great mass of Chinese people who import so much of life's necessities—in a position to get his share of that trade. We can not do it if we hamper him by double taxation, as is now the case.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for just a moment?

Mr. SMOOT. Certainly.

Mr. LA FOLLETTE. The Senator has said in substance that he desires to put American business on an equal footing with our competitors for that trade, and yet it is proposed here that we shall exempt from taxation the income derived by domestic corporations from foreign business. The Senator can not show a parallel statute as any part of the British law. Every dollar of income derived from foreign business returned to a stockholder in a British corporation or returned to the corporation itself as profits is taxed in Great Britain, and taxed to the full measure and in equal amount with income derived from business conducted by domestic corporations wholly within the Kingdom.

That is not the proposition here. If Senators understand that, they will understand there is a proposition here which is very different from that which the British statute presents.

The only advantage that has been established here in the course of the discussion is that in China, in Hongkong, under ordinances adopted by the colonial establishment there, a corporation incorporated there and doing its business there, and not a British corporation in any sense, but a domestic corporation—domestic, I mean, to the Hongkong colonial establishment—reporting none of its profits to any corporation in Great Britain, is taxed under the Hongkong provision regarding those domestic corporations.

But that is not the case presented here at all. It is proposed here that corporations organized in this country, transacting a certain amount of business abroad, shall escape paying any income tax upon the profits derived from that foreign business. Senators can not find, I undertake to say, any parallel for that sort of legislation in the British statutes.

Mr. SMOOT. With reference to the distribution of the dividends of such corporations the Senator inquired whether if dividends are distributed by a Hongkong British corporation they would be taxed in England in the hands of a citizen residing there. They would be taxed, and so would the dividends be taxed in the hands of an American citizen who is receiving income from a company organized under the amendment which has just been offered by me. However, it is a company we are now speaking of; it is the corporation tax we are speaking of, and not the income tax at all. There is no question, however, as I think the Senator from Wisconsin will admit, that to-day under existing law there is a double tax imposed.

Mr. HITCHCOCK. Let me ask the Senator from Utah a question there. A company doing business in China as a company doing business in Canada or anywhere else and making its tax return to the Government of the United States can get credit for the taxes it pays abroad.

Mr. LA FOLLETTE. Certainly.

Mr. HITCHCOCK. Is not that true?

Mr. SMOOT. That is true under existing law.

Mr. HITCHCOCK. I stated that a corporation of the United State doing business in Canada or in China can deduct from its tax return to the Government of the United States the amount of tax that it pays in Canada or in China.

Mr. LA FOLLETTE. That is true.

Mr. HITCHCOCK. It can not be claimed that there is any double taxation under those circumstances.

Mr. BRANDEGEE. Mr. President, would not there be double taxation if we should tax a corporation doing business in China, and then should also tax the dividends received by Americans from that corporation under the income tax?

Mr. HITCHCOCK. Certainly not.

Mr. BRANDEGEE. Why not?

Mr. HITCHCOCK. The corporation pays only the tax upon its profits, and if a part of its business is abroad and it is taxed there, such tax is deducted from the American tax when it makes its statement.

Mr. SMOOT. Let us see how far that reaches, and let us also see what the Chinese law is and ascertain if the American business man receives any advantage. This applies to income and profits taxes and only to those taxes. China has no income or profit tax, and business done there is transacted under the Chinese law, and the only exemption which is given under the provision to an American company doing business in a foreign country is on account of the income tax and the profits tax. That is another reason why this should apply to China. China has no income tax; she has no profits tax; and, therefore, American business can not get any credit for such taxes.

Mr. HITCHCOCK. Then, there is no double taxation.

Mr. SMOOT. There is a double taxation by reason of all the other taxes that are imposed in China, which are imposed in sufficient amounts to take care of all the obligations of China. The American business man has to pay those taxes, and he can not get any exemption for them.

Mr. LA FOLLETTE. Has the Senator a report from any American corporation in China showing just what taxes they have to pay the Government there? I should like to have the Senator produce such a report, if he has one.

Mr. SMOOT. An American corporation in China pays exactly the same Chinese taxes as does a British corporation, whatever those taxes are or in whatever form they may be imposed; but the British concern organized in Hongkong and doing business in the same territory as an American corporation does not pay any taxes to the home Government, while the American business man does.

Mr. BRANDEGEE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Connecticut?

Mr. SMOOT. I yield the floor.

Mr. BRANDEGEE. Mr. President, I was not on the floor when the debate arose in connection with this particular subject or when the Senator from Utah offered the amendment to which he has referred, and I do not know what his amendment is; but I wish to say that, in my opinion, the determination of the question of whether or not an American corporation organized to do business in China should be exempted from taxation to any extent depends upon the extent, if any, to which British

capital or the capital of other competing nations is exempt under their law.

Allusion has been made to the Hongkong ordinances; but it is simply a question of fact, to my mind, whether British capital invested in corporations which secure their franchises under Hongkong ordinances is exempt to any extent. If it is exempt, it is manifest that other companies engaged as competitors in that same trade are not upon an equality as competitors unless they are granted a similar exemption. I understand that the claim made by various chambers of commerce and those in America who want to put their money into companies to do business in China, the future of which, as the Senator from Utah has said, presents such an inviting and gigantic opportunity, is this:

At present there is a great deal of capital in China itself; there are many very rich Chinese. At present if the British corporation is to any extent exempt—and when I say "British corporation" I mean a company which has British capital in it and is organized and exists under and by virtue of the Hongkong ordinances, which to all intents and purposes are British acts of incorporation to control British subjects in China—if the British or the Hongkong corporation is exempt in any way it has so much more net profits to distribute in the shape of dividends; and the rich Chinaman will put his money into a corporation which will show the greatest amount of dividends.

If it is a Hongkong incorporated company, he will put it there. Many of them would rather put their money into an American corporation, for reasons which are satisfactory to themselves. The theory of these American capitalists is that if they supply 51 per cent of the capital for one of these corporations they can get 49 per cent from the Chinese, thus retaining the management and control of the corporation under American law and under the American flag, and assuring that its affairs will be administered and its litigation will be decided in the American courts in China, and that in the eyes of the Chinese the whole concern will have, to a certain extent, the protection which an American corporation existing under an act of Congress and protected by the American flag and supervised by the American Department of Commerce would have. They think it would be the most attractive and most stable and most potential form of corporate organization for conducting great international business affairs. If they are right about that, then if the British or the Hongkong organized corporations are given any advantage there is where the Chinese capital will go. These men claim——

Mr. McCORMICK. Mr. President, will the Senator allow me to interrupt him for a question?

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. BRANDEGEE. I yield first to the Senator from Illinois.

Mr. McCORMICK. If American capital were invested in a Philippine corporation, would not that be analogous to the investment of British capital in a Hongkong corporation?

Mr. BRANDEGEE. It would, I should think, if the Philippine law gave exemption to the same extent as that given by the Hongkong ordinance.

Mr. McCORMICK. Ought we not to know from the committee whether American capital may not be exempted in the same degree under such circumstances?

Mr. McCUMBER. Mr. President, that information has been given to the Senate and placed in the RECORD. A case was put into the RECORD showing the disadvantages under which Americans doing business in the Philippine Islands labor as compared with a French corporation carrying on the same kind of business.

However, what I rose to say to the Senator was that there is another important element in connection with the question the Senator is now discussing. If a British corporation is exempt from everything but the Chinese taxes and if it is exempt from the home taxes, it can take the extra amount of earnings derived from the corporation's activities and use it to expand its business; it can use it for advertising, and in a thousand other different ways in obtaining advantages the American corporation can not secure because it has got to take that money and send it back home to pay taxes.

Mr. BRANDEGEE. Mr. President, I thank the Senator. What I wanted to say in addition was this: In the case of an American concern with 51 per cent American capital and 49 per cent Chinese capital, if the corporation itself is exempt it will attract Chinese capital. We can not tax the Chinese investors' dividends; but as to the American capital being exempted from taxation, it will not be exempted, as it seems to me, for when the corporation pays dividends to its American stockholders they will be taxed in America, so that there will be no escape from taxation. The only point is that if the Hongkong or British ordinances provide that the Chinese investor shall not be taxed on his holdings in a British corporation organized under such ordinances, we must make similar provision or else American corporations will not be able to compete.

What the conditions are in regard to exemption in China by British or Hongkong authorities I do not know, but the Senator from North Dakota seems to think the Committee on Finance have investigated that question. All I say, however, is that before we act upon any proposition to exempt from taxation China trading corporations at least we ought to know the facts, for if I understand correctly this amendment to this bill, unless some different provision is made in the China trading corporation bill when that comes up, will control the whole matter, including China trading corporations.

Mr. SMOOT. I will say to the Senator this provision is to take the place of that very measure, because it has been asked that the matter be provided for in this form and in this bill instead of in the shape of special legislation.

Mr. BRANDEGEE. I think I understand the Senator. In other words, this is a general provision which defines what a foreign trading corporation shall be and will include China trading corporations.

Mr. HITCHCOCK. No.

Mr. KING. It is limited to China.

Mr. HITCHCOCK. We defeated the foreign trading corporation provision.

Mr. BRANDEGEE. Very well; I withdraw what I said in that regard. I am not familiar with the proposed amendment and must hear it read before I can discuss it intelligently.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Utah?

Mr. BRANDEGEE. I yield the floor.

Mr. KING. Before the Senator resumes his seat I should like to ask him a question.

Mr. BRANDEGEE. Very well; I will endeavor to answer the Senator.

Mr. KING. Assume that this amendment shall be adopted, under the terms of which a corporation, the stockholders of which are largely American, are engaged in foreign business in China, derive certain advantages in the shape of deductions or exemptions, will it not be a precedent which all other Americans engaged in foreign trade in other countries will demand like exemptions? In other words, is it not an entering wedge for the exemption of all American capital engaged in foreign trade from contributing to the Federal Treasury for the maintenance of the Government?

Mr. BRANDEGEE. I do not know whether other American foreign-trade corporations would try to make it a precedent or claim it was a precedent or seek to obtain for themselves the same privilege or exemption. If any such effort should be made, a sufficient answer to me would be that it was not an analogous case, that the parallel did not exist, because China is a special and peculiar country in this respect.

Mr. SMOOT. It is an extraterritorial country.

Mr. BRANDEGEE. It is an extraterritorial country, and, as I have said, if other nations give a preference to their corporations trading in that country and we do the same, I do not consider that that is any precedent for giving a similar privilege to another corporation doing business in another country where conditions are entirely different. That, of course, I realize is only general language and may not be specific enough to meet the Senator's question; but that is the view I take of it.

Mr. KING. The Senator knows that France and Holland and Great Britain, particularly those three countries—and when Germany is revived, Germany will come within the list that I have in my mind—are doing a great deal of foreign trade, the first three nations in their colonies, or in nations where there is more or less of extraterritoriality, but not as broad as it is in China. I have no doubt that certain privileges may be granted to Holland corporations in various territories and colonies with which Holland is more or less connected; and the Senator can see that if we begin making exemptions in behalf of those American corporations that are engaged in foreign trade in China it will be only a short time before pretexts will be urged for an exemption in behalf of all American corporations that are engaged in foreign trade. It seems to me it is a precedent that will come home to vex us, and it will result in the transfer of a large quantity of American capital abroad which ought to be employed here.

Let me say, by way of parenthesis, that I have no objection to foreign investments. I think we must make foreign invest-

ments to a greater or less degree; but it will be an encouragement to transfer unduly American capital into foreign trade and commerce, because of the exemptions which it will obtain.

It seems to me that the precedent which we will establish if we permit Chinese corporations to be exempt from taxation is one that will be dangerous, and in the end will compel further concessions, until all trade and commerce foreign in character will claim like exemption.

Mr. BRANDEGEE. Mr. President, of course they may claim it. I have no doubt that anybody who thinks he can save a dollar or avoid paying a tax will make the claim; but in my opinion, inasmuch as it is not a proper precedent and it is not an analogous case, the safety of the country would lie in Congress having brains enough and backbone enough to decline to grant the exemption to the other companies who could not bring themselves within the same conditions.

Mr. McCUMBER. Mr. President, I think we ought to get clearly in our minds the distinction between a British corporation doing business, we will say, in Hongkong or in the Philippines, and an American corporation doing business in either of those countries.

A British corporation desires to do business in China. It organizes a subsidiary corporation in China. Every dollar that is made by that subsidiary corporation in China, so long as the profits are kept in China, in the business, escapes British taxation entirely. If the corporation sends its money back to the home corporation, of course it will pay the British tax; but no corporation is going to send its money back to the home country and incur a tax of 50 to 60 per cent whereas if it kept the money in the foreign country and in business there, expanding its business, it would be free from taxation.

That is the British corporation. Now, take an American corporation. It organizes in the United States. It creates a subsidiary corporation in Hongkong or in China. Not a single dollar of the earnings in China comes back to the United States. It must still pay, on the entire profits, a tax under the American laws which may be all the way from 20 to 40 or 50 per cent. The British corporation, therefore, would have that great advantage in expanding its business, in selling at a less profit if necessary, and in many ways of outdistancing the American corporation. It is true, as I have stated, that if the money should go to Great Britain it would suffer perhaps even worse than the American corporation, because the taxes there are probably even higher than the taxes here on the American corporation.

Now, I want to take the case which I put into the RECORD a short time ago, of an American and a French company dealing in the Philippine Islands; and I am informed that the figures are taken, so far as the American company is concerned, from an exact case.

Here is an American company handling automobiles in the Philippine Islands. It earns $600,000. It pays a tax of about $75,000 to the Philippine government upon that earning. It pays a tax to the United States of $275,000, making $350,000 to be deducted from its $600,000, leaving a net profit of $250,000. Here is a French or a British corporation doing business in the same way; and I am supposing in both instances that the money is left in the Philippine Islands for the Philippine trade. The French corporation pays $75,000 upon an equal profit. The British corporation would pay $75,000, which would be the tax; and the difference would be that the American corporation would pay $350,000 as against $75,000 paid by the British or French corporation, provided the money was all left in the place of business. That is what the American corporation has to contend against.

As suggested by the Senator from Wisconsin, it is true, and we look at it from this standpoint, that the bill as it now reads would exempt the tax, even though it comes back into the United States, and in that respect it differs from the British tax, because the British do levy a tax upon that sum provided it comes into the home country; but I think during these times of high taxation that does not become an important matter, because the British will keep the money where it will earn the most and will have the least tax to pay.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. McCUMBER. Yes.

Mr. KING. Assume a case of this character, so that I may clearly get the views of the Senator: A corporation is organized under the laws of the State of California for the purpose of engaging in oriental trade and commerce. It exports to China during the next year $5,000,000 worth of products and imports into the United States in exchange $4,000,000 worth of products, or receives money in part payment for the exports, so that at the end of the year an examination of its transactions reveals that it has made a profit of $500,000.

It has employed—to use the language of the Senator, and yet I do not know what he meant by that—a subsidiary organization in China to facilitate the distribution of its products.

Mr. McCUMBER. Now, the Senator is stating a little different aspect of the case than that with which he starts out. I understand now from the Senator that this American corporation has a subsidiary corporation in the Philippine Islands.

Mr. KING. I will eliminate that. I employed those words because the Senator did, but I will eliminate that.

Mr. McCUMBER. It makes all the difference in the world whether that is in or out.

Mr. KING. Let us take the first case, then.

Mr. McCUMBER. All right.

Mr. KING. At the end of the year it is revealed that it has made $500,000 of profits which are ready for distribution to its stockholders. The Senator certainly does not contend that those profits, either corporate profits or profits distributed as dividends, should be exempt from the taxation provided by our statutes.

Mr. McCUMBER. They are not exempt, and they are not exempt under this provision, because it is an American corporation doing business wholly in the United States, even though it may be an exporting and an importing concern. Its business is American business, conducted in the United States.

Mr. KING. Suppose that its operations consist merely in imports from China. At the end of the year it has made a profit of $200,000. Does the Senator think, under those circumstances, that the corporation and its stockholders should be exempt from taxation?

Mr. McCUMBER. Certainly not, and it is not. It is still an American corporation, and its earnings, though it imports from China, are really here in the United States. Its imports are sold in the United States. Its profits are obtained in the United States.

Mr. KING. Let me give a third illustration. Take the same corporation, but in order to facilitate its trade and its activities in the Orient it organizes a subsidiary corporation in China. The Senator used the words "subsidiary corporation," and I do not know what he meant. I assume that he meant a subsidiary corporation under some colonial law.

Mr. McCUMBER. Yes; under the foreign law, of course.

Mr. KING. Under what law would our American corporation organize a subsidiary corporation in China? It could not be under a British statute in Hongkong. It could not be under a Japanese ordinance. Would it be under an American statute?

Mr. McCUMBER. There is no general law for the organization of corporations in China, as I understand. If it is in Hongkong, of course it would be under the ordinances of Hongkong; but there is no general Chinese statute.

Mr. KING. I am trying to get what the Senator meant by a subsidiary corporation. It is clear that this American corporation could not organize what the Senator denominates a subsidiary corporation unless it was either under the law of the State under which it was organized or, if we have extraterritoriality in China, under the fiction of our authority in China, and it would be an American corporation subsidiary to the parent corporation organized under the laws of the State of California. Assuming that there is such a subsidiary corporation organized extraterritorially under an assumed jurisdiction of the United States to permit corporations of that character to be organized in China, and its profits are $500,000, does the Senator think that the stockholders, or the corporation, or both, should be exempt from taxation in the United States?

Mr. McCUMBER. To answer that clearly and from my standpoint, here is a corporation organized in the United States. It desires to do business in a foreign country. It desires to do business in the Philippine Islands. Under the Philippine law it can organize a subsidiary corporation, because there is a law for corporate organization in the Philippine Islands. It probably can do that in the Province of Hongkong. I am not so certain about the other sections of China, but probably in no other portion of China is there any general law for organization. In that instance, where it had no authority, it would have to organize a subsidiary American corporation or a branch corporation, but it would still be an American corporation in the other country; and if it was doing business under this law, the business which was wholly business in that country would be exempt from American taxation just the same as the Philippine business would be.

The only difference is that in the one instance it had to employ a wholly American corporation to do its business there, and in the other case it would take advantage of the foreign corporation laws. As I said, under the proposed amendment it would be exactly the same. As was suggested, I think, by the Senator from Nebraska [Mr. HITCHCOCK], of course an Ameri-

can corporation can deduct in the Philippine Islands what it paid in taxes on its Philippine business, but out of that $275,000 the competitor would still have $125,000 advantage in doing business in the Philippine Islands over the American corporation.

Mr. SMOOT. The only taxes they could deduct are the income tax and the profits tax, and in China they have no income tax and no profits tax.

Mr. McCUMBER. In China there would be nothing to deduct.

Mr. SMOOT. There would be nothing to deduct.

Mr. McCUMBER. But in the Philippine Islands there would be a tax which could be deducted, but it would be very small compared with the American tax.

Mr. SIMMONS. I would like to ask the Senator from North Dakota a question. Does the Senator contend that Great Britain allows a deduction upon incomes of domestic corporations which are derived from business in China that are taxed other than through income and excess-profits taxes?

Mr. McCUMBER. No; I am not contending that. I do not know that she allows any deductions. She levies no tax upon the business of a foreign corporation unless the earnings or profits come back in some form to Great Britain, and if they do then she levies the entire tax against that portion which comes back to Great Britain.

Mr. SIMMONS. I understand the purpose of the Senator from Utah in offering this is to put the trade of American corporations in China upon a parity with the trade of those corporations in one of our possessions.

Mr. SMOOT. To put them upon exactly the same footing.

Mr. SIMMONS. Exactly the same, to make the tax no more and no less.

Mr. SMOOT. No more and no less.

Mr. SIMMONS. And upon the same conditions under which the American trader would be entitled to an exemption trading in our possessions. The provision in this bill is that they are to be exempted if 80 per cent of their income is derived from foreign sources, and that ruling would apply to an American corporation?

Mr. SMOOT. That is correct.

Mr. BRANDEGEE. I think it is material at this point, if the Senator will allow me, to insert in the RECORD the provision of the bill as it passed the House contained in the so-called China corporation act as to the exemption from taxation, which the Senate committee did not include in the Senate bill. The House bill to which I refer is on the calendar as order No. 262, House bill 4810.

On page 18 of that bill, at line 12, commences the provision by which certain exemptions from taxation would be granted to these corporations, and I ask that that may be inserted in the RECORD at this point, commencing with line 12, on page 18, the rest of page 18, the whole of page 19, and page 20 down to and including line 19. That shows what the House and the House Ways and Means Committee would like to have done for these China trade corporations.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

SEC. 24 (a). That section 231 of the revenue act of 1918 is amended by striking out the period at the end thereof, inserting in lieu thereof a semicolon, and adding a new subdivision to read as follows:

"(15) A corporation organized under the China trade act, 1921, but only if and with respect to any taxable year for which (a) it files a return at the time and place provided in section 241, made in the manner provided in section 239, and containing such information as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe; (b) it declares dividends during the taxable year in an amount equal to one-third of its net income the payment of which not later than 60 days after the close of such taxable year is assured in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may require; (c) it derives less than 5 per cent of its gross income from sources within the United States; and (d) the Secretary of Commerce certifies to the Commissioner of Internal Revenue that during the taxable year the corporation in all respects has complied with the provisions of the China trade act, 1921, and regulations made thereunder. The Commissioner of Internal Revenue with the approval of the Secretary of the Treasury shall make all regulations necessary for the determination of such exemption, and of the liability of shareholders or members to taxation in respect to dividends paid by such corporation, but all dividends paid by such corporation to shareholders or members who are citizens of the United States shall be subject to all taxes that are assessable against dividends of similar corporations deriving their total incomes from business transacted wholly within the United States."

(b) Section 1 of the revenue act of 1918 is amended by adding at the end thereof a new paragraph to read as follows:

"A corporation organized under the China trade act, 1921, shall for the purposes of this act be considered a domestic corporation."

(c) Sections 232, 233, and 234 of the revenue act of 1918 are amended by inserting in each of such sections after the words "corporation subject to the tax imposed by section 230," the words "or organized under the China trade act, 1921."

(d) Section 240 of the revenue act of 1918 is amended by adding at the end thereof a new subdivision to read as follows:

"(d) A corporation organized under the China trade act, 1921, shall not be deemed to be affiliated with any other corporation within the meaning of this section."

(e) Section 254 of the revenue act of 1918 is amended to read as follows:

"SEC. 254. That every corporation subject to the tax imposed by this title, every personal service corporation, and every corporation organized under the China trade act, 1921, shall, when required by the commissioner, render a correct return duly verified under oath, of its payments of dividends, stating the name and address of each stockholder, the number of shares owned by him, and the amount of dividends paid to him."

Mr. McKELLAR. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Borah	Harrison	Moses	Stanfield
Brandegee	Heflin	Myers	Stanley
Broussard	Hitchcock	Nelson	Sterling
Capper	Jones, N. Mex.	New	Sutherland
Caraway	Kellogg	Newberry	Swanson
Culberson	Kendrick	Norbeck	Townsend
Cummins	Kenyon	Norris	Trammell
Curtis	Keyes	Oddie	Underwood
Dial	King	Overman	Wadsworth
Dillingham	Ladd	Owen	Walsh, Mass.
Edge	La Follette	Poindexter	Walsh, Mont.
Fernald	Lenroot	Pomerene	Warren
Fletcher	McCormick	Ransdell	Watson, Ind.
Gerry	McCumber	Reed	Weller
Gooding	McKellar	Sheppard	Willis
Hale	McKinley	Simmons	
Harreld	McLean	Smoot	
Harris	McNary	Spencer	

Mr. HARRIS. I wish to state that my colleague [Mr. WATSON of Georgia] is absent on account of illness.

Mr. GERRY. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is absent on account of illness.

The PRESIDENT pro tempore. Sixty-nine Senators have answered to their names. There is a quorum present.

Mr. HITCHCOCK. Mr. President, this is a proposition to vote a subsidy out of the Treasury of the United States to American corporations doing business in China and making profits there. The Senate heretofore has defeated the efforts to exempt from taxation in the United States foreign trading corporations whose profits come from foreign countries. That was defeated. This is an attempt to exempt from taxation in the United States American companies 80 per cent of whose profits come from China and 50 per cent of whose business is done in China. No pretense is made that China levies a heavy tax on those corporations; no figures are given to show that it does so.

But, Mr. President, this proposition is even worse than that. The amendment offered by the Senator from Utah to put China on the same basis with the Philippine Islands and with Porto Rico is retroactive in its effect. It is to return in cash out of the Treasury of the United States the taxes those companies doing business in the American possessions and China have paid since 1918.

Mr. SMOOT. Mr. President, for the information of the Senator I will simply state that as far as the Philippine Islands are concerned very little in the way of these taxes has been paid.

Mr. HITCHCOCK. That is irrelevant. The Philippine provision and the Porto Rico provision are not so important. What we object to first is the Senator's amendment, which proposes to include China. This amendment, in effect, declares that American companies which have been doing a prosperous business in China since 1918, and have been paying taxes on that business in the United States, shall have a refund of that money paid since 1918. In bald English it is a proposition to take out of the Treasury of the United States a subsidy in cash, nobody knows how large, and pay it to those concerns, when it is notorious that their business has been highly profitable and their trade has greatly expanded.

Mr. President, I only need take the figures given by the Senator from Utah himself to prove that. He told us, in reading from a report, that the American trade in China during recent years has enormously expanded. He read to us figures showing that while in 1904 it was only 56,000,000 taels, it was increased in 1908 to 65,000,000 taels; in 1914 it was 80,000,000 taels; and in 1919 it was 211,000,000 taels.

He gave us the figures to show that at the present time the United States is doing a larger business in China than any other country, our business amounting to $194,000,000, while Japan's is only $156,000,000, Great Britain's only $129,000,000, and France's only $45,000,000.

That is the best evidence in the world that the American companies which have been doing business in China since the

act of 1918 was passed have been doing a prosperous and a constantly expanding business, and the proposition is to return to those highly prosperous companies the money which they paid into the Treasury in 1918, 1919, 1920, and 1921. How can the Senator defend such an obvious subsidy as that to these companies?

Mr. SMOOT. Mr. President, I want to call the Senator's attention to the fact that this does not apply to all business done in China. It applies only to any American concern 80 per cent of whose income is derived from foreign business. It does not apply to the amount of business the Senator thinks it does. There are only a few American companies there whose business nets them over 80 per cent from the business done in China, and this affects only that kind of business. We are not trying to take care of the Standard Oil Co., or the other companies referred to, because 80 per cent of their income is not derived from business done in China.

Mr. HITCHCOCK. Mr. President, nobody knows whom we are undertaking to take care of. The Senator declined or was unable to give me the names of the companies which fitted into this schedule of companies 80 per cent of whose profits come from business done in China, and 50 per cent of whose business is done in China. I pressed him and demanded to know what few he referred to, and he mentioned the dyestuff industry. It is notorious that the dyestuff industry has done a very highly profitable business in China. The figures have shown that during the years 1918, 1919, and 1920 the dyestuff industry made enormous profits and no doubt paid a large sum in taxes to the United States on account of its big business in China.

Mr. SMOOT. Of course I understood the Senator to ask what concerns import goods into China. I do not think there was any dye concern in the United States that received 80 per cent of its income from goods it shipped into China. Therefore, it does not apply to that class of trade. I frankly say to the Senator that I can not say what companies there are—there may be but few of them—whose income is derived to the extent of 80 per cent from trade in China.

Mr. HITCHCOCK. Yes; and the Senator can not tell how much money this involves taking out of the Treasury of the United States. Yet we are not allowed to know what companies this subsidy is going to be paid to. We are told that it is proposed to take out of the Treasury of the United States all of the taxes that have been paid into that Treasury during the past three years on the profits which corporations have made, 80 per cent of whose profits came from Chinese business and 50 per cent of whose business is in the Chinese trade. That is all we are told. Evidently somebody knew when he said 50 per cent and 80 per cent which corporations it would apply to, but we are not permitted to know.

Mr. SMOOT. The amendment was drawn by the Treasury Department. It follows out a policy adopted by the department. The department thought that at least 50 per cent of their business and 80 per cent of their profits should be considered in this way.

Mr. HITCHCOCK. Did the department tell the committee how much money would thus be taken out of the Treasury and paid over to those companies?

Mr. SMOOT. I do not think the department knows exactly.

Mr. HITCHCOCK. Can the Senator tell how much it would involve? He offered the amendment himself. Can he tell us that?

Mr. SMOOT. So far as the Philippines are concerned, and I think the greatest part of it would come from the Philippine Islands or Americans doing business in the Philippine Islands, I forget just exactly what the figure is, but it was not a large amount.

Mr. HITCHCOCK. I am not talking about the Philippines.

Mr. SMOOT. I think most of it will come from the Philippine Islands, so I do not think there will be very much come from China.

Mr. HITCHCOCK. I hope the Senator will not tell me that most of it will come from the Philippine Islands. There is small importance in the taxes to be returned to companies doing business in the Philippine Islands and Porto Rico. They are possessions of the United States and there is less objection to the refunding of that money to companies that are doing business in those countries and paying taxes there. What we object to is paying money back to concerns that are doing business in China.

Mr. BORAH. Mr. President, are we to understand that the amendment proposes to repay to these companies for 1918, 1919, and 1920?

Mr. HITCHCOCK. It does.

Mr. BORAH. That is not a revenue proposition.

Mr. HITCHCOCK. No; it is a subsidy proposition. It is a bounty to those concerns. Here are the Senator's own figures, that the United States in one year did $194,000,000 worth of business in China. That is no trifle.

Mr. SMOOT. Does the Senator think there is going to be an exemption on all of that business?

Mr. HITCHCOCK. I do not know. Nobody knows.

Mr. SMOOT. Yes; the Senator does know there is not going to be.

Mr. HITCHCOCK. How much will it be? Can the Senator tell me what the proportion will be?

Mr. SMOOT. I can not state exactly the proportion, but I will say that it is a very small proportion of the business.

Mr. HITCHCOCK. Can the Senator tell me how he knows it will be a small proportion?

Mr. SMOOT. I know that the Standard Oil Co. does business in China, and I know there is a great deal of foodstuffs shipped to China, and I know further that there is not 80 per cent of the gains of the Standard Oil Co. made on its business transacted in China, and therefore the bill does not apply to it at all.

Mr. LA FOLLETTE. Mr. President, I would like to suggest that it would be possible for the Standard Oil Co. to organize a special corporation for transacting business in China where 80 per cent of its income would come within the provisions of the bill.

Mr. HITCHCOCK. And the Standard Oil Co. has generally resorted to the organization of subsidiary companies in the transaction of its local business.

Mr. LA FOLLETTE. Let me say further that the Standard Oil Co. has a contract with the Chinese Government to develop oil in China in two Provinces larger than the State of New York, covering a period of 60 years' time. I do not know just what we may be letting this Government in for in remitting taxes to these great organizations.

Mr. HITCHCOCK. Mr. President, I repeat that the Senate made clear here the other day its refusal to exempt from taxation the profits of concerns doing business in foreign countries, and yet here the matter crops up again for Chinese companies. What is the Chinese commerce lobby that is lobbying here? What is this lobby of Chines companies here that is working in this way in Washington? What is the force behind this demand for a return of taxes? What is the force that is able to secure from the Committee on the Judiciary a report in favor of incorporating companies to do business in China under a Federal charter, a force which is able to come in here and demand a subsidy out of the Treasury of the United States for the highly profitable business that was done, as we all know, in 1918, 1919, and 1920?

How is it possible that such a force can be considered insignificant? It is not insignificant. It must be a force which is backed by capital, it must be a force doing a large business, and I think the Senator from Utah ought to tell the Senate what the companies are and what amount of money they ask that they shall be given out of the Treasury of the United States, and not leave us in the dark on that proposition.

Mr. SMOOT. I desire to say that I can not tell the Senator the companies, because the Treasury Department did not give that information to the committee. It is true, as the Senator has said, that the Senate the other day refused to agree to exempting foreign trade corporations in all parts of the world, the same as this provision would exempt American concerns in China. That is true.

Mr. JONES of New Mexico. Mr. President——

Mr. SMOOT. Will the Senator from New Mexico please wait until I get through?

But the Senator from Nebraska is mistaken when he said that there is a lobby. There is no lobby that I know of. So far as I am concerned, I have never seen a single man pleading for this nor have I received a single letter asking for it, but the Treasury Department calls attention to the fact that this is necessary in order that the American business man may be enabled to hold his own in the China trade.

Mr. JONES of New Mexico and Mr. HITCHCOCK addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield, first, to the Senator from Nebraska.

Mr. HITCHCOCK. The Senator is presenting his argument. It does not have any weight with me. He might argue logically that it is necessary for future trade to give some consideration to these companies by way of immunity from taxation, but he can not possibly argue that it is necessary to give them a subsidy out of the past for that business. If he wants to vote them a subsidy let him bring in the measure here and vote

them so many million dollars in the form of a subsidy so we will know they are getting it as a subsidy, and not ask us to vote for something when we do not know how many million dollars is involved. This does not involve their future competition. This involves their past profits.

Mr. SMOOT. There is no intention, so far as the committee is concerned, to assist any man whose profits have already been made. That can be cured very quickly by an amendment, which I am perfectly willing to accept, and I know the committee would be willing to accept it, by inserting on page 129, in line 20, a proviso that "this subdivision shall not apply to the case of any taxpayer who is entitled to the benefits of this section by reason of business done in China." I will say to the Senator that so far as the Philippine Islands are concerned, there will be scarcely any rebate to the American business man there because of the very fact that nearly every case is unsettled and is now in the Treasury Department for that purpose.

Mr. McCUMBER and Mr. LA FOLLETTE addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. If the Senator will permit me, it was stated very clearly before the Committee on Finance with regard to the Philippines that some of the corporations there had paid their taxes.

Mr. SMOOT. A few.

Mr. LA FOLLETTE. And that others had not, and nobody, not even the tax experts from the Treasury Department, was prepared to inform the committee how much of a tax it would be upon the revenues of the Government to remit as to those who had paid, to repay them the amount they had paid, or how much would be lost if those who still owe for their taxes were released from payment. We had no definite information upon the subject at all, as the hearings will clearly show.

Mr. SMOOT. But the hearings will disclose the fact that Dr. Adams said it would be a very small amount.

Mr. LA FOLLETTE. That is not my recollection.

Mr. SMOOT. It is my recollection.

Mr. LA FOLLETTE. My recollection is that Dr. Adams was rather opposed to the provision that proposed to restore to those who had paid their taxes that which they had paid into the Treasury, but if the others were to be let off that seemed to be an equitable thing to do. As a majority of the committee were in favor of dealing very generously with these corporations, they provided not only for releasing those who had not paid their taxes, but for paying back out of the Treasury to those who had paid them whatever amount they had paid in.

Mr. JONES of New Mexico and Mr. McCUMBER addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield first to the Senator from New Mexico.

Mr. JONES of New Mexico. When the Treasury Department makes its recommendation for legislation of this sort it usually has some very definite information on which to base the recommendation. I presume most Senators assume that such is the case with respect to the proposed amendment, but unfortunately the information is not at hand. Inasmuch as other matters have already gone over until next Monday, does not the Senator from Utah believe that it would be wise to have this matter go over until next week, and in the meantime request the Treasury Department for specific information?

Mr. SMOOT. I do not know whether the Senator from New Mexico was in the committee when this subject was before the committee for consideration. I forget whether he was there or not.

Mr. JONES of New Mexico. I understood the Senator from Utah to make the statement a little while ago that the Treasury Department had made this request and undoubtedly had the information.

Mr. SMOOT. Oh, no; I did not say that.

Mr. JONES of New Mexico. Then I misunderstood the Senator.

Mr. SMOOT. I said that the experts of the Treasury Department recommending this legislation to the committee were asked how much money it would take from the Treasury of the United States by way of refund, and the answer was that they did not know. Then the question was asked whether it would amount to very much, and the answer was that it did not amount to very much.

Mr. JONES of New Mexico. I understood that part of the Senator's statement, but evidently the Treasury Department must have some definite information about this which the representatives of the Treasury Department did not have when before the committee. It seems to me if there is any definite information about it the Senate ought to have the benefit of it and we should have the opportunity to get that information before us.

Mr. SMOOT. I am quite sure the information we get will be just what we got before, because they said they did not know exactly what it was but that it would not amount to much.

Mr. JONES of New Mexico. If that is all the information which can be had, certainly the Senate is not justified in adopting such a provision in the law.

Mr. LA FOLLETTE. Mr. President, as a matter of fact, the question did not come before the Committee on Finance on the recommendation of the Treasury Department at all.

Mr. SMOOT. On whose recommendation did it come?

Mr. LA FOLLETTE. As a matter of fact, it was brought up on a cablegram received from Gen. Wood, who had just lately landed in the Philippines and had evidently been seen by the representatives of some corporations there and been importuned to address a communication to those who were engaged in framing new legislation here to let them off from their taxes. It was upon that cablegram from Gen. Wood, which was not definite in its information at all—and it will be found in the hearings—that the committee took the action that it did. When the Treasury experts were asked for any definite information with respect to what taxes had been paid and what had not been paid by those corporations—some of those corporations, it was stated, had refused to comply with the law and others had complied with the law—the experts were not able to give the committee a single figure. Finally the committee acted upon that vague and indefinite information. That is what the record shows.

Mr. SMOOT. Mr. President, so far as the cablegram from Gen. Wood is concerned, that was presented to the committee through the Treasury Department. The experts brought it into the committee, just as I have stated. The cablegram from Gen. Wood is only an evidence of what he thought ought to be done to place American business men in the Philippines on the same footing as business men of other countries doing business in the Philippines.

Mr. McCUMBER. Mr. President——

Mr. SMOOT. Just a moment. All the amendment means is that an American doing business in the Philippines or in Porto Rico or in China shall not be compelled to pay two taxes, while the British merchant in Hongkong or in Shanghai doing the same business is only compelled to pay one tax.

Mr. BORAH. Does the Senator know what the British are doing in Hongkong or Shanghai?

Mr. SMOOT. I know they are doing business in Hongkong and I know how they are taxed.

Mr. BORAH. So are Americans doing business there, and they can afford to pay taxes.

Mr. NELSON. I wish to ask the Senator from Utah one or two questions. The first is, Is it within the scope and intent of the amendment to refund back taxes to these corporations?

Mr. SMOOT. If the amendment which I suggest be adopted, that is one of its objects as to Porto Rico and the Philippine Islands.

Mr. NELSON. Then, it will not only cover the taxes in the future, but taxes which have been paid since 1913?

Mr. SMOOT. No, 1918; provided that 80 per cent of their income has been derived from business transacted in those countries.

Mr. NELSON. The object of the amendment is to refund taxes paid by such corporations; that is the purpose of the amendment?

Mr. SMOOT. That is not the sole purpose of the amendment, but that is one purpose of it.

Mr. NELSON. Why would the Senator from Utah not be satisfied to cover the future instead of giving back to these corporations a rebate of taxes paid?

Mr. SMOOT. Mr. President, that is not for the Senator from Utah to say. The Treasury Department has recommended this on the basis of a cablegram received from Gen. Wood, and the committee thought it was proper.

Mr. NELSON. Congress and the American people are superior to the Treasury Department and to Gen. Wood in this matter.

Mr. SMOOT. The Senator from Minnesota is right about that.

Mr. NELSON. We are not obliged to lean on either of them.

Mr. SMOOT. The Senator from Minnesota is correct in that.

Mr. NELSON. Why should corporations which go abroad and try to get rich in foreign countries come here and ask immunity from taxation. I remember years ago when we had tariff legislation under consideration, and the question of the

duty on glass was pending, a man came to my committee room and begged me to advocate the imposition of high duties on glass. After talking with him a while I found that he was managing a company in Belgium. He told me how cheap labor was there and how he could make money out of the business, and he wanted to fix things up so that his business would be aided.

Mr. SMOOT. Does the Senator mean that the man to whom he refers desired the imposition of a higher duty on glass?

Mr. NELSON. Why are the men who go to foreign countries to speculate and get rich entitled to any more consideration than are our own people who work for the salvation of our own country here at home?

Mr. SMOOT. I should think the man who was making glass in Belgium a crank if he wanted to have the duty on glass increased. I should have thought that he would have been here pleading for the free entry of glass.

Mr. NELSON. I see in the Senator's amendment there is another phrase. His amendment is not restricted to China, but there is an additional provision, which reads:

As used in this section the term "China" means China, including Manchuria, Tibet, Mongolia, and any territory leased by China to any foreign Government, and the Crown colonies of Hongkong and the Province of Macao.

In fact, the Senator has almost boxed the eastern compass in the proposed amendment. China has been spread out to cover more territory than it has had for a century.

Mr. McCUMBER. I do not know just what the proposed amendment of the Senator to the committee amendment is; but Senators, especially those upon the committee, will remember that this amendment as originally offered only covered our own possessions and did not include China. Then we were met with this fact: We will say that 95 out of 100 of those who were subject to taxation in the Philippine Islands had not paid their taxes. It was proposed to relieve them from those taxes, which of course they had never paid, but one thing certainly must follow. We either do not want to relieve them, or else we want to pay back the taxes to those who were kind enough to the Government to pay them; we ought not to penalize those who desired to pay and did pay their taxes. It is thought by the Treasury Department that they will not be able to collect the other taxes, and if there is to be any remission or forgiveness of a single one of those who have not paid, then certainly we should refund the taxes to those who have paid.

Mr. POMERENE and Mr. BROUSSARD addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. Just a moment. I should like to call the Senator's attention to the fact that in the House bill as it came to the Senate this provision not only applied to China but it applied to all foreign trade corporations. That is found on page 5 of the bill.

Mr. NELSON. Did it cover a refund of taxes already paid?

Mr. SMOOT. No; and neither will the amendment now proposed in the case of China.

Mr. NELSON. As it came from the House did it cover a refund of the taxes which have been paid since 1913?

Mr. SMOOT. No; and this amendment, if agreed to, will not cover the refund of any taxes in the case of corporations in China.

Mr. NELSON. Does not the Senator see a difference between the Philippine Islands and China? In the Philippine Islands the taxes paid go to the Government to support a dependency of the United States; but American business concerns in China do not to any great extent pay any taxes there; they are to a large extent immune from taxation, and now they want us to let them alone and give them back everything they have paid.

Mr. SMOOT. If this amendment is agreed to, it will not be retroactive as to China, but it will be retroactive as to the Philippines and Porto Rico.

Mr. BROUSSARD. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. SMOOT. Yes.

Mr. BROUSSARD. I should like to inquire under what theory it is proposed to remit taxes? If it is merely because people who were subject to taxation under the law have not paid them, why not extend that same privilege to American citizens in the United States?

Mr. SMOOT. Mr. President, an American citizen doing business in the Philippine Islands is compelled to pay not only the taxes imposed by the Philippine Government, but all of the taxes imposed by the Government of the United States.

Mr. BROUSSARD. Yes; and is it not a fact that a concern doing business in the United States must pay taxes to the State and to the local subdivisions of the State?

Mr. SMOOT. Oh, certainly, Mr. President; but an American business man in the Philippines is subject to all the taxes of the Philippine Islands.

Mr. BROUSSARD. And an American business man in any State in the United States is subject to all the taxation of the State.

Mr. SMOOT. American citizens pay whatever taxes are imposed.

Mr. BROUSSARD. Then what is the theory of exempting some of them from paying taxes?

Mr. SMOOT. Simply because there is involved double taxation. An Englishman can go into the Philippines and do business, and when he pays his taxes in the Philippine Islands he is not taxed at home.

Mr. BROUSSARD. The Senator from Utah is talking about an Englishman now.

Mr. SMOOT. Well, the citizens of England come in competition with Americans in the Philippine Islands.

Mr. BROUSSARD. Is it sought to relieve competition by exempting American citizens from the payment of taxes to the United States Government?

Mr. SMOOT. We are trying to put the American business man upon the same footing as the English business man; that is all.

Mr. BROUSSARD. Then, why not put all American citizens on the same footing?

Mr. SMOOT. I do not think the Senator understands the amendment, or he would not ask such a question.

Mr. BROUSSARD. No; I do not.

Mr. SMOOT. The Senator would not ask that question if he did.

Mr. BROUSSARD. I will ask the Senator this question: What is the difference between a corporation doing business today in the State of Ohio, which corporation is there taxed according to the laws of that State and according to the laws of the city and county in which it may be located, and a corporation doing business in the Philippine Islands which is taxed by the Philippine government? How can a distinction be made between those two?

Mr. SMOOT. My attention was diverted for a minute and I did not catch the import of what the Senator said. I will ask him to repeat the question if he desires an answer.

Mr. BROUSSARD. I should like the Senator to explain so that I may understand, as it has been insinuated that I do not know what I am talking about, what difference there is between a concern doing business in Ohio or in any other State of the Union which is subjected to a State tax and a county tax and a city tax, and one doing business in the Philippine Islands which is subjected to the laws imposed in that jurisdiction?

Mr. SMOOT. The difference is that the man doing business in Ohio is subject to the United States tax and not to any tax imposed in the Philippine Islands.

Mr. BROUSSARD. But he is subject to State taxes.

Mr. SMOOT. The American citizen who is doing business in the Philippines is not only subject to a tax in the Philippine Islands and to every form of tax there levied but he is taxed here in the United States upon the income which he makes in the Philippine Islands.

Mr. BROUSSARD. Are not the Philippines possessions of the United States?

Mr. SMOOT. Yes.

Mr. WATSON of Indiana. But, Mr. President, the man who pays taxes in Ohio pays the same tax as that paid by his competitor, while a man who pays taxes in the Philippine Islands does not pay the same tax that his English competitor pays. That is the difference.

Mr. BROUSSARD. I understand that, and that is just what I am coming to. Is it the idea of Senators to put a certain class of American citizens on a different footing so as to enable them to compete with foreign competitors and thereby remove the equality which should exist between American concerns and citizens?

Mr. SMOOT. In the first place, there is no question of equality involved as between American citizens, and, in the next place, if a man is doing business in the Philippines and 80 per cent of his income comes from business carried on in the Philippine Islands, he is allowed an exemption of the tax which he has paid in the Philippine Islands.

Mr. BROUSSARD. Under our tariff law we have a list of articles placed on the free list. Is not the man engaged in producing one of those articles in a given line of industry within

continental United States placed in competition with the foreigner? Why is not that man exempted from the payment of all income taxes because he is in competition with a British concern or a French concern?

Mr. SMOOT. The Senator knows that anything that is put upon the free list is put there because the American manufacturer can compete with the world on that particular commodity. He knows that that is the policy.

Mr. BROUSSARD. I know that that is the policy.

Mr. SMOOT. Then there is not any use in asking the question.

Mr. BROUSSARD. But there is a wide variance in the views of the two political parties in that respect. According to the views of the Republican Party, when the Democrats framed a tariff law, many of the articles which were placed on the free list should have been taxed. Under the theory of the Senator from Utah, then, should we not exempt from the payment of the income tax those engaged in the production of such articles because they compete with foreign corporations?

Mr. McKELLAR. Mr. President, will the Senator yield to me for a question?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. Yes.

Mr. McKELLAR. As I understand the Senator, he says that this exemption should be granted to our merchants doing business in the Philippines, because the English have a like exemption. Do not the English have that identical exemption when they do business in this country, and thus have an advantage over our citizens with whom they come in competition?

Mr. SMOOT. No.

Mr. McKELLAR. Why not?

Mr. SMOOT. Because they have to pay taxes upon whatever business is done in this country; but I may not have quite understood the Senator's question.

Mr. McKELLAR. I did not think the Senator understood the question. When an Englishman does business in this country, he has the same kind of an exemption that he has when he does business in the Philippines.

Mr. SMOOT. No; when an Englishman does business in this country he pays taxes to our Government.

Mr. McKELLAR. Then why do we not in like manner require him to pay the Philippine taxes so as to make an equality?

Mr. SMOOT. We can not pass laws for England. England enforces her own laws.

Mr. McKELLAR. No; but we can pass them for the United States, if we are diligent about it.

Mr. SMOOT. The Philippines impose a tax upon English concerns, but England says that they shall have credit for the amount of tax so paid on their home taxes.

Mr. McKELLAR. Does she give them credit for that tax, but not those who do business in America?

Mr. WATSON of Indiana. No.

Mr. SMOOT. England imposes an income tax on her citizens after the profits are distributed, and so would we on our citizens doing business in China after the profits are distributed. This is a corporation tax, but if the profits of the corporation are distributed, whoever receives the dividends pays the income tax on them.

Mr. McKELLAR. Does England make a difference between her citizens doing business in the territories of the United States and her citizens doing business in the United States themselves? She must necessarily do that if the contention of the Senator is correct.

Mr. LENROOT. Mr. President, will the Senator yield? Why should we not tax a foreign corporation doing business in the Philippines the same as we tax our own corporations doing business there, instead of exempting them, as is proposed in this amendment?

Mr. WADSWORTH. Could that be done under the Philippine act?

The PRESIDENT pro tempore. The Chair desires to suggest that the rules of the Senate ought to be observed and that Senators ought to address the Chair and receive the permission of the Senator who has the floor before interrupting.

Mr. SMOOT. Mr. President, in answer to the Senator, I am fearful that under the Philippine act that could not be done.

Mr. LENROOT. What is the Philippine act that prevents Congress from doing it? The Philippine act is an act of Congress.

Mr. SIMMONS. Mr. President——

The PRESIDENT pro tempore. The Senator from North Carolina.

Mr. SIMMONS. If the Senator from Utah will pardon me, I should like to make a suggestion to him which I think will facilitate this matter and get before the Senate the real issue.

As I understand, the amendment offered by the Senator to strike out the words "retroactive exemption of," and let the title read: "Income from sources within China and the possessions of the United States," has already been agreed upon.

Mr. SMOOT. That has been agreed to.

Mr. BROUSSARD. That is the title.

Mr. SIMMONS. That is the title. I am talking about the title. I am sure that no one in the Senate when they voted for that supposed that the balance of the amendment would provide for a refund of the tax on the profits made by an American corporation in China for the last three years. The Senator recognizes that, I think. I understand that the Senator from Utah agrees that this provision ought not to apply to China.

Mr. SMOOT. I do.

Mr. SIMMONS. And it is not intended that it should apply to China. Why does not the Senator offer that amendment now? I do not suppose anybody would object to that amendment. If it is to go through, certainly we do not want this refund provision to apply to the Chinese trade. Why does not the Senator offer that now, let us agree to that, and then we can consider this whole section upon its merits?

Mr. SMOOT. Mr. President, I will say to the Senator that the only reason why I did not do that was because we have not yet agreed to put China in the preceding provision.

Mr. SIMMONS. I thought that amendment had been agreed to.

Mr. SMOOT. No; just the headline, but not in the different paragraphs. I will say to the Senate, however, that as soon as the necessary amendments are made to this provision to include China in the future, I shall offer this amendment, on page 129. At the end of line 20 insert the following:

This subdivision shall not apply in the case of any taxpayer who is entitled to the benefits of this section by reason of business done in China.

I thought, however, that the other amendments ought to be acted upon first.

Mr. POMERENE. Mr. President, before final action is taken——

The PRESIDENT pro tempore. The Chair recognizes the Senator from Ohio in his own right.

Mr. POMERENE. I thank the Chair.

The Senator from Utah a moment ago, in discussing this question and in answer to a question put by the Senator from Tennessee [Mr. McKELLAR], said that it applied only to domestic corporations, as I understood him. The bill speaks of citizens of the United States or domestic corporations.

Mr. President, I have not been very much enamored of this legislation which seeks to show favors to Americans who are doing business in other countries. I think it is badly conceived. The proposition here is, in part at least, to refund certain taxes or remit them. Within the last three or four days I received a numerously signed petition from corporations in my own State referring to the fact that while they had made large profits in 1920 and the year previous, during the current year their business had been in a very poor condition and they had made no profits at all; in fact, they were operating at a loss; and they wanted the privilege of setting off against the profits on which they would have to pay taxes for the years 1919 and 1920 the deficit of the current year. Of course, I should like to do anything I could to favor them. I regret that anybody does business at a loss; but if we are to do what these people want us to do, the Government will have to do this business at a loss.

Mr. BROUSSARD. Mr. President——

The PRESIDING OFFICER (Mr. SUTHERLAND in the chair). Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. POMERENE. Pardon me just a moment. If the Senator from Utah, as a member of this committee and as a Member of the Senate, is going to insist that we remit certain taxes which have been charged against Americans doing business in other countries, I do not know how I can justify myself in saying that we ought not to forgive a part of these taxes which were incurred during the years 1919 and 1920, so as to give them the privilege of setting off the losses against the gains.

Mr. BROUSSARD. Mr. President——

Mr. POMERENE. I yield to the Senator from Louisiana.

Mr. BROUSSARD. May I suggest to the Senator from Ohio that if these corporations doing business in the Philippines or in any of the possessions have been doing business at a loss there is nothing to remit and there is no tax to collect. Therefore, unless they have been making profits, if you enact this

provision and if they are making profits why should they be relieved?

Mr. POMERENE. Because they are like a good many other taxpayers; they want somebody else to bear the burden. I would rather encourage people to do business in the United States than to do it elsewhere. I prefer that we furnish work for American laborers in America rather than to have American capital go to China to furnish labor for the coolies there.

Mr. WALSH of Montana. Mr. President, I rise because some reference has been made to the action of the Committee on the Judiciary in connection with the subject of trade in China. That no misapprehension may arise on that score, I will inform the Senate as to what was done in that regard.

A bill came to the Senate from the House providing for the incorporation of companies to do business in China. That bill contemplated that national or Federal corporations should be organized under the laws of the United States, not for the purpose of transacting business between this country and China primarily but for the purpose of carrying on domestic trade within the Republic of China. That bill contained a provision exempting such corporations from the payment of the Federal income and other internal-revenue taxes, the contention being made, as it has been made in this connection, that those corporations came into competition in their business in China with corporations organized under what are known as the Hongkong ordinances, under which they are exempted from the payment of income taxes to the Kingdom of Great Britain and Ireland.

A subcommittee of the Committee on the Judiciary, after giving the matter very careful and exhaustive consideration, reached the conclusion that there was no power in the Congress of the United States to create a corporation the chief business of which is to transact business within the Republic of China.

It was believed by the committee unanimously, I think, that the power of the Federal Government did not extend to the creation of a corporation of that character. At the same time the committee was quite unanimous in its opinion, for one reason or another, that the exemption from taxation should not be granted, or at least that that matter should be relegated to the Committee on Finance, which was dealing with the entire subject. The committee, however, did reach the conclusion, with some misgivings, that it is within the power of Congress to create a corporation not authorized to do business in China, but authorized to do business between China and the United States; and the bill was accordingly remodeled so as to provide for the incorporation of corporations the chief business of which is carrying on commerce between China and the United States.

That perhaps will entitle such corporations to do such business within the Republic of China as may be incidental to the chief business for the transaction of which it is incorporated, namely, the carrying on of commerce between the two countries. The bill as reported contains no exemption whatever of these corporations from taxation.

I call attention to the fact that the provision before us is not intended to apply, at least not intended exclusively to apply, to any corporation which might be created for the purpose of transacting business within the Republic of China. The exemption goes far beyond that. It extends to all corporations, as I understand it, because I understand the proposal is to insert the words "China or" in line 3, on page 129, so that the amendment shall read:

> If 80 per cent or more of the gross income of such citizen or domestic corporation (computed without the benefit of this section) for the three-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within China or a possession of the United States—

And so forth.

Mr. SMOOT. That is one of the amendments I expect to offer as soon as the one pending is disposed of. In fact, the same amendment will have to be adopted in line 8 after the word "within," and in line 13 after the word "within."

Mr. WALSH of Montana. The point I am endeavoring to call the attention of the Senate to is that this exemption is not intended to apply to those corporations which it was contemplated would be organized by this bill, and which will do business exclusively within the Republic of China—that is to say, corporations, it might be said, to be counterparts of corporations organized under the Hongkong ordinances—but it is to extend to all corporations, wherever they may be organized, and wherever may be their principal place of business, that do a business 80 per cent of which comes from China. In other words, a corporation organized under the laws of the State of California, having its principal place of business at its headquarters in the city of San Francisco, if it does a business 80 per cent of which comes from China, will be exempt from the payment of the tax under this provision of the bill.

Mr. BRANDEGEE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Connecticut?

Mr. WALSH of Montana. If I may simply add, it will be seen at once that this exemption extends to a class of corporations altogether different in every respect from corporations organized under the Hongkong ordinances.

Now I yield to the Senator from Connecticut.

Mr. BRANDEGEE. From the testimony before the subcommittee of the Judiciary Committee upon this China trade act, would not the Senator be of opinion, from what the witnesses said, that the corporations organized under the China trade act would derive more than 80 per cent of their income from China?

Mr. WALSH of Montana. Oh, yes; it was contemplated. My recollection is that those corporations were authorized, under the bill as it passed the House, to do practically any business whatever except possibly the operation of banks and the construction of railroads. They could engage in the electric-light business, in milling business, in merchandising, in plantation work—in fact, in almost any line of business—and it was contemplated, apparently, that whatever business they did in the way of commerce between the two countries would be merely incidental to the business which they were to transact exclusively within China.

Mr. BRANDEGEE. In other words, was not the object, as stated by some of the witnesses, at least, to enlist Chinese capital with American capital, the management being American, in the development of China, in the construction of public works, and all development of that character which might involve concessions from various Provinces of the Chinese Government?

Mr. WALSH of Montana. The Senator has stated the condition accurately. The exemption of corporations organized under what are known as the Hongkong articles, or the Hongkong ordinances, it seems to me affords nothing in favor of the exemption of a corporation whose principal place of business and whose residence is, as I suggested, entirely within the United States. Any Senators who have visited the city of San Francisco will recall that there are great corporations doing business in that city which transact an enormous business with China. Practically everything they sell to the people of our country comes from China; on the other hand, practically everything they buy goes to China, and a large trade is carried on in that way. Somewhere else in this bill—I have not been able to turn to it just now—is a provision for determining whether the business is done in this country or is done in other countries, and it is provided, my recollection is, that the country within which the goods are sold is the country where it is assumed the business is done, so that one of these companies importing goods from China and selling here, and sending goods from this country and selling them there, will sell in both countries, and the business done in the United States is computed upon the amount of goods and wares they sell in this country, and the amount of business they do in China is computed upon the amount they sell there. Let us assume that a corporation is doing more business, is selling more goods, in the United States than it sells in China. It is a very simple thing for that corporation to organize a subsidiary corporation which would take care of the selling end in China, the parent corporation taking care of buying in this country, and it would thus escape taxation entirely upon that part of its business which is done by the subsidiary corporation.

You need not confine yourself to that. You may extend it indefinitely. It is suggested, for instance, that the Standard Oil Co., while it does an enormous business in the Republic of China, does such a tremendous business in this country and elsewhere that the amount of business which it does in China can not possibly amount to 80 per cent of its total business, and therefore it could get no exemption. But it will be a perfectly simple thing for the Standard Oil Co. to organize a subsidiary corporation to transact only that part of its business which is done in China, and thus it would escape taxation entirely upon that part of its business.

Indeed, many of these corporations having extensive foreign business find it desirable for just those reasons to do exactly that thing. It will be recalled that the International Harvester Co., for reasons of its own, which need not be mentioned, organized a subsidiary company which took care of all of its foreign business, and my recollection now is that the United States Steel Corporation had a similar organization.

Mr. LA FOLLETTE. The Steel Products Co.

Mr. WALSH of Montana. So it will be observed that under the plan proposed here a vast amount of business which ought

properly to be charged against these corporations will escape the payment of any income tax at all, and it goes far beyond the case that was put to us in connection with the bill to authorize the creation of corporations which should do business exclusively, or almost exclusively, within the Republic of China.

Mr. President, another thing that I have been utterly unable to understand is why China should be singled out for peculiar favor in this particular, or why those American citizens who choose to engage in trade in China should be singled out as the special favorites of the Government of the United States. We have been endeavoring to cultivate trade with the Republics of South America. We have all been sincerely anxious to see that trade grow by leaps and bounds. Trade carried on in those countries, as everybody knows, is carried on under many obstacles and difficulties, and the embarrassments which surround the prosecution of business in those countries occur to everyone. How can it be said that a man who chooses to transact business in the Republic of China is entitled to more consideration than a man who believes that it is a good thing to transact business in the Republic of Chile, for instance? We are very desirous of promoting trade with Chile. I dare say we have reasons more powerful and persuasive for encouraging trade with Chile than for encouraging trade with China. Why should China be singled out?

Accordingly, it does not seem to me that the proposition embodied in this amendment ought to receive the indorsement of this body.

Mr. NELSON. Mr. President, this amendment referring to business in China is a blanket provision. The idea was to offer an inducement to our people to build up trade between our country and China, but this does not cover that. A company of Americans may go over to China, under the provisions of this bill, and carry on business there which does not tend in the remotest degree to promote commerce and trade between the United States and China. They go over there and exploit the country, and make money there, and all the benefit the Treasury of this country receives is from the fact that the stockholders of that company who do business in China made more money there than they could have made here, and in that way have enriched our people.

If this provision were limited to business, commerce, and trade carried on between our country and China, and it was to promote that business, it would be all right; but there is nothing of the kind in this amendment. American companies can go over there and do business in China that pertains wholly to local subjects, the building of railroads, the opening of coal mines, silver mines, iron mines, carrying on steel works, carrying on all sorts of local trade throughout the country, and they can make fortunes out of it without a single dollar of it inuring to the commerce and trade of the United States.

Mr. EDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from New Jersey?

Mr. NELSON. Certainly.

Mr. EDGE. Would it not be true, however, that if this were an American company, and the stock were distributed or sold in America, held by Americans, and the dividends were paid on its operations in China, and returned to the stockholders living in America, they would pay income taxes on such dividends?

Mr. NELSON. Yes; but this proposes to give them immunity.

Mr. EDGE. Not at all, as I understand it.

Mr. NELSON. It proposes to give the companies immunity from company taxes.

Mr. EDGE. I would like to clear that up. My understanding of the pending amendment is that it does not cover any immunity or any exemption whatever to the stockholder who would receive a dividend through the activity of a corporation in China. In other words, certainly we would not say here that the Senate of the United States would discourage an American doing business in any part of the world, if there is an opportunity for him to do business there. As a stockholder in a corporation, when dividends are declared he receives those dividends and makes his return to the Treasury of the United States, and because of that activity in China or any other country in the world we are enriched and we collect that much more money. If that is not a correct interpretation of the amendment I should like to know it.

Mr. NELSON. Will the Senator from New Jersey be kind enough to tell me why a citizen of New Jersey, holding stock in a corporation which does business in New Jersey, has to pay his share of the corporate taxes as a member of that corporation, but if that citizen of New Jersey goes over to China or Manchuria or Thibet or Mongolia, or any of those countries, and gets rich, he is to have immunity and is to be better off than the man here in our own country?

Mr. EDGE. I attempted to make clear my interpretation of the amendment now under consideration. Whether the stockholder was a citizen of New Jersey or any other State in the Union, as I understand the amendment now pending, when such dividend is received he must pay to the Government his full proportion of income taxes earned through the operation of that company in any country in the world, this amendment pertaining particularly to China and the possessions of the United States.

Mr. NELSON. But why should the foreign company—the company composed of our people who go over there—be immune from corporate taxes any more than our home companies?

Mr. EDGE. To follow it up, as I understand the thought implied by the pending amendment, it would be this: Certainly we have no desire to restrict the energy or enterprise and activity of our own citizens, particularly when it does not in any way interfere with domestic development at home.

A corporation goes to China and engages in some business activity. In a country of that kind, of course, corporations from Great Britain and other countries of the world are doing the same thing. As I understand the amendment, we simply exempt the corporation as a corporation doing business in China from paying a corporation tax to this country, which same exemption is granted to a British company or companies of other countries in the world. But when dividends are paid to stockholders at home, then the Treasury of the United States is benefited in the usual way.

Mr. LENROOT. Mr. President, does the Senator from New Jersey say that Great Britain grants the exemption that is proposed by this committee amendment?

Mr. EDGE. I so understood.

Mr. LENROOT. The Senator is mistaken.

Mr. EDGE. From the explanation of the Senator from Utah I understood that they grant exemption to any corporation under British laws, so far as the activity or the expenditure of the income of the corporation is concerned over there, but when it comes to Great Britain, just as this would apply, then, of course, they pay the income tax of Great Britain.

Mr. LENROOT. But the United States corporation would not do so under this amendment. In Great Britain a corporation of Great Britain doing business in China or the Philippines must pay an income tax on every dollar that comes to Great Britain; but under this amendment the corporation of the United States will not pay a penny of tax, although every dollar comes back to the United States.

Mr. EDGE. I think the explanation of the Senator from Utah is quite different from that.

Mr. NELSON. Mr. President, I wish to ask the Senator from New Jersey if that paregoric is good for China, why is it not good for every country in the world? We hear a great deal about building up our trade with the various countries of South and Central America and the other countries of the world. Why not make it a blanket provision and say that every company of the United States which engages in business in a foreign country shall have immunity from corporate taxes?

Mr. EDGE. The Senator has honored me by asking why we do not apply it universally. I will answer very frankly that I think we should apply it universally. We are at the present time considering only an amendment applicable to our possessions and China, but if I may answer the question which the Senator propounded, in these days in this country when we appreciate and recognize that we are probably producing only 30 or 40 per cent of maximum production in the country, and when we realize and recognize that possibly markets could be built up throughout the world, and when we recognize that we have lying idle at the docks a merchant marine that has cost the American taxpayers close to $4,000,000,000, I think it is a perfectly sound policy to encourage in every possible way the transaction of business with every country in the world.

I would go to a very much greater extent, so far as I am concerned, because I think the real, final dividends come back to the American people in reemployment and in more industrial activity here, which would outweigh manyfold any technical question of remitting corporate taxes to these corporations doing business in any other part of the world.

I may refer to the Senator from Ohio [Mr. POMERENE], whose activity in previous Congresses along that line I always admired very much even before I had the honor of becoming a Member of this body, whose name is attached to the well-known act called the Webb-Pomerene Act, which permitted business corporations of this country to combine under certain conditions in order to be able to compete with industrial business corporations and organizations of other countries of the world, with the sole thought undoubtedly that we would find that additional market for American products, recognizing that

we can not be prosperous in this country unless we do have some place to dispose of 15 or 20 per cent of our products. Considering this particular amendment, I assume that those corporations and a large part of their activity is in the export of American goods to those countries, and wherever it is that character of business, it does seem to me it is along lines to which we should give every possible encouragement.

Mr. NELSON. Mr. President, I have listened quite a while to the question of the Senator from New Jersey——

Mr. EDGE. I beg the Senator's pardon for taking so much of his time.

Mr. NELSON. That is all right; I have no fault to find.

As I said a moment ago, if this were a proposition that aimed directly to build up trade and commerce between our country and China or any other country, I could see some merit in it; but I can not for the life of me see any merit in the proposition that an American company of millionaires shall be formed in the United States and go over to China, Mongolia, Manchuria, or any other such country and exploit that country, build railroads, open mines, open factories, develop the trade and commerce of that country, without helping our commerce in the least. All the benefits shown by the statement of the Senator from New Jersey would seem to be that the stockholders of corporations operating in foreign countries would get so much larger income that they might be able to pay a little more income tax in this country. That is all his argument amounts to, and that is the only benefit we could possibly get out of corporations of this kind.

The Senator from Nebraska [Mr. HITCHCOCK] referred to a bill reported by the Committee on the Judiciary. In that bill we aimed to limit strictly to interstate commerce the powers of the corporations to be created for the purpose of doing business in China. When I say interstate commerce, I mean commerce between China and our country. The bill as it originally passed the House covered everything; that is, they could transact all kinds of business in China without doing any business with the United States. Through the efforts of the Senator from Montana [Mr. WALSH] and other members of the Committee on the Judiciary, including particularly the Senator from Connecticut [Mr. BRANDEGEE], the bill was modified and changed by the Judiciary Committee, and as reported was so limited that the corporation could only engage in commerce between that country and the United States.

In respect to commerce of that kind there might be some merit in giving the corporation immunity from taxation. But if Rockefeller or some other "feller" goes over to China to build railroads, open silver mines, coal mines, iron mines, build factories, and develop the country and make a lot of money, why should we make his corporation immune from this taxation?

The Senator from New Jersey spoke about another matter. He said we desire to develop our trade. If these millionaires go over to China and develop that country, with its abundance of natural resources, they may develop it to such an extent that it will have no use for any of the products of our country. If they build railroads and open coal mines and discover oil, or do any of those great things; if they build factories and mills over there and develop that country, those millionaires may soon get it in such condition that they will not want any of our products and will not need them, but will need only these American millionaires and promoters.

Mr. FLETCHER. Mr. President, is it not true that under a treaty with China, as I recall it, quite an ancient treaty, though I have not looked at it recently, American citizens forming corporations such as might be created under the bill which is proposed here, and American corporations generally in China, have what are called certain extraterritorial rights? If they are sued over there, they have to be sued in our own courts and not in the courts of China at all. We furnish the judges, we furnish our own courts, and our consular representatives attend to all questions arising in contests over contracts or damages or any litigated matter. Is it not true that we have, in a way, our own courts established over there?

Mr. NELSON. We have an extraterritorial court there.

Mr. FLETCHER. American corporations have all those rights. They do not even have to submit themselves to the jurisdiction of the foreign courts at all. They have the same rights over there that they have here, and additional rights.

Mr. NELSON. That situation arose from the fact that as to China, and I think at one time as to Turkey—I do not know that it is true of Turkey now—we held that their Governments were of such character that their courts were not fit to pass upon the rights of American citizens. Therefore we provided for extraterritorial courts which have power to pass upon the rights of American citizens and convict American citizens of crime, but they have no jurisdiction over questions arising between American citizens and the natives of those countries.

But that has nothing to do with the question here. This is simply a question of whether we shall give immunity from taxation of these exploiters who have so much money that they can not use it in this country, who want to go abroad to make further fortunes abroad. It is a question whether under all the circumstances and on all occasions we shall give them immunity from taxation, and give their corporations immunity from taxation.

The only benefit the Senator from New Jersey could ascribe to it, if I understand his remarks correctly, was that if we do give these American corporations operating in China immunity from corporate taxes their incomes would be larger and they would be able to pay a little larger income tax in this country. That is the only argument, as I understood the Senator from New Jersey, to which he could point in an economic way.

Now, one word more. It is proposed, as I understood, by the Senator from Utah to add this provision:

As used in this section, the term "China" means China, including Manchuria, Tibet, Mongolia, and any territory leased by China to any foreign Government, and the Crown colony of Hongkong and the Province of Macao.

That includes practically all the oriental country outside of the possessions of Japan and Great Britain and our own possessions in the Philippine Islands. It includes practically all the other country there. So any American company that goes over there to exploit any business in that country, without any regard to any commerce between that country and our own, goes over there simply to make money because the natural resources are there and they can be easily acquired.

If an American millionaire goes over there for that purpose, forms a corporation for that purpose, according to the Senator from New Jersey we must give that man immunity from taxation; in other words, give him a bounty for going to a foreign country, exploiting that country, and making money out of it. I do not believe we ought to extend immunity from taxation to that extent.

We are to-day vexed on all sides to find taxes commensurate with the needs of the Government. It behooves us to obtain taxes from whatever fair source we can get them with as little burden to the people of the United States as possible. A tax on foreign trade corporations would not be a burden to the people of the United States; it would not even be a consumption tax; it would not be like the sales tax proposed by the Senator from Utah [Mr. SMOOT], because the profits of these exploiting companies which are secured in a foreign country would inure to the benefit of the people of those countries and not to the people of the United States. Under the circumstances, in view of the needs of our Government for revenue, I think we ought to hesitate long before we give such immunity from taxation to corporations engaged in foreign business, and especially that we should hesitate in giving them tax rebates, as is proposed in this amendment.

Mr. BROUSSARD. Mr. President, my attention particularly was attracted during the discussion of section 262 to the remark of the Senator from New Jersey [Mr. EDGE] to the effect that if the corporations therein referred to made profits and those profits were turned over to the stockholders in the shape of dividends the Federal Government would then reach out and collect income taxes upon such dividends. However, the Senator fails to take note of the fact that the section provides—

That in the case of citizens of the United States or domestic corporations—

Then, stating the cases to which the provisions of that section shall apply, it goes on—

(1) If 80 per cent or more of the gross income of such citizen or domestic corporation (computed without the benefit of this section) for the 3-year period—

And so forth.

If the committee or those who have offered the amendment intended that the Government should reach the earnings when paid out, there is evident in this provision a discrimination in favor of the citizen, because the citizen in that case could not be subjected to any tax whatever, whereas if it were true, as contended by the Senator from New Jersey, that the Government reached out and taxed the dividends when paid out to the stockholder, the application of that provision would not be on a parity.

I think, however, that the reading of the whole section shows that the intention is to remit the tax not only to the citizen but to the corporation. The question which arises is, Why is this found necessary? If in the possessions of the United States there is competition between domestic corporations and foreign corporations, and that competition results in loss to the domestic corporations, we should not find the committee proposing to return or to rebate to the tax debtors the taxes on the profits which they had made since 1918. Therefore the very wording of the section can only be interpreted in one way, and that is

that, notwithstanding the competition of foreign corporations, domestic corporations have accumulated profits. It is now proposed, in view of the fact that they have competition abroad, to rebate all these taxes and to exempt them in the future.

As I said awhile ago, if these corporations are not making profits, it is useless to enact this proposed law because they would not owe any taxes. Evidently they are making profits, and we not only intend to exempt them in the future but to return to them the taxes which they have paid in the past and to cancel the obligation of those who have failed to pay such taxes.

Mr. President, I can see no equity in and no reason for exempting these corporations from the payment of taxes the same as are paid by domestic corporations doing business in this country. A corporation doing business in one of the States of the Union has a State tax to pay; it has a municipal tax to pay; it has a county tax to pay; and in many of the States it has special taxes to pay; so that, after having paid those taxes—and we contend that we are perfectly right in levying taxes upon them under this proposed law—why should the corporation or the citizen doing business in the Philippine Islands, and called upon merely to pay the taxes which were imposed there by the government of the Philippine Islands and its subdivisions, be placed upon a different basis from a domestic corporation? When this question is asked, it is not met by the answer which should be made. The answer which is given is no answer at all, nor is it a justification for this attempt. The answer is that Great Britain exempts or credits the competing British corporation in the Philippine Islands, for instance, and that although they are required to pay an income tax to the British Government, when that tax reaches England it is remitted or that the corporation is credited with that much. That is the answer which has been given. I should like to ask the Senator from Wisconsin [Mr. LA FOLLETTE] whether or not that is correct, because, as I recall, the other day, I think, the Senator made a statement with reference to this very argument which was then made by the same Senators who are again making it to-day.

Mr. LA FOLLETTE. Every dollar which reaches any corporation in England must pay the corporation tax.

Mr. BROUSSARD. Is it rebated to them?

Mr. LA FOLLETTE. Absolutely it is not.

Mr. BROUSSARD. Then the answer which was given is still poorer than the one which I thought had been attempted to be made in reply to the argument.

If it is not true that the British Government rebates and returns the tax, then we are called upon to exempt American corporations in order that they may have an advantage over their British competitors; and it is proposed to do that at what cost to this Government? As the Senator from New Jersey stated a while ago, we are maintaining a large Navy, and what is that Navy maintained for except to protect our nationals doing business in foreign countries? If that is true, if we are put to great expense in order to maintain and to protect domestic concerns doing business in foreign countries, what justification is there for relieving them entirely of the taxes which are paid by other people living and doing business within the borders of the United States, who employ home labor and pay taxes to the States and their subdivisions?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. BROUSSARD. Yes.

Mr. SMOOT. I was going to say to the Senator that there is no intention of having a vote upon this question to-night. It will go over until Monday. Of course, the Senator can proceed now if he chooses, but I thought that more than likely he would prefer to address the Senate on Monday.

Mr. BROUSSARD. With that understanding, I will be glad to yield to the Senator from Missouri [Mr. REED], who I understand desires to address the Senate.

Mr. REED obtained the floor.

Mr. SIMMONS. Mr. President, before the Senator from Missouri begins his remarks I desire to ask if the committee will not seek between now and Monday to secure more definite information from the department as to what Great Britain is doing with reference to the exemptions which we have been discussing this afternoon?

Mr. McCUMBER. Mr. President, before the Senator from Missouri proceeds with his remarks, will he yield to me to make a request for unanimous consent?

Mr. REED. I yield.

Mr. McCUMBER. I ask unanimous consent that when the Senate takes a recess to-day it be to meet on Monday next at 11 o'clock a. m.

The PRESIDENT pro tempore. Is there objection to the request for unanimous consent made by the Senator from North Dakota? The Chair hears none, and that order is made.

Mr. JONES of New Mexico. Mr. President, will the Senator from Missouri yield to me?

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from New Mexico?

Mr. REED. I yield.

Mr. JONES of New Mexico. I submit a proposed amendment to the bill, which I ask to have printed and lie on the table.

The PRESIDENT pro tempore. Without objection the amendment will be received, printed, and lie on the table.

Mr. REED. Mr. President, I have offered and there lies upon the table an amendment which I desire briefly to present this evening. I shall endeavor to be very brief, because I intend to speak at length upon it early next week. It is an amendment to restore the excess-profits tax on corporations and to impound the money so derived for the purpose of paying the soldiers' bonus or adjusted compensation. Incorporated in the amendment is the soldiers' bonus bill as it was reported by the distinguished Senator from North Dakota [Mr. McCUMBER].

Mr. President, if the amendment shall become a law there will be collected from the excess-profits tax $450,000,000 a year, and that amount, I am informed by the expert of the Treasury, will fully meet the demands of the bonus bill, and will pay the bonus to the soldiers without the levying of any additional taxes whatsoever; but, lest at any particular time a sufficient amount might fail to be on hand in this special fund, I have provided that in case the fund shall at any time be inadequate the payment of the bonus shall be postponed until such time as a sufficient amount of money has accumulated.

The proposition, therefore, is to pay to the American soldiers who fought in the World War the bonus which they have so long and so ardently requested, and to do so without laying a penny of burden of taxation upon the American people, except as it is levied upon the excess profits of corporations making more than 10 per cent net after paying all expenses. There is, therefore, a situation created which answers every objection that has been urged against the bonus bill.

In the first place, let it be noted that the Senate, following the House of Representatives, has stricken from the present law the excess-profits tax, that source of income which has heretofore existed they propose to strike down involving a loss to the Government of $450,000,000 per annum, as anticipated by the Treasury Department.

I propose to restore that tax, and out of that tax, from which the Senate and the House propose to relieve the corporations, to pay the bonus to the soldiers.

It can not, therefore, be claimed that we will invade the revenues of the Government proposed by this bill, because it is proposed by this bill to strike out this particular source of revenue. It can not be claimed that we shall be compelled to issue bonds and throw them upon the market, because the bonus will not be paid until the cash collected from excess profits is sufficient to pay the bonus; and, as I have said, the experts estimate that it will be sufficient from the very first. All of the arguments, therefore, which were adduced by the President and which have been adduced by those who have followed his lead are met by the proposition I now advance for the consideration of the Senate.

Mr. President, in dealing with these questions we ought to review somewhat the history of the bonus bill.

The present administration came into office on the 4th day of March. On the 15th day of March the President held a conference. I read from the New York Times of that date:

> The conference attended by the Secretary of the Treasury and tax experts and the Republican members of the House Ways and Means Committee and the Senate Finance Committee went thoroughly into the entire tax situation, and the preponderant opinion favored revision of the tariff ahead of revenue revision.

Of course the latter part of that has been abandoned.

A little farther on the article states:

> In to-day's conference the definite opinion was expressed that a soldiers' bonus must form part of the legislative program. Senator PENROSE said that in considering the revenue for next year a soldiers' bonus, which would require the expenditure of about $2,000,000,000 in a period of 20 years, had been taken into consideration with the intention of passing such a law early in the special session.

This, then, was the program solemnly agreed upon at a conference attended by the heads of executive departments, attended by the chairmen of the Ways and Means Committee and the Finance Committee, and attended by Treasury experts, who faced the problem and determined at that time upon a policy of a soldiers' bonus. That was on the 15th day of March, 1921.

Mr. President, a little earlier than that the question had been discussed. In an editorial in the New York Times of February 21, 1921, the following statement appears:

> Senator PENROSE, dropping his earlier professions of economy, says that the Senate Finance Committee will report the bonus bill early this week. Four of the five options will be retained. The tax provi-

sions of the House bill will be excised. The bonus will be authorized, but the next Congress will have the task of raising the money. To the Sixty-sixth Congress, the glory; to the Sixty-seventh, the task of financing this grab for votes.

There are other statements in this article reflecting upon the soldiers who have asked for this bonus.

Mr. President, the soldiers' bonus bill was prepared and introduced very early in the session. I believe the session was called for the 11th day of April, and on the 12th day of April the soldiers' bonus bill, which I have now attached to my amendment, was introduced.

Mr. STANLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I do.

Mr. STANLEY. When this soldiers' bonus bill was first presented, for weeks afterwards there was a full attendance in this body, and Members of the Senate pretended to be interested in keeping this pledge and doing this justice by 4,000,000 men, whether they really designed to do it or not. I think it highly important that at least they should hear this last plea for justice to the soldiers of the World War. For that reason, I make the point of no quorum.

Mr. REED. I hope the Senator will not make that point. The Senator from North Dakota [Mr. MCCUMBER] obtained unanimous consent that when we discontinue our session tonight we shall recess, and I am therefore very sure that we will not get a quorum, as practically all of the Members on the other side—all except the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from North Dakota [Mr. MCCUMBER] and the Senator from Oregon [Mr. MCNARY] and the Senator from New York [Mr. WADSWORTH]—are absent. I think they have gone home, where I have no doubt they will be much more comfortable than they would be if they were listening to me. I shall ask the privilege of concluding my remarks and letting them go to the country as far as my voice will carry them, and I shall try to have something to say later on.

Mr. STANLEY. I withdraw the suggestion.

Mr. REED. I thank my friend.

I was saying that the bill was introduced on the second day of the session.

Mr. WALSH of Massachusetts. Mr. President, has the Senator made it clear that the bill was twice reported favorably by the Finance Committee in the last part of the last session and in the early part of the present session?

Mr. REED. I had not made that clear.

Mr. WALSH of Massachusetts. It was actually favorably reported out unanimously by the Finance Committee on two occasions—in February of this year and again in the early part of this session.

Mr. REED. That is, in February of the old Congress.

Mr. WALSH of Massachusetts. And it died by being on the table at the time of the adjournment on March 4.

Mr. REED. And then it was favorably reported again on June 20 of this year.

Mr. WALSH of Massachusetts. Yes. On two occasions the Finance Committee have reported it favorably.

Mr. REED. That was the situation of affairs, Mr. President, when the Secretary of the Treasury appears to have written a letter to the Senator from New Jersey [Mr. FRELINGHUYSEN] on the 2d day of July, 1921. In that letter the Secretary took a position which the Senate and the country ought to understand, because it has to do with the subsequent remarks of the President of the United States. It also concerns what I assert is a settled policy on the part of some—not all, but some—of the men who formerly supported this bill not only to postpone it indefinitely but ultimately to kill it.

In that letter of July 2 the Secretary of the Treasury, in writing to Senator FRELINGHUYSEN, stated:

> As a matter of fact, a plan to disburse even over a period of years up to four or five billions of dollars as "adjusted compensation" must inevitably increase by that much the war burden which the American people have to bear. It would greatly swell the cost of Government and virtually defeat the administration's program of economy and retrenchment.

That "program of economy and retrenchment" seems to consist only in taking the surtaxes off of great incomes, taking off the corporation stock tax, and removing the tax upon excess profits, an aggregate of $615,000,000. Part of that plan has been defeated. If I can have my way, the proposition to take off $450,000,000 of excess profits will likewise be defeated, and that money will be devoted to the payment of the men who are asking for adjusted compensation.

I continue reading:

> It could be financed only by adding to the burden of debt and taxes under which the country is now staggering.

I answer that it can be paid by continuing the taxes on this one source as they existed at the time the Secretary of the Treasury wrote this letter:

> However financed no such sum could be taken out of the Public Treasury without throwing a corresponding load upon the whole people in the form of increased interest charges, increased taxes, and increased cost of living.

If we take this tax of $450,000,000 off of excess profits, it will inure only to the benefit of the profiteers. If we continue to collect it and employ it, it will throw no additional burden upon the public and no additional burden upon the whole people.

The Secretary continues:

> This burden, moreover, would be in addition to that already imposed in most of the States, which have provided bonuses in varying degrees of liberality to veterans of the late war.
>
> Nor could the vast payments required by the bill be financed without introducing grave complications into the refunding operations which will be necessary within the next few years.

And yet we have taken $450,000,000 off of excess profits. That is to introduce no chaos. Therefore let us take it and apply it to this source and pay the soldiers.

I continue reading:

> The Government has to face early maturities of public debt amounting to about seven and one-half billions of dollars, of which about five billions fall in the same fiscal year in which it is proposed to begin cash payments under the bill.

And yet, with that facing us, it is proposed to take out of the Public Treasury $450,000,000 of taxes from excess profits!

He continues:

> The greater part of this maturing debt will have to be refunded, and if a soldiers' bonus must also be financed the cost of that refunding will be vastly increased and the refunding operations themselves seriously embarrassed.

I am only proposing to take the funds which you wish to leave in the hands of the profiteers. If you can leave it in the hands of the profiteers without imposing the obstacles the Secretary speaks of in the way of the refunding operations, then you can pay it to the soldiers and put it into circulation in this country without interfering with those refunding operations. I continue reading:

> The market for outstanding Government securities would be adversely affected and the patriotic holders of Liberty bonds, instead of looking forward to improved market conditions, would have to face the threat of further depression.

Mr. President, will the market for outstanding Government securities be adversely affected if we collect $450,000,000 from those who have made excess profits, who are literally rolling in their wealth, who do not pay a penny until and unless they have made the profits. Will the market be adversely affected if that money is transferred from the pockets of the profiteers to the men who offered their bodies to save their countrymen, including the profiteers? How will that affect the bonds of this country?

Listen to this sentence:

> I know of no one thing, for example, that would so greatly strengthen the market for Liberty bonds as the assurance that Congress had once and for all given up consideration of a soldiers' bonus.

Let me read that again:

> I know of no one thing, for example, that would so greatly strengthen the market for Liberty bonds as the assurance that Congress had once and for all given up consideration of a soldiers' bonus.

Mr. WALSH of Massachusetts. From what is the Senator reading?

Mr. REED. I am reading from a letter written by Secretary of the Treasury Mellon to Senator FRELINGHUYSEN on July 2, 1921, which is printed in the RECORD and made a part of Document No. 48.

There was also a message delivered by the President on the same subject six days later than the Secretary's letter was written, and it is so far in accord with it that I think the two documents should be considered together.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator yield to the Senator from Wisconsin?

Mr. REED. I yield.

Mr. LA FOLLETTE. I ask the Senator if he does not think it is fair to assume that the President well understood, when that letter was written by his Secretary of the Treasury, that it was to be transmitted to the Senate, made public, and announced as the financial policy of the administration with respect to the soldiers' bonus bill?

Mr. REED. I think that is a fair assumption. Let us take the President's address and read it in connection with the letter of his Secretary of the Treasury, which that Secretary of the Treasury sent to a prominent Senator, and which that Senator inserted in the RECORD, and which was the preliminary step

leading to the President's coming here and delivering his message.

In this address the President said:

There has come to my attention the pending unfinished business before the Senate, and it is an imperative duty to convey to you the probable effect of the passage at this time of the proposed act, providing for adjusted compensation to our service men in the World War. If this measure could be made effective at the present time without disaster to the Nation's finances and without hindrance to imperative readjustment of our taxes it would present an entirely different question than that which is before you. In a personal as well as a public manner, which ought to be a plight of good faith, I have commended the policy of generous treatment of the Nation's defenders, not as a part of any contract, not as the payment of a debt which is owing, but as a mark of the Nation's gratitude. Every obligation is to the disabled and dependent. In such reference as has been made to general compensation there has been a reservation as to the earliest consistent time for such action if it is taken.

How much consolation is there in that, "if it is taken"? The President continued:

Even without such reservation, however, a modified view would be wholly justifiable at the present moment, because the enactment of the compensation bill in the midst of the struggle for readjustment and restoration would hinder every effort and greatly imperil the financial stability of our country. More, this menacing effort to expend billions in gratuities will imperil our capacity to discharge our first obligations to those we must not fail to aid.

How different language sounds when it is read by a different individual. Reading that as it ought to be read, it simply amounts to this, that the proposition to pay the soldiers' bonus is a "menacing" proposition; that it is a proposition "to expend billions in gratuities"; that it will "imperil our capacity to discharge our first obligations to those we must not fail to aid"; in other words, that if we do this we will not have money enough to take care of the cripples.

Again, he said, after going through a somewhat extended list of the difficulties the Government is in:

These are the revision, including reduction, of our internal taxation, the refunding of our war debt, and the adjustment of our foreign loans. It is vitally necessary to settle these problems before adding to our Treasury any such burden as is contemplated in the pending bill.

So that at best he tells us we must wait until we have accomplished the revision of the tariff, we must have reduced our internal taxation, we must have refunded our war debt. He further urges that it is vital that all these things shall be accomplished before we even consider "this menacing effort to expend billions in gratuities which will imperil our capacity to discharge our first obligations to those we must not fail to aid."

Mr. WALSH of Massachusetts. I think there is another paragraph in that address which seems to further indicate the President's opposition to the adjusted compensation to the men. I hope the Senator will read it.

Mr. REED. Again the President stated:

We may rely on the sacrifices of patriotism in war, but to-day we face markets, and the effects of supply and demand, and the inexorable laws of credits in time of peace.

In other words, we are not to compensate these men for their patriotic sacrifices during the war because we have passed the war period. We therefore can not rely on the sacrifices of the men who make the profits to pay the bills of the men who defended the country in the time of its peril. That is a fair analysis of just what the President said.

Again he said:

The defenders of the Republic amid the perils of war would be the last of our citizenship to wish its stability menaced by an individual pittance of peace.

When he speaks about the money going to the soldiers, it is a pittance, a "pittance of peace"; when he speaks about paying it out of taxes, he speaks about it in terms of billions, and tells us that it means the bankruptcy of the Government.

But let us see; there is another thought contained in the sentence I have just read. The President said:

The defenders of the Republic amid the perils of war would be the last of our citizenship to wish its stability menaced.

These men made the sacrifices during the war. It is now asked that they shall make the sacrifice during peace, and that those who made the profits during the war shall make no sacrifices during peace. That is the position in which we find the President of the United States placed by his own words. I make this analysis in a kindly spirit, but I do not like such logic.

Consider. The country was attacked. It required men to front the storm of the war. They had to make the sacrifice of leaving the arms of their mothers and their wives and their children, which I think was many times harder than it was to go over the red lip of the trench and charge into the face of death. They had to make that sacrifice, and they made it. They abandoned their positions. They left their businesses. They went into foreign lands. They faced pestilence, disease, and hardship. They were slaughtered upon the fields of battle. They were torn by shot and shell. They lay in hospitals of pain. They felt the surgeon's knife as he cut down through the shrieking nerves and the quivering flesh. They endured all that. They made those sacrifices, and it was a glorious sacrifice.

Now we are told, when it is proposed to pay them a little adjusted compensation which the President referred to as a pittance, that they shall forego that pittance, lest that pittance shall be taken from those who no longer have the war fervor, or who never had it, who made the profits and who enjoyed security because these men made the sacrifices. In other words, it is equivalent to saying to them, "Since you sacrificed upon the field of battle, since you endured the torments and tortures of the struggle, since some of you went down to death and others of you went down into the eternal night of blindness, because you made those sacrifices at that time, you must not ask for justice now, or anything in the nature of justice. You shall continue to make sacrifices, and the makers of profits shall continue to make them. You shall sacrifice now because you sacrificed then." That is the logic which confronts us to-day. That is the situation.

The bill went back to the committee on the 15th day of July, and there in the committee it sleeps as silently and as lifelessly as an Egyptian mummy in its sarcophagus sleeps to-night that was embalmed 3,000 years ago and that is covered with the dust of 30 centuries. Take Secretary Mellon's letter, couple it with the President's declaration, and the man who does not know that the soldiers' bonus bill is a dead thing, unless it can be revived in this manner, is a man whose judgment I would not care very much about.

Mr. President, why was the soldiers' bonus bill pushed aside? When was it determined that the soldier should have no bonus? Was it not after the meeting on the 15th day of March? Clearly so. Was it not after the bill had been reported by the committee after the experts had passed upon it? Clearly so. When was it and what was it that caused the President to come here with his message? Clearly the Secretary of the Treasury had a hand in this for his letter, in which he denounces the soldiers' bonus as impossible, was written six days before the President came here with his message. During that interval a policy had been determined upon with reference to taxation, and that policy has not only been reflected but is crystallized in the program brought here by the majority of the Finance Committee after hearings attended by the Secretary of the Treasury and by his experts.

What were the outstanding features of the bill as reported? They proposed to reduce the surtaxes on incomes of over $68,000 to a flat level of 32 per cent, so that $90,000,000 was to be left in the pockets of the ultra rich. Nobody seems to have thought about using that to pay the soldiers' bonus. Thanks to what is called the agricultural bloc—and I have given them thanks wherever they are deserving of it, I hope—that infamous proposition was in part defeated; but it was the program of the administration, it was the program of the Treasury, it was part of the same scheme that forced the President to come here and deny the soldiers a bonus.

Again, the same committee as part of the same plan proposed to take off the corporation-stock tax. It was only $1 on each thousand dollars of corporation-stock value. It amounted to but $10 to the corporation with a capital of $10,000, $100 to the corporation with a capital of $100,000, but it was a material sum when it was applied to the greater corporations. It probably would have amounted to something like $2,000,000 to the Steel Trust. It probably would have amounted to at least $1,000,000 to the Standard Oil trust. These concerns that escaped surtaxes and excess-profits taxes would have been compelled under this provision to pay the small sum of only $1 on each $1,000 of the value of their capital stock, but the resulting $75,000,000 would have helped to pay the soldiers' bonus.

While they told us we were so poor we could not pay the soldiers' bonus and that the soldier was the man to make further sacrifices, they took this tax off of the corporations. Again the agricultural bloc came to the rescue of the Democratic side of the Chamber, and that tax has been restored. I remark by way of parenthesis that I am going to ask them to see if we can not put a progressive tax on the stock of corporations, so that the big ones which escape all surtaxes and excess-profits taxes because they are overcapitalized will have to contribute something in this way.

Then we came to the tax on excess profits. I have said it before, but let me repeat it in the briefest possible form. The excess-profits tax does not take one single penny out of the coffers of any corporation until that corporation has made 10

per cent net upon its capital. It has it clear and free of every burden. The amortization of the very plant itself is taken out of the income and is not charged into the account. They have 10 per cent left. Then, and then only, is a dollar of tax taken from one of these institutions. If the bill is passed, even though a corporation shall make a thousand per cent net profits, it will still have over 60 per cent of those profits in its pockets after it has paid the excess-profits tax. More than 60 per cent of all the excess profits it makes still remain its property and it still has that enormous profit to benefit it. The corporation making 1,000 per cent will still have left more than 600 per cent of profit after it has paid this tax.

Now, the question is whether that tax shall be restored and restored for the specific purpose of paying a bonus to the soldiers.

Mr. President, why is it that these concerns made their excess profits? Nearly all of those profits grew out of the war. They were growing fat while the soldiers were growing lean. They were growing rich while the soldiers were growing poor. They were growing powerful while the soldiers were marching to their death, and back of that red line where men's bleeding bodies stood to hold back the enemy they made their profits, and because of that war they still reap their profits and count their gains.

I am not asking to lay a dollar of tax upon the ordinary man. I am not asking to lay a tax here upon a business that is only making an ordinary profit. I am asking that this tax shall be laid upon those who made extraordinary profits because of the war. I am asking that out of those profits they shall pay a small part into a fund to care for those who risked their lives, their fortunes, their health, their all for their country's good.

Why, Mr. President, what a strange thing this bill is. We have levied an excess-profits tax upon individuals, for when we levy a surtax upon the incomes of individuals it is an excess-profits tax in effect. We reach by that tax every living man who makes any income of any considerable size. Moreover, it is cumulative and advances step by step upon the living. It proposes that the surtax shall be a small percentage on the man who earns the small income, a larger percentage upon the man who earns a moderate income, and a much higher percentage upon the man with the great income. We recognize the principle as to living individuals not only of the excess profits but of the cumulative or mounting excess profits.

We do the same thing with reference to the dead. We have passed an amendment to the bill which proposes to tax the dead. On the estate of the dead we lay our hands. Before his money passes to his widow or his orphans we take a part for the Government. Again we recognize the element of size, or, if you please, excess profits accumulated during the years of the past, and we make the tax upon the dead mount as the volume of the estate mounts. The greater the estate the greater percentage of tax we take from it. Thus both as to the living and the dead we recognize the principle of the excess-profits tax, mounting gradually in its percentages upon the assets of the living and the assets of the dead.

But when we come to the corporation it is proposed to treat the small corporation and the great corporation upon the same level; it is proposed to utterly ignore the principle of the excess profits and to ignore the principle of advancing the tax step by step according to the magnitude of the corporation.

This, then, is the program. This is the great reform. This is the promised regeneration of the business of the country. It consists of taking care of the profiteer and of the great and powerful concern and denying to the soldier who saved our land the small pittance, as the President denominates it, which they ask, a pittance so small that he speaks of it with contempt and says, in substance, that no patriot should complain because he does not get it. When it is to be taken from the corporate coffers it mounts into billions that menace the country.

Mr. President, I am going to ask Senators who have the welfare of the soldier at heart, Senators who have at heart the principle of justice in taxation, to give consideration to the amendment. I say to them that this is the one chance for the soldier to get his compensation. Give it to him now. You need not tax the country a single dollar. You simply tax excess profits. Every penny of the tax is exacted from the individual who has been profiteering. You take it largely from individuals who have been charging the returned soldier three prices for his civilian uniform; who are charging for the shoes upon his feet two or three prices; who are charging him for the food that enters his body two or three prices. Out of these profits to which he is himself compelled to contribute I ask that you take enough to wipe out this obligation—for it is an obligation—which I think our Government ought gladly to assume, in the soldiers' bonus bill which is attached to and is a part of the amendment I have offered.

Mr. KENYON. Mr. President, may I ask the Senator a question?

Mr. REED. I yield to the Senator from Iowa.

Mr. KENYON. I have received in my mail this very day some letters from the Middle West claiming that in view of the action of the Senate in raising the surtaxes already the process has commenced that will call in the farm mortgages and compel the payment of mortgages that the farmers have executed. Editorials in papers along that same line have also reached me, stating that the result of raising the surtaxes and of replacing the excess-profits tax, which I am in favor of doing, will be to call upon the farmers for higher rates of interest and will add to the general demoralization. I do not know whether the Senator from Missouri discussed that matter, for I was not able to be present during his whole speech. The theory seems to be that the way to get cheaper money for the people is to relieve from taxation those who have large sums of money, so that they may loan it to the poor. Has the Senator from Missouri given that subject any thought?

Mr. REED. I have not discussed it. It is aside from the theme I was discussing, and I had promised to be brief. I shall only take a moment to reply to the Senator's interrogatory.

Mr. KENYON. There seems to be a propaganda along that line in the country now.

Mr. REED. Of course there is a propaganda, and of course it is paid for out of the money which has been wrung from the American people by dishonest practices, for when a man in business will take 100 per cent of profits from his fellow citizens, in my opinion, he himself ceases to be a good citizen.

However, let us examine the Senator's suggestion for a few minutes. Here is an individual, we will say, making $1,000,000 a year, which is 500 per cent upon his capital. Two plans are now proposed. One is to let that man keep the whole $1,000,000; the other is to take away from him, let us say, 50 per cent of the $1,000,000. We are told that if the Government lets him keep the whole $1,000,000 he will loan his money to farmers, but that if the Government takes half of the $1,000,000 he will quit loaning money to the farmers. Can anybody tell why such a result should obtain?

It would seem to me that the more such a gentleman was taxed the more he would be inclined to get out of that particular profiteering business and go to loaning his money on farms. Indeed, we have been told that the very effect of these taxes is to make people buy nontaxable securities. If that is true, the same thing would drive them into buying farm mortgages, which, while they are taxed, always command interest sufficient to pay the tax and still leave an income as great as or greater than the nontaxable securities pay.

Mr. HITCHCOCK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Nebraska?

Mr. REED. I yield.

Mr. HITCHCOCK. I call the Senator's attention also to the fact that among the most attractive nontaxable securities are the bonds which are issued by the farm loan banks, the farm loan banks being in the business of loaning money to the farmers.

Mr. REED. That I think is an answer to the whole problem.

Mr. STANLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I do.

Mr. STANLEY. If the propaganda mentioned by the Senator from Iowa [Mr. KENYON] be based upon a statement of fact, and if a few, a very few—I believe the number is estimated to be only a thousand or two—of the very rich have it in their power to fix rates of interest to bring prosperity or adversity, the more quickly they lose that power the better it will be for the Government, as I see it.

Mr. REED. Again it has been suggested by the Senator from Iowa that this propaganda declares that the restoration of surtaxes upon incomes will result in calling farm mortgages. Again I ask why that result should obtain? There can be but one answer, and that is that the man is going either to lock his money up and not invest it at all because he has to pay taxes upon his income, or he is going to invest it in something that does not bring him any income, or he is going to invest it in nontaxable securities. Again, the answer of the Senator from Nebraska that the Federal farm-loan bonds are nontaxable is sufficient; that is the very class of securities he would invest

in, and very shortly after he began investing sufficiently in that class of securities every farm loan in the United States could be taken care of through the farm-loan banks.

It is nothing but the usual scarecrow; it is the old argument, "If you do not give to those who have vast fortunes everything they want they will destroy the country." If there be any such class of individuals as that in the United States, the sooner we get rid of them the better. If wealth is to be employed in that manner, and for long to be employed in that manner, it would make almost every man in the United States ready to prohibit the acquisition of great wealth, but that is not the fact. The wealth of the country, speaking broadly, is not employed in that way. There are tens of thousands and hundreds of thousands of men of wealth in this country who are perfectly content to bear the burden of taxation; who are perfectly content to do their duty as citizens; who do not try to dodge taxes; and, so far as I am concerned, I do not ever propose by my vote to help put on the statute books of the United States a law dictated by those who tell us that if we do not write the laws as they want them they will destroy the country. I do not propose, so far as I am concerned as a Member of this body, to help write a law dictated by cowardice, in which I say I fear to impose a just burden upon any man, whether he be rich or poor, lest he shall use his power for the purpose of wrecking the country or destroying its industries or imposing upon its people. Let the kind of propaganda the Senator from Iowa has mentioned be kept up very long and those who indulge in it will learn that they are sowing the wind to reap a terrible whirlwind. Let the wealth of the country take its position alongside the people of the country, willing to do its part and share the burdens and escape nothing of the responsibilities, and wealth will be secure and will be protected; let it take any other attitude, and it will only be bringing on a day of fateful consequences to itself.

Mr. President, I have concluded. I think the Senate ought to recess without voting on the amendment, because there is not a quorum present.

RECESS.

Mr. McCUMBER. I move that the Senate take a recess until Monday at 11 o'clock a. m.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until Monday, October 31, 1921, at 11 o'clock a. m.

SENATE.

MONDAY, *October 31, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Frelinghuysen	McCumber	Reed
Borah	Gerry	McKellar	Sheppard
Brandegee	Gooding	McKinley	Shortridge
Broussard	Hale	McLean	Simmons
Bursum	Harreld	McNary	Smoot
Calder	Harris	Moses	Stanley
Cameron	Heflin	Nelson	Sutherland
Capper	Jones, N. Mex.	New	Swanson
Caraway	Jones, Wash.	Newberry	Townsend
Culberson	Kellogg	Norbeck	Trammell
Cummins	Kendrick	Norris	Wadsworth
Curtis	Kenyon	Oddie	Walsh, Mass.
Dial	Keyes	Overman	Warren
Dillingham	King	Penrose	Watson, Ga.
Edge	Ladd	Pittman	Watson, Ind.
Ernst	La Follette	Poindexter	Willis
Fernald	Lenroot	Pomerene	
France	McCormick	Ransdell	

Mr. DIAL. I wish to announce that my colleague [Mr. SMITH] is detained on account of illness. I will let this announcement stand for the day.

The PRESIDENT pro tempore. Seventy Senators have answered to their names. There is a quorum present.

MEMORIAL.

Mr. WILLIS presented a memorial of the Central Trades and Labor Council, of Zanesville, Ohio, remonstrating against the enactment of Senate bill 2135, to enable the refunding of obligations of foreign Governments owing to the United States of America, and for other purposes, which was ordered to lie on the table.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POINDEXTER:

A bill (S. 2645) granting a pension to Millie Lawson (with accompanying papers); to the Committee on Pensions.

By Mr. POMERENE:

A bill (S. 2646) for the relief of Ottway O. Rhodes; to the Committee on Claims.

By Mr. SWANSON:

A bill (S. 2647) for the relief of Walter S. Warner; to the Committee on Claims.

By Mr. CALDER:

A bill (S. 2648) for the relief of the American Surety Co. of New York; to the Committee on Claims.

AMENDMENTS TO TAX REVISION BILL.

Mr. McKELLAR, Mr. McNARY, Mr. SIMMONS, and Mr. LA FOLLETTE submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. SWANSON. Mr. President, the most important of all questions now awaiting world settlement is a general agreement among the great powers upon a fair and just plan of disarmament. This is necessary in order to save the people of the various countries from the heavy tax burdens which vast military expenditures impose and also to prevent a second world war, more frightful than the one just concluded, which will inevitably occur unless this mad national competition in armaments is arrested. Governmental expenditures unless greatly reduced will certainly lead to further industrial depression and distress and finally culminate in universal bankruptcy. Annual governmental expenditures have attained such an immense proportion to the yearly earnings of the people as seriously to interfere with the processes of production and to threaten the solvency of our varied indispensable enterprises. In 1910 our annual national income was estimated by the best and most accurate statisticians at $30,000,000,000. The Federal Government collected for its purposes out of this annual increase of wealth at that time about 3 per cent in taxes.

The same authorities estimate our annual increase of wealth now at $50,000,000,000, of which the Federal Government takes in taxes for its purposes each year 10 per cent. The Federal Government thus exacts from its people more than three times as much of their annual earnings as it did 10 years ago. We have increased our annual wealth in that time less than twofold and our Federal taxes more than fivefold. Our local and State taxes have increased practically in the same proportion. Local, State, and Federal taxes now consume more than one-sixth of the people's aggregate yearly earnings. This is so excessive that it ceases to be taxation and becomes extortion. Every business, industry, and enterprise of the Nation is staggering under this increased heavy burden. Agriculture, manufacture, mining, transportation, commerce, and labor, all are severely suffering from these frightful governmental tax exactions. Every citizen, every enterprise, feels the blight of excessive taxation. Local, State, and National expenditures must be greatly reduced if we are to escape individual and governmental bankruptcy. The mad orgy of extravagance, individual and governmental, must cease. Frugality and economy must control again or disaster awaits us.

Mr. President, these great increases in taxes are not confined to this country, but occur in greater proportion in all parts of the world. Prior to the World War England expended in taxes 9 per cent of her earnings, now she expends 22 per cent; prior to the World War France spent 16 per cent of her annual earnings in taxes, now she expends 40 per cent; prior to the World War Italy expended in taxes 13 per cent of her annual earnings, now she expends 30 per cent; prior to the World War Germany expended in taxes 8 per cent of her annual earnings, now she expends 23 per cent. In these countries the tax burdens are so heavy and intolerable—absorb such a large proportion of the people's earnings—as almost to destroy the incentive to work and produce. The people cease to labor when thus forcibly deprived of the fruits of their toil.

These dry figures, more forcibly than language, graphically unfold the cause of the depression, discontent, restlessness, and unemployment which encircle the world. We can readily understand why the peoples of these countries have no means left after

these governmental exactions with which to purchase our wheat, cotton, tobacco, minerals, and manufactures of which they are in great need.

In these dry figures can be read the story of our curtailed exports, of our large accumulated surplus on farm, in mine, in factory, of reduced wages, of a merchant marine lying in port without cargo or employment, and of our railroad system without sufficient business to be profitably operated. The world is so interwoven in its interest, so interrelated, that distressed conditions in these countries are felt in the cotton fields of the South, the tobacco fields of Virginia and Kentucky, the wheat and corn fields of the West, the mines of the Rocky Mountains, and the factories of New England. Tax reform and reduction of governmental expenditures are world problems demanding immediate and decisive action. The curse is world wide, and the relief to be most effective must be universal.

Mr. President, an examination of these great governmental expenditures will disclose that a vast part of it is occasioned by wars of the past and preparation for future war. Ninety-three per cent of our Federal expenditures are for such purposes. Only 7 per cent of our expenditures are made to meet the civil functions of Government. Thirty-eight per cent of our present national revenue is expended upon our Army and Navy. If it were not because of expenses incurred for wars, past and contemplated, the taxes derived from cigars and tobacco would meet the ordinary expenses of the Government. Hence, but for war and fear of another war all taxes by the Federal Government could be abolished except those derived from cigars and tobacco. This gives us some conception of the frightful expense of war and the heavy burdens that it always entails.

Mr. President, as heavy as are the war burdens of this Nation, the expenses of other nations are far greater and bear a greater proportion to their entire revenue. The world to-day is almost an armed camp. How astounding is this when we reflect that the 11th of next November will mark the third year of cessation of hostilities between the allied and central powers. With what great astonishment do we view an armed world when we realize that the military power of Germany which was a menace to the world has been destroyed, her great army reduced to 100,000 men, her factories for manufacture of munitions closed, all military training prohibited, military conscription abolished, and she has been deprived of the use and manufacture of military aircraft, and left destitute of a navy and forbidden ever to have another. Germany thus reduced ceases to be a military power, and it will be several generations before she can recover and become such again. Her ally, Austria, has been disrupted and divided and does not retain any semblance of power, military or otherwise. That once proud monarchy lies a disorganized wreck, incapable of reconstruction. Her other ally, Turkey, shorn of her riches and best Provinces, is reduced so completely as only to exist at the sufferance of the allied powers. The proud central powers that united and jointly conspired for the mastership of the world have been completely destroyed as military powers, and it will be generations before they can recover to such an extent as to menace the world.

Mr. President, it was thought that when the military power of the central nations was completely destroyed and they were rendered incapable of aggressive warfare for the future, as has been efficiently done, the peace of the world would be assured and armaments could be greatly reduced. For the accomplishment of this purpose the people of the allied nations made unprecedented sacrifices and displayed a heroic courage never before surpassed. The gloom of the perilous pathway of war was lighted by the confident hope that at the end we would find a resting place in world peace. The soldier was nerved to go "over the top" and rush a willing sacrifice to almost certain death by the conviction that he was battling that mankind should never again be afflicted with the hellish suffering that modern war brings. The agonizing pain of wounded soldiers was assuaged and bravely borne with the confident hope that their agony marked the end of such war suffering. Hearts broken by the irreparable loss of dear ones killed felt a soothing touch of consolation from the conviction that the heroic sacrifices of their dear ones were made to end forever horrible war. The world resounded with the inspiring battle cry, "We wage war to end war." This thought stirred to their inmost depths the souls of men and sent millions to die willingly in the terrible carnage of European battle fields. This battle cry aroused the womanhood of the world, sent them in munition plants to work and toil, to endure gladly privations suited only for sterner and stronger persons, to go heroically to the front as helper and nurse and share all the hardships and dangers incident to soldier life. The frugal earnings of the poor, the vast accumulations of the rich, were gladly and generously poured into the governmental treasuries to bring to a successful conclusion the war, and thus end for all time the vast expenditures necessary for armaments and conduct of war.

Three years have elapsed since the cessation of hostilities and now all these fond hopes have been dissipated, all these fair promises broken, all these alluring anticipations dissolved into disappointment deep and bitter.

Mr. President, we witness the amazing fact that the four great allied nations, the United States, Great Britain, France, and Italy, who triumphed over Germany and her allies, destroying completely their military power, instead of reducing their military establishments to less than they were at the inception of the war, expend now in the aggregate for military purposes three times more than they did prior to the World War. The aggregate amount expended by these four nations prior to the World War for military purposes was $1,321,000,000. The amount now expended by these nations for this purpose—that is, preparation for future or contemplated war—is $4,092,000,000, an increase of more than threefold. The increased expenditure for military purposes in each nation for a family of five is as follows: In the United States it has increased from $23.10 to $54.10; in Great Britain from $40.80 to $109.55; in France from $44.20 to $131.60; in Italy from $14.15 to $121.10. It should be noted that this great increase is not for past wars or other governmental expenses, but solely for present military expenditures for future wars that are apprehended. The entire governmental expenditures of these four nations in the aggregate have increased from $3,134,000,000 prior to the war to the astounding amount now of $19,300,000,000, an increase of more than sixfold. The people of these nations are hopelessly staggering under their heavy increased burdens.

Mr. President, we can realize the difficult task before us for world betterment when we consider that these are the four nations that triumphed in the war and that upon their financial solvency and resources a bankrupt world is dependent for reconstruction. These dry figures vividly disclose the cause of much of the privation and destitution which affect the world. They tell the story of many wrecked enterprises, of falling prices, of unpaid debts, of scarce capital, of high rates of interest, of general business depression. We should fully realize that no relief is possible from present distressed conditions until taxes are greatly reduced, and that taxes can not be reduced until expenditures are lessened.

Mr. President, we readily perceive one of the main causes of this greatly increased governmental expense when on examination we ascertain that last September the 14 most important nations of the world had approximately 6,000,000 men in active military service. The French Army consisted of 1,034,000 men, the British Army 740,500, the Italian Army 350,000, the Japanese Army 300,000, the Russian Army 538,000, the Polish Army 450,000, the United States Army 149,000, the Chinese Army 1,370,000; the German Army 100,000. This estimate covers only men in active service and does not include millions of trained reserves, who can be called to arms immediately. The world is an armed camp to-day, to a greater extent than it was previous to the World War.

Why this great display of military forces? Why all these vast expenditures and preparations for war? The Central Powers, that sought world supremacy founded on military success and domination, lie wrecked and ruined, and no longer constitute a menace. Has distrust arisen among the recent allies, whose united efforts saved the world's freedom and civilization? Have any of the late allies schemes of spoliation in mind or imperial designs that run counter to the world's general good? Has suspicion among the Allies supplanted the confidence and cooperation which made possible success in the World War? Has the refusal of the United States, the most powerful of all nations, to ratify the Versailles treaty and join the League of Nations and her determination to remain isolated and walk alone her political pathway, assuming no responsibility to aid or keep stabilized a chaotic and disturbed world, convinced the people of many other nations that they must look to their own military strength for safety and protection? Has the passage of a resolution by Congress claiming for us all the advantages of a treaty negotiated by our President and at the same time repudiating all the accompanying obligations therein contained disillusioned the world of its belief in our disinterestedness, fairness, and justice, made us appear selfish and self-seeking and thus to be reckoned with as a danger? Has the refusal of our Government to accept the invitation of the League of Nations to send a representative to cooperate with its committee in preparing a plan for general disarmament made the world doubt our sincerity in desiring limitation of armaments and hence renewed the competition for armies and armaments? These feelings of distrust and suspicion which seem to exist in the world if

not arrested will soon create increased feverish activity for war preparation. If this warlike condition is not arrested, it will inevitably lead to another world conflict, more expensive, more severe, more bloody, and more disastrous than the one through which we have just passed.

The sacrifices and suffering incident to war are borne by the great masses of the people. Prominent Government officials obtain the glory of war, the people bear its burdens, suffer its sorrows. As the people now control the various Governments of the world, they could arise en masse and compel their Governments to reach an agreement for limitation of armaments and reduce tax burdens, so that industry may revive and dangers of another war may be averted.

Mr. President, another world war would be so expensive, so destructive of human life, so disastrous in its various phases as practically to destroy civilization. Another such war as the one we have just gone through would leave mankind in absolute penury and reduced almost to barbarism. Present warfare is vastly different from former warfare. Now whole nations contend for supremacy, formerly only comparatively small armies. The Battle of Blenheim, which controlled for more than a generation the destinies of Europe, was won by Marlborough with an allied army of less than 50,000 men. Waterloo, that settled for several generations the fate of Europe, was won by Wellington and Blucher with an army of about 105,000 men. When war was waged in these times the loss was small, the expense not so great, and the vast majority of the people did not feel its disastrous effect. Now entire nations arm for war and entire populations are either conscripted to fight in the military establishment or are employed in industries for war purposes. The loss of life and destruction of property have become so immense as to threaten with bankruptcy at the conclusion of war both victor and vanquished. Men, women, and children in every phase of civilized life are seriously affected by the conditions under which war is now conducted. We have but to sum up the loss incurred and suffering endured in the late World War to force us to the conclusion that another such war would wreck nearly all the Governments of the world, and practically destroy its civilization.

Twenty-two nations, comprising nine-tenths of the world's population of one billion and a half, were engaged in the late titanic conflict; the remaining one-tenth, composed of neutral nations, were indirectly involved, their lives and business being seriously affected. Thus practically all mankind was drawn into the vortex of this world conflagration.

The frightful toll of this great war to be exact was 9,980,000 men killed and 20,297,000 wounded. To this should be added 5,983,600 prisoners and missing. If we accept the usual number of dead among the prisoners and missing we would have 12,991,000 men killed. What a frightful loss by death! A careful estimate made by the World Peace Foundation places the loss of population in the world on account of this war at 50,000,000 noncombatants. How destructive modern warfare is of life can readily be ascertained when we reflect that in all wars between 1790 and 1913 the total loss was only 4,449,300. Thus modern warfare is so destructive that in four years of the late war three times as many people were killed as were in the 123 years preceding.

The expense of modern warfare is as frightful and has increased as greatly as the death rate. Wars prior to present methods employed in their waging were comparatively inexpensive. The old method of equipping soldiers was not so expensive, and the varied implements of war were inexpensive in comparison with those now used. Prof. Ernest L. Bogart, professor of economics in the University of Illinois, puts the total cost of the late war to all belligerents at $208,305,000,000. If to this is added the vast destruction of property by the contending armies, the great debts incurred by the nations and which have not been paid, the vast expenditures for military purposes since the armistice was signed, future pensions to be paid, and the loss occasioned by business depression following the war, it may be safely said that the world sacrificed in this war nearly one-half its aggregate wealth. Thus one-half of what was accumulated by the industry and thrift of the people of the world was expended in four years of armed conflict.

The late war cost the United States $32,080,000,000. All our wars prior to this one, the Revolutionary War, the War of 1812, the Mexican War, the Civil War, and the Spanish-American War, only cost us $5,843,000,000. Thus in 18 months we expended in war five times as much as was expended in all wars since we were a colony of Great Britain. We have expended for all purposes since this Government was founded to the time we entered the late war only $27,000,000,000. Thus in 18 months in order to bring the late war to a successful conclusion the United States expended $5,000,000,000 more than it expended in the 128 years of its previous existence. The expenses of the other participants were equally as great. The loss of life and property in this war exceeded those of all wars since the beginning of recorded history.

Mr. President, as expensive and as frightful in loss of life as was this war, it has developed new implements of warfare for use on land and sea which will greatly augment the destructiveness of future warfare in life and property. Deadly gases were discovered which if used sufficiently intensively could eliminate all life in large cities such as Paris, London, and New York. Chemicals were discovered which, if scattered sufficiently, could burn and destroy completely large cities. Aircraft were developed which, if marshaled in large fleets, could deposit these gases and chemicals and thus accomplish their hellish destruction. These could be used equally effectively on troops. Such airships can be guided and directed in their work of destruction like torpedoes. By using aircraft large territory can be bombarded with poisonous gases and burning chemicals. Imagination is powerless to conceive the amount of destruction these new implements can produce. The tank has been used successfully, and with its attachments it is enabled to descend or ascend almost anywhere on the surface of the earth. Nothing can arrest its onward march, if sufficiently large and powerful. Its iron-clad protection renders its occupants comparatively safe. If another war occurred these tanks would be further developed and be used as the main attacking force on land. They are destined to be the battleships of the land.

The submarine is in its infancy and is destined to be developed into a more destructive implement of war, threatening the use of the seas and all parts of the seacoast.

These are the new implements of destruction discovered during the late war. What new secrets of destruction have been discovered but not revealed no one is able to tell. What secrets of immense destruction lie in the laboratories of the chemists, to be utilized in case of another war, no one can say. Wireless telegraphy, with its electric wave, is a recent discovery. Who knows but that the secret of multiplying the power of deadly electric waves is already known and waiting to be utilized in some future war? When discovered, mankind will fall powerless before this new instrument of death. But these new inventions not only increased the deadly effect of war but greatly enhanced its costs.

With the use of these new implements of war the code of war has changed. War has become more cruel and heartless than it has been for centuries. Poison gases were prohibited by the rules of civilized warfare, and their use was contrary to the agreement of nations; yet that fact did not restrain Germany from utilizing them in an effort to win the war. If the Allies had not replied in kind, they would have lost the war. The rules of civilized warfare permitted the civilian population to leave a city in safety in order to escape bombardment and starvation; war was directed under the rules of warfare only against the armed force and not against the civil population. The method of conducting war being changed, the modern warfare became a contest between nations, and both sides strictly enforced the blockade regardless of all effect it might have upon the civil population. Germany bombarded, with its aircraft, cities where there were no armed forces, killing the civil population, and the Allies retaliated in kind. The code of civilized warfare upon the sea was changed. It was a rule that had existed for centuries that when a merchant ship on the sea was sunk the crew should be permitted to leave in safety. In order to use effectively the submarine, Germany disregarded this time-honored rule of war. No civilized nations for centuries had taken hostage in order to obtain obedience from and control of enemies. During the late war Germany reverted to this abandoned barbaric practice and seized hostages in Belgium and France in order to control the civil population.

Thus, Mr. President, though the world has made great progress in civilization, yet the sad lesson taught by the late war is that the codes of war, sanctioned by custom and agreement, and which tend to lessen the hardships of war, when they interfere with its successful prosecution are abandoned. No, sir; we can not rely on the codes of war, however humane and just, to restrain belligerents during the heat and passion of armed conflict. If another world war occurs all the discoveries of the last war, and all of the new ones, will be ruthlessly used for the work of destruction.

Mr. President, if another war occurs, our civilization, embracing our priceless heritage of liberty, justice, varied betterments, and reforms, obtained only after centuries of effort and sacrifice, will be destroyed; mankind will revert to the rule of brute force and the barbarism of the Dark Ages. The severe shock of another war, intensified and augmented in destructive

force, would shatter our civilization, crumbling it into ruins, like many magnificent civilizations of the past. Therefore, Mr. President, the most important problem, and the greatest and gravest duty confronting the statesmen of the world, are to devise means of rendering another world conflagration impossible and save mankind from the heavy burdens of taxation for war purposes and the dangers incident to competition in the creation of military power.

Before this all other questions fade into insignificance. This was sought to be accomplished by the covenant of the League of Nations. It was sought to have the nations meet annually, compose their differences, remove the causes which in the past have occasioned war, and restrain ambitious Governments that sought to disturb the peace of the world; to reduce armies, navies, and armaments, so as to save vast war expenditures. Forty-five nations have joined this league, seeking to accomplish this laudable purpose. Our Nation declined to join this league and participate in its deliberations and assume any of its obligations. This action was contrary to my best judgment. I believed then and believe now that if we, the greatest and most powerful nation, had promptly joined this league, its success would have been assured, the world would have been stabilized, and the reconstruction necessary for the world's peace and prosperity would have been by now almost accomplished. The present disturbed condition of the world would have been relieved and conditions would now be bright and hopeful. I believe that through the league the armaments of the world would have been by now greatly reduced and the heavy burdens occasioned by war taxes lifted. I earnestly favored following this course, but having failed to join the league, and the President being unwilling to resubmit to the Senate the treaty of Versailles negotiated by President Wilson, the only course left to pursue in order to obtain a limitation of armament and safeguard future peace in the world was to call a conference of nations.

A conference between France, Japan, Italy, China, Great Britain, and the United States has been called to assemble on November 11 in order to consider the serious conditions confronting the world, and see if these can not be properly and fairly settled, and the war expenses of nations greatly reduced and a lasting peace secured.

A more important conference has not assembled since the nations of the world met at Versailles to negotiate peace and devise the terms for world adjustment. Around this conference clusters the hope of a disturbed and apprehensive world. Upon the statesmanship displayed by these conferees depends the future peace of the world and its safe and sound reconstruction. May its deliberations be guided by a wisdom commensurate with its responsibilities. Every effort should be made to make its conclusions wise and successful. Nothing should be done to add to its embarrassment and increase its difficulties. The nations here assembled should discuss matters frankly and in a spirit of conciliation and cooperation. If this conference adjourns without accomplishing the purposes for which it was called, it will be a dark day in the annals of the world. Better that it had never been called than to have it fail. If no agreement is reached as to limitation of armament, the nations here assembled will depart with increased distrust and suspicion, to be followed by increased armies and navies, with all their attendant burdens. But disarmament, the main purpose of the conference, can be accomplished only when national differences are settled and national confidence restored. The just rights of each nation should be fully recognized and all unjust demands firmly resisted. A settlement to be permanent must be just. We should first convince those here assembled that we have no selfish purpose to serve; that we seek only common good for ourselves and the rest of the world. There are many difficulties confronting the conference, but I believe with proper forbearance and concessions they can be successfully settled.

We should recognize the dependence of England upon access to the sea, alike in times of peace and in times of war, for the sustenance of her people and the continuance of her industries; but we should insist that though England's existence depends upon her access to the seas, it gives her no right to a naval supremacy that places the commerce of the world under her control and dictation. To obtain her security, she has no right to make the best interest of others insecure. I hope an understanding can be reached by which the freedom of the seas can be guaranteed for all time, thus securing Great Britain full protection without conceding to her naval domination. Who absolutely controls the seas ultimately controls the world.

The freedom of the seas guaranteed would also give protection to the island empire of Japan. We should recognize the danger that confronts France in case Germany should be rehabilitated as a military power and give proper consideration to her claims for security; but in order to obtain security for herself France should not insist upon a military dominance such as to make her a menace to others.

The President wisely recognized that the far eastern question was an important one—one of ominous trouble if not amicably settled. The solution of this question is not difficult if the nations adhere to their solemn promises made in the Versailles treaty. China is the key to the settlement of the far eastern differences. For more than one-half a century this Empire has been the subject of spoliation by various nations. This spoliation must cease, the integrity of the Chinese Empire be preserved, and the equal rights of all nations within China conceded. The United States "open-door" policy there must be observed and no more spheres of influence and no more special concessions must be extorted from China.

This will work alike to the advantage of both China and Japan. It will save China from spoliation and protect Japan from having a dangerous neighbor seizing territory near her. Japan's safety demands this.

I am satisfied that the differences existing between us and Japan in reference to the island of Yap will be satisfactorily settled. I am convinced that the nations concerned in the prosperity of the Far East and in the commerce of the Pacific will accommodate their differences and reach a settlement that will insure its peace. Not to do this would be almost a world catastrophe.

I am hopeful of splendid results accruing from this conference. The expressions from all of the Governments participating are most encouraging. Premier Lloyd-George, in communicating to the House of Commons the invitation and its acceptance, stated that it had been received by Great Britain and the dominions with the utmost pleasure, and that no effort would be lacking on the part of the British Empire to make it a success.

Premier Briand, of France, referring to the invitation, said, amid great applause, that the French Government would participate in the conference, happy to show once more the profound love of France for peace. The Italian foreign minister notified the American embassy that President Harding's proposal met with the full approval of the Government of Italy. China and Japan indicated their approval and willingness to participate in a conference on both disarmament and far eastern questions. Mr. Ozaki, minister of justice of Japan, declared the conference would "surely be the beginning of a solution of all the diplomatic questions between the United States and Japan."

Mr. President, these expressions from the Governments participating are most gratifying and give assurances that justify the belief that the conference will successfully accomplish the commendable purpose for which it has been called and will bring relief and betterment to a disturbed and distressed world. But if it should fail let the nation and statesman be marked and known, who in this dark hour refuses to give repose to a troubled world; if there exists a nation with sinister designs, like those possessed by Germany, seeking to enrich itself by criminal conquest, let the conference disclose that nation so the world may be prepared to meet the coming danger. This conference carrying concrete propositions of settlement of outstanding differences and disarmament will make a severe test of the sincerity of the nations represented, and will exhibit their real national aspirations and purposes. No caviling, no evasion, no concealment will avail in this conference. Ere it adjourns the world will know fully the design of each of its members. May the desires of each comport with the good of all. I have an abiding and abounding faith that the great statesmen who will assemble here will measure up to their great responsibility and reach an agreement that will mark a new era in the world's progress and peace.

Mr. NEW. Mr. President, I want to address myself for a very few moments to the amendment offered by the Senator from Missouri [Mr. REED], and it is my purpose to institute an inquiry rather than to discuss the question of a soldiers' bonus on its merits. What I am about to say has no relation whatever to the merits of that question, but it goes directly to the proposition made by the Senator from Missouri.

I am not a lawyer, Mr. President, and the Senator from Missouri is a very good one, but if I understand his plan correctly, and if I further understand the plain terms of the Constitution of the United States, the two are not reconcilable. The point I make is this: That the Senator's propositon, as I understand it, is to levy an assessment in the way of taxes on corporations. He proposes to tax their incomes when they go beyond a certain point and to apply the money raised by that

means to the payment of a bonus to the soldiers. In other words, Mr. President, he would tax one class of citizens for the direct benefit of another class of citizens.

A corporation is merely an aggregation of stockholders. They comply with the laws providing methods for the transaction of business by a corporation in order that they may do business in the aggregate as a unit. The money it is proposed shall be derived from these taxes is to come from the pockets only of those who are shareholders of a corporation, and the money thereby raised is to go only to those citizens who happened to be soldiers in the World War, and to my mind the proposition is in violation of the Constitution. As I said, I am not a lawyer, and the Senator is.

Mr. REED. What section of the Constitution would it violate?

Mr. NEW. I can not say just what section of the Constitution without having the Constitution before me.

Mr. REED. I will hand the Senator a copy of the Constitution.

Mr. NEW. I think it is contrary to the spirit of the Constitution.

Mr. REED. The spirit has to be expressed in the letter somewhere.

Mr. NEW. I would like to have the Senator answer my point. As I said, he is a lawyer, and I would like to have the Senator answer it. I am raising the point in good faith. I am not addressing myself to the merits of the bonus question at all; I am addressing myself purely to the merits of the Senator's proposition, and, layman that I am, I do not believe it will stand the test of the courts, and I do not think the Senator thinks so. I do not think he will argue that at all.

Mr. JONES of New Mexico. Mr. President——

The PRESIDENT pro tempore. Does the Senator yield to the Senator from New Mexico?

Mr. NEW. I yield.

Mr. JONES of New Mexico. I just wanted to ask the Senator from Indiana a question. The Senator from Indiana has no doubt about the right of the Federal Government to levy taxes to pay the salaries of the soldiers in the Army, has he?

Mr. NEW. No; I have not; but that is wholly outside of the point.

Mr. JONES of New Mexico. The so-called bonus is in the nature of adjusted compensation for services already rendered, and I would like to know upon what theory the Senator believes that such legislation as that would be contrary to the Constitution.

Mr. NEW. Mr. President, I do not think the Senator's analogy is correct at all. This is not in the way of salary. You can call it what you please, but after you have called it adjusted compensation, or any other of a number of titles you can give to it, the fact remains that the Senator's amendment provides for taking money out of the pockets of one class of citizens to put it into the pockets of another class.

I am not as well prepared to argue that question as the Senator from Missouri is, but it simply suggested itself to my mind as I sat here Saturday afternoon listening to the Senator's very complete presentation of his proposal.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Utah [Mr. SMOOT] to the amendment of the committee.

Mr. REED. Mr. President, I think I ought to say a word in reply to my good friend from Indiana. It is very difficult to reply to a suggestion that a measure is contrary to the Constitution unless attention is called to the provision of the Constitution which it is claimed limits the power of Congress to do a particular thing. The Senator states that he thinks it is contrary to the spirit of the Constitution, but he is unable to lay his finger upon any clause of the Constitution which sustains his view.

Mr. President, the spirit of the Constitution must be found in the language of the Constitution, and I am aware of no provision of the Constitution limiting the power of the Federal Government, when it raises revenue, as to the method of expending that revenue, so long as it is acting within the general powers of the Congress. Congress has the right to raise armies, to provide for the common defense, to pay soldiers for their services in the field, to provide for cannon, and for all other instrumentalities of war. It has the right to pay pensions to the soldiers, and it has the right to pay its debts and obligations, whatever they may be. It has the right to appropriate money to build highways across the country, and has appropriated large sums of money for that purpose. It has the right to pay its debts and its obligations, whatsoever debts and obligations there may be.

Mr. NEW. Mr. President——

The PRESIDENT pro tempore. Does the Senator yield to the Senator from Indiana?

Mr. REED. I yield.

Mr. NEW. If the Senator will permit, I merely wanted to say that of course I fully concede the right of the Government to pay pensions, or to pay a bonus, or to pay any of the other things the Senator has referred to; but all of those things are paid from general taxation. No specific tax is levied for the purpose of raising the money to meet the particular purpose, and the Senator's proposition is, as I understand it—and I do not think I am wrong about it—to levy a tax upon one set of citizens to provide a fund in order that another set may get the benefit of it. I am not arguing against the merits of the bonus plan at all.

Mr. REED. Mr. President, we have reached the point, first, that Congress has the power to expend the moneys of the Government for any proper governmental use, and the Senator does not want to discuss the merits of the bonus bill. In other words, the Senator does not have the temerity at this particular hour of the morning to argue against the bonus bill. He therefore concedes, as everybody must concede, that Congress has the power to pass a bill providing for the payment of a bonus to the soldiers, because that bonus is in the nature of adjusted compensation, and is based upon the theory that it is the payment to the soldiers merely of an amount of money which would equalize, in a measure, their compensation with what they should have received.

But I go further than that and say that there is not the slightest doubt in the world of the right of Congress to pass a bill to-morrow to pay to all of the soldiers who served in the war, let us say, for instance, the sum of $500 each. Does the Senator doubt that Congress has that power?

Mr. NEW. I doubt that Congress has the right to do in accordance with the suggestion made by the Senator from Missouri.

Mr. REED. Does the Senator doubt the suggestion I make now, that the Congress has the right to pass a bill reading "Be it enacted, that there shall be paid to each soldier who served in the late war, in consideration of his services rendered, the sum of $500"?

Mr. NEW. Mr. President, I think Congress undoubtedly has the right to pass a law for the payment of a soldiers' bonus, and to levy a tax to raise the money; but the point I make is that it must be a general tax.

Mr. REED. Let us go one step at a time. The Senator does not doubt the power of Congress to pass an act providing for the payment to each of these soldiers of a sum of money as additional compensation to whatever he received for services which he rendered in the war? The Senator does not doubt that, does he? The Senator does not doubt that and does not dispute it. Very well.

Does the Senator doubt that the present law, which provides for the collection of an excess-profits tax upon corporations, is a valid law under the Constitution of the United States? The Senator does not doubt that, does he?

Does the Senator doubt the power of Congress, therefore, to add to the law which provides for the collection of that excess-profits tax a direction that it shall be devoted to a particular purpose?

Mr. NEW. Yes, Mr. President; I doubt the Senator's whole line of reasoning. My mind does not track with his on this proposition at all, and I think he is wrong. As I said, I am not a lawyer and he is, but if this question were submitted to the Supreme Court and decided in accordance with the view I have of it, I should not be at all surprised at it. I think it would be so decided.

Mr. REED. The Senator says he does not follow my processes of reasoning.

Mr. President, the question the Senator raises is a question that has been settled so long that I hardly need take the time of the Senate to discuss it. In the first place it is conceded that Congress has full power to pass a bonus bill. The constitutionality of a bonus bill was never denied. In the second place, it is conceded that Congress has the power to levy an excess-profits tax and to put that money into the general revenues of the Government. That has never been denied, and, of course, no one will deny it. Congress has the right of course to appropriate the moneys that are necessary to carry out an appropriation to meet the obligations of a law which it has enacted.

So Congress has the power to incur the obligation to the soldiers, it has the power to levy this particular tax, and it has the power after the tax is collected to put it into the general revenues if it desires so to do, and then to appropriate the money out of the general revenues. That is not denied by the Senator from Indiana, but he seems to think that if we im-

pound this money in a separate fund and pay that money out to discharge the obligations of the soldiers' bonus bill, that method would be illegal. There is no more doubt in my opinion of the power of Congress to do it in that way than there is as to the power of Congress to do it at all. When Congress collects moneys it can handle them in any way it sees fit and through any instrumentalities that it desires, and expend them for any purpose that is a constitutional purpose. This is a consitutional purpose. The collection is constitutional. The disposition is constitutional.

The sole thing that troubles the Senator from Indiana is that the funds do not go into the general revenues, but are to be kept in a special fund and employed so far as is necessary.

Mr. NEW. Mr. President, that is just where the Senator from Missouri and I differ. He thinks his plan is constitutional, and I do not. As I said, I am just a layman and I have not had any opportunity to look into the law in this case. I have not taken up the Constitution and tried to find the particular article which I think this violates, but I think I am right in my *contention* just the same, and I shall, when I leave the Chamber, make it a point in a layman's way to look into the matter and see if I can not establish by the language of the Constitution and the law the soundness of the point I make. I believe I am right in it. I think the Senator believes I am right.

Mr. REED. Oh, no; the Senator does not believe that I believe he is right in it when I have told him that I have no doubt whatsoever that he is wrong in it. The Senator does not mean to challenge my good faith.

Mr. NEW. Oh, no; I am not questioning the Senator's motives. He knows that perfectly well. Nevertheless, I am not at all convinced by the Senator that my objection to this is unsound. On the contrary, I am entirely satisfied that it is sound.

Mr. REED. But the Senator's real point was that we were levying a tax upon a particular individual to grant a gratuity to certain other individuals. That is not what is being done at all. In the first place, we are continuing a tax which now exists and providing that it shall be put in a special form in order to discharge an obligation which, if this amendment shall be passed, we are about to create.

Now, let me tell you the real trouble on the other side of the Chamber. The real trouble is that they do not wish to vote on the soldiers' bonus bill. They do not like to have it presented to them in a way where it is perfectly clear that the tax which they propose to remit to the profiteers of the country shall be continued and that that amount of money shall be paid to the soldiers. They have stood here pretending that the money could not be obtained to pay the soldiers, and while they were saying that out of one corner of their mouths, out of the other corner they were promising to remit $450,000,000 of excess-profit taxes to the great profiteers of the country. They do not like to vote on the question in that way, and accordingly they have talked about it and agreed that as soon as the amendment comes up they will, by making a motion to lay it on the table, permit nobody to talk on it. They are afraid to face the issue, to look the soldiers of the country in the face and vote down their bonus bill.

I am saying to Senators upon the other side of the Chamber, and to those of this side who do not agree with me, that a vote to table this amendment will be worse than a vote against the soldiers' bonus bill, for it will be a vote against the soldiers and in favor of the profiteers at the same time. You will not fool anybody by a motion to table the amendment.

You will have this question to discuss during the pendency of this bill and after the bill has passed. As long as we have free speech on the floor of the Senate you will have this matter before you. You will have to vote on it one way or the other before you get through with it and you may just as well put up your courage, gird your loins, harden your hearts, and stiffen your necks, and as well do it now as a little later on, because the problem is coming. I do not say that for the purpose of saying anything unpleasant or anything harsh, but the artful dodger will not be artful enough to dodge the vote upon this question. He may, of course, arrange his pair so that he will not be put on record. He may be sick and be absent. But somebody will vote on this question, and I say to you that you will gain nothing whatever by the device of moving to table the consideration of my amendment.

A motion to table an amendment of this kind is a coward's motion. The only reason for making it is to avoid the issue. The only reason for voting for it is to run away from meeting the issue. The only reason in the world why anybody ever conceived the plan of offering such a motion was because he thought he could cast that sort of a vote and then go out and tell the people of the country, and especially the soldiers, "I did not vote against your bonus. I only voted to table it; that was all. I did not vote 'nay,' but I simply voted that it should not even be considered at all. I did not have nerve enough to stand in the open and say you shall have no bonus. All I did was to vote that you should not even have a vote as to whether you should have a bonus."

How high the tides of courage run on the other side of the Chamber. If the soldiers who fought the war had been made of the same sort of metal they would have begun running at Chateau Thierry and never would have stopped until they had been drowned in the Atlantic Ocean. There never would have been an order given to advance. All the officers would have been running with the soldiers. They would have been laying the war on the table and they would have been crawling under the table. There would not have been enough trees in all Belleau Wood to have supplied a shelter for the colonels, to say nothing about the privates.

This is the second time you have dodged this matter. You may dodge it again. The first time you dodged it was when, instead of voting the soldiers' bill down and saying that you were accepting the command of the President and obeying his orders, you referred it back to the committee. Yes; this is the third time you have dodged it. The second time you dodged it was when the chairman of the committee arose and with an unctuous and sympathetic piety assured the soldiers that the bill would receive prompt and sympathetic attention in the committee. That was July 15. August 15 and September 15 have passed. November 15 is at hand. We are running along toward that latter date very rapidly. This extra session is about to expire by limitation of time, for it will run into the December session in a few days, provided we do not adjourn. Not one single breath of sympathy has been wafted from the icy regions where the Republican members of the Finance Committee sit at the long table in their committee room over toward the Democratic side in regard to this measure. A man who would have suggested consideration of the soldiers' bonus bill in that committee, hoping that it would receive any consideration by the majority side except from one Senator, the Senator from Wisconsin [Mr. LA FOLLETTE], would be a fit subject for a mental examination.

There they sit, ranged along the table, the "thin white line" that defends every vested interest in the land. What is the reason for this fight on the soldiers' bonus bill? If it was made here upon the floor of the Senate upon the ground that nothing ought to be paid to these young men, because the sacrifice of the soldier is the sacrifice of duty, and that every citizen should on behalf of his country be prepared to sacrifice his life and his health, without any hope of compensation or reward—if that were the argument advanced, while I would not accord with it, I could have some sympathy with it, for it would be based, at least in part, upon a noble impulse, an impulse that springs from the patriotic sentiment that every man owes his all to his country; but, Mr. President, that applies, if it applies at all, not alone to the bodies of men but to the fortunes of men; that applies, if it applies at all, not only to the living, breathing human being but to the accumulated wealth that is protected by the bodies of the living.

When we seek for the real opposition, the opposition that crowded the President into coming to this Chamber and making his speech asking that the soldiers' bonus be postponed, we find it in the Treasury of the United States. If, sir, the Secretary of the Treasury had been able to come before Congress and make good his pretense that the money could not be raised, he would have had a sympathetic support from every man who considers the welfare of his country, and a situation might have been presented of so critical a nature with reference to our finances that we should have been obliged to have turned to these soldiers and said to them: "Once more you must sacrifice; once more you must put aside your own claims and demands in the interest of the common weal." But when, after the bonus bill had been sent into "cold storage" or into eternal sepulcher, the Secretary of the Treasury disclosed his financial program, then we discovered that the Secretary of the Treasury proposed to take the burden off those best able to pay, and that it was because he was taking the burden off those able to pay—the rich, the powerful, and the profiteer—that there would not be enough money for the soldiers' bonus.

Then it was that we learned that the soldiers were not to be asked to sacrifice for their country, but that they were to be asked to sacrifice for the rich and the powerful and the profiteer; then it was that we discovered that it was proposed to take $75,000,000 off the corporate stock tax; that it was proposed to take $90,000,000 off the taxes of those who make incomes in excess of $68,000 a year; that it was proposed to take $450,000,000 off the taxes of the profiteers, and that that tax was to

be taken off of profits made in excess of 10 per cent net. Then we knew why it was and in whose interest the soldiers' bonus bill was being retired and slaughtered. It was in the interest of big money; it was in the interest of profiteers; it was in the interest of great corporations. The men who had offered themselves in sacrifice for their country were now to be stretched upon the altar of great wealth and to be sacrificed for its benefit.

Then we found out that the Secretary of the Treasury did not end his scheme there. So anxious was he to have great wealth relieved of its burdens that he proposed to compel the common people of the land to sacrifice still further in the way of taxes. He proposed, among other things, that we should raise the postage upon letters from 2 cents to 3 cents; that we should add 50 per cent to letter carriage, which is paid by all the people of the land, and that this pence—not Peter's pence, but Mellon's pence—was to be collected in every habitat in this land for the benefit of the ultra rich and in order that they might be relieved of their taxation.

He proposed to impose a tax which has been regarded as one of the greatest "nuisance" taxes ever levied upon a people, to wit, that every man who draws a check on a bank must lick a 2-cent stamp and put it on that check or the check is not good. That, of course, was to apply to the vast mass of the people of this land, for nearly all of our business now is done through bank checks. He proposed, moreover, other taxes of similar nature, but all the time he was taking the taxes off the great fortunes of this land.

In other words, the way to remove the burdens of taxation from the common people of the land is to take the taxes off the great wealth of the land. That is a sort of vicarious relief that does not commend itself to my judgment. If I can never be benefited except by having the taxes taken off those who are able to pay, then I know that the benefits will never flow down to me during my lifetime. I have an idea that if we took a million dollars taxes off the steel combination for the purpose of benefiting the country generally I would never get my part of that million dollars during this life and that I might wait through the ceaseless cycles of the never-ending eternities and not a 5-cent piece of it would ever flow down where I could get my shadowy hands upon it.

Why is this? We might as well talk plainly for a little while this morning. I desire to make no personal attack upon any man—personalities I abominate—but when a man gets into a public office his environment in life, the conditions under which he has carried on business, the friends and counselors that he has about him sometimes become of very great importance. Substantially every line of this bill was written in the Treasury Department, written by employees of the department, who had to do that which their master above them commanded them to do, and their master was the Secretary of the Treasury. A stream can not rise higher than its fountain head, and the employee can not do other than the bidding of his chief. Therefore it becomes important to inquire as to the source of this bill, the brain from which it emanated, and the environment of that brain.

Mr. President, we have heard much about the indirect control of big business in legislation. We have been told that big business effects its purpose by the influence that it exerts in an indirect way on legislation in Congress; but, sirs, the Treasury of the United States to-day is not merely affected by big business; it is run by big business; it is big business. The Secretary of the Treasury himself, a man of unimpeachable integrity, is nevertheless a man who is connected with so many of the great, wealthy, powerful, and oppressive financial and industrial institutions of the land that when he speaks his thoughts and writes his sentiments into a law the bill is written by big business itself for the benefit of big business.

My understanding is that the Secretary of the Treasury is the second wealthiest man in the United States; that his great fortune is invested in mighty financial institutions, in great industrial enterprises, in the various institutions, sir, that have been waging war against the payment of any kind of excess-profits taxes or any kind of surtaxes upon large incomes. Of course, they make that sort of fight. Why should not the president of an institution that is making 100 per cent profit and is compelled to disgorge a part of its excess profits into the Public Treasury, being merely a human being and having the ordinary selfishness of the ordinary human being, desire to have that tax removed? And if he happens to be Secretary of the Treasury, why should he not have the same desire? Why should not the very wealthy seek to escape? And, Mr. President, they have been seeking to escape, and have been making a great battle along that line.

Along last winter I happened to be in the city of New York. A friend of mine extended me an invitation to go with him down to the Economic Club. As I always have been obliged to practice economy, I thought I would learn something that would enable me to continue the habit of my life; but when I reached this assemblage, a very costly banquet—I make no point of that because my friend paid for the ticket—I think I can say that there were several billions of dollars represented around those tables, and a speech was made in favor of a sales tax, and the leading speech was made by a broker who is said to be the largest broker in the world, and to have transactions in a single day which frequently equal $50,000,000. He is not at all a bad citizen. He is a good broker. That is the best and the worst you can say of him.

But, viewing the question from his standpoint, it was but natural that he should think in the terms of his clients' interests, and his clients were the great institutions engaged in floating vast blocks of stocks and of bonds; and as they filtered through his office of course they paid some tribute on their way to the ultimate consumer, the customer who buys these securities. When he told that multitude of a plan that would distribute the taxes everywhere, so that everybody would have to pay, so that there would be no escape, and that the taxes would not be paid by the great institutions of the country, but would be borne by the entire mass of the people, the champagne glasses were put upon the table and highballs sat unconsumed while the assembled enthusiasts cheered the sentiment to the echo.

Of course he said the tax was passed on, like all taxes; therefore it might as well be paid by the common people at the beginning as at the end, in one way as in another; and then he told us in the next breath, as we have been told on this floor, that the burden upon business is so great that business can not prosper. That is to say, they tell you in one breath that business does not have to pay the tax at all, and in the next breath they tell you that it is so oppressive that business can not live if you exact it. Now, you can not have both ends of that argument. If the tax is all passed on it hurts nobody; particularly it does not hurt the man who first pays it and passes it on. If the tax is not passed on, then the other argument fails, and it becomes apparent that the common people of the land who have but little pay only a little, while those who have much must pay in proportion to their wealth.

That was the initial movement; it was, if you please, the kick-off in the great game that was proposed to be played which had for its purpose the removal of excess-profits taxes, surtaxes, and corporate-stock taxes. From that day the propaganda has been carried on.

I see in the Chamber my good friend, the Senator from New Jersey, who spoke the other day of all who had taken this side of the question as those who were engaging merely in demagogic appeals; and then he spoke of those on the other side of the Chamber who had united with the Democrats to put back a part of these taxes that were to be remitted, and his reference to them was no more complimentary than to the Members on this side. Then, in the middle of his speech, after charging this bad faith and these evil motives to his associates in the Senate, he said, "I took an oath to defend the Constitution of the United States and to do my duty, and I will do it." He alone, out of the entire multitude, could turn his eyes to the heavens and say, "My soul is pure and innocent. My heart is free from guile." He alone was unawed by wealth. He alone, rising to his supreme height, towered above the mists of demagoguery. As I look into his smiling countenance, I know he is laughing at himself for assuming that sort of attitude.

Mr. President, what is demagoguery? It has come to have a very nasty meaning. It is applied to those who knowingly advocate false doctrines for the purpose of misleading the people; but no man was ever proven to be a demagogue by the mere assertion of another man that what he did was demagoguery. It would be much better to meet these arguments with reason, and to demonstrate the falsity of the alleged demagogue's position by cold logic. The hurling of evil names never has convinced anybody except of one thing, and that is that somebody was short of argument and long on abuse.

What is the demagoguery you have heard from this side of the Chamber? Every man who has spoken to the point has said that the burdens of this Government must be borne by all of the people, that every man owes an obligation to pay in proportion to his ability to pay. What is the converse of that doctrine? The converse is that you shall be compelled to pay out of proportion to your ability to pay. We have insisted that if A is a man of great wealth, and has the ability to pay, he should pay in proportion to his ability, and that the poor woman who makes her living over a washtub shall pay only in proportion to her ability to pay. We have insisted that the woman who owns the washtub gets protection only on her washtub, and that it costs the Government very little to protect that

washtub; but that an institution that owns property in 48 States and has property scattered in 20 or 30 foreign countries, which has the protection at home of all the courts and of all the constabulary and of the great body of our citizens and at last of the Army and of the Navy, and which has property abroad which it asks us to defend with the power of our Nation and if necessary with its Army and its Navy, should pay more because it owns this wealth than the woman who has the washtub. We say that is grounded in the eternal principles of right, that it is not war upon wealth, that it is not demagoguery, that it is sound statesmanship, that it is buttressed by the reasoning of every logician who has ever written a book or made a speech in favor of a just system of taxation.

It is said that is demagoguery. If that be demagoguery, how shall I characterize the argument of a man who says, "We will distribute the taxes, not in proportion to the ability to pay but out of proportion to the ability to pay, and we will put the heavier part of the burden upon those who have small ability"? We will say to the woman who earns her livelihood in the agony of labor and toil, "Though you now pay something on everything you buy, for a part is carried along to you, you shall pay more; aye, you shall pay although the slice of bread you hand to your child to eat shall be reduced to a crust, and although you shall go hungry to your bed, and you shall do that in order that those who have vast fortunes shall accumulate more and still more, and shall enjoy more and still more the luxuries of life, until some of them enjoy luxuries that kings have not dared to hope for."

The doctrine we advocate is not war on wealth. The doctrine I have just adverted to is war on wealth. It is the one kind of thing which will ultimately destroy wealth. The true friend of wealth is at the same time the true friend of the people of this country. When wealth bears its just burden, when it seeks to shirk nothing, when it seeks to oppress nowhere, wealth will not be hated; war will not be made upon it. It will be protected by the poor themselves. Our people believe in law, they believe in order, they believe in opportunity, and if there were an attempt made to-day to loot the great counting houses and banks of this land, to despoil by force those who have wealth of their possessions, the men who would pick up the rifle and go to their defense would be, in large part, men who have no wealth themselves; but when you put wealth in control of a government, and when the power of the Government is employed to take from wealth its just burdens and impose them on the backs of the common people, you are sowing the dragon's teeth of socialism and of red anarchy, you are creating a condition which, if it should be persisted in, would some day menace wealth in reality. We who stand here and plead for justice and fair dealing, for the equitable distribution of burdens, the placing of the burdens upon those who are able to bear them, are the true friends of wealth, because we are the true friends of free government, the true friends of the people, and as you keep the people contented so you will make wealth secure. But you can not take big money and put it in a big office and let it dictate the fiscal policies of this Nation and retain the confidence of the people in that government. You may try it, but you will not succeed.

When we are told that the Constitution is so drawn that we can not collect the taxes we are now collecting, and provide that those taxes shall be continued and shall be put aside in a fund to take care of those who preserved this country and who stood between the fortunes which pay the taxes and the hosts of the enemy; when we are told that the very excess profits that sprang out of the war can not be touched because of the Constitution, that is the most singular perversion of the Constitution that I have ever heard.

Mr. President, Senators may vote to table this amendment when it comes up, but I repeat, every man who votes to table it will vote against it, and I have no hesitancy in saying that he will cast a coward's vote; he will cast a vote in a way to save himself from a direct vote, but if he does it he will vote to kill the soldiers' bonus, and at the same time he will vote to take off the excess-profits taxes, and that would be worse than to vote directly on the proposition.

Mr. President, that is all I want to say for the present.

Mr. HEFLIN. Mr. President, I have been very much interested in the magnificent speech made by the Senator from Missouri [Mr. REED]. The spectacle we behold to-day is really a sad one. The Republican Party, which has always boasted that it was the tried and true friend of the American soldier, is here blocking legislation which seeks to give a fair settlement to the soldiers of the great World War, who saved the life of our Nation.

Mr. President, I made reference once before to conversations we used to hear around the country when the war was raging in Europe. We used to hear men say that they would give anything to see the war ended in victory. I heard men say, "I would give half I possess to have the war end in victory to-morrow." The very hearts of those men were stirred at that time. They were deeply interested in the outcome of the war, and those men in Europe, carrying our flag at the battle front, fighting and dying beneath its folds there, had the very keen solicitude of these gentlemen back at home. They could almost hear the tramp of the Kaiser's army upon American soil. They could see that army victorious in Europe going back and marching through Berlin, crying, "On to America." They had all kinds of gloomy forebodings about the outcome of that war. Some of them thought of their earthly possessions, and that is all. They thought of the wealth they had accumulated while the war was raging in Europe. They thought of the millions they had piled up, which they had accumulated out of the distress of their Government. They thought of the profits they had made out of the goods they sold to the Government at prices sky high, and they did not want to give up any of those ill-gotten fortunes, and therefore they wanted the war to end in victory, and they were willing then to give a portion of that wealth in order to be secure in holding all the rest.

The American soldier was a great man in their estimation then. He stood between them and the overthrow of their Government, and the loss of their earthly possessions. Then, Mr. President, they really felt that they were ready to do justice by the soldiers. I believe they would have favored fair treatment for the soldier then. If the soldiers had won the victory one day and had come back a victorious Army the next day, while these men were feeling good and apparently full of appreciation for their great service they would have favored a square deal for our soldiers. But weeks and months went by, and three years have gone by, and the Republican Congress seems to have forgotten the soldier and his service.

The Republican Party triumphed in the election of 1918. They have had control of the House of Representatives since March, 1919; they have had control of the Senate from that date to this; they have had their President in office for nearly a year, and still no settlement has been granted to the American soldiers.

Mr. President, it is estimated that there are 500,000 of those men out of employment. They are unable, under a Republican administration, to find work to do to earn a livelihood in the Nation which they fought to save and for which thousands of their comrades died.

That is a sad picture, Mr. President. It is, indeed, a sad and sorrowful picture, these young men, who offered their lives, returning to their country and finding a party in power which has so upset the instrumentalities of the Government, so turned them over to the mighty rich, that there are 6,000,000 men out of employment and 500,000 of them men who wore the uniform of their country and preserved the American Government.

Now, we are confronted with the suggestion that rather than meet the cold steel of the proposition of granting to the soldiers a fair and just settlement you are going to try to dodge and evade the issue by voting to lay the Reed amendment on the table.

Lay it upon the table? Nobody moved to lay upon the table the resolution that called those boys to the battle field 3,000 miles away. Nobody moved to lay upon the table the measures that sought to keep them at the battle front in the hour of the Nation's peril. We were praising and bucking them up then. I was one of them. I voted as a Member of the House to sustain them on the battle fields of France then and I am going to vote to do justice to the surviving soldiers now. God bless them as they assemble in convention to-day in Kansas City.

Three years have come and gone. The great Republican Party, always strong on dress parade, talking about what it will do for the flag and the soldier, has forgotten the flag, turned its back upon the soldier, and is ready to table an amendment that seeks to do justice by him at a time when he is suffering for the necessities of life. Senators, I repeat that this thing presents a sad picture to the American people.

What else are you doing? Your Secretary of the Treasury suggested a tax upon bank checks. That would make the fellow who has a little money in the bank, borrowed maybe, and placed there, draw it out and would thus curtail credit and further contract the currency. Not only that, but your Secretary of the Treasury suggested that you put a tax on every note and mortgage. The farmer or any other man who wants to borrow money at the bank to finish paying for his Liberty bonds would have to pay a tax upon his misfortune. You would make him put on a stamp of so much per hundred dollars of the money he has borrowed to pay for the bonds that he bought to help win the war. Not only that, but the poor farmer of the South and the West who sold his last crop

and is selling the present crop below the cost of production, and who had to mortgage his home and mortgage his farm, would be compelled to pay a tax on the stamps that he must put upon that mortgage. You have already driven him under a Republican administration to the necessity of borrowing money to buy the necessities of life, and then you are going to tax his misfortune and tax his distress by the stamps that you require him to buy and place upon that mortgage.

When you carried the House and the Senate in 1918, prosperity was flowing like a river. You could not find a man or woman who wanted work out of employment. Under the Democratic administration you could not find a man or woman who did not have money. But what do you find now under the reign of the boss-ridden Republican Party? You find empty pockets and empty pails and an army of millions of unemployed.

Mr. President, I heard a story the other day about a western farmer, a Republican, and another western farmer, a Democrat; they were neighbors. They met one morning and the Democrat said to his Republican friend, "Bill, have you sold your hog?" Bill said, "Yes." "What did you get for him?" He said, "I got $7." The Democrat said, "What did he cost you?" Bill replied, "Well, buying the hog and building the hogpen and the hog trough and buying the feed, he cost me $7.50." "Bill," said the Democrat, "you made money on your hogs under a Democratic administration, didn't you?" Bill said, "Yes." "You are losing 50 cents on this hog under your Republican administration." But the Republican, desiring to defend his party, said, "Yes; that's so, but you must remember that I had the use of the hog all summer."

This is one of the very many wonderful things that has come from the hands of the Republican administration. What do we find here to-day? We find that party excusing from taxes the big excess-profits men of the country. If there ever was a tax under the sun that was just and fair and right, it is this big excess-profits tax. The very name of it shows that it is a tax upon profits that are above and beyond reasonable profits. It is a tax on profits that are over and above what is fair and reasonable. Here are people who can not get the cost of production for their cotton, who can not get it for their grain, who can not get it for their cattle, and yet you are forcing them under the conditions that prevail to put those products upon the market.

At the same time, while we were trying to get you to continue to tax these excess profits so that they would help pay the war debt, you rose up on the other side and wiped them off the statute books.

You have excused them, and now you are going to put this tax upon the little bank check and upon the note that the poor fellow gives when he borrows money to buy his daily bread; you are going to make him put a tax stamp on the very mortgage that covers his home, the last thing that he has. One by one you are taking those things away from the masses of the people.

What else have you done? We had a good roads bill that we finally drove through the Senate by the aid of some of the western Republicans, with southern Democrats and northern Democrats. We put the good roads bill through here, but it is sleeping in the other end of the Capitol. There is no mistake about there being an effort on foot to kill the appropriation as we passed it in the Senate. We can not even get $50,000,000 for 48 States, with their State organizations and State appropriations ready to carry on road building.. We took care of this under a Democratic administration. I fear that you are going to tie up that bill and defeat the appropriation in the House. Why do you not get favorable action upon that bill? I fear that the purpose is to cut the appropriation out entirely, and then you will kill Federal aid to roads in the various States.

Senators, there is nothing you could do that would help give employment more quickly than to put this money out right now into the 48 States and let them put to work thousands of people who are unemployed under the Republican administration. Give them a chance to earn a living and at the same time build up the public roads of the country and reduce the dirt road freight rates to the farmer so he can get his produce more cheaply to the market. This would help the whole people of the country. Yet that bill is now over yonder peacefully sleeping. Why, we started hearings on this legislation in May, and here it is November, and still that good roads legislation has not been passed by Congress.

Now we come to the soldiers' bonus. You sidetracked that, put it to sleep weeks and weeks ago, and yet here is an opportunity offered by the Senator from Missouri to take this excess-profits tax and to pay the bonus out of that tax. Certainly that would not be a burden upon anybody. These big profiteers would not miss it. Of course, they dislike to part with their coin, because with many of them gold is their god.

This debt can be paid out of these excess-profits taxes, but you are not going to permit it to be done, because they bound you and tied you in the last campaign to repeal the excess-profits tax, and when they contributed to your campaign fund they knew that the day of their deliverance was near at hand; they knew that you were going to strike that tax off the statute books, and you have not disappointed them.

What did we have during the war? We had a soldier in the flower of his young manhood don his uniform and, with his gun on his shoulder and the flag unfurled above him, go to the battle field in France. He offered his life, his all, upon the altar of his country. He went to the battle front in France and poured out his blood and laid down his life, and many of them sleep over there to-day. We hailed with delight the returning soldier, the saviors of the country. Yet here you are threatening to lay upon the table a proposition to go into this matter and to pay what is a fair and just compensation for those men.

Would anybody have thought that you Republicans would ever be guilty of such a thing? During the campaign last fall you were smiling and bowing most graciously and telling them, "Leave it to us, you soldier boys; just wait until we get in. Our party has already been the great friend of the American soldier. Leave it to us." They laid their cause in your hands and you are going to lay it on the table. That is where you are going to put it.

Pay more taxes? These big profiteers stand around here with kid gloves, diamond studs, and silk hats a foot high, walking around in indignant manner, telling you they will not stand for this and that. You stand in this Chamber and tell us if we do not take this tax off the profiteer, if we do not cut these big excess-profits taxes out, he will withdraw his capital, put it behind the door of his safe and lock it up, and take it out of the reach of the Government.

I wish to repeat a thought that I expressed here the other day. This Government laid its hands upon the youth of the country in the hour of its peril and sent those boys to the front to save the Nation. I am in favor of now laying the hand of this Government upon the predatory wealth of the country, upon the profiteers of the country, upon those who make these big excess profits, and obtaining some of that money to settle with the soldier and pay the war debt. We are not through with the war yet. When the bugle sang truce on the fields of France and the curtain went down that meant that fighting had ceased, but the debts of the war had not been paid. We incurred a great war debt that has to be paid, and these profiteers owe it to the soldier and to their country to help pay it.

But what do we see them doing? We see them telling Republican leaders, "If you do not take that tax off we will take our money and go back and sit down and defy you." The Government is over all, and is above all in a certain sense, and I do not agree that the profiteers' capital has the right to defy the Government and escape taxation. Suppose the soldier had said, "If you do not please me with your regulations for fighting in France, I am not going to shoulder a gun; I am not going to put on the uniform; and I am not going to the war." Then they would have laughed at him, and said to him what Mandy said at Rastus when Rastus said he was not going in the war. Mandy said, "You would have to go." He said, "I ain't goin' to fight nobody." She said, "I don't know whether you are going to fight or not, but the Government is going to take you to where the fightin' is." And the Government did. The boys were taken where the fighting was, and the boys fought heroically. Now, when we come and say, "We appeal to the patriotism of the country which called every man of the fighting age to the colors, and every man who loved his flag to come up and lay his money upon the national table and help pay this war debt," the pompous profiteer struts around and tells those in authority that he will retire; that he will not pay any of it unless we cut the big taxes off and let him pay what he pleases to pay and no more.

Mr. CARAWAY. Mr. President——

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. HEFLIN. I am glad to yield to my good friend from Arkansas.

Mr. CARAWAY. The boy who was then of age and who had to be compelled to go was called a slacker, and we provided means of imprisoning him. Now, the man who refuses to pay is just as great a slacker, is he not?

Mr. HEFLIN. Absolutely. Mr. President, I thank my friend for the suggestion. The boy who did not want to go, who sought to escape service under the flag, was looked upon as a slacker, and the Government provided means for punishing him; but the pompous profiteer who made his millions while that boy was

at the front walks up now and defies the Government and says, "If you do not take this tax off I will gather up my coin and go back and sit down and pay you nothing." He practically says that he will not pay any of the war debt. Are we going to let him escape? What is he? He is a slacker and ought to be held up to the contempt and scorn of the American people.

But no; he is a "big Ike" in the eyes of the Republican Senate. We are told by some on the other side of the Chamber that the profiteer says he will not pay this tax; that he threatens to quit; that he will take his capital and strike and help to put more people out of employment; he is going to contribute to the distress already in the country. The brave boys whose cause we plead to-day did not ask any question about the war resolution and the regulations of the Army; they went and dared to do and die. Now, here they are; three years have come and gone since the war ended, and no adjusted compensation bill has yet passed through the Congress controlled by the Republican Party, and you have been in control of the legislative branch of the Government during all that time.

Mr. President, we are told by Senators on the other side that legislation to do justice by the soldier would be unconstitutional. If these boys had not won the war we would not have a Constitution. What did we say to the boys then? I made speeches to them. I saw them march through this Capital as they were on their way to France to join the allied armies to fight to the death the enemies of civilization.

Mr. CARAWAY. Mr. President——

Mr. HEFLIN. I am glad to yield to my friend.

Mr. CARAWAY. And the Senator from Alabama saw some of those boys brought back here and buried at Arlington.

Mr. HEFLIN. As my friend from Arkansas states, I have seen some of those boys brought back and buried at Arlington. Yes, Mr. President, I have attended a number of funerals there. I have taken the flags that covered their caskets and mailed them to their fathers and mothers in my State.

I saw those boys go away in health and vigor and I saw them come back cold and lifeless. They had made the supreme sacrifice; they had given their all to their country. Possibly they shared a better fate than some of those who lived to see conditions in their own country that denied them the opportunity to work and make a living. This is what we see under a Republican administration.

Mr. President, I was about to remark that I made some speeches during that time. I addressed soldiers here coming from the West and the South and some from the North and East as they went away to battle. I shook hands with them on the steps of the Capitol. They were boys representing half the States in the Union. I said, "Boys, you are fighting in the greatest cause that ever appealed to the heart of man. All that we hold dear is at stake. Remember when you get over yonder that the Government founded by Washington and his ragged Continentals must now be protected and preserved by you." With the light of battle in their brave eyes they shook my hand and said, "We will preserve it or die in the attempt."

Now, Mr. President, when I see one of those boys going around seeking something to do in order that he may have three meals a day, a place to sleep, and decent clothes to wear it touches my heart very deeply. There is no excuse for such a condition; there is no excuse for the failure to give those boys something to do. But you say $850 apiece is a mere pittance, but, Senators, pittance though it be, it would enable each one of them to live for a few months. They could go out in the country, where, under a Republican administration, they can buy bread and meat from the farmer below the cost of production, and get along somehow rather than have somebody say when they ask for alms, as some of them have been driven to do, "Why do you not go to work?" They respond, "We can not get anything to do; we have been trying to get work for weeks and months, and we have failed."

That is the situation. I wonder what solemn thoughts occupy these boys to-day as they assemble in convention in Kansas City, with heavy hearts and gloomy forebodings. They love their country, but, Senators, you will make bolsheviks out of some of these boys; you will make socialists and anarchists out of some of them; and any party whose administration results in raising up enemies to the flag is itself an enemy to the free institutions of the country.

The Bible says, "By their fruits ye shall know them," not by what they say of themselves, not by what they say they have done or will do for the American soldier, but by what the test shows that you do, and the Bible gives us a way to know—"by their fruits ye shall know them."

Now, what is your fruit? You took the adjusted compensation bill from the calendar. It would have passed; but you sent it back into the committee room where you put it to sleep; and now the Senator from Missouri [Mr. REED] comes and offers you a way out, to pay the cost without levying a cent of taxes on the average taxpayer of the country. He shows you how to settle with these boys by restoring the excess-profits tax; but you rise up with solemn mien and say that you are going to move to lay the amendment on the table; that it is unconstitutional; and then when you are called upon to point out the section of the Constitution which it violates you say, "I do not recall the section, but it is in there."

O Mr. President, how many expedients are resorted to to defeat this proposition of faith treatment for the American soldier! My heart goes out in gratitude to these boys for the fight they made for my country. I shall never cease to praise them to my dying day for the courage and valor displayed on the battlefield 3,000 miles from home. Fear! They did not know what it was. Death! They rushed into its very jaws and the courage they displayed challenged the admiration of the world. They were the very pick and flower of the manhood of the country, and now back home 500,000 of them have nothing with which to subsist upon and out of employment. They were taken out of their work when they went to war. They were promised that their jobs would be held open for them, but when they got back the door was closed and they did not get their jobs back; many of the positions which they were told would be held open for them were dead under Republican Party control, with business stagnant and paralyzed, with money, which is the lifeblood of business, drawn in from its working places in the country, under the control of seven men on the Federal Reserve Board.

Do you know why it is said that that was done? It is said that oil interests held obligations for hundreds and thousands of fellows who had bought oil wells in Texas and Oklahoma, and big oil interests said, "If we can contract the currency and curtail credit, we will deny these fellows money to finish making their payments on their wells; they will have to give them up, and we can buy them for a song; and they did buy them; practically all of them. That was part of the scheme. I did not know that until yesterday.

I charge here that the Federal Reserve Board curtailed credits and contracted the currency for the purpose of beating down the price of Liberty bonds so that they would be bought for $85 on the hundred by Wall Street. When a man went to the bank to borrow money and offered his Liberty bond as security, they said no, that could not be done; and so the man had to sell his bond. I said all that was done in the interest of the bond sharks of Wall Street, and it was. Now I learn that the big oil concerns figured in the deal, and that deflation was brought about in part for the benefit of them.

The loan companies wanted to put the small cattle owner out of business, and the banks would not lend money to the small cattleman, so they had to put their breeding cattle upon the market. When the Republican Party held control of the legislative branch of the Government in both Houses they permitted that to be done.

Mr. President, before I sit down I want to refer, by way of illustration, to the young man in the West who tried to start a herd. He went to the bank and told them he wanted to borrow $2,000; that he knew of some yearlings that he could buy cheaply because of the distressing situation. The bank loaned him the $2,000, and he mortgaged his yearlings. Not long ago the bank called the loan and made him sell his cattle—the same cattle that he had bought and worth three times as much as when he bought them. He threw them upon the market and sold them for $1,300 to pay the $2,000 that he had borrowed to buy them, and left him owing the bank $700. His little ranch was gone, and he was turned loose on the road with his business destroyed and $700 debt hanging over him. That is another of thousands of like instances occurring under the Republican administration.

Now that you have stricken down honest business and unloaded the tax burden upon the common mass and upon men with small working capital and upon those of moderate means, and with your deadly scheme laid bare to put a sales tax upon the consuming mass of the country, after striking down the cattle industry of the West, and the grain growers of that section, and the cotton producers of the South, you come now and refuse to give a fair and just settlement to the soldiers who prevented the overthrow of our Government and the loss of our liberty.

Let me say in conclusion:

Freeze, freeze, thou bitter sky,
That dost not bite so nigh
As benefits forgot;
Though thou the waters warp,
Thy sting is not so sharp
As friend remember'd not.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Utah [Mr. SMOOT] to the amendment reported by the committee.

Mr. SIMMONS. Mr. President, I make the point of no quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Hale	McNary	Smoot
Borah	Harris	Myers	Stanfield
Broussard	Heflin	Nelson	Stanley
Bursum	Hitchcock	New	Sterling
Calder	Johnson	Newberry	Sutherland
Cameron	Jones, N. Mex.	Nicholson	Swanson
Capper	Jones, Wash.	Norbeck	Townsend
Caraway	Kendrick	Norris	Trammell
Culberson	Kenyon	Oddie	Underwood
Curtis	Keyes	Overman	Wadsworth.
Dial	King	Penrose	Walsh, Mass.
Dillingham	Ladd	Phipps	Warren
Edge	La Follette	Pittman	Watson, Ga.
Ernst	Lenroot	Poindexter	Watson, Ind.
Fernald	Lodge	Pomerene	Williams
Fletcher	McCormick	Ransdell	Willis
France	McCumber	Reed	
Frelinghuysen	McKellar	Sheppard	
Gooding	McKinley	Simmons	

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, there is a quorum present.

Mr. STANLEY. Mr. President, among all the things that have been said, among all the alleged reasons—with an accent on the "alleged" and an apology to "reasons"—that have been given, not for defeating—they do not dare to do that—but for pigeonholing, sidetracking, embalming, and burying without the honors of war, sandbagging, as the Senator from Wisconsin [Mr. LA FOLLETTE] has well suggested, picturesquely and accurately, this bill, the most amusing and the most grotesque, is the melodramatic claim that it is the spiel of a demagogue to catch votes.

That statement, made by a Member of the minority, might have had little significance; but made by the Members of the majority as an echo of the almost peremptory orders of the President himself and of the Secretary of the Treasury, it is an impeachment of the capacity or the integrity of the party now in power.

Mr. President, the charge that this is the device of a demagogue, an appeal to the insatiate and indefensible demands of grafters, is a gratuitous insult to the noble band of men who have offered their naked breasts in defense of my country's flag; because, Mr. President, if it is the plea of a demagogue, in whose behalf does the demagogue plead? To what do demagogues appeal, pray? To the patriotism of the people? To the intelligence of the electorate? No. There are two kinds of courtiers aptly described by the greatest critic of American institutions, with the possible exception of Viscount Bryce, who has ever reviewed our institutions from the viewpoint of the foreigner. De Tocqueville, in his "Democracy of America," has in his own graphic and inimitable way described the fawning, superserviceable creatures who thronged the filthy palaces of Versailles, who pandered to the unclean passions and the inordinate vanity of "le grand monarch," Louis XIV; and then this great philosopher compares the smooth, conscienceless, superserviceable slaves in the courts of an unclean, bigoted, ambitious, tyrannical monarch with the courtiers in the United States who play upon the vanity and the passions and the greed and the class hatred of the multitude, who tell the people that they are infallible, that they can do no wrong, who use high place in order to crystallize into law every wild, foolish, blind demand of an inflamed mob, knowing full well they are sacrificing the best interests of their country to their own personal ambitions.

The man who kowtows to popular clamor, who tells the populace it can do no wrong, who encourages fanaticism, bigotry, and intolerance if a majority of his constituents happen to be bigoted, fanatical, or intolerant is viler than the perfumed and bedizened creature who—

> Crooks the pregnant hinges of the knee
> Where thrift may follow fawning.

Viler, said he, is the man who plays to the passions of the mob than the courtier who panders to the vanity of the scarlet mistress of a sceptered beast.

To whom does "the demagogue" appeal in this case? Who are demanding the destruction of their country's most sacred rights? Who are demanding the looting of the Treasury? Who are the vile creatures who are now using the base offices of a demagogue for the plunder of their countrymen? Four million men, who died or were willing to die, that the profiteer might continue to plunder, unharmed and unafraid of a Prussian gun. That charge, Mr. President, impugns the intelligence, the integrity, and the patriotism of the men who demand this legislation. Demagogues would die a natural death were there no ignorance, no selfishness, no bigotry, no class hatred, no power in an ignorant or a brutal majority to persecute or to plunder a helpless minority. The demagogy implies some power behind the demagogue, and they who would brand the defenders of adjusted compensation as demagogues question the patriotism of those whose shoe latches they are unworthy to untie.

Mr. President, this effort to secure adjusted compensation for ex-service men will be an interesting episode to the future historian of American institutions. It has no parallel in the history of congressional procedure. Let us review, let us go into the genesis of this legislation.

Shortly after we entered the World War the President and the Congress determined that it was advisable to depart from the proudest and most martial traditions of the most martial people in all the world. I mean not even an implied criticism either of the President or the Congress, but to state a historic fact.

When a little over 3,000,000 people, poor and scattered and lacking in all of the material sinews of war, without a navy, without ordnance, without a standing army, just a few scattered pioneers, skilled only in the mastery of the wilderness, ignorant of the arts and without the implements of war, rose in righteous rebellion against the most martial nation in all the world—and I do not scare at that word "rebellion" at all. It was a rebellion—that kind of a rebellion which Thomas Jefferson said is obedience to God; at a time when defeat of those ragged Continentals meant that Washington and Franklin and John Hancock and the rest of them would be taken by a brutal British tyrant and swung from the arm of a gibbet—put to an ignominious and despiteous death. Yet, in the face of that peril and that infamy, Washington called for volunteers.

About 20 years thereafter that same country attempted to again extend its hated dominion over the infant Republic. They burned this Capitol. They invaded and conquered this proud city. Again we faced the peril of British dominion and British chains, but the same men who had stood like a rock against conscription anywhere, any time, or in the face of any peril, clad in coonskin caps and armed with squirrel rifles, Kentuckians and Tennesseans, under the inspiring command of Old Hickory Jackson, dropped down the Mississippi on flatboats and forever ended any British King's hope to raise the union jack above the white dome of this Capitol.

When this country was rent by disunion, shaken to its base, and when the all-conquering genius of Lee and Jackson, at Richmond, at Fredericksburg, at Chancellorsville, had convinced the world that a few more attacks, another effort by the genius of southern commanders and the gallantry of southern troops, and this country would be rent—in the face of it all, union still was maintained by the valor and the sacrifice of volunteers.

For the first time in the history of American warfare, at the very beginning of the recent contest, we departed from that proud tradition that a million men were willing and ready at any time to spring to arms, and we compelled the service of the youth of America.

It may have been the wise and proper thing, but you must remember that these men had no choice. They went willingly, it is true; but unwilling they must still have gone. All able-bodied men between certain ages were compelled to don the uniform and to enter the service of their country.

If they had gone as volunteers, Mr. President, we might with some shadow of reason have said that they chose the soldier's life—indifferent to all save fame or adventure—who felt with Bobbie Burns—

> For gold the merchant ploughs the main,
> The farmer ploughs the manor;
> But glory is the soldier's prize
> The soldier's wealth is honour.

They would have volunteered had they been offered the opportunity, I admit. But the fact remains they were not permitted to choose for themselves; they were conscripted. They were forced into the service. That was the condition under which they left.

As a result of that war two things happened: First, the country was saved. In the next place, with Europe prostrate, her industries and her productive powers gone, with every able-bodied man in Germany and Austria and France and Italy and England under arms, it devolved upon this country to supply not only the military force which was essential to turn the scale of battle but we had to supply the material wants of all Europe.

We not only furnished the men who won the final victory, we furnished the munitions, too. We supplied the commissaries, we fed and we clothed all Europe. If the United States had closed every munition plant, had refused to ship a bushel of grain or a yard of cloth or a pound of powder or high explosives to

Europe, Germany would have conquered long before we entered the war.

This artificially created demand for all that we produced acted as a universal accelerator upon prices, and the cost of every conceivable thing advanced by leaps and bounds. The market was a buyer's market. There was no limit to the amount that men were willing to pay for products or for labor.

So it transpired that with all the heroism and the sacrifice of the conscripted man, he not only had to subject his body to the perils of war, he not only had to live in the horror and the hell of a trench, he was not only forced to live for days and weeks waist deep in mud, his body covered with nauseous vermin, fed only when they could reach him in his remote and perilous position, he not only had to risk the perils of shot and shell and poison gas and the diseases which fed and fattened in the mire in which he stood, but he had to sacrifice the opportunity to get a start in life.

It matters not whether he was a farmer, a mechanic, or a miner. He gave up for years the opportunity to make from $10 to $50 a day if he were a skilled laborer or to accumulate a fortune if he were a broker or a manufacturer. He lived on $1 a day. We deprived him of that which was his. If that man were a skilled mechanic or miner here was an opportunity to make an average of $20 a day, because that was their wage at that time. That was his We took it away from him. We took from him an earning capacity of $10 or $20 a day and gave him in return one lone dollar. We deprived him of that which was his. If he was a skilled steel worker we took from him the opportunity to bring home with each setting sun at least a $20 gold piece and we gave him $1 that was filched from him by the hungry tradesmen of France.

We committed the injustice of demanding not only the sacrifice of his body, which we can not replace, but we took from *him* that industrial opportunity which every slacker enjoyed at home. We compelled him to endure hardships and wounds and death, and for that there is no compensation. And we at the same time imposed upon him a pecuniary loss, a severe pecuniary loss, and for that we can make an adequate compensation. That can be calculated, and that it is our duty to do, as I see it.

That was not my demand. That is not the demand of a few demagogues on this side of the Chamber. That was the big, the intuitive demand of the American people. That was the almost unanimous voice of the American Congress. This question was submitted to a vote of the House of Representatives on May 20, 1920. The House of Representatives that day voted upon this question of an adjusted compensation. There were 289 yeas and 92 nays. One-fifth of the party now in power, one-fifth of the whole membership of the Federal Congress, voted against this compensation. The opponents of this compensation could not muster, here in the Senate, a half dozen negative votes. The Senate, the House of Representatives, the American people, were all agreed that this debt should be paid.

There is nothing more fallacious than the use of the term "soldiers' bonus" in this connection. This is not a bonus; this is not a gratuity. It was never so intended. It is not a pension. This is an adjusted compensation. This is the paying back to a man of something that he actually lost for the security of his Government.

Suppose that instead of taking from this man this certain capacity to earn we had gone to the coal mines and said, "We are not only going to conscript you and compel you to serve in this expeditionary force, but we are going to take from you $10 a day or $20 a day for 100 days." Would there be any question about the duty of the Government to pay back that money? Now, you did take from him the difference between what you paid him over there and what he certainly would have earned here, if he was a capable artisan. If he had capacity and industry you took that money from him when you deprived him of the right and the opportunity to earn it.

This thing acted with peculiar injustice. At the end of the war there came the necessary period of readjustment. Thousands and thousands of enterprises had been hothoused into an unnatural and abnormal life. With the armistice and the conclusion of hostilities and the return of normal conditions, or the approach to normal conditions, in Europe, the demand for American products ceased, prices fell, and these poor boys returned not only to find that they had lost the opportunity to earn the rich rewards which were theirs during the time they were engaged in this conflict, but to find that the normal wake was gone; that their places had been taken by others, and even if they were returned at prewar prices as farm laborers or in any other capacity they found the profiteer still continued to demand the pound of flesh, and that on reduced wages they were forced to pay almost war prices for the necessities of life.

These were the conditions, these were the circumstances, that compelled Congress in all fairness to do this thing. That is the reason why the party in power with practical unanimity, without the loss of 100 votes, gave their almost unanimous support to this proposition.

Then the bill came to the Senate. It was referred to the Committee on Finance on February 24, 1921. On June 20, 1921, Mr. MCCUMBER, speaking for the Committee on Finance, submitted a favorable report. In that report not Mr. MCCUMBER but the Committee on Finance said:

> The Committee on Finance, to whom was referred the bill (S. 506), to provide adjusted compensation for the veterans of the World War, and for other purposes, report favorably thereon with certain amendments, and as amended recommend that the bill do pass.
>
> Any discussion of this bill, its provisions and purposes, would be lacking in fairness and justice if it failed at the outset to correct a general misnomer of the bill itself. This proposed legislation is generally referred to as the "soldiers' bonus bill." No name could be applied that would be more irrelevant.

Said the Committee on Finance:

> It is worse than erroneous. It stamps upon a just and unquestioned national moral obligation the designation "gratuity." The purpose of this bill in no sense seeks to express a national gratitude by a money gift to our soldiers. It is not so intended by its supporters and the veterans of the World War would not so accept it. It is just what its title reads, a bill to provide adjusted compensation for the veterans of the World War. It is not a bonus bill, and fairness to country and soldier alike requires that we should exclude the word "bonus" in referring to it.
>
> In simple, plain English the purpose of this bill is to give to the soldier who offered his life with his services a compensation that will more nearly approach that of the laborer who remained at home—

A compensation that will more nearly approach that of the laborer who remained at home!—

> secure from danger, and whose compensation increased from 200 to 300 per cent and, measured by the amount of labor actually performed, far beyond those figures.

That was the report of the finance committee. Was that the idle ebullition of a set of demagogues? Are the members of the Finance Committee of the Senate specially noted for their facility in complying with every wild, unwarranted, and fanatical demand upon the Treasury of the United States?

You must remember that this carefully worded, deliberate finding was uttered on June 20, 1921, more than one year after the House of Representatives, by an overwhelming majority, had declared that the soldiers' bonus was just. In the House of Representatives this bill was advocated by Mr. MONDELL, the majority leader. It was supported by leading Republicans almost without exception. Mr. MILLER, on that occasion, said:

> I am in favor of this bill because I believe in justice to the soldier, and this bill will become a law unless it is vetoed by a Democratic President. [Applause.]

The idea, then, was that Wilson would probably veto the bill.

Mr. FREAR, of Wisconsin, in advocating the bill, said:

> We are not giving the boys compensation. We can not compensate them for the loss of jobs, the loss of school and business plans, the loss of prospects in life, the hundreds of thousands of broken families, men who lost what money can not buy. We know that. We can not compensate them if we took all the money earned by the war profiteers and multiplied it ten times over. No amount of money could compensate for the loss of our American boys who lie buried, 100,000 of them, from far-away Archangel and all over Europe to the Pacific coast of our own country. But we can stand together, Republicans and Democrats, and let us do it on this measure. Let there be no line between us now in politics. These are your boys as well as ours, and we are trying to give them some slight recognition for their sacrifices during the war. One dollar a day in this country or a dollar and a quarter a day across seas is not compensation, but it is an expression of our gratitude for those who fought your battles and mine.
>
> Do you not remember when we patted our boys on the back as they marched away and how we wished them Godspeed when they sailed for France? When they covered themselves with glory at Chateau-Thierry and in the Argonne and all along the battle line, when they threw back the best Prussian troops that the world had ever known, we gloried in their victories. They destroyed a world's military despotism. They did their work well and they came back, leaving thousands of their comrades buried in France—they came back, and after serving for $30 a month throughout the war, protecting your property from demands of German indemnity through winning the war, this little offering is proposed for them. We know it is not compensation, but it is the best we can offer. It is what they will and should accept, not as a matter of sympathy or gift, but as a matter of simple justice.

At that time the chairman of the Ways and Means Committee of the House was induced to believe the repeated assertions of the President as a candidate that his whole heart was in this act of common justice to a band of victorious heroes. Thus he described the President in a little stanza of poetry:

> Th' President said, ez they sailed away,
> "Hold 'em, Bill!"
> Git out in front, where th' fightin's hot
> Show 'em th' kind uv men we got.
> Th' food is coming, an' ships an' guns—
> You'll need 'em all t' beat th' Huns.
> I haven't fergot—an' I never will—
> Th' promise I made t' back up Bill.

That picture of the President patting Bill on the back and promising to back him up might be well put with a companion

piece—Bill on one side, empty-handed, sold on the block as a slave for a job, still pleading with the President to "back Bill up," and on the other big business, with its insidious whisper, to let Bill beg or starve, but do not disturb the security markets of the United States.

Said Mr. FORDNEY:

Oh, how soon some of us forget.
You and I voted for $40,000,000 for bonuses to Government clerks who receive pay up to $2,500 per year for seven hours and fifteen minutes work a day in a cushioned chair. Are we consistent if we vote against this bill?

Were we consistent then, in the language of JOE FORDNEY, the high priest of protection, the leader of the vanguard of stand-patters, a Bourbon of Bourbons? Even my friend JOE FORDNEY'S iron heart is touched by this just plea. In the language of FORDNEY, "Are we consistent if we vote against this bill?"

Mr. FORDNEY further said:

Did the boys who went abroad go for their own defense alone? No. They went "over there" to defend you and me from the enemy's bullets.
They went "over there" to defend your property and my property, and they did it well, and they came back with honor, honor never more deserved by any men who ever fought on any battle field. [Applause.] Can you now decline to come forward and pay a little something to those poor fellows who suffered everything? I believe not. My secretary served 368 days overseas in a combat division that participated in four major operations. In his year of service over there they were 158 days in action. They were in places for weeks at a time where the only available water was unfit to drink. There were numerous days when demolished roads and confusion prevented the bringing up of food. Often the only sleep they had was the sleep of exhaustion. For them the days were days of horror and the nights were nights of dread. They did this for us. What can we do for them? [Applause.] Can you now, when the boys come home and find their bank account depleted, refuse to vote them this small measure of compensation when your neighbor who remained at home received from five to ten, fifteen, and twenty dollars a day working in munition factories and in the shipyards? Many of these soldier boys when mustered out did not have enough money to buy a suit of civilian clothes. Who is there within the sound of my voice or in this land of peace and plenty who can refuse to vote to give this small portion of the great wealth that the people accumulated through the sacrifices and at the expense of those boys? [Applause.]

This veteran statesman concludes the debate, and the House of Representatives responds with a vote of overwhelming approval.

The Senate will recall that when the Senator from North Dakota [Mr. MCCUMBER] reported favorably from the Finance Committee the adjusted compensation bill for two hours he explained the provisions of the bill, and his explanations were almost uninterrupted. They were accepted as established, as demonstrated. Who rose to charge him with demagogy after his 22 years of service in the Senate? Who rose to claim that the bill then pending involved a plundering of the Treasury? Yet in that address he reviewed every objection that has since been made; he answered every argument that has since been offered; he tore into shreds and tatters the puny and flimsy excuses that have been presented here by those more interested in money than in men for this act of ingratitude, for this perfidious and indefensible desertion of those to whom we owe an everlasting debt of honor and of gratitude.

The Secretary of the Treasury tells us that if we grant this compensation we will destroy the equilibrium of the bond market; that securities will be affected; that bonds will not sell for the same price on the curb and in the exchange. What price would New York Central or Northern Pacific or Standard Oil or United States Steel be bringing now if those boys had concluded that they would shorten the war by getting out of danger and if Prussian guns had demanded an indemnity off Sandy Hook, as they demanded it from Brussels? Where would your bonds have been if they had not taken their stand in the far-flung battle line from Ypres to the mountains of Lorraine? The fact that we have a bond market, the fact that we have a chamber of commerce or an exchange, the fact that we have anything to sell or anything to buy is due to their sacrifice and to their suffering. They have placed us under a debt that bond makers, bond buyers, bond sellers, bond traffickers, chambers of commerce, and exchanges can never repay.

Let us see what we have done for bonds and for the bond market. I have no quarrel with the makers of bonds or the buyers and sellers of bonds; I am not here to deliver a tirade against Wall Street. Wall Street has its place; stock corporations, with their fluid assets, are as essential to industrial progress to-day as electricity or steam. I have no fault to find with a corporation as such; I have no fault to find with the bond market as such; I am not one of those always ready with a hammer or a club to demolish anything that happens to be in New York or in Wall Street or happens to be called an exchange; I am not opposed to big business, no matter how big it is, if it is honestly conducted. I am not in favor of using the power of taxation to equalize fortunes. This Government has no more right to use the power of taxation to trim a man worth $100,000,000 down to the right size just because it thinks he is too big than it has to trim a man worth $100,000 down to the right size because it thinks he is too big. If ever this Government goes into the business of using the power of taxation simply to equalize fortunes, the great majority having no fortunes at all, when you get through with the process of equalizing we will have the same situation now existing in Russia—the fellow who has no land and who has no business, as Macauley has well-described him, some day will be in the majority, and the man who uses the power of government for a socialistic purpose to take by any such use of the taxing power from the very rich will find his substance going in the same way. I am not here to rail against these men; but I do say as a conservative that the wildest and most foolish thing that the man with bonds can do is to use his tremendous power to force the Senate, to force the Congress, to right-about face upon a position that it has taken and to say to the American people, "Put a bundle of bonds in one scale and the blood of heroes in the other and the bonds will be in our eyes more precious than the blood." When you do that—good-by!

By that act you invite the hour of anarchy and chaos and ruin.

What did the Senator from North Dakota have to say upon this subject? I do not consider Senator MCCUMBER a radical, a wild progressive, an insurrectionist, or a demagogue. Said the Senator from North Dakota on July 8, in that great speech which he made in defense of this bill:

Let us look at some of the appropriations we have been making. I notice here that in the Sixty-fifth Congress we voted $500,000,000 for Federal control of the transportation system. In the Sixty-sixth Congress we voted $750,000,000 additional for the transportation system. In the Sixty-sixth Congress we voted another $550,000,000 for the transportation system. In the Sixty-sixth Congress we voted another $300,000,000. In other words, we voted in one Congress nearly $2,000,000,000 for the railways of the United States, and I am informed by the chairman of the Committee on Interstate Commerce that the railways are now claiming $600,000,000 more because of the fact that the Railroad Administration in operating the railways left undone things that they should have done and would have done, as they claimed, except for the deficiency in operating, amounting in the aggregate to $600,000,000.

In addition to the more than two billions that you have given in aid of the transportation system by land you have given a greater sum in aid of a defunct and dilapidated transportation system by water. In the face of that you are now proposing, a bill is now pending, to fund the railroads through your War Finance Corporation, and out of the back door of the Treasury to take a billion dollars. They have not the nerve, the courage, to call it an appropriation. This thing will make the Government of the United States the biggest and most reckless gambler that ever bought or sold a share of stock upon the curb or in the exchange of Wall Street. Pass that bill and you not only take in all probability a billion of money from the people, but you make Uncle Sam the most foolish, the most reckless, if not the most wicked gambler that ever bet on a rise or a fall in the market.

Is it possible that we have money for every conceivable purpose—money to run the common schools the States are now running; money to assist ladies in the sweetest and the most holy hour of their lives—for 140 years they have been having their own babies; now the Government is going to superintend that job—money for railroads; money for shipbuilding; money for any and all purposes; money to support any imperiled industry; money for the farmer—and it is perfectly right that the farmer should have it—money for everything, good or bad; money to regulate the trusts; money to create commissions; money to run butcher shops; money to run packing industries; money to supervise cotton exchanges—every new hour brings a new commission; every new commission demands a new appropriation; every day we drift toward a system of Federal usurpation and Federal aggression that will demolish the States, will put the citizen in a strait-jacket, will feed us all with a Federal spoon; nobody comes for any purpose, moral, industrial, financial, or otherwise; there is no propaganda, however wild or crazy, that can get two or three so-called uplift societies behind it that can not run its cranky fingers into the Treasury of the United States; and yet what do we do for the one man who has given that which is more precious than everything else in this world, except a woman's love and sacrifice? For I have never believed that the boy who fell upon the perilous edge of battle suffered half as much or braved half as much as she who bore him, as she who sat clad in the black habiliments of woe by a shattered fireside, waiting, waiting, waiting in unspeakable pathos, listening for the ne'er returning footsteps of the dead. With the exception of a woman's sacrifice and a woman's suffering, none have done so much to make

us safe and to make us free as these 4,000,000 heroic boys; and every door of the Treasury, the front door and the back door and the side door, is open to every legitimate and to every illegitimate, to every wise and to every unwise, to every sane and to every crazy claim that is being made upon it, except the claim of a soldier for adjusted compensation.

A just compensation? No; a compensation less than just, measured to him and approved after more than one year of study by the House of Representatives and the Senate of the United States.

Who were they who said it was less than just? Who were they who weighed all that he did against all that we must give? Let us see who were the men who said that.

Demagogues? Who are the members of that Finance Committee? BOIES PENROSE, of Pennsylvania, with 24 years of service in this august body; PORTER J. MCCUMBER, with 22 years of service; REED SMOOT, with 18 years of service; F. M. SIMMONS, with over 20 years of service; JOHN SHARP WILLIAMS, with more than 30 years of brilliant service in the two Houses. Take the combined services of that brilliant array of statesmen, seasoned and capable, and it will extend beyond the time the Constitution was adopted. It will almost reach the hour when the frail prows of the Pilgrims' barks came in sight of Plymouth Rock; and yet, with nearly 200 years of combined service and two years of study, they come here and tell you it is an adjusted compensation, it is less than we should give, it is only a pittance, and everybody assumes that it will pass, and all at once—all at once, Mr. President—all at once the whole thing stops, like grandfathers' clock. Bing! It is over.

Where, now, is the gallant leader of the majority [Mr. MONDELL], the aspiring statesman from Wyoming? Where, now, is the scarred veteran of the standpatters, the hard, sturdy idol of Bourbon Republicanism, my capable friend JOE FORDNEY? Where, now, is the doughty leader from Pennsylvania, Mr. PENROSE? Where are they whom, we once thought, led and were capable of leading a deliberative body? Echo answers, "Where?"

This wild, glad, patriotic cry has not the volume of the squeal of a mouse. They have not only abandoned their own well-considered arguments; they have done worse.

I warn the majority, or its empty benches. You are dealing with men, with soldiers. You are dealing with those who can excuse incompetence, who can excuse crookedness, perhaps, but who never will forgive cowardice, who never will respect the man who runs.

In the midst of this smooth sailing, in the midst of this wild acclaim of gratitude from somewhere, somebody—God knows who—reached the Secretary of the Treasury. Somebody told the sexton, and the sexton tolled the bell, and the Secretary told the President; and after the Congress had twice passed this bill, after the Senate had considered it in committee and had considered it in this Chamber, where it was on the eve of receiving the hearty indorsement of an overwhelming majority of both sides, the President of the United States comes into this body, sets his foot upon this measure, and, without rhyme or reason except "We can not afford it," orders these doughty champions of unrewarded heroes to hunt their holes, and they went into their holes and pulled the holes in after them.

The Senator from North Dakota said it was only a cataleptic fit into which the President had thrown this bill.

"It is not dead," said he, "but sleeping." I dare him to make it snore. I defy him to put a stethoscope over its marble heart or stained glass above its pallid face. If he will look somewhere in the neighborhood of the carotid artery he will see the Italian hand of the master surgeon, the Senator from Pennsylvania, who also acted as undertaker. That thing is full of embalming fluid right now, and nothing except the trump of Gabriel, or "the jingling of the guinea that helps the hurt that honor feels" will ever raise it from its last and its eternal sleep.

Mr. President, the ingratitude of republics is no new thing. I have often wondered why the wisest of men, He who was both man and God, warned above all things against the sin of covetousness, declaring that it was easier for a camel to go through the eye of a needle than for a rich man to enter the Kingdom of Heaven. Just how many millions can and sometimes do infect the very body of a man, and the gold is as it were absorbed in the blood until the heart becomes metallic and rings like a dollar—how it is I do not know. How any man with multiplied millions, Mr. President, think of it, now earning from 15 to 500 per cent, wrapped in luxury, in his pride of place and power, like old Dives, clad in fine linen and faring sumptuously every day, can look from his marble palace out there to that heroic Lazarus, in want, in rags, in idleness, and say, "I will not from my abundance minister to the necessities of this needy hero," how he can say that, how he can ask Mellon to say it, how Mellon can induce the President of the United States to say it is beyond my ken; but they have said it.

It was but yesterday, and we used to laugh—yes, and scorn—the corruption of other senates. This is not the first Senate that ever denied a soldier his rights. Senates have been doing that for 2,000 years, and for more than 2,000 years a senate has been doubly damned in the eyes of all honest thinking men for its cruel cupidity. Two thousand years and more ago, Mr. President, boys went out as our boys went out, under blazing eagles and to an inspiring trumpet's call, clad in gleaming armor, and they made one city the mistress of the world, until "she sat upon her seven hills and from her throne of beauty ruled the world." Province after province was brought under the dominion of the imperial city, and the public lands were by law given to the men who took them; but the bondholders of Rome, the fellows on the exchange of Rome, the holding companies, if you please, of Rome, the tax dodgers and law evaders of Rome, by means of trusts and leases took the public lands which had been drenched with a soldier's blood and dedicated to the soldier's use, and they stole them all, drove the soldier from his own vine and fig tree, drove him from the protection of his own roof, and placed a Numidian slave in his place, until at last the greatest tribune of ancient times rose and thus addressed them.

A hundred and thirty-three years before Christ Tiberius Gracchus said:

> The wild beasts of Italy had their dens and holes and hiding places, while the men who fought and died in defense of Italy enjoyed, indeed, the air and the light, but nothing else; houseless and without a spot of ground to rest upon, they wander about with their wives and children, while their commanders, with a lie in their mouth, exhort the soldiers in battle to defend their tombs and temples against the enemy, for out of so many Romans not one has a family altar or an ancestral tomb, but they fight to maintain the luxury and wealth of others, and they die with the title of lords of the earth, without possessing a single clod to call their own.

To-day 50,000 lie under the poppies and the lilies of France, 200,000 more maimed and broken, a million more in want—and they fought for what? As Tiberius Gracchus said, they fought to protect the profiteer in luxury and power, and they have not a clod, and they ask you for bread, they ask you for raiment, they ask you for shelter, and you say, "We would love to help you, but it would affect the bond market; the price of United States Steel will drop if you go up; Standard Oil will not declare a dividend if you have a meal."

Great God of justice and mercy! This excuse is enough to recall the drowned Gracchus from the muddy waters of the Tiber. He who made that speech suffered death, because those greedy, thieving, avaricious senators tore the legs from the benches, demolished the furniture of the forum, and battered him and 300 of his fellows to death; and they butchered his brother for the same thing.

But I say to the bond market of New York, I say to Mr. Mellon, who is big business, I say to those who expect a billion in railroad securities, I say to the kings of high finance, "Beware! Remember that their heroic mother, the noble Cornelia, the daughter of Scipio Africanus, the greatest of Roman generals, threw the ashes of the murdered Gracchi toward heaven, and from them sprang Marius and Sulla. You may leave the unrequited soldier to die in want, but his cry of agony and his just complaint will be heard by millions, and from their outrage and from their anger and from their wrath will spring here, as in old Rome, a Marius and a Sulla."

In the face of socialism and unrest will you not give them this morsel upon which to feed? The greatest pioneer, save Boone, the West ever produced, George Rogers Clarke, the Hannibal of the Northwest, he whose single sword, backed by less than 200 heroic Virginians and Kentuckians, redeemed all that region which now teems with wealth and power, for between the Great Lakes and the Ohio River is the epitome of the industrial life of America. In agriculture, in finance, in commerce, in industrial enterprise, in the intelligence and vigor of its population, it is unique in all the world, and yet that vast region—Ohio, Indiana, and Illinois—would to-day, in all probability, be under the British flag, because it was under British dominion during the Revolutionary War, had it not been for the dauntless courage, the genius and the enterprise of George Rogers Clarke. When he who saved an empire to America was visited, so they say, in a deserted cabin years afterwards by a delegation from the General Assembly of Virginia, and they presented him with a beautiful sword; and then, from his dirt floor, and his wounds, his hunger, and his nakedness, the old hero arose and replied, "Go back and tell the people of Virginia that when Virginia needed a sword I found one. It is bread I want."

They say the story is a mere legend; but, be that as it may, we in Kentucky, there around his deserted cabin, have felt our eyes fill with tears at the ingratitude to the greatest military genius who ever led a pioneer band to victory or to glory. We have wondered at the ingratitude of Virginia. We have wondered at the ingratitude of the Roman Senate.

Mr. President, to-morrow the whole Capital will ring with martial music, a hundred bands will play national airs, the very air will bloom with color as ten thousand times ten thousand flags flaunt from every window, every casement, and from every dome, the whole people will shout in pride and glory as multiplied thousands are spent in doing honor to our unknown and unrewarded dead, and you do well.

But why proclaim to the world that we reward only unknown dead, why place all your flowers and spend all your money above a handful of dust?

> Can storied urn, or animated bust,
> Back to its mansion call the fleeting breath?
> Can honor's voice provoke the silent dust,
> Or flattery soothe the dull cold ear of death?

Little he will reck of all your banners and music and oratory. But you pay that tribute to yourselves. Monuments are erected to the living, not to the dead. I ask you to reward the known and living soldier as well as the unknown dead. I ask you to do justice by those who demand justice. It is a mockery, it is hypocrisy, for jeweled lords and ladies in gilded limousines, who display their wealth and power, to clip their coupons above this unknown grave, while back from all the proud and pampered darlings of society, back from crowds of high officials in gold braid and gorgeous dress, back in the rear, pushed aside by insolent police, will stand poor, hungry, ragged, unrewarded men, who will leave that place to pawn a croix de guerre for a loaf of bread.

Let it not be. Let us be consistent. Let us be just. Above all, let us be men. If you mean to refuse this crust to the heroes who earned it, say so; but do not dodge behind those desks; do not play the coward as well as the superserviceable slave to organized millions. If you must wear the collar of big business, have the manhood to wear it openly. Say, "As between the hero of battle and the bondholder, as between big deeds and big profits, I take my stand for big business." You will not surprise anybody; it will be no news to those who know the workings and can touch the secret springs that move big business and standpat politics alike; but we can respect at least your courage if not your politics or your policies.

Mr. WATSON of Georgia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FERNALD in the chair). The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McCumber	Sheppard
Brandegee	Gooding	McKellar	Simmons
Broussard	Hale	McKinley	Smoot
Bursum	Harris	McLean	Stanley
Calder	Heflin	McNary	Sterling
Cameron	Hitchcock	Moses	Sutherland
Capper	Johnson	Nelson	Swanson
Caraway	Jones, N. Mex.	New	Trammell
Culberson	Jones, Wash.	Newberry	Underwood
Curtis	Kendrick	Nicholson	Wadsworth
Dial	Kenyon	Norbeck	Walsh, Mass.
Dillingham	Keyes	Norris	Warren
Edge	King	Oddie	Watson, Ga.
Fernald	La Follette	Overman	Weller
Fletcher	Lenroot	Penrose	Willis
France	Lodge	Poindexter	
Frelinghuysen	McCormick	Reed	

Mr. NELSON. I wish to announce that my colleague [Mr. KELLOGG] is detained from the Chamber on official business.

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

Mr. WATSON of Georgia. Mr. President, the Senator from Alabama [Mr. HEFLIN], while delivering his eloquent speech, expressed his wonder at what was being thought, felt, and said out at Kansas City at the great meeting of the ex-service men of the World War. A few moments after he had taken his seat a friend from the press gallery handed me a copy of the early issue of the Washington Times of to-day, on the front page of which I find these headlines:

> Legion demands bonus revived. Criticism hurled at the President. Mellon also accused by national commander at convention of misrepresenting the facts.

Just beyond the Canadian border they have done and are now doing the very thing which we have not done in the past and apparently do not intend to do. More than 4,000,000 acres of land have been allotted to the ex-service men who went from Canada to fight for their mother country when her very life was at stake. That magnificent policy is going forward from day to day.

In this country we have adopted no such policy, and apparently do not intend to do so. Why it was that the President of the United States placed himself in antagonism to the soldiers who fought under unusual circumstances of sacrifice and suffering so many thousands of miles away from home I do not know any more than I know why Secretary Mellon so persistently misrepresents the facts.

There is one thing about this service beyond seas which makes it different from that of a soldier in any other war in which Americans have taken a part. The wide ocean separated them from home. They lost contact with neighbor, friend, father, mother, children. During the War between the States and all our other wars the soldiers on both sides enjoyed the advantage of furloughs home. In this Great War they had no such advantage. During the War between the States, and all other wars we have waged, they could receive comforts from home to supplement the Army rations. In this war they could not, and the very boxes of comforts which were prepared for them here and shipped to France were sold to them; and it took the soldier's pay to keep himself fed and clothed. There was not a single letter he could write that was not stereotyped. There was no censorship of private letters during the Civil War or the Revolutionary War or the War of 1812 or the Spanish War. In this war beyond the ocean the most rigid censorship prevailed, and no soldier could tell his own folks, who could spread it over the neighborhood, how they were being treated. Our people never learned of the barbarities practiced upon our soldiers until the privates began to filter back into this country and to tell a part of what they had experienced.

I have been impressed with the fact, as various ex-soldiers have come to my house, that there were certain points at which they paused. There were some things they did not want to tell, and those things have not been told. "Hard-boiled" Smith was not alone in his savage treatment of the men in his power when he was so far away that he did not believe his atrocious mistreatment of the privates would ever get back to America.

How many Senators know that a private soldier was frequently shot by his officers because of some complaint against officers' insolence; and that they had gallows upon which men were hanged, day after day, without court-martial or any other form of trial? How many Senators know that? I had and have the photograph of one of those gallows, upon which 21 white boys had already been executed at sunrise when the photograph was taken; and there were others waiting in the camp jails to be hanged morning after morning.

Did we not have meatless days in order that they should be fed? Did we not have wheatless days for the same purpose? Were not the women busily engaged making for them garments of comfort and necessity? The greatest indictment that can be brought against those who were responsible for their supplies was that we gave a billion dollars' worth of those supplies to the French Government for $400,000,000 on credit—a debt which probably never will be paid. In the city of New York, only a few weeks ago, there were sold to a speculator, a profiteer, five carloads of boots at 25 cents a pair. They were held in the depots here and elsewhere when the bleeding feet of our soldiers were tramping over the frozen ground in Europe.

Conditions of warfare were worse than ever before known. The men who followed Grant and Sherman and Sheridan and Lee and Jackson and Johnston and Beauregard did not have to stand in trenches almost waist deep in freezing water day after day until they contracted the incurable disease which is known as "trench foot." They did not have to go on useless marches—"hikes" became the name—where if from sheer exhaustion a man fell out he was left to die by the roadside.

While I was making a speech at Covington in the campaign of last year I mentioned a hike that was made after the armistice was signed, and I spoke of the lives thus sacrificed without rhyme or reason. When I had finished an old man came to me and said, "Mr. WATSON, what you said was exactly true; the son of my neighbor died on that hike, and he died by the roadside with not a hand to help him or anyone to speak into his ear the last words of consolation."

Senators were here on the 4th of March last when the President was inaugurated; they saw the parade of wounded soldiers—"the display of wounded soldiers" is, perhaps, a better expression. It was pitiable; but whether or not the condition of a man who is wounded or has lost an eye or an arm is worse than that of a man who came unscathed from battle to find himself homeless, with a wife who was homeless, with children

who were homeless, and a country that had forgotten him, I leave for philosophers to decide.

What have we been doing here that we could not give the soldiers just compensation? Have we not been told that they upheld the civilization of a thousand years? If that statement was true, what was their service worth? Have we not been told that they saved our own country? If that statement be true, what is our country worth?

Why have we not been able to pay them a bonus? We were able and willing to pay Colombia $25,000,000 to effect a peaceful entrance for the Standard Oil Co., the worst tax dodger on earth; we were able to give a million dollars, without a word, to Brazil to assist her in having an exposition and to build an edifice—that will be hers so long as it lasts—costing a half million dollars; we were able to pay to Great Britain $46,000,000 for carrying our soldiers to her own salvation in nasty cattle ships, while England owes us nearly $5,000,000,000 and will not even pay us the interest on that debt. We are able to take off from the profiteers, as my friend from Missouri [Mr. REED] has pointed out, $450,000,000 in taxes on excess profits.

Any bonus paid to the soldier would add to the money of every community in the Union and would benefit country and town, white and black, merchant, farmer, banker, and laborer.

We do not propose to put a tax upon stock dividends representing net profits. Why not? It is said it is because the Supreme Court of the United States has said we could not do it. We can do it. We can slightly change the wording of the law. I propose to offer an amendment to that effect; and we shall see, Mr. President, whether or not five men, sitting between this Chamber and the other, have a greater power than the united Congress and President of the United States. The Constitution does not give it to them. The debates of the Constitutional Convention show that it was never meant they should have it. The judiciary act of 1789, drawn by that fine New England lawyer, Mr. Elbridge Gerry, an ancestor of our friend the Senator from Rhode Island [Mr. GERRY] who sits on this side of the Chamber, does not give them that power. They have usurped it, and if ever they usurp it again the executive ought to exert its coordinate power and enforce the law as made by the legislative branch. Thomas Jefferson did it, Andrew Jackson did it, Abraham Lincoln did it, and any other President can do it who has the will to do it.

A layman on the other side—I notice lawyers are not so anxious to make propositions of that kind—a layman, the Senator from Indiana [Mr. NEW], for whom I have the utmost good will and respect, said that the amendment of the Senator from Missouri [Mr. REED] could not stand, because it proposed to devote a certain amount of the revenue intended to be raised under the pending bill to a certain purpose. Mr. President, is it not implied in this bill that the revenue to be raised shall be given, so much to the Army, so much to the Navy, so much to the hospital service, so much to salaries? Could we not put in the bill the items for which the money is to be expended? We certainly could. Therefore, the amendment can stand without in any way interfering with the constitutionality of the measure. Why the other side of the Chamber and the White House have put themselves against a recognition of the service of our soldiers it is not for me to say.

Mr. STANLEY. Mr. President——

The PRESIDING OFFICER (Mr. WADSWORTH in the chair). Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. WATSON of Georgia. I yield.

Mr. STANLEY. If there were anything in the contention of the Senator from Indiana—and I agree with the Senator from Georgia that there is not—but if there were any substance at all to that shadowy argument, the bill could simply provide for the appropriation out of the General Treasury of an amount equal to the amount collected by the excess-profits tax, and avoid all question.

Mr. WATSON of Georgia. Precisely; and if we should impose a tax on stock dividends we would get twice as much as is contemplated would be required to meet such an appropriation.

Why all this talk about a bonus? Why this effort to put the ex-service men in the attitude of asking favors when it is a mere question of rewarding service? The greatest Irishman that ever lived, in my judgment—Henry Grattan—was a poor man, and he served in the British Parliament, where as everyone knows salaries were not paid. The people of Ireland made him up a purse, a fund, as I remember, of £50,000, which now, perhaps, would be worth more than $2,000,000 in our money. When reproached for that he said, "I hold that gift by the same title that the King holds his Crown; the people gave and I received."

Does not everybody know that Great Britain has already paid her soldiers a bonus out of our money? France has done the same thing; Italy has likewise acted. Does not everybody know that the historic fact that brought about the union between Cæsar and Pompey was that the Roman Senate refused to pay the bonus to Pompey's soldiers, and Cæsar thought it ought to be paid and he had it put through. Then when he was trying to break up the big tax dodgers and usurers they had him murdered.

The Senator from Kentucky [Mr. STANLEY] alluded to the fact that we were even now in the midst of preparations for a celebration the like of which the world perhaps has never seen since a Roman triumph. The lights are being lit, the arches are being made, the monuments are being reared, the money is being spent, for what? To celebrate the victories of these very men who to-day are without work and without bread. Is it not inconsistent, Mr. President? Should we not be just before we are generous?

I warn the other side now that if I wanted to play politics, and wanted to give them the advice of a Mephistopheles, I would tell them to go right ahead and keep on doing what they are doing. Just keep right ahead. There was a time when one duke in England named 11 men in the House of Commons. There was a time when another duke named half a dozen. There was a time when a seat in the House of Commons had its price on the market, like a stock or a bond. Whether or not we have a modern adaptation of that system I do not know, but this I do know: The endurance of the American people has its limit, and that limit is rapidly being reached. They reached it under John Adams, and they put in Thomas Jefferson. They reached it under the congressional caucus, and they put in Andrew Jackson. They will reach it again rather than bear intolerable insults and a continuance of intolerable wrongs.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah [Mr. SMOOT] to the amendment of the committee on page 128 of the bill.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harris	McLean	Sheppard
Brandegee	Heflin	McNary	Simmons
Broussard	Hitchcock	Moses	Smoot
Calder	Jones, N. Mex.	Nelson	Stanley
Cameron	Jones, Wash.	New	Sutherland
Capper	Kendrick	Newberry	Swanson
Caraway	Kenyon	Nicholson	Trammell
Curtis	Keyes	Norris	Underwood
Dial	King	Oddie	Wadsworth
Edge	La Follette	Overman	Walsh, Mass.
Fernald	Lenroot	Penrose	Warren
Fletcher	Lodge	Phipps	Watson, Ga.
Frelinghuysen	McCumber	Poindexter	Watson, Ind.
Gerry	McKellar	Pomerene	Willis
Hale	McKinley	Reed	

The PRESIDING OFFICER. Fifty-nine Senators having answered to their names, a quorum is present.

Mr. SMOOT. Mr. President, the pending amendment was offered by myself, on page 129, line 3, after the word "within" to insert "China or." As this legislation will be before the Senate, and a bill for a similar purpose has been reported from the Judiciary Committee, being Order of Business No. 262, I think it would be better to withdraw this amendment at this time; and I ask that that be done.

The PRESIDING OFFICER. May the Chair inquire just what amendment or amendments the Senator desires to withdraw?

Mr. SMOOT. The pending amendment.

The ASSISTANT SECRETARY. The pending amendment is on page 129, line 3, after the word "within" to insert "China or."

Mr. SMOOT. I ask to withdraw that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SIMMONS. What about the title?

Mr. SMOOT. I will take that up later.

I now ask unanimous consent for the reconsideration of the vote by which an amendment was adopted on page 128, line 17, inserting the words "China or."

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. SMOOT. The amendment on line 16, striking out "Retroactive exemption of," I do not want disturbed.

Mr. HITCHCOCK. That is to say, the retroactive part is stricken out?

Mr. SMOOT. I want that to remain stricken out.

Mr. President, I now ask that the amendment proposing to insert "China or" on line 17, page 128, be rejected.

The PRESIDING OFFICER. Is there objection to that course? The Chair hears none, and that amendment will be rejected; and the subhead, as amended, will be agreed to.

Mr. McCUMBER. Mr. President, to perfect the committee amendment I offer the following amendment on page 129, after line 15: Insert a new subdivision, to read as follows:

(b) Notwithstanding the provisions of subdivision (a), there shall be included in gross income under this act and under the revenue act of 1918 all amounts received by such citizen or corporation within the United States, whether derived from sources within or without the United States.

I wish to say in reference to this proposed amendment, and as an explanation thereof, that I think the amendment of the committee possibly merited to some extent the criticism that while under the British law a British corporation doing business in the Philippine Islands would be exempt from taxation upon the profits made in the Philippine Islands provided the profits arising therefrom were not paid back to the home company in Great Britain, if the profits were received in Great Britain they would be subject to the tax. In that respect the situation with regard to the British corporation differed from the amendment offered by the committee, which continued the exemption even though the funds which were received from business in the Philippine Islands or in China or in any foreign country afterwards came back into the possession of the home company in the United States.

To avoid this and to place the American corporation in virtually the same position as the British or French corporation, and to obviate the criticisms that were made on the floor as to that feature of the amendment, I am offering this curative proposition.

Mr. KING. Mr. President, I am not sure whether I comprehend the full import of the Senator's amendment. When we take into account the provisions found on page 69 and page 96, which deal with corporations and individuals engaged in business or who may reside in the United States, or where the United States is the principal place of business of the corporation and they are doing business in the Philippine Islands, and exemptions and deductions are allowed under those provisions on pages 69 and 96, may I inquire of the Senator whether there is any necessity for the amendment just offered by him?

Mr. McCUMBER. Yes; because if we adopt this amendment we will allow them the exemptions on the business done in a foreign country even though the profits of that business are returned to this country, and that is the only purpose of this amendment. It is to perfect the proposed committee amendment to conform to the ideas of those who say that we ought not to grant to the American trader any greater rights than the British or French trader would have in doing business in a foreign country.

Mr. KING. Let me see if I understand the effect of this amendment. If an American is engaged in trade in the Philippine Islands or a corporation organized under the laws of any State of the Union is engaged in business in the Philippine Islands——

Mr. McCUMBER. Eighty per cent of whose profits are derived from business there and at least 50 per cent of whose business is conducted there, which brings it into the class of a foreign trader, and with that explanation the Senator can go on.

Mr. KING. Whatever taxes are imposed in the Philippine Islands would be deducted from the taxes imposed in the United States?

Mr. McCUMBER. No; that is not the purpose.

Mr. KING. Would not that be the fair way?

Mr. McCUMBER. No; I think not. This is under the heading of what shall be included in gross returns. Section 262 (a), page 128, reads:

That in the case of citizens of the United States or domestic corporations, satisfying the following conditions, gross income under the revenue act of 1918, as in force prior to the passage of this act, means only gross income from sources within the United States.

That includes all of the gross income from service without the United States. Then it provides if 80 per cent or more of the gross income of such citizens or domestic corporations is received from outside the United States, and if 50 per cent or more of the gross income over such period was derived from the active conduct of business outside the United States. This is to prevent that limitation going to the extent of freeing the American corporation or citizen from including the income from this foreign business if the income is received by him in the United States, which makes it practically the same as I understand the British law to be.

Mr. KING. The purpose is to give the American trader the same rights and advantages, as far as taxes are concerned, in the Philippines as the British or French trader, or any other national, might have?

Mr. McCUMBER. Yes; and it would prevent his having any greater rights by reason of the money coming into the United States.

Mr. KING. What does the Senator say with respect to the provision which seeks to make this retroactive and to exempt from taxation——

Mr. McCUMBER. That is another feature of the bill which I wish to consider by itself. That we undoubtedly will want a separate vote upon. I am simply correcting what I consider to be an error.

Mr. KING. As some Senators have come into the Chamber since the amendment was offered, may I trespass upon the patience of the Senators to have the amendment read again?

Mr. McCUMBER. Yes; let it be read.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 129, after line 15, insert:

(b) Notwithstanding the provisions of subdivision (a) there shall be included in gross income under this act and under the revenue act of 1918 all amounts received by such citizen or corporation within the United States whether derived from sources within or without the United States.

Mr. JONES of New Mexico. Mr. President, I would like to direct the attention of the Senate for a few minutes to the significance of the passage of a general revenue bill at this time.

Mr. McCUMBER. Let me ask the Senator if he would object, if no one else wishes to argue this proposition, to taking a vote at this time upon the amendment?

Mr. JONES of New Mexico. We can get a vote later just as well as now.

Mr. McCUMBER. Very well.

Mr. JONES of New Mexico. This is the fiscal year 1922, which began on the 1st of last July, and will end on the last day of next June, when the fiscal year 1923 will begin.

This bill as reported from the committee does not affect in any degree the revenues to be derived under existing law between now and the 1st of January; in other words, this bill if enacted into law as the committee now presents it to the Senate would not affect the revenues or the taxes of anybody until after the 1st of next January. It is, in truth and effect, legislation designed primarily for the purpose of affecting the revenues for the fiscal year 1923, beginning July 1, 1922.

I desire to call attention to the fact that the Government of the United States, including the Congress and the President, have decided to make a very radical departure from the old method of providing revenues from which to defray the expenses of the Government. Last spring we had under consideration a budget bill. It was finally approved by the President on June 10 this year.

The passage of that legislation was considered by a great many people of the country a remarkable achievement. It was referred to by the President of the United States last September in a letter addressed by the President to the Senator from Illinois [Mr. McCORMICK], in which he detailed the wonderful achievements of the Congress of the United States under this Republican administration. In that letter the President referred to the budget in very laudatory terms. With respect to that bill he said:

We shall be greatly aided in a policy of progressively reducing expenditure by the budget law, Republican in origin, design, enactment, and execution. It was the first of a series of measures placed on the statute books at the present extra session of Congress, but I do not hesitate to say that in ordinary times it alone would have been considered a highly creditable chief product of a year's legislative program.

This budget law, which received the approval of the President of the United States on June 10, was looked forward to as an advanced step toward economy in public expenditure, and toward a more systematic method of raising the revenues and estimating the amounts which would be required. It is referred to in that statement of the President as a matter Republican in its initiation, design, and so on, and as a great achievement.

I believe that it was first proposed to the Congress of the United States by the ex-President who is now Chief Justice of the United States. Finally, in the last Congress, a special committee was created for the purpose of devising a budget bill. There were several Members of the House and several Members of the Senate appointed upon that joint committee, and I was honored with a position on it.

We framed a budget bill, having in mind certain definite objects to be accomplished. It was considered that if its provisions were carried out in the spirit in which they would

be enacted by the Congress, there would be a sane way in which the Congress of the United States might act regarding just such legislation as is now pending before us, and that law provided a very definite method of procedure.

Title II of that act provides:

SEC. 201. The President shall transmit to Congress on the first day of each regular session the budget, which shall set forth in summary and in detail:

(a) Estimates of the expenditures and appropriations necessary, in his judgment, for the support of the Government for the ensuing fiscal year—

Mark the language—

Estimates of the expenditures and appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that the estimates for such year for the legislative branch of the Government and the Supreme Court of the United States, shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the budget without revision.

(b) His estimates of the receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the budget is transmitted and also (2) under the revenue proposals, if any, contained in the budget.

(c) The expenditures and receipts of the Government during the last completed fiscal year.

(d) Estimates of the expenditures and receipts of the Government during the fiscal year in progress.

(e) The amount of annual, permanent, or other appropriations, including balances of appropriations for prior fiscal years, available for expenditure during the fiscal year in progress, as of November 1 of such year.

(f) Balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the budget are adopted.

SEC. 202. (a) If the estimated receipts for the ensuing fiscal year contained in the budget, on the basis of laws existing at the time the budget is transmitted, plus the estimated amounts in the Treasury at the close of the fiscal year in progress, available for expenditure in the ensuing fiscal year, are less than the estimated expenditures for the ensuing fiscal year contained in the budget, the President in the budget shall make recommendations to Congress for new taxes, loans, or other appropriate action to meet the estimated deficiency.

SEC. 205. The President, in addition to the budget, shall transmit to Congress on the first Monday in December, 1921, for the service of the fiscal year ending June 30, 1923, only, an alternative budget, which shall be prepared in such form and amounts and according to such system of classification and itemization as is, in his opinion, most appropriate, with such explanatory notes and tables as may be necessary to show where the various items embraced in the budget are contained in such alternative budget.

SEC. 206. No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request, and no recommendation as to how the revenue needs of the Government should be met, shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment unless at the request of either House of Congress.

In section 209 we find that—

The bureau—

That is, the Bureau of the Budget—

when directed by the President, shall make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of the public service) should be made in (1) the existing organization, activities, and methods of business of such departments or establishments, (2) the appropriations therefor, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports or any part thereof with his recommendations on the matters covered thereby.

Now, those are the principal provisions of the budget bill, but it may be advisable to read just a few other paragraphs:

SEC. 210. The bureau shall prepare for the President a codification of all laws or parts of laws relating to the preparation and transmission to Congress of statements of receipts and expenditures of the Government and of estimates of appropriations. The President shall transmit the same to Congress on or before the first Monday in December, 1921, with a recommendation as to the changes which, in his opinion, should be made in such laws or parts of laws.

SEC. 212. The bureau shall, at the request of any committee of either House of Congress having jurisdiction over revenue or appropriations, furnish the committee such aid and information as it may request.

SEC. 215. The head of each department and establishment shall revise the departmental estimates and submit them to the bureau on or before September 15 of each year. In case of his failure so to do, the President shall cause to be prepared such estimates and data as are necessary to enable him to include in the budget estimates and statements in respect to the work of such department or establishment.

Now, Mr. President, after some years of consideration, after the creation of a joint committee of the two Houses of Congress, the budget law, from which I have been reading, was enacted. The President of the United States approved it, and in his letter to the Senator from Illinois [Mr. MCCORMICK] referred to it as a monumental achievement. I submit that the presentation of a revenue bill to the Congress of the United States at this time, while, of course, we have the right to consider it, is in direct violation of the spirit of the budget law, to which we devoted so much of our time and efforts, and to which the President has referred in such laudatory terms.

If we are going to have a budget law, as we have, if it is going to effect any reform in the expenditures of the Government now that we have it, is it not time that law should be put into operation? Only 30 days from now, on the 1st of next December, under that law the President will be required to submit to the Congress estimates for what? For the fiscal year 1923, beginning July 1, 1922, the very year which this revenue bill is designed to affect.

As I stated a while ago, the revenue bill will not go into operation until January 1, 1922, so far as affecting any of the taxes of anybody in this country or the repeal of any taxes. The estimate submitted by the majority of the Finance Committee shows that for the whole of the fiscal year 1922, operating until July 1, 1923, the only reduction contained in the proposed bill as it came from the Senate committee as against the present law will be about $133,000,000. Then I wish to inquire, in the face of the budget law which we so sincerely considered last spring, which we so solemnly discussed, and in which the President has placed so much store, why it is that in the very first piece of legislation bearing upon the subject the Congress of the United States proposes to relegate the budget bill to the scrap heap?

That is just what the pending bill means. Why should we do it? What is the purpose of doing it? Is it because any emergency exists to bring relief to the country? I say no, because it does not operate upon any of the taxpayers until after the 1st of next January.

I would like to have some member of the committee tell us why the bill comes in here at this time in defiance of the budget law which we all so solemnly enacted. I do not wish by innuendo or otherwise to suggest what the reason is, but when we consider the nature of the bill which is brought in here, when we observe after scrutinizing it that its only real effectiveness is to take off the high surtaxes and to repeal the excess-profits taxes, somebody is going to inquire whether the bill is not brought in here now for the purpose of paying campaign debts.

Mr. President, by the presentation of the revenue bill at this time we are directly violating the very system of legislation to which we devoted so much time and effort during the early stages of this special session of the Congress. Moreover, it was considered during the last Congress. Senators will all recall how during the last of the administration of President Wilson we considered the budget bill. It was really then when it was framed. We devoted our time and best efforts to it. I can see here now Senators who, along with myself, on those nights gathered together for the purpose of framing that legislation. We felt that it was going to be productive of good to the country. We thought it was going to bring about economy in expenditure. We thought it would furnish a remedy, bring about reduction in appropriations, and balance the revenues and expenditures of the Treasury. We thought it was of great good to the country. Finally in the early stages of the special session we passed the bill and it became the law, and now what are we doing? The very first time that revenue legislation is considered we are acting in absolute violation of the spirit of our own law.

Mr. President, I desire in this connection to refer to the pending bill as the closing scene in a tragedy which is being enacted by the Congress of the United States. The prologue of that tragedy was witnessed by us when there was read in this Chamber a letter from the Secretary of the Treasury, Mr. Mellon, to the Senator from New Jersey [Mr. FRELINGHUYSEN], the letter being dated July 2 of this year. At that time the Senate was considering the ex-service men's adjusted compensation bill. It had been considered during the previous Congress by the Committee on Finance. It had been reported to the Senate at that Congress with the unanimous approval of the members of the Finance Committee. It had been passed by the House of Representatives by a vote of nearly 3 to 1.

Finally in this Congress, in the special session, the Finance Committee reported the bill again. It came here without a dissenting voice from the Finance Committee, and by a vote of the Senate, with only four in opposition, the Senate decided to take up that bill for consideration. It was being debated from day to day. Then the letter of the Secretary of the Treasury came in, as I say, a prologue to this tragedy. Finally the time arrived when it seemed that the beneficiaries of that bill might look forward to its final enactment and to a consummation of the result which was sought by most of the Members of Congress. The President of the United States appeared and asked that it be recommitted.

On that same afternoon I uttered my protest against its recommittal. I thought I saw then the conclusion of most of this tragedy. As I sat here and listened to the words of the President of the United States, my mind went out over the country to those millions of men who were interested in the

result of that legislation. I thought I could see the thousands and hundreds of thousands of young men of the land whose education had been interrupted by reason of their being called into the service of their country. I thought I could see them deprived of the means for completing their education and fitting themselves for the walks of life in order to give them a better advantage and a better opportunity in life. I thought also that I could see others of those soldiers who wanted to get litte farms or homes somewhere disappointed because the President of the United States came before the Senate and requested that the bill be recommitted. I thought I could visualize the chills of the coming winter and see those young men who had served their country suffering from cold and hunger, who would be looking forward to benefits that they would receive from the bill; but I could see them in my mind's eye suffering the pangs of disappointment as the President uttered his words.

However, Mr. President, there was one hope held out. The acting chairman of the Finance Committee [Mr. McCUMBER], on the 15th day of July, just after we had taken the vote which resulted in the recommittal of the bill, sang his swan song over the disappearance from the Senate Chamber of that great measure. He had a prepared speech; I do not know whether or not it was inspired from any other source. In that speech evidently he intended to indicate that the administration did not want the boys throughout the country to give up hope; he wanted them still to feel that their country would do justice to them; that this administration would do justice to them; and so the distinguished Senator from North Dakota used the language which I will read. He said:

> Therefore, Mr. President, while I regret that it is thought necessary to recommit this bill, and while I am unable to bring my judgment into exact agreement with that of the President and the Secretary of the Treasury as to the effect of this proposed legislation on any funding or refunding of the national obligations or debts due to the country, I have risen rather to correct an entirely erroneous impression as to what effect the action of the Senate in recommitting the bill will have on the bill itself. Several Senators have declared that it means the death of the bill. Telegrams from posts in my State indicate a like fear on the part of the beneficiaries of the bill.

I am still willing, Mr. President, to class myself among those who said at that time that it meant the death of the bill. The Senator from North Dakota continued:

> Mr. President, while I can not join the chairman of the committee in a vote to recommit the measure, let me say most earnestly and positively to every veteran of the World War that no such result will follow. The bill will not be defeated. On a yea-and-nay vote to take up this bill and make it the unfinished business the vote was 46 for to 4 against.
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> * * * * * * *
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> This vote very accurately, in my judgment, shows the proportion of those who favor the legislation to those who oppose it, and when 46 Senators favor the enactment of a proposed measure as against only 4 who oppose it, can anyone think for a moment that those 46 will not see to it that the legislation will ultimately be enacted? What effect, then, will its recommitment have on the status of the proposed legislation? Will it delay its enactment into law?—

Mark the word "delay"—

> Will it postpone the time within which in its present form the legislation would become effective? I assume, Mr. President, that these questions are now being asked by the American soldier, and I answer both questions: The recommitment will, of course, delay the date on which the compensation bill would in all probability have become a law. The recommitment, however, will not, in my opinion, postpone the time at which the legislation proposed will become effective.
>
> Under the terms of the bill the cash payment and the insurance plans are to come into effect as of July 1, 1922. Long before that date the bill, in its present or amended form, will be placed upon the statute books of the country.

Mr. President, that adjusted compensation bill for the ex-service men provided that, beginning with the 1st of next July, compensation might be paid. If it is to be paid out, there must first be an appropriation, and there must also be the revenue raised with which to meet the appropriation. What is proposed in the pending bill? It is admitted by everybody that the pending revenue bill as it comes here from the Finance Committee does not contemplate the payment of a single dollar on account of any adjusted service compensation provision of any law which may follow. We read a very significant statement in the report of the majority of the Finance Committee regarding the fiscal year 1923, which I wish again to remind the Senate begins on the 1st of July, 1922. That report states:

> It is not possible to make an accurate forecast of the expenditures for the fiscal year 1923, but your committee has acted on the assumption that—with the exception of the special railroad expenditures (transportation act and Federal control) which will be nearly if not wholly completed in the fiscal year 1922—the aggregate expenditure for the fiscal year 1923 will be substantially as large as in the fiscal year 1922. The special railroad expenditures included in the 1922 estimates amount, in round figures, to $500,000,000; and the receipts from customs and miscellaneous sources for the fiscal year 1923 are estimated at $700,000,000. Deducting both amounts ($1,200,000,000) from the total estimated expenditures for 1922 ($4,034,000,000) leaves in round figures $2,835,000,000 to be supplied by internal taxes for the fiscal year 1923. The revenue bill as recommended by your committee will raise during 1923, it is estimated, $2,740,400,000. The difference or deficit of $100,000,000 can and should be avoided by savings and economies. Your committee deliberately recommends a tax program which, while providing revenue substantially sufficient to meet ordinary expenditures on the present scale, assumes that a reasonable measure of retrenchment and reduction will be accomplished.

To my mind, Mr. President, that is the formal obituary of the adjusted compensation service bill. It tells the story. The pending bill provides only for raising revenue to meet the ordinary expenses of the Government upon the present scale of expenditures, and even $100,000,000 less than that. There is no intimation from beginning to end of the report that the Congress ever intends to pass an adjusted service compensation bill. While the acting chairman of the committee, the Senator from North Dakota, extended to the ex-service men throughout the country a certain hope, I ask whether or not it has become a vain hope? Despite the numerous times the Finance Committee has met between that good day and the present hour, not one word has been said regarding the passage of such a law.

I want Senators to understand just what the pending proposed legislation means. In the haste to pass some kind of a revenue measure the Republican majority are closing this tragedy, a tragedy which affects four and a half million of the best men on earth, who were willing to go out and serve their country at the time of its greatest crisis. Are we willing this thing shall be done?

Not only that, Mr. President, but we are deliberately violating the spirit of our own law. We thought we had framed and enacted legislation which would bring about a systematic method of estimating the expenditures of the Government. We have at the present time, according to the newspaper reports, a very active and industrious Director of the Bureau of the Budget. He is supposed to be making great reforms in the public service.

Only a short month from now, under the budget law, the President must send to us the estimates of the expenditures for the fiscal year 1923. If those estimated expenditures shall exceed the revenue estimated to be raised from the operation of the present tax laws, he is then to suggest what changes should be made in those laws to increase the revenue. If the estimated revenues under existing law should exceed the estimated amount of expenditures for the fiscal year 1923 he is then to propose to us how he thinks the laws should be changed so as to raise by taxation only the requisite amount of revenue.

We have adopted this scientific plan to aid us in legislating regarding expenditures and the raising of revenue, and shall we now—and, as I believe, for the purpose primarily of reliving the wealthiest people of our country from taxation—relieve those corporations which are making excess profits from taxation under the present law and put the burden upon those who are less able to pay? If that is the purpose, I submit that the Congress should hesitate. Let us act under the budget law, and let us await the report of the President in pursuance of that budget law. He will doubtless send to us a scientific estimate of the expenditures for the next fiscal year, and then, as I understand, and with all the responsibility which that law imposes upon him, make such suggestions as he may deem wise, and we will not have to rely upon mere guesswork on the part of the Finance Committee.

In truth and in fact the Secretary of the Treasury under that law is prohibited from giving the Finance Committee any information or estimate as to what the expenditures for the next fiscal year will be. That was prohibited in the law because we felt that all these estimates should come to us supported by the responsibility of the President of the United States. It was deliberately designed that the President should be responsible for these estimates. Now we are undertaking to pass a law here in violation of that principle. If we pass this law, I submit that it is not reasonable to believe that in the next few months we are going to pass another revenue law. Then why do this thing now?

It has not been pointed out by any Member upon this floor, I believe, why this bill should be brought in at this time, except that they want primarily to remove the high surtaxes and the excess-profits tax. We have been discussing here in the last few days the effect of the removal of the excess-profits tax. Instead of relieving business, it puts an additional burden upon all business which has the least ability to bear it. It reduces the taxes of those who are making profits beyond 8 per cent. It increases the taxes of every corporation in this country which is making less than 8 per cent upon its invested capital, and increases those taxes by 50 per cent.

To-day, in the argument here, the Senator from Indiana [Mr. NEW] called attention to the fact that these corporations are mere aggregations of stockholders. That is true, and the largest aggregations are those owning stock in corporations which are making a very low rate of income upon their invested capi-

tal. Those corporations are owned by large numbers of stockholders throughout the land; and upon that class of stockholders you propose to increase taxation 50 per cent while you are reducing taxation upon those who are making excess profits.

Mr. President, I have thought it wise to make these statements at this time so that Senators may have clearly before them just what the effect of this legislation is. I do not want to have it said by anybody hereafter that the Senate of the United States violated the spirit of the budget law unadvisedly. I want them to realize that by the passage of this revenue bill they deliberately violate and to my mind enter a denial of the statement of the President of the United States that this budget law is a law worthy of the achievements of a full session of Congress. If you think it is that kind of a law, if you agree with the President, then, I appeal to you, do not violate the spirit of it. Let us wait until we get the estimates of the President in pursuance of that law. Let us then revise our revenues according to his recommendation. Let us look over those estimates, and see whether they contain the items which we believe should go into the bill. It is barely possible, if the Senator from North Dakota [Mr. MCCUMBER] was warranted in making his statement, that the President may make an estimate for an adjusted service compensation bill. I do not believe he will, but there is a ray of hope that he may. There are four weeks of time to elapse before he must decide that tremendous question, when he must bring in his estimates. Moreover, his estimates for the Army and the Navy may be very much less than any guesswork that we now have. Under the estimates for the fiscal year 1922 we are to expend upon the Army and the Navy between eight and nine hundred millions of dollars. It may be that the President will advise a great reduction in the estimates for those two purposes, and thus enable us to lower taxation. At any rate, it will give to the Congress of the United States intelligent information. Why rush through this bill, which appears to me to be designed only for the relief of a few people in this country and to impose additional burdens upon the great masses of the people?

I sincerely trust that this thing will not be done. Moreover, this bill goes further. It is enacting a revenue law which shall provide all the revenue for the fiscal year 1923. I want to say to the ex-service men of this country that if this bill is enacted they must give up all hope.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from North Dakota [Mr. MCCUMBER] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. Mr. President, I move to strike out, on page 129, lines 16 to 20, inclusive. I will say that that is the retroactive feature of the law. When the Senator from Nebraska [Mr. HITCHCOCK] spoke to me about the retroactive feature I thought he meant in the title, but this is really the retroactive feature of section 262.

Mr. SIMMONS. I thought the amendment of the Senator from North Dakota struck that out.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 129, in the committee amendment, it is proposed to strike out subdivision lettered (b), beginning with line 16, all of that line, and lines 17, 18, 19, and 20 in the following words:

(b) In case an amount of tax has been paid under the revenue act of 1918, as in force prior to the passage of this act, in excess of a tax determined with the benefit of this section, the amount of such excess shall be credited or refunded in accordance with section 252 of this act.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. I now ask unanimous consent for the reconsideration of the vote by which the amendment, on line 20, page 128, was agreed to, inserting the words "this act and under."

The PRESIDING OFFICER. Is there objection to the reconsideration? The Chair hears none, and the vote is reconsidered.

Mr. SMOOT. Now I ask that the Senate reject that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

Mr. SMOOT. I also move to strike out the following words, beginning on line 20, after the word "income," down to and including the word "act," on line 21, and the comma:

Under the revenue act of 1918, as in force prior to the passage of this act.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. In the committee amendment on page 128, lines 20 and 21, it is proposed to strike out the words:

Under the revenue act of 1918, as in force prior to the passage of this act—

And the comma.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Are there any further amendments to the committee amendment?

Mr. LENROOT. Mr. President, I should like to inquire whether subdivision "(b)" still remains as a part of the committee amendment?

The PRESIDING OFFICER. It has been stricken out. The question is on the committee amendment as amended.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is in the excise taxes on page 197.

Mr. MCCUMBER. Mr. President, it seems to me that before we go into the excise taxes we should determine definitely the question as to the capital-stock tax, because if the capital-stock tax provision is adopted we can perhaps dispense with some of these excise taxes.

I therefore ask unanimous consent to take up the proposed amendment with regard to the capital-stock tax.

Mr. SMOOT. Mr. President, I call the attention of the Senator from North Dakota to the fact that when the amendment offered by the Senator from Massachusetts [Mr. LODGE] was the pending amendment it was laid aside until section 261 was disposed of. Would it not be better to dispose of the amendment of the Senator from Massachusetts at this time?

Mr. MCCUMBER. Yes; but that is an amendment to the capital-stock provision, so if we go back to the capital-stock provision the Lodge amendment will be the first matter before the Senate.

The PRESIDING OFFICER. Will the Senator from North Dakota state on what page the capital-stock tax is?

Mr. MCCUMBER. It is on page 212, and it is the amendment numbered 60.

The PRESIDING OFFICER. The question is on the amendment to the amendment, the second amendment having been offered by the Senator from Massachusetts [Mr. LODGE]. It will be stated.

The ASSISTANT SECRETARY. It is proposed to add at the end of the first paragraph, or the paragraph numbered (1), a comma and the following words:

but if the taxpayer owns at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of any other domestic corporation liable to the tax imposed by this section, the fair average value for the preceding year ending June 30 of the stock so owned by the taxpayer shall be deducted.

Mr. REED. Mr. President, the statement was made on the floor of the Senate that the Senator from Massachusetts desired to modify that amendment in some manner. Is that the case, or is the amendment to stand as it is offered?

Mr. LODGE. No; I have not made any suggestion of that kind. That is the way I have offered it. I offered it first in a different form, making the deduction one-half. As it now stands, it provides for the deduction of the whole amount.

Mr. REED. Mr. President, I presume the Senator desires to address the Senate.

Mr. LODGE. Not particularly. I can only repeat what I said before.

The purpose of the amendment which I have offered is to remove what seems to me and has always seemed to me, from the time when the provision was previously adopted, a great injustice. The object of the amendment is to eliminate the existing double or multiple taxation which now prevails in the case of certain associated corporations. The Treasury Department, I know, has recognized this injustice, but under the present language of the statute it felt powerless to prevent it.

There are different and inconsistent requirements in the laws of different States which often make it necessary for corporations operating in several States to do so partly through subsidiary corporations. For instance, in some States foreign corporations may not hold real estate, and in some cases what is required by the law of one State is forbidden by the law of another State.

The result is that an enterprise which is so fortunate as to be able to do business through one corporation is taxed only once, while an enterprise which must do business through several corporations is taxed twice or more than twice, to the

extent that the value of the stock of one constituent corporation is represented by stock owned by it in another constituent corporation.

This situation, which exists in the case of most corporations whose business is widely scattered, is particularly acute in the case of public utilities, such as railroads and telephone and telegraph companies. If it be deemed desirable—and I think it is most desirable—to relieve such necessary facilities as public utilities from any extra burden of taxation, this amendment must be adopted.

The Senator from Missouri [Mr. REED], when we had this matter up the other day, cited cases where a corporation acquires the majority of the stock of another corporation for monopolistic or speculative purposes, but I believe those, from all the inquiry I have been able to make, to be trifling in number, and not to be weighed against the entirely legitimate demands of companies against which no such charge can be made. If the corporations to which the Senator from Missouri referred are acting unlawfully, they should be prosecuted under the Sherman Act or the Clayton Act. The capital-stock tax, it seems to me, is a pure question of just taxation, and double or multiple taxation is, in my judgment, not defensible.

Granting that the capital-stock tax is imposed for the privilege of doing business as a corporation, the question comes as to the fair and proper measure of the tax. The excise tax on corporations of 1909 was imposed with respect to doing business, but Congress recognized that in adopting as the basis of the tax the net income of each corporation, there should be deducted the income which it received by way of dividends from other corporations which were themselves subject to the tax. In the existing income tax statute the same deduction is allowed, and in further recognition of the principle that it is a corporate enterprise as a whole which should be taxed, and not the mere component part, without reference to their interrelations, provision is made for consolidated returns in the case of affiliated corporations.

As the tax is necessarily an excise tax imposed with respect to doing business, the holding corporation, therefore, which merely holds the stock of other corporations and does no business on its own account, is entirely free from taxes, while another holding corporation which may do a little business on its own account is taxed on the whole value of its capital stock, which may be chiefly dependent upon its ownership of stock in other corporations.

For example, a corporation whose capital stock has a fair value of $1,000,000 may own the stock of two other corporations each having a fair value of $500,000, and may do no business on its own account. Such a corporation is free from the tax. On the other hand, another corporation whose capital stock has a fair value of $1,000,000 may own stock in another corporation having a fair value of $500,000, and in another corporation having a fair value of $400,000, the remaining $100,000 of fair value of its own stock representing property with which it does business on its own account. Such a corporation would be taxed on the entire $1,000,000 unless the proposed amendment is adopted. Under the proposed amendment, and I think properly so, the basis of its tax should be the $100,000 of property which it owns in addition to the stocks of other corporations which are themselves taxed.

Mr. President, that is the case so far as I understand it. I happened to be on the committee when the present law was originally adopted, and it seemed to me very unjust then, and it appears to me not to have become more just since. I think there ought to be relief given, and I know of no other way of giving relief except to allow them to deduct for the preceding year a fair valuation of the stock owned by the taxpayer.

Mr. PENROSE. Mr. President, the Senator from Masssachusetts [Mr. LODGE] and the Senator from North Dakota [Mr. MCCUMBER] have already explained this paragraph quite fully, and I do not intend to go into it any further. This matter was up during the consideration of the existing law, and has been discussed during the consideration of this bill, and it seems to be one of the grossest inequalities existing in our whole tax system.

If these activities could be conducted by one corporation, they would carry no taxes. The mere fact that the laws of a certain locality relating to foreign corporations holding real estate compel a business that extends all over a continent to organize different companies in different States to meet the local requirements should not incur the liability of this taxation under the existing law. It certainly could not be contemplated, and as these taxes continue and become yearly more burdensome and oppressive, taxation which could be tolerated for a while becomes intolerable. I think it is part of our duty not only to provide sufficient revenues for the Government but to correct inequalities and rank injustices where they evidently exist. The injustice and inequality are evident on the face of it. That is all I have to say.

Mr. MCCUMBER. Mr. President, supplementing what has been stated by the chairman of the committee and for the purpose of clarifying what was in the minds of the committee proposing this amendment, let us take this kind of a case: A number of business men in the State of Ohio desire to organize a manufacturing corporation, and they need a capital of $500,000. They wish to have a branch in Indiana and another branch in Illinois. They may require $300,000 in Illinois, $100,000 in Indiana, and another $100,000 in Ohio.

They issue $500,000 of stock and receive $500,000 in cash for it. Being a foreign corporation, they may not be able to do business either in Indiana or in Illinois unless they incorporate under the laws of Indiana and Illinois, and they organize a corporation in Illinois with a capital of $300,000, which takes $300,000 of the cash, and the same stockholders form another corporation in Indiana with a capital stock of $100,000, which makes $400,000, and the $100,000 in Ohio makes up the $500,000.

Without this amendment that corporation would pay a dollar for each thousand on the Ohio corporation of $500,000. It would pay also a dollar for each thousand of the $300,000 in Illinois and another dollar per thousand for each thousand in the State of Indiana, so that it would pay a corporate tax on $900,000, whereas it would have only actually invested in its stock the $500,000.

It would seem to me that there should be a remedy to meet a simple case of that character.

Mr. KING. Mr. President, this matter is very important, and as the other side of the question is to be discussed, I would like to have as full an attendance as possible. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MOSES in the chair). The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McKellar	Simmons
Broussard	Hale	McLean	Smoot
Bursum	Harreld	McNary	Stanley
Calder	Harris	Moses	Sterling
Cameron	Heflin	Nelson	Sutherland
Capper	Hitchcock	New	Swanson
Caraway	Jones, N. Mex.	Newberry	Townsend
Curtis	Jones, Wash.	Norris	Trammell
Dial	Kendrick	Oddie	Underwood
Edge	Kenyon	Overman	Wadsworth
Ernst	Keyes	Owen	Walsh, Mass.
Fernald	King	Penrose	Watson, Ga.
Fletcher	Ladd	Phipps	Watson, Ind.
France	La Follette	Pittman	Weller
Frelinghuysen	Lenroot	Poindexter	Williams
Gerry	Lodge	Reed	Willis
Glass	McCumber	Sheppard	

The PRESIDING OFFICER. Sixty-seven Senators having answered to their names, a quorum is present.

Mr. SIMMONS. Mr. President, I present an amendment which I have prepared in collaboration with the Senator from Massachusetts [Mr. WALSH]. It relates to the soldiers' bonus and proposes to pay the annual installments of the bonus from the interest derived by this country from our foreign debtors. I shall not offer it formally until the bill is in the Senate, and after the vote upon the amendment offered by the Senator from Missouri [Mr. REED]. If that amendment is agreed to I shall not offer this one at all.

The PRESIDING OFFICER. Does the Senator wish the amendment to be received, printed, and lie on the table?

Mr. SIMMONS. That is my desire.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. LODGE] to the amendment of the committee.

Mr. REED. Mr. President, however much it may be descried, the effect of the amendment offered by the Senator from Massachusetts will practically exempt from taxation every holding company in the United States.

It is all well to talk about the necessity of organizing subsidiary companies to do business in States because of the laws of the various States. To begin with, the best we can say about that argument is that it is a proposition to perfect a device to defeat the laws of the sovereign States and to allow a company to enter those States and transact business in the form of a subsidiary company when it could not enter the States and do business if it honestly came forward and offered itself for business in such States. That is a very poor argument to advance in favor of a tax exemption.

Suppose that it is the law of Massachusetts that a corporation, in order to transact a certain kind of business in Massachusetts, shall incorporate in Massachusetts, ought not that law to be obeyed if it be constitutional? Ought the Congress of the United States to grant its aid and assistance in any way to a corporation seeking to enter the State of Massachusetts in practical defiance of its statutes? Ought we to assist a device in form for the entering of the State of Massachusetts, that device consisting in the organization of a subsidiary company and the incorporation of the subsidiary company in the State of Massachusetts? Surely the Congress can not afford to make itself a party to that sort of a fraud upon the laws of the respective States, and yet that is exactly the argument that is advanced. Of course, it is advanced in different language that sounds better than that, but that is the argument.

I said the other day and I repeat that this is an excise tax. It is a tax for the privilege of doing business in corporate form, and surely if a corporation is organized in such manner and form as to enable it to defeat the purpose of the laws of the respective States it ought to be willing to pay $1 on each $1,000 of its stock for the privilege of that sort of buccaneering.

Mr. LODGE. Mr. President, this does not interfere with the taxes of the States at all.

Mr. REED. I am not saying it interferes with the tax of the States.

Mr. LODGE. If we put on a tax in the State of Massachusetts or require certain taxes to be paid for the privilege of doing business there, they are paid. It only allows the parent corporation to deduct it from its taxes.

Mr. REED. I have not made that argument. The Senator was engaged in conversation I think and did not hear what I said.

Mr. LODGE. No; I was not engaged in conversation. I was endeavoring to the best of my ability to follow the argument of the Senator from Missouri, but I confess I found it very difficult.

Mr. REED. The Senator found it difficult?

Mr. LODGE. I did.

Mr. REED. I think I shall make it so plain that an ordinary man can understand it, and I know if I do that the Senator from Massachusetts can understand it.

The proposition which the Senator advances in support of his amendment is that various corporations are obliged to organize subcorporations in order that the subcorporations may enter the various States in compliance with the laws of those States and that, being taxed by the Federal Government upon the capital stock of those subcorporations which have thus entered the States, we should exempt the parent or large corporation to the aggregate amount of the capital stock of its subsidiary corporations.

I have said that if a corporation enters the State of Massachusetts, it would not be required to pay any additional taxes to the Government, but it would only be required to pay once. If in order to defeat the laws of the State of Massachusetts, which may require a company doing business there to incorporate, or in order to defeat any other statute of the State it proceeds to the organization of subsidiary companies and thrusts a subsidiary company in when the parent company could not go, or if it did go would go under certain restrictions or penalties or taxes, then if we adopt the amendment of the Senator we will be assisting the corporation in perpetrating what is nothing more nor less than an avoidance or evasion of the laws of the State. We will assist it just that much.

Mr. LODGE. The subsidiary corporation which goes into the State of Massachusetts, of course, has to comply with the laws and obeys those laws and pay its taxes there. This has nothing to do with the State taxes.

Mr. REED. I have not said that it had anything to do with the State taxes.

The Senator from North Dakota [Mr. MCCUMBER] made the argument that there were reasons frequently in different States why a corporation could not enter, and, therefore, in order to do business in such a State it was obliged to incorporate a smaller company and incorporate that company in such manner that it could do business in the State. I think that is a fair statement of the Senator's argument.

Mr. MCCUMBER. Mr. President, I know the Senator wishes to be fair. My intention was to say as clearly as I could that in some States persons could not do business as a corporation unless incorporated within the State, no matter what the business was, and, therefore, it was necessary for a corporation to reincorporate in the State in order to do business in such State as a corporation.

Mr. REED. If it reincorporates, and is in fact the same corporation, it will not, under the present law, be obliged to pay a single additional dollar to the Federal Treasury.

Mr. MCCUMBER. It could not be the same corporation if it reincorporated, because it would have to be a new corporation under the laws of that State.

Mr. REED. There is no State in the Union, as far as I know, that goes further than to compel the corporation doing business in the State to file its articles of incorporation and thus subject itself to the laws of the State in so far as suits are concerned and in so far as its property held within the State is concerned. I know of no instance where a State has gone further, except that States may have laws against trusts and combinations and they may be of such a character that a particular corporation is barred from that State because of the character of its business. In that event, undoubtedly there have been instances where there have been subsidiary corporations organized and the laws of that State defeated by that device; but there is nothing in the claim—and I assert it boldly—that if a railroad company, for instance, organized in the State of Illinois, having lines running through the State of Missouri, and compelled to file its articles of incorporation in the State of Missouri, would thereupon be treated by the Federal authorities as two corporations and compelled to pay two taxes. It is one corporation, treated as one corporation, with its articles filed with the secretaries of state of the various States of the Union.

There is no duplication of that kind under the present law, and I challenge the production of a statement from the Treasury Department to that effect. The kind of duplication that the bill will reach is a very different thing. The bill exempts every holding company of the United States in whole or in part from paying its taxes. As I said a moment ago, I think I can demonstrate by a very simple illustration that it will exempt from taxation the actual capital invested in business.

Let us take an illustration. Here are 10 companies with $2,000,000 capital each, doing business in rivalry with each other, a very wholesome condition. A gentleman comes along with a scheme to combine them under one control. He organizes a holding company with $20,000,000 of capital. He acquires, I will say, 50 per cent—it would have to be a fraction over that, 51 per cent, under the bill—of the stock of the 10 independent companies. He puts that stock, which is a little over $10,000,000, into his holding company as the assets of the holding company. He has paid into the holding company nearly $10,000,000 of fresh capital.

We come now under the terms of the pending bill to levy a tax. It is ascertained that there are paid in taxes upon the 10 subsidiary companies an amount which is equal to 1 per cent on their total capital stock, which is $20,000,000. The holding company that has 51 per cent of that stock, and has in addition to that nearly $10,000,000 of cash, comes to pay its taxes. It pleads under the terms of this amendment that it is entitled to deduct from the tax on its capital stock the amount of tax paid by the 10 subsidiary companies. The capital stock of the subsidiaries being $20,000,000 and the stock of the holding company being $20,000,000, the stock of the holding company pays no tax whatever, although it controls $20,000,000 of the stock of other companies and although it has nearly $10,000,000 in cash capital in its own coffers.

Let those of us who want to consider this measure read the amendment together, and I put it to the Senator from Massachusetts [Mr. LODGE] if what I have just stated is not true, if he will follow my reading of the amendment. I will again read the language of his amendment, but will first read the context:

(1) Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business equivalent to $1 for each $1,000 of so much of the fair average value of its capital stock for the preceding year ending June 30 as is in excess of $5,000. In estimating the value of capital stock the surplus and undivided profits shall be included.

Now, that is the tax that is to be levied, and under it—I am going back to my illustration—10 corporations, each with $2,000,000 of capital stock, are now about to be taken over by a company with $20,000,000 of capital stock, and 51 per cent of the $20,000,000 of capital stock of the subsidiary companies is to be put in the treasury of the new holding company. I now read the amendment of the Senator from Massachusetts:

But if the taxpayer—

This is the holding company—

owns at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of any other domestic corporation liable to the tax imposed by this section, the fair average value for the preceding year ending June 30 of the stock so owned by the taxpayer shall be deducted.

In simple language the proposition is that there is to be deducted from the stock of the holding company the taxes which have been paid upon the stock of the subsidiary companies. The subsidiary companies have $20,000,000 of stock; the holding company has $20,000,000 of stock; the holding company

only has 51 per cent of the stock of the subsidiary company in its treasury. The result is that when the subsidiary companies have paid their tax it is credited to the tax upon the holding company, and that company pays no taxes because there is $20,000,000 of stock in each instance.

But what has happened? First, a new corporation has been formed. Second, that new corporation has as its assets only a little over $10,000,000 of the stock of the subsidiary companies. It may have sold its stock and acquired a capital of nearly $10,000,000 of cash. With that cash it may have entered into business and be not only a holding company but a producing company.

Mr. LODGE. Mr. President, if the Senator will permit me to interrupt him, in that case the holding company would pay taxes on every dollar of its assets.

Mr. REED. Oh, no; it does not pay taxes upon assets; it pays taxes on the value of the capital stock.

Mr. LODGE. It would pay taxes on every dollar on which it did business and which was not included in the stock of the subsidiaries.

Mr. REED. It is not so provided by the Senator's amendment.

Mr. LODGE. But that is the fact under my amendment.

Mr. REED. Oh, no; the Senator from Massachusetts is mistaken.

Mr. LODGE. I think not.

Mr. REED. I beg to differ with the Senator from Massachusetts, with all due respect.

Mr. SWANSON. Mr. President, will the Senator from Missouri again read the amendment in order that Senators may understand it? It seems to me that the tax would be paid on the value of the amount of stock held instead of on the entire capital stock.

Mr. REED. The amendment of the Senator from Massachusetts reads—

> But if the taxpayer owns at least a majority of the voting stock—

There are some other qualifications and I will read them, though they do not need to be considered so far as the point we have in mind is concerned. The amendment continues—

> and at least a majority of the total number of shares of all other classes of stock of any other domestic corporation liable to the tax imposed by this section, the fair average value for the preceding year ending June 30 of the stock so owned by the taxpayer shall be deducted,

Mr. McCUMBER. Of course, Mr. President, if the Senator will allow me, if the holding company held but 51 per cent it could get a deduction for only 51 per cent of the stock and not all of the stock of the subsidiary corporation.

Mr. REED. That is correct.

Mr. McCUMBER. And the subsidiary corporation would pay a tax on the entire amount of its stock.

Mr. REED. Mr. President, so far as the phraseology of the provision is concerned, I was incorrect in my first statement. I will inquire if it has been changed since offered? Is the language as originally offered?

Mr. LODGE. It is now in exactly the form in which it was first offered and as it appeared printed in the RECORD of Friday last.

Mr. REED. Very well. I was under a misconception as to the last line of the amendment, and I frankly state that fact, as I ought to do; but, Mr. President, regardless of that—which I consider is a matter of minor importance—we are here presented with a scheme for the taxation of the right to do business in corporate form, and we are asked now to exempt from such taxation those corporations which hold stock of other corporations to the value of that stock; in other words, we are asked to exempt the holding company from the greater part of its taxes.

Mr. SWANSON. Mr. President, will the Senator allow me to ask him a question?

Mr. REED. I yield.

Mr. SWANSON. To what extent would the amendment, if adopted, legalize what was declared to be illegal in the Northern Securities case? Would it indirectly legalize the holding company that was declared illegal in that case?

Mr. REED. I think that it would only legalize it in this sense: For illustration, it used to be claimed by our prohibition friends that when the Government collected a license tax on the manufacture or sale of liquor it legalized its sale even in prohibition States. I never thought it amounted to a legalization; it meant a recognition, and this amendment means a recognition.

Mr. KING. Mr. President, before the Senator takes up another line of argument, will he yield to me for a moment?

Mr. REED. Yes.

Mr. KING. A number of years ago, as I now recall, although the facts are not very clear, when the laws of some of the States were a little narrower—and I think properly so, because they have gone too far in the liberality of their incorporation laws in the rights granted to corporations—one corporation could not engage, say, in mining and irrigation at the same time. The stockholders of a company desired to engage in mining, and in order to engage in mining, it being mining of a hydraulic character, they had to have water, but under the laws of the State they were not permitted to engage in mining and in irrigation at the same time. So two corporations were formed, one to carry on irrigation work and the other to engage in mining. Then a holding company was formed. The stockholders of the two companies were the same as those of the holding company; in other words, there was an identity of stockholders. Under the pending amendment, how would three corporations of that character be treated? I fear I have not made the question very clear, but perhaps the Senator can understand it.

Mr. REED. Under the amendment, the small corporation—to begin with the small corporation—would pay its taxes upon its capital stock. Then, if that capital stock was all in the treasury of a holding company, and the holding company's assets were altogether of that kind of stock, the holding company would not have to pay any taxes at all.

Mr. KING. The assets of the holding company were wholly of that character.

Mr. REED. If only 51 per cent of the stock of the subsidiary company was owned by the holding company, then the 51 per cent of the stock which it held in its assets would be deducted. In that respect I was wrong in my first statement. Under this amendment, however, there is no question about the fact that a holding company can be organized and can take over all of the stock of 20 or 30 other companies, and when they have paid their capital-stock tax the holding company will escape taxes altogether. As to that there can be no dispute. A holding company can be organized for a holding company and still, again, a holding company can be organized for the holding company of the holding company. That is a device that has been actually employed in our country.

Let us state this amendment in plain, brutal language. It is calculated and intended to exempt all the great combinations of this country from a part of their taxes by allowing them to credit as against the taxes they pay for the privilege of doing business as a holding company the taxes that have been paid by their subsidiaries upon their corporate-stock tax. That is all there is in this amendment. Let us see just how it would operate. It will be worth some millions of dollars to the Steel Trust, and some millions of dollars to the Standard Oil Co., and some millions of dollars to the American Tobacco Co., and some millions of dollars to the General Motors Co., and it will not be worth one dollar to any individual man in the United States unless he is interested in some such concern.

Let us take the American Tobacco Co. It has outstanding capital stock, common and preferred, of $142,000,000, in round figures. It controls, as a subsidiary, the American Cigar Co., with a capital of $25,000,000 and a surplus of nearly $10 000,000. It controls the Mendel Co., with a capital of $8,124,000 and a large surplus. It controls an almost infinite number of smaller concerns—cigar companies, cigarette companies, cigar-box and paper companies, chains of retail stores, and so forth.

It has spread itself over the country through these subsidiary organizations, so that it is almost like a spider's web, reaching into every community of the land. I have not the slightest doubt in the world that under the amendment of the Senator from Massachusetts the American Tobacco Co., the parent concern, the boss of it all, will escape taxation entirely for the privilege of being a great monopoly and having this great issue of stock. Have we grown so tender of these great concerns that we propose to aid them by exempting them from the ordinary excise tax which other corporations pay on their capital stock?

Let me see if I can find the Bell Telephone Co.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. REED. I yield.

Mr. LA FOLLETTE. Before the Senator leaves the American Tobacco Co., may I just give him these facts with respect to it?

The trust controls 85 per cent of the smoking tobacco manufactured in the United States; 85 per cent of plug tobacco, fine cut, and cigarettes; 90 per cent of snuff; 95 per cent of small cigars; and about 50 per cent of large cigars. It controls the United Cigars Stores Co., which controls the Riker-Hegeman chain of drug stores throughout the country. The United Cigar Stores Co. owns and leases real estate in New York City assessed at $100,000,000, and about $300,000,000 throughout the

United States, and operates more than 1,000 stores—a very healthy little organization.

Mr. REED. Mr. President, I have not the books with me, but I want to tell you something about the American Bell Telephone Co. I do not know whether that company is now incorporated and organized exactly as it was a few years ago, but I had occasion in some litigation to go very deeply into its method of organization. It will furnish a fitting example of the way this bill will work.

There is a parent company, I think organized in New Jersey, but I am uncertain, and that is immaterial. It proceeded, through its agents, to divide this country into territory. Every large city constituted a separate unit. It then proceeded to have organized in each of these large cities a local telephone company, and that local company immediately upon its organization turned over to the Bell Telephone Co. 51 per cent of its capital stock for the alleged privilege of using the patents of the Bell Telephone Co. Thus the Bell Telephone Co. became the holder of 51 per cent of the shares of the capital stock of each of these companies organized in the various cities of the United States. The companies organized in these various cities then had assigned to them a territory which would embrace perhaps many towns and many villages. In each of these towns and villages there would be organized local companies, and 51 per cent of the stock in the local companies was turned over to the company in the large city. The entire property was built out of the 49 per cent of money that was paid in by the local people. In a word, as the parent Bell Telephone Co. controlled 51 per cent of the capital stock of the large companies organized in the cities, and as the large companies organized in the cities controlled 51 per cent of the capital stock of all the small companies organized in their territory, the parent Bell Co. in that way controlled every telephone exchange in the United States that was run under its auspices, and they embraced practically all there were.

Mr. PHIPPS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Colorado?

Mr. REED. I do.

Mr. PHIPPS. I should like to inquire if the Senator is informed as to whether the new issues of stock were allotted to the American Bell Telephone Co. on that same basis, pro rata, 51 per cent, without the payment of any further consideration?

Mr. REED. I do not quite catch the Senator's question.

Mr. PHIPPS. The Senator's statement is that on the formation of these companies the American Bell Telephone Co. was allotted 51 per cent of the holdings for the right and privilege of using its patents and inventions.

Mr. REED. Yes.

Mr. PHIPPS. The capitalizations when those various companies were formed were inconsiderable as compared with what they stand at to-day. Based on the Senator's statement, without any further explanation, one might be led to think that as the capitalizations of these various companies were increased the American Bell Telephone Co. was handed 51 per cent of such increased capitalization without consideration. Is that the Senator's understanding?

Mr. REED. My understanding is this: I speak now with reference to the company that we investigated in this particular case. The evidence in that case showed that only a very small amount of capital was originally invested in the local telephone exchange; that the rates were very high; and that as fast as the money was collected it was nearly all used for extensions and betterments of the plants.

The subsidiary companies of the company of which I am now in particular speaking pursued similar methods, so that at the end of a few years they had a property in which the primary investment of money was very small, but the value of the present holdings was exceedingly large. The Bell Co. in the meantime held its 51 per cent, and gained the advantage of that arrangement.

Mr. PHIPPS. Now, Mr. President, if the Senator will yield——

Mr. REED. I do.

Mr. PHIPPS. I should like to give, from personal knowledge, a statement regarding one of the affiliated companies which covers a larger extent of territory than any single Bell Co. in the United States. I refer to the Mountain States Co., which covers Colorado, Wyoming, Utah, parts of Texas, and goes into Arizona and clear down into Nevada. I know that for at least the past 15 years—I might be safe in extending that one or two years, but I will say for 15 years—whenever the business of that company required additional capital, notice was given to all of the stockholders that the stock would be allotted pro rata, based on their holdings of stock. The stock was all issued at par, paid for at 100 cents on the dollar, and the American Bell Telephone Co. paid in cash for the additional stock which it acquired, so that to-day the initial 51 per cent which may have been allotted to the American Bell Co. for the right to use its patents would be an inconsiderable amount of the total capitalization; but I do not even concede that. I very much doubt that the American Bell Co. was awarded 51 per cent of the stock of the original company, which was the Colorado Bell Telephone Co., without other consideration.

Mr. REED. How familiar is the Senator with that company? Is he a member of it, and does he know it from the inside or from the outside?

Mr. PHIPPS. I know it from the inside. I may have been a director at one time. I have been a stockholder for many years, and I know how the stock has been allotted. My stock is not a considerable amount. I hold no brief for the American Bell Telephone Co.——

Mr. REED. Oh, no; I did not mean to intimate that.

Mr. PHIPPS. Nor even for the Mountain States Co. It is something that I might buy to-day and sell to-morrow, so far as that is concerned; but I know that the Senator does not want to leave the impression in the minds of Senators that every time an increase of capital stock is made by any one of these subsidiary companies of the American Bell Telephone Co. 51 per cent of that increase is turned over to the treasury of the American Bell Telephone Co. without consideration.

Mr. REED. Mr. President, that is not necessary. I want the Senator to understand that when I ask my questions there is no thought in my mind reflecting upon him. If a Senator has outside information in regard to a company, it is quite different from information he would get from the inside.

Mr. PHIPPS. I did not take the Senator's question as a reflection. My information is intimate.

Mr. REED. If the American Bell Telephone Co. owns originally 51 per cent of the stock of one of these subsidiary companies, and that subsidiary company proceeds to organize subsidiaries to it, and those other companies build new plants, nevertheless the control is still held by the company which owns the original stock, unless there is a new issue of stock, in which event it would either have to buy new stock or receive new stock as a gift, or it would cease to be the majority holder. I grant that. Mr. President, I do not know what has been going on in the Mountain States. I know what went on in Missouri, for we took testimony for two weeks in a lawsuit and demonstrated the situation to be exactly as I have told the Senate.

We demonstrated, in addition to that, that the Bell Telephone Co., through its majority control, was exacting from the subsidiary companies for the use of its various devices royalties which were simply plain, unadulterated, unmitigated robbery; that it was exacting as much as $3 a year royalty for the right to use one of those little instruments which you put to your ear, a transmitter, when a better apparatus could be bought from an outside company for less than the annual rental.

Mr. PHIPPS. Of course, I have no desire to question the Senator's knowledge of the local company which he mentions.

Mr. REED. We took the books of that company; we had them examined by probably the greatest expert then living, and finally we got the key to those books and found where they had set aside the money with which to bribe councils and legislatures, and we filed those papers in court and they are in court now, where they are accessible. So I know what I am talking about when I speak of that company.

But suppose, Mr. President, that they had put in new capital in order to keep their 51 per cent. Let us apply that to this particular case. This great company, which enjoys this enormous privilege, and whose assets consist largely of the capital stock of subsidiaries, by this bill will be relieved of all the taxes added together which have been paid by its subsidiaries, and if that capital stock shall equal in amount and value in the market the capital stock of the parent company the parent company will pay no capital stock tax. Yet it has the corporate privilege of existing in a form so that it can control a multitude of smaller corporations, and it makes immense sums of money by virtue of that control. Should it not pay an excise tax for that, if a man must pay an excise tax on a little $10,000 corporation which he has organized for the purpose of running a grocery store? It is the privilege of existing in that form which we are taxing, and this capital-stock tax is the only thing which to-day reaches the great overcapitalized corporations and compels them to pay upon their swollen capital.

We have been told here, in argument after argument, that the reason we should take off the excess-profits tax is because it does not reach the great corporations that are so overcapitalized that they make no excess profits, because excess profits are estimated upon capital, and now you propose to take off the only tax that is levied upon them and reaches their excess profits.

You can drive through if you wish; you have the votes and you have the power; but I intend to utter my protest.

Let us take the Rock Island holding companies. There never was a transaction in the United States, probably, more fraught with damage to good and honest railroad properties than the organization of the chain of Rock Island holding companies. Yet I have not the slightest doubt, after all the stock jobbing had been worked out, after that stock had been unloaded on the people and had been depreciated in value by the most scandalous kind of speculation, that the stock of the subsidiary companies could be added together and reach an aggregate which would enable them to escape all taxes upon those holding companies.

You have been standing here arguing now for two weeks that the reason we should take off the excess-profits tax was because of the great capital of those companies, which pay no excess-profits tax because they have a great capital, and now it is proposed to take the tax off that capital stock.

Mr. OVERMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll, the Senator from Missouri having yielded the floor for that purpose.

Mr. REED. I did not yield it at all. A Senator can rise at any time to suggest the absence of a quorum without the Senator on the floor yielding. Of course I did not yield the floor.

The PRESIDING OFFICER. The Senator not having yielded for that purpose, the roll will not be called. The Senator from Missouri will proceed in order.

Mr. REED. I do not understand the ruling of the Chair.

The PRESIDING OFFICER. The Chair asked if the Senator from Missouri yielded for the purpose of the calling of a quorum, and the Senator having said that he did not the roll will not be called. So the Senator from Missouri retains the floor.

Mr. REED. I do not care to discuss the question, because it is not very material; but under the custom of the Senate a Senator can rise at any time and suggest the question of the want of a quorum. We do not want to depart from that rule.

The PRESIDING OFFICER. However, if business has not intervened——

Mr. REED. If that is the point, that is a different question.

Mr. LODGE. The point of no quorum is a point of order and can be made at any time. It does not take the Senator occupying the floor from the floor.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McKinley	Shortridge
Borah	Hale	McLean	Simmons
Brandegee	Harreld	McNary	Smoot
Broussard	Harris	Moses	Stanley
Bursum	Heflin	New	Sutherland
Calder	Hitchcock	Newberry	Swanson
Cameron	Jones, Wash.	Nicholson	Townsend
Capper	Kendrick	Norbeck	Trammell
Caraway	Kenyon	Oddie	Wadsworth
Curtis	Keyes	Overman	Walsh, Mass.
Dial	King	Owen	Warren
Edge	La Follette	Penrose	Watson, Ga.
Ernst	Lenroot	Phipps	Watson, Ind.
Fernald	Lodge	Poindexter	Willis
France	McCormick	Pomerene	
Frelinghuysen	McCumber	Reed	
Gerry	McKellar	Sheppard	

Mr. TRAMMELL. I wish to announce that my colleague [Mr. FLETCHER] is temporarily absent from the Chamber on account of illness.

The PRESIDING OFFICER. Sixty-five Senators having answered to their names, a quorum is present.

Mr. REED. Mr. President, I have no desire to prolong the discussion of this matter. I wish to have Senators understand the proposition. It simply means to exempt holding companies from taxation. The estimate of the expert of the Treasury I understand is that it will take $20,000,000 out of the public revenues. We lose that much money. It will be saved practically exclusively to the concerns that have enormous capital. So far as I am concerned if the Senate wishes to do that I shall not delay its action. I could proceed at great length in order to illustrate the question by the different companies, but I am willing we shall vote.

Mr. LODGE. I did not understand the Senator's proposition.

Mr. REED. I say that as far as I am concerned I am willing to proceed to a vote. I do not know whether other Senators desire to speak or not.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Massachusetts [Mr. LODGE] to the amendment offered by the committee.

Mr. REED. On that I demand the yeas and nays.

The yeas and nays were not ordered.

Mr. REED. Mr. President, I am going to insist on a record vote on this question if I have to stand here and talk all night.

Mr. PENROSE. That will not be difficult for the Senator to do.

Mr. REED. But it would be difficult for the Senator from Pennsylvania to listen.

Mr. PENROSE. It would.

Mr. REED. And it certainly would be very difficult for the Senator to be polite under any circumstances. So far as I am concerned I am growing just a little weary of standing insults from the chairman of the committee in charge of the bill. He has not hesitated here or in the committee to pursue that course of conduct. However, I wish to be polite to him, as I do to any gentleman. I wish to have a record vote upon this and I desire to know why the Senate is not willing to give us a record vote.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Arizona?

Mr. REED. I yield.

Mr. ASHURST. The Senator from Missouri takes this much to heart and I do not blame him. I wish to tell him and to tell the Senate that there are others on this side of the Chamber who take some things to heart. Only three days ago the Senator from Tennessee [Mr. MCKELLAR] offered an amendment which proposed that we should collect the interest from the Governments that owe the United States much money. On that question some Democrats refused to give us a yea-and-nay vote. But one Republican would help us try to get a yea-and-nay vote.

Mr. LODGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. REED. I yield.

Mr. LODGE. I am perfectly willing to have a record vote. I will do anything to facilitate business. I think probably the quickest way will be to give the Senator the vote he desires, and therefore I ask that there shall be a yea and nay vote.

The yeas and nays were ordered and the reading clerk proceeded to call the roll.

Mr. TRAMMELL (when Mr. FLETCHER'S name was called). I wish to announce that my colleague [Mr. FLETCHER] is absent from the Senate on account of a temporary indisposition. He is paired with the senior Senator from Delaware [Mr. BALL]. If my colleague were present he would vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I transfer my general pair with the Senator from Montana [Mr. WALSH] to the senior Senator from Iowa [Mr. CUMMINS] and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. PENROSE (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. I am informed that he is absent. I transfer that pair to my colleague [Mr. CROW], who is absent and who would, if present, vote "yea." I vote "yea."

Mr. SIMMONS (when his name was called). I have a general pair with the Senator from Minnesota [Mr. KELLOGG] who is absent. I transfer that pair to the Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. In his absence I withhold my vote.

Mr. TRAMMELL (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. COLT]. In his absence I transfer that pair to the senior Senator from Tennessee [Mr. SHIELDS] and vote "nay."

The roll call was concluded.

Mr. HALE. I transfer my pair with the Senator from Tennessee [Mr. SHIELDS] to the Senator from Rhode Island [Mr. COLT] and vote "yea."

Mr. McLEAN (after having voted in the affirmative). I transfer my pair with the Senator from Montana [Mr. MYERS] to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

Mr. EDGE (after having voted in the affirmative). I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Missouri [Mr. SPENCER] and allow my vote to stand.

Mr. JONES of New Mexico. I wish to announce that the junior Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. I am authorized to announce that if the Senator from Mississippi were present he would vote "nay."

Mr. SUTHERLAND. I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Oregon [Mr. STANFIELD] and vote "nay."

Mr. CURTIS. I wish to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The junior Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The senior Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 32, nays 30, as follows:

YEAS—32.

Brandegee	France	McCumber	Oddie
Bursum	Frelinghuysen	McKinley	Penrose
Calder	Gooding	McLean	Phipps
Cameron	Hale	McNary	Poindexter
Curtis	Harreld	Moses	Shortridge
Edge	Keyes	New	Wadsworth
Ernst	Lodge	Newberry	Warren
Fernald	McCormick	Nicholson	Watson, Ind.

NAYS—30.

Ashurst	Hitchcock	McKellar	Swanson
Borah	Jones, N. Mex.	Overman	Townsend
Broussard	Jones, Wash.	Pomerene	Trammell
Capper	Kendrick	Reed	Walsh, Mass.
Caraway	Kenyon	Sheppard	Watson, Ga.
Dial	King	Simmons	Willis
Gerry	La Follette	Stanley	
Harris	Lenroot	Sutherland	

NOT VOTING—34.

Ball	Glass	Norris	Spencer
Colt	Harrison	Owen	Stanfield
Crow	Heflin	Page	Sterling
Culberson	Johnson	Pittman	Underwood
Cummins	Kellogg	Ransdell	Walsh, Mont.
Dillingham	Ladd	Robinson	Weller
du Pont	Myers	Shields	Williams
Elkins	Nelson	Smith	
Fletcher	Norbeck	Smoot	

So Mr. LODGE's amendment to the committee amendment was agreed to.

Mr. REED. I reserve this proposition for a separate vote in the Senate.

Mr. McKELLAR. Mr. President——

Mr. REED. I will say to the Senator from Tennessee that I have an amendment applying to this particular section which I should very much like to call up now.

Mr. McKELLAR. Very well.

Mr. REED. I offer the amendment to the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Missouri offers an amendment to the committee amendment, Title X, which the Secretary will state.

The READING CLERK. On page 212, after line 12, it is proposed to insert the following:

SEC. 1000. That on and after July 1, 1922, in lieu of the tax imposed by section 1000 of the revenue act of 1918—

(1) Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business. Said tax shall be levied on each $1,000 of the fair average value of its capital stock for the preceding year ending June 30, as follows: Upon the value in excess of $5,000 and not in excess of $250,000, a tax of $1 for each $1,000; upon the value in excess of $250,000 and not in excess of $1,000,000, $2 for each $1,000; upon the value in excess of $1,000,000 and not in excess of $5,000,000, $3 for each $1,000; upon the value in excess of $5,000,000 and not in excess of $100,000,000, $4 for each $1,000; upon the value in excess of $100,000,000, $5 for each $1,000. In estimating the value of capital stock the surplus and undivided profits shall be included.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Missouri to the amendment of the committee.

Mr. REED. Mr. President, I wish very briefly to explain the amendment. Under the present law, which is to be retained as emasculated by the last amendment, a tax of $1 is laid on each $1,000 of the value of capital stock. It has been claimed here that the great corporations escape taxation because they are overcapitalized. This amendment to the amendment proposes a graduated corporation tax upon exactly the same principle as the graduated income tax; upon exactly the same principle as the graduated estate tax. It does not propose to interfere with the present rate as applied to corporations having a capital of $250,000.

Upon the capital stock in excess of $250,000 and less than $1,000,000 it is proposed to levy a tax of $2 on each $1,000 of value; upon capital stock in excess of $1,000,000 and up to $5,000,000, a tax of $3 per $1,000 of value; upon stock between $5,000,000 and $100,000,000, of $4 per $1,000 of value; and upon stock in excess of $100,000,000 a tax of $5 per $1,000 of value.

Mr. President, I wish I could lasso the "agricultural bloc" long enough to hold it in the Chamber for about five minutes. The Senators composing that so-called "bloc" made a trade in consideration of their support for the proposition to repeal the excess-profits tax by which they would have, among other things, the capital-stock tax restored, which amounted to $75,000,000. The majority have just taken $20,000,000 of that away by the last amendment. The majority are not keeping faith; they are not delivering the goods; they are giving it to you and taking it away from you again. It seems to me that ought to release you from your bargain so that you could now vote your conscience and your judgment on an amendment that applies to exactly the same proposition.

The provision as it stood before the Lodge amendment was adopted would raise $75,000,000. That has been reduced to $55,000,000 by the Lodge amendment, and every dollar of it will stay in the treasury of a big trust or a big combination of some kind. It is for the benefit of combinations and for nobody else. Only the company that holds the stock of other companies will get any benefit from it.

The amendment which I now offer will raise $217,000,000 in taxes. It will not raise quite that much with the Lodge amendment in the bill to emasculate it, but I hope that ultimately we will get that amendment out. Let us see who will pay the $217,000,000. Not a dollar of it will be paid by the corporation with only $250,000 of capital stock, except its original $1 for each $1,000. Such a corporation at the maximum will only have $245 to pay. The great mass of the business of the country that is done in honest competition is done by corporations of that size. None of them will need pay an additional dollar over the amount of the present assessment. But when we pass from the $250,000 corporation to the corporation with a million dollars of capital stock, the excess over $250,000 is assessed $2 per annum on each $1,000 of the value of the capital stock; so a corporation with a million dollars of capital stock, according to this amendment, would have to pay only $1,500 plus $245. It would not be a great burden. We are trying to raise taxes here. All taxes are burdensome, but this tax is one any corporation with $1,000,000 capital stock can well afford to pay.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. REED. Yes.

Mr. WALSH of Massachusetts. Mr. President, in view of the importance of the subject and the fact that we ought to have a large attendance to hear the able argument of the Senator from Missouri, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Massachusetts suggests the absence of a quorum. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McKinley	Shortridge
Borah	Harreld	McLean	Simmons
Brandegee	Harris	McNary	Smoot
Calder	Heflin	Moses	Stanley
Cameron	Hitchcock	New	Sutherland
Capper	Jones, N. Mex.	Newberry	Swanson
Caraway	Jones, Wash.	Nicholson	Townsend
Curtis	Kendrick	Norbeck	Trammell
Dial	Kenyon	Oddie	Wadsworth
Edge	King	Overman	Walsh, Mass.
Ernst	La Follette	Penrose	Warren
France	Lodge	Phipps	Watson, Ga.
Frelinghuysen	McCormick	Pomerene	Watson, Ind.
Gerry	McCumber	Reed	Willis
Gooding	McKellar	Sheppard	

The PRESIDING OFFICER. Fifty-nine Senators having answered to their names, there is a quorum present. The question is upon the amendment offered by the Senator from Missouri [Mr. REED].

Mr. REED. Mr. President, I need not follow further the illustration that I was giving as to the workings of this bill. Let us see now just what the bill means to the country.

As I have said, the corporation under $250,000 pays only $1 a share; but there is a cumulative or increasing tax, a graduated tax, according to the size of the corporation, which reaches a maximum of $5 on each $1,000 of value of capital stock for corporations with a capital above $1,000,000.

Mr. President, I desire to print at the conclusion of my remarks a table showing the aggregate amount of capital stock of some of the great concerns of this country and the amount of money that such corporations would contribute to the general welfare. Let us take for illustration, however, the Standard Oil group.

The Standard Oil group under the present law will pay $2,165,800, as estimated. Under this amendment it will pay $9,684,000. These groups carry a surplus of $1,392,015,725. Do you need to be particularly tender with that institution? I am not asking for its destruction. I should like to see its dissolution. I should like to see a court decree obeyed once. A vote in favor of this amendment will put into the public coffers prac-

tically $7,000,000 paid by the Standard Oil Co. When you are raking all the earth for sources of taxation, here is one source that I point out to you.

The Anaconda Copper Co. under the present law would pay $201,000. Under the amendment I offer it would pay $898,000, if the figures are correct.

The American Tobacco Co.—which, as I said a moment ago, spreads itself over this country, takes its tribute in every hamlet, and has crushed all competition, or practically crushed it, with a remorseless and a merciless hand—will pay under the present law $201,000 and under the proposed law $898,000.

The Allied Chemical & Dye Corporation, under the present law, would pay $174,000, and under the proposed law it will pay $768,745.

The American Smelting & Refining Co. under the present law will pay $136,000 in round numbers, under the proposed law $578,000.

The American Woolen Mills Co., which is buying wool and has bought wool at the lowest prices ever paid, which is selling its goods to-day at almost war prices, which sent its lobby here to Washington at the time the Payne-Aldrich bill was written and put its own clerk in the confidential employment of the Finance Committee, will pay under the present law $111,500, and under the proposed law $448,000.

The Du Pont de Nemours Co. under the present law will pay $226,000, and under my amendment $1,023,745. I am making no attack whatever upon such a concern. I am simply insisting that those shall pay who have the money. Remembering how speedily this vast fortune has been accumulated, and that it came largely out of this war; remembering that the soldiers are denied their bonus because we have not any money, I am inquiring why it should not pay $5 on each $1,000 of the value of its capital stock to be put into the Public Treasury for the purpose of discharging public obligations? It will make a difference of nearly three-quarters of a million dollars to the Public Treasury.

The Ford Motor Co., an impoverished concern, pays under the present law taxes of this character of $199,000. Under my amendment it will pay $893,745. That would represent the profit on a few of the cars, but it is a tax that could well be paid by that exceedingly prosperous institution. Its capital to-day is $17,264,500. Its surplus is $182,877,696.

Mr. KING. Mr. President, would it interrupt the Senator if I should make an inquiry there for information?

Mr. REED. Certainly not.

Mr. KING. I observe, in the amendment which the Senator has offered, that the concluding sentence reads as follows:

> In estimating the value of capital stock the surplus and undivided profits shall be included.

May I inquire whether or not by that sentence it is meant that they shall be taxed separately, or that, in so far as they augment the market value of the stock, to that extent the market value of the stock shall not be diminished by reason of the surplus and undivided profits?

Mr. REED. It means that they shall augment it, and that is the language of the bill. I simply took the language of the law as it is now, and changed the rate of taxation. That is in the law at present; and it means, of course, that the surplus and undivided profits shall be added to the capital, and it has been so construed.

Mr. SIMMONS. Mr. President, I will state to the Senator from Utah, if the Senator from Missouri will pardon me, that that is the language of the present law—that it shall be included in ascertaining the fair value of the stock.

Mr. KING. One other question, if the Senator will permit me. In lines 7 and 8 it reads:

> Said tax shall be levied on each $1,000 of the fair average value of its capital stock for the preceding year.

I apprehend that that means the market value.

Mr. REED. That is the language of the present law, and I did not change it. It has been construed, I presume, to mean market value where there is market value, and where there is no market value they have to otherwise ascertain it.

Mr. SIMMONS. The present law expressly provides that the value of the stock shall be the fair market value.

Mr. REED. Let us take the General Electric Co. It has a capital stock of $164,000,000 and a surplus of $70,000,000. Under the present law its taxes would be $214,000; under my amendment, $1,063,745.

Why not? Why should not my friends on the other side of the aisle, who insist upon an excise tax on corporations, join in making these great concerns pay this small stipend of $5 on a thousand dollars of value for the right to do business in their great corporate, if not their monopoly, form?

The General Motors Co. has a capital stock of $303,955,000 and a surplus of over $121,000,000. Its tax under the present law is $425,000, and under my amendment $2,118,000. When we are taxing everything from the cradle to the grave, why should not these great combinations be compelled to pay a just tribute? The General Motors Co. was an attempt to monopolize the automobile industry with an absolutely conscienceless cruelty. They proceeded to destroy smaller concerns and force them to turn their property over to this institution. If the institution itself was not guilty, then those who organized it and controlled it, or some of them, were parties to these destructive tactics to which I have referred. Out of that it has made an immense sum of money, and it is able to command this enoormous capital and enormous surplus. Why should it not pay this moderate tax?

The National Biscuit Co. has a capital stock of $54,000,000, a surplus of $21,000,000; its tax under the present law is $26,000, and under the proposed amendment it would be $293,000.

The Sinclair Oil Co. has an outstanding capital stock of $192,478,000 and a surplus of $34,624,000. Its tax under the present law would be $227,000, and under my amendment would be $1,028,000. It is rapidly approaching the proportions the Standard Oil had a few years ago. Why should it not pay?

The Texas Oil Co. has a capital of $143,000,000, a surplus of $83,342,000; its tax under the present law is $226,000, and under the proposed amendment would be $1,023,000.

Mr. President, I desire to print a table which will give further figures, but I want to call attention to the United States Steel group. Senators on the other side have been telling us that that group was overcapitalized. They have insisted that they would not tax the profits on the ground they could not reach this concern, because its capital was so great that excess profits would not accrue. That group, Mr. President, is capitalized as follows:

The United States Steel has an outstanding capital stock of $868,583,600, with a surplus of $664,353,805. Its tax under the present law is $1,332,000, and under my amendment would be $7,568,745. I wish my friends of the agricultural group, if they are represented here this afternoon, would ponder those figures.

The Bethlehem Steel Corporation, a subsidiary of the United States Steel, and one of the companies which I presume will add its capital stock tax together and have it subscribed by the great parent company under the Lodge amendment, has a capital of $105,000,000 and a surplus of $80,000,000, dropping the odd figures. The tax under the present law is $185,800, and the tax under my amendment would be $823,745.

Mr. PENROSE. It has no connection whatever with the United States Steel Corporation.

Mr. REED. Mr. President, it is listed as one of the United States Steel group in Poor's Manual.

Mr. PENROSE. It never was so listed, and I challenge the Senator to produce the evidence. The companies are situated in different parts of the country and have no possible connection. However, let it go.

Mr. STANLEY. What company is that?

Mr. REED. The Bethlehem Steel. I have had these tables prepared from Poor's Manual and the other industrial authorities, and I think they are absolutely correct. If there is anything wrong about them, I shall be glad to have them corrected.

The Midvale Steel Co. has a capital stock of $164,000,000, a surplus of $64,000,000; under the present law it is taxed $228,000 and under my proposition would be taxed $1,033,000.

The Cambria Steel Co. has a capital of $53,000,000 and a surplus of $74,000,000. The tax under the present law is $127,000 and the tax under my amendment would be $533,000.

The Replogle Steel Co. has an outstanding capital stock of $12,000,000 and no declared surplus.

The Republic Iron & Steel Co. has a capital stock of $75,000,000 and a surplus of $57,000,000.

In a word, this great group under the present law will pay $2,018,900 of taxes and under my amendment would pay $10,560,070 of taxes, and the plea, I repeat, which has been made on the floor of the Senate for two weeks against an excess-profits tax was that these great concerns were escaping taxation on all profits above the normal, because they were so heavily capitalized, and now I bring Senators a measure which will compel these companies to pay some small proportion of what they ought to pay.

It is understood that there will be relieved of excess profits all these great and small institutions, and now we will have a chance to vote on whether, at least upon their capital stock, we will tax them a fair amount.

Mr. President, of course it would have a tendency to drive water out of stock, or to keep others from watering stock in the future.

Now, let us take the packing companies for illustration of the working of this tax. For instance, Armour & Co. under the present law pay $232,376. Under the proposed amendment they would pay $1,048,745.

Swift & Co. under the present law pay $231,547. Under the amendment which I offer they would pay $1,050,245.

I understand the futility of arguing these questions, and I am only speaking of this for the purpose of putting it in the RECORD as a part of my solemn protest against the boldest piece of naked effrontery that has ever been manifested in any legislative body in America.

The proponents of this bill proposed to take all the excise taxes off of corporations. They were balked in that by the agricultural bloc, and they have just taken $20,000,000 away from the agricultural bloc by the Lodge amendment.

They proposed to take off the surtaxes on incomes, and they were partially balked in that by the agricultural bloc.

They proposed to take off $450,000,000 of excess-profits taxes, and the agricultural bloc surrendered to them, and within the last few moments they have taken $20,000,000 more off the big corporations, off the great trusts and combinations.

So, Mr. President, I am now bringing this proposition before the Senate with full knowledge that unless the agricultural bloc will join with the Democrats the case is helpless. I am wondering whether they are going to operate with those who have been saving big business and put the burdens on the people by taking the burdens from the ultra rich, or whether they are going to join the Democrats in an effort to compel the great corporations to pay a just proportion of the burdens of the Government.

Graduated corporation excise tax.

Corporation.	Value, capital stock outstanding.	Surplus.	Tax under present law.	Tax under Reed amendment.
Anaconda Copper Co	$116,562,500	$84,753,462	$201,000	$898,745
American Tobacco Co	175,366,500	25,841,517	201,000	898,745
Allied Chemical and Dye Corporation	48,043,675	126,309,005	174,000	768,745
American Smelting and Refining Co	110,998,000	25,987,293	136,975	578,745
American Woolen Co	80,000,000	31,508,733	111,500	448,745
E. I. Dupont de Nemours and affiliated companies	149,197,463	76,902,074	226,000	1,023,745
Ford Motor Co	17,264,500	182,877,696	199,000	893,745
General Electric	164,012,800	70,000,000	214,000	1,063,745
General Motors	303,955,745	121,273,217	425,223	2,118,745
Sinclair Oil Co	192,478,302	34,624,229	227,097	1,028,745
National Biscuit Co	54,040,500	21,089,091	76,124	293,745
Texas Co	143,000,000	83,342,793	226,337	1,023,745
United States Rubber Co	147,000,000	47,325,380	194,325	863,745
STANDARD OIL GROUP.				
Atlantic Refining Co	$25,000,000	$66,362,074	$91,000	$357,745
Buckeye Pipe Line Co	10,000,000	9,803,463	19,800	72,945
Continental Oil Co	9,904,800	4,011,631	13,900	49,345
Illinois Pipe Line Co	20,000,000	3,118,147	23,000	85,745
Indiana Pipe Lone Co	5,000,000	3,039,448	8,000	25,745
Ohio Oil Co	15,000,000	75,475,505	90,500	355,745
Pierce Oil Co	38,747,831	8,977,173	47,700	184,545
Prairie Oil and Gas	18,000,000	93,567,112	111,500	451,245
Prairie Pipe Line Co	27,000,000	15,162,607	32,000	121,745
Standard Oil of California	99,373,311	122,303,706	221,700	1,002,245
Standard Oil of Indiana	88,038,313	86,624,991	174,600	766,745
Standard Oil of Kansas	2,000,000	7,040,619	9,000	29,745
Standard Oil of Kentucky	6,000,000	7,290,000	13,200	46,545
Standard Oil of New Jersey	295,014,900	592,146,925	887,000	4,328,745
Standard Oil of Louisiana	10,000,000	43,285,626	53,000	205,745
Standard Oil of New York	75,000,000	170,211,467	245,000	1,118,745
Standard Oil of Ohio	14,000,000	14,856,326	28,800	108,945
Union Tank Car Co	12,000,000	11,492,553	23,500	87,745
Vacuum Oil Co	15,000,000	57,646,352	72,600	284,145
UNITED STATES STEEL GROUP.				
United States Steel Corporation (and subsidiaries actually owned)	$868,583,600	$664,353,805	$1,332,000	$7,568,745
Bethlehem Steel Corporation	105,000,000	80,826,786	185,800	823,745
Midvale Steel Co	164,026,950	64,298,372	228,300	1,033,745
Cambria Steel Co	53,468,000	74,325,737	127,700	533,745
Replogle Steel Co	12,918,081		12,903	45,345
Republic Iron & Steel Co	75,000,000	57,233,637	132,200	554,745
Total			2,018,900	10,560,070
THE "BIG FIVE" PACKER GROUP.				
Armour & Co	$150,670,300	$80,711,494	$232,376	$1,048,745
Cudahy Packing Co	25,800,000	5,982,566	31,777	120,945
Morris	40,000,000	13,271,796	53,266	205,745
Swift & Co	150,000,000	81,552,283	231,547	1,050,245
Wilson	30,718,900	16,335,703	47,049	181,745

Mr. REED. I ask for the yeas and nays on my amendment to the amendment.

The yeas and nays were ordered.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair is of the opinion that no business has transpired since the last roll call.

Mr. REED. The yeas and nays have been ordered. That is business transacted.

The PRESIDING OFFICER. The Senator is correct. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McCumber	Shortridge
Brandegee	Gooding	McKellar	Simmons
Broussard	Hale	McKinley	Smoot
Bursum	Harreld	McLean	Stanley
Calder	Harris	Moses	Sutherland
Cameron	Heflin	New	Swanson
Capper	Jones, N. Mex.	Newberry	Townsend
Caraway	Jones, Wash.	Nicholson	Trammell
Curtis	Kendrick	Norbeck	Wadsworth
Dial	Kenyon	Oddie	Walsh, Mass.
Dillingham	Keyes	Overman	Watson, Ga.
Edge	King	Penrose	Watson, Ind.
Ernst	La Follette	Phipps	Weller
Fernald	Lenroot	Pomerene	Willis
France	Lodge	Reed	
Frelinghuysen	McCormick	Sheppard	

Mr. TRAMMELL. I wish to announce that my colleague [Mr. FLETCHER] is detained on account of temporary indisposition.

The PRESIDING OFFICER. Sixty-two Senators have answered to their names. A quorum is present. The question is on the substitute offered by the Senator from Missouri [Mr. REED] for the amendment offered by the Senator from North Dakota [Mr. MCCUMBER].

Mr. STANLEY. Mr. President, the effect, or one of the effects of the substitute offered by the Senator from Missouri is to discourage the watering of stock as well as to obtain much needed revenue. Time and again in the argument favoring a capital-stock tax and the argument for the imposition of an excess-profits tax we were reminded that overcapitalized concerns could conceal their excess profits; that the concern which was capitalized at something like its actual value was subjected to this heavy tax; that the small concern, the new concern, the concern that was openly and disingenuously capitalized and operated, had no place to shelter its enormous earnings; but that these great concerns could cover up excess profits for the reason that it was impossible to ascertain just what those profits were. As illustrative of this practice, I wish to call the attention of the Senate to a few well-known operations in high finance.

Stocks are watered for three purposes among others—first, to cover up actual gain, enormous earnings; second, to avoid taxation; third, to exploit the public. I have reached the conclusion from a rather cursory study, I must admit, of this enormous question that it would be much better for business if the great bulk of stocks in all corporations bore no par value whatever and were a simple and accurate statement of the actual per cent of ownership of the holder of the stock in the concern, especially industrial concerns.

The Senator from Pennsylvania [Mr. PENROSE] has questioned the accuracy of the statement of the Senator from Missouri touching the status of the Bethlehem Steel Co. I wish to call the attention of the Senator from Pennsylvania and others to this fact. Originally, the basis of the United States Steel Corporation was the Carnegie Steel Co. The Senator from Pennsylvania laughs. I mean those plants upon which it was built and in which it had its genesis.

Mr. PENROSE. It had about as much connection with them as the man in the moon.

Mr. STANLEY. That is a statement which the Senator, with all his learning and his experience, will have some difficulty in sustaining.

The Carnegie Steel Co. prepared, if the Senator from Pennsylvania cares to hear it, for war with all the other steel companies in the United States. I have before me extracts from the minutes of the Carnegie Steel Co. and the United States Steel Corporation in which they admit that this consolidation was formed for the purpose of absorbing competitors, of limiting production, of stifling competition, of evading the operation of the Sherman antitrust law.

If further proof were necessary, Carnegie himself, under oath, admitted that but for the formation of this consolidation he would have carried out Schwab's plan to construct the greatest tube mills in the world at Conneaut and at Erie and to have duplicated every tube in the United States at 20 per cent less than tubes were selling for at that time. He admitted that but for

the formation of this combination he would have completed his prospective railroad line between Pittsburgh and Toledo, and would have put hors de combat all the independent steel companies in that region.

Conference after conference was held, and they agreed to pay Carnegie his price for his holdings. Prior to this time the Carnegie Steel Co. was a partnership. I have before me the sworn statements of Carnegie, Schwab, Gary, Singer, and others in the celebrated suit brought by Henry Frick, who was a party to this ironclad contract, in which each one of the holders of this vast stock agreed that they would take an inventory of the plant. This inventory was to determine the value of the holdings of each man in case of his death. He agreed that in the event of his death his estate should have his proportion of the valuation placed upon that property. He agreed that in case of a disagreement with his partners he was to take according to these book values. They all swore in that suit that these inventories were made by men who knew every detail of the business and knew the actual values of the property.

In spite of what the Senator from Pennsylvania has stated, it is the most perfect instance in all the history of high finance of daring capitalization and the motives that inspired it. The value of this property was fixed. The value of every blast furnace, every steel mill, every line of railroad and every other apparatus, every acre of land, every right in ore, every coal mine was inventoried, tabulated, and established under oath at $75,610,104.06. That property was afterwards, within less than two years from the time that inventory was taken, sold by Carnegie to the United States Steel Corporation for over $500,000,000.

More than that, the new company concluded to take over the steel business of the United States. Kennedy, the greatest engineer in the world then or now, who constructed blast furnace after blast furnace for the Carnegie Steel Co. and who has constructed steel works all over the world, was employed to make an inspection of these properties.

I established years ago, and no man has ever questioned it, that of these great properties the Federal Steel Co. had a value of $32,741,454.70, the National Tube Co. a value of $19,000,000, the American Bridge Co. a value of $12,670,000, the American Steel & Wire Co. a value of $40,000,000, the National Steel Co. a value of $25,000,000, the American Steel Hoop Co. a value of $11,000,000, the American Sheet Steel Co. a value of $17,000,000, the American Tin Plate Co. a value of $13,825,000, and the Carnegie Steel Co. a value of $160,000,000. Yet these properties were capitalized for the prodigious sum of $1,399,051,229. Judge Gary before the Ways and Means Committee guessed that $1,000,000,000 of the capitalization of the Steel Corporation was "capitalized profits," pure water.

As a further illustration take the Federal Steel Co., which is composed of the Illinois Steel Co., with a capital of $12,750,000; the Minnesota Iron Co., with a capital of $12,000,000; the Lorain Steel Co., with a capital of $2,641,454.70; and the Elgin, Joliet & Eastern, with a capital of $5,520,000, or a total of $32,741,454.70. It seems not credible, but it is true, that upon this slender base of less than $33,000,000 of actual, tangible values Rogers, Ream, Bacon, and others, guided and sustained by the powerful house of J. P. Morgan & Co., could have erected this mountain of securities, $200,000,000—$100,000,000 preferred and $100,000,000 common stock.

Mr. President, overcapitalization of this company made the Sherman Antitrust Act impotent. Behind this confusion of securities, behind this pile of paper, bonds, and stocks, preferred and all other kinds, it sheltered itself as behind an ambuscade, a screen that protected its operations in restraint of trade. In addition to that, Mr. President, by virtue of this same capacity to manipulate and to water stocks, they forced an exchange of stocks upon the Tennessee Coal & Iron Co. and took over another $100,000,000 worth of property.

This overcapitalization of properties is not only evident in the steel business, but in the railroad business, and has resulted in the utter demoralization of that business. If I were called upon to-day to give one of the reasons for the utter collapse of the carriers in this country, I would attribute it to the fact that the men who should have attended to the business of transporting commodities became imbued with the gamblers' passion and preferred to manipulate the securities rather than to operate the properties. I see before me the Senator from Wisconsin [Mr. LA FOLLETTE], who has spent years in the study of that great question and is perhaps the best-informed man in either House of Congress upon the subject, and I dare say he will not disagree with me.

Mr. LA FOLLETTE. I certainly shall not.

Mr. STANLEY. To-day the trouble is that railroads are being operated not by men of the type of James J. Hill, Milton Smith, of Kentucky, and Harriman and Gould and Vanderbilt. Those men had their faults; they were not particularly scrupulous about tariffs; they placed on the traffic all that the traffic would bear, but they knew, Mr. President, what the traffic would bear. Those who now control the securities know nothing about what the traffic will bear, and they have crushed the traffic in an effort to force dividends upon fictitious valuations.

I know of nothing that would tend more to bring American business—big business—back to normal, put it on a wholesome basis, than to find some method of compelling an honest valuation of properties by those who own them; by compelling the issuance of securities in keeping with the values of the property.

More than that, Mr. President, whenever properties are overcapitalized, whenever the common stock especially is a mere promise to pay, a mere matter of good will, a mere speculation upon anticipated profits, this mass of securities furnishes the most ample opportunity for every character of nefarious operation. The practice, for instance, of authorizing the exchange of securities for bonds, conceived in iniquity and born in sin, is the ready method by which honest business may be wrecked and honest holders may be penalized and plundered.

For these reasons, Mr. President, I most earnestly commend the amendment suggested by the Senator from Missouri [Mr. REED]. If these stocks actually represent value, they can pay the tax; if they are inflated balloons, if they represent nothing but water, if they are like a gambler's dice, and are made to sell and not to represent values, the quicker such stocks are called in and the quicker the companies are reorganized the better.

The PRESIDING OFFICER (Mr. FERNALD in the chair). The question is on agreeing to the amendment offered by the Senator from Missouri as a substitute for the amendment offered by the Senator from North Dakota [Mr. MCCUMBER]. The yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement regarding my pair and its transfer as heretofore, I vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as heretofore as to the transfer of my pair with the Senator from Alabama [Mr. UNDERWOOD] to the Senator from Vermont [Mr. PAGE], I vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent from the Chamber. I therefore withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. I transfer that pair to the Senator from Tennessee [Mr. SHIELDS] and will vote. I vote "yea."

The roll call was concluded.

Mr. HALE. Making the same announcement as heretofore with regard to my pair and its transfer, I vote "nay."

Mr. PENROSE (after having voted in the negative). I have a general pair with the Senator from Mississippi [Mr. WILLIAMS], who is absent and will be, as I am informed, for the remainder of the evening. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and will permit my vote to stand. I ask that the arrangement just stated by me may stand for the evening without further announcement.

Mr. EDGE. Making the same announcement as heretofore with regard to my pair and its transfer, I vote "nay."

Mr. DILLINGHAM. Transferring my general pair with the Senator from Virginia [Mr. GLASS] to the Senator from Minnesota [Mr. NELSON], I vote "nay."

Mr. JONES of New Mexico. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. I am also authorized to announce that if the Senator from Mississippi were present, he would vote "yea."

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER]. He is paired with the senior Senator from Delaware [Mr. BALL].

Mr. WARREN (after having voted in the negative). I find that my regular pair, the senior Senator from North Carolina [Mr. OVERMAN], has not voted. I transfer that pair so that the Senator from North Carolina will stand paired with the Senator from Washington [Mr. POINDEXTER] and allow my vote to stand.

Mr. MCLEAN. Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 17, nays 41, as follows:

YEAS—17.

Ashurst	Kendrick	Reed	Walsh, Mass.
Caraway	Kenyon	Sheppard	Watson, Ga.
Harris	King	Stanley	
Heflin	LaFollette	Swanson	
Jones, N. Mex.	McKellar	Trammell	

NAYS—41.

Brandegee	France	McKinley	Shortridge
Bursum	Frelinghuysen	McLean	Smoot
Calder	Gooding	McNary	Sutherland
Cameron	Hale	Moses	Townsend
Capper	Harreld	New	Wadsworth
Curtis	Jones, Wash.	Newberry	Warren
Dial	Keyes	Nicholson	Watson, Ind.
Dillingham	Lenroot	Oddie	Willis
Edge	Lodge	Penrose	
Ernst	McCormick	Phipps	
Fernald	McCumber	Pomerene	

NOT VOTING—38.

Ball	Gerry	Norris	Smith
Borah	Glass	Overman	Spencer
Broussard	Harrison	Owen	Stanfield
Colt	Hitchcock	Page	Sterling
Crow	Johnson	Pittman	Underwood
Culberson	Kellogg	Poindexter	Walsh, Mont.
Cummins	Ladd	Ransdell	Weller
du Pont	Myers	Robinson	Williams
Elkins	Nelson	Shields	
Fletcher	Norbeck	Simmons	

So Mr. REED's amendment as a substitute for Mr. MCCUMBER's amendment was rejected.

Mr. PENROSE. Mr. President, I understand the question now to be on the committee amendment as amended, and I ask that the question be submitted to the Senate.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Pennsylvania yield to the Senator from North Carolina?

Mr. PENROSE. Yes; I yield.

Mr. SIMMONS. I desire to offer an amendment in the language of the amendment of the Senator from Missouri [Mr. REED] with a change only in the rates. I have changed it so as to read:

Upon all stock in excess of $5,000 and not in excess of $2,000,000, $1 per share for each $1,000.

Upon all stock in excess of $2,000,000 and not in excess of $3,000,000, $1.50 per share for each $1,000.

Upon all stock in excess of $3,000,000, $2 per share for each $1,000.

Mr. PENROSE. Mr. President, I move to lay the amendment on the table.

Mr. SIMMONS. Mr. President, that is a very unusual proceeding.

Mr. PENROSE. The motion is a thousand years old.

Mr. SIMMONS. It is a very unusual thing in the Senate to move to lay an amendment to a tax bill upon the table.

Mr. PENROSE. I make the motion, and it is not debatable, so I can not give my reasons.

The PRESIDING OFFICER. The Senator from Pennsylvania moves to lay on the table the amendment, in the nature of a substitute, offered by the Senator from North Carolina [Mr. SIMMONS] to the amendment offered by the Senator from North Dakota [Mr. MCCUMBER].

Mr. SIMMONS. Upon that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SIMMONS. I make the point of no quorum.

The PRESIDING OFFICER. The point of no quorum is made. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gerry	McCumber	Sheppard
Brandegee	Gooding	McKellar	Shortridge
Broussard	Hale	McKinley	Simmons
Bursum	Harreld	McLean	Smoot
Calder	Harris	McNary	Stanley
Cameron	Heflin	Moses	Sutherland
Capper	Jones, N. Mex.	Myers	Swanson
Caraway	Jones, Wash.	New	Townsend
Curtis	Kendrick	Newberry	Trammell
Dial	Kenyon	Nicholson	Wadsworth
Dillingham	Keyes	Norbeck	Walsh, Mass.
Edge	King	Oddie	Warren
Ernst	La Follette	Penrose	Watson, Ga.
Fernald	Lenroot	Phipps	Watson, Ind.
France	Lodge	Pomerene	Weller
Frelinghuysen	McCormick	Reed	Willis

The PRESIDING OFFICER. Sixty-four Senators having answered to their names, there is a quorum present. The question is on the motion of the Senator from Pennsylvania [Mr. PENROSE] to lay on the table the amendment, in the nature of a substitute, offered by the Senator from North Carolina [Mr. SIMMONS] to the amendment offered by the Senator from North Dakota [Mr. MCCUMBER]. The yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). Making the same announcement as before, I vote "yea."

Mr. EDGE (when his name was called). Making the same announcement as to transfer, I vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as to the transfer of my pair, I vote "yea."

Mr. SIMMONS (when his name was called). I have a general pair with the Senator from Minnesota [Mr. KELLOGG], which I transfer to the Senator from Texas [Mr. CULBERSON] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as upon the last ballot with regard to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. JONES of New Mexico. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent, and is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present, he would vote "nay."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH]; and

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL].

The result was announced—yeas 36, nays 28, as follows:

YEAS—36.

Brandegee	France	McKinley	Shortridge
Bursum	Frelinghuysen	McLean	Smoot
Calder	Gooding	Moses	Sutherland
Cameron	Hale	New	Townsend
Curtis	Harreld	Newberry	Wadsworth
Dillingham	Keyes	Nicholson	Warren
Edge	Lodge	Oddie	Watson, Ind.
Ernst	McCormick	Penrose	Weller
Fernald	McCumber	Phipps	Willis

NAYS—28.

Ashurst	Heflin	Lenroot	Sheppard
Broussard	Jones, N. Mex.	McKellar	Simmons
Capper	Jones, Wash.	McNary	Stanley
Caraway	Kendrick	Myers	Swanson
Dial	Kenyon	Overman	Trammell
Gerry	King	Pomerene	Walsh, Mass.
Harris	La Follette	Reed	Watson, Ga.

NOT VOTING—32.

Ball	Fletcher	Norbeck	Shields
Borah	Glass	Norris	Smith
Colt	Harrison	Owen	Spencer
Crow	Hitchcock	Page	Stanfield
Culberson	Johnson	Pittman	Sterling
Cummins	Kellogg	Poindexter	Underwood
du Pont	Ladd	Ransdell	Walsh, Mont.
Elkins	Nelson	Robinson	Williams

So Mr. SIMMONS's amendment, in the nature of a substitute for Mr. MCCUMBER's amendment, was laid on the table.

Mr. LA FOLLETTE. Mr. President, I offer an amendment, which I ask to have printed and lie on the table.

The PRESIDING OFFICER (Mr. BRANDEGEE in the chair). Without objection, the amendment will be printed and lie on the table.

Mr. SIMMONS. Mr. President, before I have taken my seat I shall offer an amendment. It will be the amendment offered by the Senator from Missouri, except that I shall change the brackets. The amendment which I propose later to offer will read as follows:

Upon all stock in excess of $5,000, and not in excess of $3,000,000, $1; upon all stock in excess of $3,000,000, $2.

Mr. President, I have spoken upon this bill and upon no collateral subject since we began the consideration of the bill. I have confined myself always to the question at issue, and no man in this Chamber can charge me with having wasted any time in useless discussion. I have managed, since I have been a Member of the Senate, one great tariff measure, and, as I now recall, three great revenue measures. In addition to that, I

have managed the bill which created the Bureau of War Risk Insurance, and the bill which created the War Finance Corporation, as well as all the bills raising money by the issuance of bonds.

During that period of time, in the consideration of all those measures, I do not recall that I ever moved to lay an amendment with respect to any of those measures upon the table. So far as I know, since I have been a Member of the Senate, now more than 20 years, no motion has been made to lay an amendment to a tax bill upon the table, especially when there was no reason under the sun why the mover of the amendment should be suspected of having any purpose to filibuster, or to delay the measure. So far as I am concerned, I have not only not filibustered, but I do not think there has been any; if there has been any filibustering I have not been in any way a party to it.

The Senator from Pennsylvania and other Senators have known that, so far as I was concerned, I was ready to cooperate with them in every proper way to facilitate the consideration of this bill, and I have sat at my seat when amendment after amendment dealing with administrative matters of great importance, offered by the Finance Committee, was agreed to, without interposing any objection whatsoever and without any objection being made by anybody else on this side of the Chamber. It does seem to me, under those circumstances, that the Senator who is the chairman of the Finance Committee should not demand that we vote without consideration for an amendment discussion of which, I am satisfied from conversations I have had with gentlemen upon the other side of the Chamber, would have met their approval, as well as mine.

This amendment, Mr. President, is not offered for the purpose of delay. It is an amendment upon which there would have been little discussion, probably little more than an explanation on my part, and it is an amendment which is very vital and very meritorious at the same time. I think that feeling is entertained not only by myself and by Senators on this side of the Chamber but by quite a number of Senators on the other side of the Chamber.

What is the situation, Mr. President? We have been reducing taxes. We had a margin of only about $520,000,000, and, as I figure it, we have given to corporations since the adoption of the Lodge amendment $150,000,000 of that reduction, while we have given to the individual income-tax payers of this country a total reduction, including the $70,000,000 brought about through the increase in the exemptions allowed for family expenses, only $128,000,000. So that it is perfectly apparent that the corporations, which nobody will say were paying more than their share of the taxes under the old law, are getting more than their share of the reductions.

There was a tax of $75,000,000 in the present law upon capital stock. That was certainly not an oppressive tax. It was such a tax as the States levy against corporations. It was a license tax to do business. It was the only tax we imposed upon the great franchises which we conferred upon those corporations, the great privileges we permit them to enjoy in the conduct of their business affairs, and deny to the individual citizen of this country.

Think of a franchise to do business in the way that our corporations are permitted to do business, paying only $100 upon $100,000 capitalization, only $1,000 upon $1,000,000 capitalization, and not only upon $1,000,000 capitalization, but upon capital stock worth fairly in the markets of the country $1,000,000. The capital stock may be $2,000,000, but it is taxed only according to its fair market value.

The majority, through the Finance Committtee, reported a bill absolutely eliminating that tax in favor of the corporations. I do not think that upon second thought the Members of the Senate would sustain that reduction. I do not think they would have said, in the condition under which we are existing now, when money is so much needed by the Treasury, that the corporations of this country should not pay any tax in the way of a license for the privileges they are permitted under the law to enjoy.

When that was presented early in this debate, Mr. President, there was a ready response to the suggestion coming from some twenty-odd Senators on the other side of the Chamber, and they made a demand upon the majority members of the committee to recede from that amendment and to restore the capital-stock tax. I said, when they were discussing it, that it was too low, that it ought to be increased, especially in view of the fact that we had just taken $400,000,000 off of the corporations, and I stated that I would later offer an amendment to increase that tax from $1 for each thousand to $2 for each thousand.

In the meantime, what has happened? While the committee, upon the demand of a group of Senators upon the other side of the Chamber, decided to restore this tax by a very small margin of two votes here to-day they have decided to strike off $20,000,000 of that tax. The amendment which I shall offer will in another form restore that $20,000,000, and probably add ten or fifteen million more.

Even then, Mr. President, the amount of taxes remitted to the corporations by this bill would be entirely out of proportion to the amount remitted to the balance of the people of this country. You have taken only $58,000,000 off of the surtaxes of individuals. You have reduced the individual surtaxes in this country, outside of the small exemptions on estates below $5,000, only $58,000,000, and now you will reduce the tax of the corporations as I said before, something like $150,000,000.

On the other hand, the taxes of the miscellaneous taxpayers of this country, amounting in the aggregate to something more than $800,000,000, one and one-half times as much as the corporations will pay, you have reduced only $27,000,000.

You cut off the transportation taxes altogether. Taking all the reductions you have made in behalf of all the other taxpayers of the country, the individual income taxpayers, the miscellaneous taxpayers, you have taken more off of the corporations than you have taken off of all the balance put together. Can you justify that? When you do that sort of thing are you not guilty of the charge I made when I opened the debate that your bill is a bill to relieve the great, rich, powerful corporations of the country at the expense of the balance of the taxpayers of the country?

Mr. President, I do not wish to prolong the discussion, but I do wish to appeal to Senators on the other side of the Chamber, who helped force back into the bill the provision imposing a capital stock tax upon corporations, to assist us in reasonably increasing this tax, at least to an extent which will make up for the loss sustained by the adoption of the amendment of the Senator from Massachusetts. I myself do not know how much this increase to $2 will amount to upon corporations with a capital stock of an actual market value above $3,000,000, but I have discussed it with the Senator from Wisconsin [Mr. LENROOT], and he, I think, expressed to me the opinion that it would at least make up the amount we have lost by the adoption of the Lodge amendment. I appeal for aid to that group of Senators on the other side who from pure patriotism are moved by the same motives that move me, who are anxious to see that everyone shall pay his fair share of taxes just as I am, and who do not want, just as I do not want, to make any man, rich or poor, high or low, pay one dollar more than his fair, legitimate, logical share of the taxes necessary to raise the money to run the Government and to pay the great indebtedness of the United States.

Mr. JONES of New Mexico. Mr. President, I voted for the amendment proposed by the Senator from Missouri [Mr. REED] and the other amendment proposed by the Senator from North Carolina [Mr. SIMMONS]. I intend to vote for this amendment.

The PRESIDING OFFICER. Will the Senator from New Mexico permit the Chair to interrupt him? The Chair would like to ask the Senator from North Carolina whether he has formally and actually offered his amendment?

Mr. SIMMONS. No. If I offer it, it will be laid on the table at once, and I suggest to Senators who desire to discuss it that the only chance to discuss it is before I offer it.

Mr. JONES of New Mexico. I was out of the Chamber temporarily, endeavoring to get something to eat, and supposed the Senator had offered his amendment, but I shall be glad to say what I have in mind.

Mr. SIMMONS. I will state to the Senator what the amendment is.

Mr. JONES of New Mexico. I understand what the amendment proposes when offered, and when offered I expect to vote for it. This may appear to be somewhat inconsistent with the attitude which I have taken heretofore regarding taxation upon the incomes of corporations, but it can be very easily reconciled. I have taken the position that any tax upon a corporation creates, so far as the distributed net income of the corporation is concerned, an inequality between the stockholders of the corporation and other individuals. I still believe that is true, but I recognize the fact also that there are certain advantages which corporations have and which the individuals do not enjoy.

There is the right of limited liability. There is the right to have the corporation continue in business regardless of the death of any of the stockholders or board of directors. It is a continuing concern. Moreover, there is vested in corporations a power dependent upon size. There can be no question that a corporation with very large capital has a great power in the particular industry in which it is engaged, more power than a

small corporation with a small capital. I submit that these things may very well be taken into consideration by the Congress in a revenue bill levying an excise tax. The larger corporation, of course, has a greater power to control prices, to bring about a monopoly in any given industry, than has the small corporation. There can be no question about that, and the Congress of the United States would be justified, therefore, in levying a graduated capital-stock tax.

I believe if you are going to levy any tax upon corporations because they are corporations, you can not do it in a more advisable way, in a more equitable way, than to levy upon the capital stock issued. It, of course, should be based upon the values of capital stock, taking into consideration the actual capital invested in the business, and as that increases in volume it is perfectly proper, it seems to me, to levy a graduated tax upon it. There is this greater reason at this time and in connection with the other provisions of the bill for levying such a tax. The Senator from North Carolina has just made some statements in that regard which can not be controverted. His reason and his logic can not be met.

I desire, however, to call attention to another phase of the bill in which Senators may recognize that it is important at this time to levy a graduated tax upon corporations' capital stock. In the bill as presented by the committee and as it has been adopted by the Senate thus far there is a vast discrimination between the tax upon individuals and partnerships on the one hand and a corporation upon the other.

I desire to call attention to the fact that under the bill, as it has been voted upon thus far and as proposed by the committee, wherever there is an income in excess of $20,000 an inducement is offered to organize corporations in order to reduce the amount of the taxes. Under the bill as it is now framed it is provided that the corporation shall pay a flat tax of only 15 per cent upon its entire net income. As to the individual and the partner, it is proposed that they shall pay 8 per cent normal tax and then surtaxes graduated, but up to the point where the total income is $20,000 the surtaxes then amount to 7 per cent, making the total tax at that point on the individual income or the income of the partner equal to the 15 per cent of the corporation.

What will happen? I ask Senators to ponder upon what is going to happen under the bill to the revenues which it is expected to derive from taxation upon individual incomes and upon the incomes of partners. I desire to make the prediction that Senators will be grossly disappointed when they come to estimate the amount of taxes which we are going to derive from individual incomes, because whenever the individual or the member of a partnership finds that his net income is going to be in excess of $20,000 a year we are going to find him organizing a corporation.

In the bill there is a provision, for instance, that the tax upon the increment of real estate or properties which have been held over a period of years shall be fixed only upon the basis of 40 per cent of the increased value since 1913. That amounts to 6 per cent upon the net increase in value from 1913 down to the present time if the property belongs to a corporation, but if the property should belong to an individual, and his net profit, including his other income, from the transaction should amount to $20,000 or more, we are going to find that he will incorporate the transaction merely for the purpose of making a sale.

Take the case mentioned here the other day where some man had invested his money in nonproductive real estate for the purpose of avoiding taxation. He is hoping for an increase in the value of that property. When the time comes for him to make a sale, if his net profits, together with his other income, shall exceed $20,000 for that year, we will find that he will convey that property to a corporation organized for the specific purpose. Under the bill as presented he is specifically authorized to convey the property to a newly organized corporation, and take in lieu of it capital stock without any charge upon the exchange and without any charge upon the transfer. So I desire to make the prediction that in all these transactions wherever the income exceeds $20,000 we will find a corporation organized. The organization of these corporations will not bring revenue into the Treasury of the United States, but it will bring revenue into the treasuries of the various States of the Union where the corporations will be formed. I ask Senators in all earnestness to ponder upon the step which they are taking in creating this great disparity of taxation between the incomes of individuals and partners, upon the one hand, and of corporations upon the other.

The fact that there is a discrimination is exemplified in a provision of the bill itself. As to personal service corporations which are organized with small and only nominal capital, where, in the main, the income is dependent upon the exertion of the individual stockholders of the corporation, it is provided under existing law that such a corporation may make a return as a partnership, but by this bill as reported by the Senate committee it is proposed to take away that privilege.

Not only that privilege is taken away, but such corporations are required to make an income-tax return as corporations. Why? Because as corporations their taxes will be less. Senators on the other side of the Chamber do not want to require them to make returns as partnerships, which exemplifies the fact that there is this disparity. I do not believe Senators can justify that before the country. Senators may search this bill through and they will find that taxes upon individuals and partnerships are far beyond those which are imposed upon corporations if the income amounts to any considerable sum.

As I have said, when the point is reached of an income of $20,000 and more Senators will find that corporations will be organized for the specific purpose, and yet in a perfectly lawful way under this bill, so as to escape the payment of high taxes. I want to ask Senators if that can be justified?

I called attention the other day to another inequality. Take an individual or a partnership whose income fluctuates from time to time owing to the exigencies of business, owing to the variations of good times and bad times, of fat years and lean years; the individual or the partnership which makes an income in one year of $100,000 will pay a surtax upon that, making a far higher rate than a flat rate of 15 per cent; for the next year they may make little or perhaps no income and will pay no tax; the next year they may make but little income and they will pay a small surtax; but there stands out that prosperous year in which a high surtax has been paid. So individuals and the partnerships are penalized as compared with corporations.

A corporation may have a high income one year and a low income the next year and then a little higher income the next year; but always upon its net income only 15 per cent is levied. I submit that that can not be justified. I do not believe that the people of the country will ever permit us to say that the corporations of the country shall pay a less tax than that paid by individuals and partnerships doing a like business.

Moreover, I want again to call attention to the fact that when we levy a flat tax upon corporations we are levying a tribute upon the large corporations which are earning a low rate of net income; we are increasing that tax which must be borne in its last analysis by the stockholders of the concern who get modest dividends from the corporation; we are increasing that tax at the rate of 50 per cent; but we are lowering the tax upon those who are earning the excess profits and higher incomes.

It is true, as I have said, that a tax levied upon corporations works unequally; but I recognize the fact that there is an advantage which the large corporations have over small corporations, over individuals, and over partnerships of small capital. So I say that Senators are not doing any great injustice when they levy a slightly graduated tax upon the capital stock of corporations. However, I again say, Mr. President, that when we take up the question of taxation of corporation incomes and put it in the balance with the income of individuals and partnerships, there is only one fair way, so far as the income is concerned, and that is as to the distributed income, let the stockholders pay the entire tax, both the normal tax and the surtax, and levy the tax against the corporation only upon the undistributed income.

In that way we minimize the inequality which is created under this proposed law as between the stockholders of a corporation and the individuals and partnerships.

I want to make the suggestion that every Senator seriously consider this question when it comes to the enactment of permanent legislation. It has been stated that the pending measure is only a temporary bill. My prediction is that that is true, that it is only a temporary bill. If the majority in this Congress insist upon making the pending measure a permanent law the people of this country will rise up in their might and insist that it shall be only a temporary law. When Senators come to consider the question of equality they will find that this bill is upon a wrong foundation, and that the people of the country will demand equality there can be no doubt. As soon as they understand this question, as soon as they understand that we are making favorites of the corporations of the country, that we are imposing a higher tax upon individuals and partnerships than is imposed upon corporations, they will make this a temporary measure, and we must sooner or later come to found our revenue legislation upon a correct principle. This bill is not founded upon a correct principle. It neither applies a tax upon those who are best able to bear it nor does it bring about an equality

of the burden of taxation among the people of the country. The measure proposes a very slight increase in the capital stock corporation tax. I submit that under the bill as it has been framed that is the least the majority could do; but will they not recognize in the slightest degree that there is a disparity in favor of corporations?

I have no prejudice against corporations; I believe that corporations provide a legitimate way in which to do business; I believe that the stockholders of corporations ought to be treated as fairly as individuals or partners. I do not, however, believe we ought to allow the cloak of a corporation to be used for the purpose of escaping just taxation, but rather that we should make the burdens of the Government at this time, in this period of depression, rest as equally as they can be made to rest upon the various citizens of our country.

Mr. LENROOT. Mr. President, we have lost through the amendment of the Senator from Massachusetts [Mr. LODGE] $20,000,000 of the capital-stock tax on corporations. I believe that certainly should be restored in some form. I see no injustice in requiring a larger capital-stock tax upon very large corporations, because the majority report of the committee on this bill expressly states that the large corporations have escaped almost wholly the excess-profits taxes. That being true, and considering the overcapitalization of so many of them, there is no injustice in proposing a higher tax upon very large corporations.

The Senator from North Carolina [Mr. SIMMONS] has suggested that he will offer a substitute, and I take it he will offer it in the same form as the substitute offered by the Senator from Missouri. That, however, Mr. President, changes the phraseology of existing law with reference to the capital-stock tax, and I do not think that phraseology ought to be changed.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, I had no purpose to do that.

Mr. LENROOT. Then, I misunderstood the Senator. So I shall offer the amendment which I send to the desk, retaining the phraseology of the present law but creating two brackets, imposing the present tax of $1 on all corporations having a capital stock up to $3,000,000, and a tax of $2 on the excess over $3,000,000 in each case.

Mr. SIMMONS. Mr. President, those are the same rates as my amendment carried, and I think that I will not offer the amendment which I intended to offer, but will content myself with voting for the amendment of the Senator from Wisconsin.

Mr. LENROOT. I have only to say that I am informed that if this amendment is adopted it will just about equal the $20,000,000 lost through the adoption of the so-called Lodge amendment.

The PRESIDING OFFICER. The Secretary will state the amendment proposed by the Senator from Wisconsin.

Mr. McCUMBER. Mr. President, I understand that the Senator from North Carolina has accepted the proposition made by the Senator from Wisconsin?

The PRESIDING OFFICER. The Senator from North Carolina has offered no amendment. The Senator from Wisconsin has offered an amendment and the Senator from North Carolina has said he will vote for that amendment. The Secretary will state the amendment offered by the Senator from Wisconsin.

The ASSISTANT SECRETARY. In the amendment offered by the Senator from North Dakota, in paragraph 1, line 5, after the numerals "$5,000," it is proposed to strike out the period and insert the following words:

And not in excess of $3,000,000; and $2 for each $1,000 of such value in excess of $3,000,000.

Mr. McCUMBER obtained the floor.

Mr. SIMMONS. Mr. President, will the Senator from North Dakota yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. McCUMBER. I yield.

Mr. SIMMONS. In view of the fact that the amendment offered by the Senator from Wisconsin imposes the same rates upon capital stock as the amendment suggested by me, I said that I would not offer my amendment, but would vote for the amendment of the Senator from Wisconsin.

Mr. McCUMBER. Mr. President, the Senator from Wisconsin states, and states correctly, that one of the reasons for the adoption of the amendment in regard to the tax on capital stock is the fact that large corporations are not paying any excess-profits tax. Of course, that necessarily means that they are not making more than 8 per cent on their invested capital. As a substitute for the excess-profits tax, which only operated upon the smaller corporations in which the personal element was the earning factor, we made this change. There is an element of injustice, I must admit, in imposing a heavier tax upon a corporation that is not making more than a small net income, or more income than they are entitled to make, so as to make amends for the amount that is deducted from the smaller corporation which is making an excessive profit. But the Senator's amendment goes further than that. He is putting it on a little thicker than the committee dared to go.

Let us take a simple illustration: A man who owns 100 acres of land requires $10,000 of capital, probably, to operate and farm that land; another man who owns 500 acres of land, having five times as many acres, is compelled to invest $50,000 capital for the purpose of operating his land. Now, it is proposed to say to the man who has to put that much more capital in—I am assuming both of them are dealing honestly and fairly—"While we will, as to the man who had invested only $10,000 capital in order to operate his land, tax him 10 per cent, we will raise your tax, you having invested $50,000 capital, to 20 per cent," although each might represent dollar for dollar the same percentage. It seems to me that that is hardly fair. There is no element of real justice in it. It simply says: "If you are compelled to put more capital into your business"—and I am assuming now that you are doing the business honestly—"the very fact that you are compelled to put more capital into the business requires you to pay a bigger percentage upon your capital investment." It will undoubtedly bring us in $20,000,000 of revenue, but to my mind it lacks very much of the element of justice.

Mr. LENROOT. Mr. President, I should just like to ask the Senator whether he thinks there is any more injustice in that than in imposing a tax of 15 per cent on the income of a corporation which makes 3 per cent, and only 15 per cent on the income of a corporation that makes 50 per cent, as his committee proposes to do?

Mr. McCUMBER. I admitted that I thought there was quite a little element of injustice; but the fact that you have gone over the line of exact justice is not any excuse for going headlong over the line, increasing the injustice and exaggerating it.

Mr. LENROOT. No; but I will say to the Senator that I am very confident that before the bill leaves the Senate we will have at least in part cured the injustice proposed by the committee in increasing the taxes upon corporations that are earning less than 5 or 6 or 7 per cent.

Mr. McCUMBER. Possibly; but even that would be hardly adequate compensation for inequality of taxation.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. LENROOT] to the amendment of the Senator from North Dakota [Mr. McCUMBER].

Mr. REED. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. TRAMMELL (when Mr. FLETCHER'S name was called). I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER]. He is paired with the Senator from Delaware [Mr. BALL].

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], which I transfer to the senior Senator from Texas [Mr. CULBERSON], and will vote. I vote "yea."

Mr. STERLING (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. Not knowing how he would vote on this question, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as made upon the last vote, I vote "yea."

Mr. HEFLIN (when Mr. UNDERWOOD'S name was called). My colleague [Mr. UNDERWOOD] is paired with the senior Senator from Massachusetts [Mr. LODGE].

The roll call was concluded.

Mr. DILLINGHAM. Making the same announcement as before, I vote "nay."

Mr. EDGE. Making the same announcement as before, I vote "nay."

Mr. HALE. Making the same announcement as before, I vote "yea."

Mr. JONES of New Mexico. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present, he would vote "yea."

Mr. LODGE (after having voted in the affirmative). I have a general pair with the Senator from Alabama [Mr. UNDER-

WOOD]. In his absence, I transfer that pair to the Senator from Vermont [Mr. PAGE] and will allow my vote to stand.

Mr. FRELINGHUYSEN (after having voted in the negative). I transfer my general pair with the junior Senator from Montana [Mr. WALSH] to the senior Senator from Iowa [Mr. CUMMINS] and will allow my vote to stand.

Mr. McCUMBER (after having voted in the negative). I find that my pair, the junior Senator from Utah [Mr. KING], has not voted. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and will allow my vote to stand.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL]; and

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 45, nays 16, as follows:

YEAS—45.

Ashurst	Hale	McCormick	Stanley
Broussard	Harreld	McKellar	Sutherland
Bursum	Harris	McNary	Swanson
Capper	Heflin	Myers	Townsend
Caraway	Jones, N. Mex.	Newberry	Trammell
Curtis	Jones, Wash.	Nicholson	Walsh, Mass.
Dial	Kendrick	Oddie	Watson, Ga.
Ernst	Kenyon	Overman	Watson, Ind.
Fernald	Keyes	Reed	Willis
France	La Follette	Sheppard	
Gerry	Lenroot	Shortridge	
Gooding	Lodge	Simmons	

NAYS—16.

Brandegee	Edge	McLean	Poindexter
Calder	Frelinghuysen	Moses	Smoot
Cameron	McCumber	New	Wadsworth
Dillingham	McKinley	Phipps	Warren

NOT VOTING—35.

Ball	Glass	Norris	Smith
Borah	Harrison	Owen	Spencer
Colt	Hitchcock	Page	Stanfield
Crow	Johnson	Penrose	Sterling
Culberson	Kellogg	Pittman	Underwood
Cummins	King	Pomerene	Walsh, Mont.
du Pont	Ladd	Ransdell	Weller
Elkins	Nelson	Robinson	Williams
Fletcher	Norbeck	Shields	

So Mr. LENROOT's amendment to Mr. McCUMBER's amendment was agreed to.

Mr. REED. Mr. President, I do not think this incident should be allowed to pass without some slight comment.

The first thing that the Senate did, by a strict party vote, was to relieve from taxation as far as possible the great holding companies by adopting the Lodge amendment. Having done that, they voted down an amendment which proposed to levy a cumulative tax on corporations in regard to their capital stock. They had already let out the great holding companies. Then, when that was defeated by a party vote—of which I make no complaint—the Senator from North Carolina [Mr. SIMMONS] offered the amendment in a milder form, and that was promptly moved to be laid on the table, although that is in fact cloture. He then prepared an amendment which is identical with the amendment adopted, and it was well known that that was to be laid on the table; but when the same amendment in substantially the same words was offered from the other side, Senators who had intended to vote against the Simmons amendment voted for the Lenroot amendment. In other words, there has been some talk about playing politics. If that be not politics of the baser sort, of the more contemptible sort, of the less respectable sort, then I am unable to pass on any of those questions.

I make no complaint when a great political party outlines its program and marches straight forward toward its destination, taking the responsibility as it goes; but when I see that same political party ready to reject, even by the adoption of cloture methods, a matter so meritorious that they dare not stand upon their record, and turn around and face about just so long as it is offered from their side, and hope that they are going in that way to fool somebody in the country, that sort of tactics, in my judgment, sinks to a point so low that there is no nethermost.

I congratulate the Republican Party on this wonderful victory that it has just attained. It is worthy of its best traditions.

Mr. MOSES. Mr. President, a parliamentary inquiry. Having listened to the thrice-told tales of the official scold of the Senate, may I ask what is the next amendment?

Mr. REED. Mr. President, there is no official scold of the Senate; there is simply a recorder of the Senate. The tale may be thrice-told, but it would have to be many times told to impress a Senator who is in full accord with the tactics I have just described.

Mr. MOSES. Mr. President, if the Senator will permit me, he will have to let me out on that, because I voted against the amendment which has just been voted upon.

Mr. REED. Yes; but I think the Senator is in accord with the tactics.

Speaking about this matter in a more serious vein—and I think it is worthy of being treated seriously, and I am scolding nobody; I am just expressing the way I feel—whenever a Senator will sit in this body and vote against a matter purely because it happens to be offered by a political opponent, I ask, is he considering his duty as a Senator? Is he performing his duty by the country? That is all I ask, and I submit the question to the country now, as I shall take great pleasure in submitting it later on, possibly ineffectively; but I have never seen the arrogance of power yet that was not rebuked, and I saw it rebuked not many months ago.

Mr. McCUMBER. Mr. President, I was as much surprised as the Senator from Missouri at the last vote, and fully realize that I can not understand the sudden change. But I want to correct one statement made by the Senator from Missouri, that it was well understood that there would be a motion made to lay on the table the amendment offered by the Senator from North Carolina. I let it be well understood, as having charge of the bill at the present time, that I would not make such a motion and that the amendment should be voted for on the merits.

Mr. REED. I assumed, if the Senator will pardon me, that that was the situation. A motion had been made of that character, and came from the other side; I exculpate the Senator from North Dakota from any part of the responsibility for that.

Mr. SIMMONS. Mr. President, I want to say that the Senator from North Dakota expressed the assurance that he would not make such a motion.

Mr. LENROOT. Mr. President, I do not care to occupy more than a moment in this controversy. But, as a matter of fact, the amendment which has been adopted by the Senate had never been proposed by either side of the aisle before. The Senator from North Carolina offered an entirely different amendment, which amendment was laid upon the table. The Senator from North Carolina then rose and stated that later he intended to offer an amendment which would impose an additional tax of $1 on corporations upon their excess over $3,000,000.

The Senator from Missouri states that that is a trick.

I ask the Senator from North Carolina whether the proposition which has been adopted did not come to him in the first instance from the Republican side of the aisle?

Mr. SIMMONS. I will state to the Senator that in a conversation I had with him this morning he said he would agree to this proposition.

Mr. LENROOT. And I made the proposition to the Senator. I told the Senator from North Carolina that I would be glad to support a proposition which would make an increase of $1 in the taxes on incomes in excess of $3,000,000.

Mr. SIMMONS. The Senator stated that to me this morning, and I stated to him that I would be willing to accept that, with this difference, that I wished the first million dollars——

Mr. ASHURST. Mr. President, I rise to a point of order. The hour is growing late, and this is no time for post-mortems. Let us take the business in hand.

Mr. SIMMONS. Mr. President, the Senator is too abrupt. I stated to the Senator from Wisconsin that I was willing to accept his proposition and offered my amendment. The first amendment which was laid on the table was an amendment in which I proposed to place a dollar and a half tax on the difference between two and three million dollars. That having been tabled, I announced my purpose to offer the other amendment. I knew at the time I did that that the Senator from Wisconsin would favor it, and I expected to get support on the other side.

Mr. REED. Mr. President——

The PRESIDING OFFICER (Mr. NEW in the chair). Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LENROOT. I yield.

Mr. REED. Let me interject that the Senator from North Carolina stated not less than eight or nine days ago, in his opening speech, that he was in favor of doubling the tax, making it $2 on the larger corporations——

Mr. LENROOT. Mr. President, I do not yield for any purpose of this kind. The Senator from Missouri rose in his place and charged Senators on this side of the aisle with voting down an amendment because it was proposed from the Democratic side and then voting in identically the same amendment because it was proposed from the Republican side. In the first place, the RECORD does not bear out the statement made by the Senator from Missouri; in the second place, the proposal finally adopted came, not from the Democratic side but from the Republican side of the aisle.

Mr. REED. Mr. President, this is getting to be very amusing. The Democratic side of this Chamber stood as a solid body against the repeal of the tax on corporate stocks. It was slated to be repealed. A little group on the other side—and I am glad they operated—got together and agreed that they would resist it, and thereupon it was brought in as a Republican proposition, although it would not have been enough of a baby to have been entitled to swaddling clothes if it had not been for the Democratic position.

Mr. CARAWAY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield?

Mr. REED. I yield.

Mr. CARAWAY. What strikes me as curious about the whole matter is that the Lodge amendment was adopted to-night, and the Senator from Wisconsin premised his argument in favor of his amendment by saying that the Lodge amendment had relieved the corporations of $20,000,000.

Mr. REED. Yes. The next step was the repeal of the surtax upon incomes. It was well known that the accumulation beyond 32 per cent was slated to be taken off, and that the Democrats would stand against it and were standing against it. Then this group on the other side, knowing that, agreed to stand with the Democrats, and they came in and said, "We did it."

The Democrats were in favor of taking off the whole of the tax upon transportation. The group on the other side, utterly powerless, instead of saying, "We will join the Democrats," said, "No; we will do this if we can be credited with it."

What are the facts about this amendment? Two weeks ago, nearly, the Senator from North Carolina declared that he intended to propose an amendment to raise the tax upon corporate stock to $2. He got no encouragement from the other side—not a word. Then the amendment came forward which I offered, and which was more radical, and it got no votes on the other side. The Senator from North Carolina offered a modified amendment, and it was tabled; then the Senator from North Carolina had substantially this amendment written out on his desk.

Mr. SIMMONS. I stated that I was going to offer it, but I would not offer it before I made my speech, because I apprehended that it might be tabled.

Mr. REED. The Senator stated on the floor that he would offer his amendment, and then there came forward from the other side a gallant champion, who offered the same amendment, and it was accepted. That is the truth about the matter. I am not complaining because the Senator from Wisconsin [Mr. LENROOT] offered it.

I am glad he offered it, because I am glad it is to go into this bill, for the good of the country; but the peculiar spectacle is that men who stay most of the time in the cloak room and in other places, and only come in to vote, will vote for this proposition because it comes from a particular side, and vote against it because it comes from another side.

Mr. MOSES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from New Hampshire?

Mr. REED. I have finished.

Mr. MOSES. I wanted to ask the Senator, in view of the curtain lecture he has just read us so recently, if he is taking the position that because a Senator here on the floor or elsewhere announces his intention to offer an amendment or to do something else, that is the same thing as doing it?

Mr. REED. No; I am taking the position that when a Senator anticipates that his amendment will be laid on the table, and says that for that reason he proposes to discuss it in advance, and reads it, and then somebody on the other side picks it up and offers it, the gentleman on the other side of the Chamber has some difficulty in convincing anyone that he is the father of that particular child; that is all.

Mr. MOSES. The Senator is making a wholly gratuitous assumption. He is proceeding upon the theory that because he rose here the other day and announced grandiloquently that he intended to proceed to Kansas City to make a speech before the American Legion, he had already made it.

Mr. JONES of New Mexico. Mr. President, the matter in this connection which interests me is what may involve an important proposition which I can not understand. If I have the situation correctly in mind, it is this:

The Senator from North Carolina offered an amendment providing for a tax of $1 per $1,000 upon the capital stock of corporations having a capital stock not in excess of $2,000,000; upon the capital stock not in excess of $2,000,000 and less than $3,000,000, $1.50; and above $3,000,000, $2. That amendment was tabled.

The amendment which was adopted provided for a tax of $1 upon capital stock below $3,000,000, and $2 per $1,000 upon capital stock above $3,000,000. I would like to have some discriminating individual point out to me the logic for making any such change. If you want to put a capital-stock tax upon corporations and you are going to jump from $1 to $2 per $1,000, I would like to know why you could not have a little step in your jump, and I would like to have some scrutinizing mind, founded in logic, determined to act upon scientific principles, explain that most remarkable difference. One amendment proposed a tax of $1 a $1,000 up to $2,000,000, $1.50 per $1,000 up to $3,000,000, and $2 per $1,000 above $3,000,000. You turn that down with scorn, you will not even discuss it, you have tabled such an amendment as that; but when you strike out your $1.50 in there, it is all glorious, the sun is shining, the goose hangs high, the flowers are all in bloom. I would like to have some astute mind upon the other side of the Chamber explain the change of heart, if it was not the thing pointed out by the Senator from Missouri.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. MCCUMBER] as amended.

The amendment as amended was agreed to.

Mr. MCCUMBER. Mr. President, there are some other amendments which follow, merely clerical, renumbering the sections.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 221, on line 22, strike out "1000 or 1001" and insert "1000, 1001, or 1002."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment known as Title X as amended.

The amendment as amended was agreed to.

Mr. MCKELLAR. Mr. President, I ask unanimous consent that the vote by which the amendment on page 176, at the end of subsection K, may be reconsidered.

The PRESIDING OFFICER. The Senator from Tennessee asks unanimous consent that the motion by which the amendment to the provision providing for tax on beverages and constituent parts thereof was agreed to, be reconsidered. Is there objection?

Mr. MOSES. Reserving the right to object, I would like to have the amendment to the amendment stated.

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. It is proposed to insert after subdivision (k), the last subdivision in the amendment, the following proviso:

Provided, That the provisions of this subdivision shall not be construed to impose an additional liability upon alcohol upon which the $2.20 tax rate has been paid as provided in subdivision (b).

Mr. MCKELLAR. I wish to say to the Senator, and to other Senators who are interested, that this is merely for the purpose of clarifying the provision. It does not change anything. It was understood by everyone that the tax on medicinal alcohol should be $2.20. It has been determined by experts and lawyers that there might be some doubt about it, and this is offered, I think, by practically unanimous consent.

Mr. MOSES. It is intended to clarify any doubt in the so-called Wadsworth amendment?

Mr. MCKELLAR. It is added to the Wadsworth amendment merely for the purpose of fixing it beyond controversy, which I think most of the Senate understood, that the tax should be but $2.20 on so-called medicinal alcohol.

Mr. MOSES. In other words, the purpose of the Senator's amendment is to make no change in the existing amendment?

Mr. MCKELLAR. None whatever. It is merely to make it clear.

The PRESIDING OFFICER. Is there objection to a reconsideration of the vote by which the section was adopted? The Chair hears none, and it is so ordered.

Mr. WADSWORTH. Mr. President, now that the amendment of the other evening is being reconsidered, if the suggestion made by the Senator from Tennessee has been adopted I have one more suggestion to make.

The PRESIDING OFFICER. It has not yet been agreed to. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment.

Mr. MCCUMBER. I wish to ask the Senator if it covers withdrawals for both medicinal and industrial purposes?

Mr. MCKELLAR. For all the purposes stated in subdivision (b).

Mr. MCCUMBER. If the Senator is certain I have no objection to it, and I think it is proper.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee to the amendment.

The amendment to the amendment was agreed to.

Mr. WADSWORTH. Mr. President, I should apologize to the Senate for bringing this matter up again. I know how weary it is of having these matters brought up a second time. In the amendment adopted the other evening it is clear that there is an imposition of a double tax, which, of course, was not intended. In the paragraph placing a tax upon vinous liquors withdrawn and sold for medicinal purposes a tax is imposed of $1.20 per wine gallon upon such vinous liquors, but it does not provide that that tax shall be paid in lieu of existing taxes nor that from that tax shall be deducted those internal-revenue taxes which have already been paid upon vinous liquors heretofore manufactured.

I am going to take advantage of this incident to offer an amendment to section 601 of the amendment that was adopted the other night which simply provides that the $1.20 tax shall be in lieu of other internal-revenue taxes and that there shall be subtracted from that any taxes which have heretofore been paid thereon.

The PRESIDING OFFICER. The Secretary will report the amendment offered by the Senator from New York to the amendment.

The ASSISTANT SECRETARY. In lieu of the amendment as agreed to, section 601, after the numerals, strike out and insert so that section 601 will read as follows:

SEC. 601. That upon all vinous liquors, including such vinous liquors as are used in those medicinal preparations which are authorized to be manufactured under the regulations of the Treasury Department pursuant to the national prohibition act, and which liquors are or have been produced in or imported into the United States, there shall be levied, collected, and paid, when sold or removed for consumption, in lieu of the revenue taxes now imposed thereon by law, a tax of $1.20 per wine gallon, less the amount of any internal-revenue taxes previously paid thereon.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. McKELLAR. Mr. President, for several days past I have been receiving letters and telegrams urging me to vote for a maximum surtax of 32 per cent instead of the 50 per cent surtax already adopted. I have replied to those letters and telegrams stating my position fully. I ask unanimous consent to have printed in the RECORD a copy of that reply.

There being no objection, the letter was ordered to be printed in the RECORD as follows:

Your telegram requesting that the maximum individual surtax in the pending tax bill shall not exceed 32 per cent received and noted.

The grounds upon which you base your argument are two: First, that under a higher tax large incomes will be placed in tax-exempt securities; and second, that it will prevent these large receivers of incomes from investing same in foreign securities, which purchase of foreign securities would help our foreign trade and thus benefit the entire country. Both of these arguments have been presented to the Senate, but the one principally relied on is the first one.

Now, the present law provides for a maximum rate of 65 per cent on individual incomes. The Senate by an overwhelming majority (all but 13, and the most of these from New York, New Jersey, Pennsylvania, and New England, where the large incomes are had) voted to make the maximum 50 per cent instead of 65 per cent. I believe this was a right and proper and reasonable reduction of these surtaxes and a much fairer one than the one you propose in your telegram.

In my judgment, the argument that the maximum of 50 per cent surtax ought to be reduced to 32 per cent so that the money derived from these large incomes would not be placed in tax-exempt securities is fallacious. The bonds sold by States, counties, municipalities, and the Farm Loan Board, which bonds constitute the principal tax-exempt securities, will be sold, regardless of whether the surtax is reduced to 32 per cent or not. The sale of such bonds is absolutely necessary to carry on the governmental activities vitally necessary to the prosperity of our country. Just at this time, when there are perhaps 6,000,000 unemployed in the country, it is necessary that these activities should be fostered; and whether these securities are tax free or not, they must necessarily be sold, and if the money to purchase them does not come from the receivers of large incomes manifestly it will come from the receivers of smaller incomes. We all know that these bonds will be sold and the proceeds used to carry on the business of government. When the receivers of large incomes put these incomes into tax-exempt securities it at once puts this money back into the channels of trade and commerce, and is enormously helpful to the prosperity of our country.

I think it is also quite as important, in so far as our national prosperity is concerned, for our investors to expend their incomes in American securities as it is for them to purchase foreign securities. Indeed, more so. I agree with your telegram that we should make every effort to increase our foreign trade, because we make more than we consume, but I do not believe that taking the surtaxes off of large incomes or reducing them from 50 per cent to 32 per cent will effect that purpose. Indeed, I do not believe that reducing the higher brackets of income surtax will affect our foreign trade in the slightest degree.

As I said before, all these questions have been thoroughly gone over in the Senate and the Senate has reached by an overwhelming majority a different conclusion from that stated in your telegram. I am absolutely confident, knowing you as I do, that if you had been present and had heard the arguments you would have reached the same conclusion that we have reached here, fixing the maximum at 50 per cent instead of 32 per cent. The excess-profits tax we have repealed, beginning next year. The tax bill also takes off the taxes from the very large incomes, both corporate and individual, and puts an increased burden on incomes of smaller and less prosperous corporations, and makes very little difference as to the incomes of less prosperous individuals. My own idea is that we should cut down the expenditures of government, collect the $500,000,000 of interest due us annually on our foreign loans, and that then we could have reduced the taxes in equal step on all taxpayers.

I wish to call your special attention to the fact that if these surtaxes are reduced from 50 per cent to 32 per cent it would mean that we would have to put additional burdens on smaller incomes of corporations and individuals—additional burdens upon taxpayers like you. In other words, the Government is compelled to raise so much money in order to function, and that money must come from some taxpayers. If it does not come from those receiving these high incomes, it must be put upon those who receive smaller incomes.

If your net individual income is $68,000 or over, then the surtaxes in the bill above 32 per cent will affect you adversely; but if your net individual income does not exceed $68,000, then in one form or another your taxes must be increased to make up the deficiency, if we reduce the maximum surtaxes from 50 per cent to 32 per cent.

Of course, I do not know what your individual income is, but if it is not over $68,000 then your telegram is in effect a request to increase your own taxes and to reduce the taxes on your more prosperous friends having incomes in excess of $68,000. To say the least of it, such a request, asking in effect that taxes be reduced on others and increased on the senders of the telegram, is unusual. Ordinarily we all know that taxes are very unpopular. I am inclined to believe that some one must have misinformed you about this particular tax question.

I wish to add that this tax bill is the most burdensome, unfair, unequal, and unjust tax bill ever passed by an American Congress. Many of its provisions are absolutely indefensible. As it was first presented to the Senate by a majority of the Finance Committee it was so ill-smelling that it soon lost practically its every friend, and its passage as presented was not to be thought of and was abandoned. After its errors and deficiencies had been pointed out by us from day to day it was taken in hands and revamped and made somewhat better, but even now its inequalities are frightful, as you gentlemen will soon find when you come to pay the taxes. As originally drafted by our Republican friends it was presented to the Senate, and the majority party insisted upon its passage without any explanation at all by them. Their idea was that they had an overwhelming majority in the Senate and that they would simply sit mute until we had finished talking about it, and then pass it with their great majority. But the discussion by the Democrats so convinced the public of its monstrous inequities and inequalities that the Republican majority was compelled to agree to its revision. While it has been modified it still carries out the main purpose of the original bill, which was to take the taxes off of the very rich and place them on those corporations and individuals of more moderate means.

In my consideration of the matter I have been guided primarily by what I believed to be the interests of the taxpayers of my State, with the view that no additional burdens should be placed upon them and that such reductions as were made should apply to them in the same way that they applied to the taxpayers of the rest of the country.

I want to ask you, in view of the facts stated in this letter, to reconsider the matter, and having done so advise me of your further views. I respect your opinion most highly, but can not help believing that you have been misinformed in reference to the effect of this and other provisions of the bill.

With kind personal regards, I am,
Sincerely, your friend,

KENNETH MCKELLAR.

Mr. McCUMBER. Mr. President, I understand the next proposition is the excise tax, which I ask may be stated.

The PRESIDING OFFICER. The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. On page 197, the text of the bill reads, beginning on line 15:

(5) Tennis rackets, nets, racket covers and presses.

The committee proposes, after the word "presses," to insert:

Skates, snowshoes, skis, toboggans.

Mr. McCUMBER. Mr. President, I think we can perhaps better reach what I desire by not agreeing to the committee amendment and then striking out all of lines 15 to 25, on page 197, and lines 1 to 5, inclusive, on page 198. I ask that the Senate disagree to the amendment, and then the whole thing will be subject to be stricken out.

Mr. MOSES. Mr. President, from the manner in which the Senator stated the matter, it does not appear whether it is an amendment of the committee or not. The nature of the proposal of the Senator is not very clear.

Mr. McCUMBER. I will explain the purpose of the amendment.

Mr. MOSES. I was about to ask the Senator to do that.

Mr. McCUMBER. If the Senator will look on page 197 he will observe that No. 5 is partially amended. It is not all of it a single amendment, but it is proposed to be amended by the committee. I desire to strike out all of that subdivision (5).

Mr. MOSES. The House provision and all the other provisions?

Mr. McCUMBER. Yes; the House provision as well as the Senate committee provision.

Mr. MOSES. May I ask the Senator if that is the first amendment?

Mr. McCUMBER. It is.

Mr. MOSES. I assume, the Senator being in charge of the bill, that the amendment which he now offers is in the nature of a committee amendment.

Mr. McCUMBER. It does not come from the committee as a committee amendment. It comes, however, from a majority of the committee.

Mr. MOSES. There are some of us who desire to strike out all of the excise taxes.

Mr. McCUMBER. There will be ample opportunity to make such a motion.

Mr. MOSES. This being tantamount to a committee amendment I suppose that it is privileged, being reported by a majority of the committee.

Mr. REED. Mr. President, I wish to ask the Senator from North Dakota to what page he is referring?

Mr. McCUMBER. To page 197 of the bill.

Mr. REED. Does the Senator intend to strike out the tax on art? Is that included in that bracket?

Mr. McCUMBER. It is to strike out all of paragraph numbered (5)—sporting goods, tennis racquets, and so forth.

Mr. REED. The Senator does not propose to leave any taxes on tennis racquets, nets, and so forth.

Mr. McCUMBER. That is correct.

Mr. REED. Is it proposed to take the tax off of pianos and organs also?

Mr. McCUMBER. Not yet. Wait until we come to that. There is no proposition thus far to take off that tax.

Mr. MOSES. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. MOSES. Just what is the status of the amendment offered by the Senator from North Dakota? Does it include paragraph 4?

The PRESIDING OFFICER. It does not. The amendment to which the Senator from North Dakota refers relates merely to paragraph (5).

Mr. REED. I know that the Senator from North Dakota will be very candid with me. He is attacking one paragraph of a title, that title containing many things. He is proposing to strike out the tax on sporting goods. I desire to know whether substantially all the title is to be stricken out and whether we are merely getting rid of the excise taxes, or whether we are getting rid of excise taxes upon sporting goods, and propose to leave that form of tax upon other goods which are more necessary.

Mr. McCUMBER. If the Senator will take the list that is printed, he will see the items that are proposed to be stricken out. There will be amendments all along through the title referred to and it is impossible for me to answer the Senator and say just what is proposed to be stricken out. However, there will now be a large number of amendments to strike out certain sections of the excise tax provision.

I will state to the Senator, though I think he has the list now before him, that if he will read the list he will see that it would include sporting goods, chewing gum, photographic apparatus and accessories, candy selling in excess of 40 cents per pound, electric fans, thermos bottles, smokers' articles, hunting and shooting garments, articles made of fur, toilet soaps and soap powders, tooth and mouth washes, dentifrices, tooth pastes, and toilet powders; a reduction of tax on sculpture, paintings, statuary, art porcelains, and bronzes, from 10 to 5 per cent; a repeal of the 5 per cent tax on motion-picture films leased, and a repeal of the stamp tax on parcel-post packages.

Mr. REED. Mr. President, I thank the Senator. He has, as usual, been very courteous. The point that I had in mind is now made plain to me. As I understand it, the program is to reduce the tax upon works of art, to take the tax entirely off of sporting goods, chewing gum, and articles of that kind, so the proposed amendment ought to be discussed in the light of the program which has been agreed upon.

Mr. McCUMBER. That is true.

Mr. MOSES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from New Hampshire?

Mr. REED. I yield.

Mr. MOSES. Of course, I understand that the list of articles which are to be exempted from the excise tax, which the Senator from North Dakota has just read, is more or less sacrosanct, because it represents the view of a majority of the majority of the committee. It is a somewhat novel procedure in the Senate, I assume, to make privileged an amendment adopted only by a majority of the majority. Nevertheless, assuming that to be the case, I wish the Senator from North Dakota might set aside that privileged proceeding and allow the committee to go through Title IX in some degree of order by taking up the paragraphs in sequence, because there are some Senators on this side who wish to offer amendments striking out and reducing the excise tax on all the articles enumerated in Title IX.

If, however, the amendments thus adopted by a majority of the committee are to be privileged, we may have a very helter-skelter method of approach to the articles embraced in this title.

Mr. McCUMBER. Mr. President, I think the Senator understands as well as I do the rules of the Senate. If an amendment is not a committee amendment, of course, it has no privilege whatever. The amendment which I am now offering not being a committee amendment but one of a list of amendments some of which are termed the so-called "bloc" amendments——

Mr. MOSES. Which "bloc," may I ask?

Mr. McCUMBER. I am offering them, inasmuch as I have charge of the bill now, as the chairman of the committee is at present necessarily absent from the Senate. I myself may not agree with all of them, but I think the Senator from New Hampshire has made a very good suggestion; and if he shall ask unanimous consent that we may take up this entire title and dispose of it without reference to committee amendments, starting from the beginning, I certainly shall not object, and would agree most heartily with the proposed procedure.

Mr. MOSES. Mr. President, I ask such unanimous consent.

The PRESIDING OFFICER. The Senator from New Hampshire asks unanimous consent for the consideration of Title IX, beginning with section 1. Is there objection? The Chair hears none.

Mr. MOSES. Then the Secretary will read the paragraphs one by one for suggested amendments from the floor?

The PRESIDING OFFICER. The Secretary will read paragraph 1.

Mr. REED. Mr. President, just a moment, in order that we may understand the matter. The program which has been outlined embraces the levying of taxes upon automobiles, trucks, and automobile wagons. Whatever an automobile may be, an automobile truck is not a luxury; it is employed in business just as much as is a steam engine employed in business.

We come, then, to the question of pianos, graphophones, phonographs, and music boxes. They relate to the cultivation of the finer qualities of the human mind; they are educational in their character, and ought not to be taxed unless it is necessary to tax them in order to raise revenue.

Mr. EDGE. Will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from New Jersey?

Mr. REED. I will gladly yield if the Senator wants to ask me a question about this matter.

Mr. EDGE. Will the Senator yield for a question in relation to what he is discussing?

Mr. REED. I yield.

Mr. EDGE. I think, perhaps, the object of the Senator from New Hampshire [Mr. MOSES] in asking to go back and take up Title IX in order was that we might reach section 4 with reference to a tax on musical instruments. I have in my hand an amendment to strike out section 4 of Title IX, in its entirety—that is, from line 7 to line 12—and when we reach that point I propose to offer that amendment.

Mr. MOSES. A point of order, Mr. President.

The PRESIDING OFFICER. The Chair would like to make a statement. The Chair finds that the situation is this: The Senate has made certain amendments to Title IX, on page 196, beginning with line 8 and going down to and including line 14, on page 197.

Mr. MOSES. Have those amendments already been agreed to?

The PRESIDING OFFICER. They have been agreed to. It will, therefore, be necessary in order to proceed in the manner suggested by request of the Senator from New Hampshire [Mr. MOSES] to reconsider the vote by which those amendments were adopted.

Mr. McCUMBER. I understood, of course, that when the Senator from New Hampshire wished to consider this title it was with the intention simply to consider that part of the title which we had not already passed upon. We had only passed upon a little more than one page of it, and I assumed that the Senator would desire to go right along from that point. It seems to me that we had better go through with the title, taking it up without respect to the committee amendments, from where we left off when the title was last before the Senate. Then, when we have gone through with it, the Senator from New Hampshire can ask to reconsider the amendment in relation to automobiles, and so forth, if he desires.

Mr. MOSES. If the statement which has just been made by the Chair is completely accurate, the Senate has agreed to nothing with reference to these taxes except the language—

That from and after January 1, 1922, there shall be levied, assessed, collected, and paid—

Mr. WADSWORTH. The whole page was agreed to.

Mr. MOSES. I thought the Chair stated it was agreed to down to and including line 15 on page 196.

Mr. WADSWORTH. The Chair did not say that.

Mr. McCUMBER. The Chair said down to line 15, on page 197.

Mr. WADSWORTH. The announcement of the Chair was that the Senate had agreed to Title IX, down to and including line 14, on page 197.

The PRESIDING OFFICER. One at a time.

Mr. MOSES. I move that the Senate reconsider the vote by which paragraph 4, page 197, was agreed to.

Mr. FRELINGHUYSEN. If in order, I offer the amendment which I send to the desk.

Mr. McCUMBER. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. McCUMBER. The question of taxes upon automobiles involves about $125,000,000 of revenue. That amendment has already been adopted, and before I could consent again to open up that subject I should have to see what we were going to do with the other excise taxes. So I object to the reconsideration of that provision at the present time.

Mr. MOSES. I am not objecting at the minute to the imposition of the tax which the bill proposes upon automobiles, and so forth. I am moving to reconsider the vote whereby paragraph 4, on page 197, was agreed to. That is the tax upon pianos, organs, and so forth.

Mr. McCUMBER. Paragraph 4 has not been agreed to as an amendment; that is a part of the House text.

Mr. MOSES. Then I desire to ask a further parliamentary inquiry. In view of the action already taken and the amendments made to Title IX, can I now move to strike out paragraph 4?

The PRESIDING OFFICER. Yes.

Mr. MOSES. I wish to move to strike that paragraph out.

Mr. FRELINGHUYSEN. The Secretary has an amendment which I have offered striking out paragraph 4.

Mr. MOSES. I beg the Senator's pardon.

Mr. REED. Mr. President——

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from New Jersey.

The ASSISTANT SECRETARY. On page 197, it is proposed to strike out paragraph 4, as follows:

(4) Pianos, organs (other than pipe organs), piano players, player pianos, graphophones, phonographs, talking machines, music boxes, and records used in connection with any musical instrument, piano player, player piano, graphophone, phonograph, or talking machine, 5 per cent.

Mr. REED. Mr. President, I should like to know just when I lost the floor for the offering of the amendment. I yielded for a question to the junior Senator from New Jersey [Mr. EDGE].

The PRESIDING OFFICER. The Chair was under the impression that the Senator from Missouri had taken his seat.

Mr. REED. I did not; but I have been good natured about it. I shall conclude, however, what I have to say in a very few minutes.

Mr. EDGE. Mr. President——

Mr. REED. No; I shall not yield again; I am afraid to yield to the Senator from New Jersey.

Mr. EDGE. Far be it from me to take the floor from the Senator from Missouri.

Mr. REED. I know the Senator did not mean to do so, but I wish to conclude what I was saying.

Here is a proposition which, taken broadly, proposes to retain a tax, first, upon many articles of prime necessity; and, second, upon instruments of music and upon works of art, and then proposes to take every penny of tax off of chewing gum and sporting goods. That is the proposition. It is proposed to retain the tax upon a little statue that might be used to beautify a home, but we are to take the tax off of baseball bats and tennis rackets and skis.

Mr. LA FOLLETTE. And dice.

Mr. REED. And dice and playing cards and articles of that kind. We are to put a tax on pianos, and take it off of billiard tables. I have said enough to illustrate the scheme, and do not care to take the time of the Senate further.

So far as I am concerned, however, if we must tax all of these things in order to get revenue to run the Government, well and good; but if we do not need to tax all of these things, then let us take the tax off of the necessities, let us take the tax off of art and of music, and let us keep the tax on baseball bats and billiard tables and toboggans and canoe paddles and polo mallets and gloves, which I suppose means boxing gloves, and masks. By all means take the tax off of masks—I can see now why there should be a desire to make masks cheap [laughter]—and basket-ball goals and uniforms, and golf bags and clubs, and keep it on every instrument of music; keep it on the auto trucks that a man buys to haul his produce to town or to haul his goods about town; keep it on a statue of Venus de Milo, but take it off of billiard balls, pool balls, and billiard tables, and games and parts of games, except playing cards and children's toys. Keep it on toys by all means—the toy that the little toddler passes the hours away with and in a manner educates himself by playing with—keep it on the baby's toys and take it off of basket balls, and do not forget to take it off of billiard tables.

Mr. McCUMBER. Mr. President, will the Senator point out to me where the tax is kept upon toys?

Mr. REED. I will ask the Senator to read the twenty-fourth line on page 197.

Mr. WADSWORTH. That is an exception.

Mr. McCUMBER. That does not impose a tax; that is the present law.

Mr. REED. That is the bill.

Mr. McCUMBER. That is the present law, and the committee moves to strike it out and except toys from taxation. It is proposed to strike out the whole provision.

Mr. REED. It is not proposed to strike out the exception, is it?

Mr. McCUMBER. Yes; to strike out the entire provision.

Mr. REED. Very well; if it is proposed to strike out the exception along with the subject matter itself, that is some improvement, but I think the exception only happened to be stricken out because it happened to be included in the provision. I do not think anybody ever thought of it until this minute. Think of a man who would draw a bill in that way to start with, taking the tax off of tennis racquets and putting it on children's toys; that is the sort of bill that was brought in here.

Mr. President, that is all I wish to say about it.

SEVERAL SENATORS. Vote!

Mr. McCUMBER. Mr. President, I wish again to ask the Senator from Missouri where he finds justification for stating that a tax is imposed on children's toys when children's toys are especially excepted from the tax?

Mr. REED. It is proposed to leave the section in, is it not?

Mr. McCUMBER. No.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. Does the Senator from North Dakota desire the question to be put on the amendment offered by the Senator from New Jersey?

Mr. McCUMBER. I would just as lief that be acted upon first.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from New Jersey, which the Secretary will state.

The ASSISTANT SECRETARY. On page 197, after line 6, it is proposed to strike out:

(4) Pianos, organs (other than pipe organs), piano players, player pianos, graphophones, phonographs, talking machines, music boxes, and records used in connection with any musical instrument, piano player, player piano, graphophone, phonograph, or talking machine, 5 per cent.

Mr. McCUMBER. If that paragraph be stricken out, Mr. President, it will mean the loss of $12,000,000 of revenue.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey.

The amendment was agreed to.

The ASSISTANT SECRETARY. In the next paragraph there are four amendments offered by the committee printed in the bill.

The PRESIDING OFFICER. The amendments will be considered en bloc. The question is on agreeing to the committee amendments to paragraph (5), Title IX, page 197.

The amendments were rejected.

Mr. McCUMBER. I now move to strike out subdivision (5).

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to strike out subdivision (5), or all of lines 15 to 25, both inclusive, on page 197, and lines 1 to 5, both inclusive, on page 198.

Mr. REED. How much revenue will that lose, may I ask the Senator from North Dakota?

Mr. WADSWORTH. The estimate for 1921, may I say, is $4,283,000.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota.

Mr. REED. I should like to have a yea-and-nay vote on that.

The yeas and nays were ordered.

Mr. REED. This is a motion to strike out the tax on sporting goods.

Mr. ASHURST. Let it be stated, Mr. President.

The PRESIDING OFFICER. The yeas and nays have been ordered. The Secretary will state the amendment.

Mr. ASHURST. There are four amendments in the paragraph which it is proposed to strike out.

Mr. WADSWORTH. No; they have all been rejected. The question is on striking out the entire paragraph.

Mr. ASHURST. Let the paragraph be read.

The ASSISTANT SECRETARY. As it now stands the paragraph reads:

(5) Tennis rackets, nets, racket covers and presses, canoe paddles and cushions, polo mallets, golf bags and clubs, lacrosse sticks, balls of all kinds, including tennis, golf, lacrosse, billiard and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games), and all similar articles commonly or commercially known as sporting goods except skates, snowshoes, skis, toboggans, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness, uniforms and goals, basketball goals and uniforms, baseballs, basketballs, and footballs, 5 per cent.

Mr. REED. Mr. President, all I desire is that we understand that the articles named under the amendment, these sporting goods, bear a 5 per cent tax under the bill as reported; and we are now asked to strike out the provision which levies a 5 per cent tax upon these sporting goods. Under the present law they pay 10 per cent.

Mr. LA FOLLETTE. And it will sacrifice $2,000,000 of revenue.

Mr. REED. Four million two hundred and eighty-three thousand dollars.

Mr. LA FOLLETTE. I do not know where the Senator gets those figures.

Mr. REED. They were given to me by the Senator from New York [Mr. WADSWORTH].

Mr. LA FOLLETTE. I think it is $2,000,000.

The PRESIDING OFFICER. The question is on the amendment of the Senator from North Dakota [Mr. MCCUMBER] to strike out paragraph (5). On that question the yeas and nays have been ordered. The Secretary will call the roll.

The Assistant Secretary proceeded to call the roll.

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. LODGE (when his name was called). I transfer my pair with the Senator from Alabama [Mr. UNDERWOOD] to the Senator from Vermont [Mr. PAGE] and will vote. I vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. MCKELLAR. The junior Senator from Ohio [Mr. WILLIS] is unavoidably detained from the Chamber. I have a pair with him for the evening. If he were present, he would vote "yea" and I would vote "nay." I am going to transfer my pair with him to the senior Senator from Nebraska [Mr. HITCHCOCK] and will vote. I vote "nay."

Mr. JONES of New Mexico. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present, he would vote "nay."

Mr. MCCUMBER (after having voted in the affirmative). I transfer my general pair with the junior Senator from Utah [Mr. KING] to the junior Senator from Pennsylvania [Mr. CROW] and will allow my vote to stand.

Mr. SUTHERLAND. Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER]. He is paired with the senior Senator from Delaware [Mr. BALL].

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 31, nays 30, as follows:

YEAS—31.

Brandegee	Hale	McLean	Shortridge
Calder	Harreld	Moses	Smoot
Cameron	Keyes	New	Sutherland
Edge	Lenroot	Nicholson	Wadsworth
Ernst	Lodge	Oddie	Warren
Fernald	McCormick	Phipps	Watson, Ind.
France	McCumber	Poindexter	Weller
Frelinghuysen	McKinley	Pomerene	

NAYS—30.

Ashurst	Gooding	McKellar	Stanley
Broussard	Harris	McNary	Swanson
Bursum	Heflin	Myers	Townsend
Capper	Jones, N. Mex.	Newberry	Trammell
Caraway	Jones, Wash.	Overman	Walsh, Mass.
Curtis	Kendrick	Reed	Watson, Ga.
Dial	Kenyon	Sheppard	
Gerry	La Follette	Simmons	

NOT VOTING—35.

Ball	Fletcher	Norbeck	Smith
Borah	Glass	Norris	Spencer
Colt	Harrison	Owen	Stanfield
Crow	Hitchcock	Page	Sterling
Culberson	Johnson	Penrose	Underwood
Cummins	Kellogg	Pittman	Walsh, Mont.
Dillingham	King	Ransdell	Williams
du Pont	Ladd	Robinson	Willis
Elkins	Nelson	Shields	

So Mr. MCCUMBER's amendment was agreed to.

Mr. REED. I reserve the amendment just agreed to for a separate vote in the Senate.

The ASSISTANT SECRETARY. The next amendment is, on page 198, where the committee proposes, beginning on line 6, to insert the following subdivision:

(6) Chewing gum or substitutes therefor, 2 per cent.

Mr. MCCUMBER. Mr. President, I ask that that amendment be rejected.

Mr. REED. Mr. President, let me ask the Senator a question. That would leave the present tax, would it?

Mr. MCCUMBER. No; it would leave no tax.

Mr. REED. No tax at all?

Mr. LA FOLLETTE. It would make chewing gum free.

Mr. MCCUMBER. It would leave it just as the House left it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. REED. How much revenue do we lose?

Mr. LA FOLLETTE. We sacrifice a million dollars in revenue on chewing gum.

Mr. REED. I made some remarks about it the other day, which I think fully cover the question. This is a million dollars out of the revenue. All I ask is the yeas and nays upon the question.

The yeas and nays were ordered.

Mr. HEFLIN. Mr. President, this is a proposition to which the Senator from Missouri addressed himself a few days ago. The head of one of these chewing-gum trusts was very prominent in the Republican campaign last fall. He played a very important and conspicuous part about Marion, Ohio, and, as I said the other day, was inviting people to come over and hear the President speak from the front porch.

Mr. CARAWAY. Not many went, did they?

Mr. HEFLIN. Well, a good many went over upon the invitation of this chewing-gum magnate. Mr. President, the concern which he controls is about to be exempted entirely. I understand that it pays more than a million dollars taxes to the Government. This is one tax that the manufacturer can not pass on to the consumer. We have been collecting this tax of a million dollars a year and chewing gum remained at 5 cents a pack. If the tax is taken off the public will continue to pay 5 cents a pack and the Chewing Gum Trust will keep the million dollars that we now get in the form of taxes to help pay the war debt and run the Government. You have just exempted billiard balls and billiard cues in gambling rooms. You have taken off the big excess-profits tax. You have given the profiteer a clean bill of health and he goes tax free. You are permitting the good-roads appropriation bill to be held up at the other end of the Capitol. You have permitted the currency to be contracted and credits to be curtailed, and as a result of that the farmers of the South and West are forced to sell their products below the cost of production.

The Chewing Gum Trust is to be exempt; the necessities of life are to be taxed. We are going to have the sales tax, which I referred to in a speech here a few days ago. The Senator from Utah has suggested a manufacturers' tax, and in the speech I made I told how that would soon be passed on to the consumer. The Washington Post said the tax they would propose would be paid at the counter by the consumer.

So the necessities of life are to bear the brunt and burden of this tax bill. The excess-profits tax is gone out of the bill and $450,000,000 that we got from this source is lost to the Government. The profiteer is pleased. He is in favor with the Republican Party. The billiard ball man comes in, bows and smiles and gets what he wants, puts on his kid gloves and his high silk hat, picks up his gold-headed cane, and walks out. The auto trucks in which the farmer must haul his cotton and grain are to be taxed, but billiard balls and billiard cues and chewing gum kings all escape the heavy hand of taxation under the reign of the Republican Party.

I understand that you have taken the tax off of dice. The crap shooter is encouraged to break the law. The Republican Party gives aid and comfort to him. The other night you put a tax on medicine. You did not even know that you were taxing all the preparations of medicines that have vinous liquors in them, but it was discovered by us Democrats. The Senator from Florida and I first discovered it.

Mr. WADSWORTH. Did the Senator say he discovered vinous liquor?

Mr. HEFLIN. We discovered that you were going to tax vast quantities of medicine that contained vinous liquor, which would have been a tax upon the sick.

My friend Senator TRAMMELL and I said, "There is something wrong with that thing." He said, "I will go down and get it and see just what it is." He copied it and came back and said, "It is wrong. It takes in all these mixtures and taxes the medicine itself." So I made a motion to reconsider the vote by which that amendment was passed.

You were going to tax the medicine of the poor. Under your reign you are making it so difficult to make a living that the average man and woman would be denied the necessities of life, and battling with the terrible things with which they have to come in contact they lose their strength, fall by the wayside, get sick, go to bed, and then they must have medicine, the doctor prescribes it, and you had a tax on it. May the Lord have mercy on the Republican Party!

Now you come and exempt the Chewing Gum Trust. You have just exempted the billiard balls and billiard cues and gambling halls of the country, and now you are going to take the tax off the chewing-gum magnates, who wore high hats in your campaign last fall and contributed to the campaign fund of the Republican Party.

Mr. President, some of us have been fighting this bill for weeks, but I suppose you will pass it. The people are fortunate in that there is a judgment day coming for you; fortunate in that you will soon have to pass muster at the ballot box. Then you will have to give an account of your stewardship.

I know it is easy now for those who have the ear of some of the subsidized press that comes around this Chamber and asks to have put in the bill what they want and weed out what they do not want, but there is a day coming when we are going to arraign you at the judgment bar of the people.

Then I want every man whose millions you have exempted from taxes to vote the Republican ticket and I want every man of small capital and every man of moderate means and every consumer in the country who has had to pay the taxes you have imposed upon him or her to vote the Democratic ticket, and then we will have 15,000,000 majority, or maybe 30,000,000, instead of the 7,000,000 majority that you received last fall. Let all the profiteers, let all the trust magnates, let all the tariff barons, the chewing-gum kings, and money lords vote the Republican ticket, and let the honest men and women in the country who believe in justice and fairness in governmental affairs vote the Democratic ticket, and we will drive the profiteers and trust magnates out of control at the Capitol, as Christ drove the money changers out of the temple at Jerusalem. So far as you have gone you have been weighed in the balance and found wanting.

I never knew a party to be so reckless. You seem to be running away from everything that is fair and just. Senators, you are going to find thousands and hundreds of thousands of Republicans, men and women, who are not going to stomach this bill that you are putting upon the people. If any man dares to stand here and plead for justice, some highbrow suggests that he is a demagogue, but if he gets up and says that big wealth should be exempt and that he wants to put the burden upon the masses they will say, "You know, that fellow is a real statesman." We have a kid-glove and dollar aristocracy, you know, that feels that the Government should be run for their special benefit. This Government belongs to the American people and it ought to be operated for the benefit of the people.

The time will come again when it will be popular for a man to stand here and plead for the rights of the people. The people have the right to demand that those in control of their Government shall not operate it in the interest of a favored few. They want capital to have due consideration and fair treatment at the hands of the Government, but they do not believe that capital is more sacred than human rights and human life. They do not believe that capital should be permitted to defy the Government and refuse to pay its fair share of the taxes. When war comes we compel the man power of the country to respond, and I submit, Mr. President, that when a boy is compelled to fight to preserve our institutions and prevent their overthrow the debt we incur while he is offering his life for his country ought to be honestly met by those whose wealth is protected, and a party that will shield the slacker capitalist, who is worse than the boy who sought to escape service because he feared that he would lose his life, is an enemy to the country. The capitalist who tries to shirk his duty in this regard is indeed a miserable slacker.

I hold that it is just and right for a boy to fight for his country, and I hold that it is just and right for those who have the means to pay the debts incurred in the battle that saved the life of the country. Senators, you are going to have to meet the record that you are here making out on the firing line in the next battle of the ballots. When we assemble around the ark of the covenant where the ballots are deposited that will register the will of the American people, all that you are doing here now will rise up to haunt you. You have carried out your pledges to those who have contributed to your campaign funds; but what about the millions who voted the Republican ticket under the promise that you would give them a fair deal and administer the Government in a spirit of fairness and justice? And now you are in power what have we got? Paralyzed industries, curtailed credit, contraction of the currency, stagnation of business, dead agriculture, millions of unemployed. They can not even get money to carry on cooperative road building in the various States, and the soldiers in session out at Kansas City find the party in power ready to table an amendment that asks for them a fair and just settlement, while billiard balls are being exempt from taxation, and billiard cues go tax free, and dice are placed on the free list. Verily, you are making a glorious record.

Mr. McCUMBER. Mr. President, I regret very much that the Senator from Alabama [Mr. HEFLIN] descends from his lofty position as the defender of the poor man's medicine with only a reasonable quantity of spirituous liquor therein and becomes an advocate upon the floor of the Senate of the cause of the Wrigley Chewing Gum Co. The Senator undoubtedly does not fully realize just exactly the present condition of the chewing-gum industry. There is one great trust that the Senator speaks of. That trust is the Wrigley Co. That trust has driven out of business practically every other one of the great companies. There is only one that is still struggling for an existence against it.

The Wrigley Chewing Gum Co. is rather desirous of keeping the tax upon chewing gum. With its enormous business it is able to pay it. The smaller concerns all over the country are unable to pay it and continue. Let us remember that the chewing gum is the child's gum, and the greater quantity of it is sold in sticks that cost 1 penny. That is the universal price. It stayed at 1 penny during all the inflation of prices, and it still remains 1 penny per stick. That is what the child pays. While some gum is sold in little packages for 5 cents, the rule is that the great majority is sold for 1 penny per stick.

I have a list here of all the chewing-gum companies doing business in the United States two years ago. There were at that time 204 companies, little companies and all. In the last two years 116 of these gum companies failed or stopped manufacturing. One hundred and sixteen out of two hundred and four have gone to the wall, and just to the extent that you can drive out the little concerns that manufacture throughout the United States, just to that extent are you building up the great Wrigley Co., because it gets the customers that the others had. If there were 204 companies manufacturing chewing gum in the United States two years ago and 116 of them have gone out of business, you have just to that extent practically increased the business of the Wrigley Co.

Now, there is another company, the most important company, the American Chicle Co. That attempted to unite a number of little corporations and manufacturers into one greater company to be able to compete with the Wrigley Co. Two years ago I think they had about 20 factories. I am informed that to-day they have 3 and those only running half the time.

I do not desire to play with figures or to try the rich and the poor. I assume that gum will still be sold, if it is sold at all, by these companies to the child for a penny, but it is only a

question whether one great company shall do all the selling, because with its increased business it can stand the tax, or whether it may be distributed among the 116 companies that went out of business because they were unable to pay it.

Mr. President, that is practically all there is in it. Not being a gum chewer myself I have not taken a great deal of interest in the chewing-gum question heretofore, but when I see 116 companies—some pretty fair size and some rather small—going to the wall, and they can not pass the tax on because they have to sell their gum at the same price, 5 cents a package, or 1 penny per stick, I think that it is time we called a halt and say that we will not levy a tax that will drive practically all of the companies out of existence that their business may go to one that is sufficiently capitalized or which is doing business on such an enormous scale that it can still pay the tax and absorb the other companies.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). The question is on the amendment offered by the committee.

Mr. SIMMONS. On that I call for the yeas and nays.

Mr. WADSWORTH. May we have the question stated?

The PRESIDING OFFICER. The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. On page 198 the committee proposes to insert after line 5 the following:

(6) Chewing gum or substitutes therefor, 2 per cent.

Mr. REED. Mr. President, in what form is the question to be put, on a motion to strike out or a motion to agree to the committee amendment?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. REED. In what form is the motion put? Is it a motion to strike out or a motion to agree to the amendment?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. REED. I am confused about what is the committee amendment.

The PRESIDING OFFICER. It was the committee amendment which was read.

Mr. REED. Very well. Then a vote to keep the tax on chewing gum would be a vote "yea" and a vote to take the tax off would be a vote "nay." So we now understand it.

The Assistant Secretary proceeded to call the roll.

Mr. REED. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. REED. A dispute has arisen. Is the question on a motion to agree or to disagree?

The PRESIDING OFFICER. It is a motion to agree to the committee amendment.

The Assistant Secretary resumed the calling of the roll.

Mr. EDGE (when his name was called). Making the same announcement as to my pair and its transfer as on the former vote, I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before relative to my pair and its transfer, I vote "nay."

Mr. HALE (when his name was called). Making the same announcement as to my pair and its transfer as previously, I vote. I vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as I have previously made of my pair with the Senator from Alabama [Mr. UNDERWOOD] and its transfer to the Senator from Vermont [Mr. PAGE], I vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as to my pair and its transfer as heretofore, I vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer as on the last ballot, I vote "yea."

The roll call was concluded.

Mr. McCUMBER (after having voted in the negative). Transferring my pair as on the previous vote, I will allow my vote to stand.

Mr. FERNALD (after having voted in the negative). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. I see he is absent from the Chamber, and I transfer that pair to the Senator from Minnesota [Mr. NELSON] and will allow my vote to stand.

Mr. GERRY. I desire to announce that the Senator from New Mexico [Mr. JONES], if present, I am informed would vote "yea."

I also desire to state that the Senator from Mississippi [Mr. HARRISON] is paired with the Senator from West Virginia [Mr. ELKINS]. If present, the Senator from Mississippi would also vote "yea."

Mr. CURTIS. I am requested to announce the following pairs:

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 25, nays 34, as follows:

YEAS—25.

Ashurst	Jones, Wash.	Overman	Townsend
Broussard	Kendrick	Pomerene	Trammell
Capper	Kenyon	Reed	Walsh, Mass.
Caraway	La Follette	Sheppard	Watson, Ga.
Dial	Lodge	Simmons	
Gerry	McLean	Stanley	
Heflin	Newberry	Swanson	

NAYS—34.

Brandegee	Frelinghuysen	McKinley	Smoot
Bursum	Gooding	McNary	Sutherland
Calder	Hale	Moses	Wadsworth
Cameron	Harreld	New	Warren
Curtis	Harris	Nicholson	Watson, Ind.
Edge	Keyes	Norbeck	Weller
Ernst	Lenroot	Phipps	Willis
Fernald	McCormick	Poindexter	
France	McCumber	Shortridge	

NOT VOTING—37.

Ball	Glass	Nelson	Smith
Borah	Harrison	Norris	Spencer
Colt	Hitchcock	Oddie	Stanfield
Crow	Johnson	Owen	Sterling
Culberson	Jones, N. Mex.	Page	Underwood
Cummins	Kellogg	Penrose	Walsh, Mont.
Dillingham	King	Pittman	Williams
du Pont	Ladd	Ransdell	
Elkins	McKellar	Robinson	
Fletcher	Myers	Shields	

So the committee amendment was rejected.

The next amendment passed over was, on page 198, to strike out lines 8 and 9, as follows:

SEC. 803. Subdivision (7) of section 900 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. On page 198 the committee propose to insert, beginning in line 12——

Mr. WADSWORTH. Mr. President, as I understand under the unanimous-consent agreement, reached about an hour ago, it is in order for me to move to strike out lines 10 and 11 on page 198.

The PRESIDING OFFICER. The Chair understands that such a motion is in order.

Mr. WADSWORTH. Then I move to strike out lines 10 and 11, which impose a 10 per cent tax upon "cameras, weighing not more than 100 pounds, and lenses for such cameras."

The provision that the tax shall apply to cameras "weighing not more than 100 pounds" is quite without effect, for there are scarcely any cameras made at all that weigh more than 100 pounds; in fact, I can not think of any business that uses a camera weighing more than 100 pounds. So, as a matter of fact, to all intents and purposes, these two lines tax all cameras that are made.

An impression also exists that cameras, like sporting goods, are used only for purposes of pleasure and recreation, in connection with picnics, and pastimes of the people. That, Mr. President, is erroneous to a very large extent. The cameras which are taxed under this provision include cameras used in hospitals for the taking of X-ray pictures and for other scientific purposes in and out of hospitals.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WADSWORTH. I yield for a question.

Mr. McKELLAR. I would like to ask the Senator if the same reasoning would not apply to the next item, subdivision (8), referring to photographic films and plates?

Mr. WADSWORTH. I think it does to a certain extent, but the taxes on the two are different. On cameras a 10 per cent tax is imposed and on photographic films and plates a 5 per cent tax is imposed; so that I thought I could emphasize the real point a little better by first taking up the paragraph dealing

with cameras. I think no one will doubt that a 10 per cent manufacturers' tax is an extremely heavy imposition against a legitimate business which meets the wants and desires of scores and thousands of people engaged in business, for whom the camera is a necessity. Witness the great publishers' business. Hundreds of thousands of photographs are required for publications. They are taken by men and women who make a living in that business. They do not take photographs as a mere pastime, as is the case when a picnic party take along a little kodak camera and take 10 or 12 pictures during a day; but the use of the camera has become essential to the carrying on of many lines of business. It strikes me that a 10 per cent tax is indefensible upon these articles.

In addition to that, Mr. President, while I assume that an estimate has been made that this tax will raise $800,000, that must be based upon the assumption that the business of manufacturing cameras is in the same condition that it was a year ago. The fact is that the manufacture of cameras has almost completely ceased in this country, for the simple reason that people can not buy them; and to add 10 per cent to the cost of making a camera through a measure of taxation such as this will simply result in their complete elimination.

I know that probably when we talk about the manufacture of cameras some Senators have a certain great camera-manufacturing concern in their minds—the Eastman Kodak Co. The Eastman Kodak Co. to-day, in their great plant at Rochester, are employing about 150 men in the manufacture of cameras, where ordinarily they employ 3,000. I happen to know about that, because I live somewhere near that city and have encountered those conditions there.

This tax will not raise any money from them, and, indeed, if anyone can survive it, it will be that concern. Their competitors can not pay the 10 per cent tax; they are practically all closed down now, owing to the peculiarly hard times that are existing in that business. If we impose a 10 per cent tax, if any concern can pay it at all it will be what is left of that big concern, for the little ones can pay nothing and will make no cameras.

I think we are apt to view this matter from the wrong angle. These instruments are used by thousands and thousands of people in their business, and a 10 per cent manufacturers' tax imposed upon a business which is a real business is too high.

Mr. McCUMBER. Mr. President, I want to ask the Senator a question or two about this matter. If I understand correctly, there is practically only one company now in the United States which is manufacturing these kodaks.

Mr. WADSWORTH. That is, kodaks.

Mr. McCUMBER. Yes. Well, they are cameras.

Mr. WADSWORTH. Yes; but there are several other companies that make cameras.

Mr. McCUMBER. I understand that practically all the business is done through this one company; that they will not sell to any retailer who handles anything but the Eastman kodak; and I further understand that they have organized a selling company, and the manufacturer sells all the product to one great company, and that company sells to the retailer, and so they fix their own prices. My information is that there is absolutely no competition and that it is a very profitable concern, although at the present time, with the general slacking in business, of course it is not selling the number of kodaks or cameras that it sold a few years ago.

Mr. WADSWORTH. I have given the Senator the information which I gathered in the neighborhood where a goodly portion of this industry is carried on. I can not deny or affirm the Senator's statement about the methods of retailing the products of the concern. I do not know.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. WADSWORTH. In just a moment. I seem to have some recollection that the Federal Government brought a suit against, I think, this company, the Eastman Co.—perhaps I am wrong about it—and that the practice that was complained of was terminated; but that, I will say, is merely a recollection. The Senator has taken me without information on that question; but the basic facts are not disturbed by the observations of the Senator from North Dakota. You are taxing the manufacture of a legitimate article 10 per cent which I submit is twice as high as any other thing taxed as a manufacturers' tax in this bill.

Mr. GERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Rhode Island?

Mr. WADSWORTH. I yield to the Senator from Rhode Island.

Mr. GERRY. The Senator from North Dakota will correct me if I am in error, but my recollection is that when this matter was before the committee the testimony of the experts was to the effect that this tax was practically all paid by one big corporation, the Eastman Kodak Co., and that there had been no protest against the tax, and it was felt that a certain amount of money could be raised without stopping the manufacture of the cameras. That, of course, is in contradiction to the statement the Senator from New York has just made.

Mr. WADSWORTH. The manufacture has almost ceased.

Mr. GERRY. That is my recollection of the testimony of the experts before the committee, and that is why the provision was put in the bill.

Mr. McCUMBER. The Senator from Rhode Island remembers it the same as I do. The amount involved, I think, is about $800,000, and I think it is practically all paid by one company.

Mr. WADSWORTH. That estimate is not worth the paper it is written on. You can not raise a tax on anything if it is not manufactured, and to all intents and purposes the manufacture of cameras has ceased. It is rather difficult to explain why a 10 per cent manufacturers' tax is placed upon this article when other manufactured articles, certainly of no more use to the public and many of them of much less use to the public, are taxed at a much lower rate. This is certainly a discrimination against an industry that is valuable to the people.

Mr. REED. Mr. President, I desire to ask the Senator whether he thinks that a tax of 10 per cent on a kodak, which is not at all a necessity and which is a small article, is in fact any higher tax than a tax of 3 per cent on an automobile truck which is to be employed in business?

Mr. WADSWORTH. The Senator's question can not be answered either "yes" or "no," for this reason: He simply takes the kodak, which is a small article, and asks if a tax of 10 per cent is too much on that. The trouble is, this provision does not apply to the little kodaks alone. It applies to practically every camera that is used by anybody, and 10 per cent is too much. I am not in favor of the tax to which the Senator has just alluded. When I get a chance I shall vote to strike that out.

Mr. REED. I am not saying that the Senator is in favor of it, but I was trying to get a comparison. I did use the term "kodak," but let us apply it to all photographic instruments.

Here is a photographer who buys a costly instrument—I am going to assume that it is the very best—and he pays a 10 per cent tax upon it. He then starts in taking pictures and charging $125 a dozen for them, or something like that, where he used to charge $15. I am just comparing that tax with a tax which has been adopted—which the Senator, I am glad to know, says he will vote to take off—of 3 per cent on an automobile truck which may cost four or five thousand dollars, and which is an instrumentality of commerce and not a pleasure vehicle at all.

I confess that I would rather see the tax kept on photographic instruments than to see it kept on automobile trucks. The pleasure automobile is a different proposition. I just wanted to get the Senator's view on that point.

Mr. WADSWORTH. The Senator and I feel pretty much like about this proposition. I do not like to see the products of a few legitimate businesses picked out and taxed. I do not see why the automobile truck should be picked out by the Congress and taxed any more than a vast number of articles should be taxed. Why are cameras, which professional photographers and scientists and physicians and surgeons and bacteriologists and publishers have to use, picked out and assessed a 10 per cent tax, twice as high as anything else in this bill? Is it an industry that amounts to nothing?

It is not true that they are used merely for playthings. Their principal use is in connection with legitimate business enterprises and scientific research. Mind you, the lenses are taxed here as well as the cameras. Would anyone say that the manufacture of lenses is conducive only to pleasure? Not at all. They are used in the most important research investigations, in the advancement of science, in all kinds of experiments, and in the professions; and yet the lenses are taxed 10 per cent. It is too much. I do not think we ought to do it.

Mr. CALDER. Mr. President, just a word as to the amendment offered by my colleague. He very truly says that the vast majority of these cameras—nearly 90 per cent, I am informed—are manufactured and sold in industry, and perhaps not more than 10 per cent are these little cameras that we see boys and girls carrying about. We levy a tax of 10 per cent on this article. We have already voted to relieve musical instruments—and I voted for it—from the tax levied upon them. We have voted to relieve sporting goods—and I voted for that amendment, too—from the tax. Now we have voted to relieve chewing gum of the tax, and under one of these amendments that are proposed we are going to relieve from the tax cigarette holders, merschaum pipes, shooting garments, riding habits, furs,

and other things less necessary than this. It seems to me there can be no excuse for this tax being continued, and I hope it will not be.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York [Mr. WADSWORTH].

Mr. REED. I call for the yeas and nays.

Mr. LA FOLLETTE. Mr. President, just a word in reply to the statement made by the Senator from New York that this is a failing business. He stated, as I understood him, that the $800,000 revenue derived from this business was an estimate. We actually collected during the fiscal year ended June 30, 1921, $841,940.06 from the business.

Mr. WADSWORTH. That is true.

Mr. LA FOLLETTE. So it is not an estimate at all. Moreover, instead of the business running down, the very latest data which the Treasury Department can furnish shows that in the month of August, 1920, we collected $85,923.25 from that business, and in the month of August, 1921, $122,000.51. The business seems to be thriving. Apparently it has not come to a standstill.

I think the question with the Senate is whether we are just going to give up to this one company, which has not had the face to appear before the committee and ask for a reduction, $800,000 and better than that that we collect in revenue; and it is a single company, a complete monopoly. I think that is certain.

Mr. SIMMONS. Mr. President, I want to say just a word about this matter.

The Senator from New York repeatedly asks, "Why single out this particular item for taxation?" I answer that by asking him, "Why single out this particular article for exemption from taxation from among the hundreds of articles in the present law, most of them continued in the pending bill, while keeping a tax on the other articles?"

Mr. WADSWORTH. I can answer that, so far as I am concerned, by saying that this is the first chance I have had to move to strike out anything of this kind. I am going to make some more motions before I get through. I am not singling this out.

Mr. SIMMONS. So far as the motion of the Senator from New York is concerned, it is not a case of singling this out for taxation, but it is a case of singling it out for exemption from taxation. I do not see any reason why this article should be singled out for exemption rather than the other items in these excise taxes and in these special taxes. I could enumerate them. There are hundreds of them.

Mr. WADSWORTH. We have not reached them yet.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SIMMONS. There are hundreds of articles just as useful as this, just as important as this, and just as much entitled to exemption from taxation, if we did not need the money, as this.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. SIMMONS. I yield the floor. That is all I wish to say.

Mr. WADSWORTH. The Senator should not give or seek to give to the Senate the impression that I am trying to single out this industry for exemption.

Mr. SIMMONS. That is the Senator's position, is it not?

Mr. WADSWORTH. It is not, and it never has been.

Mr. SIMMONS. I understood the Senator to move that that article be stricken out of the bill and no tax imposed upon it.

Mr. WADSWORTH. I have, but it is not the only motion of the kind I am going to make.

Mr. SIMMONS. Why should the Senator make that motion as to this article rather than as to many of the other articles?

Mr. WADSWORTH. Because this is the first one that has been reached under these excise taxes. The Senator knows that. The Senator should not jump at conclusions quite so quickly.

Mr. SIMMONS. We have disposed of chewing gum.

Mr. WADSWORTH. We struck that out.

Mr. SIMMONS. Yes; that was stricken out.

Mr. LODGE. Mr. President, the Senator from New York has said several times that it was not just to tax this article alone as much as 10 per cent. There are a great number of other articles in the bill which are taxed 10 per cent. There are firearms, shells, and others.

Mr. WADSWORTH. I may be mistaken about that. There are also dirks and bowie knives.

Mr. LODGE. And then the automatic slot machines are taxed 10 per cent.

Mr. WADSWORTH. If the Senator will permit me to go on, what I meant was that of all the articles used and necessary in professions and businesses and science in a normal way, I think this is taxed the highest. Bowie knives and dirks are not used or necessary in business. Daggers and dirk knives are taxed a hundred per cent. Bowie knives are taxed 10 per cent, and firearms 10 per cent.

Mr. LODGE. Automatic slot-weighing machines are also taxed 10 per cent.

Mr. WADSWORTH. One would scarcely say that they are necessary for the development of science.

Mr. LODGE. Not for the development of science.

Mr. WADSWORTH. Cameras are.

Mr. LODGE. Some cameras.

Mr. WADSWORTH. But all cameras are taxed.

Mr. LODGE. Yes; that is true.

Mr. WADSWORTH. And all lenses are taxed. If my recollection is correct, the present law does not tax lenses separately. I want to know why that item is singled out—and it is singled out—and lenses are not all made by the one concern which has been discussed here. Lenses are made by many concerns.

Mr. McKELLAR. Mr. President, I want to ask the Senator from North Carolina a question about this matter. Is this such a tax that it can be passed on?

Mr. SIMMONS. Undoubtedly.

Mr. McCUMBER. I do not know whether it can be passed on, but I do know that a monopoly that has practically the entire trade of the United States, making enormous profits, can afford to pay the tax.

Mr. CALDER. Mr. President, I want to say, in reply to the statement of the Senator from Wisconsin, when he remarked that this company had not appeared before the Finance Committee to protest against this tax, that they did come to Washington.

I happen to be the member of the committee that talked to them about it, and I told them at the time they were here that it was our purpose to continue the imposition of this tax. It was not until the committee had informally determined to recommend the abolition of certain taxes carried in the bill, as first determined by the committee, that they asked the Senators from their State to make this protest for them in behalf of the consuming public.

It is a fact that one company makes most of the cameras taxed under this provision, but it is also a fact that anybody anywhere in the country can set up opposition to them, as they can in any other manufacturing business of like nature. These people have built up a big industry in one city, employing vast numbers of men, paying good wages, and operating under the best of conditions.

Mr. EDGE. Mr. President, this debate simply demonstrates very conclusively that any attempt on the part of either the Finance Committee or the Senate to single out different manufacturing products is absolutely unscientific and can not be defended. One general sales tax on all manufactured articles will be, in my judgment, a final logical conclusion of a body which attempts to treat all business interests alike.

The Senator from North Carolina asked the Senator from New York why he particularly picked out this provision. As a matter of fact, the Senate to-night has voted on two sections of the bill relating to special war excise taxes. In the consideration of both of them the temper of the Senate seemed to be very emphatic against discriminatory taxes on this or that particular business.

Whatever the business may be, whatever it produces, it is legitimate under the laws of the land, and it seems to me that if we are going to attempt to legislate scientifically as to manufactured products, we must do it all along the line, and I am very glad, indeed, that the temper of the Senate developed to-night, because it looks to me more and more like a regular sales tax covering every product that our enterprising producers turn out.

Mr. SIMMONS. Mr. President, among these special taxes and the excise taxes there are a few taxes imposed upon luxuries, such as chewing gum, cameras, sporting goods, furs, and things of that sort; and they are all to be stricken out. But the stamp taxes that are imposed in this very section, the special documentary stamp taxes, are upon the business transactions of the people of this country; they are on the transactions that are taking place every day in every big institution that is engaged in business in this country; and they are to be retained.

The taxes the Senate is engaged in striking out now are luxury taxes, taxes upon things that the people do not need, taxes upon things that are not among the necessaries of life, taxes upon things that do not pertain to the business of the people of the country; and the most of them are controlled, as this one is, by a trust.

Mr. EDGE. Mr. President, does the Senator from North Carolina for one moment mean to infer that the manufacture and the subsequent use of the camera for the many purposes

enumerated by the Senator from New York, which I will not take the time of the Senate to repeat, for the purposes of general development, uplift, social development, and scientific development, all connected with the use of the camera, are properly categoried under the title, "the manufacture and use of a luxury"?

Mr. SIMMONS. I say that the taxes which the majority members of the committee, after they had been imposed by the full committee, met and agreed to take off altogether or to reduce are luxury taxes. They are so described as luxury taxes, and it has been reported that the committee took the taxes off of these articles of luxury.

Mr. EDGE. Apparently the majority of the Senate up to date, as evidenced by three roll calls, does not agree with the Senator from North Carolina.

Mr. CARAWAY. Mr. President, we are at least enlightened in reference to one thing. The Senator from North Dakota a few minutes ago asked us to take the tax off chewing gum because it was a trust. He now wants to put the tax on cameras because they are made by a trust or a monopoly. It is enlightening to follow the reasoning which prompts them to take the tax off chewing gum because it is manufactured by a monopoly and to put it on cameras because they are manufactured by a monopoly.

Mr. REED. Mr. President, I want to make just one observation in reply to the Senator from New Jersey. He tells us that there is no reason to single out this business from other business, and that we are now drifting, according to his idea, to the very sensible conclusion of a general sales tax.

I want to ask the Senator if he is in favor of a general sales tax, levying a flat rate regardless of the question of whether the article is a necessity or a luxury?

Mr. EDGE. I did not catch the question of the Senator from Missouri.

Mr. REED. The Senator has indicated that he is in favor of a general sales tax. Would he levy a flat rate upon all articles manufactured, or would he levy a rate which was heavy upon luxuries and light upon necessities?

Mr. EDGE. If I were preparing a general sales tax, I would entirely eliminate certain articles of necessity, food, and articles selling under a certain price. That would be my personal view of a general sales tax.

Mr. REED. After the Senator had gotten through with those, would he place everything else on a level?

Mr. EDGE. Yes; after I eliminated the articles that were deemed articles of necessity, in the way of food, and articles selling under certain prices, then I would tax all manufactured product alike.

Mr. REED. The Senator would tax a work of art just the same as he would tax an automobile truck; he would tax the steel that went into a house just exactly as he would tax something that a man did not need at all; billiard balls, for instance. That is illuminating, if that is the kind of a sales tax we are to have.

The thing I complain about is the fact that we are taking the taxes off of a luxury, and I do not agree with the argument of the Senators from New York that photographic instruments to be taxed under the bill are articles of high necessity. I do agree with them that some of them are used in taking X-ray pictures; but how many, what proportion?

Mr. WADSWORTH. Every hospital in the United States, practically, uses them.

Mr. REED. What proportion?

Mr. WADSWORTH. And in many physicians' and surgeons' offices they will be found. All the lenses that are made for them must be taxed under this provision.

Mr. McCUMBER. Permit me to say that a camera is not used in taking an X-ray picture.

Mr. REED. That was my understanding, but I was not certain about it. I undertake to say, Mr. President, that there are 5,000 kodaks where there is one photographic camera, and when you come to the photographic camera I shall not shed any tears over the photographer as long as he charges $125 for pictures which he used to make for $15 or $20, which may not have been quite so well finished in the past as they are now, but it took more work by the photographer, and the instrument was not as good.

If we are to get any taxes at all on things that are manufactured, the first thing to tax is something nobody needs, or that but very few people need. If you are going to tax automobile trucks, you ought to tax ordinary horse-drawn trucks. They are both in exactly the same class. Both of them are used in commerce and in business; but we have passed that without objection. We took the tax off of pianos without a record vote, a reduction in revenue of $12,000,000. I do think that pianos and musical instruments and works of art are entitled to such preferential treatment as we can give and yet raise the revenue for the country; but as between taxing them, things which can be done without, and taxing the instrumentalities of work, the tools with which men earn a livelihood, I would prefer taxing the piano and the violin. I think, Mr. President, the thing to do is to keep this tax on kodaks, just as a sample, at least, to show that we did not intentionally overlook this question.

Mr. McKELLAR. Mr. President, I wish to ask the Senator from North Dakota [Mr. McCUMBER], now in charge of the bill, a question. We have been in session now 12 hours. It seems to me it is time to quit for the day, as we have done a very good day's work here, and I think very effectively.

Mr. McCUMBER. I appreciate that fact.

Mr. McKELLAR. I hope the Senator is not going to keep us here much longer. Some of us have been here the whole time, for 12 hours.

Mr. McCUMBER. I was hopeful that we might run on until midnight to-night, because we are so far behind where we ought to be in the bill.

Mr. McKELLAR. Thirteen hours! That is a very unlucky number.

Mr. McCUMBER. I appreciate that; and it is very hard when at work all the time, but I should like to have a vote upon this proposition at least before taking a recess.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York [Mr. WADSWORTH] to strike out lines 10 and 11, on page 198.

Mr. REED. Mr. President, in order that we may all understand the vote to be cast, I desire to get the form of the motion.

The ASSISTANT SECRETARY. The Senator from New York moves to strike out lines 10 and 11, which read as follows:

(7) Cameras, weighing not more than 100 pounds, and lenses for such cameras, 10 per cent.

Mr. LA FOLLETTE. Let us have a roll call on the question.

Mr. SIMMONS. I call for the yeas and nays.

The yeas and nays were ordered, and the principal legislative clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as before with reference to my pair with the Senator from Alabama [Mr. UNDERWOOD] and its transfer, I vote "nay."

Mr. McCUMBER (when his name was called). Making the same announcement of my pair and transfer as on the previous vote, I vote "nay."

Mr. SIMMONS (when his name was called). Making the same announcement as to my pair and transfer, I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the previous vote as to my pair and transfer, I vote "nay."

The roll call was concluded.

Mr. WARREN. I have a general pair with the junior Senator from North Carolina [Mr. OVERMAN]. I observe that that Senator did not vote, and I therefore withhold my vote.

Mr. FERNALD (after having voted in the negative). I have a pair with the senior Senator from New Mexico [Mr. JONES]. On this question I understand he would vote as I have voted, and I allow my vote to stand.

Mr. McLEAN. I have a general pair with the senior Senator from Montana [Mr. MYERS]. In his absence I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. SWANSON. My colleague [Mr. GLASS] is unavoidably detained from the Senate. I will let this announcement stand for the day. My colleague is paired with the senior Senator from Vermont [Mr. DILLINGHAM].

Mr. FRELINGHUYSEN. Making the same announcement as before with reference to my pair and transfer, I vote "yea."

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER], who is paired with the senior Senator from Delaware [Mr. BALL].

Mr. GERRY. I wish to announce that the Senator from Mississippi [Mr. HARRISON] is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present he would vote "nay."

Mr. CURTIS. I wish to announce the following pairs:

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The senior Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The junior Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 9, nays 44, as follows:

YEAS—9.

Brandegee	Edge	Hale	Moses
Calder	Frelinghuysen	Keyes	Wadsworth.
Cameron			

NAYS—44.

Ashurst	Gooding	McKinley	Sheppard
Broussard	Harris	McNary	Simmons
Bursum	Heflin	New	Stanley
Capper	Jones, Wash.	Newberry	Sutherland
Caraway	Kendrick	Nicholson	Swanson
Curtis	Kenyon	Norbeck	Townsend
Dial	La Follette	Oddie	Trammell
Ernst	Lenroot	Phipps	Walsh, Mass.
Fernald	Lodge	Poindexter	Watson, Ga.
France	McCormick	Pomerene	Watson, Ind.
Gerry	McCumber	Reed	Willis

NOT VOTING—43.

Ball	Harreld	Nelson	Smith
Borah	Harrison	Norris	Smoot
Colt	Hitchcock	Overman	Spencer
Crow	Johnson	Owen	Stanfield
Culberson	Jones, N. Mex.	Page	Sterling
Cummins	Kellogg	Penrose	Underwood
Dillingham	King	Pittman	Walsh, Mont.
du Pont	Ladd	Ransdell	Warren
Elkins	McKellar	Robinson	Weller
Fletcher	McLean	Shields	Williams
Glass	Myers	Shortridge	

So Mr. WADSWORTH'S amendment to the committee amendment was rejected.

Mr. WADSWORTH. Mr. President, I move to amend, in line 11, by striking out the numeral 10 and inserting the numeral 5, so that it will read:

(7) Cameras, weighing not more than 100 pounds, and lenses for such cameras, 5 per cent.

Of course, I realize perfectly well the prejudice that is present in this Chamber concerning this industry. Perfectly well I realize it. Senators have for certain reasons, and for those reasons alone, voted to tax it heavier than any other legitimate industry in the list of excise taxes. I am concerned with the people who are dependent upon the prosperity of that industry for their living. I know they are out of work to-day. These works are fast closing down. I now ask the Senate to cut this tax from 10 per cent to 5 per cent and put it on a parity with some of the other things in the bill which are not as legitimate as the business of manufacturing cameras.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York to the amendment of the committee.

Mr. WADSWORTH. On that I demand the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FERNALD (when his name was called). Transferring my pair with the Senator from New Mexico [Mr. JONES] to the Senator from Minnesota [Mr. NELSON], I vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as on the previous vote with reference to my pair and its transfer, I vote "yea."

Mr. McLEAN (when his name was called). In the absence of my pair, the senior Senator from Montana [Mr. MYERS], I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as heretofore in regard to my pair and its transfer, I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore in reference to my pair and its transfer, I vote "nay."

Mr. WARREN (when his name was called). Again announcing my pair wth the junior Senator from North Carolina [Mr. OVERMAN], I withhold my vote.

The roll call having been concluded, the result was announced—yeas 23, nays 30, as follows:

YEAS—23.

Brandegee	Frelinghuysen	McKinley	Shortridge
Calder	Hale	Moses	Smoot
Cameron	Jones, Wash.	New	Townsend
Edge	Keyes	Newberry	Wadsworth
Fernald	Lodge	Nicholson	Watson, Ind.
France	McKellar	Phipps	

NAYS—30.

Ashurst	Gooding	McCumber	Stanley
Bursum	Harris	McNary	Sutherland
Capper	Heflin	Norbeck	Swanson
Caraway	Kendrick	Poindexter	Walsh, Mass.
Curtis	Kenyon	Pomerene	Watson, Ga.
Dial	La Follette	Reed	Willis
Ernst	Lenroot	Sheppard	
Gerry	McCormick	Simmons	

NOT VOTING—43.

Ball	Glass	Nelson	Smith
Borah	Harreld	Norris	Spencer
Broussard	Harrison	Oddie	Stanfield
Colt	Hitchcock	Overman	Sterling
Crow	Johnson	Owen	Trammell
Culberson	Jones, N. Mex.	Page	Underwood
Cummins	Kellogg	Penrose	Walsh, Mont.
Dillingham	King	Pittman	Warren
du Pont	Ladd	Ransdell	Weller
Elkins	McLean	Robinson	Williams
Fletcher	Myers	Shields	

So Mr. WADSWORTH'S amendment to the committee amendment was rejected.

The amendment of the committee was agreed to.

INVESTIGATION OF INCAPACITATED SOLDIERS' RELIEF BUREAUS.

Mr. SUTHERLAND. I ask unanimous consent to have printed 27,000 additional copies of the report No. 233, part 2, submitted by the special committee appointed to investigate the bureaus of the Government extending relief to wounded and incapacitated veterans of the World War, permission to print the report having been given on August 24.

The PRESIDING OFFICER. Without objection, the order will be made. The Chair hears no objection.

RECESS.

Mr. McCUMBER. I move the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 11 o'clock and 20 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, November 1, 1921, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

MONDAY, *October 31, 1921.*

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore, Mr. WALSH.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Gracious Lord, we live because Thou hast not left us. Thy ways concerning us have been ways of compassion and Thy strength has been adjusted to our weakness. Be near us and we shall have no fear; let Thy light be about us and we shall see no darkness; rule over us and sin shall lose its power. O continue to be the ground of our faith and the sky of our hope. Create in every heart a prayer for wisdom and understanding. May we always speak words of truth and purity and never, no never, profane Thy holy name. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Friday, October 28, was read and approved.

EXTENSION OF REMARKS.

Mr. HAWES. Mr. Speaker——

The SPEAKER pro tempore. For what purpose does the gentleman rise?

Mr. HAWES. I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD. Is there objection?

Mr. MONDELL. On what subject, Mr. Speaker?

Mr. HAWES. It is an address of my own relating to the historical and legal aspects of religious freedom in this country. There is no partisan tone to it.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

SWEARING IN OF MEMBER.

Mr. OLDFIELD. Mr. Speaker, Mr. CHESTER W. TAYLOR, who was elected a Member of this House on the 25th day of this month from the sixth district of Arkansas is present. I will state to the Speaker and to the House that there was no opposition to Mr. TAYLOR, and I ask unanimous consent that he be sworn in as a Member, although his certificate has not reached the House.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

Mr. TAYLOR appeared at the bar of the House and took the oath of office.

LEGAL HOLIDAY ON NOVEMBER 11, 1921.

Mr. VOLSTEAD. Mr. Speaker, I ask unanimous consent for the present consideration of House joint resolution 215.

The SPEAKER pro tempore. The gentleman from Minnesota asks unanimous consent for the present consideration of House joint resolution 215, which the Clerk will report.

The Clerk read as follows:

House joint resolution (H. J. Res. 215) to declare November 11, 1921, a legal public holiday.

Whereas armistice day, November 11, 1921, has been designated as the appropriate time for the ceremonies incident to the burial of the unknown and unidentified American soldier in the Arlington National Cemetery; and

Whereas this unknown soldier represents the manhood of America who gave their lives to defend its integrity, honor, and tranquillity against an enemy; and

Whereas the nations of the earth are on that date joining with the United States in paying respect and homage to this unknown soldier: Therefore be it

Resolved, etc., That the President is hereby authorized to issue a proclamation declaring November 11, 1921, a holiday, as a mark of respect to the memory of those who gave their lives in the late World War, as typified by the unknown and unidentified American soldier who is to be buried in Arlington National Cemetery on that day; and the President is respectfully requested to recommend to the governors of the various States that proclamations be issued by them calling upon their people to pause in their usual pursuits as a mark of respect on this solemn occasion.

The SPEAKER pro tempore. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, has this resolution been reported from the committee?

Mr. VOLSTEAD. With a slight clerical change, it is a report from the Committee on the Judiciary. It is unanimous.

Mr. GARRETT of Tennessee. And it applies to only the next November 11, or is it permanent law?

Mr. VOLSTEAD. Just this next November. Just one date. It does not make it permanent law.

Mr. SINNOTT. I noticed in the first part of the resolution—it may be in the title—it is referred to as a legal public holiday. In the latter part the President is authorized to call a public holiday.

Mr. VOLSTEAD. I assume the resolution itself would control the recital in the whereases.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

The question is on the third reading of the resolution.

Mr. GARRETT of Tennessee. Is that a joint or concurrent resolution?

The SPEAKER pro tempore. A joint resolution.

Mr. STAFFORD. Mr. Speaker, is not there a committee amendment that should be acted on first?

Mr. VOLSTEAD. There is not a committee amendment.

Mr. STAFFORD. What amendment is it?

The SPEAKER pro tempore. The gentleman from Minnesota has asked for the present consideration of the resolution which was reported.

Mr. STAFFORD. If I understood the request of the gentleman from Minnesota it was to pass House joint resolution 212.

The SPEAKER pro tempore. The question is on the third reading of the resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, has the stage of objection passed?

The SPEAKER pro tempore. It has. Those opposed will answer "no." The "ayes" have it. The question is on the third reading of the resolution.

The resolution was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. VOLSTEAD, a motion to reconsider the vote whereby the resolution was passed was laid on the table.

UNANIMOUS CONSENT CALENDAR AND SUSPENSIONS.

The SPEAKER pro tempore. By agreement previously entered into, business on the Unanimous Consent Calendar and suspensions are in order to-day.

ROADS BILL.

Mr. ROBSION, from the committee of conference, offered for printing under the rule the conference report and accompanying statement on the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. GARRETT of Tennessee. Mr. Speaker, I reserve all points of order.

The SPEAKER pro tempore. The gentleman from Tennessee reserves all points of order.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman from Kentucky yield?

Mr. ROBSION. Yes.

Mr. GARRETT of Tennessee. May I ask the gentleman from Kentucky if it is his purpose to call up this conference report to-morrow?

Mr. ROBSION. To-morrow.

Mr. GARRETT of Tennessee. Immediately after the reading of the Journal?

Mr. ROBSION. Yes.

INCORPORATION OF THE GRAND ARMY OF THE REPUBLIC.

The SPEAKER pro tempore. The Clerk will call the Unanimous Consent Calendar.

The first business on the Calendar for Unanimous Consent was the bill (H. R. 2908) for the incorporation of the Grand Army of the Republic.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to direct the attention of the chairman of the Committee on the Judiciary to an amendment that has been reported to this bill.

The bill now up for consideration, pending an objection, is a bill providing for the incorporation of the Grand Army of the Republic. I notice that the committee has recommended two amendments, one of which I hardly think there is much necessity for and on which I wish to obtain the opinion of the gentleman from Minnesota [Mr. VOLSTEAD]. That is as to the need of requiring "as a condition precedent to the exercise of any power or privilege herein granted or conferred the Grand Army of the Republic shall file in the office of the secretary of state of each State the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Grand Army of the Republic may be served."

Mr. VOLSTEAD. Personally I was opposed to that amendment, but it is harmless, as under State laws such things are required whenever they do business in a State.

Mr. STAFFORD. But this organization does not do business in the States, and the provisions of the State law that the gentleman refers to do not cover voluntary associations of this character.

Mr. VOLSTEAD. Oh, yes; if they do any business——

Mr. STAFFORD. I never knew the Grand Army of the Republic to do any so-called business in a State.

Mr. VOLSTEAD. They may have buildings. They may want to rent property, and naturally they might be sued for rent and that sort of thing. I do not think there is any necessity for the amendment myself, but the committee thought otherwise. I do not think it is of much consequence one way or the other. The Grand Army is very anxious to have this incorporation.

Mr. STAFFORD. I could not see the need of it and I do not favor that proposition.

Mr. SUMNERS of Texas. Does the gentleman object?

Mr. STAFFORD. No. I was just calling the attention of the gentleman to the fact that it was not needed.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the organization known as the Grand Army of the Republic, with a membership limited to persons who served as soldiers and sailors of the United States Army and Navy or Marine Corps and Revenue-Cutter Service between April 12, 1861, and April 9, 1865, in the war for the suppression of the rebellion, and of such State regiments as were called into active service and subject to the orders of the United States general officers between the dates mentioned, and have been honorably discharged therefrom after such service, is hereby created a body corporate and politic of the District of Columbia, by the name of "The Grand Army of the Republic," by which name it shall be a person in law, capable of suing and being sued, and of having and exercising all incidental powers as a litigant or otherwise, as if it were a natural person, with power to acquire by purchase, gift, devise, or bequest, and to hold, convey, or otherwise dispose of property, real or personal, as may be necessary or calculated to carry into effect the patriotic, fraternal, and charitable purposes of its organization as such purposes are avowed and declared in its rules and regulations.

SEC. 2. The supreme governing and controlling authority in said organization shall be the national encampment thereof, composed of representatives from the several department encampments, as are now or may hereafter be organized: *Provided*, That there shall never be any change in the plan of organization of said national encampment that shall materially change its present representative form of government or render possible the concentration of the control thereof in the hands of a limited number, or in a self-perpetuating body not representative of the membership at large.

SEC. 3. The qualifications for membership in said organization, except as they are limited by the provisions of section 1 of this act, and the rights and privileges of the members thereof, shall be such as are fixed by the laws, rules, and regulations adopted by said national encampment, and the meetings of said organization, whether for the transaction of business or otherwise, may be held at any place in the United States.

SEC. 4. The activities of said corporation shall be exercised through and by the following agencies, in accordance with the laws, rules, and regulations now in force, or such as may be hereafter enacted by the national encampment thereof, namely:

First. Through the national encampment, its officers and committees.

Second. Through such department encampments as may have been heretofore, or as may be hereafter organized, their officers and committees.

Third. Through such posts as may have been heretofore, or may be hereafter organized, their officers and committees.

Such department encampments shall be subject and subordinate in authority to the national encampment, and such posts shall be also subject to such control, exercised through the department encampment and department officers of the particular department to which it belongs.

SEC. 5. The corporate existence of the Grand Army of the Republic, and the exclusive rights of its surviving members to wear the insignia of membership therein, shall terminate only when the last of its members dies: *Provided, however*, That if at any national encampment hereafter held, a memorial shall be adopted by the vote of three-fourths of the members present, reciting that because of the decrease in its membership, or because of the age and infirmity of its surviving members, it is no longer advisable and practicable to hold future annual national encampments, such action shall not operate to deprive said organization of any of its corporate powers, but the government thereof may be modified to provide for such contingency, subject to the restrictions contained in section 2 of this act.

Provided, That nothing in this act shall in any manner affect the right, or the power of such posts or departments to dispose of, or the ownership of property held by any post or department in its own name, nor affect the right of such posts or departments to organize corporations under State laws for the purpose of caring for and disposing of such property.

SEC. 6. The national encampment may, by resolution, provide for the disposition and future ownership of its property and archives, and may declare the event in which such disposition shall become effective, and such ownership vested, and a duly authenticated copy of such resolution shall be filed in the office of the clerk of the Supreme Court of the District of Columbia. Upon the happening of the event thus declared, and upon the filing of a petition in said supreme court reciting said facts, said court shall take jurisdiction thereof, and upon due and satisfactory proof being made the court shall enter a decree which shall be effectual to vest title and ownership in accordance with the provisions of such resolution.

With committee amendments, as follows:

Page 1, line 7, strike out the words "in the war for the suppression of the rebellion."

On page 5, after line 7, insert:

"SEC. 7. That the said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding calendar year, including a full and complete report of its receipts and expenditures: *Provided, however*, That said report shall not be printed as a public document.

"SEC. 8. That as a condition precedent to the exercise of any power or privilege herein granted or conferred the Grand Army of the Republic shall file in the office of the secretary of state of each State the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Grand Army of the Republic may be served.

"SEC. 9. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved."

The SPEAKER pro tempore. The question is on agreeing to the first committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on agreeing to the next committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. OSBORNE, a motion to reconsider the last vote was laid on the table.

AGRICULTURAL ENTRIES ON COAL LANDS IN ALASKA.

Mr. SINNOTT. Mr. Speaker, I ask unanimous consent that the next bill, H. R. 7948, to provide for agricultural entries on coal lands in Alaska, be referred back to the Committee on the Public Lands.

The SPEAKER pro tempore. The gentleman from Oregon asks unanimous consent that the next bill on the calendar be referred back to the Committee on the Public Lands. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska.

The SPEAKER pro tempore. Is there objection to the reference?

There was no objection.

The SPEAKER pro tempore. The bill will be stricken from the calendar. The Clerk will call the next bill on the calendar.

SURVEY OF THE PUYALLUP RIVER, WASH.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 1578) to provide a preliminary survey of the Puyallup River, Wash., with a view to the control of its floods.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the consideration of this bill?

Mr. STAFFORD. I object.

The SPEAKER pro tempore. The gentleman from Wisconsin objects. The bill is stricken from the calendar. The Clerk will report the next bill.

SURVEY OF THE COWLITZ RIVER, WASH.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 1577) to provide a preliminary survey of Cowlitz River, Wash., with a view to the control of its floods.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the consideration of this bill?

Mr. STAFFORD. I object.

The SPEAKER pro tempore. The gentleman from Wisconsin objects. The Clerk will report the next bill.

JUDICIAL DISTRICTS IN TEXAS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6679) to amend section 108 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. I ask that the bill be read.

The SPEAKER pro tempore. The gentleman from Texas asks that the bill be read.

Mr. STAFFORD. I reserve the right to object. Under reservation of an objection, I have no objection to its being read.

The bill was read.

Mr. BLANTON. Mr. Speaker, I object.

The SPEAKER pro tempore. The gentleman from Texas objects. The bill will be stricken from the calendar.

Mr. HUDSPETH. Mr. Speaker, I ask unanimous consent that this bill retain its place on the calendar.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that H. R. 6679 (Unanimous Consent Calendar 119) retain its place on the calendar. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the next bill.

BRIDGE ACROSS PEARL RIVER, MISS.

The next business on the Calendar for Unanimous Consent was the bill (S. 2447) to authorize the construction of a bridge across Pearl River, between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I should like to inquire of the gentleman who reported this bill [Mr. JOHNSON of Mississippi] as to the need for the language in line 5—

Connecting its timber holdings,

It is not customary to insert in the bill the purpose for which a bridge is constructed.

Mr. JOHNSON of Mississippi. Mr. Speaker, this bill was drawn by my colleague [Mr. COLLIER]. I think the language to which the gentleman refers is surplusage. I do not think it is necessary. I understand that the people who seek to have this bill passed own the timber on both sides of the river, and that the bridge would connect these two bodies of land. I do not think it is necessary to include that language in drawing the bill, and I have no objection to having it stricken out.

Mr. STAFFORD. The bill describes the location where the bridge is to be established?

Mr. JOHNSON of Mississippi. Yes.

Mr. STAFFORD. This merely explains the reason for it, and we do not generally incorporate in a bridge bill the reasons for granting the privilege of building a bridge.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The bill was read, as follows:

Be it enacted, etc., That the Pearl River Valley Lumber Co. is hereby authorized to construct a bridge, connecting its timber holdings, across Pearl River, at a point suitable to the interests of navigation, between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 4, after the word "bridge," strike out the words "connecting its timber holdings."

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to a third reading, and was accordingly read the third time and passed.

On motion of Mr. JOHNSON of Mississippi, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER pro tempore. The Clerk will report the next bill.

BRIDGE ACROSS TOMBIGBEE RIVER, ITAWAMBA COUNTY, MISS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7394) granting the consent of Congress to the board of supervisors of Itawamba County, Miss., to construct a bridge across the Tombigbee River.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The bill was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the board of supervisors of Itawamba County, Miss., and their successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Tombigbee River at a point suitable to the interests of navigation, at or near Ironwood Bluff, in the county of Itawamba, in the State of Mississippi, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Strike out all of section 1 and insert:

"That the times for commencing and completing the construction of a bridge and approaches thereto authorized by the act of Congress approved January 15, 1920, to be constructed by the board of supervisors of Itawamba County, Miss., across the Tombigbee River at a point suitable to the interests of navigation at or near Ironwood Bluff, in the county of Itawamba, in the State of Mississippi, are hereby extended one and three years, respectively, from the date of approval hereof."

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

By unanimous consent the title was amended to read: "A bill to extend the time for the construction of a bridge across the Tombigbee River at or near Ironwood Bluff, in the county of Itawamba, Miss."

On motion of Mr. JOHNSON of Mississippi a motion to reconsider the vote by which the bill was passed was laid on the table.

BRIDGE ACROSS CHARLES RIVER, MASS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6152) to authorize the construction of drawless bridges across a certain portion of the Charles River in the State of Massachusetts.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I note that this bill is in the identical phraseology of an act of Congress passed on February 27, 1911, except that it substitutes the words "Massachusetts Avenue" for the name of another street—Brighton Street, is it?

Mr. DALLINGER. Cambridge and River Streets.

Mr. STAFFORD. I think the phraseology of that act and the phraseology of this bill are rather open to criticism. It is rather loose phraseology to authorize the construction of a bridge—

At any other points upon said river at, near, or above said Massachusetts Avenue.

I understand the purpose of this act is merely to authorize the construction of a bridge at Massachusetts Avenue. If so, why not say so, and not grant such uncertain authority as would be covered in the ambiguous language referred to?

Mr. DALLINGER. Mr. Speaker, the reason is that in constructing this bridge it may be found advisable to build it wider than the present width of Massachusetts Avenue.

Mr. STAFFORD. There is nothing in the statute of authorization to limit the size of the bridge to that which is now existing.

Mr. DALLINGER. I know, but without the words to which the gentleman from Wisconsin objects the authorization would be limited to the exact line of Massachusetts Avenue on the two sides of the river. There should be some leeway on both sides, if it should be decided to build the bridge wider, and without these words the act might be construed not to authorize it.

Mr. STAFFORD. Is it contemplated to build the bridge wider than the width of the avenues on either side of the Charles River in Boston or Cambridge?

Mr. DALLINGER. It may be.

Mr. STAFFORD. The gentleman is acquainted with Massachusetts Avenue, and a good many others of us are acquainted with the width of Massachusetts Avenue on the Boston side and on the Cambridge side. I am directing the gentleman's attention to this uncertain phraseology—

At, near, or above said Massachusetts Avenue.

Mr. DALLINGER. Mr. Speaker, there can be no possible objection to having the act drawn exactly as the act of 1911 was drawn. There is practically no commercial navigation on this river now.

Mr. STAFFORD. I am not objecting to the passage of this bill. I am objecting to the phraseology in which it is submitted.

Mr. DALLINGER. Mr. Speaker, the phraseology is the same in this bill as in the act of Congress of February 27, 1911, under which the Stadium bridge already has been constructed, and under which four other bridges, namely, the new River Street bridge, the new Brookline Street bridge, the new Western Avenue bridge, and the new Arsenal Street bridge, are about to be constructed. The legislation that is now proposed in the present bill simply carries the authorization for a 12-foot-clearance drawless bridge down the river to the Massachusetts Avenue bridge or Harvard bridge as it is called. There is no private ownership whatever between the Cambridge bridge, which is more than a mile below the Harvard bridge, and the new Brookline Street bridge that is about to be constructed under the authority of the act of 1911. There are no wharves on either bank of the river between these points.

Mr. STAFFORD. I have no objection, from my acquaintance of the facts, to having a drawless bridge at Massachusetts Avenue, or any point above, but might there not be some objection by the riparian owners along the Charles basin to erect a bridge under this authorization below Massachusetts Avenue?

Mr. DALLINGER. Absolutely not. The State of Massachusetts through its metropolitan park commission owns the land in fee on both sides of the river between Massachusetts Avenue and the new Cambridge bridge which took the place of the old West Boston bridge and which was authorized over 20 years ago to be built without a draw.

Mr. STAFFORD. I do not like this language which would allow a municipality to build a bridge at any place on the Charles River.

Mr. DALLINGER. I want to call the attention of the gentleman from Wisconsin to the fact that this matter was referred to the War Department, and after investigation by the Army engineers at Boston the Secretary of War heartily approves of the bill in the exact form in which it is now drawn.

Mr. STAFFORD. I have read the report, but I can not say that they heartily approve of it; they have no objection to its passage.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The bill was read as follows:

A bill (H. R. 6152) to authorize the construction of drawless bridges across a certain portion of the Charles River in the State of Massachusetts.

Be it enacted, etc., That the Metropolitan Park Commission, or any town or city, or any other public body authorized by the State of Massachusetts, all or any of them, be, and they hereby are, authorized to construct, at any time hereafter, drawless bridges across the Charles River in the State of Massachusetts connecting Massachusetts Avenue in Cambridge and Massachusetts Avenue in Boston, and at any other points upon said river at, near, or above said Massachusetts Avenue: *Provided,* That said bridges shall be at least 12 feet above the ordinary level of the water in the basin over the main ship channel, and the piers and other obstructions to the flow of the river shall be constructed in such form and in such places as the Secretary of War shall approve: *Provided further,* That before the construction of said bridges or any of them is begun, the State of Massachusetts shall, by legislative enact-

ment, provide for adequate compensation for the owner, owners, lessee, or lessees of property abutting on said river above any of the said bridges, for damages, if any, caused to said property or leasehold interests therein by reason of interference with the access by water to said property, due to the construction of bridges without draws: *And provided further*, That the said legislative enactment shall provide for the appointment of three commissioners to hear the parties in interest and assess the damages to said property; their decision as to the amount of damages and questions of fact to be final; said commissioners to be appointed by the Supreme Judicial Court of Massachusetts. Except as inconsistent herewith, this act shall be subject to the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER pro tempore (Mr. CAMPBELL of Kansas). The question is on ordering the bill to be engrossed and read a third time.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DALLINGER, a motion to reconsider the vote whereby the bill was passed was laid on the table.

APPLICATION OF THE RECLAMATION LAW TO IRRIGATION DISTRICTS.

The SPEAKER pro tempore. The Clerk will report the next bill.

The Clerk read as follows:

H. R. 4382. A bill to provide for the application of the reclamation law to irrigation districts.

Mr. KINKAID. Mr. Speaker, I ask unanimous consent that this bill be passed and retain its place on the calendar.

Mr. RAKER. Reserving the right to object, would it be asking too much to have the report on the bill printed in the RECORD, as it involves an important matter that everybody ought to know? It refers in the last part of the report to publications by the Committee on Irrigation which are especially valuable and shows the necessity of this legislation.

Mr. STAFFORD. I do not think there is any necessity for inserting that.

Mr. RAKER. If there is any objection, I withdraw the request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

AMENDING THE BANKRUPTCY LAW.

The next bill on the Calendar for Unanimous Consent was the bill (H. R. 6998) to amend section 17 of the United States bankruptcy law of July 1, 1898, and amendments thereto of February 5, 1903.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, does this bill prevent a discharge to a man who is an officer of a corporation which is adjudged bankrupt?

Mr. LONDON. For his individual debts?

Mr. STAFFORD. Suppose a corporation files an application for a discharge in bankruptcy, would the extension of the bankruptcy law apply so that the corporation could not secure a discharge until all the wages of its employees for three months prior to the proceedings in bankruptcy were completed?

Mr. WALSH. Of course not; it does not work that way now. Will the gentleman yield?

Mr. STAFFORD. The gentleman has the floor, having reported the bill.

Mr. WALSH. The gentleman from Wisconsin has the floor under his reservation to object.

Mr. STAFFORD. The gentleman would have the floor——

Mr. WALSH. I would if the bill was being considered. However, this simply adds two classes of debts from which a bankrupt can not be discharged. It does not prevent his discharge, but it means that when he gets his discharge he is not discharged from debts that he owes to a workman employed, and also is not discharged in cases where the employee has advanced his employer money for the faithful performance of his contract. We have many cases in large cities in small establishments where people in order to procure employment have posted with the employer a sum of money that they will stay and work a certain length of time. This protects that money in the hands of the employer.

The paragraph adds two classes of debts from which the employer is not discharged. It simply enlarges the class. It would seem that if any person goes into bankruptcy and owes some of his employees wages three months before he enters bankruptcy, that he ought not to be permitted by reason of his discharge in bankruptcy to say to these people who probably can not afford to lose the money that he is not obligated to pay them under his discharge.

Mr. CLOUSE. Will the gentleman yield?

Mr. WALSH. Yes.

Mr. CLOUSE. Under the present law as it now stands is not the employee given a lien on the assets of the bankrupt?

Mr. WALSH. No; the employees' wages are a perferred claim under the present law.

Mr. CLOUSE. It does not constitute a lien on the assets of the bankrupt?

Mr. WALSH. It may, but it may be that the bankrupt being discharged might not then have the means to pay this debt. He is discharged. He may enter business a little later and become in a situation where he could afford to pay it. If the debt is not discharged, then the employee may recover.

Mr. CLOUSE. It is the purpose of this bill to extend the rights of the employee so that he may, if the bankrupt goes into business again and acquires assets, pursue and collect his claim.

Mr. WALSH. Yes.

Mr. STAFFORD. Mr. Speaker, getting back to the question which I submitted, I consider that a corporation may make an application for a discharge in bankruptcy just as an individual. A corporation owes a large amount of wages to the employees, it may be in the hundreds of thousands of dollars. The corporation must pay those debts for wages contracted within three months prior to the commencement of the proceedings in bankruptcy, before the corporation may be discharged.

Mr. WALSH. No; that is not what the bill says.

Mr. STAFFORD. It says that a discharge in bankruptcy shall release a bankrupt from all of his provable debts, except such as——

Mr. WALSH. "Except such as," yes. He gets his discharge just the same, but he is not relieved from these debts, and neither is he relieved from various other debts specified in the other four subparagraphs.

Mr. STAFFORD. The other four subparagraphs refer to matters relating to individuals rather than to corporations.

Mr. WALSH. Corporations usually take advantage of receivership proceedings, I think.

Mr. STAFFORD. No; corporations in many instances, in most instances——

Mr. WALSH. I said usually.

Mr. STAFFORD. And I said in most instances take advantage of applications for bankruptcy.

Mr. WALSH. I think the gentleman is in error.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I still reserve the right to object.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. WALSH. Yes.

Mr. CHINDBLOM. Is the matter in subsection 5 and subsection 6 the only new matter in the bill?

Mr. WALSH. Yes.

Mr. CHINDBLOM. I observe that the report says that the bill reenacts the present law down to the subsection numbered "(Fifth)," on page 2, line 11. That is a misstatement, then, in the report?

Mr. WALSH. Yes.

Mr. CHINDBLOM. Does the present law carry the language in the bill on page 2, line 4, "or for breach of promise or property of another," and so forth?

Mr. WALSH. No; that is a misprint. The gentleman from New York [Mr. LONDON] has an amendment to offer making it conform to the original, if consent is granted.

Mr. CHINDBLOM. With further reference to the matter of a corporation, as I understand it, a corporation would be discharged in bankruptcy, but would not be relieved from its obligations to workmen and salesmen and others in that class. Of course, the corporation could not continue business under its charter and make further earnings without running the chance of being sued by former employees, and the effect probably would be that the corporation would have to surrender its charter.

Mr. WALSH. There are very few corporations that go through bankruptcy that continue business under the same name.

Mr. CHINDBLOM. If the charter has any value, it ought to be sold for the benefit of the creditors, anyway.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 17 of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended February 5, 1903, be amended so as hereafter to read as follows:

"SEC. 17. Debts not affected by a discharge: A discharge in bankruptcy shall release a bankrupt from all of his provable debts, except such as (1) are due as a tax levied by the United States, the State, county, district, or municipality in which he resides; (2) are liabilities for obtaining property by false pretenses or false representation of an unmarried female, or for breach of promise of property of another,

or for alimony due or to become due, or for maintenance or support of wife or child, or for seduction of an unmarried female, or for breach of promise of marriage accompanied by seduction, or for criminal conversation; (3) have not been duly scheduled in time for proof and allowance, with the name of the creditor, if known to the bankrupt, unless such creditor had notice or actual knowledge of the proceedings in bankruptcy; or (4) were created by his fraud, embezzlement, misappropriation, or defalcation while acting as an officer or in any fiduciary capacity; or (5) are for wages due to workmen, clerks, traveling or city salesmen, or servants, which have been earned within six months before the date of commencement of the proceedings in bankruptcy; or (6) are due for moneys received or retained by an employer to secure the faithful performance by an employee of the terms of a contract of employment."

With the following committee amendments:

Page 1, line 5, after the word "amended," insert the words "by the acts of."

Page 1, line 6, after the figures "1903," insert the words "and March 2, 1917."

Page 1, line 6, after the word "be," insert the word "further," and in the same line, after the word "amended," strike out the words "so as hereafter."

Page 2, line 17, after the word "within," strike out the word "six" and insert the word "three."

Page 2, line 19, after the word "of," insert the words "an employee."

Page 2, line 20, strike out the first word "an" and insert the word "his," and at the end of the line strike out the word "an" and insert the word "such."

The SPEAKER pro tempore. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. LONDON. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LONDON: Page 2, lines 4 and 5, strike out the words "of an unmarried female, or for breach of promise of property of another."

Mr. LONDON. That is a printer's mistake.

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LONDON. Mr. Speaker, I move to amend, page 2, lines 3 and 4, by striking out the word "representation" and inserting the word "representations" and a comma.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LONDON: Page 2, lines 3 and 4, strike out the word "representation" and insert in lieu thereof the word "representations" and a comma.

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. LONDON. Mr. Speaker, I ask unanimous consent that the Clerk be directed to amend the title to conform to the bill.

The SPEAKER pro tempore. Without objection, the title will be so amended.

There was no objection.

On motion of Mr. LONDON, a motion to reconsider the vote by which the bill was passed was laid on the table.

JURISDICTION OF COURTS IN CASES OF REVIVOR.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6053) to amend section 955 of the Revised Statutes by extending the jurisdiction of courts in cases of revivor.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. JONES of Texas. Mr. Speaker——

Mr. SINNOTT. Mr. Speaker, reserving the right to object, I would like to have the author of the bill explain the measure.

Mr. STAFFORD. May the bill be reported for the information of the House?

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That section 955 of the Revised Statutes of the United States is hereby amended to read as follows:

"SEC. 955. When either of the parties, whether plaintiff or petitioner or defendant, in any suit in any court of the United States, dies before final judgment, the executor or administrator of such deceased party may, in case the cause of action survives by law, prosecute or defend any such suit to final judgment. The defendant shall answer accordingly, and the court shall hear and determine the cause and render judgment for or against the executor or administrator, as the case may require. And if such executor or administrator, having been duly served with a scire facias from the office of the clerk of the court where the suit is depending 20 days beforehand, neglects or refuses to become party to the suit, the court may render judgment against the estate of the deceased party in the same manner as if the executor or administrator had voluntarily made himself a party. The executor or administrator who becomes a party as aforesaid shall, upon motion to the court, be entitled to a continuance of the suit until the next term of said court.

"The provisions of this section shall apply to suits in equity and in admiralty as well as to suits at law, and the jurisdiction of all courts of the United States shall extend over foreign executors and administrators of any party who dies before final judgment or decree equally with their jurisdiction over executors and administrators appointed under the laws of a State within which the judicial district of the court in which the action is pending, and such court shall have jurisdiction within two years from the date of the death of the party to the suit to issue its scire facias to executors and administrators appointed in any State or Territory of the United States which may be served in any judicial district by the marshal thereof: *Provided, however*, That no executor or administrator shall be made a party unless such service is made before final settlement and distribution of the estate of said deceased party to the suit. And for such purposes the territorial limits of the court in which the suit may be pending at the time of the death of a party are hereby expressly extended so as to include the State or Territory in which an executor or administrator of the deceased party may be appointed."

SEC. 2. That the provisions of section 955 of the Revised Statutes of the United States as amended by this act shall apply to suits in which any party has deceased prior to the passage of this amendatory act as well as to suits in which any party may die hereafter.

The committee amendment was read, as follows:

Page 2, line 20, after the word "within," strike out the word "which."

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. SINNOTT. Mr. Speaker, reserving the right to object, I would like to have the author explain this bill.

Mr. WALSH. Mr. Speaker, the proposed amendment to section 955 will be found beginning with line 14 on page 2 of the bill. Section 955 refers to proceedings in United States courts upon the death of parties to a suit. This amendment provides that section 955 shall apply to suits at law in equity and also in admiralty and extends the jurisdiction of the United States district courts for the purpose of reviving the suit into the district within which the administrator or the executor of the decedent may live or may have been appointed. In order that the suit may be revived the writ of scire facias must be served before the final settlement and distribution of the estate and also before the expiration of two years, and it simply provides a method whereby parties who have served proceedings in the United States courts in any particular district and one of the defendants dies that that suit can be revived by serving this writ upon the executor. Where the defendant may have been within the jurisdiction of the court of the district where the suit is pending and may be resident of another State and his executor or administrator may be appointed in such other district, we extend the jurisdiction of the court in which the suit is pending for the purpose of this service into the district where the administrator or executor was appointed. The bill was reported to the Attorney General and he, in a letter to the chairman of the Committee on the Judiciary, which was received after the report was filed, stated:

I do not know now whether it is the custom or the policy of this department to give advice regarding measures of this kind, but I have no hesitancy in saying to you that I believe this measure is a meritorious one. It in no way prejudices the rights of others; and, in fact, its provisions protect the rights of others, whereas without a measure of this kind litigants in certain instances are placed at a disadvantage. It seems to me the remedy should be perpetuated with their cause.

Sincerely, yours,

H. M. DAUGHERTY,
Attorney General.

Of course, in State courts this can be done, but heretofore if the executor or administrator resided within the district where the suit was pending the service could not be made, but in those cases the executor or administrator or representative of the decedent may live in an adjoining district and this would permit the writ of scire facias upon or before the court in which the suit was pending to be issued and served in the adjoining district.

Mr. SINNOTT. Will the gentleman yield now?

Mr. WALSH. I will.

Mr. SINNOTT. Now, in case the defendant is residing in another district, the court could not get jurisdiction upon him unless there was action involving real property as the law stands now unless they serve him within the district?

Mr. WALSH. Unless they serve him within the district.

Mr. SINNOTT. Now, if this change is made, although you can not serve that defendant and bring him within the jurisdiction of the court you may serve the executor and administrator without the jurisdiction of the court and bring him within the court?

Mr. WALSH. No; not unless he was a party to the suit. This is only in the case of the death of a party to the proceedings, and unless he was a party and had been served upon within the district where the suit was pending this would not apply.

Mr. SINNOTT. Does the gentleman understand that no one is a party to the suit unless he is a defendant who has been served?

Mr. WALSH. I so understand in the United States Federal courts.

Mr. SINNOTT. Well, the original section 955 does not read that way.

Mr. WALSH. It has nothing to do with the service of parties to the suit.

Mr. SINNOTT. You are extending in section 2 by this enlarged jurisdiction. The original section 955 says:

When either of the parties, whether plaintiff or petitioner or defendant, in any suit in any court of the United States, dies before final judgment——

Mr. WALSH. Yes.

Mr. SINNOTT (continuing)—

The executor may be served and made a party defendant.

It does not exclude anyone else——

Mr. WALSH. He is not a party to the proceedings in the United States courts unless he has been served, and he can not be served unless he has been found within the jurisdiction of the district where the action is pending.

Mr. SINNOTT. Then, unless the decedent had been served during his lifetime, the executor or administrator under this bill can not be brought within the jurisdiction of the court?

Mr. WALSH. As I understand it, unless the defendant is made a party to the proceedings in the United States court, a defendant living outside of the district, the only way he can be made a party to the proceedings is by service within the jurisdiction of the court.

The SPEAKER pro tempore. Is there objection?

Mr. JONES of Texas. Reserving the right to object, does not the gentleman think that there is a good deal of danger of the administrator being jerked across the continent or from territory outside of the United States to defend a suit which, although perhaps it might have much merit, would not justify going such a distance?

Mr. WALSH. Of course the party would have to go across the country to bring suit there, if desired. There may be several defendants.

Mr. JONES of Texas. I understand, but suppose there is a suit in California against a man for $300, and his case was located in New York, he would have to go there and defend the suit or let the judgment go by default, and perhaps could not afford very well to do either. You make it possible, if this bill should pass, to require an administrator or executor to go from California to New York, when the court otherwise would not have jurisdiction.

Mr. WALSH. That would be possible but not very probable. Does the gentleman think simply because a party goes into the United States court to enforce what he deems to be his just rights that the death of one of the parties whom he is suing should cause him to lose his rights?

Mr. JONES of Texas. He would not lose his rights if he were sued. An administrator and executor could go into court under the present law.

Mr. WALSH. Not unless he was appointed in the district where the action was pending

Mr. JONES of Texas. They would have one appointed. He could file his papers, certified copies, and proceed, if he wanted to do so, under the present law.

Mr. WALSH. He could not be appointed there unless he had some property there.

Mr. JONES of Texas. He could have some certified copies of his papers filed with the court. That would be much easier.

Mr. WALSH. In case judgment was recovered certified copies of the papers would not go very far toward satisfying the judgment.

Mr. JONES of Texas. That is the very point. If he is sued, he might be living there in the jurisdiction of the court, and yet the status of his property might be in a far-away country.

Mr. WALSH. That is true; but the gentleman would find, I think, that no plaintiff or petitioner will, under this section, if it be amended, seek to take advantage of it for any trivial sum. They would hardly seek to send a writ to the United States marshal in California for service in a suit involving $1,500 in a district, say, in Maine.

Mr. JONES of Texas. Does the gentleman find a good deal of complaint on account of the present law?

Mr. WALSH. I do not know of any complaint.

Mr. JONES of Texas. One other question. The proviso on page 2 says:

That no executor or administrator shall be made a party unless such service is made before final settlement and distribution of the estate of said deceased party to the suit.

The gentleman does not consider that amendment would deprive the parties at interest of being sued or suing? That would not interfere in any way?

Mr. WALSH. No; that would not interfere with it.

The SPEAKER pro tempore. Is there objection?

Mr. EVANS. Reserving the right to object, do I understand from the gentleman from Massachusetts [Mr. WALSH] that by the term "parties" he means one only who has authority upon a petitioner or plaintiff or else a defendant served?

Mr. WALSH. I do.

Mr. EVANS. And that this would not apply where the defendant has not been served?

Mr. WALSH. That is my understanding. The gentleman from Nebraska knows that in order for this to become effective it must be necessary for a party who is deceased to have an executor or an administrator appointed in some district other than that in which the cause is pending.

Mr. EVANS. I understand that.

Mr. WALSH. Now then, if a nonresident of the district in which the cause is pending dies and his executor is appointed in another district, in order for such a nonresident to have been made a party to that suit he must have been served with process in the Federal court.

Mr. EVANS. Now, is the gentleman exactly accurate when he says "in order for him to have been made a party"? Is not a defendant served a party to the suit?

Mr. WALSH. I think the gentleman will find that a person residing outside the jurisdiction of the district court where a cause is pending, who may be interested in the cause, is not considered a party thereto unless he has been served.

Mr. EVANS. That is not the rule in the State from which I come.

Mr. WALSH. This is Federal practice.

Mr. EVANS. I understand.

Mr. WALSH. And involves United States districts. Of course it is not the rule in a State, because in the State courts your process runs throughout the State. You may live in one county and your process would run throughout the boundaries of that State.

Mr. EVANS. But does not the Federal statute, which provides that your law procedure in a State shall govern as far as possible in Federal courts, apply in this case?

Mr. WALSH. It does not. If it did, the first part of the section would not be necessary at all.

Mr. SINNOTT Would the gentleman object to an amendment on page 2, line 17, after the word "who," by adding "having been brought within the jurisdiction of the court"? Then it would read "of any party"——

Mr. WALSH. He would not be a party unless he had been brought in the jurisdiction of the court. This only applies to a nonresident of the district.

Mr. JONES of Texas. A resident of another district may be made a party and yet not have been served. A man may have a residence and may be sued in one residence when he is in another.

Mr. WALSH. The gentleman is referring to State practice. Will the gentleman advise us how under the laws a party can be made a party to a suit unless the party is served?

Mr. JONES of Texas. Not in all cases, but he might be.

Mr. WALSH. The gentleman is answering this query and basing his answer on the practice in the States. It is not parallel.

Mr. JONES of Texas. No; the gentleman is basing his assertion on the equity practice of the courts.

Mr. CLOUSE. Where there are more than one defendant in a case, and one is served by process in the district in which he resides, can a process be issued in another district to a material defendant in that case where there are two or more defendants?

Mr. WALSH. Yes.

The SPEAKER pro tempore (Mr. CAMPBELL of Kansas). Is there objection?

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. WALSH, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER pro tempore. The Clerk will report the next bill.

BRIDGE ACROSS THE CHOCTAWHATCHEE RIVER, FLA.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 8477) to authorize the State Road Department of the State of Florida to construct and maintain a bridge across the Choctawhatchee River near Caryville, Fla.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That authority is hereby granted to the State Road Department of the State of Florida, its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Choctawhatchee River at a point suitable to the interests of navigation, near Caryville, Fla., approximately 170 feet south of the Louisville & Nashville Railroad bridge, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With a committee amendment as follows:

Strike out all of section 1 after the enacting clause and insert: "That the times for commencing and completing the construction of a bridge and approaches thereto authorized by the act of Congress approved November 19, 1919, to be constructed by the State Road Department of the State of Florida, across the Choctawhatchee River, near Caryville, Fla., are hereby extended one and three years, respectively, from the date of approval hereof."

The SPEAKER pro tempore (Mr. WALSH). The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the title be amended to conform to the text of the bill.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that the title of the bill be amended to conform to the text. Is there objection?

There was no objection.

On motion of Mr. RAYBURN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

CONTESTED-ELECTION CASE OF KENNAMER AGAINST RAINEY.

Mr. DOWELL, from the Committee on Elections No. 3, submitted for printing under the rule the following report:

Your Committee on Elections No. 3, having had under consideration the contested-election case of Charles B. Kennamer, contestant, *v.* L. B. Rainey, contestee, from the seventh congressional district of Alabama, after a careful consideration of said case, respectfully submits the following report.

The SPEAKER pro tempore. Referred to the House Calendar.

Mr. DOWELL. Mr. Speaker, I desire to give notice that in a few days I shall call up this report for the consideration of the House.

UNALLOTTED LANDS ON THE FORT PECK RESERVATION, MONT.

The SPEAKER pro tempore. The Clerk will report the next bill.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 8010) to authorize the leasing for mining purposes of unallotted lands on the Fort Peck Reservation, Mont.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection?

Mr. ARENTZ. Reserving the right to object, Mr. Speaker, I would like to remark that this report is very meager; that it tells us nothing about what is contemplated in this bill, what they are going to do, or what sort of metals they are going to mine. It is stated here in the letter to Hon. CHARLES CURTIS by Mr. E. F. Finney, Acting Secretary of the Interior, that this is a bill to authorize the leasing for mining purposes of unallotted lands on the Fort Peck and Blackfeet Indian Reservations in the State of Montana. Then, it is stated, further along, that outside of the lands already allotted they reserve the land for agency, school, and religious purposes, and also such land as may be needed for irrigation projects. So that we have here lands upon which the buildings of the agency are constructed and lands allotted for irrigation purposes as the lands contemplated to be turned over for mining leases. It seems rather inconsistent. That is the only reason why I would like to hear from the gentleman from Montana.

Mr. RIDDICK. Mr. Speaker, I hope there will be no objection to this bill. I would like to explain briefly what is contemplated in this legislation. This bill was drawn after conference with the Interior Department; we have a good mining-lease law. This bill does not change the existing law. The Secretary found there was no law whereby he could execute leases on this Indian reservation in northern Montana.

Mr. ROSENBLOOM. Mr. Speaker, I object.

The SPEAKER pro tempore. The gentleman from West Virginia objects. The bill is stricken from the calendar.

INCORPORATION OF GONZAGA COLLEGE, WASHINGTON, D. C.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7428) to amend section 1 of an act entitled "An act to incorporate Gonzaga College, in the city of Washington and District of Columbia."

The title of the bill was read.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I wish to inquire why this corporation can not obtain the full powers that they wish to receive under the amended code and general laws relating to incorporations in the District of Columbia?

Mr. VOLSTEAD. This is a special incorporation. Consequently the former act would have to be repealed to do that. It seems to me it is entirely proper to amend and reenact it.

Mr. STAFFORD. The bill that you present as an amendment to the general act of incorporation seems to be broader than what is ordinarily granted to corporations organized for educational purposes under the general laws of the District of Columbia.

Mr. VOLSTEAD. No. This was drawn with the general laws of the District before me. The idea is to apply the same limitations as are applied to similar institutions in this city.

Mr. STAFFORD. The general law limits the amount of land of such a corporation to that which may be necessary for the purpose of education. You broaden it by providing "necessary to occupation and use in a comfortable and convenient manner."

Mr. VOLSTEAD. Those words—"in a comfortable and convenient manner"—are taken from the District Code.

Mr. FESS. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. I will be glad to yield to the gentleman.

Mr. FESS. What is the character of this institution?

Mr. VOLSTEAD. This is an old educational institution, located north of the Government Printing Office.

Mr. STAFFORD. I will state for the information of the committee that if the general law carries a limitation as to "comfortable and convenient manner," which I have not been able to find, I shall not make any objection.

Mr. FESS. Will the gentleman yield?

Mr. VOLSTEAD. I yield to the gentleman from Ohio.

Mr. FESS. Does this college grant degrees?

Mr. VOLSTEAD. I am not familiar enough with the college to state that, but it is a college that has been in existence a great many years. When it was organized the land it secured was cheap, and a hundred years ago this limitation of $200,000 was doubtless considered ample, but since then the value of the land has increased very much. The corporation conducts a college and a church. There ought to be an amendment to cover the church; the committee overlooked the fact that there is a church in connection with the college.

Mr. FESS. I will say to my friend that some time ago an investigation was made of the way that institutions in the District of Columbia were granting degrees, with reference to the standard of the work they were doing. I have not made any investigation at all of this institution, and I was asking for information.

Mr. VOLSTEAD. I think there is a provision in the original charter that they may grant degrees, but whether they do so or not I am not advised.

Mr. COCKRAN. They grant high-school degrees, but this bill has nothing to do with that. This simply gives them the right to hold the land, which has increased in value.

Mr. SEARS. Will the gentleman yield?

Mr. VOLSTEAD. I yield to the gentleman from Florida.

Mr. SEARS. Reserving the right to object, I notice in the latter part of the report it says:

This will permit Congress to control the matter in the future should there be any occasion to impose any other or further limitation.

That refers to the rules and regulations which now are or may hereafter be established.

Mr. VOLSTEAD. No; that does not refer to the limitation that we have imposed by the amendment that the committee has offered. If that limitation should be found for any reason not to be sufficient, the original charter permits further amendment. This is simply an amendment to the original charter; hence we may modify these regulations or restrictions. We may repeal the entire charter, because the charter authorizes us to do so, and of course this being simply an

amendment to that it would apply to this provision as well as to the original provision in the charter.

Mr. SEARS. They can change their rules and regulations whenever they want to, without the action of Congress.

Mr. VOLSTEAD. They can change their rules and regulations, but they can not change the right to hold property. That is covered in the language of this bill. The only thing we do here is to remove the limitation of $200,000 that is in the original charter upon the amount of property that they may hold, and we substitute for that this provision, that they may hold what is necessary for occupation and use by the college in carrying on in a comfortable and convenient manner its educational and charitable work.

Mr. SEARS. I understand that, but we are extending that authority now and giving them more power, and they may change their rules.

Mr. VOLSTEAD. We are not giving them any more power.

Mr. SEARS. We are giving them more land.

Mr. COCKRAN. No; it is the same land, only the land has become more valuable. The land was purchased a hundred years ago.

Mr. VOLSTEAD. I do not know what the rules are.

Mr. COCKRAN. There are no rules now.

Mr. SEARS. It says:

According to the rules and regulations which now are or may hereafter be established.

Mr. COCKRAN. The original charter limited them to $200,000 in the amount of land they might hold. That was 50 years ago. That land is worth a great deal more now.

Mr. VOLSTEAD. The regulations for their own government have no relation to how much land they may hold. We are trying to put the same limitations upon this college that now apply to colleges and churches generally in the District of Columbia instead of this limitation of $200,000.

Mr. NEWTON of Minnesota. If the college was operating under the general law there would be no limitation upon the amount of property it might hold, other than that which was necessary for occupation and use for educational purposes.

Mr. VOLSTEAD. That is all.

Mr. NEWTON of Minnesota. So instead of a specific limitation of $200,000, you are applying the general law?

Mr. COCKRAN. That is correct.

Mr. VOLSTEAD. We are applying the general law to it.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The bill was read, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to incorporate Gonzaga College, in the city of Washington and District of Columbia," approved May 4, 1858, is amended to read as follows:

"That Burcard Villiger, Charles H. Stonestreet, Daniel Lynch, Edward X. Hand, and Charles Jenkins, and their successors, be, and they are hereby, made a body politic and corporate forever, by the name of the president and directors of Gonzaga College, for purposes of charity and education; and by that name may sue and be sued, prosecute and defend, may have and use a common seal and the same alter and renew at pleasure; may adopt rules, regulations, and by-laws not repugnant to the Constitution and laws of the United States for properly conducting the affairs of said corporation; may take, receive, purchase, and hold estate, real, personal, and mixed, and may manage and dispose of the same at pleasure, and apply the same, or the proceeds of the sales thereof, to the uses and purposes of the said corporation according to the rules and regulations which now are or may hereafter be established."

With the following committee amendment:

Page 2, line 8, after the word "mixed," insert the words "necessary for occupation and use by said Gonzaga College in carrying on in a comfortable and convenient manner its educational and charitable work."

Mr. VOLSTEAD. Mr. Speaker, in line 10, page 2, after the word "educational," I offer to amend by inserting the word "religious."

The SPEAKER pro tempore. The gentleman from Minnesota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VOLSTEAD to the committee amendment: On page 2, line 10, after the word "educational," insert "religious."

The SPEAKER pro tempore. The question is on the committee amendment as amended.

Mr. VOLSTEAD. As a typographical matter there ought to be a comma after the word "educational."

The SPEAKER pro tempore. The Chair will state that the comma has been inserted by the reading clerk.

The amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. VOLSTEAD. Mr. Speaker, I offer another amendment.

The SPEAKER pro tempore. The gentleman from Minnesota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VOLSTEAD: On page 2, line 1, after the word "charity," insert a comma and the word "religion."

The amendment was agreed to.

The SPEAKER pro tempore. The question is on ordering the bill to be engrossed and read a third time.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. COCKRAN, a motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDING SECTION 108 OF THE JUDICIAL CODE.

Mr. HUDSPETH. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 6679) to amend section 108 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 108 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary" (36 Stat., p. 1125), approved March 3, 1911, be, and the same is hereby, amended to read as follows:

"SEC. 108. The State of Texas is divided into four districts, to be known as the northern, eastern, western, and southern districts of Texas. The northern district shall include the territory embraced on the 1st day of July, 1910, in the counties of Dallas, Ellis, Hunt, Johnson, Kaufman, Navarro, and Rockwall, which shall constitute the Dallas division; also the territory embraced on the date last mentioned in the counties of Archer, Baylor, Clay, Comanche, Erath, Foard, Hardeman, Hood, Jack, Palo Pinto, Parker, Tarrant, Wichita, Wilbarger, Wise, and Young, which shall constitute the Fort Worth division; also the territory embraced on the date last mentioned in the counties of Armstrong, Bailey, Briscoe, Carson, Castro, Childress, Cochran, Collingsworth, Cottle, Crosby, Dallam, Deaf Smith, Dickens, Donley, Floyd, Gray, Hale, Hall, Hansford, Hartley, Hemphill, Hockley, Hutchinson, King, Lamb, Lipscomb, Lubbock, Moore, Motley, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, and Wheeler, which shall constitute the Amarillo division; also the territory embraced on the date last mentioned in the counties of Andrews, Borden, Callahan, Dawson, Eastland, Fisher, Gaines, Garza, Haskell, Howard, Jones, Kent, Knox, Lynn, Martin, Midland, Mitchell, Nolan, Scurry, Shackelford, Stephens, Stonewall, Taylor, Terry, Throckmorton, and Yoakum, which shall constitute the Abilene division; also the territory embraced on the date last mentioned in the counties of Brown, Coke, Coleman, Concho, Crockett, Glasscock, Irion, Menard, Mills, Runnels, Schleicher, Sterling, Sutton, Tom Green, and Upton, which shall constitute the San Angelo division of the said district. Terms of the district court for the Dallas division shall be held at Dallas on the second Monday in January and the first Monday in May; for the Fort Worth division, at Fort Worth on the first Monday in November and the second Monday in March; for the Amarillo division, at Amarillo on the third Monday in April and the fourth Monday in September; for the Abilene division, at Abilene on the first Monday in October and the second Monday in April; for the San Angelo division, at San Angelo on the third Monday in October and the fourth Monday in April. The clerk of the court for the northern district shall maintain an office in charge of himself or a deputy at Dallas, at Fort Worth, at Amarillo, at Abilene, and at San Angelo, which shall be kept open at all times for the transaction of the business of the court. The eastern district shall include the territory embraced on the 1st day of July, 1910, in the counties of Anderson, Angelina, Cherokee, Gregg, Henderson, Houston, Nacogdoches, Panola, Rains, Rusk, Smith, Van Zandt, and Wood, which shall constitute the Tyler division; also the territory embraced on the date last mentioned in the counties of Hardin, Jasper, Jefferson, Liberty, Newton, Orange, Sabine, San Augustine, Shelby, and Tyler, which shall constitute the Beaumont division; also the territory embraced on the date last mentioned in the counties of Collin, Cook, Denton, Grayson, and Montague, which shall constitute the Sherman division; also the territory embraced on the date last mentioned in the counties of Camp, Cass, Harrison, Hopkins, Marion, Morris, and Upshur, which shall constitute the Jefferson division; also the territory embraced on the date last mentioned in the counties of Delta, Fannin, Red River, and Lamar, which shall constitute the Paris division; also the territory embraced on the date last mentioned in the counties of Bowie, Franklin, and Titus, which shall constitute the Texarkana division. Terms of the district court for the Tyler division shall be held at Tyler on the fourth Mondays in January and April; for the Jefferson division, at Jefferson on the first Monday in October and the third Monday in February; for the Beaumont division, at Beaumont on the third Monday in November and the first Monday in April; for the Sherman division, at Sherman on the first Monday in January and the third Monday in May; for the Paris division, at Paris on the third Monday in October and the first Monday in March; and for the Texarkana division, at Texarkana on the third Monday in March and the first Monday in November. The clerk of the court for the eastern district shall maintain an office in charge of himself or a deputy at Sherman, at Beaumont, and at Texarkana, which shall be kept open at all times for the transaction of the business of said court. The western district shall include the territory embraced on the 1st day of July, 1910, in the counties of Bastrop, Blanco, Burleson, Burnet, Caldwell, Gillespie, Hays, Kimble, Lampasas, Lee, Llano, Mason, McCulloch, San Saba, Travis, Washington, and Williamson, which shall constitute the Austin division; also the territory embraced on the date last mentioned in the counties of Atascosa, Bandera, Bexar, Comal, Dimmit, Edwards, Frio, Gonzales, Guadalupe, Karnes, Kendall, Kerr, Medina, and Wilson, which shall constitute the San Antonio division; also the territory embraced on the date last mentioned in the counties of Brewster, Crane, Ector, El Paso, Jeff Davis, Loving, Reeves, Pecos, Presidio, Ward, and Winkler, which shall constitute the El Paso division; also the territory embraced on the date last mentioned in the counties of Bell, Bosque, Coryell, Falls, Hamilton, Freestone, Hill, Leon, Limestone, McLennan, Milam, Robertson, and Somervell, which shall constitute the Waco division; also the territory embraced on the date last mentioned in the counties of Kinney, Maverick, Terrell, Uvalde, Val Verde, and Zavalla, which shall constitute the Del Rio division. Terms of the district court for the Austin division shall be held at Austin on the fourth Monday in January and the second Monday in June; for the Waco division, at Waco on the fourth Monday in February and the second Monday in November; for the San Antonio division, at San

Antonio on the first Monday in May and the third Monday in December; for the El Paso division, at El Paso on the first Monday in April and the first Monday in October; and for the Del Rio division, at Del Rio on the third Monday in March and the fourth Monday in October. The clerk of the court for the western district shall maintain an office in charge of himself or a deputy at Austin, at El Paso, and at Del Rio, which shall be kept open at all times for the transaction of business. The southern district shall include the territory embraced on the 1st of July, 1910, in the counties of Duval, La Salle, McMullen, Nueces, Webb, and Zapata, which shall constitute the Laredo division; also the territory embraced on the date last mentioned in the counties of Cameron, Hidalgo, and Starr, which shall constitute the Brownsville division; also the territory embraced on the date last mentioned in the counties of Austin, Brazoria, Chambers, Galveston, Fort Bend, Matagorda, and Wharton, which shall constitute the Galveston division; also the territory embraced on the date last mentioned in the counties of Brazos, Colorado, Fayette, Grimes, Harris, Lavaca, Madison, Montgomery, Polk, San Jacinto, Trinity, Walker, and Waller, which shall constitute the Houston division; also the territory embraced on the date last mentioned in the counties of Bee, Calhoun, De Witt, Goliad, Jackson, Live Oak, Refugio, Aransas, San Patricio, and Victoria, which shall constitute the Victoria division. Terms of the district court for the Galveston division shall be held at Galveston on the second Monday in January and the first Monday in June; for the Houston division, at Houston on the fourth Mondays in February and September; for the Laredo division, at Laredo on the third Monday in April and the second Monday in November; for the Brownsville division, at Brownsville on the second Monday in May and the first Monday in December; and for the Victoria division, at Victoria on the first Monday in May and the fourth Monday in November. The clerk of the court for the southern district shall maintain an office in charge of himself or a deputy at each of the places now designated for holding court in said district."

SEC. 2. That all process against persons resident in the county of Pecos and cognizable before the United States district court shall be issued out of and made returnable to court at Pecos City, and that all prosecutions against persons for offenses committed in said county of Pecos shall be tried in said court at El Paso or Pecos City: *Provided*, That no civil or criminal cause begun and pending prior to the passage of this act shall be in any way affected by it.

The SPEAKER pro tempore. Is a second demanded?

Mr. STAFFORD. I demand a second.

Mr. HUDSPETH. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LANHAM. Will the gentleman yield?

Mr. HUDSPETH. I will explain to my colleague that under the rules of the Judiciary Committee I was required to write and incorporate in this bill the law governing the entire judicial districts in Texas. This bill simply takes out of the Del Rio division of the western district of Texas the county of Pecos and changes it over to Pecos city in the El Paso division. The rest of the bill is the present law, which I have copied with reference to all the other districts in the State. It only changes one county for the reason that as it is situated now they have to go around by rail 200 miles or more to Del Rio. It changes Pecos County over into Pecos city, 50 miles, and it is for the convenience of the citizens, the convenience of the bar, and meets the unanimous approval of every person interested throughout that section.

Mr. STAFFORD. My only purpose in demanding a second was to get information which the gentleman has mostly supplied. Neither the report nor the bill indicate under the existing practice that courts are held in Pecos city. The gentleman has just stated that courts are held there under provisions of the law.

Mr. HUDSPETH. It changes Pecos County for judicial purposes over into Pecos city.

Mr. STAFFORD. The plan is to transfer litigation arising from Pecos County to Pecos city. It is proposed to have the litigation arising from Pecos County tried in Pecos city and Reeves County, which is not in this same division.

Mr. HUDSPETH. No; Pecos County is in Del Rio division.

Mr. STAFFORD. The same district judge will preside in both places.

Mr. HUDSPETH. Yes.

The SPEAKER pro tempore. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

Mr. STAFFORD. Mr. Speaker, I move that the House do now adjourn.

Mr. DYER. Will the gentleman withhold that for a moment?

Mr. STAFFORD. I will.

Mr. DYER. Mr. Speaker, I ask unanimous consent that the minority members of the Judiciary Committee may have until 12 o'clock to-night to file their views on the bill H. R. 13.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent that the minority members of the Committee on the Judiciary may have until 12 o'clock to-night to file minority views on H. R. 13. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Speaker, I withdraw my motion to adjourn.

AMENDING SECTION 1044 OF REVISED STATUTES.

Mr. CAMPBELL of Kansas. Mr. Speaker, I offer a privileged report from the Committee on Rules.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to consider under the general rules of the House H. R. 8298, a bill to amend section 1044 of the Revised Statutes of the United States relating to limitations in criminal cases.

Mr. CAMPBELL of Kansas. Mr. Speaker, the bill that this rule makes in order was reported out of the Judiciary Committee. As indicated in the resolution just read, the purpose of the bill is to extend the period that the statute of limitations may run against contractors or those who may have with fraudulent intent violated the law or perpetrated any fraud against the Government. The Attorney General has asked for the legislation, and it is thought desirable that it be considered as early as possible. The rule was unanimously agreed to in the Committee on Rules, and I understand that the bill was unanimously reported from the Committee on the Judiciary. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

LIMITATIONS IN CRIMINAL CASES.

Mr. VOLSTEAD. Mr. Speaker, I call up the bill H. R. 8298, to amend section 1044 of the Revised Statutes of the United States relating to limitations in criminal cases, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That section 1044 of the Revised Statutes of the United States be amended so as to read as follows:

"SEC. 1044. No person shall be prosecuted, tried, or punished for any offense, not capital, except as provided in section 1046, unless the indictment is found, or the information is instituted, within three years next after such offense shall have been committed: *Provided, however*, That in offenses involving the defrauding or attempts to defraud the United States or any agency thereof, whether by conspiracy or not, and in any manner, and now indictable under any existing statutes, the period of limitation shall be six years, and shall not begin to run until the fraudulent transactions are known to the Government. This act shall apply to acts, offenses, or transactions where the existing statute of limitations has not yet fully run, but this proviso shall not apply to acts, offenses, or transactions which are already barred by the provisions of existing laws."

SEC. 2. That this act shall be in force and effect from and after the date of its passage.

With the following committee amendment:

Page 2, line 2, after the word "years," strike out the comma and the language "and shall not begin to run until the fraudulent transactions are known to the Government. This act shall apply to acts, offenses, or transactions where the existing statute of limitations has not yet fully run, but this proviso shall not apply to acts, offenses, or transactions which are already barred by the provisions of existing laws."

Mr. VOLSTEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Speaker and gentlemen of the House, shortly after the present Congress was convened I called the attention of the Attorney General to the fact that the statute of limitations was running on almost every kind of crime that had been committed, or that could be charged as having been committed, during the war. Section 1044 of the Criminal Code provides a period of limitation of three years on almost all offenses against the Government, such as might have been committed at any time during or since the war. As the war ended on the 11th of November, 1918, it will be seen that a great many of these crimes are already barred by the statute of limitations, the bar having been complete on the 11th of November, 1921, as to all crimes committed during the war period. As to all such crimes, no prosecution can now be had. However, in the period following the war, and in the things that grew out of the war, crimes were committed which are not yet barred, and it has been thought useful, inasmuch as the Attorney General is now investigating many of these matters, that the statute should be so extended that if there has been crime the Department of Justice may prosecute.

This simply extends the limitation as to crimes against the United States for three years, so that from now on the limitation on crimes committed against the United States such as are defined in this act will be six years instead of three. It extends to no other kinds of crime. Those crimes are described in the proviso as "offenses involving the defrauding or attempts to defraud the United States or any agency thereof, whether by conspiracy or not, and in any manner, and now indictable under any existing statutes," so that it will be seen that this bill deals with fraud largely.

Mr. FESS. Mr. Speaker, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. FESS. Do I understand that the three years is from the time the alleged crime takes place?

Mr. GRAHAM of Illinois. Yes.

Mr. FESS. Unless we do pass this, there will be no prosecution under the limitation of the statute after a very short time, no matter what might be divulged.

Mr. GRAHAM of Illinois. That is true. You can date back now three years in your mind from this date and anything that happened before that is already barred, and the six-year limit will only run on such crimes as are not now barred by any such limit of three years. I think I need not discuss this with lawyers, but the propositions are well borne out by the authorities, and with the consent of the House I shall incorporate a short brief with my remarks. If the crime has been barred by the existing statute of limitations no prosecution can thereafter be had for that crime. To pass an act which would be retroactive in its operation after the period of limitation has once run has been held to contravene the spirit of the Constitution providing against ex post facto laws. But where the period of limitations has not run, then the legislative body can extend it to any limit it desires, because it has been held by the United States Supreme Court and most of the higher courts of the States of the Union that a limitation on a crime was simply an act of grace extended by the sovereign to the individual, and until the time when prosecution was ended by the lapsing of this time he could claim no rights under an existing statute.

Mr. RAKER. Mr. Speaker, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. RAKER. I see the bill as the gentleman introduced it contains provisions in lines 3 to 8, inclusive, on page 2. The first provision I shall pass for the moment, but does not the gentleman think that the second provision, that the act shall apply to acts, offenses, or transactions where the existing statute of limitations has not yet fully run, should remain in this act?

Mr. GRAHAM of Illinois. I do. Let me make a short explanation. When I went before the committee with the representative of the Department of Justice, in looking over this act we concluded, all of us, that the first proposition—

and shall not begin to run until the fraudulent transactions are known to the Government—

was manifestly wrong and ought to go out, and the committee all agreed to that. Then the next clause to which the gentleman refers was thought by the committee to be the law now, and they struck it out, but since then I have conversed with the Attorney General and some of the members of the committee, and it is now the impression of the chairman of the committee and such members as I have talked to, and it is my own opinion, that that language ought to remain in the bill.

Mr. RAKER. In the State courts and in the Federal courts that provision and the two fundamental principles it announces there has caused a great deal of litigation. If the committee leaves this in the act, then there will be a legislative declaration as well as a court declaration, and it will avoid further complications.

Mr. GRAHAM of Illinois. And there is another thing the gentleman will readily see. If it were in the original bill and was stricken out by amendment, some courts might think it was our intention to do something else.

Mr. RAKER. That was in my mind, whether the courts might not take it for granted that Congress tried to change this policy that had been adopted by the courts.

Mr. GRAHAM of Illinois. I agree with the gentleman, and I have no doubt that the amendment, which should be offered by the gentleman from Minnesota, should extend only to the language in lines 3 and 4, ending with the word "Government."

Mr. RAKER. And to leave in the bill the provisions contained in lines 4, 5, 6, 7, and 8, beginning with the language "this act" and ending with the word "laws."

Mr. GRAHAM of Illinois. Yes.

Mr. TILSON. Mr. Speaker, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. TILSON. If I understand the gentleman correctly, if there were any great frauds committed against the Government during the war period, this would practically leave them out; they will have been already barred before this bill becomes effective.

Mr. GRAHAM of Illinois. It is an unfortunate fact that many of the crimes that were committed during the war are barred, and were barred last fall. Many of them were barred a couple of years ago.

That is, crimes that may have been committed since April 6, 1917, only three years elapsed for their prosecution and punishment, and practically all of them are outlawed. Many of the frauds which were committed in the closing up of war contracts occurred after the end of the war and may yet be prosecuted by the Department of Justice.

Mr. TILSON. If the crime happened earlier than that——

Mr. GRAHAM of Illinois. They are out.

Mr. TILSON. They are out. Suppose the Shipping Board, or any other large enterprise of the war, may find there has been a gross offense against the Government, there will be no remedy?

Mr. GRAHAM of Illinois. It is too late. During the period of the war, we will say, somebody made a fraudulent contract and robbed the Government of millions of dollars. I want to say to the gentleman, frankly, he can not be prosecuted. The statute of limitations will run against them and they are out. There are some few that can be reached by this, and in order to give the Department of Justice a little bit of a show to reach some of them that perhaps could be reached we desire to pass this legislation and give them a chance. As a matter of fact, I want to call attention to this fact: The late Senator Mason during his lifetime introduced a bill to extend this statute of limitations. Nobody apparently paid any attention to it. It never got any consideration, I believe; at any rate, it did not pass, and if the bill Mr. Mason introduced had passed most of the people who possibly did commit fraud during the war might yet be prosecuted. However, as I say, it did not pass. It was lost in the shuffle. So we considered the best thing we could do was to pass this legislation. Incidentally, Mr. Speaker, I have a letter in my hand from the Attorney General to Mr. VOLSTEAD, which he has handed me, approving of this bill and asking for its passage.

Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. NEWTON of Minnesota. The gentleman understands that it is not possible for us to provide that in the case of offenses to which the statute of limitations did apply that the statute of limitations can in any way be revived?

Mr. GRAHAM of Illinois. It can not be revived under any possibility. The Supreme Court of the United States has held point blank on that matter. I will set out those decisions in my remarks.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HILL. Mr. Speaker, I ask unanimous consent that the time of the gentleman be extended.

Mr. GRAHAM of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks by including the brief to which I alluded and the letter of the Attorney General of which I spoke.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois to include the matter to which he referred? [After a pause.] The Chair hears none.

Mr. GRAHAM of Illinois. Under the leave to extend my remarks the following brief and letter of the Attorney General are now here inserted in the RECORD:

BRIEF.

The question here presented for consideration relates to the powers of Congress to make laws extending the statute of limitations.

First. Can Congress enact a law extending existing statutes of limitations so as to revive cases in which the statutory period has already run; and

Second. Can the period be extended in cases where the statutory period has not yet run?

I. As to the first question, the weight of authority, so far as case law is concerned, seems to be that if the statutory period of the statute has fully run and the bar has once attached so that the defendant could not be prosecuted under the existing statute the law can not be changed by legislation so as to extend the period of limitation. (See Wood, Limitation of Actions, vol. 1, p. 78.)

The leading case on this subject is Moore *v.* State. (43 N. J. L., 203), the syllabus of which is as follows:

"A statute which purports to authorize the prosecution, trial, and punishment of a person for an offense previously committed, and as to which all prosecution, trial, and punishment were at its passage already barred according to preexisting statutes of limitation is unconstitutional and void."

The reasoning of this case seems to rest upon the doctrine that the defendant in such criminal proceedings has acquired a vested right not to be prosecuted or punished for his offense, and that the legislature does not possess the power to take the right away. Reasoning further, the court says that—

"Where there is a legal right there is also a legal remedy by suit or action at law it follows that where the remedy by action is tolled the right also is legally extinguished so far as that remedy was necessary for its enforcement."

The following cases cited, in the leading case, hold that the legislature does not have the power by the extension of the statute to revive the right to prosecute:

"Naught *v.* O'Neal (1 Ill., 36); Sprecker *v.* Wakeley (11 Wis., 432); Parish *v.* Eager (15 Wis., 532); Bagg's appeal (43 Pa., 512); McKinney *v.* Springer (8 Blackf., 506); Stipp *v.* Brown (2 Ind., 647); Davis *v.* Minor (1 How., Miss., 183); Woodman *v.* Fulton (47 Miss., 682); Martin *v.* Martin (35 Ala., 560); Girdner *v.* Stephens (1 Heisk., 280); Atkinson *v.* Dunlay (50 Me., 111); Ryder *v.* Wilson's Express (12 Vroom, 9).

The leading case here not only maintains that the prospective defendant has acquired a vested right to be free from such prosecution but

that such an enactment is an ex post facto law. This case also likens the bar which the statute sets up to an amnesty and reasons that while it may be an act of grace on the part of the sovereign power to grant a pardon or an amnesty, that having once granted an amnesty or pardon the status of those amnestied or pardoned has been fixed and can not be changed by subsequent act of legislation. Wharton, Criminal Pleading and Practice, section 316, says that—

"An act of Congress which undertakes to authorize prosecutions for offenses which prior statutes of limitation have canceled is an ex post facto law, and hence void."

The State *v.* Sneed (25 Tex., 66) is another case cited approvingly in the leading case and others and holds the same view. In this case the bar of the statute of limitations was completed before the code went into effect, which limited prosecutions in certain cases to two years. The syllabus of this case is as follows:

"Where an offense under the statute was barred by limitations at the time the code went into effect the extension by the latter of the time necessary to bar the offense will not revive the right of action in the State, and a prosecution of the same can not be maintained. (Penal Code, art. 186; Paschal's Digest, art. 2653, note 706.)

"The legislature can not have intended to give an ex post facto operation to the code."

In Kring *v.* Missouri (107 U. S., 250), in a dissenting opinion by Mr. Justice Matthews, with whom concurred Mr. Chief Justice Waite, Mr. Justice Bradley, and Mr. Justice Gray, the following language, which seems to summarize the law on the subject, is used:

"And while it would be a violation of the constitutional maxim which forbids retrospective legislation inconsistent with vested rights to deprive, by a repeal of statutes of limitation, a defendant of a defense which had become perfect while they were in force, yet if, before the bar had become complete, he should be deprived of an expected defense by an extension of time in which suit might be brought he would have no just cause to object that he was compelled to meet the case of his adversary upon its merits."

II. As to the second question above, the general rule seems to be that where the statute of limitations has not fully run and where the defendant is still liable to prosecution the legislature may extend the period of limitation and such law does not violate the ex post facto law of the Constitution or any other right of the defendant. The reasoning of all the cases seems to proceed upon the theory that the defendant has no vested right, or any other right, that he may set up against such statutes. On this point the leading case of Moore *v.* State, cited above, says that—

"Until the fixed period has arrived, the statute is a mere regulation of the remedy, and, like other such regulations, subject to legislative control; but afterwards it is a defense, not of grace but of right; not contingent but absolute and vested; and, like other such defenses, not to be taken away by legislative enactment."

The leading case on this branch of the subject is Commonwealth *v.* Duffy (96 Pa. State, 507). This is a case in which the validity of a statute of limitations barring prosecutions for forgery to two years was extended to five years. In this case the law was passed before the statutory bar had attached. The third and fourth points of the syllabus are as follows:

"An act of limitation is an act of grace purely on the part of the legislature, and especially is this the case in the matter of criminal prosecutions. The State makes no contract with criminals, at the time of the passage of an act of limitations, that they shall have immunity from punishment if not prosecuted within the statutory period. Such enactments are measures of public policy only. They are entirely subject to the mere will of the legislative power, and may be changed or repealed altogether, as that power may see fit to declare.

"When a right to acquittal has not been absolutely acquired by the completion of the period of limitation, that period is subject to enlargement or repeal without being obnoxious to the constitutional prohibtion against ex post facto laws."

Kring *v.* Missouri and other cases, cited above, bear on this same point.

III. A third position is taken by Bishop, in his Statutory Crimes, sections 265, 266, and 267. He denies that the doctrine of vested rights applies to this case, but says that it is a doctrine of property law only, maintaining that—

"there is no such thing as a right vested in one to go unwhipped of criminal justice."

He denies that the ex post facto provision of State or Federal Constitution applies to this case. Hence, he maintains that Congress or a legislature has plenary power to alter, amend, or change a statute of limitations by an extension of time so that it may cover prosecutions for crime under both clauses of cases above. It may be said in passing that he does not cite any cases to sustain his position.

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OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., August 13, 1921.

Hon. A. J. VOLSTEAD,
Member of Congress, Washington, D. C.

MY DEAR MR. VOLSTEAD: I inclose form of bill, about which I talked to you, to amend section 1044 of the Revised Statutes of the United States relating to limitations in criminal cases. As I told you, there are many cases growing out of the war upon which the statute of limitations may soon run, placing the Government to a disadvantage unless there is some relief such as is proposed in the inclosed bill. We are undertaking to investigate many transactions with the Government during and growing out of the war and I am convinced of the propriety of this legislation. I am asking Senator NEW, with whom I have talked, to introduce a similar bill in the Senate, and I wish you would confer with Senator NEW and act together so that this measure may be introduced and put through as expeditiously as possible.

I also inclose a memorandum we have prepared in connection with the bill, which may be of service to you. If there is any other information you desire on the subject I shall be glad to confer with you.

Very truly, yours,

H. M. DAUGHERTY, *Attorney General.*

Mr. VOLSTEAD. Mr. Speaker, I would like to know if there is anyone opposed to this bill? If not, I ask for a vote.

The SPEAKER pro tempore. The question is on the committee amendment.

Mr. STAFFORD. Mr. Speaker, I ask for a division on the amendment.

Mr. VOLSTEAD. I desire to offer a substitute for the committee amendment.

Mr. STAFFORD. If the gentleman desires to offer a substitute I withdraw my demand for a division.

The SPEAKER pro tempore. The gentleman from Minnesota offers an amendment which the Clerk will report.

Mr. VOLSTEAD. Strike out line 3, page 2, and the first five words in line 4, down to the period, and insert a period at the end of line 2, on page 2.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. VOLSTEAD: Page 2, line 2, after the word "years," strike out the comma and insert a period. Strike out all of lines 3 and 4 down to and including the period after the word "government."

Mr. RAKER. Mr. Speaker, I want recognition.

The SPEAKER pro tempore. Does the gentleman from Minnesota desire recognition?

Mr. VOLSTEAD. I desire to make that change because I think the words in lines 3 and 4, which I desire to strike out, ought to go out, and I think the rest of the paragraph ought to remain in. I ask for a vote on that.

Mr. RAKER. Mr. Speaker, I ask to be recognized.

Mr. HILL. Mr. Speaker, I move to strike out the last word.

Mr. VOLSTEAD. I move the previous question on the amendment.

The SPEAKER pro tempore. The Chair has recognized the gentleman from Maryland to strike out the last word.

Mr. HILL. I ask for recognition to ask the chairman of the committee in my time if six years is considered long enough on some of these contracts?

Mr. VOLSTEAD. I think so.

Mr. HILL. The committee has been over that fully?

Mr. VOLSTEAD. That is the suggestion of the Attorney General, six years.

Mr. HILL. Does not the chairman of the committee think 10 years would be better?

Mr. VOLSTEAD. No; I think six is enough. I move the previous question on the amendment.

The SPEAKER pro tempore. The gentleman from Minnesota moves the previous question on the amendment and the amendment thereto.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the substitute offered by the gentleman from Minnesota [Mr. VOLSTEAD].

The amendment by way of substitute was agreed to.

The SPEAKER pro tempore. The question now is on the amendment as amended.

The amendment as amended was agreed to.

Mr. VOLSTEAD. Mr. Speaker, I now move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

Mr. ROSENBLOOM. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER pro tempore. Evidently there is no quorum present.

Mr. LONGWORTH. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The SPEAKER pro tempore. The Doorkeeper will close the doors and the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The roll was called, and the following Members failed to answer to their names:

Ansorge	Dale	Goodykoontz	King
Bacharach	Deal	Gould	Kirkpatrick
Barkley	Dempsey	Graham, Pa.	Kitchin
Beedy	Drewry	Green, Iowa	Kleczka
Bixler	Dunbar	Greene, Vt.	Kline, N. Y.
Bland, Ind.	Dunn	Griest	Knight
Bland, Va.	Edmonds	Griffin	Kreider
Bond	Elston	Hays	Kunz
Bowers	Fairfield	Herrick	Langley
Brand	Fenn	Hicks	Lee, Ga.
Brooks, Pa.	Fields	Himes	Lee, N. Y.
Brown, Tenn.	Fish	Hogan	Lineberger
Burdick	Flood	Houghton	Linthicum
Burtness	Focht	Hukriede	McCormick
Cantrill	Fordney	Hull	McKenzie
Carew	Frear	Hutchinson	McLaughlin, Pa.
Carter	Freeman	Jefferis, Nebr.	Maloney
Chandler, N. Y.	French	Jeffers, Ala.	Mann
Chandler, Okla.	Fuller	Johnson, S. Dak.	Mansfield
Classon	Funk	Jones, Pa.	Martin
Connell	Gahn	Kahn	Mead
Connolly, Pa.	Gallivan	Kendall	Michaelson
Cooper, Ohio	Garner	Kennedy	Mills
Copley	Garrett, Tex.	Kiess	Moore, Ill.
Crago	Gilbert	Kincheloe	Moore, Va.
Cullen	Goldsborough	Kindred	Mott

Mudd	Radcliffe	Sanders, N. Y.	Tincher
Murphy	Rainey, Ala.	Siegel	Vaile
Nelson, J. M.	Rainey, Ill.	Sinclair	Vare
Nolan	Reavis	Slemp	Vestal
O'Brien	Reber	Snell	Volk
Ogden	Riddick	Snyder	Walters
Oliver	Riordan	Stiness	Ward, N. C.
Overstreet	Robertson	Strong, Pa.	Wason
Paige	Robsion	Sullivan	Watson
Parker, N. Y.	Rodenberg	Summers, Wash.	White, Kans.
Patterson, Mo.	Rose	Swing	White, Me.
Perkins	Rossdale	Tague	Williams
Perlman	Rucker	Taylor, Colo.	Winslow
Peters	Ryan	Taylor, N. J.	Wise
Petersen	Sabath	Thomas	Wood, Ind.
Purnell	Sanders, Ind.	Tillman	Young

The SPEAKER pro tempore. A quorum is present.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

Mr. ROSENBLOOM. Mr. Speaker——

The SPEAKER pro tempore. For what purpose does the gentleman rise?

Mr. ROSENBLOOM. To move to recommit the bill.

The SPEAKER pro tempore. The Chair will recognize the gentleman at the proper time.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The gentleman from West Virginia is recognized.

Mr. ROSENBLOOM. I move the bill be recommitted.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. ROSENBLOOM. I am opposed to the bill; yes, sir.

The SPEAKER pro tempore. The gentleman from West Virginia offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. ROSENBLOOM moves to recommit the bill to the Committee on the Judiciary with instructions to that committee to report the bill back forthwith with the following amendment: On page 2, line 6, after the word "run," strike out the following:

"But this proviso shall not apply to acts, offenses, or transactions which are already barred by the provisions of existing laws."

Mr. VOLSTEAD. Mr. Speaker, I move the previous question on the motion to recommit.

The question was taken, and the Speaker pro tempore announced that the ayes seemed to have it.

Mr. ROSENBLOOM. Division, Mr. Speaker.

The House divided, and there were—ayes 143, noes 5.

So the previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken, and the motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. VOLSTEAD, a motion to reconsider the vote by which the bill (H. R. 8298) was passed was laid on the table.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 7848. An act authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

LEAVE OF ABSENCE.

Mr. JEFFERS of Alabama, by unanimous consent, was granted leave of absence for six days on account of attending American Legion convention at Kansas City, Mo.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 37 minutes p. m.) the House adjourned until Tuesday, November 1, 1921, at 12 o'clock noon.

REPORT OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delievered to the Clerk, and referred to the several calendars therein named, as follows:

My DYER, from the Committee on the Judiciary, to which was referred the bill (H. R. 13) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, reported the same with an amendment, accompanied by a report (No. 452), which said bill and report were referred to the House Calendar.

Mr. DOWELL, from the Committee on Elections No. 3, submitted a report (No. 453) on the contested-election case of Kennamer *v.* Rainey, seventh congressional district of Alabama, which said report was referred to the House Calendar and ordered to be printed.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Education was discharged from the consideration of the bill (H. R. 8373) to extend the benefits of the employers' liability act of September 7, 1916, to Daniel S. Glover, and the same was referred to the Committee on Labor.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FREEMAN: A bill (H. R. 8922) for the relief of commissioned officers and enlisted men who were on the retired list of the Army or Navy prior to April 6, 1917; to the Committee on Military Affairs.

By Mr. BARBOUR: A bill (H. R. 8923) for the consolidation of forest lands in the Sequoia National Forest, Calif., and for other purposes; to the Committee on the Public Lands.

By Mr. ASWELL: A bill (H. R. 8924) to amend the act entitled "An act making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1921, and for other purposes," approved March 30, 1920; to the Committee on Military Affairs.

By Mr. SEARS: A bill (H. R. 8925) providing that the Government property known as the St. Francis Barracks, at St. Augustine, Fla., be donated to the State of Florida for military purposes; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 8926) amending section 8 of the act entitled "An act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected," approved June 25, 1910, as amended by the act approved August 19, 1911; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. STEENERSON: A bill (H. R. 8927) authorizing the establishment of rural routes of from 36 to 75 miles in length; to the Committee on the Post Office and Post Roads.

By Mr. LEHLBACH: A bill (H. R. 8928) to provide for the classification of civilian positions within the District of Columbia and in the field service; to the Committee on Reform in the Civil Service.

By Mr. APPLEBY: Joint resolution (H. J. Res. 216) authorizing and requesting the President of the United States to call a conference of the leading nations controlling and operating ocean shipping to consider the advisability of amending our international maritime laws, to the end that control may be had over the constantly increasing pollution of the navigable waters of the world by oil-burning and oil-carrying steamers through the dumping into said waters of oil waste, fuel oil, oil sludge, oil slop, tar residue, and water ballast; to the Committee on Foreign Affairs.

By Mr. HUDSPETH: Concurrent resolution (H. Con. Res. 30) authorizing the President to invite delegates to the Conference on Limitation of Armament to visit the Pacific coast; to the Committee on Foreign Affairs.

By Mr. DYER: Resolution (H. Res. 218) for the immediate consideration of House bill 13; to the Committee on Rules.

By the SPEAKER: Memorial of the Legislature of the State of Louisiana, urging Congress to repeal the Federal estate tax; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. APPLEBY: A bill (H. R. 8929) authorizing the Secretary of War to donate to the town of New Egypt, N. J., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. CHANDLER of Oklahoma: A bill (H. R. 8930) granting a pension to Margaret J. Cody; to the Committee on Invalid Pensions.

By Mr. CHINDBLOM: A bill (H. R. 8931) for the relief of Mary Davis; to the Committee on Claims.

By Mr. CLASSON: A bill (H. R. 8932) to correct the military record of William B. Johns; to the Committee on Military Affairs.

Also, a bill (H. R. 8933) granting a pension to Clara W. Hunt; to the Committee on Invalid Pensions.

By Mr. FITZGERALD: A bill (H. R. 8934) granting a pension to Samuel J. Haslett; to the Committee on Pensions.

Also, a bill (H. R. 8935) granting a pension to Alfred Theodore Koopman; to the Committee on Pensions.

Also, a bill (H. R. 8936) granting an increase of pension to Moses Goldstein; to the Committee on Pensions.

Also, a bill (H. R. 8937) granting a pension to Susannah Larson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8938) granting a pension to Ella S. Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8939) granting a pension to Thomas J. Mullen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8940) granting a pension to Edward Hamilton; to the Committee on Pensions.

Also, a bill (H. R. 8941) for the relief of Capt. Guy E. Manning; to the Committee on Claims.

Also, a bill (H. R. 8942) to reimburse Hugh J. McKane for property destroyed by fire in the District of Columbia; to the Committee on Claims.

By Mr. JACOWAY: A bill (H. R. 8943) granting a pension to Mary A. Patterson; to the Committee on Invalid Pensions.

By Mr. McPHERSON: A bill (H. R. 8944) granting a pension to Martha Sallee; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8945) granting a pension to Zack Amis; to the Committee on Pensions.

Also, a bill (H. R. 8946) granting a pension to Surrelda Maranville; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8947) granting a pension to John E. Hickman; to the Committee on Pensions.

Also, a bill (H. R. 8948) granting a pension to Linda Paul; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8949) granting an increase of pension to Robert Shipey; to the Committee on Pensions.

By Mr. WATSON: A bill (H. R. 8950) authorizing the Secretary of War to donate to the Hartzell-Crouthamel Post, No. 280, American Legion, of Perkasie, Pa., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. WEAVER: A bill (H. R. 8951) granting an increase of pension Zebulon A. Shipman; to the Committee on Pensions.

Also, a bill (H. R. 8952) granting a pension to Mrs. Anson B. Sams, sr.; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8953) for the relief of J. A. Galloway; to the Committee on Claims.

Also, a bill (H. R. 8954) for the relief of Mattie D. Jacobs; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2883. By the SPEAKER (by request): Memorial of the Philadelphia Board of Trade, urging the repeal of the Adamson law in its entirety and the enactment of a bill similar to the Poindexter bill (S. 4204) passed by the Senate in December, 1920; to the Committee on Interstate and Foreign Commerce.

2884. By Mr. COLE of Iowa: Resolution of Pleasant Grove Community Club, of Marion, Iowa, urging the passage of legislation to relieve the present excessive freight rates; to the Committee on Interstate and Foreign Commerce.

2885. By Mr. FITZGERALD: Petition of 787 citizens of Dayton, Ohio, and vicinity, protesting against the passage of the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2886. By Mr. FULLER: Petition of the Ingersoll Milling Machine Co., of Rockford, Ill., opposing any surtax in excess of 32 per cent; to the Committee on Ways and Means.

2887. Also, petition of the Chamber of Commerce of Pittsburgh, favoring repeal of the excess-profits tax and the substitution therefor of a turnover sales tax; also opposing increase of corporation income tax and favoring repeal of the capital-stock tax; to the Committee on Ways and Means.

2888. Also, petition of the American Hardware Association, relative to the pending revenue and tariff bills; to the Committee on Ways and Means.

2889. Also, petition of the Music Industries Association, of Chicago, Ill., opposing the American valuation provision of the Fordney tariff bill; to the Committee on Ways and Means.

2890. Also, petition of the General Grand Chapter of Royal Arch Masons of the United States of America, favoring enactment of the Towner-Sterling educational bill; to the Committee on Education.

2891. By Mr. KISSEL: Petition of the Ansted Co. (Inc.), of New York City; to the Committee on Ways and Means.

2892. Also, petition of the Amezaga Commercial Co. (Inc.), of New York City; to the Committee on Ways and Means.

2893. Also, petition of Fred Engelhardt, of Brooklyn, N. Y.; to the Commmittee on Ways and Means.

2894. By Mr. McDUFFIE: Resolution adopted by the Oakdale Baptist Church, of Mobile, Ala., indorsing the proposed constitutional amendment to prohibit sectarian appropriations and urging its immediate passage (H. J. Res. 159); to the Committee on the Judiciary.

2895. By Mr. MICHENER: Petition of sundry citizens of Adrian, Mich., protesting against high freight rates; to the Committee on Interstate and Foreign Commerce.

2896. By Mr. MONTOYA: Petition of citizens of Maxwell, N. Mex., protesting against the passage of the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2897. By Mr. ROSSDALE: Resolution adopted by the Arthur Veins Post, No. 704, American Legion, to aid ex-service men in securing employment; to the Committee on Labor.

SENATE.

TUESDAY, *November 1, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the bill (S. 2447) to authorize the construction of a bridge across Pearl River, between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss., with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills and a joint resolution of the following titles, in which it requested the concurrence of the Senate:

H. R. 2908. An act for the incorporation of the Grand Army of the Republic;

H. R. 6053. An act to amend section 955 of the Revised Statutes by extending the jurisdiction of courts in cases of revivor;

H. R. 6152. An act to authorize the construction of drawless bridges across a certain portion of the Charles River in the State of Massachusetts;

H. R. 6679. An act to amend section 108 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911;

H. R. 6998. An act to amend section 17 of an act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended by the acts of February 5, 1903, and March 2, 1917;

H. R. 7428. An act to amend section 1 of an act entitled "An act to incorporate Gonzaga College, in the city of Washington and District of Columbia;

H. R. 8298. An act to amend section 1044 of the Revised Statutes of the United States relating to limitations in criminal cases;

H. R. 8477. An act to extend the time for the construction of a bridge across the Choctawhatchee River, near Caryville, Fla.; and

H. J. Res. 215. Joint resolution to declare November 11, 1921, a legal public holiday.

ENROLLED JOINT RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, and it was thereupon signed by the President pro tempore.

CEREMONIES FOR UNKNOWN DEAD IN ROTUNDA OF CAPITOL.

The PRESIDENT pro tempore. The Chair lays before the Senate a communication from the chairman of the national legislative committee, Veterans of Foreign Wars, inviting Senators to attend the ceremonies in honor of the unknown dead, to be held at 10 a. m., November 10, 1921, in the rotunda of the Capitol, which will be referred to the Committee on Military Affairs.

INCREASE OF SALARIES BY FEDERAL RESERVE BOARD (S. DOC. NO. 75).

The PRESIDENT pro tempore. The Chair lays before the Senate a communication from the governor of the Federal Reserve Board, transmitting, pursuant to Senate resolution 153, information as to the number of employees, together with their respective salaries, employed by the Federal reserve bank in New York, as well as in other Federal reserve banks in the country, and the expenditures made by each branch bank in the erection of public buildings, and general expenses in the administration of each Federal reserve bank and how much of the net earnings have been paid to the United States as a franchise tax. The communication and accompanying documents will be referred to the Committee on Banking and Currency.

Mr. OVERMAN subsequently said: Mr. President, I understand that this morning when I was not in the Chamber a report came in from the Federal Reserve Board in answer to a resolution which I introduced. I ask that the same may be printed for the use of the Senate.

The PRESIDENT pro tempore. The report was referred to the Committee on Banking and Currency.

Mr. OVERMAN. I understand, and that is the proper reference; but I ask that it be printed.

The PRESIDENT pro tempore. The Senator from North Carolina asks that the report of the Federal Reserve Board in response to the resolution introduced by that Senator shall be printed. Is there objection?

Mr. SHEPPARD. Does the Senator mean published in the RECORD?

Mr. OVERMAN. I think it is very voluminous. I do not ask now that it be printed in the RECORD.

Mr. SHEPPARD. But printed as a Senate document?

Mr. OVERMAN. Yes; printed as a Senate document.

The PRESIDENT pro tempore. It is a very voluminous document.

Mr. OVERMAN. I understand so.

The PRESIDENT pro tempore. In the absence of objection, the report, with the accompanying illustrations, will be ordered printed as a public document.

CALL OF THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Frelinghuysen	McCumber	Ransdell
Borah	Gooding	McKellar	Reed
Brandegee	Hale	McKinley	Sheppard
Broussard	Harreld	McLean	Simmons
Bursum	Harris	McNary	Smoot
Calder	Heflin	Moses	Spencer
Cameron	Hitchcock	Nelson	Sterling
Capper	Johnson	New	Sutherland
Caraway	Jones, N. Mex.	Newberry	Swanson
Culberson	Jones, Wash.	Nicholson	Townsend
Cummins	Kendrick	Norbeck	Trammell
Curtis	Kenyon	Norris	Underwood
Dial	Keyes	Oddie	Wadsworth
Dillingham	King	Overman	Walsh, Mass.
Edge	Ladd	Penrose	Warren
Ernst	La Follette	Phipps	Watson, Ga.
Fernald	Lenroot	Pittman	Willis
Fletcher	Lodge	Poindexter	
France	McCormick	Pomerene	

Mr. DIAL. I desire to announce that my colleague [Mr. SMITH] is detained by illness. I ask that this announcement may stand for the day.

Mr. SWANSON. My colleague [Mr. GLASS] is unavoidably detained from the Senate. I will let this announcement stand for the day.

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, there is a quorum present.

PETITIONS AND MEMORIALS.

Mr. LADD presented a petition of sundry citizens of Fargo, N. Dak., praying for the enactment of Senate joint resolution 89, proposing an amendment to the Constitution of the United States to the effect that Congress shall not exercise the power to declare war or the existence of a state of war until such question shall have been submitted to a vote of the qualified electors in the several States, etc., which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Fargo, N. Dak., praying for a reduction of war preparations and for open sessions of the conference on limitation of armaments, etc., which was referred to the Committee on Foreign Relations.

Mr. McLEAN presented a petition of the Kensington (Conn.) Temperance Union, praying for the enactment of the so-called antibeer bill, which was ordered to lie on the table.

He also presented 44 memorials of sundry citizens of New Haven, Conn., remonstrating against the enactment of the so-called Penrose and Fordney bills, providing for refunding of the debts of our allies in the World War, which were ordered to lie on the table.

METHOD OF INTRODUCTION OF PRIVATE BILLS.

Mr. MOSES, from the Committee on Rules, to which was referred the concurrent resolution (S. Con. Res. 1) providing that legislation dealing with pensions, private claims, distribution of war trophies, etc., be initiated by petition on suitable furnished forms, reported it with amendments.

BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CUMMINS:

A bill (S. 2649) to extend the benefits of section 260 of the Judicial Code to Walter I. Smith, United States circuit judge; to the Committee on the Judiciary.

By Mr. SWANSON:

A bill (S. 2650) for the relief of Flitner Atwood Co.; to the Committee on Claims.

By Mr. FERNALD:

A bill (S. 2651) granting a pension to Lizzie K. York (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of New Mexico:

A bill (S. 2652) for the relief of the city of Raton, N. Mex.; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 2653) to amend section 5201 of the Revised Statutes, to authorize national banking associations to invest in the stock of safe deposit companies, and for other purposes; to the Committee on Banking and Currency.

By Mr. SMOOT:

A bill (S. 2654) for the relief of Almond S. Root; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 2655) to permit the location of mining claims within national parks; to the Committee on Public Lands and Surveys.

By Mr. MYERS:

A bill (S. 2656) to authorize the exchange of privately owned lands within, or within 6 miles of, the Lolo and Bitterroot National Forests for national forest lands within said national forests; to the Committee on Public Lands and Surveys.

By Mr. HEFLIN:

A joint resolution (S. J. Res. 130) to provide for a monument to Maj. Gen. William Crawford Gorgas, late Surgeon General of the United States Army; to the Committee on the Library.

By Mr. JONES of New Mexico:

A joint resolution (S. J. Res. 131) to furnish the daily CONGRESSIONAL RECORD to American Legion posts; to the Committee on Printing.

AMENDMENTS OF TAX REVISION BILL.

Mr. SMOOT. Mr. President, I offer two amendments to the House bill 8245, the pending tax bill. I ask that they be printed and lie on the table. I will briefly state that one of them provides for the so-called manufacturers' tax and the other proposes a general turnover tax.

The PRESIDENT pro tempore. Without objection, the amendments will lie on the table and be printed.

Mr. HITCHCOCK and Mr. LA FOLLETTE submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

SPECIAL COMMITTEE ON READJUSTMENT OF SERVICE PAY.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the concurrent resolution (S. Con. Res. 11) authorizing the special committee appointed to investigate pay of personnel of Army, Navy, Marine Corps, etc., to hold hearings, to employ a stenographer to report the same, and to employ clerical assistants, which was, on page 2, line 3, after the word "chairman" to insert "and vice chairman," so as to make the concurrent resolution read:

Resolved by the Senate (the House of Representatives concurring), That the special committee appointed in accordance with the provisions of section 13 of the act entitled "An act to increase the efficiency of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service," approved May 18, 1920, or any subcommittee thereof, is authorized to sit at any time, in the District of Columbia, to send for persons, books, and papers, to administer oaths, to summon and compel the attendance of witnesses, to employ a stenographer, at a cost per printed page as fixed by law, to report such hearings as may be had in connection with any subject which may come before said committee, to print such hearings and other matter as may be necessary, and to employ such clerical services as may be necessary to carry

out the purposes of the act. All expenses in pursuance hereof shall be paid from the contingent funds of the Senate and House of Representatives, in equal proportions, upon vouchers authorized by the committee and signed by the chairman and vice chairman thereof.

Mr. WADSWORTH. I move that the Senate concur in the amendment of the House of Representatives.

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York.

Mr. REED. To what does the resolution relate?

Mr. WADSWORTH. I will state for the information of the Senator from Missouri that some time ago the Senate passed a concurrent resolution authorizing the joint committee of Congress charged with the duty of proposing a general revision of the pay schedules of the Army, the Navy, and the Marine Corps, the Public Health Service, the Coast and Geodetic Survey, and the Coast Guard to employ clerical assistants. The House of Representatives has sent the resolution back with an amendment to the effect that in addition to the chairman of the joint committee signing the vouchers the vice chairman shall also do so.

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York to concur in the House amendment.

The motion was agreed to.

PEARL RIVER BRIDGE, MISSISSIPPI.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 2447) to authorize the construction of a bridge across Pearl River between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss., which was, on page 1, lines 4 and 5, to strike out the words "connecting its timber holdings."

Mr. EDGE. I move that the Senate concur in the amendment made by the House of Representatives.

The motion was agreed to.

HOUSE BILLS REFERRED.

The following bills and joint resolution were severally read twice by title and referred as indicated below:

H. R. 2908. An act for the incorporation of the Grand Army of the Republic; and

H. R. 6053. An act to amend section 955 of the Revised Statutes by extending the jurisdiction of courts in cases of revivor; to the Committee on the Judiciary.

H. R. 6152. An act to authorize the construction of drawless bridges across a certain portion of the Charles River in the State of Massachusetts; to the Committee on Commerce.

H. R. 6679. An act to amend section 108 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and

H. R. 6998. An act to amend section 17 of an act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended by the acts of February 5, 1903, and March 2, 1917; to the Committee on the Judiciary.

H. R. 7428. An act to amend section 1 of an act entitled "An act to incorporate Gonzaga College, in the city of Washington and District of Columbia; to the Committee on the District of Columbia.

H. R. 8298. An act to amend section 1044 of the Revised Statutes of the United States relating to limitations in criminal cases; to the Committee on the Judiciary.

H. R. 8477. An act to extend the time for the construction of a bridge across the Choctawhatchee River, near Caryville, Fla.; to the Committee on Commerce.

H. J. Res. 215. Joint resolution to declare November 11, 1921, a legal public holiday; to the Committee on the Judiciary.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. LODGE. Mr. President, as I am obliged by official business to leave the Senate early this afternoon I ask unanimous consent that I may propose at this time two individual amendments to which I think there can be no possible objection.

The first amendment which I propose is, on page 44, line 3, after the words "educational purposes," to insert the following, which I send to the desk.

The PRESIDENT pro tempore. The proposed amendment will be reported.

The ASSISTANT SECRETARY. On page 44 of the House text, line 3, after the words "educational purposes" and the comma, insert the words "including posts of the American Legion or the Women's Auxiliary units thereof."

Mr. WATSON of Georgia. Mr. President, I confess I do not understand the scope of the amendment.

Mr. LODGE. The purpose is to place American Legion posts in the exemption of contributions or gifts, together with a long list which is printed here of—

Contribution or gifts made within the taxable year to or for the use of the United States, any State, Territory, or any political division thereof, or the District of Columbia, for exclusively public purposes; any corporation or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes—

And there I propose to insert the words "including posts of the American Legion."

The amendment was agreed to.

Mr. LODGE. On page 193, line 10, after the word "organizations," I propose to amend by inserting the following.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 193, after the word "organizations," insert—

or to the benefit of any posts of the American Legion or the Women's Auxiliary units thereof.

Mr. LODGE. That is simply to relieve them from the entertainment tax.

The amendment was agreed to.

Mr. EDGE. Mr. President, in the course of debate a few days ago a table was printed which was furnished me by a citizen of New Jersey relative to surtax rates, the accuracy of which was questioned by one of the Senators in debate. At the time I stated that the gentleman furnishing the table would unquestionably be glad to give a further explanation. He has done so. I shall not take the time of the Senate to ask that it be read, but I ask that it be inserted in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

LOOMIS, SUFFERN & FERNALD,
CERTIFIED PUBLIC ACCOUNTANTS,
New York, October 29, 1921.

Senator WALTER E. EDGE,
Washington, D. C.

MY DEAR SENATOR EDGE: I have carefully reviewed the discussion and criticism of the table which I prepared regarding the comparative yield from taxable and tax-exempt bonds as affected by the higher surtax rates, which table was presented by you, as appears on page 6536 of the CONGRESSIONAL RECORD of October 20, and which was the subject of criticism by Senator LENROOT, as appears on pages 6643 and 6644 of the CONGRESSIONAL RECORD of October 22.

There is attached hereto a statement setting forth in detail the exact application of these higher surtax rates in the case of a taxable income of $50,000. The accompanying statement directs itself primarily to the question of fact as to whether, to a man with a taxable income of $50,000, a taxable bond bearing a rate of interest of 7.14 per cent would be required to yield 5 per cent net, as is set forth in the table, or whether it would only require a taxable bond bearing a rate of interest of 6.08 per cent, as claimed by Senator LENROOT. I believe the explanation attached fully covers the matter, so there can be no question of doubt that to a man with a taxable income of $50,000 a taxable bond yielding 7.14 per cent is only the equivalent to him of a 5 per cent bond which is tax-exempt, and this condition stands so long as he continues to have a taxable income of $50,000. It is only when, by conversion of taxable to nontaxable securities or otherwise, he reduces his taxable income to an amount below $48,000 that a bond yielding him less than 7.14 per cent would become the equivalent of a 5 per cent tax-exempt bond. In other words, any taxable bonds he might have which yielded him less than 7.14 per cent interest could profitably be converted into a corresponding amount of 5 per cent tax-exempt bonds, provided only that the aggregate amount of interest on such taxable bonds did not exceed a maximum figure of $2,000 (and it would require $28,000 worth of bonds yielding 7.14 per cent interest to produce $2,000 of annual income).

So long as any part of his taxable income fell within the surtax bracket which made it subject to the 22 per cent surtax, plus the 8 per cent normal tax, there would be some part of his income as to which an investment in taxable bonds yielding 7.14 per cent would only be equavilent to a tax-exempt 5 per cent bond.

The table was never intended to mean, and should not have been understood to mean, that the maximum tax rate of 30 per cent which a man with a taxable income of $50,000 would be paying applied to his entire income. I have thought that in using the expression "maximum tax rate" and quoting the 30 per cent rate as relating to an income of $50,000 it would be understood that the discussion related to such part of the $50,000 income as was subject to this maximum tax rate. This question of the maximum tax rate applicable to any specified income and the relative yield of taxable and tax-exempt securities is a matter of frequent discussion and consideration by investors and bond houses, and it is always understood that when the subject is discussed in this manner the statements made and conclusions reached in reference to the effect of a maximum tax rate relate only to so much of the income as is subject to that maximum rate and would not hold true if the amount of taxable income were reduced to a point where the maximum rate no longer applied.

If the point is raised that the table would be subject to misinterpretation because it was not accompanied by a sufficiently clear explanation, and it is desired to introduce into the record an explanation which would make it clear that the figures stated would not hold true for the entire amounts of income stated, but only for so much thereof as was subject to the maximum tax rate, I would suggest that there might be inserted below the table the following explanation:

"This table considers only the maximum tax rate applicable to a given amount of taxable income, since this is the only rate which will ordinarily be affected by any new investment or reinvestment of funds. It is this maximum rate which is and must be considered by the investor to determine the difference between any investment in taxable or tax-exempt securities. The figures given for 'rate of interest on taxable bonds necessary to yield 5 per cent net' will only apply for such part of the taxable income as is subject to the maximum tax rate quoted."

Such an explanation I believe would fully clarify the discussion which follows the table, but if further explanation seemed necessary the first paragraph following the table might be made to read as follows (new matter underlined):

"This shows that a man with a taxable income of $50,000, who would, *on $2,000 of his income*, be paying 30 per cent—normal and surtax—would, *as to investments which produced $2,000 of income*, have to get a taxable interest of 7.14 per cent to have it be equivalent to the interest which he would receive from a 5 per cent tax-exempt bond. This he could probably do at the present market."

You will recognize that these changes in wording are purely explanatory of the limits within which the statement originally made would apply. They in no way change the essential statement of fact, which is that a man with a taxable income of $50,000 is subject to a maximum tax rate of 30 per cent and that he would have to get a taxable interest of 7.14 per cent on any taxable bond in order to have it equivalent to a 5 per cent tax-exempt bond. While this high ratio would not apply to the entire range of investment from which a $50,000 income might be derived, it would apply not merely to any one single bond which might be under consideration but would apply to any amount of bonds not in excess of $28,000 worth.

Rarely if ever does a man consider the reinvestment of his entire principal, but even if he were considering an entire reinvestment the 7.14 per cent figure would apply to $28,000 of such investment; a figure of 7.04 per cent would apply to a further $28,400 investment, etc. In other words, at any time when he had a taxable income within the 30 per cent class there would be some part of his investment from which he would have to receive a 7.14 per cent yield in order to have it equivalent to the yield from a 5 per cent tax-exempt bond.

The discussion here given has been confined to the case of a taxable income of $50,000, which is the rate at which the principal question was directed. Similar analysis might be made with regard to any other amount of taxable income, and in each case it could be as definitely shown that, so long as a man has a taxable income of the amount stated and is subject to the maximum surtax rates quoted, there is some part of his investments which must yield him the rate of interest quoted in order to be the equivalent to him of the yield from a 5 per cent tax-exempt bond.

Naturally, I regret that my statement was not made so clear in the first place that it could not be misunderstood. I endeavored to make it brief and confined it to the essential point without trying to introduce those limitations and qualifications which I thought were fully recognized and understood. The fact that the statement has been misunderstood perhaps indicates the need of a further explanation, and I should be glad to have it accompanied by any explanation which may seem necessary to clarify the situation and bring out the essential fact and even the exact limitations and extent to which these high surtax rates make it impossible for a man, without a financial sacrifice to himself, to make investments in taxable, rather than tax-exempt bonds.

Sincerely, yours, H. B. FERNALD.

P. S.: The proposed surtax rates as I have stated them are those which appeared in the New York Herald of October 8 as being the compromise agreed upon. These I assume to be correct, but if the table were to be introduced into the RECORD, naturally the surtax rates as I have used them should be verified from official sources.

COMPARATIVE YIELD FROM TAXABLE AND TAX-EXEMPT BONDS AS AFFECTED BY THE HIGHER SURTAX RATES.

(In explanation of table presented on page 6536 of the CONGRESSIONAL RECORD of Oct. 20, 1921.)

The law does not impose average tax rates upon total incomes, but divides the income in various "brackets," each of which carriers its separate rate of tax. There are certain exemptions applicable to the lower brackets of the income and certain income which may be exempt from the normal tax. With these exceptions all income is subject to the 8 per cent normal tax and also the surtax applicable to each separate bracket within which the income may fall.

For a single man having a $50,000 taxable income, subject to no credits or exemptions other than the $1,000 personal exemption, the tax under the proposed amendment, as published in the New York Herald of Oct. 8, 1921) would be as follows:

Comparative yield from taxable and tax-exempt bonds as affected by the higher surtax rates.

Net income.	Income included in each bracket.	Per cent tax.			Tax on each bracket.	Balance of income in each bracket after deducting tax.
		Surtax.	Normal.	Total.		
$1,000	$1,000					$1,000
$1,000 to $5,000	4,000		4	4	$160	3,840
$5,000 to $6,000	1,000		8	8	80	920
$6,000 to $10,000	4,000	1	8	9	360	3,640
$10,000 to $12,000	2,000	2	8	10	200	1,800
$12,000 to $14,000	2,000	3	8	11	220	1,780
$14,000 to $16,000	2,000	4	8	12	240	1,760
$16,000 to $18,000	2,000	5	8	13	260	1,740
$18,000 to $20,000	2,000	6	8	14	280	1,720

Comparative yield from taxable and tax-exempt bonds as affected by the higher surtax rates—Continued.

Net income.	Income included in each bracket.	Per cent tax.			Tax on each bracket.	Balance of income in each bracket after deducting tax.
		Surtax.	Normal.	Total.		
$20,000 to $22,000	$2,000	8	8	16	$320	$1,680
$22,000 to $24,000	2,000	9	8	17	340	1,660
$24,000 to $26,000	2,000	10	8	18	360	1,640
$26,000 to $28,000	2,000	11	8	19	380	1,620
$28,000 to $30,000	2,000	12	8	20	400	1,600
$30,000 to $32,000	2,000	13	8	21	420	1,580
$32,000 to $36,000	4,000	15	8	23	920	3,080
$36,000 to $38,000	2,000	16	8	24	480	1,520
$38,000 to $40,000	2,000	17	8	25	500	1,500
$40,000 to $42,000	2,000	18	8	26	520	1,480
$42,000 to $44,000	2,000	19	8	27	540	1,460
$44,000 to $46,000	2,000	20	8	28	560	1,440
$46,000 to $48,000	2,000	21	8	29	580	1,420
$48,000 to $50,000	2,000	22	8	30	600	1,400
Total income						$50,000
Total tax						8,720
Balance of income after deducting tax						41,280

COMPARATIVE YIELD FROM TAXABLE AND TAX-EXEMPT BONDS AS AFFECTED BY THE HIGHER SURTAX RATES.

The total tax which such a man with $50,000 taxable income would pay would thus be $8,720, $600 of which would be the tax upon the final $2,000 of income, $580 would be the tax on his income between $46,000 and $48,000, $560 would be the tax on income between $44,000 and $46,000, etc.

If he now owns $28,000 worth of bonds which yield him 7.143 per cent, or $2,000 of taxable income per year, and should exchange these for $28,000 of 5 per cent tax-exempt bonds, yielding $1,400 of tax-exempt income, he would then only have $48,000 of taxable income, and his tax would be reduced by $600 to $8,120. Out of this $48,000 of taxable income he would have left $39,880 after paying his tax, and would also have the entire $1,400 of tax-exempt income, making the same total of $41,280 which he had left when he was receiving $50,000 of taxable income and paying $8,720 tax. He accordingly is just as well off if he puts $28,000 of his investments into 5 per cent tax-exempt bonds as he would be if he had this $28,000 in bonds yielding him 7.14 per cent subject to tax.

These same considerations would hold true if certain of his present investments were to mature and be paid off so that he had $28,000 for reinvestment. He would have to invest this in taxable bonds yielding 7.14 per cent in order to be as well off as he would be if he invested in tax-exempt bonds yielding only 5 per cent.

Of course, when he has once made such investments in tax-exempt bonds, so that his taxable income is reduced to $48,000, the differential between taxable and tax-exempt bonds becomes slightly reduced so that a taxable bond yielding 7.04 per cent will be the equivalent to him of a 5 per cent tax-exempt bond. An investment of $28,400 in taxable bonds yielding 7.04225 per cent would give an income of $2,000 on which the tax at 29 per cent would be $580, leaving him a balance of only $1,420 after payment of the tax, which is no more than he would have from an investment of $28,400 in tax-exempt 5 per cent bonds.

So with each such step of investment in tax-exempt securities he could eliminate the tax in the highest bracket applicable to his remaining taxable income. The differential between taxable and tax-exempt securities would be steadily decreasing as the lower brackets were reached with their lower surtax rates, but it would only be after he had reduced his taxable income to $26,000 that a bond yielding 6.097 per cent taxable income would be equivalent to a 5 per cent tax-exempt bond.

An extreme reduction of this kind could hardly occur except where the income was largely derived from bond investments, because it would require the transfer of over $300,000 from taxable to nontaxable investments in order to reduce in this manner a taxable income of $50,000 to one of $26,000.

Ordinarily an income of $50,000 consists largely of income from the taxpayer's business or professional activities which must remain subject to tax. It is only with regard to his outside investments or his saved income that he has occasion to consider the difference between taxable and nontaxable securities. Rarely will any single investment have to be considered from a standpoint of more than a single rate of tax, and that the highest tax to which he would be subject. But even if the income within several brackets would be affected the first consideration must be given to that part of the taxable income which falls within the highest bracket and is subject to the maximum tax rate.

Of course, if he already has a taxable income of $50,000 and is considering whether he should invest surplus income in taxable bonds which would make his taxable income more than $50,000, or in tax-exempt bonds which would not increase his taxable income, he must consider the rate of 31 per cent which applies to taxable income of $50,000 to $52,000. This is, however, a complication which it seems hardly necessary to introduce.

This calculation is worked out for a single man. The tax of a married man would be slightly less because of his greater personal exemption, but such exemption does not in any way affect the tax in the higher brackets and so the differential between taxable and tax-exempt securities would be the same in these higher brackets for a married man as for a single man.

The fact stands that any man with a taxable income of $50,000 must get at least a 7.14 per cent yield from a taxable bond to have it be the equivalent to him of a 5 per cent bond which is tax-exempt. Any amount less than $28,000 worth of taxable bonds he may own which yield him less than 7.14 per cent is not the equivalent to him of 5 per cent tax-exempt bonds. It would only be when and as he reduced his taxable income below $48,000 that a bond yielding him less than 7.14 per cent would be the equivalent of a 5 per cent tax-exempt bond, but even then if his taxable income exceeded $46,000 he would have to get 7.04 per cent in order to have a bond yield 5 per cent net.

TREATMENT OF SOLDIERS.

Mr. WADSWORTH. Mr. President, I desire very briefly, but with all the emphasis I can command, to call the attention of the Senate, and especially may I say of the Senator from Georgia [Mr. WATSON], to a passage in the remarks of the Senator from Georgia delivered yesterday upon the floor of the Senate, having to do with the Army of the United States and making a charge against the Army such as I have never heard made before.

I am going to read those paragraphs from the Senator's speech, which will be found on page 7021 of the RECORD. In referring to our soldiers abroad the Senator from Georgia spoke, in part, as follows:

> How many Senators know that a private soldier was frequently shot by his officers because of some complaint against officers' insolence; and that they had gallows upon which men were hanged, day after day, without court-martial or any other form of trial? How many Senators know that? I had and have the photograph of one of those gallows, upon which 21 white boys had already been executed at sunrise when the photograph was taken; and there were others waiting in the camp jails to be hanged morning after morning.

I think I need not say to the Senate that a charge of that kind is, to say the least, extremely serious. Personally I have never heard its equal. The Senator from Georgia has made it upon the floor of the Senate in open session, and he must have appreciated its seriousness when he made it. He must have appreciated how a charge of that kind would ring from one end of the country to the other, published as it is in the official proceedings of the Congress.

I think it is due the Senate and due the country as well as the officers and men of the Army who fought in the Great War that the Senator from Georgia produce the evidence upon which he bases this assertion; that he come before the Committee on Military Affairs with whatever documentary evidence he can produce and whatever witnesses he can produce, from any corner of this broad land, to substantiate this charge made against the honor of our arms. It is a matter which can not be lightly brushed aside, nor can it be excused on the ground of excitability in debate; it is something to which we must pay attention; and, so far as I am privileged to do so, I take this opportunity of inviting the Senator from Georgia to come before the Committee on Military Affairs at the earliest possible moment and produce evidence of any kind or description which will substantiate the statement which he made upon the floor of the Senate. In fact, Mr. President, so far as one individual Senator may, I demand that the Senator do so.

Mr. WATSON of Georgia. Mr. President, it does not in the least surprise me that the Senator from New York should "demand" anything from any other Senator on this floor. I will tell him now to his face, foot to foot, shoulder to shoulder, defying him, that we are equals here, and no Senator has a right to make demands of another. When he uses that language he may use language which may do down in the Legislature of New York, but it will not go down in the Senate of the United States. I say I defy him; I defy his demand; and I am not going to appear before any committee of which he is chairman; but I will meet him face to face in debate in public on the floor of the Senate.

Mr. President, I am not in the habit of making statements which I can not sustain. Men who for 30 years met me at the bar know that; men who for 30 years met me on the hustings know that; Senators who meet me in debate here are beginning to learn that.

I meant every word I said; I can prove every word I said; and I did not half say it, meaning that I did not half paint the picture. I have got that photograph of the gallows upon which I say soldiers were hanged in violation of all law; and I can produce the witnesses, were it safe for them to appear. I will not expose them to danger, but I will expose myself to it, and I say it is true.

I can produce that kodak picture, hastily taken, of at least one of those gallows upon which white men, volunteering, as it was said, to save civilization and to make the world safe for democracy, were hanged like dogs. I can produce the witnesses, if it were safe for the witnesses to be produced, to prove that men were shot by their officers without any kind of trial. For obvious reasons I can not make these men come here and incur the danger which they would incur, but I will incur it. I will never budge an inch from the Senator from New York; I will never give back an inch. I will defy his challenge, and he knows that I am speaking the truth when I say that I can prove it, if he will guarantee immunity to those witnesses.

Mr. WADSWORTH. Will the Senator state——

Mr. WATSON of Georgia. The Senator refused to let me interrupt him, and I am not going to let him interrupt me. He is the only man on the floor of the Senate who has been supercilious and discourteous to me; I have had enough of it, and I want to tell him that I am the peer of any Senator from New York or anywhere else.

I say we did pile up mountains of food in France and virtually gave it to the French, when our soldiers had been starving for it, and were being fed by the Chinese coolies who were digging the trenches and draining the swamps upon which our soldiers were to lay down to sleep and leave their impress upon the mud.

I can prove that they were made to go on useless hikes, and unnecessarily exposed and sacrificed and left on the road to die. I have had ex-service men tell me about it, and those ex-service men are just as good and just as worthy of credit as is the Senator from New York. They enlisted for the war; they volunteered; they served throughout; they saw with their own eyes; they felt in their own persons; they experienced what he did not experience. They were not allowed to write home and tell what they were enduring; their letters were censored; their letters were stereotyped; they had to conform to the regulations and say, "We are having a good time and being treated nicely," or they themselves were subject to barbarous punishment.

As I have said before, those men can not be made to go back to Europe again. I have had them say to me, "I will die before I will be sent back across the seas again and suffer what I suffered in that war."

In the hospitals they were neglected. The officers made courtesans of too many of the nurses—not all of them, but too many of them. In the hospitals, on the roadside, wounded, suffering, and dying, those men were treated inhumanly, and I was told so by the men themselves.

What would you think if every Senator on either side of the Chamber was made to strip naked and stand up in a row, in a cold rain, and have one surgeon go from man to man and make a complete physical examination? What would be the condition of the first man in the row by the time the surgeon got to the last?

I have had fathers tell me, with the tears streaming down their eyes, tell me when I knew that their hearts were broken, about the mistreatment of their sons, not only in Europe but in camps in Georgia. I could produce those men. There was a case in my own county where a man by the name of David Brown—if you want to have a name—had an only son, inclined to be tubercular. Any doctor competent to practice should have known he was unfit for service; but he was sent to one of our camps in Georgia; he was brutally mistreated; and he died. In another case the tubercular soldier was made to march, hour after hour, until he fell in his tracks. He was refused the services of his mother, when his mother was on the outside of the camp begging to go to her son and minister to him. He died.

One of the leading doctors, perhaps the leading doctor of the State Sanitarium of Georgia, told me at my house when he was attending me that a head nurse of one of the hospital wards told him that in one night 65 of these young men died of pneumonia because they were not sufficiently covered with blankets and did not have sufficient attention—65 in one night. I can give the name of that doctor; I can produce him.

Mr. SPENCER. Mr. President, will the Senator yield for a question?

Mr. WATSON of Georgia. With pleasure.

Mr. SPENCER. Do I understand the Senator from Georgia to say that he has proof that—

> They—

Meaning, I presume, unless the Senator corrects me, the Army of the United States—

> had gallows upon which men were hanged, day after day, without court-martial or any other form of trial?

Mr. WATSON of Georgia. I mean exactly that. The order of an officer was enough. I mean exactly that; and, Mr. President, I here say that this country never has learned one-half of what our soldiers suffered. I have had the private soldier tell me that he would march on the wet, cold, half-frozen ground, barefooted, begging for shoes, when, as we all know, we had mountains of shoes, ready to give away to France, apparently.

Why were 8,000 automobiles parked at Lyons, within the forks of those two rivers, in that narrow valley where a flood comes every year, in order that they might be ruined by the spring overflow? It was to protect the profiteers here in this country. Why were the soldiers put to destroying mile after mile of motor vehicles, breaking up their engines and their running gear so that they would be ruined if not to protect the American profiteers?

Why were 3,000,000 carcasses of beeves and sheep in the cold-storage houses of New Zealand not allowed to be brought to

Europe if not to give a wider market to the meat packers of Chicago? Why were 3,000,000 bushels of wheat piled up in stacks along the depot stations in Australia—paid for by the Imperial British Government—if not to give the Flour Trust more of a monopoly, more of an unholy gain in selling to the Army and selling to the Government? Why were blankets put on sale in New York by the hundreds of thousands, intended for our boys in France, and never obtained by them?

Mr. President, I had a cousin who went abroad on one of those cattle ships, for which we paid Great Britain the full passenger rate, and because of insufficient food and clothing he took pneumonia; and during the session of this Congress, before the recess, I received here one day a telegram saying "He is dead"—a sacrifice to the World War. When he left home he was as stalwart in build and appearance as any Senator on this floor.

I say there were inhumanities practiced, and if we do not combat this officer caste, this officer class, we will soon go back to the condition that used to exist in England and in France, where a marine could be flogged to death, or half to death, with the surgeon standing by him holding his watch and telling the floggers, or the officers who ordered the floggings, to what limit they could whip him without killing him. It has not been so long since that was done.

We are building up here in this country, Mr. President, a militarism just like that of the Kaiser and his staff. The man is becoming nothing. The officer is becoming everything. The civilian is becoming nothing. The militarist is becoming everything; and the mere fact that the chairman of the Military Affairs Committee can demand that I go before him and let him try my case is proof of all that I have said.

Mr. WADSWORTH. Mr. President, the Senator from Georgia declines to produce any testimony to substantiate his charge, on the ground that if the witnesses were to come here and appear before the Military Affairs Committee of the Senate they would incur some danger.

I need not before a body such as the Senate of the United States comment upon an excuse of that kind. Suffice it to say that there is no danger whatsoever to be incurred by a witness coming before a committee of the Senate and testifying. If the Senator will not substantiate this charge, very well; the responsibility is his.

I assert that not one man in all the armies of the United States during the last war was executed without trial by court-martial. Further than that, sir, the inference to be drawn from this assertion of the Senator from Georgia to the effect that dozens were executed is utterly aside from the facts and the truth. I assert that the men who were executed following court-martial in the American Expeditionary Forces can be counted upon the fingers of one hand; that nothing like 21 were ever executed in France.

I am not certain, sir, that the denial I am now making will be heard as far as the charge made by the Senator from Georgia. I have taken this opportunity, in my individual capacity as a Senator, to demand that he substantiate his charges by the production of witnesses and documentary evidence. He has declined to do so. I leave the Senate and the country to draw their conclusions.

Mr. WATSON of Georgia. Mr. President, while the Senator from New York was on his feet somebody—I do not know who—sent me a duplicate picture of that gallows of which I said I had a copy at my home in Georgia. Here it is for every Senator to see. What I did decline to do was to go before him and his committee. I will go and produce witnesses before any impartial committee, not the Committee on Military Affairs, but some impartial committee in which I have confidence.

Mr. BORAH. Mr. President, I sent the photograph to the Senator from Georgia. I desire to make a brief statement in regard to it.

The same statement, in substance, which the Senator from Georgia placed in the RECORD a day or two since was published in his paper several months ago, and I read it. It was so astounding that I wrote or wired and asked him if he would not send me the photograph of the scene to which he referred in his paper. He sent me this photograph. I felt, in view of the debate and the situation here, that I should return it to the Senator, which I did. Of course, the picture speaks for itself. The picture does not say where it is, but it speaks for itself as to what is in the picture.

Mr. President, I do not desire to get into this debate. I never presented the matter to the Senate or elsewhere, because I could not get the proof. I do desire to say, however, in conversation with two ex-service men they confirmed that which the picture indicates, but were wholly unwilling to do anything except to give it to me in confidence. Of course, they knew nothing as to whether the men had been tried or not, but they claim to know of the gallows. Therefore I dismissed it, for the reason that I was unwilling to undertake an investigation upon that kind of a statement.

Mr. LENROOT. Mr. President——

Mr. WATSON of Georgia. Have I the floor, Mr. President?

The PRESIDENT pro tempore. Yes.

Mr. WATSON of Georgia. Will the Senator kindly ask my permission?

Mr. LENROOT. I did not know the Senator had the floor.

Mr. WATSON of Georgia. I will gladly yield to the Senator.

Mr. LENROOT. I will wait until the Senator gets through.

Mr. WATSON of Georgia. I will gladly yield.

Mr. LENROOT. No; I will wait until he finishes.

Mr. WATSON of Georgia. That is all right.

In the long run, this body does not tolerate that which is insolent, supercilious, disrespectful to other Members, disregardful of their rights and their feelings. When a Senator makes a speech here in his place it ought to be presumed that he knows what he is talking about.

In speeches that I made in Atlanta, Ga., in referring to that photograph, which was taken at Gievres, in France, there were numbers of ex-service men who cried out in the audience, "We have seen that gallows and we know that men, 21 men, had already been hanged on it, and others were waiting to be hanged, one after the other, morning after morning, at sunrise," the gallows being in a little dell in a clump of pines behind the camp, where nobody could see it. If a court-martial or any other court condemns a man to death for just cause, why should they hide the gallows and hide the crime?

Mr. President, if I did not feel that we have got to make a combat in this country against the very Prussian militarism which we went to war to overthrow and crush I would not say the things that I said here yesterday; but I said them yesterday, I am standing by them to-day, and I will repeat them hereafter, in defiance of any Senator from New York.

Mr. LENROOT and Mr. EDGE addressed the Chair.

The PRESIDENT pro tempore. The Senator from Wisconsin.

Mr. EDGE. Mr. President, I simply want to ask a question of the Senator from Georgia, if I may.

Mr. LENROOT. I yield.

Mr. EDGE. Does not the Senator from Georgia feel that in view of the charges he has made, he owes it to the country to produce evidence that would convict officers who were responsible for such inhuman treatment? How can we ever correct such an evil if there is no further effort to place the responsibility? Irrespective of the Senator's charges or viewpoint, if the evidence exists it seems to me we owe it to the country to go into the matter as a matter of endeavor to punish the guilty.

Mr. WATSON of Georgia. Mr. President, answering the Senator from New Jersey, I will say that Hard Boiled Smith was tried, and he was not punished to any considerable extent. His punishment was purely nominal. He laid the fault upon his superior officer, whose name I will not mention, but it will occur to every Senator who read the papers at the time. That officer has never even been reprimanded, much less punished; and unless my recollection fails me, there was a man named Sid Hatfield, who came before the committee of inquiry on the strike situation in West Virginia, who testified against the Baldwin-Felts Detective Agency; and within the shortest possible time, a member of that agency foully shot him while he was walking into the courthouse with his wife. Has that assassin been punished?

Mr. President, when I was a Member of the other House, 30 years ago, there was a Pinkerton detective agency which furnished an army of operatives to corporations. It did dreadful work at Homestead. It did dreadful work down in the West Virginia mine fields. I made a fight, and I had that practice abolished. What has become of the law I had passed? What right have these men to employ these private detectives?

Mr. LENROOT. Mr. President, I do not yield further.

Mr. WATSON of Georgia. I thought I had the floor.

Mr. LENROOT. Mr. President, the Senator from Georgia has not alone made a monstrous charge against the Army which, if true, it is the duty of the Senate to take action upon, if the War Department does not, but he has also expressed complete lack of confidence in the Committee on Military Affairs to impartially investigate any charge which may be made against the Army. I happen to be a member of that committee, and although the Senator from Georgia may have no confidence whatever in the Republican members of the Committee on Military Affairs, I wish to remind the Senate of what Democrats constitute membership upon that committee. In the reflection he is making, he states that he has no confidence in the impartiality

of Senators HITCHCOCK, of Nebraska, FLETCHER, of Florida, MYERS, of Montana, SHEPPARD, of Texas, MCKELLAR, of Tennessee, or ROBINSON, of Arkansas.

Of course, Mr. President, the Senator from Georgia is entitled to his own opinion, but I want to remind the Senator from Georgia that in refusing to produce proof of the charges he makes, if they are true, it is not the private soldier he is protecting; he is protecting officers who ought to be hanged if his statements are true, and he is protecting nobody else.

Mr. President, the Senator from Georgia wanders far from the issue he has made by his speech. I want to call attention to just what the charge is. His language is:

> How many Senators know that a private soldier was frequently shot by his officers because of some complaint against officers' insolence; and that they had gallows upon which men were hanged, day after day, without court-martial or any other form of trial? How many Senators know that? I had and have the photograph of one of those gallows—

That is, gallows upon which soldiers were hanged without court-martial or other form of trial—

> upon which 21 white boys had already been executed at sunrise when the photograph was taken.

This morning the Senator from Georgia exhibits the photograph, and if the Senator's statement is true he knows, he says, that that photograph of four white men hanging from a gallows was of men who were hanged without trial, without court-martial, or other form of trial. Mr. President, if that statement is true, notwithstanding the opinion of the Senator from Georgia, there is not one member of the Military Affairs Committee, from the chairman to the last member upon it, who will not go the limit in insisting that men who are guilty of that be brought to justice. The Senator from Georgia may not think so, but every other Senator knows that is true.

Mr. ASHURST. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Arizona?

Mr. LENROOT. I yield.

Mr. ASHURST. A sample of the Military Affairs Committee "going the limit" is to be found in the report on a certain case which is confidential, and the details of which I therefore can not go into. The junior Senator from Missouri [Mr. SPENCER] laid before the Senate facts, not rumors, showing that an officer had been guilty of heartlessness and inhumanity toward sick men; that when these sick men pleaded in their weakness to be allowed to ride he cursed them in a way that was scandalous, and yet the Senate may confirm the promotion of that officer.

The Senator from Georgia may bear with equanimity what may be said against him about a failure to produce proof. Let the Senate first take up cases where the charges are proven; then, after acting on cases where the testimony is before them, it will be time to call on the Senator from Georgia. I will wait until I see what is done in this case, where this officer cursed and insulted private soldiers, for an officer who would curse and insult private soldiers when they can not and dare not answer him is a coward.

Mr. LENROOT. Mr. President, the Senator now is speaking of matters, as he says, which are confidential. The Senator knows quite as well as I that there is an issue, and in that particular issue I happen to agree with the Senator.

Mr. ASHURST. I am delighted to learn that.

Mr. LENROOT. The Senator would know that well if he had been attending the executive sessions of this body.

Mr. ASHURST. If the Senator agrees, why did he not sign the minority report? Let him sign that report if he agrees.

Mr. LENROOT. Mr. President, it was the same Military Affairs Committee which at the last session of Congress revised the court-martial law. The Senator may not be aware of that, but it is true. The revision which was made protecting the private soldier, preventing abuses that have heretofore existed, has met with the commendation of everybody.

Mr. ASHURST. Will the Senator yield to me at that point?

Mr. LENROOT. Certainly.

Mr. ASHURST. Is it not a fact that the Committee on Military Affairs has recommended that this officer be promoted?

Mr. LENROOT. It is; but it is also true, as the Senator knows, if he has been at all conversant with the issue, that there is a question, and I happen to agree with the Senator about that, as I said; there is a fair difference of opinion as to whether that officer was not in the performance of his duty, and in the matter of the use of profanity, the Senator knows he has been censured, and the censure entered upon his record as far as the particular use of profanity is concerned.

Mr. ASHURST. Mr. President, an officer who would curse sick soldiers who had been fighting for days in the iron storm of the Argonne Forest would care precious little about a censure if he could get his promotion.

Mr. LENROOT. Again we are wandering far afield. The Senator from Georgia says he is unwilling to go before the Military Affairs Committee. I am not willing, however, that any officer in the Army shall go free when he ought to be hung, if the Senator from Georgia can produce the proof. So, Mr. President, I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia to appear before them and to investigate the charges which he makes.

Mr. WATSON of Georgia. Mr. President, Senators who are old in the harness know very well how to dodge. I have made no attack here upon the United States Army, nor upon the Navy. What I have said was that officers in France were guilty of unspeakable brutalities against the men who were in their power, and were 3,000 miles away from home, and their voices of complaint could not be heard.

Mr. ASHURST. Some of the officers were so guilty.

Mr. WATSON of Georgia. Some of the officers, not all of them. Some of them were fine men, and in my speeches I have mentioned some of those officers, and I have had them thank me for it. They were humane to their men. But Senators will remember that case after case was appealed to President Wilson where the court-martial had condemned men to be shot for staying beyond leave a few hours, or perhaps a day or two at the bedside of a dying parent, or because perhaps they had drunk a little too much wine in Paris or some other French city. I ask the Senators of the Military Affairs Committee, was a case ever appealed to President Wilson about a hanging, about the condemnation of a private soldier to be swung up like a thief on the gallows?

Maj. André begged George Washington to have him shot, and not hanged. Washington sternly refused him, because the court-martial had condemned him as a spy within the lines.

If these men who were hanged on those gallows, whose picture I have in my pocket, were condemned by court-martial, why did the cases never come to the attention of President Wilson? Not one of them ever did. Who kept them from coming? Talk about records. Who would keep a record of a thing like that?

In speaking of this the purpose is not to condemn the Army or the Navy, but to purge them of just such men as "Hard Boiled" Smith, and of the officers who gave him his orders, just such men as were commandants at the camp at Gievres, and you can easily find who those men were by inspecting the records. If you want to try them, search the records and find their names and try them. Then we would like to see you hang them.

One of these Army officers squandered $600,000,000, or was virtually accused of it by the present Secretary of State, either through criminal negligence or willful theft, and that officer never was arraigned. The esprit de corps will protect him. They find somewhere, somehow, an invisible power that throws its charmed circle about them, and they can not be brought to law. What I have said I said deliberately, and I repeat it, and I will stand by it.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Wisconsin.

The motion was agreed to.

The PRESIDENT pro tempore subsequently appointed Mr. BRANDEGEE, Mr. ERNST, Mr. WILLIS, Mr. OVERMAN, and Mr. POMERENE as the committee.

Mr. NEW subsequently said: Mr. President, will the Senator from Pennsylvania yield to me for a moment?

Mr. PENROSE. For what purpose?

Mr. NEW. To make a statement with reference to the matter that has just been under discussion. I would like to have the RECORD show what the report of the Judge Advocate General of the Army is as to the number of death sentences imposed and the number of executions.

Mr. PENROSE. I will not object, Mr. President, but it is very unfortunate that the revenue bill is delayed. I recognize, however, the very serious character of certain statements made to-day. The Senator from Indiana is entitled to be heard, and I shall not stand in his way.

Mr. NEW. It is not my purpose to delay consideration of this or any other bill longer than a moment.

While the discussion was going on I sought from the Office of the Judge Advocate General an official statement as to just what the record discloses concerning executions in the American Expeditionary Force. I am told from The Adjutant General's office that the record of the Judge Advocate General shows that there were a total of 28 sentences of death imposed upon members of the American Expeditionary Force in France, all of them by court-martial. Nine of them were carried into effect. Of that nine, six were for rape, two for rape and murder, and one for murder. None of them was for a strictly military offense. Of the others, 12 were modified and the remainder were disapproved.

That, Mr. President, is the record as shown in the Judge Advocate General's report, and I make the statement in order that it may appear as a part of the record of this discussion.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The PRESIDENT pro tempore. The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. The pending amendment is found on page 198, line 12, where the committee proposes to insert the following item:

(8) ——

Mr. JONES of New Mexico. Mr. President, out of order I ask unanimous consent to introduce a joint resolution and a bill for proper reference.

The PRESIDENT pro tempore. Without objection——

Mr. PENROSE. There may be objection, Mr. President.

The PRESIDENT pro tempore. The Senator from Pennsylvania objects.

Mr. PENROSE. Before the bills are received, I would like to know what they are.

Mr. JONES of New Mexico. I am simply introducing them for reference, if the Senator please.

Mr. PENROSE. That is an interruption of the consideration of the revenue bill.

Mr. JONES of New Mexico. One is a bill for the relief of the city of Raton, N. Mex., and the other is a joint resolution providing for furnishing a copy of the daily CONGRESSIONAL RECORD to American Legion Posts who may request it.

Mr. PENROSE. I will not object, owing to the patriotic purpose of the joint resolution, but ordinarily I do not think miscellaneous business ought to be injected into the proceedings.

The PRESIDENT pro tempore. The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. On page 198, line 12, the committee proposes to insert the following words:

(8) Photographic films and plates (other than moving-picture films) and other photographic apparatus and accessories, 5 per cent.

Mr. PENROSE. I move to amend the amendment by striking out the words "and other photographic apparatus and accessories."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The Secretary will report the next amendment.

The ASSISTANT SECRETARY. The committee proposes to strike out, on page 198, lines 15, 16, and 17, in the following words:

SEC. 804. Subdivision (9) of section 900 of the revenue act of 1918 is amended by striking out the figure "5" and inserting in lieu thereof the figure "3."

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee propose to insert, after line 17, page 198, the following:

(9) Candy, 3 per cent, but if sold for more than 40 cents a pound, 10 per cent.

Mr. TOWNSEND. Mr. President, a parliamentary inquiry. Was it agreed last evening that we were to take up all the items under the title "excise taxes," and consider them whether they were committee amendments or otherwise?

Mr. PENROSE. That is my understanding.

Mr. TOWNSEND. Then I wish to ask if it would be in order at this time to move to reconsider the item on page 196, paragraph (1), under section 900. I understand that has been agreed to. I wish to move to reconsider for the purpose of disagreeing to that amendment, the amendment being one placing a tax of 3 per cent on automobile trucks.

Mr. PENROSE. I understood that the agreement last night was that the reconsideration might begin on page 197, not on page 196. Therefore the Senator's motion would not be in order at this time, as I take it.

Mr. TOWNSEND. I do not wish to violate any agreement or understanding, but I desire to bring before the Senate a motion to reconsider that vote for the purpose of disagreeing to the amendment. If it is not in order now, I shall wait until it is.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. The committee proposes to insert, after line 17, the following:

(9) Candy, 3 per cent, but if sold for more than 40 cents a pound, 10 per cent.

Mr. SIMMONS obtained the floor.

Mr. PENROSE. Mr. President, I wish to offer an amendment, or did the Senator have a query to make?

Mr. SIMMONS. Yes. The lines now proposed to be stricken out are the provisions of the House text which impose a tax of 5 per cent upon candy. It is proposed to strike that out for the purpose of reducing the rate upon candy to 3 per cent.

Mr. FRELINGHUYSEN. Mr. President, will the Senator yield to me?

Mr. PENROSE. Will the Senator from New Jersey permit me a moment? The purpose is to restore the 3 per cent flat rate on candy.

Mr. FRELINGHUYSEN. I have an amendment, if it is in order, to strike out all after the words "candy, 3 per cent."

Mr. PENROSE. That is the amendment I was going to offer. Will the Senator offer it when it is in order?

Mr. FRELINGHUYSEN. Yes.

Mr. SIMMONS. The Senate was about to adopt the amendment of the committee to the House text by striking out lines 15, 16, and 17. I do not wish that to be done. I wish to discuss the proposition to strike out of the House text the 5 per cent.

Mr. FRELINGHUYSEN. If the Senator will further yield, my amendment provides that the 10 per cent tax on candy selling for over 40 cents a pound shall be stricken out, retaining the 3 per cent tax on candy as it was in the House text. If we disagree to the committee amendment I think it will accomplish the purpose the Senator desires.

The PRESIDENT pro tempore. The Secretary will state the pending amendment.

The ASSISTANT SECRETARY. The committee proposes to insert after line 17, page 198:

(9) Candy, 3 per cent; but if sold for more than 40 cents a pound, 10 per cent.

The Senator from Pennsylvania moves to amend by striking out after the words "per centum" the comma and the words "but if sold for more than 40 cents a pound, 10 per cent."

Mr. SIMMONS. Mr. President, I would like to make an inquiry of the Senator as to why that proposition is made? The Senate committee, if I understood their views at the time, were willing to agree to a reduction of the tax from 5 per cent, as it is under the present law, to 3 per cent, but upon condition that where candies sold at more than 40 cents a pound, then the rate of taxation should be 10 per cent. If we strike out that second part of the Senate amendment it would still leave a tax of only 3 per cent, and I doubt whether the committee meant or intended the tax to be as low as 3 per cent unless candies selling for more than 40 cents a pound were taxed at the higher rate proposed by the committee.

Mr. FRELINGHUYSEN. I can tell the Senator why I have introduced the amendment striking out the 10 per cent and why I believe 3 per cent is ample. I think the Senate committee overlooked the fact that candy represents in a large measure a great food value in its consumption.

Speaking to the 10 per cent tax imposed on candies selling for over 40 cents a pound and the advisability of striking that out, I wish to say to the Senator from North Carolina that the effect of that discrimination will be to drive off the market those candies now selling between 40 and 50 cents a pound. Forty-cent candy would pay but 1.2 cents tax, while 41-cent candy would pay 4.1 cents tax. The Senator can see that that tax is a discrimination. A 50-cent candy taxed 5 cents could not compete successfully with a 40-cent candy taxed only 1.2 cents. The tendency would be to force all such grades to 40 cents or lower, resulting in a constant temptation to the less scrupulous to adulterate.

I made some investigation of the subject. I thought at first that candy was a luxury, but I learned that a large portion of the candy consumed is consumed practically as a food, particularly chocolates.

The committee proposes to tax a cheap candy of that character [exhibiting] 3 per cent. That is a candy which comes under 40 cents per pound. It ought to be taxed 10 per cent, but it is not. The committee then taxes 10 per cent chocolate which costs 60 cents a pound or 85 cents a pound at retail, that is used for food by almost everyone who eats a moderate luncheon. Many of us make our luncheon of sweet chocolate, and yet that is taxed 10 per cent. I claim that it is an unfair discrimination.

Mr. REED. Mr. President——

Mr. FRELINGHUYSEN. I yield to the Senator from Missouri.

Mr. REED. Who make their luncheon on sweet chocolate and do not eat anything else?

Mr. FRELINGHUYSEN. In France the soldiers many times when they were at the battle front.

Mr. REED. Oh! The war is over.

Mr. FRELINGHUYSEN. Clerks who eat a hasty luncheon very often use chocolate. Stenographers and clerks in offices use chocolate as a food. To tax it 10 per cent in the first instance is very excessive and unfair.

Mr. REED. What does it cost wholesale?

Mr. FRELINGHUYSEN. Chocolate costs more than 40 cents a pound.

Mr. SIMMONS. That depends, I think, upon who makes it. If it is made by a wholesaler, he sells it to the jobber for more than 40 cents. If it is made by a retailer—and a great many retailers of candy do make their own candies—it does not cost 40 cents.

But I am not enamored of that part of the amendment which the Senator desires to strike out. I thought at the time the committee approved it that it was an unwise provision, but it was adopted by the committee as a supplement to the 3 per cent tax, and if it is stricken out I should say that the tax should then be raised above 3 per cent.

In other words, I do not believe the committee would have put the tax as low as 3 per cent but for the fact that they added a larger tax for the more expensive class of candies. If the Senator's motion prevails, then I shall insist that the rate of tax upon candies as a whole shall be increased and, if not fixed as high as the present law, placed at some point between the committee amendment and the present law.

It may be, as the Senator has said, that a great many people use candy as a food; I think probably that is true with reference to certain chocolates; but the great bulk of the candy of this country is consumed by children and by people who do not buy it and eat it as a substitute for food. It is a luxury; a thing that can be done without. The excessive use of it, in my judgment, is very injurious. I think it is one of those articles that ought to pay a good tax to the Government.

I do not understand the attitude of Senators toward these items in the bill that are not only characterized in the literature that is sent out about them and in the reports that are made by the committees with respect to them as luxuries but which are also regarded in the minds of the people of the country—the public mind—as luxuries. I do not understand the reason which prompts Senators and the committee to strike articles of this character from the list to be subject to these miscellaneous, special excise taxes. The original report of the committee did not eliminate these articles from the bill. Certain luxury taxes, such as those imposed upon the clothing of the people, the committee did strike from the bill, because such taxes were imposed on necessities, but the committee retained, upon the ground that they are luxuries, the items which we are now either striking from the bill or upon which we are reducing the rate of taxation. At the last meeting of the majority membership of the committee there were a number of changes with reference to these luxury items which had been retained in the bill by the committee in their first report. Those changes have resulted, as I have stated, either in an absolute elimination of the luxury items from the bill or in the reduction of the taxes upon them.

Mr. President, I think that the Senate certainly is entitled to some explanation from the majority members of the committee as to why they have changed their policy with reference to these luxury items. I can understand why, in the first instance, they struck out all the so-called luxury taxes upon clothing and articles of common household use, such as trunks and valises and objects of that sort; and I can understand why they originally retained the taxes on other luxury items that are not necessaries, but I can not understand why the majority members of the committee had this change of heart and brought amendments in here to eliminate, or, at least, greatly reduce, the rates of taxation upon these articles of pure luxury; articles that we had usually supposed in exigencies such as now confront the Treasury were legitimate and proper sources of revenue to the Government.

Mr. WALSH of Massachusetts. Mr. President, I am of the opinion that the committee amendment proposing to strike out the words "but if sold for more than 40 cents a pound, 10 per cent," ought to be adopted. In my investigation of the subject I believe it is going to be very difficult to administer the proposed law if a distinction is made in the tax rates that are to be imposed upon candy selling at different prices. I am informed that most of the high-priced candy on the market wholesales for 25 cents a pound, which, of course, is under the increased tax rate suggested on candy selling at 40 cents a pound. If that is a fact, the rate upon such candy will be but 3 cents. It seems to me that the rate ought to be the same upon all kinds of candy whether it be 3 or 5 or 10 per cent. If we make the distinction which is sought to be made here by imposing a higher rate upon candy which is sold at wholesale for over 40 cents a pound, it can not be worked out equitably. That is my judgment from an investigation of the subject.

Mr. KING. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH of Massachusetts. Certainly; I shall be glad to yield.

Mr. KING. The Senator from Massachusetts has stated that he has made some investigation of this matter. I was not sure whether the Senator's investigation was rather toward the administrative aspects of this amendment or with reference to the prices and the profits. If it was the latter, I should like to inquire of the Senator if his investigation did not demonstrate that many of the wholesale manufacturers of candy have, perhaps, been the worst profiteers of any that can be found in the country? I am told by many who have made investigations that the prices of candy are extortionate. I am speaking about the higher priced candies, those candies where a few chocolate pieces are placed in a box and $1 and $1.25 a pound is charged for them.

It seems to me that candy is more of a luxury than a necessity. I think that very many evils are resulting from the excessive use of candy; indeed, many prominent physicians have stated—I express no opinion in regard to their conclusions—that one of the greatest evils to-day results from the excessive use of candy and sugar. It would seem to me, in the light of what we know, that there has been great profiteering, and in the light of the statement recently made by a large manufacturer and vendor of candies in New York, that the prices are 100 per cent too high, that this is a legitimate subject of taxation, and that we ought to place taxes upon these profiteers.

Mr. WALSH of Massachusetts. Mr. President, the objection I make is that we can not discriminate successfully and equitably between candy of different prices. Whether the flat rate ought to be 3 per cent or more I have no special opinion, but I say that we can not discriminate with satisfactory results. The equitable course that we ought to pursue is to adopt a flat tax upon all candy, rather than to attempt to fix a bracket line beyond which the rate will be very heavily increased over the flat rate of 3 per cent fixed for the so-called cheaper candies.

Mr. POMERENE. Mr. President, may I call the Senator's attention to the fact that the amendment does not indicate whether the sales are to be at wholesale or retail.

Mr. WALSH of Massachusetts. The paragraph at the beginning of all these items we are now considering indicates that the tax is to be levied on the manufacturer's or producer's selling price.

Mr. WILLIS. Mr. President——

Mr. WALSH of Massachusetts. I yield the floor; I have nothing further to say.

Mr. WILLIS. I should like to ask the Senator from Massachusetts a question, as I was unable to hear the colloquy between him and my colleague.

Mr. WALSH of Massachusetts. I shall be glad to answer any question propounded to me by the Senator from Ohio.

Mr. WILLIS. I want to be sure that I understand the Senator. Does he say that the amendment ought to be adopted striking out the language "but if sold for more than 40 cents a pound, 10 per cent." Is the Senator in favor of the adoption of that amendment?

Mr. WALSH of Massachusetts. Yes. I think that there ought to be a flat rate upon all candies, whatever may be the rate we agree upon, and that we ought not to discriminate between candy that sells under 40 cents a pound at wholesale and candy which sells for more than 40 cents a pound at wholesale.

Mr. WILLIS. The Senator is well informed upon this matter, and I should like to have his opinion upon this point: If this amendment is adopted, of course, in effect it will simply tax all candy at the same rate, whether it be the cheaper grade or the more expensive kind. Evidently this language which the Senator thinks ought to be stricken out seeks to impose what is in its nature a luxury tax. What I want to know is, why should that specific language be stricken out, thereby putting the cheaper grades of candy, which are used by the larger number of people, on the same basis of taxation as the very expensive candy? I do not see why that amendment should be stricken out.

Mr. WALSH of Massachusetts. Mr. President, of course, at a rate of 3 per cent a pound we will get more revenue on the higher priced candy than on the low-priced candy; and of course, because the receipts will be larger, the manufacturer of the high-priced candy will pay more taxes than the manufacturer of cheap candy. As a matter of fact, I think there is as

much profit in cheap candy as in high-priced candy. That is the result of my inquiries about candy and the profits that are made in the candy business. Why do we fix the increased tax on 40-cent candy and not 30-cent or 25-cent or 50-cent candy? Why fix it at 40? It is a pure guess. The candy that is sold by the great combines, I have reason to know, is manufactured for 25 and 30 cents a pound and will not be reached by this increased tax at all. Why favor candy containing cheap ingredients? I do not object to a small tax upon candy equal to that placed on other commodities; I do not object to the suggestion that it is a luxury. What I am suggesting is that it ought to be taxed at a uniform rate and that we ought not to guess at the figure 40 to fix the difference between cheap candy and high-priced candy. Let us fix a uniform tax on all candies and not penalize the manufacturer who makes honest goods with first-class ingredients in sanitary factories.

Mr. WILLIS. Mr. President, the Senator does not contend that the Government could get anything like the same amount of revenue with a tax of simply 3 per cent on all candy that it would get if the amendment were left as the committee reported it, providing a luxury tax upon the higher grades, does he?

Mr. WALSH of Massachusetts. I certainly do not so contend; but I do contend that if we put this provision in this bill we will find all of our higher grades of candy being made and sold for 39 cents or less per pound, and that will mean that the ingredients will be inferior and not as high class as the material used at the present time in the best made candy.

Mr. WILLIS. Does the Senator contend that it would be a misfortune to the country if the higher priced candy went down to 39 cents a pound?

Mr. WALSH of Massachusetts. I do not think the retail price will go down; I think that simply the wholesale price will go down to meet this provision of the tax law. What I object to is the making of this tax at such a rate that candy manufacturers will be forced into using cheap material and cheap compounds and the public will get an inferior quality of candy for the same price formerly paid.

Mr. SIMMONS. Mr. President, the Senator from Ohio [Mr. WILLIS] made some inquiries as to whether we would get more or less revenue. The estimate of the department is that this amendment will result in the loss of $8,000,000 of revenue; that is to say, if we strike from the bill the provision which seeks to impose a higher tax upon candies selling above 40 cents a pound we shall lose $8,000,000 of revenue. What I am insisting is that if that provision is to be stricken out, resulting in that loss of revenue, we should raise the general rate above 3 per cent and thereby, if not recoup the entire loss as a result of this amendment, at least recoup a part of that loss.

Senators have insisted that the revenue requirements of the Government are barely met by the taxes imposed by this bill. There have been some reductions other than the reduction now proposed, which, in my judgment, when an accurate recalculation is made, will show a reduction of the estimated revenue from this bill below the requirements according to the revised and reduced estimates of the Secretary of the Treasury. Therefore I think we ought not to be carelessly and without due consideration voting out revenue without providing in some way or other a counterbalancing provision.

Mr. REED. Mr. President, I have no particular interest in this clause, except that I think we ought to get revenue where it can be collected without being burdensome, or where the burden is as light as possible.

I am informed that if the present amendment is adopted it will take $8,000,000 from the revenue, but that if there is a flat rate of 5 cents on all candy we will get a little over $20,000,000 of revenue from all candy. The present law is 5 cents, and it seems to me we had better just keep it. This amendment ought not to be agreed to unless we at the same time consider, as suggested by the Senator from North Carolina, the question of a flat rate on candy.

This tax is not 3 cents a pound; it is 3 per cent, and then, when we get above 40 cents a pound, it is 10 per cent. I feel like testing the sentiment of the Senate by moving to amend the amendment offered by the Senator from Pennsylvania by also striking out the figure "3," in line 18, and inserting the figure "5."

Mr. PENROSE. Mr. President, will the Senator permit me to make a correction?

Mr. REED. I yield.

Mr. PENROSE. As I understand, the existing law is 5 per cent. The House imposed a tax of 3 per cent flat. In my opinion, the Senate Committee on Finance toward the end of their sessions got considerably involved in the consideration of the candy tax and produced the proposition, "but if sold for more than 40 cents a pound, 10 per cent." So far as I can find out, that does not satisfy anyone or meet any practical requirement, and I have moved—I can not say for the committee, perhaps only for a bare majority of the majority members—to strike out the words "but if sold for more than 40 cents a pound, 10 per cent," so as to leave a flat rate of 3 per cent on candy; and I understand that that is the amendment submitted by the Senator from New Jersey.

I am much obliged to the Senator for permitting the interruption, so that I can state plainly the situation, which seems a little involved.

Mr. REED. My suggestion was that we amend the amendment offered by the Senator from New Jersey by adding to it a proposal to change the figure "3" in line 18 to the figure "5," which would make a flat rate of 5 per cent, which is the present law and which would not much alter the revenue which we will get under the amendment proposed by the committee. Perhaps that would be agreeable to the Senator.

Mr. McCUMBER. Mr. President——

Mr. REED. I yield to the Senator.

Mr. McCUMBER. I do not know whether, when I was absent for a few moments, the question of the revenue to be derived was given to the Senate; but I think we ought to understand what it means.

The 5 per cent straight flat tax would bring us in a revenue of about $20,000,000. The 3 per cent, standing alone, would bring us in about $12,000,000. The addition of 10 per cent upon candy selling at wholesale for more than 40 cents a pound would make an addition of $8,000,000, and would bring it up to the $20,000,000 again. So the committee, when it first reported, sought to procure exactly the same amount under the 3 per cent and then the additional sum for the higher-priced candies that they were receiving or would receive if the old law stood at 5 per cent flat.

I want to call the Senator's attention to another feature of the case, and that is this: No candy selling for less than a dollar a pound contains more than 20 cents' worth, or 22 or 23 cents' worth at the most, of material.

Mr. KING. Including labor?

Mr. McCUMBER. This labor would be a little more, and one can not tell just exactly what it would represent; but all of the Senators fully understand that in the case of the higher-priced candy much of the profit is made also on the box in which it is packed. A little 1-pound box, with a pink or blue ribbon on it, in which the candy is placed—candy that perhaps is not worth over 40 cents a pound—would sell for 80 cents to a dollar a pound if so handed out.

I am going to vote for the committee amendment just as it stands now, for 10 per cent upon the higher-priced candy and for 3 per cent upon the lower-priced candy. I can not quite agree with the Senator from Massachusetts that the greater profit is made upon the lower-priced candy. I think by far the greater profits are made upon the higher-priced candy, because, as I say, much of the price is represented in the little blue or pink ribbon, and so forth.

Mr. REED. Mr. President, so far as I am concerned, I am content with the amendment which was reported by the Finance Committee. I agree with the Senator from North Dakota in regard to that. There seems to be a sentiment in favor of striking out the words "but if sold for more than 40 cents a pound, 10 per cent." If that should be adopted we would be left with the 3 per cent tax, and we would lose $8,000,000 of revenue; but if at the same time that we vote upon the proposition to strike out the 10 per cent we vote on an amendment to increase the flat tax to 5 per cent we at least will lose no revenue.

If my amendment to the amendment is adopted, then if the amendment as amended is defeated, we will have the bill as reported by the committee. If, on the other hand, it is adopted, the Government will lose no revenue; and I think the two ought to be coupled together.

Mr. PENROSE. What is the Senator's amendment?

Mr. REED. My amendment is to add to the amendment offered by the Senator from New Jersey this:

> And in line 18 strike out the figure "3" and insert the figure "5."

Mr. FRELINGHUYSEN. Mr. President, I hope that amendment will not prevail. I think the 3 per cent tax on candy is sufficiently high. I do not think the Senate quite realizes how burdensome this tax is going to be upon the poor. A 3 per cent tax or a 5 per cent tax will be borne by the consumer.

A great deal was said yesterday about eliminating the tax on sporting goods and including the tax on toys. Remember that candy is part of the proposition when it comes to giving the children a good time in any festivity, whether it is Christmas, their birthday, or any other time; and a large amount of the

candy consumed is consumed by children. I think it is unfair to place a burden of 5 per cent tax on candy, let alone the discrimination of taxing candy only 1.2 cents a pound if it costs under 40 cents a pound, and nearly 5 cents a pound if it costs 45 cents a pound.

Mr. SIMMONS. Mr. President——

Mr. FRELINGHUYSEN. I yield to the Senator from North Carolina.

Mr. SIMMONS. The Senator is laboring under an error. This is not a pound tax; it is a per cent tax.

Mr. FRELINGHUYSEN. It is a 10 per cent tax, but if you tax candy costing 50 cents a pound 10 per cent, you tax it 5 cents a pound, do you not? And if you tax candy costing under 40 cents a pound 3 per cent, it is 1.2 cents a pound, is it not? There is a difference of nearly 3 cents a pound in the tax, although the difference in price may be only 5 or 6 cents. That is discriminatory, and imposes an unfair burden; but I claim that a 3 per cent tax is a sufficient tax upon candy, and I think the Senate ought to keep it at 3 per cent.

Mr. SIMMONS. Mr. President, I want to suggest to the Senator from Missouri that I think the only way we could get a vote upon both of these propositions at one time would be to have him offer as a substitute for the amendment of the Senator from New Jersey an amendment striking out all of this paragraph except the word "candy" and inserting in lieu thereof "5 per cent." I think that would force a vote upon both propositions at one time.

Mr. REED. Mr. President, I am not particular about the form. I feel perfectly sure that if we vote upon the amendment I have now offered, and if it should be defeated, the Senate would be confronted with the square proposition of striking out $8,000,000 of revenue and getting nothing back; and then they could vote, of course, in the light of the previous vote. I am perfectly willing, however, to accept the suggestion of the Senator from North Carolina, and move as a substitute for the amendment to the amendment to strike out all of paragraph (9) and to insert in lieu thereof—

Candy, 5 per cent.

The PRESIDENT pro tempore. The Chair desires to suggest that there will be some difficulty in making up the record if amendments in the third degree are permitted; and this is an amendment in the third degree.

Mr. SIMMONS. It is a substitute.

Mr. McCUMBER. Mr. President, if the Senator will allow me, if we are going to lower the tax on any candy, it ought to be upon the cheaper candy, on the candy that the average child in the country buys; and if we are going to try to save that $8,000,000 we ought to save it on the higher-priced candy, because that is bought only by those who can afford to pay from 80 cents to a dollar or a dollar and a quarter or a dollar and a half a pound for candy.

That would bring us in $8,000,000, and the reason why I oppose the amendment is because I think we ought to have that $8,000,000 out of the higher-priced candy, and I would rather vote it that way and determine that question first.

Mr. REED. Mr. President, I do not want to prolong the discussion. I simply offer this suggestion: I think nearly all of the candy that is sold in the market is sold by wholesalers at not much above what it costs to make, at 40, 50, or 60 cents. The excessive prices which are charged, I think, are fixed by the retailer. All I want is to get the revenue, and I agree that the very high-priced candy should have the tax upon it; but it does pay a corresponding revenue, because it is a per cent tax, and the more the candy costs the higher the tax will be. I do not want to insist upon my amendment, except that I would like to have this matter voted on, so that we will understand what we are doing.

Mr. FRELINGHUYSEN. As I understand the Senator, he proposes to retain the present 5 per cent tax on candy in lieu of the amount that is lost by reason of the elimination of 10 per cent on all candy over 40 cents per pound?

Mr. REED. Yes.

Mr. FRELINGHUYSEN. I want the tax on candy reduced simply because I think it is too high and too burdensome. I have no other interest in it. I do not believe there are any candy factories in my State, but I think it is an unjust burden on those who consume candy. Would the Senator accept a compromise making the tax, say, 4 per cent? That would reduce it 1 per cent under the present tax.

Mr. REED. That would mean the loss of $4,000,000.

Mr. FRELINGHUYSEN. Yes; it would. It would mean that the consumers would be relieved of the payment of that sum.

Mr. REED. Then the Government would not get it. I have not any great amount of sympathy for the candy consumer. This talk of my friend about poor clerks making their luncheon on chocolate does not appeal to me.

Mr. FRELINGHUYSEN. The Senator can ridicule that, but he knows the food value of chocolate.

Mr. REED. Yes; I know a person might eat a little piece of it once in a while, but to make a meal out of it—nobody ever did that in the world unless he was famished or foolish, one or the other.

Mr. LA FOLLETTE. Sweet chocolate is not taxed as candy at all. It is not candy and is not so taxed.

Mr. REED. I thank the Senator. I am perfectly content to have the law stand as it is; but if we are going to vote on the other proposition, I would like to have it voted on in the manner I have suggested.

Mr. SIMMONS. Mr. President, I do not see any reason, from the facts of the situation, why the tax on candy should be less than it is in the present law. At the time that tax was imposed the chief ingredient in the making of candy, namely, sugar, was selling at a very high price, between 20 and 30 cents a pound. To-day that chief ingredient is selling at 5 or 6 cents a pound, and while the raw material of the candy maker has fallen to that extent since the passage of the 1918 act, I have been told, although I do not know whether or not it is true, because I seldom buy candy, that there has been only a very slight reduction in the price of candy, especially the higher grade candies. I do not think an industry that has not responded, as this industry has not, to the lower level of prices upon its raw material is in any position to come to the United States Senate when it is imposing taxes upon its products and ask for such a reduction. I think the tax upon candy in the present law is low enough.

Mr. REED. The labor also has gone down.

Mr. SIMMONS. The labor has gone down, too. The tax is low enough, and no case has been made, in my opinion, for the reduction of the rate of tax.

Mr. CALDER. Mr. President, last year taxes were collected on 800,000,000 pounds of candy. It is presumed that a hundred million pounds at least escaped taxation, so that in all probability there is an average of 9 pounds of candy consumed by every man, woman, and child in America.

Since prohibition has come and we have stopped the use of intoxicants to a considerable degree, thousands of people have taken to the use of candy. It is my observation, from close study of the whole subject, that to a great many people candy is a necessity, certainly more than tobacco is to a great many men. I am sure, Mr. President, that we can very fairly limit this tax to 3 cents a pound, and that would bring in a great deal of revenue.

Mr. McLEAN. Mr. President, there is very active competition between the makers of the cheaper candy, and this amendment proposes a 3 per cent tax on gross sales. They have to pay their income and other taxes, and I think as far as we can we ought to reduce the general taxes on the manufacturers where we retain, as we do, other taxes which they are compelled to pay. I know that the competition in the cheaper grades of candy is very active.

Mr. CALDER. I know the competition is very active in the higher grades of candy. I hope the amendment of the Senator from New Jersey will prevail.

Mr. WILLIS. Mr. President, I desire to ask the Senator from New York a question. I do not desire to be misunderstood in my attitude on this. I am in favor of the reduction of this tax, but what I can not understand is why the Senator's committee now proposes to make a larger comparative reduction in the higher grades of candy than is proposed for the lower and cheaper grades of candy. Why should that be done?

Mr. CALDER. Mr. President, in the committee I voted for the 3 per cent tax on all candies. I never agreed that 10 per cent was wise, and I do not now, and in line with the statement of the Senator from Massachusetts [Mr. WALSH], in my opinion it would be inequitable and would work a great hardship on the higher and better grades of candy if the 10 per cent tax is levied.

Mr. McLEAN. I call the attention of the Senator to the prime reason why those of us who opposed that amendment thought we ought not to tax the higher grades of candy. For instance, sweet chocolate is not taxed at all, but it comes in competition with chocolate candy, it answers practically the same purpose, so we felt it was unfair to tax the chocolate candy and let the sweet chocolate monopolize the market.

Mr. CALDER. That is another excellent argument.

Mr. McLEAN. I think that is the prime reason.

Mr. REED. Mr. President, it seems to me there is a peculiar dearth of argument here or else a plentitude that is so massive that I can not grasp it. The first appeal was for sweet choco-

late for the soldiers who had marched in France some three years ago. That necessity does not exist any more. Now it is discovered that sweet chocolate is not taxed at all.

Next we heard about the poor clerks and stenographers, who had to make their dinners off of it, and now an appeal that would wring tears from the eyes of a marble statue is made for the poor fellow who has had his whisky taken away from him and is about to have his candy taxed. What a heart-rending thing it is when one contemplates it! Here is an old jag walking down the street, with his tongue dry, longing for the thing that has passed away apparently forever, who goes into a candy store and buys a pound of candy which costs 20 cents and which is taxed 6 mills, and that is to close the curtain on the window of his happiness, and he is to see the sunlight of joy no more. That is a funny argument.

The truth is, the excuse for this tax is the excuse for all taxes—the necessity to raise some revenue. The proposition is to take $8,000,000 off the taxes on very high-priced candy. I have offered my substitute not because I am not contented with the report which the committee originally made, but because I want to save the revenue, and because I would like to have it settled in advance whether we are to have a 3 per cent rate if we take off the tax upon higher-priced candy, and I am willing to vote on the substitute.

The PRESIDENT pro tempore. The Chair is of the opinion that the substitute is not in order. The question is upon the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN] to the amendment of the committee.

Mr. REED. Mr. President, does not an amendment lie to that amendment?

The PRESIDENT pro tempore. The amendmeent offered by the Senator from Missouri is an amendment in the third degree. We first have the committee amendment, then the amendment proposed by the Senator from New Jersey, and now the amendment to that amendment proposed by the Senator from Missouri.

Mr. REED. I offered a substitute for the amendment of the Senator from New Jersey, and the Chair holds that a substitute is not in order?

The PRESIDENT pro tempore. So the Chair understands.

Mr. REED. The Chair has held that the amendment of the Senator from New Jersey can not be amended at all?

The PRESIDENT pro tempore. The Chair understands the rule of the Senate and of all parliamentary bodies to be that an amendment in the third degree is not in order. We have a committee amendment now pending. To that amendment there is an amendment offered by the Senator from New Jersey. The Chair is unable to see how a further amendment can be offered to the paragraph until the amendment of the Senator from New Jersey is disposed of.

Mr. McKELLAR. I desire to ask the Senator from New Jersey what the difference is between his amendment and the House provision? The House provision fixes the tax at 3 per cent, as I understand it.

Mr. FRELINGHUYSEN. My amendment simply strikes out the committee amendment which increased the tax to 10 per cent on candy above 40 cents.

Mr. McKELLAR. I understand that; that leaves the words "candy, 3 per cent"?

Mr. FRELINGHUYSEN. Yes.

Mr. McKELLAR. Is not that exactly the same as the House provision?

Mr. FRELINGHUYSEN. It leaves it the same as the House provision.

Mr. McKELLAR. Why not vote down the Senate committee amendment striking out the House provision? Would not that be the way to have it acted upon?

Mr. FRELINGHUYSEN. I am not proposing to strike out the House provision. I am amending by striking out the committee amendment.

Mr. FLETCHER. A motion to strike out the committee amendment is not in order. The question is on the adoption of the committee amendment.

Mr. McKELLAR. It seems to me the action should be to strike out the Senate committee amendment to the House provision.

The PRESIDENT pro tempore. The Chair suggests that the amendment of the Senator from New Jersey is to strike out a part of the committee amendment.

Mr. McKELLAR. The Senator from Wisconsin [Mr. LENROOT] informs me that it is a motion to strike out and insert. I understand the situation now.

Mr. LODGE. Mr. President, I wish to make a parliamentary inquiry, if I may do so, that I may understand the situation. The text of the House bill provides 3 per cent——

Mr. McCUMBER. Will the Senator allow me to correct an error that has been prevalent in that respect?

Mr. LODGE. In just a moment when I have propounded my query. The amendment of the committee is pending, is it not, to make it 10 per cent above a certain figure?

The PRESIDENT pro tempore. The Chair does not so understand.

Mr. REED. If the Senator from Massachusetts will pardon me for making a suggestion to the Chair, the whole trouble arises through the form of the print. As a matter of fact, the committee has proposed an amendment and that amendment is to insert:

Candy, 3 per cent; but if sold for more than 40 cents a pound, 10 per cent.

That is all one amendment and is brought in by the committee.

Mr. LODGE. I can not make head or tail of the different phrases, but as I understand it the 10 per cent amendment is offered by the committee to the House text.

Mr. REED. That is correct.

Mr. LODGE. Then the only question is on agreeing or disagreeing to the committee amendment.

Mr. REED. I may be in error, but as I understand it the committee did not report the House text; they reported a substitute for it.

The PRESIDENT pro tempore. Senators will allow the Chair to state the situation as the Chair understands it. The House text provides:

SEC. 804. Subdivision (9) of section 900 of the revenue act of 1918 is amended by striking out the figure "5" and inserting in lieu thereof the figure "3."

The committee proposes to strike out that entire paragraph and insert in lieu thereof—

(9) Candy, 3 per cent, but if sold for more than 40 cents a pound, 10 per cent.

The Senator from New Jersey moves to strike out from the committee amendment the words "but if sold for more than 40 cents a pound, 10 per cent."

Mr. LODGE. That, I understand, is correct, and the amendment of the Senator from New Jersey is a perfecting amendment to the amendment of the committee.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New Jersey to the committee amendment.

Mr. REED. On that I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). I have a general pair with the Senator from Virginia [Mr. GLASS], who is necessarily absent. Therefore I withhold my vote.

Mr. EDGE (when his name was called). I transfer my general pair with the Senator from Oklahoma [Mr. OWEN] to the junior Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. In his absence, being unable to obtain a transfer of my pair, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Having a general pair with the junior Senator from Montana [Mr. WALSH], and being unable to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. HALE (when his name was called). Transferring my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Rhode Island [Mr. COLT], I vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and vote "yea."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], whom I do not see in the Chamber. I transfer that pair to the Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. STERLING (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. Being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. TRAMMELL (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. COLT]. I transfer that pair to the senior Senator from Tennessee [Mr. SHIELDS] and vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my general pair with the junior Senator from Montana [Mr. WALSH] to the junior Senator from New York [Mr. CALDER] and vote "yea."

Mr. WADSWORTH. I desire to announce that my colleague [Mr. CALDER] has been summoned from the Chamber on most important business. Were he present, he would vote "yea."

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the junior Senator from Oregon [Mr. STANFIELD] and vote "yea."

Mr. FLETCHER. I transfer my general pair with the senior Senator from Delaware [Mr. BALL] to the Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. JONES of New Mexico. I wish to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present and at liberty to vote, he would vote "nay."

Mr. SUTHERLAND (after having voted in the affirmative). I transfer my general pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from California [Mr. SHORTRIDGE] and allow my vote to stand.

The result was announced—yeas 49, nays 23, as follows:

YEAS—49.

Borah	Gooding	McKellar	Pomerene
Brandegee	Hale	McKinley	Smoot
Broussard	Harreld	McLean	Spencer
Bursum	Harris	Moses	Sterling
Cameron	Heflin	Nelson	Sutherland
Capper	Hitchcock	New	Townsend
Caraway	Jones, Wash.	Nicholson	Wadsworth
Curtis	Kendrick	Norbeck	Walsh, Mass.
Edge	Keyes	Oddie	Warren
Ernst	Ladd	Overman	Weller
Fernald	Lenroot	Penrose	
France	Lodge	Phipps	
Frelinghuysen	McCormick	Poindexter	

NAYS—23.

Ashurst	Kenyon	Newberry	Trammell
Cummins	King	Reed	Watson, Ga.
Dial	La Follette	Sheppard	Watson, Ind.
Fletcher	McCumber	Simmons	Williams
Gerry	McNary	Stanley	Willis
Jones, N. Mex.	Myers	Swanson	

NOT VOTING—24.

Ball	du Pont	Norris	Shields
Calder	Elkins	Owen	Shortridge
Colt	Glass	Page	Smith
Crow	Harrison	Pittman	Stanfield
Culberson	Johnson	Ransdell	Underwood
Dillingham	Kellogg	Robinson	Walsh, Mont.

So Mr. FRELINGHUYSEN's amendment to the committee amendment was agreed to.

Mr. REED. Mr. President, I move to amend the committee amendment, in line 18, page 198, by striking out the numeral "3" and inserting the numeral "5." On that I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). Making the same announcement in reference to my pair as upon the last vote, I withhold my vote.

Mr. EDGE (when his name was called). Making the same announcement as previously, I vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair and its transfer as on the preceding vote, I vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as on the former vote, I vote "nay."

Mr. HALE (when his name was called). Making the same announcement as on the previous roll call, I vote "nay."

Mr. LODGE (when his name was called). Making the same announcement of the transfer of my pair as previously, I vote "nay."

Mr. RANSDELL (when his name was called). I have a pair with the Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. SIMMONS (when his name was called). Making the same announcement as heretofore with reference to my pair and its transfer, I vote "yea."

Mr. STERLING (when his name was called). Making the same announcement as to my pair and its transfer as on the last vote, I will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the last vote with regard to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN (after having voted in the negative). On the roll call I transferred my pair to the junior Senator from New York [Mr. CALDER], who has since entered the Chamber and voted. Therefore I withdraw my vote.

The result was announced—yeas 19, nays 51, as follows:

YEAS—19.

Ashurst	Fletcher	La Follette	Simmons
Borah	Jones, N. Mex.	McCumber	Stanley
Capper	Jones, Wash.	Myers	Warren
Cummins	King	Norris	Williams
Curtis	Ladd	Reed	

NAYS—51.

Brandegee	Harreld	Moses	Spencer
Broussard	Harris	Nelson	Sterling
Bursum	Heflin	New	Sutherland
Calder	Hitchcock	Newberry	Swanson
Cameron	Kenyon	Nicholson	Townsend
Caraway	Keyes	Oddie	Trammell
Dial	Lenroot	Overman	Wadsworth
Edge	Lodge	Penrose	Walsh, Mass.
Fernald	McCormick	Phipps	Watson, Ga.
France	McKellar	Poindexter	Watson, Ind.
Gerry	McKinley	Pomerene	Weller
Gooding	McLean	Sheppard	Willis
Hale	McNary	Smoot	

NOT VOTING—26.

Ball	Ernst	Norbeck	Shortridge
Colt	Frelinghuysen	Owen	Smith
Crow	Glass	Page	Stanfield
Culberson	Harrison	Pittman	Underwood
Dillingham	Johnson	Ransdell	Walsh, Mont.
du Pont	Kellogg	Robinson	
Elkins	Kendrick	Shields	

So Mr. REED's amendment to the committee amendment was rejected.

Mr. REED. I offer the same amendment as that which has just been voted on, except that the figure "5" shall be changed to "4."

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from Missouri to the amendment reported by the committee.

The ASSISTANT SECRETARY. On page 198, line 18, after the word "Candy," it is proposed to strike out "3" and insert "4," so as to read, "Candy, 4 per cent."

Mr. REED. Mr. President, I do not know that there is any use of discussing this question further. We have had a vote on it and have had discussion. I simply want to say that this is in the nature of a tax upon a luxury. All this talk about candy being a necessity is moonshine. It probably does a great deal more harm than it does good. This fight has been made not by the babies who are crying for candy, not by the old drunkards who are languishing for sweets, not by the soldiers who marched in France and ate chocolate three years ago, but it is being made by the manufacturers in order to escape a manufacturers' tax burden upon a luxury. That is all there is in the question. It means $20,000,000 of revenue. We have lost $8,000,000 of that now by the amendment which has been adopted. The amendment which I am now offering will restore $4,000,000, so that we will get $16,000,000 a year out of candy instead of $20,000,000, as we should.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Missouri to the amendment reported by the committee. [Putting the question.] The Chair is in doubt.

Mr. SIMMONS. I ask for a division.

On a division the amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question recurs on agreeing to the committee amendment as it has been amended.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The committee also proposes to insert, on page 198, beginning with line 20:

(10)—

It should be "(7)" under the changes—

Firearms, shells, and cartridges, except those sold for the use of the United States, any State, Territory, or possession of the United States, any political subdivision thereof, or the District of Columbia, 10 per cent.

Mr. LODGE. Mr. President, if we are to select industries and tax them, I think at least the taxes, now that we have returned to a state of peace, might be made more reasonable in the interest of business and industry.

I do not desire to argue the matter at any length; but the industry involved is a legitimate one, licensed and recognized by all the States, and I move, in line 24, to strike out "10" and insert "5," so that it will read "5 per cent."

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. In the amendment of the committee, on page 198, line 24, it is proposed to strike out "10" and insert "5."

Mr. HITCHCOCK. Mr. President, I think that would be a great mistake. I regret that the committee has not gone further in the matter of firearms, and devised some tax and if possible some license system to put a restraint upon the production and wide sale of firearms. The fact is that we pick up

the papers day after day and read of murders and assaults committed by irresponsible people who are able to buy firearms without any restraint at all, and at the lowest of prices. I believe it is a matter with which the single States are not able to deal. It is a matter which ought to be taken under national control. I should like not only to see a system by which we would tax the manufacturer of these firearms, so as to make them expensive, but I should like to see a system by which we would tax the men who deal in firearms and sell them to the public, whether they are sold at first hand or at second hand. I think it is a great mistake to alleviate in any degree the tax upon firearms that the committee has proposed.

Mr. LODGE. Mr. President, I agree with a great deal that the Senator says about the necessity for more stringent laws in regard to the sale of firearms. I do not think, however, that raising the tax will have any effect whatever on the sale. If we could prohibit it by a tax, that would be a very simple solution; but I do not think it would make any difference. The people who ought not to have firearms are the very people who will buy them, tax or no tax.

Mr. HITCHCOCK. When some half-witted criminal can go into a store that is operated without any license whatever and buy a deadly weapon for a few dollars that he may have in his pocket and go out and shoot some reputable citizen, I think it is an evil that ought to receive the attention of Congress.

Mr. LODGE. I agree with that. I think it ought to.

Mr. HITCHCOCK. The various States have endeavored to deal with this matter; but of what use is it for one State to legislate, when a criminal can cross a border and procure a weapon in another State? What I regret is that the committee has not undertaken in some comprehensive way to tax those who deal in firearms, and require them to procure licenses from the Government of the United States, and not permit any one to buy a firearm without a record being made of the purchase. I believe that would be quite within the power of Congress; and until some national effort is made by Congress, we are not going to get out of that result of the war. The use of firearms now is probably more general than it has been within the recollection of any of us.

Mr. LODGE. I agree that there is a great deal in that.

Mr. HITCHCOCK. The worst classes in the community are able to buy these firearms, and I do not think we ought to encourage the manufacture of them. I believe we ought to restrict the manufacture by taxes, so that they would not be made so easily accessible to the vicious and criminal classes.

Mr. LODGE. Mr. President, I recognize the evil as fully as the Senator from Nebraska does. We have, however, nothing in this bill that would reach it at all. This is a mere question of a manufacturers' tax. The manufacture, I think, is chiefly of shotguns and rifles for sporting purposes. I think that is what the principal industry is. I do not think the murders, and so forth, are committed in that way. They are committed chiefly with revolvers, and, of course, they are included in this provision; but I do not see any reason for breaking down the industry of manufacturing shotguns and sporting rifles. That is the reason why I suggested a lower tax.

Mr. SIMMONS. Mr. President, Senators have just voted a tax of 3 per cent on candy. They have also voted a tax of 3 per cent on trucks, automobile wagons, vehicles that have become almost as essential for the transaction of modern business as the railroads themselves. They have voted a 3 per cent tax on candy, and have voted a 5 per cent tax on automobiles and motor cycles. The automobile has taken the place of the buggy and the carriage. It has become as much a necessity as anything that is used in our modern life, except food and clothing. You have taxed automobiles and motor cycles 2 per cent higher than we tax candy, in the face of the fact that the candy manufacturer has not reduced his war-time prices, while his raw materials have been reduced from three to four hundred per cent. You have voted a 3 per cent tax on candy, and you have voted a 5 per cent tax on tires, tubes, and parts of automobiles and trucks and automobile wagons; and now it is proposed to reduce the duty on firearms, cartridges, and shells to the same tax that we impose upon automobiles and upon automobile parts—the one a necessity, the other leading to and responsible for much of the crime that is being committed in this country at this time.

Nearly every State in this Union makes the carrying of a concealed weapon a misdemeanor and punishes it with a severe penalty. The pistol is the chief arm that is protected by this proposed reduction in taxation. It is the weapon that is carried concealed about the person of the criminal, and frequently carried concealed about the person of the man who is not a criminal but who carries it for the purpose of protection, and uses it sometimes upon little provocation. The shells that are being made are not for guns, because there is relatively very little use of guns in this country. The chief use is of pistols. That is what shells are manufactured for. Now it is proposed to reduce their taxes down upon the level of the taxes that we have imposed upon these necessary vehicles of commerce and of business. I do not understand this system of dealing with the question of taxation.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from North Carolina yield to the Senator from Ohio?

Mr. SIMMONS. I yield.

Mr. WILLIS. Can the Senator give me any estimate as to the probable effect of this amendment upon the revenues?

Mr. SIMMONS. I have the figures, but I do not find them at this moment. The Senator from Utah tells me that the revenue is $1,700,000. It is not the matter of revenue that I am discussing now; it is the matter of the inequity in this proposition of taxing a thing the use of which we wish to curtail, which is not a necessity, but of which the possession and ownership very frequently leads the owner to the commission of crime, and also enables the owner sometimes to accomplish his purpose to commit crime. Do you want to show the pistol the same favor and consideration, when we are imposing taxes, that we show to the necessary vehicles of commerce? Surely not.

Mr. President, I could go through this bill and point out scores of instances where things of absolute necessity are taxed at a higher rate than we have either taxed candy or now propose to tax firearms. During the war we imposed extremely high taxes, as we thought at the time, in the nature of stamp taxes, to be used in connection with the ordinary transactions of business, transfers of property, the execution of notes, insurance policies, and the like. Those high war taxes are retained in this bill—taxes that levy a burden upon every business transaction in real estate and nearly every business transaction in banking matters that permeate our whole system of trade and traffic. We are keeping those high taxes, and you propose to cut down the taxes upon luxuries or take them off altogether, while making no reduction in the taxes upon necessities.

Have you reduced the tax upon automobiles?

Mr. TOWNSEND. Mr. President, give us a vote on trucks. When the time comes, I have suggested this morning that I propose to offer an amendment to defeat the proposition here to tax trucks and truck parts.

Mr. SIMMONS. I hope the Senator will be successful, but I am dealing with the bill as I find it now. I am trying to point out here a situation which, even if it does not strike others as it does me, I want to say, appalls me.

This astounding course seems to be the policy upon which we are to fix the rates, not only as to this particular item but other items in this bill, quite a number of which we have already considered and acted upon. It is wrong, Mr. President. I do not know why this policy is being pursued. I can not myself see any reason or justification, unless some can be found in the obligations of the majority party to certain interests in the United States.

There is no necessity of my occupying the time of the Senate to do more than to protest, because it seems that in the matter of these special taxes and excise taxes the policy of removing the tax on luxuries and doing nothing toward lowering the taxes on the necessities embraced in those two sections of the bill has been agreed upon by the other side, and despite any arguments we may make they are going to carry out their purpose. But, Mr. President, I do not propose that that shall be accomplished without making my solemn protest against the policy which underlies the whole scheme which is now being put through.

Mr. DIAL. Mr. President, it seems to me that instead of reducing the tax on these articles their sale ought to be prohibited altogether by law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. LODGE] to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is upon the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. At the top of page 199 the committee proposes to change the number of the subsection from (11) to (8) and to offer the following amendment:

Hunting and bowie knives, 10 per cent.

Mr. WILLIS. Mr. President, I am not versed in the literature of bowie knives. I should like to have some member of the committee explain how the item bowie knives occurs in subsection (11) rather than in (12). I supposed a bowie knife was a sort of a weapon of offense and defense. Why are not bowie knives classified with dirk knives, daggers, sword canes, and so forth?

Mr. SMOOT. A bowie knife is used by hunters. Dirk knives, daggers, sword canes, stilettos, and brass or metallic knuckles are things we want to prohibit if possible.

Mr. WILLIS. I understand that; but I thought bowie knives came in that class also.

Mr. SMOOT. Oh, no; a bowie knife is a hunting knife.

Mr. WILLIS. Very well.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. The committee also proposes to insert on page 199, beginning on line 2, subsection (12), which should be subsection (9), the following language:

Dirk knives, daggers, sword canes, stilettos, and brass or metallic knuckles, 100 per cent.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. The committee proposes to strike out lines 4 and 5, page 199.

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee proposes to insert, beginning on line 6, subsection (13), which should be (10), "Portable electric fans, 5 per cent."

Mr. SMOOT. Mr. President, according to the agreement reached, the committee now wishes the amendment on page 199, line 6, to be disagreed to.

Mr. KING. I would like to inquire what the present tax is.

Mr. SMOOT. It is 5 per cent.

Mr. KING. That was my understanding. The words found in line 6 merely perpetuate the existing law?

Mr. SMOOT. That is all. It yields $300,000.

Mr. SIMMONS. I think the Senator ought to give the Senate the benefit of the reason for striking this item out of the tax bill.

Mr. SMOOT. The electric fan has become almost a necessity.

Mr. SIMMONS. Does the committee propose to strike out the other necessities which are being taxed?

Mr. SMOOT. I would like to see that done.

Mr. SIMMONS. I am talking about the committee. I know what the Senator proposes in his amendment; but I am talking about the committee. The Senator is now speaking for the committee, I understand.

Mr. SMOOT. Yes; and the committee desires that this amendment be disagreed to.

Mr. KING. It seems to be very popular in the consideration of this tax bill to vote for everything that will reduce taxes. I have discovered since I have been in the Senate that it is popular to vote for appropriations, but unpopular to vote to lay taxes upon the people. We spend the greater part of our time voting appropriations, and so depleting the Treasury as to necessitate the borrowing of money in peace times to meet the current expenses of the Government. In short, time certificates are constantly being issued by the Treasury because the revenues are inadequate to meet the expenses. We are now devoting some little time to the formulation of a tax bill, but after it is reported the efforts of many Senators are directed to relieving wealth of taxation. I opine that our Republican friends will be in a dilemma pretty soon, when they attempt to balance the national budget. We are, as the Senator from North Carolina suggested a moment ago, reducing taxes upon luxuries, upon corporations, and must, if we secure sufficient revenue, increase the taxes upon necessities. This course emphasizes more and more the incongruous, inconsistent, and indefensible elements contained in the pending measure.

Mr. SMOOT. Mr. President, I do not think there will be anything stricken from the bill that will interfere with the raising of sufficient revenue to pay the estimated expenses of the Government. A majority of the majority of the committee decided that this item should not be agreed to, because of the fact that portable electric fans are used in sick rooms and hospitals and in almost every home, and we thought the item ought to go out. Therefore I ask that this committee amendment be disagreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was rejected.

The ASSISTANT SECRETARY. The committee proposes to strike out, on page 199, lines 7 to 11, inclusive, as follows:

SEC. 806. Subdivisions (14), (15), (16), (17), and (18) of section 900 of the revenue act of 1918 are amended by striking out the subdivision numbers at the beginning thereof and substituting in lieu thereof "(13)", "(14)", "(15)", "(16)", and "(17)", respectively.

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee proposes to insert, beginning with line 12, page 199, subsection (14), which should read (10), as follows:

Thermos and thermostatic bottles, carafes, jugs, or other thermostatic containers, 5 per cent.

Mr. SMOOT. Mr. President, the committee desires that that amendment be disagreed to.

The amendment was rejected.

The ASSISTANT SECRETARY. The committee proposes to insert, beginning on line 14, subsection (15), which should read (10), the following:

Cigar or cigarette holders and pipes, composed wholly or in part of meerschaum or amber, humidors, and smoking stands, 10 per cent.

Mr. SMOOT. Mr. President, I am directed by the committee to ask that this amendment be disagreed to.

Mr. KENYON. Will not the Senator give the Senate some reason for that action?

Mr. JONES of Washington. I would like to know why the committee asks that it be disagreed to.

Mr. SMOOT. I think that the majority of the majority of the committee decided that this item ought to go out. The revenue to be derived from it is only $150,000. Cigarettes themselves, of course, are taxed very heavily in the bill. All these are smokers' items, and the committee thought that in consideration of the other taxes imposed they ought to take this out of the bill. Therefore, Mr. President, in behalf of the committee I ask that the amendment be disagreed to.

Mr. KENYON. I would like to ask why the Senator did not include in the exception corncob pipes as well as meershaum and amber. The corncob pipe is one of the great national institutions.

Mr. SMOOT. The only reason is that corncob pipes are not subject to a tax.

Mr. KENYON. The Senator is asking to have them all taken out now. He would put meershaum and amber on the same plane with corncob pipes?

Mr. SMOOT. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the committee on page 199, beginning with line 14, to insert the matter found on lines 14, 15, and 16.

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee also proposes to insert, beginning on line 17, page 199, subsection (16), which should read (11), as follows:

(11) Automatic slot-device vending machines, 5 per cent, and automatic slot-device weighing machines, 10 per cent; if the manufacturer, producer, or importer of any such machine operates it for profit, he shall pay a tax in respect to each such machine put into operation equivalent to 5 per cent of its fair market value in the case of a vending machine, and 10 per cent of its fair market value in the case of a weighing machine.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 200 the committee proposes to insert lines 1 and 2, as follows:

(12) Liveries and livery boots and hats, 10 per cent.

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee also proposes to insert on page 200, beginning at line 3:

(13) Hunting and shooting garments and riding habits, 10 per cent.

Mr. SMOOT. I am directed by the committee to ask that the Senate disagree to that amendment.

Mr. KENYON. Mr. President, I should like to inquire why?

Mr. SMOOT. As far as possible the committee have tried to take out of the bill all garment and clothing taxes, and for that reason they ask that this go out. I will say to the Senator from Iowa that the revenue is about $171,000 derived from this source.

Mr. SIMMONS. Mr. President, the loss of revenue is not large, but I can see no reason why, when the tax is already imposed in the law, it should be taken off. Most of those who use special hunting and shooting garments and riding habits are amply able to pay the tax, especially riding habits, as the Senator from Louisiana [Mr. BROUSSARD] suggests to me. They do not constitute a necessity by any means. If one wishes to engage in hunting, he can hunt in ordinary clothing without specially made clothes for that purpose, and the same is true as to riding.

This is not an oppressive tax. It is a very light tax, not only imposed upon people who are able to pay it but I think the present law, which was passed at a time when we were search-

ing every nook and cranny to find something out of which to get money for the purpose of winning the war, was just when this source of revenue was selected, and no mistake was made.

While the war is over and we do not have to raise quite as much money as we did during the war, nevertheless we have to raise now four times as much as the requirements of the normal expenditures of the Government. Our taxes, therefore, may be said to have been increased, as the result of the war up to this time, 400 per cent. So when we have found an article like this which is a legitimate subject of taxation, and put a light tax upon it, I do not understand why the committee wants to strike it out.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the committee.

The amendment was agreed to.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The absence of a quorum is suggested. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Brandegee	Heflin	McKinley	Simmons
Broussard	Hitchcock	McLean	Smoot
Calder	Johnson	McNary	Spencer
Cameron	Jones, N. Mex.	Moses	Stanfield
Capper	Jones, Wash.	Myers	Stanley
Caraway	Kendrick	Nelson	Sutherland
Curtis	Kenyon	New	Townsend
Dial	Keyes	Newberry	Trammell
Dillingham	King	Nicholson	Wadsworth
Edge	Ladd	Norbeck	Warren
Ernst	La Follette	Norris	Watson, Ga.
Fernald	Lenroot	Oddie	Weller
Fletcher	Lodge	Pittman	Willis
France	McCormick	Poindexter	
Hale	McCumber	Ransdell	
Harris	McKellar	Sheppard	

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present. The Secretary will report the next amendment.

The SECRETARY. On page 200 the committee proposes to strike out lines 5 and 6, in the following words:

SEC. 807. Subdivision (19) of section 900 of the revenue act of 1918 is amended to read as follows.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is on page 200, in the section relating to articles made of furs, where, in line 10, it is proposed to strike out "5 per cent" and insert in lieu "10 per cent."

Mr. SMOOT. Mr. President, the committee recommend that we strike out lines 7 to 15, inclusive, which is known as the fur subsection.

Mr. SIMMONS. That is an amendment offered by the majority members of the committee?

Mr. SMOOT. That is correct.

The PRESIDING OFFICER. May the Chair be permitted to suggest that the orderly way of procedure now would be to take a vote on the committee amendment in line 10, just stated by the Secretary.

Mr. SMOOT. I apologize to the Chair. I notice now that there is a committee amendment in the paragraph.

The PRESIDING OFFICER. The question is on the committee amendment in line 10, to strike out "5 per cent" and insert "10 per cent."

Mr. SPENCER. Mr. President, I wish to say a word on the subject of furs. I believe I had not been in the Senate more than an hour or two, at any rate not more than a day or two, when I called the attention of the Senate to a point which I wished to make. I shall always remember the courtesy of the Senator from North Carolina [Mr. SIMMONS], who was then chairman of the Finance Committee, and the warm feeling of gratitude which I had toward him then when he consented to accept the suggested amendment. It seemed to me that it was the height of statesmanship.

The committee now seeks to strike out the tax on garments the component parts of which of largest value are furs. Here are three reasons which seem to me to make that situation unanswerable as the committee puts it before us.

In the first place, it is unfair to put a tax upon garments of which fur is a component part when there is no tax on garments that are made of velvet or silk or satin. Furs essentially are not luxuries. In the part of the country from which the Senator from Wyoming [Mr. WARREN] comes, and in the western part of the United States, and even in the Central West, furs mainly are necessaries, and why there should ever be a tax imposed upon garments of which furs are a part when there is no tax upon any other article of wearing apparel, lace or silk or satin, is to me unanswerable.

There is another thing. There is an international question involved in the tax on furs. Many Senators know that for some years the Government of the United States has had the dyeing and dressing of all skins of seals caught in the Pribilof Islands, both those that belong to the United States and those that belong in smaller part to Russia and Japan. They have all been handled by the United States. They are now being handled by the United States. It has been a tremendous struggle to bring the market for those furs from London, where for years it was, to the United States. It is here now. Those furs are dyed and dressed in St. Louis. They are sold in St. Louis for the Government account. If we put a tax of 10 per cent on every garment of which the component part greatest in value is fur, we have struck a body blow at the fur industry and the keeping of it in this country.

I think I am correct in the information which I now give to the Senate that from the Department of Commerce there came to the Committee on Finance information very largely such as I have now given, which was probably one of the reasons why the committee are now of the opinion that the tax upon garments made of fur should be eliminated.

One other thing and I am through. When we were arranging the war tax the committee put a tax upon 15 furs and mentioned them. The fur industry of the United States said, "This is a war tax. The Government needs the money. Here is an additional list of furs which ought also to be taxed, though the burden falls on us." So from the fur industry came the suggestion to the Government during the World War of putting a tax on all furs, and that tax was so imposed. That time has ended. From the standpoint of justice and our relationships with other nations in connection with seals, I submit that the tax on furs is not a fair tax.

Mr. McCUMBER. Mr. President, the question of whether or not certain articles are luxuries depends entirely upon time and place. Probably 100,000 years ago, before the human family had shed the hair off their backs, clothing was a luxury. If there was any clothing used at all, perhaps it was only beads and such articles worn for ornamental purposes; but as time went on, as the human family began to press north and south of the torrid regions and to get into the colder regions of the earth, more clothing became necessary; clothing ceased to be a luxury and became a necessity. As civilization has progressed and people are compelled to live in some portions of the United States and Canada and other regions of the world where there are nine months of winter and three months of rather cool weather, clothing not only became an essential, but fur also becomes a necessity. Inasmuch, perhaps, as half of the area of the United States is so situated that we may figure on from three to six months of rather cold weather, I can not understand how anyone can claim that fur is a luxury. It certainly is a necessity in my State. Even though a lady may get along without fur very well in Florida or Louisiana, she needs it in Minnesota and North Dakota and Michigan and New York; she needs it as an essential article of clothing. I have opposed in the committee any tax upon clothing; and fur being a form of clothing, I think we should strike out the tax altogether and let people dress as well as they can and as cheaply as they can and be enabled to purchase those things which they find necessary in order to keep them warm during the winter months.

Mr. WATSON of Georgia. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Georgia?

Mr. WATSON of Georgia. Will the Senator allow me to add to his information on the subject which he is discussing?

Mr. McCUMBER. With pleasure.

Mr. WATSON of Georgia. Down in the South, as the Senator from North Dakota has stated, we do not have very much cold weather; but it is a fact that in the warmest weather of May and June it is a fashion there for ladies when they go out to wear a full set of costly furs. Those furs cost anywhere from $50 to $500. I ask the Senator does he not think that those who wear those furs as a matter of luxury or display when the sun is broiling hot on our streets might pay something for the luxury of that display?

Mr. McCUMBER. Mr. President, if the Senator from Georgia can point out to me the line of demarcation between the necessity and the luxury and will advise me, whether he adopts Mason and Dixon's line as the dividing line for the application of this tax, I may help him out; but I do not wish the people of my State to be taxed for the fur that is necessary in order to keep the women warm because some ladies in his State see fit to wear furs in the hot month of July.

Mr. WATSON of Georgia. Far be it from me to point out any line for fashionable ladies anywhere; that is none of my business; but I will tell the Senator that down where I live.

in a town of about 2,000 inhabitants, I have seen women of both colors, black and white, clothed from head to foot in furs, when I myself was glad to wear the lightest suit I could get.

Mr. FLETCHER. Mr. President, the present discussion is proceeding upon the supposition that the motion is to strike out this tax entirely, whereas the real question before the Senate is whether or not the Senate will agree to the committee amendment changing in line 10 the per cent from 5 to 10. I am in favor of the change. It seems to me that there are so many exceptions in this paragraph that there can be no hardship on our friends from the West and in the colder regions. For instance, the first exception is:

Except those sold to a manufacturer for use in the manufacture of fur articles.

There is no tax upon that class at all. The second exception is:

Except raw, dressed, or dyed skins of sheep, goats, calves, cattle, or horses.

They are all excepted from the tax under this provision. The provision continues:

And except coats sold at less than $30.

They are all excepted from this tax. So it looks to me as though the exceptions in the section relieve it of all objections whatever. As the tax will apply only to sables and such articles as the Senator from Georgia mentioned, I can not see any objection to continuing the tax, in fact, to increasing it, from 5 per cent to 10 per cent.

Mr. SPENCER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Missouri?

Mr. FLETCHER. I yield.

Mr. SPENCER. I call the Senator's attention to the fact that there is no exemption in regard to manufacture; it is a mere exemption where the manufacturers are holding it in the process of making another article; but every article that is manufactured of fur is taxed.

I call the Senator's attention also to an exception on the skins of cattle and horses which do not furnish very many fur coats; neither do goats and sheep; but all cheap furs, like muskrat and catskins and rabbit skins, are taxed. I leave it to the Senator's sense of fairness, in view of the fact that if I buy a cloth overcoat containing no fur for $100 I pay no tax, whether the man in the Central West or far West who buys a cheap fur coat for $50 or $60 should be compelled to pay a 10 per cent tax on it. We think of furs sometimes as luxuries, but the cases where they can be so considered are negligible. I can hold in my hand as many sables as I have seen in my life. The quantity of those expensive furs is negligible. The great body of fur garments are those that are made of cheap furs and are worn by people who need them for warmth. Yet they are taxed by this bill, when articles that do not contain fur in their composition are free from tax irrespective of their cost or their luxury. Is it fair to tax a garment that happens to have fur in its composition when we allow velvet and lace and silk and satin, irrespective of their value, to go absolutely free of taxation?

Mr. KENYON. Mr. President, I should like to ask the Senator from Missouri a question.

The PRESIDING OFFICER. Does the Senator from Florida yield further?

Mr. FLETCHER. Yes; but I was only going to suggest that I am willing to increase the price of coats excepted from $30 to $50, if that would be agreeable to the Senators.

Mr. KENYON. I should like to ask the Senator from Missouri if he can not devise some amendment that will cover the cases cited by the Senator from Georgia [Mr. WATSON] of the idiots who march around in July and August with furs around their necks? There ought to be some way of getting at that so-called fashion; we can not send those who follow it to the insane asylum.

Mr. SPENCER. Not so long as human nature is as it is, It is a ridiculous fashion, but it is negligible.

Mr. McCUMBER. Mr. President, I simply wish to say to the Senator from Florida that I certainly believe he would give to the people in my State when the thermometer is 30 degrees below zero the right to buy something besides a goatskin or a calfskin or a cowhide or a horse skin for the purposes for which fur is used. Those commodities are exempted from taxation, and, while men may wear such skins, yet I do not think the Senator would insist that if the ladies in the Northern States wear anything better than a goatskin they should pay a heavy tax for doing so.

Mr. FLETCHER. That is not my language; that is the language of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee on page 200, in line 10.

The amendment was rejected.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. The Senator from Utah [Mr. SMOOT] moves to strike out, beginning with line 7, all down to and including line 15, on page 200, as follows:

(19) Articles made of fur on the hide or pelt, or of which any such fur is the component material of chief value (except those sold to a manufacturer for use in the manufacture of fur articles), 5 per cent. This paragraph shall apply to all such articles which are commonly or commercially known as fur, except raw, dressed, or dyed skins of sheep, goats, calves, cattle, or horses, and except coats sold at less than $30, of which such skins are the component materials of chief value.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah to strike out from line 7 to line 15, inclusive, on page 200.

Mr. SIMMONS. Mr. President, the proposition now is to strike out altogether the tax on furs. In the present law the tax is 10 per cent. The House bill reduced that to 5 per cent, and the Senate committee restored it to 10 per cent. Now the Senate has voted out the 10 per cent tax, and the committee moves to eliminate from the bill the whole section, and impose thereby no tax at all upon furs.

I have felt that the House was entirely justified under the circumstances in making a reduction in the present rate. The House struck out all taxes upon clothing, but retained the tax on furs. I myself was not indisposed to accept their rate of 5 per cent, which is just one-half of the present rate; but the proposition to strike it out altogether is one that does not appeal to me, because I have always been led to believe and to think that expensive furs are not necessities at all, and I thought when we were framing the present law that they constituted an entirely legitimate subject of taxation.

The Senator from North Dakota [Mr. McCUMBER] rather disarms me in my purpose to make a somewhat vigorous protest and fight against reducing the tax below 5 per cent or striking it out altogether. He says this is rather a sectional matter; that furs are not a luxury in the cold regions of the West, and especially of the Northwest, and are not a luxury in the cold regions of the far eastern section of our country and the middle section of the northern States, but are necessary articles; that while furs might be, as the Senator, I think, put it, a luxury in the South, they are a necessity in other sections of the country to which I have referred.

Mr. President, I certainly have not any sectional feeling about this matter; and if the balance of the country thinks that this article is a necessity there and not a necessity in my section of the country I am somewhat embarrassed in presenting my opposition to the motion now made by the committee. However, without seeking to press my views at all as I have on some of these other amendments, I want to say that I am not convinced that this is not a legitimate subject of taxation under the circumstances, or that 5 per cent is too much tax to impose upon it.

Mr. KING. Mr. President, I admit that there may be difficulties at times in drawing a satisfactory line between commodities and articles which are luxuries and those which are necessities. But, generally speaking, those articles which fall within the classification of necessities are fully understood and appreciated; and because there may be some difficulty in a proper classification of commodities that is not sufficient reason to prevent a recognition of such a difference and applying a system of taxation that will properly deal with such recognized difference.

Those upon the other side of the aisle seemed determined to prevent any excise provisions being incorporated within this bill. They are assailing the provisions of this measure which impose excise taxes upon the various articles mentioned in the bill. The purpose of this course seems more and more manifest as the consideration of this measure proceeds. There can only be one reason, namely, the execution of a plan to lay a general consumption tax upon the people. A most extensive propaganda has been waged for months in favor of a sales tax. A part of this propaganda has been devoted to the advocacy of a turnover sales tax. There are those who have urged that the tax be limited to the manufacturers of the United States and their products. But in various forms the demand has come to us that taxes shall be lifted from corporations and big business and wealth, and a general system of consumption taxes adopted by the United States.

What we do now will probably constitute a precedent that will determine the fiscal policies of the Nation for years to come. If the efforts to abolish excess profits or undue profits upon

corporate or individual business and taxes upon large incomes shall succeed, then, of course, a consumption tax will be inevitable. The persistent efforts made to eliminate all excise taxes and to prevent the imposition of heavy taxes upon incomes and excess profits justify the conclusion that there is a deep-seated purpose to impose a system of consumption taxes upon the American people. All efforts to tax luxuries have met with persistent opposition by members of the majority in the Senate. This lends support to the belief that when this bill shall finally pass the Senate it will contain provisions imposing burdens upon the necessities of life.

I admit, Mr. President, that in singling out articles to lay taxes upon, injustices may be done. It is almost impossible to draft a tax bill that will do equal and exact justice to all. However, our experience demonstrates that there are certain articles that may be taxed and from which large revenues may be obtained and the taxation of which would not be oppressive to the people. Perhaps no scientific system of taxation is possible, if by the word "scientific" it is meant that the system must square with all principles of science and logic. The important thing is to adopt a system of taxation which is just; one which has in mind the interests of the masses of the people; one in which its operations will secure the greatest good to the greatest number.

Governments rest upon the people, and their welfare is the prime object of government. Not only political liberty is essential where good government exists, but it is important that there be industrial liberty. Indeed, the great problem nowadays is to secure industrial liberty. Our fathers laid the foundations of political liberty, and the American people are in the enjoyment of that great heritage. It is important that there be economic freedom and that our industrial conditions shall be such as to make for the perpetuation of our political system. Political liberty would be unavailing unless there were industrial liberty. I am afraid that too many Senators have overlooked the close relation between economic and industrial liberty and progress and the question or problem of taxation. A vicious system of taxation may be destructive of the industrial welfare and liberty of the people.

With the heavy demands made by the Federal Government it is important that the toiling masses shall not have placed upon them burdens which they can not bear and burdens which they should not bear. I have said during this debate, and again repeat the statement, that the taxes needed by the Government must be obtained from those who are best able to bear them. That does not mean that there should be confiscatory legislation or tax laws which will destroy our capitalistic system. Full opportunity must be given for the production of wealth and for the accumulation of savings. I am opposed to the invocation of the taxing power of the State to bring about what may be called a leveling process. Under the guise of taxation thrift must not be penalized and the energies of the people sacrificed.

The English-speaking people have always contended for a just system of taxation, and we must seek to follow that tradition.

I concede the difficulties connected with the formulation of a tax bill at this time, and I admit that grievous inequalities have appeared in our revenue bills in the past and will undoubtedly mar future tax measures; but, so far as possible, our efforts should be to deal out equal and exact justice to all. Wealth should gladly assume the heavy burdens which the condition of the country places upon it. It should not attempt to shirk, but it should meet all legitimate demands willingly.

There is much to support the charge that the majority of the Finance Committee, the committee reporting this bill, adopted a theory in its formulation that was discriminatory against the masses. The controversy since the bill came to the floor of the Senate has been between those forces which sought to exempt wealth from taxation and place the burdens upon the people and those elements which contended that the burden of taxes should be laid upon the shoulders of the rich—not because they were rich, but because of their ability to bear such burdens and because it was just that those who profited by the Government and who amassed fortunes under the Government and by reason of its laws and its protection should make contribution for its maintenance.

Mr. President, I am not convinced by the arguments of the Senator from Missouri [Mr. SPENCER] that we should eliminate all taxes upon furs. I attempted to follow his able presentation of the matter, but was not convinced that all who are engaged in the manufacture or sale of furs should be exempt from taxation. Concede that furs as clothing are necessities in some parts of our country, nevertheless the overwhelming majority of those using them in such sections do not purchase furs of great value; they purchase cheap furs; and perhaps such purchases, or the transactions involved in such purchases, should be exempt from taxation. In line 14 of the pending provision the exemption extends to all transactions where the amount involved is under $30. Perhaps it would be wise and just to raise this maximum limit to $50 or a sum higher than that. I am inclined to think, Mr. President, that the Senator from North Dakota lays too much stress upon the use of furs by the great mass of the people.

Mr. McCUMBER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. KING. I yield.

Mr. McCUMBER. Can the Senator give me some idea of what it costs to-day to get a lady's coat made out of skunk skin or out of muskrat skin? I am asking that as a basis for the Senator's fixing a price above which he would apply the tax.

Mr. KING. I will attempt to answer that question after the Senator answers the question which I shall propound to him. What proportion of the men and women of his State use furs of the character just embraced in his question?

Mr. McCUMBER. A great many of them use the muskrat skin, and of late years the skunk skin is being utilized to a great extent—mainly the muskrat skin; but remember that it is not merely a question of the entire coat. Even the cloth coats generally will have fur around the neck or around the sleeves, or something; and under this bill, if any of the component parts are of fur, they are made taxable.

Mr. KING. First, let me read a line or two of the bill:

> Articles made of fur on the hide or pelt, of which any such fur is the component material of chief value.

In view of the limitation or restriction incorporated in the words to which I have just called the Senator's attention, it is apparent, it seems to me, that coats having a small strip of fur, or where the fur constitutes less than 50 per cent of the value, would not come within the provisions of the bill.

Mr. McCUMBER. Let us take an ordinary plush coat, we will say a silk plush coat or a cotton plush coat of a lady. Then it would have, as we have in North Dakota, a fur collar to turn up over the ears on a cold day. I think the Senator will find that the collar costs about twice as much as the coat without the collar.

Mr. KING. Would the Senator denominate the collar, in the case to which he has just referred, the "component material of chief value"?

Mr. McCUMBER. Why, yes. If the collar was worth, say, $25 to $30, and the coat without the collar was worth from $15 to $20, of course the component material of chief value would be the fur.

Mr. KING. I am not satisfied that the Senator is correct in his interpretation of the language:

> Articles made of fur on the hide or pelt, or articles—

I am interpolating the word "articles" there—

> of which any such fur is the component material of chief value.

I do not believe that a proper construction of that section would reach garments of the character just alluded to by the Senator.

Coming back to the question which my friend propounded a moment ago, I do not know that I can answer him with any degree of accuracy as to the cost of the garments to which he referred; but I presume articles of that character would cost from $500 to $750 each.

Mr. McCUMBER. I think the Senator is a little high on that. I think they are very expensive when they run from $150 to $250, but I do not think they would run up to $500 to $750.

Mr. KING. Mr. President, a year ago I priced some of them, and I know that I am within the limits of the prices then fixed by stores in this city as well as in near-by cities. Prices may have been reduced since then; but I am inclined to think that if the Senator will make an investigation he will discover that the figures I have stated are substantially correct.

Mr. President, we must raise revenue from some sources. Our Republican friends seem determined to place luxuries of all kinds in the category of necessities in order that they may escape excise taxes. Of course, if they succeed they will then insist that a sales tax must be provided to meet the demands of the Treasury. I insist that we shall attain the revenues required from incomes, corporation taxes, estate taxes, and taxes upon luxuries. However, as I have stated upon a number of occasions, there are many objections to inheritance taxes being collected by the Federal Government. The States are being stripped by the General Government of all sources of revenue except such as may be derived from real estate and personal property within their borders. I shall have something further to say upon the question of inheritance taxes before this bill is passed.

Mr. SPENCER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Missouri?

Mr. KING. I yield.

Mr. SPENCER. Does it strike the Senator as fair that a woman who buys a velvet coat or a plush coat for $175 to $200 should pay no tax, while the woman who buys a muskrat skin or a rabbit skin or a catskin coat for $125 should pay a 10 per cent tax? Or, to put it on the other side, does it strike the Senator as fundamentally fair that a man who pays $125 for an overcoat of cloth should pay no tax, while the man who buys a coat of rabbit skin, as is most frequent in the West, which will cost $100, should pay a tax of 10 per cent? Is there anything fundamentally fair in it?

Mr. KING. Mr. President, I stated a few moments ago that it is absolutely impossible to frame a revenue bill that will mete out equal and exact justice to all. It is a difficult thing to frame these schedules and to place excise taxes in such a manner that injustice may not be done. Our duty, however, is to approximate the standard of justice and to deal in the imposition of these excise taxes as fairly as we can with all subjects and with all classes. I would not object for the present to the imposition of a tax upon costly clothing, whether it consisted of furs, or of the finest broadcloth, or silks or satins.

My friend from Missouri in his opening address adverted very feelingly to the fact that silks and satins were not taxed, and the proposition now was to tax furs. I am willing, if the Senator will offer an amendment to this measure imposing burdens upon silks and satins, and diamonds, and other luxuries, to vote with him to tax them.

Mr. GERRY. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from Rhode Island?

Mr. KING. I yield.

Mr. GERRY. I think the primary object of this amendment was to tax the very great luxuries in furs, for example, like sable coats and silver-fox skins, which sell at tremendous prices and are very great luxuries. I think the fundamental principle attempted to be arrived at here was to tax these great luxuries. Whether that has succeeded or not, or whether some injustice or inequality may have been done, is another question; but I think fundamentally there can be no doubt that the basic principle of the committee in taxing these very high-priced furs was absolutely sound.

Mr. KING. Mr. President, I thank the Senator from Rhode Island for his suggestion, and I have no doubt that he stated accurately what the committee had in mind when it prepared the provision under consideration. The purpose was not to reach those cases referred to by the Senator from North Dakota. It was known that furs of fabulous value are purchased by many persons in the United States. It is known that manufacturers of furs produce garments that cost not only hundreds but thousands of dollars. It was intended that transactions relating to these costly garments should be reached and taxed. The provision before us may not be sufficiently clear as to its purpose, and it perhaps does not cover the situation in a just and proper manner. However, it can be easily amended so as to extend the proper exemptions to those who come within the class referred to by the Senator from North Dakota. But I believe that it would not be proper to strike out the entire paragraph and exempt from taxation what are clearly luxuries. Those manufacturers of costly garments should be required to pay a proper tax thereupon. There may come a time when we can dispense entirely with taxes of this character; but with the pressing needs of the Government, and with the difficulties experienced in finding suitable objects for taxation, it seems to me that it would be improper to exempt from taxation all classes of furs.

The PRESIDING OFFICER. The question is on the amendment offered by the senior Senator from Utah to strike out lines 7 to 15, inclusive.

Mr. KING. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WALSH of Massachusetts. Mr. President, may we have the exact amendment stated?

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 200 it is proposed to strike out all of lines 7 to 15, inclusive.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement of my pair and its transfer, I vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. In his absence, being unable to obtain a transfer, I must withhold my vote. If privileged to vote, I should vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as before as to the transfer of my pair, I vote "yea."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], and in his absence I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence, being unable to obtain a transfer, I am compelled to withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my general pair with the Senator from Montana [Mr. WALSH] to the junior Senator from Vermont [Mr. PAGE], and vote "yea."

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Iowa [Mr. CUMMINS], and vote "yea."

Mr. McLEAN. I have a general pair with the Senator from Montana [Mr. MYERS]. In his absence I withhold my vote.

Mr. JONES of New Mexico. I desire to announce that the junior Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present and permitted to vote, he would vote "nay."

Mr. RANSDELL. I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The senior Senator from Pennsylvania [Mr. PENROSE] with the senior Senator from Mississippi [Mr. WILLIAMS]; and

The senior Senator from Vermont [Mr. DILLINGHAM] with the junior Senator from Virginia [Mr. GLASS].

The result was announced—yeas 41, nays 25, as follows:

YEAS—41.

Borah	Gooding	McNary	Spencer
Brandegee	Hale	Moses	Stanfield
Bursum	Harreld	New	Sterling
Calder	Johnson	Newberry	Sutherland
Cameron	Keyes	Nicholson	Townsend
Capper	Ladd	Norbeck	Wadsworth
Curtis	Lenroot	Norris	Warren
Edge	Lodge	Oddie	Willis
Fernald	McCormick	Phipps	
France	McCumber	Poindexter	
Frelinghuysen	McKinley	Smoot	

NAYS—25.

Ashurst	Hitchcock	Nelson	Shields
Caraway	Jones, N. Mex.	Overman	Stanley
Culberson	Jones, Wash.	Owen	Walsh, Mass.
Dial	Kendrick	Pittman	Watson, Ga.
Gerry	King	Pomerene	
Harris	La Follette	Reed	
Heflin	McKellar	Sheppard	

NOT VOTING—30.

Ball	Ernst	Page	Trammell
Broussard	Fletcher	Penrose	Underwood
Colt	Glass	Ransdell	Walsh, Mont.
Crow	Harrison	Robinson	Watson, Ind.
Cummins	Kellogg	Shortridge	Weller
Dillingham	Kenyon	Simmons	Williams
du Pont	McLean	Smith	
Elkins	Myers	Swanson	

So Mr. SMOOT's amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 200 the committee proposes to strike out all of lines 16, 17, and 18, as follows:

Section 808, subdivisions (20) and (21) of section 900 of the revenue act of 1918, and the paragraph immediately following such subdivisions, are amended to read as follows:

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 200, line 19, strike out the quotation marks in parentheses and the numeral "19" and insert in parentheses the numeral "14."

Mr. WALSH of Massachusetts. Mr. President, I respectfully ask the Senator in charge of the bill to explain just what is included in the language that we struck out on page 200.

Mr. SMOOT. That is just a formal amendment so as to bring these provisions into the one paragraph. There is nothing else to it. It is as we have done each time, beginning with section 807, where we struck it out and put it under this section.

Mr. WALSH of Massachusetts. It is in the nature of a provision that the taxes on certain articles are to be paid by the purchaser rather than the manufacturer.

Mr. SMOOT. I will say to the Senator from Massachusetts——

Mr. McCUMBER. If the Senator from Utah will allow me, I think I understand what the Senator from Massachusetts is get-

ting at. The Senator will recall that the House simply amended the old paragraph of the old law. The Senate committee adopted a new system of inserting everything into the bill. Therefore they struck out that paragraph, which is merely an amending paragraph of the old law.

Mr. WALSH of Massachusetts. I have no objection to that.

Mr. SMOOT. I suppose the Senator meant to ask what the words "the paragraph immediately following" meant. It has reference to this language, for instance, that we insert on page 202:

> If any manufacturer, producer, or importer of any of the articles enumerated in this section customarily sells such articles both at wholesale and at retail, the tax in a case of any article sold by him at retail shall be computed on the price for which like articles are sold by him at wholesale.

Then the balance of it is as the Senator from North Dakota stated.

Mr. WALSH of Massachusetts. In other words, on articles which we are now to take up for consideration the taxes were formerly paid by the purchaser, rather than by the wholesaler or manufacturer. Is that correct?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. On these articles the taxes are now paid at the sources by the manufacturer or producer?

Mr. SMOOT. It is under this bill to be paid by the manufacturer.

Mr. WALSH of Massachusetts. On such articles as yachts, which is the subject matter now before us, the tax was paid by the purchaser?

Mr. SMOOT. No; in the present law the tax on yachts is paid by the manufacturer.

Mr. WALSH of Massachusetts. Is that true of trunks and valises?

Mr. SMOOT. On trunks and valises the tax was paid by the retailer. If the Senator will turn to section 904 he will find the tax is placed on the manufacturers.

Mr. WALSH of Massachusetts. The answer of the Senator from Utah has explained what I wished to know. We are coming to that portion of the bill where there is a change in the source upon which we are to levy the tax.

Mr. SMOOT. That is correct.

The PRESIDING OFFICER. Without objection, the formal amendment in line 19, page 200, is agreed to. The Secretary will state the next amendment.

The READING CLERK. On page 200, in line 21, strike out after the numerals "$15" the comma and "5 per cent" and insert "10 per cent," so as to make the paragraph read:

> Yachts and motor boats not designed for trade, fishing, or national defense, and pleasure boats and pleasure canoes if sold for more than $15, 10 per cent.

Mr. LODGE. Mr. President, I hope the Senate will not agree to that amendment. The House proposed 5 per cent. The industry is not a large one, but it is not without value, and the tax falls upon it with great severity. The Senate should remember also that there is a heavy tax on users of yachts; that is, there is a user's tax; and now this is a tax proposed to be placed on the builders.

The industry is not a large one, but it extends all over the country along the Atlantic coast and along the Lakes, and has a normal capacity of 8,304 employees. They are now employing 1,658. As the industry is at a very low ebb, I should be glad to see the entire tax stricken out, but certainly we ought not to go beyond the House figure. I therefore hope the Senate will disagree to the increase proposed by the Senate committee.

Mr. BRANDEGEE. Mr. President, may I ask the Senator from Massachusetts or the Senator from Utah how much revenue would be raised by this increase?

Mr. SMOOT. Four hundred thousand dollars is the amount that would be raised under this tax.

Mr. BRANDEGEE. Of 10 per cent?

Mr. SMOOT. Yes.

Mr. BRANDEGEE. And at 5 per cent.

Mr. SMOOT. At 5 per cent it would be just one-half.

Mr. BRANDEGEE. So it is an increase of $200,000.

Mr. SMOOT. That is correct.

Mr. KING. Mr. President, the Senator from Massachusetts referred to a tax upon users, and, as I understood him, he was urging that, perhaps, as a reason why the manufacturers should not be taxed.

Mr. LODGE. No; I meant there was a double tax on yachts, one tax on the manufacturer and one on the use.

Mr. KING. But the tax upon the use would not fall upon the manufacturer.

Mr. LODGE. Oh, no; it falls on the owner. As a matter of fact, the tax is paid, I take it, by the purchaser. This tax is paid by the purchaser of the yacht.

Mr. SMOOT. I may call the Senator's attention to the fact that last year the revenue from the use of yachts amounted to $395,000.

Mr. LODGE. I have no intention of disturbing the tax on the use of yachts at all. I think it is a proper tax.

Mr. SMOOT. I am aware of that. I was merely calling the attention of the Senate to it.

Mr. LODGE. That only yielded $400,000. The yield of this tax is small and it is very oppressive, almost destructive to a valuable industry.

Mr. FLETCHER. It all refers to yachts and motor boats of a design purely for pleasure.

Mr. LODGE. Yes.

Mr. FLETCHER. And that do not do any trading or fishing?

Mr. LODGE. It does not touch any steamboats, for instance.

Mr. FLETCHER. I do not see why a man who can afford to have a yacht should not pay 10 per cent.

Mr. LODGE. The House put on 5 per cent, and I think that is quite severe enough; in fact, too severe. I ask to have printed in the RECORD in connection with what I have said a list of the companies engaged in the manufacture of these boats, together with some statistics on their labor.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Present conditions in the motor-boat industry as regards labor and production under existing 10 per cent sales tax.

Firm.	Statistics on labor.			Percentage of productive capacity.
	Total capacity.	Employees as of Sept. 1, 1921.	Percentage of capacity.	
Albany Boat Corporation	150	None.	.....	.....
Consolidated Shipbuilding Corporation	1,800	560	31	20
Fay & Bowen Engine Co	100	40	40	30
Rochester Boat Works	125	5	4	17
The Elco Works	500	51	10	10
Greenport Basin & Construction Co	300	69	23	5
George Lawley & Son Corporation	800	129	16	15
New York Yacht, Launch & Engine Co	200	50	25	10
Frederic S. Nock	200	25	13	10
Belle Isle Boat & Engine Co	30	8	26	20
Red Bank Yacht Works	50	16	32	25
Disappearing Propeller Boat Corporation	70	38	54	35
The C. C. Smith Boat & Engine Co	50	3	6	.....
Mullins Body Corporation	250	None.	.....	.....
Julius Petersen	60	10	17	20
Toppan Boat Manufacturing Co	25	7	28	30
Luders Marine Construction Co	300	13	4	10
Hacker Boat Co	25	4	16	.....
Mathis Yacht Building Co	250	35	14	15
Cape Cod Ship Building Corporation	20	8	40	.....
Great Lakes Boat Building Corporation	200	29	14	22
Aeromarine Plane & Motor Co	100	None.	.....	.....
Knox Motors Co	1,200	120	10	10
Red Wing Motor Co	100	35	35	50
Kermath Manufacturing Co	75	40	52	50
Murray & Tregurtha Corporation	260	27	10	10
Regal Gasoline Engine Co	75	40	53	60
Winton Engine Works	300	55	18	25
The Snow & Petrelli Manufacturing Co	60	15	25	45
Fire Gun Manufacturing Co	110	30	27	17
Charles P. McClellan	25	5	20	25
L. O. Koven & Bro	350	169	48	50
Chas. D. Durkee & Co	70	14	20	20
Smith-Meeker Engineering Co	44	7	16	16
Durkee Manufacturing Co	30	1	3	.....
Total	8,304	1,658	.....	.....

Mr. CALDER. Mr. President, I would call attention to the fact that last year $530,000 was collected from this source, but the year before only $200,000. Of that $530,000, over $300,000 was collected on the building of one yacht. From inquiries I have made I doubt if we will get as much as $55,000 on the basis of a 5 per cent tax.

Mr. LODGE. The Senator has in his State—in fact, in his neighborhood—builders of these small boats and of yachts, and I think he will bear me out in what I have said as to the effect of this tax upon the industry.

Mr. CALDER. I am told there are no yachts being built at all in our part of the country. This tax discourages the business. I join in the statement of the Senator from Massachusetts, and I would not favor taking the tax off of the use of yachts. A man who can afford to own yachts and use them can afford to pay that tax.

Mr. McCUMBER. Mr. President, I wish to ask the Senator if those who can afford to buy the yachts and can afford to pay the user's tax can not also pay the tax upon the yacht itself?

Mr. CALDER. It would seem so.

Mr. McCUMBER. I am speaking now simply of pleasure yachts, and not merely a little motor boat or canoe.

Mr. LODGE. The bulk of these are small boats. The great bulk of the business is small motor boats or small yachts or sailboats, and so forth. The people who make them are deterred by the tax from building. They will pay the user's tax subsequently, but they will not buy.

Mr. McCUMBER. If the Senator will allow me, I really did not agree to this myself in the committee, because I could not see the use of putting $15 on a canoe, because I did not suppose there was one manufactured in the United States that sold as cheaply as that, and therefore it covered all little motor boats, canoes, and so forth. Those, I think, ought not to be taxed; but the large yachts that are used for ocean-going service—and only those who are considered wealthy can purchase them—it seemed to me might bear a fair tax.

Mr. LODGE. The large yachts bear a very heavy tax and a uniform user's tax, and this tax would prevent the carrying on of the business.

Mr. BRANDEGEE. Mr. President, my information is that there are very few of the large, expensive yachts being built. In fact, I personally know of quite a number of men who, owing to the financial stringency through which the country has been going, have either sold their yachts or laid them up. It is true some of the smaller yachts and small power boats are originally purchased for pleasure purposes. They are used for that purpose for a very short time, but after a year or two the owners get tired of them or they become damaged, and most of them go into the useful trades or business, as fishing boats and trading boats. I think the tax is a deterrent on the building of the smaller boats, which in the aggregate furnish a very useful thing for the country to have.

Mr. HITCHCOCK. Mr. President, I should like to ask the Senator what is the use of building these boats if no one is buying them, as he indicates?

Mr. BRANDEGEE. No; the Senator does not understand me. I referred to the larger and more expensive boats—the large pleasure yachts—the owners of which are men of wealth, but, owing to the imposition of heavy taxes and surtaxes and all taxes of that kind, they have largely disposed of them. The wharves and the brokers' office are filled with them for sale, and they can be bought for a song, but very few care to incur the expense of operating them—that is, the larger boats.

I say there is a continuous demand for the smaller boats, but the demand has fallen off very greatly. This tax tends to discourage the building of the smaller boats which, after a couple of years' use as pleasure boats, go into the fishing business or trading business and cease to be pleasure boats at all.

Mr. JONES of New Mexico. Mr. President, I am not very familiar with this industry, but I should like to inquire of the Senator from Massachusetts, who proposed the amendment, if it would not be practicable to have the tax graduated, say 5 per cent upon such boats as sell for not in excess of $500 and 10 per cent on boats selling for more than $500. I am not familiar with the industry, but that suggestion occurs to me.

Mr. LODGE. The users' tax is a graduated tax, based on the size of the yacht or the boat, so as to make the larger and more expensive yacht pay a much heavier tax. This is a general flat tax and falls with particular severity on the small boat, the building of which I think is very desirable to the country.

Mr. JONES of New Mexico. I remember something about the old law upon the subject. Would the Senator from Massachusetts be willing to have his suggestion amended by making that graduation?

Mr. LODGE. Not as to the builder's tax. I think the whole builder's tax is wrong. To increase the builder's tax simply means to stop the building, and we should consequently get no revenue at all; we should destroy the revenue and also, incidentally, destroy an industry which is pretty nearly destroyed now.

Mr. JONES of New Mexico. Then, the Senator from Massachusetts, who is familiar with this subject, does not believe that there should be a graduated tax in this case?

Mr. LODGE. I do not.

Mr. REED. Mr. President, I suppose that the suggestion which has been made by the Senator from Massachusetts will be accepted, because it takes the tax off a luxury. We have been taking taxes off luxuries all day. It is, of course, consistent with the policy that appears to be followed of taking the tax off everything that people do not really need and putting it on things that they really must have.

A man who is able to own a pleasure yacht or a pleasure boat is able to pay the 10 per cent tax. My opinion is that the imposition of this tax will not stop the sale of a single boat in a year. When a man starts out to spend his money to build a floating palace he is not inclined to raise the question of a Government tax, for that is but a small part of the total cost of furnishing, equipping, manning, and maintaining such a boat. The gentlemen who own these yachts are generally very wealthy individuals. If they want the yacht, they will pay the tax to get it. If they do not want the yacht, they, of course, will not build it.

There is another class of boats, of course, namely, the small boats, but they are pleasure boats which ought to be taxed. There is no tax proposed to be laid here upon the boat that is built for the fisherman or upon the boat that is engaged in trade or commerce. It is the pleasure craft, pure and simple, upon which we propose to levy a tax, and it is now insisted that that tax shall be taken off.

We are told that the business is languishing. Mr. President, that is a familiar statement, and that statement may be made with reference to almost every business in the United States, regardless of whether it pays any tax or does not pay any tax. Business generally is languishing. The gentleman who runs a dye industry, no matter how he got his patents nor how much money he has made, can always appear before a committee of Congress in these days and swear that the dye business is languishing; that his labor is out of employment. So the individual who is engaged in manufacturing chemicals comes forward with the same claim and with the same evidence to sustain it; and the man who is engaged in tanning hides will come forward and present a similar line of evidence. Every one of these various lines of business makes the same claim, and, to a certain extent, truthfully makes it, because business is suffering a slump, and the boat business is probably suffering a slump along with other businesses.

Here, however, is a thing which is essentially a luxury. There is not a boat that will be taxed under this bill that is a necessity. The minute the boat becomes a necessity it ceases to be a taxed article under the terms of the bill. We have just taken the tax off $4,000, $5,000, and possibly $10,000 sable coats, in the interest of the plain, common people, and I suppose the rule ought to be now extended so that the people who can afford these great luxuries, who have their tax-free garments in winter, may have a sailing craft tax free in the summer.

I have no prejudice against people who can have yachts. I should like to have one if I could afford it. I have no prejudice against people who can have the finest furs; I should like to see those whom I love clothed similarly. That is not the point; it is not a question of an appeal to prejudice; but it is a question whether we are to lay these taxes upon the necessities of life that people must have, or to lay them upon the things that people are not obliged to have. That is the whole question.

If we take the taxes off the luxuries of life, in proportion they must be placed upon the necessities of life, for a certain aggregate of revenue must be raised. That is the whole question that is involved here. The question of the employment of labor is not involved here, because I do not think anybody will say that this tax has closed any institution. Hard times and the pinch that has come incident to the conditions subsequent to the war have slowed down the process of production everywhere, and I suppose the motor-boat maker and the yacht builder have suffered along with the others, but no more than they. I am sure they have not suffered as the farmers of the country have suffered—and I am not going to make a farmers' speech—I am sure they have not suffered as have many thousands of other business men; at least, their suffering has not been worse. That is all there is to the question: Shall we take the tax off luxuries and put it on necessities?

Mr. LODGE. Mr. President, I have no desire to consume the time of the Senate in discussing what seems to be a very simple proposition; but it does not represent the case fairly at all to speak of it as if it simply involved the building of immensely expensive yachts for rich men. Such yachts are taxed, and heavily taxed, under the users' tax provisions of the bill, a graduated tax being imposed.

I simply ask attention to the figures with regard to these "floating palaces"—and, of course, we expect always to have phrases of that kind used in connection with almost everything in the bill.

Pleasure boats of 16 gross tons and over are classed as yachts and are registered in the United States customshouses of the various districts. Lloyd's Register of Shipping, an acknowledged authority in this country on these matters, shows that there are 1,375 of these registered yachts, of which 61 are under 16 gross tons.

All motor boats under 16 gross tons are numbered according to law, and the records of the Bureau of Navigation show that on July 1, 1921, there were 141,000 of this class of boats. This

makes a total number of 142,381 pleasure boats either registered or numbered in the United States. The larger boats or yachts owned and operated by the wealthy class represent nine-tenths of 1 per cent of the total.

If a tax of 10 per cent be imposed in order to obtain revenue from the owners of expensive boats, the figures given above show that the owners of large yachts represent less than 1 per cent of the total number of users of motor boats in the United States.

The remaining 99 per cent of these boats will be found to be in the possession of people of moderate or limited means. I know that in the section of the country in which I live, where such boats are much in use, they are owned for the most part by people of very moderate and limited means, who do not always use their craft simply for pleasure but for other purposes.

The yacht, whether small or large, is fully and heavily taxed in use. The tax I am now discussing falls practically entirely upon those who build the boats—that is, on the industry—and it has reduced the number of men employed from 8,000 to 1,600. It is not a large industry, but such a tax is very severe on any industry.

I do not pretend to say whether they have suffered more or less than the farmers, but they are like many other industries in this country, in that no financial corporation has been established for their benefit; no special duties have been imposed in their behalf; nothing has been done specifically for them. I am not complaining of that at all; they must take their chance with the rest of the world in the necessary depression following the Great War; but I do say it is unfair to burden unduly a perfectly honest industry when there is no need for it at all and when the Government imposes a luxury tax on the same articles elsewhere in the bill.

Let me add, Mr. President, that when the war came on and we were short of submarine chasers and small boats of various kinds the private yards were of the very last importance to the United States. It is not an industry that should be killed because some one cries "luxury" in connection with the craft which they produce. It is at least a harmless thing to build a good motor boat for use; and where there is a heavy user's tax I can see no justice in putting an oppressive tax on that industry. I think there ought to be no tax upon the industry. I am willing, however, to stand for the tax which the House considered sufficient, but I hope, as I said when I began, that we shall not double it, as proposed by the committee.

Mr. REED. Mr. President, there is a tax on the manufacture of automobiles and a heavy one on automobile trucks. Boats are to be exempted from this tax if they are engaged in industry. To that extent the builder of the water transporter has an advantage over the builder of the vehicle designed for land transportation.

Nobody has claimed—certainly I have not claimed—that all of these boats are floating palaces. I used that term in illustration of one class, but I spoke of the other class, the mere pleasure boats.

The Senator refers continually to the other heavy tax. Let us see what the other heavy tax is. It is found on page 221. It is a tax of $1 for each foot of length over 32 feet and not over 50 feet, so that a boat under 32 feet pays nothing.

Mr. FLETCHER. A boat under 5 net tons and 32 feet in length pays no tax whatever.

Mr. REED. Let us see what this heavy tax is. I read from the bill, on page 221, as follows:

SEC. 1002. That on and after July 1, 1922, and thereafter on July 1 in each year, and also at the time of the original purchase of a new boat by a user, if on any other date than July 1, there shall be levied, assessed, collected, and paid, in lieu of the tax imposed by section 1003 of the revenue act of 1918, upon the use of yachts, pleasure boats, power boats, sailing boats, and motor boats with fixed engines, of over 5 net tons and over 32 feet in length, not used exclusively for trade, fishing, or national defense, or not built according to plans and specifications approved by the Navy Department, a special excise tax to be based on each yacht or boat, at rates as follows.

To begin with, no boat pays a tax until it is of 5 tons displacement and over 32 feet in length, and then it does not pay a tax at all if it is built in accordance with the specifications approved by the Navy Department, no matter how big it is. Why? Because it has been found that boats of that character, if they are built in the right way, may be of value to us in case of another war.

The Senator spoke about the valuable service that had been rendered by these boats. Here is a clause in this bill that absolutely exempts them from taxation if they will conform to the regulations of the Navy Department. So the great multitude of boats that the Senator refers to in his table undoubtedly are boats below 32 feet in length and 5 tons displacement; and what we are dealing with here is a superior class of pleasure craft, beginning at a boat of over 5 tons and over 32 feet in length, and from that up to the finest yacht that may float. That is the annual tax; but the tax that it is proposed here to reduce, the tax upon the manufacturer, is a tax which is not limited to the class of boats referred to on page 221.

Mr. LODGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. REED. I do.

Mr. LODGE. I know the Senator does not mean to state the matter otherwise than correctly. I am not trying to reduce the tax. I am trying to keep it where it is and prevent its being raised.

Mr. REED. Very well. The Senator is trying to reduce it from what the committee has recommended.

Mr. LODGE. They recommended an amendment.

Mr. REED. Certainly. The class of boats that that applies to—I mean now the manufacturer's tax—is all boats of more than the value of $15. Of course that includes all the small craft. It includes the canoes; it includes the small motor boats; indeed, it undoubtedly includes much the larger number of motor boats, a class of boats that are not taxed at all on their use. They are expressly excluded from the tax levied on page 221, to which the Senator has referred, and the only boats that will pay the double tax are the boats of over 5 tons, over 32 feet in length, that have not been built in accordance with the specifications laid down by the Navy Department. They ought to pay a tax if they are building them now and do not follow those specifications.

Mr. McCUMBER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from North Dakota?

Mr. REED. I do.

Mr. McCUMBER. I want to submit a proposition to both the Senator from Massachusetts and the Senator from Missouri in the form of an amendment which would read as follows:

Yachts and motor boats not designed for trade, fishing, or national defense, if sold for more than $500, and pleasure boats if sold for more than $500, 10 per cent.

That would cut out all the taxes on those that would be sold for less than $500 and would cover with a 10 per cent tax all yachts, and I think most of those that would be above the price of an ordinary motor boat.

I do not know that that language would be acceptable to either Senator, but I submit it to them.

Mr. LODGE. Five hundred dollars is not a very high price. It would not exclude motor boats.

Mr. President, I should like an opportunity to get the Senate to vote to relieve this industry from additional taxation, and I think it ought to be taken off.

I do not want to take any more time.

Mr. WALSH of Massachusetts. Mr. President, do I understand my colleague to state that he is willing to have the present tax of 5 per cent remain?

Mr. LODGE. Oh, certainly.

Mr. WALSH of Massachusetts. He is objecting only to the increase to 10 per cent.

Mr. LODGE. I simply am opposing the increase proposed by the Senate committee; that is all.

Mr. FRELINGHUYSEN. Mr. President, something has been said regarding the building of cruising pleasure boats under the specifications of the Navy Department. I do not believe that is feasible or possible. The Navy have certain specifications regarding speed that make it almost impossible for a private owner to operate a pleasure craft with the horsepower demanded by the Navy.

In the case of the scout cruisers that were built, 110 feet long, to obtain a speed of 16 knots per hour they placed in the boats three 200-horsepower Standard engines. The consumption of gasoline was so great that the expense made them almost impossible of operation. When the war ended, several hundred of these boats were in the possession of the Navy Department. They tried to dispose of them. Those boats, I think, cost over forty or fifty thousand dollars apiece. They have not been able to dispose of them at $500 apiece. They have not been converted to cruising boats, and they made an effort to turn them over to the lighthouse department, and the lighthouse department made an investigation and ascertained that it would cost $15,000 a year for gasoline alone to operate those boats.

I believe that the 5 per cent tax is a fair tax. Ten per cent is not. It is not the imposition of a tax on the operation of the pleasure craft; it is a tax upon the boat builders who are

engaged in that profession; and therefore, in addition to the users' tax, which is already a heavy tax, the 10 per cent seems a little bit high.

Mr. REED. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

Mr. JONES of New Mexico. Mr. President, it seems to me that we are getting pretty well along in the consideration of these excise taxes. We have passed over a considerable number of the items, and we are now getting pretty well down toward the end of the list. I wonder if this would not be a good time to take an inventory, and find out where we are getting regarding these taxes?

I should like to inquire now of the Senator in charge of this bill if he has kept any record of the result of the action of the Senate thus far upon these various items? We have reduced a number of the items, and we have eliminated a number. We have just eliminated the tax upon furs. The estimated revenue from that item was $9,000,000. We have eliminated a lot of other items; and I should like to know where this is going to leave the bill from the revenue point of view.

Mr. SMOOT. Mr. President, in answer to the Senator I will state that if he will get the printed pamphlet entitled "Proposed Amendments to H. R. 8245, Revenue Bill of 1921," he will find there the estimated increases in the revenue yield for a 12-month period if the proposed amendments are agreed to, and then the estimated loss; and in these items that have been stricken out all the losses have been taken into account in the proposed amendments as printed. If they all go out, including all that the Senator has named and toilet soaps and soap powders, tooth and mouth washes, reduction of tax on sculpture, paintings, and so forth, repeal of 5 per cent tax on motion-picture films leased, repeal of stamp tax on parcel-post packages, and so forth, there will be $10,000,000 to the good. In other words, Mr. President, we have restored the capital-stock tax, amounting to $75,000,000; we have changed the income surtaxes so as to bring an increase in that title of $50,000,000; the elimination of the $2,000 exemption to corporations with incomes in excess of $25,000 gives another revenue of $30,000,000; the increase in the tax on distilled spirits was $42,000,000, but as finally agreed to it is $52,000,000; so that that will amount to $207,000,000, in round figures, that we have increased the bill. There has been deducted the repeal of transportation taxes on freight, express, passengers, Pullman, and oil by pipe line, amounting to $145,000,000, and then the other items that we have already agreed to and those that we will ask the Senate to agree to will amount to $197,000,000. So that there is, I say, $10,000,000 more revenue collected under the amendments that have been adopted by the Senate than will be lost in case all of the proposed amendments are agreed to by the Senate.

Mr. LODGE. Mr. President, as I understand, the vote is on agreeing to the committee amendment. Those opposed to increasing the tax from 5 to 10 per cent will vote "nay" and disagree to the committee amendment, as I understand.

The PRESIDING OFFICER. That is correct. The Secretary will state the amendment.

The READING CLERK. On page 200, line 21, the committee proposes to strike out "5 per cent," the period, and the quotation marks and insert "10 per cent" and a semicolon.

Mr. WALSH of Massachusetts. Mr. President, I want to say just one word. We may not be able to reduce taxes, but I, for one, am opposed to increasing taxes on the manufactured article of any industry, whether it is an industry for the manufacture of luxuries or anything else. Here is an effort to increase a tax over the rate fixed by the House, and I do not think at this stage of business in America we ought to vote to increase taxes. We ought to reduce the excessively high war tax rates as far as possible.

The PRESIDING OFFICER (Mr. SPENCER in the chair). The question is on the amendment of the committee. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as to my pair and its transfer, I vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. I am unable to obtain a transfer, and I therefore withhold my vote.

Mr. REED. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. REED. Are we voting on a motion to agree to the Senate committee amendment as printed or are we voting on a motion to change the provision?

The PRESIDING OFFICER. The Senate is voting on a motion to agree to the committee amendment.

Mr. REED. Then a vote in the affirmative would be a vote in favor of retaining the 10 per cent tax?

The PRESIDING OFFICER. The Senator is correct in his understanding.

Mr. LODGE (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I am not permitted to vote. If permitted to vote, I would vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. WILLIAMS (when his name was called). Owing to the absence of the senior Senator from Pennsylvania [Mr. PENROSE], with whom I have a pair, I am not at liberty to vote. If I were, I would vote "yea."

The roll call was concluded.

Mr. DILLINGHAM. Owing to the absence of my pair, the junior Senator from Virginia [Mr. GLASS], I withhold my vote.

Mr. SIMMONS. I transfer my general pair with the junior Senator from Minnesota [Mr. KELLOGG] to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. TRAMMELL. I have a pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I transfer that pair to the Senator from Tennessee [Mr. SHIELDS] and vote "yea."

Mr. JONES of New Mexico. I desire to announce that the junior Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present and permitted to vote, he would vote "yea."

Mr. CURTIS. I desire to announce that the Senator from South Dakota [Mr. STERLING] is paired with the Senator from South Carolina [Mr. SMITH].

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the Senator from Rhode Island [Mr. COLT] and vote "nay."

Mr. FRELINGHUYSEN. I transfer my general pair with the senior Senator from Montana [Mr. WALSH] to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

The result was announced—yeas 44, nays 19, as follows:

YEAS—44.

Ashurst	Harreld	McCumber	Reed
Borah	Harris	McKellar	Sheppard
Broussard	Heflin	McKinley	Simmons
Bursum	Hitchcock	McNary	Smoot
Cameron	Jones, N. Mex.	Myers	Stanfield
Capper	Jones, Wash.	Newberry	Stanley
Caraway	Kendrick	Nicholson	Sutherland
Culberson	King	Oddie	Swanson
Curtis	Ladd	Overman	Trammell
Dial	La Follette	Phipps	Watson, Ga.
Gooding	McCormick	Pomerene	Willis

NAYS—19.

Brandegee	Hale	Nelson	Wadsworth
Edge	Johnson	New	Walsh, Mass.
Fernald	Keyes	Poindexter	Warren
France	Lodge	Spencer	Watson, Ind.
Frelinghuysen	Moses	Townsend	

NOT VOTING—33.

Ball	Fletcher	Norris	Smith
Calder	Gerry	Owen	Sterling
Colt	Glass	Page	Underwood
Crow	Harrison	Penrose	Walsh, Mont.
Cummins	Kellogg	Pittman	Weller
Dillingham	Kenyon	Ransdell	Williams
du Pont	Lenroot	Robinson	
Elkins	McLean	Shields	
Ernst	Norbeck	Shortridge	

So the amendment of the committee was agreed to.

Mr. HALE. I offer the following amendment: On page 200, line 21, I move to strike out the words "pleasure canoes." The Senate has already stricken out of the bill section 5, which includes the tax on sporting goods. In that section were included the words "canoe paddles and cushions."

The PRESIDING OFFICER. The amendment offered by the Senator from Maine is not in order at this time, as the committee amendments have not yet been disposed of. The Secretary will state the next amendment.

The READING CLERK. The next committee amendment is on page 200, to strike out lines 23, 24, and 25, and on page 201, lines 1 to 12, both inclusive.

Mr. WADSWORTH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. WADSWORTH. I noticed the ruling of the Chair just a moment ago. I desire to inquire whether the unanimous-consent agreement, under which we operated last night and which would have made the amendment offered by the Senator from Maine in order, is not still in existence? It was to apply to the entire excise-tax title.

Mr. McCUMBER. It was to apply to the excise-tax title, as the Senator said, and we were to take each section as we came to it and dispose of it.

Mr. WADSWORTH. May I suggest to the present occupant of the chair that it was under that unanimous-consent agreement that we struck out the fur tax?

The PRESIDING OFFICER. The Chair has evidently been misinformed. The present occupant of the chair was not here when that agreement was entered into. The Senator from Maine will be recognized to offer his amendment.

Mr. HALE. Mr. President, I renew my offer of the amendment, to strike out the words "pleasure canoes" on page 200, line 21.

A large number of canoes are manufactured in my State. The tax of 10 per cent is extremely embarrassing to the canoe business, and it falls particularly upon a class who are unable to pay it. Those canoes are not used by the wealthy people of the country to any great extent. They are used principally by the young people of the country, and whatever anyone may think about the tax on yachts, there is no reason why canoes should be included with yachts. Therefore I offer this amendment, to take them out of this section, and I hope very much the amendment will be agreed to.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 200, lines 20 and 21, strike out the words "and pleasure canoes."

Mr. FLETCHER. May I inquire of the Senator whether those canoes are over 22 feet in length?

Mr. HALE. It includes all canoes. The limit of the bill is $15. All canoes cost over $15, so it applies to all canoes. The revenue from this source is very small. The revenue derived from the whole section has been estimated at $400,000. I have asked the experts as to the tax derived from this item, and while they were not able to give me the full figures they estimate that it would be somewhere around $25,000 or $30,000, not more than that.

Mr. McCUMBER. I agree entirely with the Senator in his motion to strike out the words "pleasure canoes," but I think he should also include the balance of the line, because anything sold for $15 must be a canoe or something that is much cheaper. None of these articles, such as pleasure boats, could be sold for less than $15, and to make the section read as it ought to, the Senator, I think, should extend his amendment so as to strike out the words "and pleasure canoes if sold for more than $15."

Mr. HALE. I am glad to accept the amendment, but I thought $15 applied equally to pleasure boats.

Mr. McCUMBER. But there could not be a pleasure boat, which could be called such, that would be sold for less than $15.

Mr. HALE. I accept the amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On lines 20 and 21 strike out "and pleasure canoes if sold for more than $15."

Mr. REED. How much revenue will that take away?

Mr. LA FOLLETTE. About $500,000. About half a million dollars is involved in it.

Mr. REED. On canoes alone?

Mr. LA FOLLETTE. The statement as to the return of revenue covers the entire paragraph. I can not tell just how much of it is derived from canoes of a certain length or value.

Mr. REED. I would like to know why a man should escape a tax on a boat he moves with one paddle and another man who rows a boat with two oars should pay a tax, except that we are exempting canoes and we are leaving the tax on the ordinary rowboat. There is not any sense in that, in my judgment.

Mr. HALE. While it is true that pleasure boats can be purchased of almost any size, canoes are not built over a certain length.

Mr. REED. Certainly they could be of any size, and we could have a limit provided, and we did have a limit upon the value, but the Senator from North Dakota stated it is so low it would include all boats. However that may be, if the amendment of the Senator from Maine is agreed to we will be in exactly the position that if a man buys a canoe and rows it around with one paddle he will not have to pay any tax, but if he buys a rowboat and moves around with a pair of oars he will have to pay a tax.

Mr. LA FOLLETTE. I would like to know how expensive these canoes are which are paddled with one paddle.

Mr. REED. Ordinarily speaking, I should say you could get a fair, average canoe in prewar times for about $30 or $35. I suppose they cost more than that now.

Mr. HALE. They are much more now.

Mr. LA FOLLETTE. What do they cost now?

Mr. HALE. I think $65 or $70.

Mr. LA FOLLETTE. Not more than $100?

Mr. HALE. Some run as high as that.

Mr. LA FOLLETTE. One hundred dollars for a canoe?

Mr. HALE. Yes.

Mr. REED. Here is a concern making an ordinary rowboat, that is used not for pleasure nearly so much as for actual service. A canoe is a pleasure boat pure and simple, except on the rarest occasions. The Senator wants to exempt canoes. They make the very best kind of canoe up in Maine.

Mr. HALE. In Oldtown, Me.

Mr. REED. Yes; and that is the reason why he wants them exempt. They are made in Maine. I do not blame him for that. That is natural.

Mr. HALE. I have already given the reason. I have said that the Senate has already taken off the tax from sporting goods, including the tax on canoe paddles and canoe cushions, and therefore I see no good reason why they should not take it off of the canoes themselves. If the Senator would like to add "pleasure boats" to my amendment, I am entirely willing to do that.

Mr. REED. No; I think they should all be kept in. The fact that we have taken the tax off of billiard balls and golf balls and golf sticks and other paraphernalia of that kind is no reason why we should take it off of all luxuries. The fact that we have made one mistake is no reason why we should make 20. The absurdity of the situation is illustrated by the fact that a canoe is a pleasure craft, pure and simple. A rowboat, which would still be taxed under the bill with the Senator's amendment attached, is a boat that is used constantly for the practical purposes of life. It is true it is referred to here as a pleasure boat. I do not know how we would define it, but I suppose if a man got an ordinary rowboat it would be called a pleasure boat if he used it for pleasure alone, and something else if he used it for work.

I do not think we ought to delay very long over this canoe question. The Senator said there is very little revenue derived from this source, and if that is true there is very little revenue to pay.

Mr. HALE. The business is not a very large business.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maine [Mr. HALE].

Mr. REED. On that I call for the yeas and nays.

Mr. McCUMBER. Mr. President, I misled myself, and consequently misled the Senator from Maine, in my misreading of the section in which I read it as though it was applied to boats which were sold for less than $15, and not more than $15. Therefore the suggested amendment that I made to the Senator from Maine should be withdrawn, I think, and let the matter stand as suggested by the Senator.

The PRESIDING OFFICER. The Secretary will report the pending amendment.

The READING CLERK. On page 200, lines 20 and 21, strike out the words "and pleasure canoes."

Mr. HALE. Mr. President, it is called to my attention that if the amendment is left as I offered it, it might be construed that pleasure canoes came under the term "pleasure boats," so I would suggest inserting the words "except pleasure canoes" after the words "pleasure boats."

The PRESIDING OFFICER. The Secretary will state the amendment as modified.

The READING CLERK. On page 200, line 20, after the word "boats," strike out the word "and" and insert the word "except."

The PRESIDING OFFICER. Is the amendment satisfactory to the Senator from Maine as it reads now?

Mr. HALE. I would like to have the words "except pleasure canoes" placed in parentheses.

The PRESIDING OFFICER. The amendment will be stated as finally modified.

The READING CLERK. Page 200, at the end of line 20, strike out the word "and" and insert in parentheses the words "except pleasure canoes."

Mr. WALSH of Massachusetts. How will the clause read with that amendment agreed to?

The READING CLERK.

Yachts and motor boats not designed for trade, fishing, or national defense; and pleasure boats (except pleasure canoes) if sold for more than $15, 10 per cent.

Mr. REED. On that question I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. EDGE (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. In his absence, being unable to obtain a transfer, I withhold my vote.

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I transfer my general pair with the Senator from Minnesota [Mr. KELLOGG] to the Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. STANLEY (when his name was called). Has my colleague [Mr. ERNST] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. STANLEY. I have a general pair with that Senator. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT], which I transfer to the senior Senator from Tennessee [Mr. SHIELDS], and vote "nay."

Mr. WILLIAMS (when his name was called). Repeating the announcement made on the last vote with regard to my pair, I withhold my vote. If I were at liberty to vote upon this question, I would vote "nay."

The roll call was concluded.

Mr. JONES of New Mexico. I wish to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If present, the Senator from West Virginia would vote "nay."

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. CURTIS. I wish to announce that the Senator from Massachusetts [Mr. LODGE] is paired with the Senator from Alabama [Mr. UNDERWOOD].

The result was announced—yeas 23, nays 37, as follows:

YEAS—23.

Brandegee	Hale	Nelson	Smoot
Calder	Keyes	New	Spencer
Cameron	Lenroot	Newberry	Stanfield
Edge	McCumber	Nicholson	Wadsworth
Fernald	McLean	Phipps	Watson, Ind.
Frelinghuysen	Moses	Poindexter	

NAYS—37.

Ashurst	Hitchcock	McNary	Sutherland
Borah	Johnson	Myers	Swanson
Broussard	Jones, N. Mex.	Norris	Townsend
Capper	Jones, Wash.	Overman	Trammell
Caraway	Kendrick	Pittman	Walsh, Mass.
Curtis	Kenyon	Pomerene	Watson, Ga.
Dial	King	Reed	Willis
Gooding	Ladd	Sheppard	
Harris	La Follette	Simmons	
Heflin	McKellar	Sterling	

NOT VOTING—36.

Ball	Ernst	McCormick	Shields
Bursum	Fletcher	McKinley	Shortridge
Colt	France	Norbeck	Smith
Crow	Gerry	Oddie	Stanley
Culberson	Glass	Owen	Underwood
Cummins	Harreld	Page	Walsh, Mont.
Dillingham	Harrison	Penrose	Warren
du Pont	Kellogg	Ransdell	Weller
Elkins	Lodge	Robinson	Williams

So Mr. HALE's amendment to the committee amendment was rejected.

Mr. CALDER. Mr. President, on page 200, line 21, I move to strike out "$15" and to insert "$100," so that pleasure boats and pleasure canoes which are sold for more than $100 shall pay the tax of 10 per cent.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York.

The amendment was agreed to.

Mr. KING. Mr. President, I give notice that I shall reserve a separate vote in the Senate on the amendment which has just been agreed to.

Mr. REED. Mr. President, the amendment was adopted with a great many Senators not knowing what it was. I therefore ask unanimous consent that the vote by which the amendment was agreed to may be reconsidered.

The PRESIDING OFFICER. Is there objection to reconsidering the vote by which the amendment proposed by the Senator from New York [Mr. CALDER] was adopted? The Chair hears none, and the vote is reconsidered. The question is upon the amendment proposed by the Senator from New York.

Mr. REED. Mr. President, the proposition is to raise the value of these boats which it is proposed to tax 10 per cent to $100. Of course, that lets in tax free the canoes and the small pleasure craft. That is all it means. We have by a pronounced vote just defeated an amendment to exempt canoes. This is only another way of exempting pleasure canoes and small pleasure craft. The argument has been made on that question and need not be repeated. All I ask is that the Senate may know exactly what question is being presented. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. McCUMBER. Mr. President, I think the argument of the Senator from Missouri to the effect that the amendment offered by the Senator from Maine [Mr. HALE] freed canoes but did not free rowboats, that it freed the little boat that was propelled with one oar but did not free the boat that was rowed with two oars, was so convincing that the Senate possibly might have voted against the amendment because of that fact. As it now stands, under the amendment offered by the Senator from New York, the little rowboats and canoes which cost less than $100 would be exempted from taxation.

Mr. REED. Yes; it would exempt a pretty high class of them. Even if $50 were made the limit of the exemption, it would simply leave pleasure craft free from taxes; that is all.

It is true that I did make the argument to which the Senator refers. That was one argument that I made of several. It did present a case of discrimination; but why should we exempt this class of craft which is a luxury pure and simple, and then pile taxes on necessities? That is all there is of it. Every Senator in whose State there is a manufacturer who wants a tax taken off can get up here and make a special plea for the industry of his State. If we all do that there will not be any taxes levied. Every one of us has been besieged by the manufacturers of our respective States asking us to get that particular individual released from taxation. Nearly all of those manufacturers have furnished briefs, and I have heard arguments made on the floor of the Senate to-day, and on other days, that were almost in hæc verba the briefs that I have seen handed in by these interested parties.

We may continue taking taxes off luxuries until we have reduced this bill to a point where it will be necessary to put taxes upon necessities to a greater extent than at present. I am opposed to that process, and I am opposed to it as a matter of principle. I have asked to have the vote by which this amendment was agreed to reconsidered, and the Senate very kindly has allowed a reconsideration. I do not feel like taking time to discuss the amendment further.

Mr. EDGE. Mr. President, I am sure the Senate would like the facts in connection with the amendment which is now under consideration. I think the paragraph has been very much improved by exempting the type of small boats costing under $100. For the information of the Senator from Missouri I will say that I represent in part a State on the coast, and there are hundreds, yes, thousands, of such small boats being used to-day by men who are engaged in the clamming and oystering business, men who have absolutely no capital but a little boat with a pair of oars, who go out and gather clams and oysters for the market. As a matter of fact, with the change in the amendment, exempting the small rowboat costing under $100, we shall be benefiting directly a very large class of men who are engaged in that industry all along the Atlantic coast.

Mr. REED. The language of the statute excludes the very case of which the Senator from New Jersey speaks. The language is "pleasure boats"; not clam boats, fishing boats, or oyster boats.

Mr. EDGE. The language of the amendment limiting the cost to $100, I am sure, will cover that type of boats.

Mr. REED. Certainly; but that type of boat does not have to pay anything. The language of the bill is—

Yachts and motor boats not designed for trade, fishing, or national defense; and pleasure boats and pleasure canoes—

Mr. EDGE. So far as that is concerned, Mr. President, the word "pleasure," I think, in order that there should be absolutely no doubt about it, should come out, and it should read "boats and canoes if sold for more than $100." Then there would be no question that it would exempt that type of boat which is used in the bays, the inlets, and the sounds along the

New England coast, along the Jersey coast, along the Virginia coast, and along the North Carolina coast by hundreds of thousands of men who are engaged in the industries to which I have referred.

Mr. REED. But they will not be taxed a cent under this bill or under any other law. The only boat which is taxed is a pleasure boat.

Mr. EDGE. I think it is very questionable whether they would not be taxed under the provision as it now stands.

Mr. REED. I do not think the Senator from New Jersey will seriously say that if he will again look at the language.

Mr. EDGE. Such boats may be used for both purposes.

Mr. REED. They may be used for both purposes.

Mr. EDGE. We would make it absolutely certain if we should leave out the word "pleasure" and adopt the amendment of the Senator from New York.

Mr. REED. There is no use in leaving out the word "pleasure," because it is only pleasure boats that are taxed; and if we take out the word "pleasure," then we should be taxing the boats that are used for productive purposes. If the Senator's suggestion were adopted, then, for the first time, we would be levying a tax upon work boats. Under the present law, if they are used for any business purpose they are not pleasure boats.

Mr. McCUMBER. Mr. President, will the Senator from Missouri allow me?

Mr. REED. I yield.

Mr. McCUMBER. How is the manufacturer to determine when he sells a two-oared little rowboat whether it is going to be used for clamming purposes or whether it is going to be used for the pleasure of the person who purchases it? As there would have to be an investigation of every one of those little cases, would it not really be about as cheap for the Government to exempt little rowboats and little canoes, even though they might be used by a boy or a girl for pleasure?

Mr. REED. No; I think not. I think there is no difficulty about it. We have this law upon the statute books now, and there has been no difficulty in its administration. The canoe is now built exclusively for pleasure, of course. There is a class of rowboats that are fitted up handsomely for young gentlemen to take their girls out, and in the future, I presume, under the new régime, for girls to take their young men out and show them around. Those boats are fitted up with cushions; they are luxuries; they are pleasure craft. If a man wants a boat with which to go fishing or to go hunting clams, he procures a very different kind of boat; he secures a work boat.

Mr. CALDER. Mr. President, will the Senator from Missouri yield?

Mr. REED. I yield.

Mr. CALDER. I have inquired about the matter of these rowboats, and I will say to the Senator from Missouri that a rowboat leased for fishing purposes would pay the tax of 10 per cent, because it is used for pleasure. If a man builds a boat for work purposes and then leases it out for pleasure purposes, he would have to pay the 10 per cent tax.

Mr. REED. Yes; if the man is a fisherman and then goes into another business and leases his boat, it would probably be a pleasure boat in that instance; but it ought to pay a tax, because it is a luxury.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York. The yeas and nays have been ordered, and the Secretary will call the roll.

The Assistant Secretary proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as to the transfer of my pair as on the previous vote, I vote "yea."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair as heretofore, being unable to obtain a transfer, I withhold my vote.

Mr. HALE (when his name was called). Making the same announcement in regard to my pair and its transfer as heretofore, I vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I transfer my pair with the Senator from Minnesota [Mr. KELLOGG] to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. STERLING (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer as on the last vote, I vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. Making the same announcement as before, I vote "yea."

Mr. PENROSE (after having voted in the affirmative). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS], who is absent. I transfer that pair to the junior Senator from Vermont [Mr. PAGE] and will let my vote stand.

Mr. JONES of New Mexico. I desire to make the same announcement as before regarding the absence of the Senator from Mississippi [Mr. HARRISON] and his pair with the Senator from West Virginia [Mr. ELKINS]. If present, on this question the Senator from Mississippi would vote "nay."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD]; and

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 35, nays 28, as follows:

YEAS—35.

Brandegee	Gooding	Nelson	Spencer
Calder	Hale	New	Stanfield
Cameron	Jones, Wash.	Newberry	Sterling
Curtis	Keyes	Nicholson	Sutherland
Edge	Lenroot	Oddie	Townsend
Ernst	McCumber	Penrose	Wadsworth
Fernald	McLean	Phipps	Watson, Ind.
France	McNary	Poindexter	Willis
Frelinghuysen	Moses	Smoot	

NAYS—28.

Ashurst	Heflin	McKellar	Sheppard
Borah	Jones, N. Mex.	Myers	Simmons
Broussard	Kendrick	Overman	Stanley
Capper	Kenyon	Owen	Swanson
Caraway	King	Pittman	Trammell
Dial	Ladd	Pomerene	Walsh, Mass.
Harris	La Follette	Reed	Watson, Ga.

NOT VOTING—33.

Ball	Fletcher	McCormick	Smith
Bursum	Gerry	McKinley	Underwood
Colt	Glass	Norbeck	Walsh, Mont.
Crow	Harreld	Norris	Warren
Culberson	Harrison	Page	Weller
Cummins	Hitchcock	Ransdell	Williams
Dillingham	Johnson	Robinson	
du Pont	Kellogg	Shields	
Elkins	Lodge	Shortridge	

So Mr. CALDER's amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. On page 200, beginning with line 23, the committee proposes to strike out all of the bill down to and including line 12 on page 201, in the following words:

(20) Carpets and rugs, including fiber, if sold for more than $3.60 a square yard, 5 per cent.
(21) Trunks, if sold for more than $30, 5 per cent.
(22) Valises, traveling bags, suitcases, hat boxes used by travelers, and fitted toilet cases, if sold for more than $15, 5 per cent.
(23) Purses, pocketbooks, shopping and hand bags, if sold for more than $4, 5 per cent.
(24) Portable light fixtures, including lamps of all kinds and lamp shades, if sold for more than $10, 5 per cent.
(25) Umbrellas, parasols, sunshades, if sold for more than $2.50, 5 per cent.
(26) Fans, if sold for more than $1, 5 per cent.
(27) House or smoking coats or jackets and bath or lounging robes, if sold for more than $3, 5 per cent.

Mr. WADSWORTH. Mr. President, a parliamentary inquiry: Has the committee amendment as amended been adopted?

The PRESIDING OFFICER. The last amendment was to the House text.

Mr. SMOOT. Mr. President, the matter that has just been reached had better be acted upon as one amendment; and I will say this: The items to be stricken out on page 200 and page 201 will be found on page 204, in section 904. The House imposed a flat tax upon carpets and rugs, including fiber, if sold for more than $3.60 per square yard, of 5 per cent. In section 904, page 204, if Senators will look at line 24 they will see the change that is made. It reads:

Carpets and rugs, including fiber, on the amount in excess of $4 per square yard in the case of carpets and $6 per square yard in the case of rugs.

In other words, we are imposing the tax only upon the amount in excess of the rate per square yard, and upon items such as trunks, valises, and so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the committee.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 201, beginning on line 13, the committee proposes to insert "(21)," which should now be "(15)," and the following:

Toilet soaps and toilet-soap powders, 3 per cent.

Mr. PENROSE. Mr. President, I ask to have that amendment rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. KING. Mr. President, I should like to inquire of the chairman of the committee what change that will make in existing law?

Mr. PENROSE. The existing law is 3 per cent, and it was thought that these highly desirable articles might perhaps escape taxation.

Mr. SIMMONS. Mr. President, we will lose by that two or three millions of revenue. I do not want to discuss it. I shall not interrupt the Senator.

Mr. PENROSE. No; I shall be glad to hear from the Senator.

Mr. SIMMONS. I do not want to enter into any lengthy discussion of the amendment, but I can not see any special reason why these soaps and powders should not pay some tax. Three per cent certainly is a very small tax, especially, I think, in view of the fact that we get $2,000,000 of revenue from this source. There does not seem to be any special reason why the tax should be taken off. It had better be kept on. I will ask the Senator what is the reason for taking it off?

Mr. PENROSE. Mr. President, it means a loss of about $2,000,000 in revenue, and it was thought that it might be desirable to lighten the charges on soap and make cleanliness more available.

I submit the question to the Senate.

Mr. SIMMONS. We imposed this tax on soap and soap powders during the war. We had to raise a great deal of money then, and we shall have to raise a great deal of money now.

Mr. FRELINGHUYSEN. Mr. President, what is the object of putting a tax on soap? Is not soap a necessity?

Mr. SIMMONS. I suppose it is a necessity, but we have a great many other taxes upon necessities in this bill. In fact, we have stricken out now most of the luxury taxes, or reduced them to a minimum, and about all that are left in the bill now are the taxes upon necessaries. This is a necessary, it is true; but why not let it keep company with the other scores of necessaries that you have taxed in this bill?

Mr. KING. Mr. President, will the Senator yield?

Mr. SIMMONS. Yes; I yield the floor.

Mr. KING. I should like to ask the Senator from New Jersey if, with the elimination of this and other taxes upon luxuries, it will not require a sales tax, general or limited in character, or a tax upon various other articles in order to raise sufficient revenue to meet the expenses of the Government? And may I ask whether the Senator would not vote for a sales tax?

Mr. FRELINGHUYSEN rose.

Mr. PENROSE. Mr. President, I can answer the Senator's question. I have given the matter a careful investigation down in the committee room, and have just returned, and I am persuaded that up to the present time there is an ample margin of revenue contained in this bill for the requirements of the Government.

Mr. KING. Will the Senator permit me to make an inquiry?

Mr. PENROSE. Yes.

Mr. KING. Does the Senator think that with the eliminations that have been made from the pending bill there will be sufficient revenue to meet the expenses of the Government for the current year without our adding a sales tax of some kind?

Mr. PENROSE. I do—an ample margin.

Mr. KING. Then, has the Senator figured——

Mr. PENROSE. I have figured it. I have not the figures here, and am not in position and do not desire to submit them at the present time.

Mr. KING. I shall not ask the Senator for them.

Mr. PENROSE. The Senator would hardly expect it, with the fluctuating condition that the bill is in.

Mr. KING. No. What I was about to ask, though, was whether the Senator, as a result of his computations—and I am not going to ask him to state them approximately—is satisfied that there will be sufficient revenue from the bill as now constructed, without some additional taxes being imposed, to meet the demands of the Government for the coming year?

Mr. PENROSE. I should say that I made a computation just now, after a long conference in my room, which persuaded me that even including cuts to be expected in the balance of this bill there is a margin of at least $10,000,000; and I do not know that all these cuts will occur.

Mr. KING. I am very glad to receive assurance that the bill, as perfected by the assaults made from this side, with the assistance given by some Senators upon the other side of the Chamber, will be sufficient to meet the needs of the Government. However, I think the Senator will be compelled to admit that if it does—that is, if the bill will yield sufficient revenue to meet the expenses of the Government—it is due largely to the efforts of the able Senator from North Carolina [Mr. SIMMONS], supported by the Senators from Missouri [Mr. REED], New Mexico [Mr. JONES], Massachusetts [Mr. WALSH], and Rhode Island [Mr. GERRY], and other Democratic Senators, who have pointed out the iniquities of the bill as it came from the Finance Committee. They compelled modifications and secured amendments which placed upon corporations of great wealth taxes of which they had been freed by the Republican members of the Finance Committee.

Mr. PENROSE. Mr. President, it shows my high appreciation of the devotion and sacrifice of the Democracy that I want to give them free soap.

Mr. REED. Mr. President, I think there ought to be no opposition to the course suggested by the Senator from Pennsylvania. In fact, I think opposition will be useless. It must be remembered that the soap manufacturers were large contributors, and, so far as I am concerned, I am willing that they shall have this concession.

Mr. FRELINGHUYSEN. I presume the Senator means to the Democratic campaign fund?

Mr. REED. Oh, no; I mean to Mr. Wood and some of your people, all of which has been fully explained.

Mr. FRELINGHUYSEN. I think the Senator ought to be specific and state what the companies were.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the committee.

The amendment was rejected.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. After line 14 it is proposed to insert:

(22) Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes, dentifrices, tooth pastes, aromatic cachous, toilet powders (other than soap powders), or any similar substance, article, or preparation by whatsoever name known or distinguished, any of the above which are used or applied or intended to be used or applied for toilet purposes, 4 per cent; and

Mr. REED. Mr. President, a word of inquiry. Since we have become so much interested in soap—and a very laudable interest it is—I am wondering if the same logic would not lead us to take the tax off of tooth paste and tooth powder.

Mr. PENROSE. Yes, Mr. President; realizing the requirements of the situation, I was going to move to strike out the words "tooth and mouth washes, dentifrices, tooth pastes."

Mr. BRANDEGEE. Let me suggest to the Senator, if he will yield, that I think petroleum jellies, which are really medicine, I assume, if I am not mistaken as to what is meant by those words, would include vaseline and things of that kind. I see no reason for taxing that, if we are not going to tax soap or tooth paste. Petroleum jelly is really a medicine.

Mr. PENROSE. There are a great variety of things which come under that title. I am somewhat familiar with the name, as I had it put in the present law myself.

Mr. BRANDEGEE. That is a mere suggestion to the Senator. I do not want to insist upon it.

Mr. McKELLAR. Why not strike out the whole section?

Mr. SMOOT. Nearly everything in this section, with the exception of the things just spoken of by the Senator from Pennsylvania, is a luxury. They are toilet articles used by very few people.

Mr. McKELLAR. How much revenue do we get from the tax on them?

Mr. SMOOT. We get about $4,500,000.

Mr. McKELLAR. Are not those what are called "nuisance taxes"?

Mr. SMOOT. No; only a part of them.

Mr. McKELLAR. Certainly we ought to repeal the tax as to that part.

Mr. PENROSE. I have also been requested by my associates to move to strike out the words "toilet powders (other than soap powders)."

Mr. REED. I assume the reason why the words "other than soap powders" are in this section is because soap was taxed above.

Mr. PENROSE. That is right.

Mr. REED. Therefore "other than soap powders" ought to come out in order to make it conform with the amendments adopted.

Mr. PENROSE. That is correct. I make that motion.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Pennsylvania, to the committee amendment, which the Secretary will state.

The READING CLERK. On page 201, line 16, it is proposed to strike out the words "petroleum jellies"; on lines 17 and 18 to strike out the words "tooth and mouth washes, dentrifices, tooth pastes," and in lines 18 and 19 to strike out the words "toilet powders (other than soap powders)."

The amendment to the amendment was agreed to.

Mr. PENROSE. Now I move, on line 22, after the word "purposes," that there be inserted the words "except tooth and mouth washes, dentrifices, tooth pastes, toilet powders" and a comma. That is only to make it technically carry out the purpose of the amendment just agreed to.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment as amended.

Mr. SUTHERLAND. Mr. President, I move to strike out the entire paragraph.

The PRESIDING OFFICER. The Senator from West Virginia moves to strike out the entire paragraph (22) as amended.

Mr. REED. Mr. President, we would lose a lot of revenue on a good many things which are purely luxuries, such as perfumes, essences, extracts, toilet water, cosmetics, and hair dyes. I submit any man who dyes his hair ought to pay a tax.

Mr. WADSWORTH. The Senator would not demand that some of us should be in favor of a tax on hair restoratives?

Mr. PENROSE. I would be willing to relieve hair restoratives from taxation, but I would strenuously oppose freeing from taxes the other articles, for I think many of them are very harmful and injurious, and I would favor increasing the tax on these pomades, hair oils, and hair dressings, which are very suspicious articles, in my opinion.

Mr. REED. If there is anything in the world that we can afford to tax, it is such things as we have left in this paragraph since the amendment of the Senator from Pennsylvania was agreed to, which did apply to many things which are absolute necessities.

Mr. JONES of New Mexico. Mr. President, this paragraph covers essences and extracts. It seems to me those terms are pretty broad, and might include articles which would be used in culinary processes. The words "essences" and "extracts" are used without any definition. I should like to have some information as to what those two words embrace. It strikes me that if they do embrace the articles used in culinary processes, they ought to be excluded from the bill. I do not understand that essences or extracts are used for the purposes of restoring hair or in the nature of toilet articles.

Mr. McLEAN. The Senator will note that lines 21 and 22 identify their use and confine them to applications for toilet purposes.

Mr. JONES of New Mexico. The Senator's idea about that may be correct, but I am not sure of it. It says, "Perfumes, essences, extracts, toilet waters," and so on, "or any similar substance, article, or preparation by whatsoever name known or distinguished, any of the above which may be used or applied or intended to be used or applied for toilet purposes." I rather think the Senator is right about that, and my anticipation is not well founded.

Mr. EDGE. May I inquire of the chairman if the amendment already adopted included the elimination of petroleum and jellies?

The PRESIDING OFFICER. It has.

Mr. EDGE. They are eliminated?

Mr. WATSON of Indiana. In order that we may vote intelligently on the motion of the Senator from West Virginia why can we not be told what has been stricken out already?

The PRESIDING OFFICER. The Secretary will state the amendment of the Senator from Pennsylvania which has been adopted.

The READING CLERK. On page 201, line 16, the words "petroleum jellies" are stricken out; on lines 17 and 18 the words "tooth and mouth washes, dentifrices, tooth paste" are stricken out; on lines 18 and 19 the words "toilet powders (other than soap powders)" are stricken out; on line 22, after the word "purposes," the words "except tooth and mouth washes, dentifrices, tooth paste, and toilet powder" are inserted.

Mr. WADSWORTH. I assume that the words "petroleum jellies" shall be added to the language inserted in the last line if they are stricken out above.

Mr. PENROSE. I did not understand that I moved to have them stricken out. I did not intend to include the tax on petroleum jellies in my motion to strike out.

The PRESIDING OFFICER. The Senator did so include it.

Mr. PENROSE. I had the words put in existing law, and had to look them up in the dictionary and know a little about their pedigree and history.

Mr. EDGE. That is the reason I made the inquiry a few moments ago, in order that I might be entirely clear about it. It seems to me, if I understand the definition of petroleum jelly correctly, that it consists mainly of vaseline and products of that kind, which surely are medicinal, and it seems to me that of all the eliminations petroleum jellies, if that is a correct designation of it, ought to be eliminated. It does not come under the heading of lip sticks, cosmetics, or other preparations of that character.

The PRESIDING OFFICER. As the amendment now stands, petroleum jellies are stricken out.

Mr. PENROSE. Mr. President, I object to having my amendment stated in a way in which I did not present it. It should not have been included in the language which the Clerk submitted to the Senate and which should have been declared agreed to, as I understand it.

The PRESIDING OFFICER. The Chair thinks the Senator from Pennsylvania is mistaken, though he may have included it inadvertently. When he stated the amendment the Chair recollects that he did include petroleum jellies.

Mr. PENROSE. I ask for a reconsideration, because I absolutely state that I did not intend to include, and did not include, petroleum jellies.

The PRESIDING OFFICER. Without objection, the vote by which the amendment of the Senator from Pennsylvania was adopted is reconsidered.

The question now is upon the adoption of the amendment of the Senator from Pennsylvania with the words "petroleum jellies" eliminated.

Mr. KING. May that be reported now as it will read?

The PRESIDING OFFICER. The Secretary will state the amendment as it will read as amended.

The READING CLERK. On page 201, beginning with line 15, the amendment as amended will read:

Perfumes, essences, extracts, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous, or any similar substance, article, or preparation by whatsoever name known or distinguished, any of the above which are used or applied or intended to be used or applied for toilet purposes, except tooth and mouth washes, dentifrices, tooth pastes, toilet waters, 4 per cent.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. WADSWORTH. Mr. President, I realize, of course, the temptation that is afforded to impose a tax upon such articles as hair oil, pomade, hair dressing, hair restoratives, and perfumes; but there is a peculiar situation in connection with this amendment which I think we ought to understand.

Under the terms "essences, extracts, and toilet waters," I think undoubtedly will be found included in brackets articles which are of considerable medicinal value used in hospitals. They are not to be classed, in my judgment, with hair oils and pomades or the lip sticks which have been mentioned here recently. It is exceedingly difficult to differentiate between all these different articles and to draw a line as to what are purely luxuries and never used for any purely beneficial purposes and those which are used a goodly portion of the time for beneficial purposes.

We have just stricken out on lines 13 and 14 the tax on toilet soaps and toilet soap powders, and I want to call the attention of the Senate to the fact that the greatest manufacturers of toilet soap and toilet-soap powders also make perfumes and toilet waters and pomades and essences and extracts, and I apprehend that we will find this situation, if this tax goes on as now proposed by the committee since this amendment was adopted, that a great soap manufacturing concern, making fancy soaps, perfumed soaps as well as ordinary soaps, and commanding a tremendous trade, can very easily carry the tax of 4 per cent on the perfumes which it makes, and the extracts and the essences can carry that tax without feeling it very much, as by far the greater portion of its business is in soaps, which we have already exempted from taxes. That will leave the perfume manufacturer or the extract and essence manufacturer taxed on practically his entire output.

We can all remember that there are several big soap companies in the country which as a side line, as it were, carry perfumes and extracts. We have exempted the soaps and the soap powders. These same concerns make tooth powders. If Senators will search their recollection a little, I think they can recall that fact. We have exempted tooth powders. The taxes as now proposed, in my humble judgment, will bring about a tremendous advantage and benefit to the great concerns and

leave the legitimate perfume and extract manufacturers as the only element in this combined business having a tax on his entire product.

Mr. President, a gentleman came in to see me the other day who is a perfume, extract, and essence manufacturer. He does not make soaps. There is very sharp competition in the business, and the hardest kind of competition comes from the big soap manufacturer who makes perfumes as a side line. As I understand, if the manufacturer of perfumes does next year as he did this last year and produces $200,000 worth of perfumes gross, he will pay a 4 per cent tax on them. As his profits were only 5 per cent, Senators can see what a 4 per cent gross tax would do. It makes it almost impossible for him to compete against Colgate & Co., much the greater portion of whose business is in soap and whose goods have a splendid reputation and a very wide sale all over the country. Colgate & Co. can absorb the tax that it has to pay on perfumes and extracts in the great mass of its soap business, but the perfume manufacturer can not do so, and he will have a tax on practically his entire output.

Mr. BRANDEGEE. Mr. President, does the Senator mean to imply that he would keep the tax on soap, so that the man who makes nothing but perfumes can compete?

Mr. WADSWORTH. No; I would not. I would strike out the whole thing.

Mr. BRANDEGEE. The whole paragraph?

Mr. WADSWORTH. Yes.

Mr. PENROSE. That is the pending question.

Mr. WADSWORTH. Yes, it is. I am coming to that point. I think discussion of all the excise taxes up to this point has pretty clearly indicated to the observant mind that they are full of inconsistencies. The Senator from Missouri [Mr. REED] has made some observations about inconsistencies, and with some of them I have a good deal of sympathy. Other inconsistencies have been brought out by other Senators, and the longer we discuss the list of industries that are to be singled out and taxed, the more inconsistencies we find and the more difficulties we find. Also, as we continue we will find hardships placed upon concerns whom we least expect will endure hardships under the provisions of the law.

I believe that what is left of paragraph 22 is going to impose a hardship on the little manufacturer of perfumes and extracts to the benefit of the large manufacturer of other articles who manufactures perfumes and extracts as a side line.

Mr. KING. Mr. President, will the Senator yield?

Mr. WADSWORTH. I yield.

Mr. KING. I have heard the statement made—I do not know whether there is any truth in it, but it seems at variance with the position taken by the Senator—that the manufacturer of perfumes alone requires so little machinery, so little capital, so few mechanical appliances, and so little labor, measured by the capital, machinery, appliances, and labor in the manufacture of soap and perfumes, that the former is at an advantage over the man who is engaged in the manufacture of soap and perfumes and other various products.

Mr. WADSWORTH. I have never heard that stated before. All the information that comes to me has been that the small perfume manufacturer is having a hard time to live in competition with the great concerns.

Let us transpose the situation to another field of manufacture. Suppose we put a high tax on soap but refrained from putting a tax on meats of any kind, would not the packers have an immense advantage over the small soap manufacturer? They make soap as a comparatively small side line, meat being their great product. Leaving meat untaxed and taxing only soap, the tax imposed upon the soap would be absorbed in very large degree in the meat business, and the small soap manufacturer, who never took any part in the production of meat-food products, would have to pay a tax on his entire output.

The same thing is going to be done here I fear. I do not pretend to be completely and finally informed on the subject, but it illustrates—at least, I have attempted to illustrate—some of the dangers of these manufacturers' taxes at varying rates of tax imposed at random around the country, singling out one here and one there and one somewhere else.

Mr. PENROSE. Mr. President, I wish to tell the Senator that he is not only entirely right but no one pretends for a moment that there is any logic or consistency about any of these taxes. It has been frequently observed in the existing law, when that bill was being considered, and in the present bill that the committees have imposed taxes where they thought the money could be conveniently and least injuriously raised to make up deficits here and there. If the Senator is looking for logic, he ought not to look in this bill.

Mr. WADSWORTH. I realize that the Senator and I agree upon that phase of the matter. I had hoped, and I still hope, that later on during the discussion of the bill we shall have at least a logical proposal concerning the taxation of manufacturers.

Mr. PENROSE. On that point I have no doubt some day we can evolve one, but just now the people are accustomed to a certain system of direct taxation and the bill is to meet an emergency and ought to be passed soon. It contains many admirable propositions for the relief of the taxpayer and the readjustment of taxes. I hope it can be passed promptly. If we plunge into something new and untried, we do not know where we will land.

Mr. KING. Mr. President, may I suggest to the Senator from New York that we have had for many years excise taxes upon various articles?

Mr. WADSWORTH. Oh, yes.

Mr. KING. And various nations have had the same taxes.

Mr. WADSWORTH. But never at such rates. A 4 per cent tax is a serious tax.

Mr. KING. During the Civil War and for many years following it, as the Senator knows, there were excise taxes upon a large number of articles.

Mr. WADSWORTH. It was pretty nearly all comprehensive.

Mr. KING. Before we entered the war there were a number of articles upon which excise taxes were laid. I believe that a direct or excise tax upon many articles is a wise thing. I think we could with propriety tax gasoline and other articles that we could single out, and thus derive a large amount of revenue. We may say, fitting that tax in with the general industrial or economic system of the country, that it seems illogical or seems unjust.

I am not sure that the criticism is well founded that because you may tax some article that lends itself readily to a comprehensive system of taxation and would yield a great deal of revenue without much trouble is unjust or makes a system illogical. I do not agree to that. If we can find articles upon which we may lay an excise and obtain a great amount of revenue without undue burden to the people, and particularly where those articles are largely luxuries or consumed by a limited number, it seems to me where we can find such articles and apply taxes to them we can approximate a very fair standard of taxation.

Mr. PENROSE. I think, if the Senator from New York will permit me, that the statement of the Senator from Utah is absolutely correct and admirably put.

Mr. WADSWORTH. The phrase to which I object as used by the Senator from Utah is "singling out." I am willing to single out anything in time of war that will get money, but I think it is a bad policy to continue that singling out in time of peace. I have thus far voted in favor of every reduction or elimination of the excise-tax provisions that has been voted upon under this title. I have done it because I believe that individually and collectively they are unsound.

We are fast approaching a condition which is next door to absurdity. We have taken the tax off chewing gum, and I was in favor of it, but we have left a tax of 10 per cent on cameras. We have left 3 per cent tax on candy and a 5 per cent tax on photographic films. That can not be defended. We have left a 3 per cent tax on automobile trucks and a 5 per cent tax on automobiles and motor cycles, being careful to leave the words "except tractors" in there. Why? Why should not the tractor pay. The Senator from Utah the other day hinted at the reason. It was because too many people were purchasing tractors.

Mr. KING. May I interrupt the Senator right there—and I apologize for so doing. A tractor is used essentially for farming. It is engaged in the production of the necessaries of life—food. That may not be said of bicycles or some other things of which the Senator spoke.

Mr. WADSWORTH. But it can be said of motor trucks.

Mr. KING. I was not directing my attention to motor trucks.

Mr. WADSWORTH. There is the difficulty. Here we come to the Senator's singling-out process. This singling-out process does one thing above everything else. It spreads discontent all over the country. I received a letter the other day, which may not be material and may not be a very intelligent protest, but a constituent of mine notices that carpets and rugs are taxed under the bill as they are taxed under the existing law. He is a manufacturer of carpets and rugs. He is one of those, of course, who have been led to believe that his taxes would be reduced. Perhaps they are reduced a little, but they are still continued somewhat. He wants to know why brocades and other up-

holstery materials are not taxed. Can anybody tell him? There is no answer.

Mr. PENROSE. There is an answer, if the Senator desires to have it.

Mr. WADSWORTH. I should be glad to have it. Perhaps I made a rash statement.

Mr. PENROSE. It may not be a very good answer, but it was uppermost in the minds of the Ways and Means Committee of the House and the Finance Committee of the Senate not to bring in, if possible, any new articles and subject them to taxation, not to go afield and bring in a vast array of suggested articles.

Mr. WADSWORTH. I am very glad the Senator's committee did not bring in any new articles.

Mr. PENROSE. That was the thought.

Mr. WADSWORTH. I sympathize with the Senator in that, but what are we going to say to the carpet manufacturer?

Mr. PENROSE. Let me correct the Senator, if I may, and then I shall sit down. The Senator said there has been some invidious singling out. These taxes are administered under a general law on articles of general distribution. There is no singling out. No individual, no class is singled out. Certain articles, being able to afford a moderate tax and being subject to conditions which render them available for the collection of a tax, have been taken. Other nations have done the same thing. We did the same thing during the Civil War. No one contends that there is any great logic in it. It is simply a question of practicability and convenience.

Mr. WADSWORTH. Mr. President, as I said a moment ago, I have no criticism to make of it when it is done in war time, but the country to-day is expecting us to enact a permanent revision of the revenue laws to continue in time of peace. When one industry finds it is taxed and another industry next door is not taxed under the excise-tax title, it is very difficult to explain. It leads to discontent and misunderstanding. I would be in favor of a very low tax on all these articles; but as a matter of principle I am opposed to singling out a few and imposing heavy rates of taxation on them.

Mr. McKELLAR. Mr. President, I simply wish to say that I think Federal excise taxes constitute the most unfortunate kind of taxation that we have. I receive more complaints about the petty little taxes of various kinds in this subdivision of the bill than about all the remainder of the taxes combined. The people do not like them. As the Senator from New York has pointed out, some are taxed and some are not; some articles are called luxuries and some are not; and each tax is a cause of complaint. I think it is a great pity that we can not raise enough revenue from other sources of taxation without resorting to excise taxes of the kind proposed to be imposed in this subdivision of the bill. I should like to vote against all of them, and I have voted against a number of them. I have very serious doubt as to whether I ought not to vote against all of them. I think it is an unfortunate and an unfair way of collecting Federal revenue. It is certainly unjust and unfair to many businesses in our country. We should either treat all these commodities alike, as suggested by the Senator from Utah, or we should do away entirely with the taxes on them. My own judgment is that it would probably be better to do away with them entirely.

Mr. SUTHERLAND. Mr. President, I agree with the Senator from Tennessee that there is more complaint about the peculiar taxes which are involved in this paragraph than about any other taxes in the bill. They affect more directly perhaps the lives of the great mass of the people than any other class of taxes and affect them in an irritating way. I believe that the Senate and the committee would do well to eliminate this paragraph from the bill.

The Treasury experts inform me that the paragraph as it is now written with the 4 per cent tax would produce about $3,000,000 of revenue. That is about twice as much, however, as has been yielded by the tax on the same items under the system which has been in force whereby the taxes were collected from the consumer in the store. So by the elimination of this paragraph we would be losing from existing taxation about a million and a half dollars. If we retain this paragraph in its present form, we would be doubling the taxes which are now being paid by the people on these items. In other words, we would be raising $3,000,000 on items on which the people have been paying only $1,500,000.

Mr. KING. May I inquire whether the Senator's contention is that the tax is increased?

Mr. SUTHERLAND. The tax is increased, because the taxes either have not reached the Treasury Department or they have not been collected from the consumer at the drug stores.

Mr. McKELLAR. Will the Senator yield?

Mr. KING. The rate is not increased, if I may be pardoned.

Mr. SUTHERLAND. The rate is the same.

Mr. KING. So that if the law is properly and fairly administered there will be no more paid upon these particular articles in the future than has been paid in the past?

Mr. SUTHERLAND. That is perfectly true.

Mr. KING. The Senator's argument, then, is a criticism of the administration of the existing law?

Mr. SUTHERLAND. Yes; but owing to the nature of the tax it is very difficult to administer and hard to collect. It requires a great many agents to go around and inquire and ferret into the business of many little stores to ascertain whether the taxes are paid. I repeat, it is a very difficult tax to collect.

Mr. KING. Is this tax collected upon the retailer or upon the manufacturer?

Mr. SUTHERLAND. Heretofore it has been collected from the retailer, but this bill contemplates the collection of the tax from the manufacturer.

Mr. KING. Exactly. This proposes a transfer to the manufacturer, so that it will be more easily collected. The criticism the Senator has been making, then, can not be addressed to the system if this amendment shall be adopted?

Mr. SUTHERLAND. I repeat the point, however, that we should have actually collected into the Treasury about twice the money in taxes on these items that we are collecting under existing law.

Mr. McCUMBER. Is not that because the taxes were being evaded?

Mr. SUTHERLAND. They were either being evaded or were not being collected, or when collected were stolen.

Mr. McKELLAR. Has the Senator any figures to show how much it costs to collect the various excise taxes such as are embraced in this subdivision? I imagine it costs a great deal. I doubt very much whether the Government gets any very great benefit out of it.

Mr. SUTHERLAND. I will say to the Senator that, of course, under the bill as now framed by the committee it is expected to collect these taxes from the manufacturer, so that the collection of the taxes will be more easy and will be accomplished more completely, as we shall get practically all the taxes we should get. But, Mr. President, the selection of certain items in the bill for elimination and the retention of others is, as expressed by the chairman of the committee, who is well informed upon the subject, absolutely illogical and indefensible.

Mr. PENROSE. I did not say "indefensible."

Mr. SUTHERLAND. Indefensible, except as a means of getting revenue.

Mr. PENROSE. Oh, no; I did not use the word "indefensible" or even think of it. I hope the Senator will not impute that to me.

Mr. SUTHERLAND. I beg the Senator's pardon.

Mr. PENROSE. There is no scientific system in connection with the collection of taxes on these articles. It is simply a practical proposition, but not indefensible. On the contrary, I said that every civilized nation in the world followed similar methods, and that we ourselves followed similar methods during the Civil War.

Mr. SUTHERLAND. I meant to say "indefensible" from a scientific standpoint, as a matter of selecting for taxation one item in preference to another. I did not mean to misrepresent the Senator.

Mr. KING. Mr. President, may I interrupt the Senator from West Virginia?

Mr. SUTHERLAND. Yes.

Mr. KING. Can not the Senator differentiate any of the articles embraced in the paragraph which he seeks to eliminate from articles which everybody concedes are necessaries of life? There is a great deal of difference between pomades and perfumes and toilet waters and other similar preparations and those things which all recognize as necessities of life. It may be difficult at times to say where the line is to be drawn between necessities and luxuries; it fades away and is lost in a sort of twilight zone, but I submit there can be no difficulty in determining that these particular articles come within the category of luxuries, and if we are to tax luxuries then it is clear that at least some of the articles named in this paragraph should be taxed.

Mr. EDGE. Mr. President, does the Senator from Utah include in the category of luxuries vaselines and cosmolines used in the care of infants in all parts of the country?

Mr. KING. I am not so sure that I would include as luxuries some of the articles which the Senator has mentioned. They were unknown a few years ago, and yet some of them, vaseline, for instance, have become necessities.

Mr. EDGE. Did the Senator ever hear of a nursery without such articles?

Mr. KING. I hope the Senator does not expect to bring my experience in the nursery into the Senate. Of course, there are some articles comprised within "petroleum jellies" that should be classed as necessities and they should be exempt from an excise tax.

Mr. SUTHERLAND. I therefore hope, Mr. President, that the Senate will decide to eliminate this paragraph. The chairman of the committee has stated that we shall have an excess of revenue of about $10,000,000 anyhow, and it would seem that that margin is probably sufficiently large to enable us safely to eliminate this paragraph.

Mr. PENROSE. Mr. President, there again I must take issue with the Senator from West Virginia. My estimate did not contemplate in any way the loss of revenue from this paragraph. If four or five million dollars are to be deducted through the elimination of this paragraph, the margin will become very small.

Mr. SUTHERLAND. I understood, Mr. President, that the estimate did not include this paragraph, but that without any change in this paragraph there would remain a margin of $10,000,000.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the committee as amended.

Mr. KING. Mr. President, when this bill was reported to the Senate, and after the discussion was entered upon, the Senator from North Carolina, not only in his opening address but in subsequent ones, pointed out what he conceived to be serious defects in this bill; he also challenged attention to amendments that were proper and which the Senate has adopted. His valuable efforts have materially improved this bill. If his suggestions had been followed we would have had a bill that would have, in my opinion, met the requirements of the country; but it looks as though the majority were seeking—I withdraw the word "majority" and will say it looks as though some upon the other side of the Chamber are doing all that they possibly can to eliminate from this bill luxury taxes and other provisions which impose taxes upon corporate wealth in order that the Senate will feel constrained, in order to get needed revenue, to fasten an obnoxious turnover sales tax, or something akin to it, upon the country. Selfish interests have determined, if they have the power—and they think they have—that they shall escape taxation, or, at least, evade the payment of an honest and legitimate tax to the Government. They are using the Republican Party to aid them in their effort, and some upon the Republican side of the Chamber are aiding in this purpose by voting to strike from this bill articles upon which excise taxes should be laid, and against the inclusion within this bill of provisions which render such proper subjects for taxation.

The Senator from West Virginia in his attack upon this provision has not been able to demonstrate that the articles herein taxed are not luxuries. He is assuming that they are necessities; he is refusing to perceive that there is a clear line between luxuries and necessities and that it is wise and just legislation to impose taxes upon luxuries, particularly at the present time.

I can not comprehend his attitude in contending that burdens should not be laid upon luxuries. If his view prevails, it is obvious that we shall be compelled to levy a heavy sales tax that will reach the necessities of life.

I would be willing to support a sales tax that would reach luxuries and other commodities such as gasoline and others that readily suggest themselves to the minds of Senators that can not be classed as necessities, such as are imperatively required for the sustenance and life of the people. Food products, clothing, and so forth, are real necessities. They should never be taxed unless some contingency arises. If we persist in this policy of whittling down the list of articles upon which taxes shall be levied, we will be confronted with the fact that there will be a great deficit. Indeed, I think that situation is now before us.

I do not agree with the Senator from Pennsylvania that the bill as it now stands, with the amendments which have been made, will furnish sufficient revenue for the Government. I predict that if this bill shall be passed in the form contemplated by the Senator from Pennsylvania there will be a deficit of from $500,000,000 to $1,000,000,000, and I protest against a course which will compel amendments to this bill or supplementary legislation increasing the burdens upon the great body of the American people. The working classes are now suffering unduly. Their interests should be regarded and scrupulously protected.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the committee as amended.

Mr. SUTHERLAND. I call for the yeas and nays.

The yeas and nays were not ordered.

Mr. SUTHERLAND. Mr. President, is the motion that I made in order?

The PRESIDING OFFICER. The Senator from West Virginia moved to strike out the paragraph; but the paragraph can not be stricken out, not having yet been incorporated in the bill. The parliamentary situation is that the vote comes upon the amendment of the committee as amended; and a negative vote will accomplish the result which the Senator from Virginia had in mind.

Mr. McKELLAR. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Hale	McKinley	Simmons
Broussard	Harris	McLean	Smoot
Calder	Heflin	McNary	Spencer
Cameron	Hitchcock	Myers	Stanfield
Capper	Jones, N. Mex.	Nelson	Stanley
Caraway	Jones, Wash.	New	Sutherland
Curtis	Kendrick	Newberry	Swanson
Dial	Kenyon	Norbeck	Townsend
Edge	Keyes	Oddie	Trammell
Ernst	King	Overman	Wadsworth
Fernald	Ladd	Owen	Warren
Fletcher	La Follette	Phipps	Watson, Ga.
France	Lenroot	Poindexter	Willis
Frelinghuysen	McCormick	Ransdell	
Gerry	McCumber	Reed	
Gooding	McKellar	Sheppard	

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the committee as found on page 201, lines 15 to 22, as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The ASSISTANT SECRETARY. On page 201, beginning with line 23, the committee proposes to insert:

(23) Office furniture and fittings, made of rosewood, any imported cabinet woods (except oak), or solid mahogany, or of which such rosewood, imported cabinet wood (except oak), or solid mahogany is the component material of chief value, 5 per cent.

Mr. McCUMBER. Mr. President, I hope that amendment will be rejected. It is an amendment putting a tax upon furniture if it is made of certain woods. I think the difference in price to-day between walnut and mahogany, and practically between birch and mahogany, is almost nothing. For the last year they have been practically the same; and I think the understanding on the part of the majority of the committee is that that amendment should be rejected.

Mr. REED. Mr. President, there was confusion in the Chamber, and I could not hear the explanation of the Senator from North Dakota.

Mr. McCUMBER. This is an amendment whereby we put a tax of 5 per cent upon office furniture and fittings made of rosewood or any imported cabinet wood, no matter what it is—except oak—or solid mahogany, or of which such rosewood, imported cabinet wood—except oak—or solid mahogany is the component material of chief value.

Mr. REED. Why is imported oak excepted?

Mr. McCUMBER. Because certain oak, like Japanese oak, is said to be a very cheap wood. Of course, I take the position myself that none of this should be in the bill; that we should not levy this tax upon ordinary office furniture.

Mr. REED. The Senator is asking to have the amendment rejected?

Mr. McCUMBER. That is correct.

Mr. REED. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the committee.

The amendment was rejected.

Mr. EDGE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Jersey will state it.

Mr. EDGE. When we passed over section (22) and voted on the committee amendment I made an effort to get the recognition of the Chair, but did not succeed. We passed on, and the next item was the paragraph relating to office furniture and fittings. I desire to offer a further amendment to section (22), eliminating petroleum jellies, which are purely and simply medicinal preparations. I do not know how we can get a vote on a matter of that kind, except to address the Chair and endeavor to offer the amendment.

I move that the vote by which the section was adopted be reconsidered for the purpose of making a separate motion that petroleum jellies, vaseline, and cosmoline be eliminated from the paragraph.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered. The Senator from New Jersey has the floor.

Mr. EDGE. Now I move that from that paragraph, in line 16, page 201—the same paragraph from which we have eliminated soaps, tooth pastes, and toilet powders—we eliminate the words "petroleum jellies."

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On line 16, page 201, it is proposed to strike out the words "petroleum jellies" and the comma.

Mr. KING. May I inquire of the Senator what he understands is comprehended within the words "petroleum jellies"?

Mr. EDGE. Mr. President, I am informed that petroleum jellies include in the main the vaselines and cosmolines that are sold in all the druggists' shops and chemists' shops of the country for the purposes which are thoroughly understood, I am sure, by every Senator in this Chamber. If we eliminate the other articles that we have already eliminated, recognizing thoroughly the practical use of these commodities, I can not see why they should remain in the bill, so that every purchaser of cosmoline or vaseline will be taxed 4 per cent.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. FRELINGHUYSEN. Now, Mr. President, I move that the entire amendment be disagreed to, and on that I ask for a division.

Mr. McCUMBER. I raise the point of order that that matter has been voted upon and the amendment has been agreed to.

Mr. FRELINGHUYSEN. It has been reconsidered, and is now before the Senate. I move that it be rejected, and ask for a division.

Mr. KING. I raise the point of order that it was reconsidered merely for the purpose of submitting the motion which was indicated by the junior Senator from New Jersey.

The PRESIDING OFFICER. The Senator from Utah is right. The question now is upon agreeing to the section as amended.

Mr. McKELLAR. That will bring up the question so that we can have a vote on it. I ask for the yeas and nays, Mr. President.

Mr. WADSWORTH. I wish we could have a yea-and-nay vote on it. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. WADSWORTH. I ask for a division, then, Mr. President.

On a division the amendment as amended was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

Mr. EDGE. Mr. President, a parliamentary inquiry. I understand the amendment I offered, to strike out the words "petroleum jellies," in line 16, was agreed to.

The PRESIDING OFFICER. It was agreed to.

Mr. EDGE. I would like also to include in that amendment, if I may have unanimous consent, the same words on line 22 of the substitute.

The PRESIDING OFFICER. Is there objection?

Mr. SIMMONS. After we have reconsidered and then voted again, and the Chair has declared that the amendment is agreed to as amended, how can we do that?

The PRESIDING OFFICER. The Senator from North Carolina is correct; it can not be done except by unanimous consent. The Senator from New Jersey asks unanimous consent.

Mr. SIMMONS. Mr. President, I do not intend to give my consent to reopen that section any more, because if we do consent every time a Senator hears from one of his constituents we will soon have eliminated every item in the section.

Mr. EDGE. A parliamentary inquiry. As it is a purely technical correction, I understand it can be offered in the Senate?

The PRESIDING OFFICER. It can be. The Secretary will now state the next amendment.

The ASSISTANT SECRETARY. On page 202, beginning with line 3, the committee proposes to insert the following:

If any manufacturer, producer, or importer of any of the articles enumerated in this section customarily sells such articles both at wholesale and at retail, the tax in the case of any article sold by him at retail shall be computed on the price for which like articles are sold by him at wholesale.

The taxes imposed by this section shall, in the case of any article in respect to which a corresponding tax is imposed by section 900 of the revenue act of 1918, be in lieu of such tax.

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee proposes, on page 202, to strike out lines 13 and 14, as follows:

SEC. 809. Section 901 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 202, at the end of line 20, after the word "act," insert a comma and the words "at less than the fair market price obtainable therefor."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 203, the committee proposes to strike out lines 10, 11, and 12, as follows:

SEC. 810. Section 902 of the revenue act of 1918 is amended by striking out the figure "10" and inserting in lieu thereof the figure "5."

The amendment was agreed to.

The ASSISTANT SECRETARY. The committee proposes to insert, on page 203, beginning with line 13, the following:

SEC. 902. That there shall be levied, assessed, collected, and paid upon sculpture, paintings, statuary, art porcelains, and bronzes, sold by any person other than the artist, a tax equivalent to 10 per cent of the price for which so sold. This section shall not apply to the sale of any such article (1) to an educational institution or public art museum, or (2) by any dealer in such articles to another dealer in such articles for resale.

Mr. McCUMBER. Mr. President, for the purpose of perfecting this amendment, I move to strike out the figures "10" on line 16 and to insert in lieu thereof the figure "5."

Mr. REED. Mr. President, we have taken the tax off of billiard balls, dice, playing cards, baseball bats, polo mallets, tennis rackets, golf balls, golf sticks, golf bags, and all those things. Now it is proposed to levy a tax on art. Art is educational. I will not say there is nothing we need to cultivate more in this country than art, but I will say that it is one of those attributes of mind and taste which ought to be cultivated in America much more than it is.

Instead of taxing it, we ought to encourage it. Instead of putting the burden of taxation on it, the public treasuries of the States, of the municipalities, and even of the Nation, might be drawn upon to a reasonable extent in order that we might have the best of the arts in the world. These objects of beauty, miracles of the chisel and the brush, works of the geniuses of the ages, all have the highest value in training the mind and elevating the tastes of the people. It is true they are frequently purchased by the very wealthy and placed in their homes, where they are observable only by the fortunate people who are invited to their houses, but almost invariably they reach the galleries of art, places where the public are admitted. I think it very unwise to tax works of art and to take the tax off sporting goods.

Mr. President, I ask that we disagree to the entire section. I ask for the yeas and nays on the question.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from North Dakota to the amendment.

Mr. WADSWORTH. May I suggest something to the Senator from Missouri?

Mr. REED. Certainly.

Mr. WADSWORTH. Does the Senator desire the yeas and nays on the motion to reduce it from 10 per cent to 5 per cent?

Mr. REED. Oh, no; I thought that had been done.

Mr. McCUMBER. That is the question now.

Mr. REED. I have no objection to that at all.

Mr. BRANDEGEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. BRANDEGEE. I was not on the floor when this matter came up, or when the Senator from North Dakota made his motion, and I would like to know what the motion is.

Mr. McCUMBER. The motion is to strike out the figures "10" on line 16, and to insert in lieu thereof the figure "5," so as to reduce the tax from 10 per cent to 5 per cent. The Senate, of course, will remember that in all of our tariff bills we have regarded these as luxuries; they have been subject to very much higher tariffs, and always subject to higher taxes, both in the Democratic and in the Republican tariff and revenue measures.

Mr. BRANDEGEE. Mr. President, I only heard the concluding portion of the remarks of the Senator from Missouri, and I am in entire accord with his view about the taxation of art. I do not know in what parliamentary form a motion could be made to strike out the tax entirely.

Mr. REED. Mr. President, I can answer that. This is an amendment proposed by the committee. If it is voted down, the tax automatically disappears.

Mr. BRANDEGEE. My understanding was that the House provision in the bill was for 5 per cent and the Senate committee amendment raised it to 10. Now, the Senator from

North Dakota asks to amend the Senate amendment, and therefore I assume that an amendment to strike out "5" and leave it nothing would be an amendment in the third degree and perhaps could not be offered at this time.

I will make the motion when it will be in order if such a motion will be in order. I hope this tax, which is simply a fetter upon what the Senator from Missouri has so admirably called the education of the people, their cultural education, may be abolished altogether. I am aware that what the Senator from North Dakota has said is true. In the past apparently the idea has prevailed in Congress that a tax upon art, sculpture, and painting was in some way a tax upon a luxury of the rich, but I do not take that view of it. Many of the other great countries of the world encourage by largesses the productions of their great artists. They establish great national galleries, and they are an infinite source of enjoyment to all the people.

What the Senator from Missouri has said is quite true, that while the more expensive of the paintings and sculptures, the products of the geniuses of the world, if they are purchased and brought to this country, or if they are made and purchased in this country, have to be purchased by rich men, in nine cases out of ten when those collections are dissolved they go into the hands of others, and ultimately they are collected in the galleries of this country and are free to the public.

If I have the figures correctly, the striking out of this tax entirely would mean a matter of only $400,000 in revenue, and I think the public taste should be encouraged by making art free. It is just as much a part of the education of the public as their education in schools, or their education in music, or their education in religion, and, indeed, the masterpieces of sculpture and painting furnish inspiration to the higher impulses of the people everywhere.

This is a paltry matter as to revenue. I think the impulse given to artists and to those who want to accumulate and ultimately dispense their productions, after they have enjoyed the study of them themselves for a while, ought to be encouraged, and I think it would be greatly encouraged by the sentiment exhibited by the Congress toward the great subject of art.

I am cordially in favor of the entire elimination of this tax.

Mr. McCUMBER. Mr. President, the Senator, of course, will have no difficulty in reaching the parliamentary situation. The amendment offered by me is to perfect the committee amendment. If it is perfected by reducing the tax from 10 to 5 per cent, and adopted, that will cut it in half. The Senator can then move, of course, to disagree to the committee amendment.

Mr. BRANDEGEE. The question would then be upon agreeing to the committee amendment.

Mr. McCUMBER. Yes; the question would be upon agreeing to the committee amendment. But if the Senate will give attention to the provision, I think that many of the criticisms which are made of this section, if I may call them such, will disappear.

I will read it:

That there shall be levied, assessed, collected, and paid upon sculpture, paintings, statuary, art porcelains, and bronzes, sold by any person other than the artist—

If the artist sells them directly himself, there is no tax at all. The tax is intended only to cover those instances in which they are bought by the dealers and then often sold at an enormous profit and for enormous sums of money. As amended it would then read—

a tax equivalent to 5 per cent of the price for which so sold.

That is, if sold by a dealer.

This section shall not apply to the sale of any such article (1) to an educational institution or public art museum—

Therefore it will apply only when sold to those who are wealthy and can afford probably to pay this little additional tax—

or (2) by any dealer in such articles to another dealer in such articles for resale.

So when we get to its real meaning it will be seen that if the artist himself or the sculptor or the painter sells it directly, there is no tax whatever. If it is sold to a museum or an art gallery or any place for public exhibit, there is no tax. Therefore it only applies to those sales made by a dealer in those articles that generally sell for many, many times what the dealer pays to the artist. I do not think that a 5 per cent tax is high.

Mr. BRANDEGEE. I was familiar with the exact language of the provision. The difficulty is that a tax upon the purchase of paintings is really in its effect a tax upon the artist. It discourages the business.

While I am in favor of exempting the sales of one dealer to another dealer, that is about as far as I would go; but I fail to see why a dealer, who the Senator says generally makes a great deal more profit than the man who painted the picture, should be exempt from the tax when he sells to another dealer, but if he sells to me I have to pay the tax. I do not understand that; but that is a small point. My theory is that Congress should show its appreciation of the beauties and the cultural thing connected with it, the inspiration that art is to the whole people, by saying that that industry and that thing shall be tax free in this country. I think the paltry amount of revenue we get out of it ought not to weigh as against the considerations that appeal to me.

Mr. REED. Mr. President, I do not wish to prolong the matter because I really wish to hasten the final consideration of the bill. I shall regret very much if we keep this tax on. It is the only tax in the bill that is specifically aimed at a tribute when the article passes from the wholesaler to the retailer. The bill is drawn so that the artist himself can sell it, but he must sell it in ninety-nine cases out of one hundred to a man who sells it to somebody else, and the minute it reaches that stage the tax becomes effective. The result of it is that whenever an artist goes to sell his picture to a dealer he sells under those conditions. The dealer knows that when he sells it he must pay the tax, and the probabilities are he deducts that tax from the price he pays the artist.

Mr. President, I have here a brief that was handed to me on behalf of the American Federation of Arts, composed of 273 chapters, located in almost every State in the Union, and which includes practically all the art museums and art societies in the United States. Among these are the National Art Club of New York City, the Fine Arts Federation of New York City, the League of New York Artists (Inc.), the National Academy of Design, the New York Chapter of the American Institute of Architects, the American Water Color Society, the Society of American Artists, and others. There are a large number in addition to those I have named. They protest against this tax. They protest against it upon the ground that it is a tax upon education and upon the cultivation of the finer sensibilities and finer tastes of a people.

I absolutely agree with that proposition. If there is anything in which America is lagging far behind the rest of the world it is in its works of art produced by the native American. The reason probably is found in the fact that in this country we so little regard art that we absolutely levy a tax upon its sale, whereas in other countries the artist is honored, his works are hung in great galleries, and his reputation if he is successful is of a character that may be taken as superior to almost any other reputation.

I have never had the privilege of going abroad, but I know that the cities of the Old World are beautified by works of genius. I know that the knowledge of art, among even the humble in Europe, is far superior to the general knowledge of art in this country. There is nothing more typical of the character of a people than its works of art. The genius of Greece that produced the immortal marble flowered and came to perfection along with that genius which produced the highest character of literature and the most splendid monuments of architecture. It would be better, sir, if we were to take the money from the Public Treasury and establish schools of art, as indeed we are in a modest way in various parts of the country, than to be taxing the product of the brush and the chisel of those who have devoted their lives to a profession or calling that is all too unremunerative.

I repeat what I said a moment ago. If we can take the tax off of golf balls and billiard balls and chewing gum, we ought certainly to take it off of paintings and statuary, and take it all off.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from North Dakota to the amendment of the committee.

Mr. LENROOT. Mr. President, just a moment, to understand what the amendment provides. The amendment does not provide for any tax when sold by the artist. It does not provide for any tax then. It is exempt from tax when sold by the owner to any public institution. The 5 per cent tax will only apply when sold by somebody other than the artist to some other private individual.

Mr. REED. Mr. President, does the Senator deny that generally these paintings are sold through art dealers? The Senator does not challenge the fact that generally paintings are sold through art dealers?

Mr. LENROOT. They may be. I merely desired to explain what the amendment does.

Mr. REED. If an artist brings his picture to an art dealer, the art dealer when he buys it knows that he will have to pay the tax, and he takes that into consideration in purchasing the picture.

Mr. LENROOT. That is probably true.

Mr. FLETCHER. Mr. President, it is perfectly well known that any sales there may be from the living artist to the final purchaser must be comparatively few. Most of these works of art were created by people who have been dead many years. The real works of art are of that type, and those can not be bought from the producer. I think that the exception practically amounts to nothing. I agree with the Senator from Missouri that if we are to take off any tax anywhere, we ought to save these works of art.

Mr. REED. Mr. President, I understand the parliamentary situation now to be that the amendment offered by the Senator from North Dakota, changing the rate of taxation from 10 to 5 per cent, has been agreed to.

The PRESIDING OFFICER. It has not. That is the pending question.

Mr. REED. I am agreeable that that should be voted upon, and then I desire to offer an amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota striking out the numeral "10" and inserting the numeral "5."

The amendment to the amendment was agreed to.

Mr. REED. Mr. President, I now move to strike out of the section, in lines 14 and 15, the words "sculpture, paintings, statuary, art porcelains, and bronzes, sold by any person other than the artist," and to insert in lieu of the words stricken out the words "tennis rackets, nets, racket covers and presses, skis, toboggans, polo mallets, basket-ball goals and uniforms, football helmets, golf bags and clubs, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard, and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games."

The PRESIDING OFFICER. Does the Senator from Missouri desire to leave in the exemption applying when the articles are sold to an educational institution?

Mr. REED. I am offering this amendment now. We shall get to the educational institutions later on.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Missouri.

Mr. REED. I ask for the yeas and nays upon my amendment, Mr. President. I am in dead earnest about it.

The yeas and nays were not ordered.

Mr. REED. I raise the question of the lack of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Brandegee	Gooding	McCumber	Simmons
Broussard	Hale	McKellar	Smoot
Bursum	Harreld	McKinley	Spencer
Calder	Harris	McLean	Sutherland
Cameron	Heflin	McNary	Swanson
Capper	Hitchcock	New	Townsend
Curtis	Jones, Wash.	Newberry	Trammell
Dial	Kendrick	Norbeck	Wadsworth
Edge	Kenyon	Oddie	Walsh, Mass.
Ernst	Keyes	Overman	Warren
Fernald	Ladd	Phipps	Watson, Ga.
Fletcher	La Follette	Pittman	Watson, Ind.
France	Lenroot	Reed	Willis
Gerry	McCormick	Sheppard	

The PRESIDING OFFICER. Fifty-five Senators having answered to their names, a quorum is present.

Mr. REED. I desire to perfect the amendment offered by striking out all of the section after the word "sold," in line 17. I ask the Secretary to read the amendment to the Senate.

The READING CLERK. On page 203, in lines 14, 15, and 16, it is proposed to strike out "sculpture, paintings, statuary, art porcelains, and bronzes sold by any person other than the artist," and to insert in lieu thereof the words "tennis rackets, nets, racket covers and presses, skis, toboggans, polo mallets, basket-ball goals and uniforms, football helmets, golf bags and clubs, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard, and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games."

Mr. BRANDEGEE. Mr. President, as I have stated, I should like to vote to strike out the art objects proposed to be taxed in this paragraph. I wish we could have a separate vote on that. I am unable to vote for the Senator's motion to strike out and insert, because I do not want to tax any of these articles.

Mr. REED. I am perfectly willing to have the vote in the form suggested by the Senator from Connecticut, but if it is taken in that form I should like to have it understood that if it is defeated I can then offer my amendment.

Mr. BRANDEGEE. I should like to have the Senator have that privilege.

Mr. REED. If the Senator will make his motion in the form to disagree to the amendment, then I can offer the amendment I desire, and I will withdraw the amendment for the time being.

Mr. BRANDEGEE. As I understand, the question is on agreeing to the committee amendment as amended. If we vote that down, then the House provision stands, and then, I assume, we can strike out the 5 per cent tax provided by the House provision, if the Senate so desires. So the question is on agreeing to the Senate committee amendment as amended.

Mr. REED. And a vote "yea" is a vote to tax art and a vote "nay" is a vote not to tax art. That is the way the question will stand.

Mr. WATSON of Indiana. Exactly.

Mr. REED. On the adoption of the committee amendment as amended I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as heretofore in regard to my pair and its transfer, I vote "nay."

Mr. FLETCHER (when his name was called). I again announce my pair with the Senator from Delaware [Mr. BALL]. Being unable to obtain a transfer, I must withhold my vote. If permitted to vote, I should vote "nay."

Mr. HALE (when his name was called). Making the same announcement as heretofore with regard to my pair and its transfer, I vote "nay."

Mr. McLEAN (when his name was called). I have a general pair with the senior Senator from Montana [Mr. MYERS]. In his absence, I withhold my vote.

Mr. SIMMONS (when his name was called). I transfer my pair with the junior Senator from Minnesota [Mr. KELLOGG] to the senior Senator from Texas [Mr. CULBERSON] and will vote. I vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer as on the last roll call, I vote "yea."

The roll call was concluded.

Mr. FERNALD (after having voted in the affirmative). I have a pair with the Senator from New Mexico [Mr. JONES]. In his absence, I withdraw my vote.

Mr. ERNST (after having voted in the affirmative). I have a general pair with the senior Senator from Kentucky [Mr. STANLEY]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and will let my vote stand.

Mr. McCORMICK (after having voted in the negative). I note that my pair, the junior Senator from Wyoming [Mr. KENDRICK], is absent from the Chamber. Therefore I transfer my pair to the junior Senator from Maryland [Mr. WELLER] and will let my vote stand.

Mr. McCUMBER (after having voted in the affirmative). I notice that my pair, the junior Senator from Utah [Mr. KING], has not voted. I transfer that pair to the junior Senator from Washington [Mr. POINDEXTER] and will allow my vote to stand.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 32, nays 18, as follows:

YEAS—32.

Bursum	France	Heflin	McCumber
Cameron	Gerry	Jones, Wash.	McKellar
Capper	Gooding	Ladd	McKinley
Curtis	Harreld	La Follette	McNary
Ernst	Harris	Lenroot	Oddie

Pomerene	Smoot	Swanson	Walsh, Mass.
Sheppard	Stanfield	Townsend	Warren
Simmons	Sutherland	Trammell	Willis

NAYS—18.

Brandegee	Hale	Newberry	Wadsworth
Broussard	Keyes	Overman	Watson, Ga.
Calder	McCormick	Phipps	Watson, Ind.
Dial	Moses	Reed	
Edge	New	Spencer	

NOT VOTING—46.

Ashurst	Fletcher	McLean	Robinson
Ball	Frelinghuysen	Myers	Shields
Borah	Glass	Nelson	Shortridge
Caraway	Harrison	Nicholson	Smith
Colt	Hitchcock	Norbeck	Stanley
Crow	Johnson	Norris	Sterling
Culberson	Jones, N. Mex.	Owen	Underwood
Cummins	Kellogg	Page	Walsh, Mont.
Dillingham	Kendrick	Penrose	Weller
du Pont	Kenyon	Pittman	Williams
Elkins	King	Poindexter	
Fernald	Lodge	Ransdell	

So the amendment of the committee as amended was agreed to.

Mr. REED. Mr. President, I stated a while ago that I should reserve the right to offer an amendment to substitute for these works of art the various sporting goods that have already been exempted. I thought we could get a pretty good idea of the temper of the Senate by presenting it in that way. This vote is decisive. The Senate has already voted to exempt sporting goods, and has just now voted by a large majority to tax art, and I think it would be of no use to offer my amendment; so I shall not offer it. We will let the record stand just as it is.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 203, after line 21, to insert a new section as follows:

SEC. 903. That every person liable for any tax imposed by sections 900, 902, 904, 906, or 907 shall make monthly returns under oath in duplicate and pay these taxes imposed by such sections to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month, from the time when the tax became due.

Mr. SIMMONS. Mr. President, I want to ask the Senator from North Dakota if he does not think that is rather too heavy a penalty to impose for the nonpayment of taxes—and, of course, it will apply if the tax is not paid on the very day on which it is due—a penalty of 5 per cent, and, in addition to that, interest at the rate of 1 per cent for each full month?

Mr. McCUMBER. I will say to the Senator that that is the 1918 law.

Mr. SIMMONS. Yes; I agree to that. The 1918 law, as the Senator knows, was not a perfect law, as no law is a perfect law.

Mr. McCUMBER. I appreciate that, but I want to add also that it is consistent with all of the other penalties that are provided for disobedience, and so forth, and I am inclined to think that if we should make a change in this penalty we would have to make a good many other changes in the bill which would be also modifications of the old law.

Mr. SIMMONS. Mr. President, I shall not make any point about the matter. I simply wanted to call it to the attention of the Senator in the hope that if he thought the penalty was too great it might be modified in this case and in other cases; but if it would cause embarrassment I shall not press it.

Mr. McCUMBER. In this case the taxpayer can always make application for an extension of time, showing any good reason that he may have, and it will always be granted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The READING CLERK. On page 204, it is proposed to strike out lines 15 and 16 and to insert the following:

SEC. 904. That from and after January 1, 1922, there shall be levied, assessed, collected, and paid, in lieu of the taxes imposed by section 904 of the revenue act of 1918, upon the following articles sold or leased by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of so much of the price for which so sold or leased as is in excess of the price hereinafter specified as to each such article—

(1) Carpets and rugs, including fiber, on the amount in excess of $4 per square yard in the case of carpets and $6 per square yard in the case of rugs;

(2) Trunks, on the amount in excess of $35 each;

(3) Valises, traveling bags, suit cases, hat boxes used by travelers, and fitted toilet cases, on the amount in excess of $25 each;

(4) Purses, pocketbooks, shopping and hand bags, on the amount in excess of $5 each;

(5) Portable lighting fixtures, including lamps of all kinds and lamp shades, on the amount in excess of $10 each; and

(6) Fans, on the amount in excess of $1 each.

Mr. WADSWORTH. Mr. President, I hesitate a good deal to take the time of the Senate in calling attention to these things, but it seems to me we have now struck a portion of the bill which can be truly described as containing nuisance taxes. Here we are to tax an article, if it costs more than so much, 5 per cent of the excess over that upset figure, as it were.

If a fan is going to cost a dollar and a half, we are going to impose a tax of 5 per cent on 50 cents and endeavor to collect it and put it in the Treasury.

If a trunk costs $36, we are going to assess a 5 per cent tax on $1, which is 5 cents, and put it in the Treasury. I do not know upon what theory these things have been picked out.

I do not know why carpets and rugs are picked out. Why not wall paper? Why not hangings or upholstering material?

Purses and pocketbooks, shopping and hand bags, are to pay a 5 per cent tax on the amount in excess of $5 each. Everybody knows that lots of shopping and hand bags are made by seamstresses, not by manufacturing concerns. They are embroidered by women who work at their own homes and sell them where they can. Does anybody think he can collect that tax? If it can be collected, does anybody think it ought to be collected? I do not know what the total of this would amount to, but the term "nuisance tax" exactly describes this whole thing.

Portable lighting fixtures, including lamps of all kinds and lamp shades, are taxed on the amount in excess of $10 each. I suppose under that language a lamp shade is regarded the same as a portable lighting fixture. Not many lamp shades, I suppose, cost more than $10. Some do that are hand decorated by some poor woman who is trying to eke out a living. In a great many instances it is done in that way. If by any chance she is able to command $10.50 for a lamp shade which is made of paper and strung on wires and decorated by her, she has to pay a 5 per cent tax on the excess over $10.

This is the kind of thing I referred to before as creating discontent. The people whom it is here proposed to tax will always ask, "Why are we picked out?"—and there is no answer. You can not answer the taxpayer when he asks that question.

I merely desire to register my protest against these taxes.

Mr. TOWNSEND. Mr. President, another thing, if the Senator will permit me: A great many of the articles mentioned here, with the high price of everything, must cost the limit that is fixed here. You can scarcely go in anywhere and buy any of these articles that are worth having at the prices which are fixed here.

Mr. McCUMBER. Mr. President, may I correct what is possibly a misunderstanding on the part of the Senator?

Mr. WADSWORTH. I yield for that purpose.

Mr. McCUMBER. This is not the retail price. Take a purse that is sold by the manufacturer for $5, and you probably could not buy it for $25 at a retail place; and along all of these lines of manufacture you will find the article running from four to five times the manufacturer's price at the time the article is sold at the retail store. These are wholesale prices.

Mr. WADSWORTH. It does not say "wholesale."

Mr. McCUMBER. I think it does. The tax is levied on the manufacturer, and the manufacturer's sale, of course, is at the wholesale price.

Mr. WADSWORTH. What constitutes a manufacturer?

Mr. McCUMBER. Mr. President, it may be that some of the things that are made by the great manufacturers of purses and these other articles, high-priced draperies and carpets and rugs, and so forth, may also be made by some woman in her own home; but such articles would not be one-thousandth of 1 per cent of the whole, and if they did escape being caught and taxed it would amount to nothing.

The Senator from Pennsylvania stated a short time ago that we still had about $10,000,000 to the good. Since then I think there have been $4,000,000 of that cut away. This will take between $3,000,000 and $4,000,000 away, and before we get through cutting out these nuisance taxes—and I admit they are nuisance taxes—we will have a deficit, and we will have to hunt around for some other means of taxation and revise this bill.

A carpet which sells for $6 a yard at the manufacturer's I will guarantee you can not buy for less than $12 at the department store, and this touches only those excessively high-priced articles.

Mr. WADSWORTH. Mr. President, I might have some sympathy with this proposal if I were certain that the Senator's guaranty were correct. He says that a yard of carpet which costs $6 to manufacture can not be purchased for—how much?

Mr. McCUMBER. I say you would not get it for less than $12; sometimes a little less than $12, possibly; but the Senator

well knows that in the case of all furniture the profit is 50 per cent.

Mr. WADSWORTH. The Senator just said 100 per cent.

Mr. McCUMBER. No; it is cut in two. In other words, anything you sell for $50, manufacturer's price, you are supposed to sell for $100 at the retail price.

Mr. WADSWORTH. I am not acquainted with any such rule.

Mr. McCUMBER. I am sufficiently familiar with these matters to know that that is the rule.

Mr. WADSWORTH. I would like to have that demonstrated by competent testimony. The Senator can not persuade me that everything has jumped 100 per cent in value between the manufacturer and the retailer.

Mr. McCUMBER. I think the Senator from Utah possibly could give some information upon that which would be of interest to the Senator.

Mr. WADSWORTH. Of course, there are certain instances; but if that is the fact, why not tax them all? On what theory are these picked out? Is there an element of viciousness in them? Is there an element of guilt attached to them?

Mr. McCUMBER. I can tell the Senator, if he will allow me, on what theory they were picked out. They were articles that were in the old law. We cut out all we thought we could and yet obtain the necessary revenue. We retained the tax on articles of this character, which were regarded as luxuries. I say that you can count on the fact that when any articles that are sold at wholesale for any of the prices mentioned are sold at retail they are sold all the way from twice the manufacturer's price up to five times the manufacturer's price.

Mr. WADSWORTH. The Senator has referred to these things as luxuries. Does the Senator contend that a $35 trunk is a luxury?

Mr. McCUMBER. If the trunk costs $35 at the manufacturer's, it will cost not less than $75 to $100 at the retailer's.

Mr. WADSWORTH. That is an assumption.

Mr. McCUMBER. Then it becomes more or less of a luxury.

Mr. WADSWORTH. Then why not tax it at the retail price? We are moving on assumptions here. The Senator says that a $35 trunk, manufacturer's price, is a $100 trunk retail price.

Mr. McCUMBER. I said from $75 to $100.

Mr. WADSWORTH. From $75 to $100, the Senator said. Why not tax it at the retail price?

Mr. McCUMBER. Because it is not a tax upon the retailer; it is a tax that is to be paid by the manufacturer when it is sold for those prices.

Mr. TOWNSEND. Who pays it eventually?

Mr. McCUMBER. The person who can afford to buy a $12 per yard carpet will pay it, if it is a carpet; the person who can afford to buy a $75 or $100 trunk undoubtedly will pay it, if it is a trunk.

Mr. WADSWORTH. And the woman who may try to buy a $2 fan will pay 5 per cent of $1?

Mr. McCUMBER. If it is the manufacturer's price, I should say that it will be a $5 fan when the woman buys it at the retail store.

Mr. WADSWORTH. That is another assumption.

Mr. McCUMBER. Those are not assumptions entirely. I have been on the Finance Committee long enough to have examined into the difference between the manufacturer's price and the retailer's price of our stores, and know that it is not an assumption when I say that the price ranges all the way from double the manufacturer's price to five times the manufacturer's price, and I can cite many cases where it would be ten or twenty times the manufacturer's price.

Mr. WADSWORTH. This is a proposition to add another 5 per cent.

Mr. TOWNSEND. I want to know if I am mistaken about my memory as to the arguments of the Senator from North Dakota on imposing these luxury taxes when I was a member of the committee and he was also a member. If I recall correctly, he was very much opposed to them at that time, and gave some very excellent arguments why they should not be imposed.

Mr. McCUMBER. I think the Senator, perhaps, is referring to the question of clothing. I was opposed to putting a tax upon the clothing which the American people wear. I think this is an entirely different proposition.

Mr. WADSWORTH. Mr. President, as I have endeavored to say several times—though perhaps this is only the second time I have discussed it with any emphasis—I can not understand upon what theory these things are picked out for taxation, to be included in a law which is supposed to represent a permanent revision of the tax laws of the United States. The Senator says they are picked out because they are luxuries which, when they reach the retail store, command high prices, in some instances 100 per cent over and above the manufacturer's price. Are these the only things which are in that category? If they are not the only things, why are not the other things put in?

Certainly the Senator can not contend that they are the only things. May I ask the Senator what is done with the tax on silk stockings? It is taken off, is it not?

Mr. McCUMBER. I have stated to the Senator that, as far as I am concerned, I am not willing to tax silk stockings or woolen stockings or anything that the men and women of this country have to wear and things which they need every day, and there is a vast difference between a silk stocking and a purse which costs $60.

Mr. WADSWORTH. The purse referred to here is only going to cost $5.

Mr. McCUMBER. That is the manufacturer's price. When you get it to the retailer it will be many times $5.

Mr. WADSWORTH. Certainly the Senator would not say it would be $60?

Mr. McCUMBER. It might be.

Mr. WADSWORTH. I am merely pleading for a sense of proportion, Mr. President. If we sat down to think over this proposition we could think of a great many other things which are not articles of clothing and which come under this criticism.

Mr. EDGE. Mr. President, I call the attention of the Senator from New York to the committee's report to the Senate covering this particular section, in which they admit:

> Section 904 of the revenue act of 1918 imposed a tax of 10 per cent upon the selling price of specified articles selling above a fixed price. This section has been very difficult of administration and has placed a burden upon retailers disproportionate to the revenue collected.

Mr. WADSWORTH. Upon retailers.

Mr. EDGE. "Upon retailers" is their language, and they continue:

> The taxes imposed by this section are regarded as nuisance taxes, and your committee recommends their repeal as of January 1, 1922. It is recommended, however, that a tax be imposed upon the manufacturer equivalent to 5 per cent of so much of the amount paid for any of the following articles as is in excess of the price hereinafter specified as to each such article.

Simply to further edify those who were selected with the reduced tax of 5 per cent and those that were eliminated, I have looked up the present law, and they have retained these 7 articles and have taken up some 14 other articles, including, as the Senator from New York has remarked, silk stockings and hose, kimonos, waists, and various other articles of clothing.

The point I want to make is that the committee themselves admit that these taxes are difficult of collection. The amount received from them is disproportionate to the cost of collection, and in view of their own statement, it seems to me that some other method of raising the revenue which would be expected from this could very readily have been devised and would have been much more consistent than continuing this type of tax, which everybody admits, including the committee, is not a scientific tax.

Mr. McCUMBER. The Senator from New Jersey certainly would not give that as an argument against what the committee has done in making this change. That criticism was directed by the committee toward the collection of this sum from the retailer. That is the old law.

Mr. EDGE. I understand.

Mr. McCUMBER. So it was changed, to be simplified and lessened as a tax upon the manufacturer, so that when it passes the manufacturer's hands it is subject to this tax, and we do not need a thousand officers to be circulating around through the country getting the reports of the retailers.

Mr. EDGE. I admit that the method of collection will undoubtedly be simplified by putting it back to the point of production, you might say, the manufacturer; but I infer from this statement that the committee do believe that that type of nuisance taxes is an unfortunate type of taxes.

Mr. McCUMBER. I wish we could get rid of every one of them. We all heartily wish that, and if those who oppose this tax upon luxuries, and also who vote to take away the excess-profits tax, and a great many other taxes, will show us where we can make up this difference I certainly will be glad to join them in finding something that is a more proper subject for taxation.

Mr. EDGE. The only answer, it seems to me, is that the only equitable way to treat this instead of picking out four or five articles would be to put the tax on all manufactured articles.

Mr. McCUMBER. That is true, and I know the Senator would vote for the Smoot amendment if he could have the opportunity.

Mr. WADSWORTH. The Senator from North Dakota has laid a good deal of emphasis on the assumed fact, which at least

he assumes—I doubt the accuracy of his calculation—that there is a tremendous spread between the manufacturer's price and the retailer's price, in some cases as much as 100 per cent. He can not, however, say that about the imported price, and this provision taxes the importer who sells. There is not 100 per cent difference there.

Mr. SMOOT. Between the retailer and the importer?

Mr. McCUMBER. That may be many hundred.

Mr. SMOOT. I will say to the Senator from New York that in the hearings on this bill we had a beaded purse that was imported from Austria exhibited to the committee. That beaded purse was landed in this country for $2.87, with all expenses paid. I asked the man who was selling the goods what the retail price was and the answer was $20.

Mr. WADSWORTH. Is not that an exception?

Mr. SMOOT. It is an exception.

Mr. WADSWORTH. Do you build tax bills on such an example as that?

Mr. SMOOT. No; I am offering no excuse whatever. Probably as good an example of the difference between the tax collected from the retailer and the tax when imposed upon the wholesaler is the case of the imposition of a tax on proprietary medicines.

In framing the act of 1917 the Finance Committee decided to impose a tax of 2 per cent on the manufacturers of proprietary medicines. That was in force until the act of 1918 went into effect. When the act of 1918 was under consideration we decided that we would have to raise more money on proprietary medicines and that we would raise the rate of taxation from 2 per cent on the manufacturer to 5 per cent on the retailer's price, thinking, of course, that that being the case, we would get 5 per cent upon whatever profits there were between the manufacturer's cost and the retailer's selling price. The result was that we did not collect as much money at 5 per cent on the retail price as we did at 2 per cent on the manufacturer's price. So it goes through all of the bill, and that is why I want to place one tax at one source, and that source where there are just as few people to collect from as possible, and at a source where we can know we will get the money.

Mr. WADSWORTH. I have a good deal of sympathy with that contention, but I do not think the Senator from Utah will defend taxing six articles when there are probably a thousand and six that may be taxed likewise. What are you going to say to these people? I know, of course, that we taxed these and 14 others during the war. The patriotic taxpayer would stand for anything in war time, just as we in the Senate will stand for anything to raise money with which to whip the enemy; but the war is three years behind us and the people are looking to Congress to pass a revenue bill that will reflect a permanent policy and raise revenue for the support of the Government. We know the revenues must be very large, the aftermath of the war, but the enemy is no longer facing us; we are not in a desperate situation; we do not have to raise $10,000,000,000 in a year and a half with which to whip the Germans.

We have a well-understood problem to work out, so much interest on the national debt each year to pay off, and within certain reasonable limits we can all understand what it will cost to maintain the branches of the Government and take care of dependent soldiers. There ought to be a settled policy of taxation, and you can not defend this as a settled policy of taxation. When they come to ask you, "Why am I taxed and the man across the street not taxed," you can not answer them.

Mr. LENROOT. Mr. President——

Mr. WADSWORTH. I yield to the Senator from Wisconsin.

Mr. LENROOT. Does the Senator think that all these taxes are paid at the source?

Mr. WADSWORTH. Some are and some are not.

Mr. LENROOT. The Senator does not, however, agree with those who say that a manufacturer's tax is carried on to the consumer?

Mr. WADSWORTH. That depends entirely on the circumstances. I think that in a majority of instances it will be.

Mr. LENROOT. I think so, too, but I do not say they will always be carried on to the consumer.

Mr. WADSWORTH. May I say to the Senator from Wisconsin that I do not think we can adopt and adhere to a rigid formula or rule in that question. When I was speaking earlier in the evening about the tax on perfumes, I said that I think the small manufacturer can not pass it on. I think the great big soap manufacturer, the maker of fancy perfumed soap, can pass on the tax on perfumes which he makes as a side line. The little people can not pass this tax on the way the big people can. They have not the organization, the selling agencies, and they do not deal in any other products.

Mr. LENROOT. That would be true of any manufacturer's tax.

Mr. WADSWORTH. I am inclined to think so as a general matter of principle, especially in a falling market.

Mr. LENROOT. And on a rising market of course.

Mr. WADSWORTH. On a rising market they could all pass it on. In normal times I think they would about split even. In a falling market they could not pass anything on.

Mr. CALDER. Mr. President, I wish to call the attention of the Senator from North Dakota to subdivision 1, page 204, line 24. That is a subdivision which provides for a tax on carpets of $4 per square yard and a tax in the case of rugs of $6 per square yard. I have had numerous communications indicating that that is unjust and gives the rugs a preference over the carpets. Does the Senator from North Dakota think it possible to make the rate on carpets $6 per square yard, the same as the rate on rugs?

Mr. SMOOT. The Senator understands, of course, there is quite a difference in the cost of the manufacture of carpets and rugs. In the rug are the pattern and the border to be taken into consideration. The pattern is not the same as in a straight piece of carpet. There is not a manufacturer of carpets in the world who will not admit at once that he can make his square yard of carpet for a great deal less money than he can make any kind of a similar quality of rug. I doubt whether there is any discrimination here as to value based on the actual cost per square yard.

Mr. CALDER. As between $4 and $6?

Mr. SMOOT. Yes. That is only a 50 per cent difference.

Mr. CALDER. The carpet manufacturers have protested to me that $4 on carpets and $6 on rugs is unjust to the carpet manufacturers.

Mr. SMOOT. If anything, that would be the case, I think.

Mr. CALDER. The Senator thinks it would be unjust?

Mr. SMOOT. It would be a little unjust, if anything, to the carpet manufacturers, because the rug does cost more to make per square yard.

Mr. CALDER. Does it cost 50 per cent more?

Mr. SMOOT. Many of them cost even more than that, and some of them not nearly as much. The common ordinary rug with a plain weave, with a pattern that would run clear across the rug without any change and a mere border upon one side, would perhaps not cost so much. Then in that case there is not a 50 per cent difference in the cost of the product. I should not think it would cost more than 20 per cent or perhaps 30 per cent more in that case. That is the reason why I say if there is any discrimination between the two it would be against the carpet manufacturer, taking into consideration the cheap rug manufacturer, but when it gets into the fancy rug and the costly rugs, then I think, of course, there would be no comparison.

Mr. CALDER. The difference is so slight I do not like to offer an amendment that would not be agreed to. Would the Senator from North Dakota object to an amendment changing $4 on carpets to $6?

Mr. SMOOT. If the Senator will remember, we have already tried to equalize that by increasing the price from $3.60, at which the House placed it, to $4, and the 40 cents per square yard was added for the very purpose and for the reason now assigned by the Senator from New York.

Mr. CALDER. The Senator from Utah undoubtedly knows more about this business than I do, but the carpet manufacturers in New York have protested to me on the subject and feel that an injustice has been done them in making the rug $6 and the carpet $4. For that reason I suggested the idea of changing the $4 to $6 on carpets.

Mr. SMOOT. That would be unjust.

Mr. CALDER. Would $5 on the carpets be unjust?

Mr. SMOOT. Yes; I think $5 would. I thought that $4 would equalize it, taking the whole line of rugs, and that is about the only way we can do it. That is the reason why we raised it from $3.60 to $4.

Mr. WADSWORTH. What is the distinction between a rug and a carpet?

Mr. SMOOT. The rug is really a carpet woven a certain length and certain width with a border all around the rug. The borders are quite expensive many times because of the fact that the loom has to have entirely different manipulation and the headings are handled in an entirely different way than where you are weaving a carpet right straight along. The headgear must be different.

In the manufacture of a carpet it is simply one straight weave; you never have to change anything at all. The filling goes on right through, not 1 yard or 2 yards or 3 yards or 4

yards, as is the case with a rug, but for fifty or a hundred or a thousand yards it is just the same. It is the same filling with no change. You can weave more yards of it, and it does not cost as much to produce as the same yardage in a rug or a rug of the same number of yards.

Mr. CALDER. I am not going to press the amendment unless the Senator from North Dakota is entirely agreeable to it, but I am anxious to do something. It seems to me an unjust difference.

Mr. SMOOT. I think the Senator from North Dakota would agree to it that we should raise the $4 to $4.50, and I am quite sure that would be as high as we could possibly go to equalize the difference in cost. I do not think we should go any higher than that.

Mr. McCUMBER. Mr. President, I am not an expert upon the subject of the difference between the rug and the carpet. Of course, many carpets are made into rugs by sewing the carpets together and putting a border around them. It may be that $4.50 to $6 would make a better ratio than $4 to $6. If the Senator from Utah, who has had considerable experience along this line, thinks that is a better arrangement, I have no objection to it.

While I am on my feet I wish to correct what seems to be a misapprehension, not only in the Senate but among the American people generally, as to the vast difference between a manufacturer's price and a retailer's price of articles. The Senator from New York [Mr. WADSWORTH] was not prepared to accept my statement of the difference between the wholesale price or the manufacturer's price of general merchandise and what those same articles of merchandise are sold for in a retail store.

A few years ago that matter was investigated, either by the Tariff Commission or by a subcommittee of the Ways and Means Committee, as to many articles on which a tariff was levied. I think I perhaps have the hearings in my office. They covered almost everything upon which we levied a tariff, and as a matter of fact the average was not simply 100 per cent above the manufacturer's price at the retail stores, and I do not care whether it consisted of porcelain or whether it consisted of articles of furniture or of anything else that was either imported or manufactured in the United States, but the average was several hundred per cent difference between the manufacturer's and the retailer's price.

The Senator from Utah [Mr. SMOOT], in discussing that matter, presented these facts to the Senate, and I know that he will pardon me if I recall his argument. I looked it up and found that his argument applied not only to the things that he mentioned, but to almost all the things that we buy. The Senator stated at that time that he bought a couple of little stocking caps for his children. I think he said he paid $4.50 for them. This was before the war and before the profiteer as we now understand him got in his deadly work. He then investigated who was the manufacturer of those articles and traced them back and found that the manufacturer's selling price of the $4.50 stocking caps which he purchased was 89 cents, as I now remember. That is but a fair sample of the difference between the ordinary manufacturer's selling price and the ordinary price in our stores.

I am not complaining of the retailer at all because these articles first pass through several hands and there are the overhead charges and so forth, but there is a vast difference. That is the reason why, when you get this article, the manufacturer's sale price of a carpet is $4 a yard and the rug $6. The chances are that it is increased at least 100 per cent before it is sold in the furniture store. In articles like ladies' handbags and things of that character they have increased several hundred per cent before they are sold.

Mr. CALDER. Will the Senator yield right there?

Mr. McCUMBER. Certainly.

Mr. CALDER. The Senator speaks of ladies' handbags. Those are now taxed in the bill presented before us. Several manufacturers of those bags came to Washington and conferred with me about it. They submitted evidence to me that those handbags, where the manufacturer's price was $5, sold from $9 to $11 in the retail store. They took me to a store in the city of Washington where the manufacturer showed me a bag that he sold to this dealer here for $4, and it was being retailed for $7.

Mr. McCUMBER. But many of them sell for very much more than that. Let me give the Senator another example.

Mr. WADSWORTH. Will the Senator allow me to interrupt him there?

Mr. McCUMBER. I will.

Mr. WADSWORTH. Does the Senator think that a $9 bag should be taxed?

Mr. McCUMBER. I think if we are looking closely for something on which to raise revenue, even a $9 bag might be taxed a little 5 per cent, if it is necessary for the support of the Government.

Now, let me give the Senator another illustration.

A short time ago there appeared before the Finance Committee a manufacturer of razors. He brought before our committee a number of razors that were manufactured in Germany. We obtained the German price and found it was 59 cents a dozen. They were not safety razors, but the ordinary old-fashioned razors. Each one of those razors in its case was marked $3; the razors which cost but 59 cents a dozen in Germany, and, after the tariff tax had been paid, cost 81 cents a dozen to land in the United States, and which could be sold for $1 a dozen to the jobber, were marked $3 apiece, or $36 a dozen, which was the regular retail price. If the Senator will investigate the report which was made by the committee some years ago, before the World War and before these exorbitant prices obtained, he will find, just as I have said, that the price of the article in the hands of the retailer is generally 100 to 500 per cent above the manufacturer's price.

If the Senator will show where we can get $4,000,000 or $5,000,000 of revenue somewhere else in any better way, we might be better able to consider his proposal. The Senator says that the turnover tax which is advocated by the Senator from Utah [Mr. SMOOT] would afford a better way, and I am not prepared to say that he is not right; but we are constructing this bill up to the present time along a different line. If when we come to the amendment of the Senator from Utah it shall be adopted, then, of course, we can dispose of and dispense with all these so-called nuisance taxes, but until we are prepared to do that, I think we ought to adopt this amendment as it now stands.

Mr. CALDER. Mr. President, on page 204, line 25, before the words "per square yard," I move to strike out "$4" and to insert "$4.50."

Mr. McCUMBER. Mr. President, so far as I am able to do so, I will accept the amendment to the amendment.

The PRESIDING OFFICER. The question is upon the amendment to the amendment offered by the Senator from New York.

The amendment to the amendment was agreed to.

Mr. CALDER. Mr. President, I am in receipt of a letter from an electrical-fixture manufacturing concern calling my attention to portable lighting fixtures. The manufacturer points out that a great many houses are now being constructed without any fixtures at all being built into the house, and says:

> During the last year an insistent demand has been created for attaching all electric-lighting fixtures to ceilings and side walls by portable means, so that they can be removed or installed by the customer owning the fixtures without calling on a wireman. Elaborate methods for performing this function have been developed and the equipment is to be manufactured by 12 or more manufacturers. This means that within the course of the next five years all fixtures for factory, household, and public-building purposes will become portable fixtures, so that a person having desirable fixtures can when removing to a new locality take the fixtures with him. They can also, if they so desire, remove the side wall fixtures and plug in a fan motor, a sewing machine, or any other portable device, placing the fixture back in position when evening comes for illuminating purposes. It also means that fixtures can be changed occasionally if one becomes tired of the design.

Mr. McCUMBER. The electric lighting fixtures referred to in the letter which the Senator from New York has just read certainly are luxuries, and I think that they are luxuries that can perhaps stand a little tax, when we remember that the tax is not on what the fixtures sell for to the consumer, but is a manufacturer's tax, the consumer's price being probably three times as much as that of the manufacturer.

Mr. CALDER. Mr. President, I have occasion frequently to consider matters in connection with the construction of dwelling houses and apartments, such construction work being along the line of my business. I know that there are now being built a great many houses with electric plugs and base plugs and sidewall plugs; in fact, when I was in the city of New York the other day I observed as to some houses which I myself am building in one or two of the rooms that plan has been started as an experiment to ascertain how it will work out.

I am going to offer an amendment to the provision found in lines 7 and 8 on page 205 to the effect that where the fixtures are used in lieu of regular lighting fixtures they shall not be taxable under the provision. I send the amendment to the Secretary's desk and ask that it may be read.

The PRESIDING OFFICER. The amendment proposed by the Senator from New York to the amendment of the committee will be stated.

The READING CLERK. On page 205, line 7, after the word "fixtures" and before the comma it is proposed to insert in

parentheses the words "other than those designed to take the place of permanent lighting fixtures."

Mr. CALDER. The amendment is designed to provide that where such fixtures as are used in lieu of permanent lighting fixtures they shall not be taxed.

Mr. SMOOT. Mr. President, I simply wish to say that the Senator might as well strike out the whole provision if we insert the amendment proposed by him.

Mr. McCUMBER. Certainly; because every portable lamp is supposed to take the place of a fixture. Therefore I think if the Senator from New York really wants to have the bill read according to what he suggests he should move to strike out the portable lighting feature provision.

Mr. CALDER. If I had my way, I would strike it out; but I do not intend to make a motion of that character. It is a fact that a great many houses are being constructed to-day without having any fixtures at all in some rooms, but with wall plugs and base plugs for attachments being provided in their place.

Mr. SMOOT. May I say that most of the houses now being constructed are being built after that fashion? I do not see that there is any reason for having them built in any other way. One may have a portable lamp and move it to any room he wishes and also use the same electric plug or outlet for running sewing machines, as the Senator has said, or running a carpet sweeper or any other electric device.

Mr. CALDER. No; there are many electric fixtures which would be taxed under the paragraph, such as the elaborate lamps we see in the libraries and reception rooms of the homes of the well to do, and desk lamps and other articles of a similar character which could easily be taxed. The adoption of the amendment which I have offered would not, in my opinion, reduce by very much the revenue which would otherwise be derived by the provision, probably not more than a quarter, I ask for a vote on the amendment.

Several SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York.

The amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The READING CLERK. On page 205 it is proposed to strike out lines 9, 10, and 11, as follows:

SEC. 812. The first paragraph of section 905 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

The next amendment passed over was, on page 205, line 12, before the word "That," to insert "Section 905. (a)."

The amendment was agreed to.

The next amendment was, on page 205, line 12, to strike out "April 1, 1919," and to insert "January 1, 1922."

The amendment was agreed to.

The next amendment passed over was, on page 205, line 14, after the word "by," to strike out "subdivision (e) of"; in the same line, after the word "section," strike out "600" and insert "905"; and in line 15, after the word "of," to strike out "1917" and insert "1918."

The amendment was agreed to.

The next amendment passed over was, at the top of page 206, to insert a new paragraph, as follows:

(b) Every person selling any of the articles enumerated in this section shall make returns under oath in duplicate (monthly or quarterly as the commissioner, with the approval of the Secretary, may prescribe) and pay the taxes imposed in respect to such articles by this section to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

The amendment was agreed to.

The next amendment passed over was, on page 206, after line 11, to insert:

(c) The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month from the time when the tax became due.

The amendment was agreed to.

The next amendment passed over was, on page 206, after line 19, to insert:

SEC. 906. That from and after January 1, 1922, any person engaged in the business of leasing or licensing for exhibition positive motion-picture films containing pictures ready for projection shall pay monthly an excise tax in respect to carrying on such business equal to 5 per cent of the total rentals earned from each such lease or license during the preceding month. If a person owning such a film exhibits it for profit he shall pay a tax equivalent to 5 per cent of the fair rental or license value of such film at the time and place where and for the period during which exhibited. The tax imposed by this section shall be in lieu of the tax imposed by section 906 of the revenue act of 1918.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. SMOOT. Mr. President, I am directed by the committee to ask that that amendment be rejected.

The PRESIDING OFFICER. The question is on the amendment reported by the committee.

Mr. SIMMONS. Mr. President, before the amendment is voted upon I should be glad to have the Senator from Utah tell us why it is proposed to disagree to the amendment.

Mr. SMOOT. Mr. President, I will tell the Senator. In this bill the owners of moving-picture theaters are taxed, first, upon their seating capacity. They pay a tax not merely upon the seats that are occupied but upon every seat in their houses.

In the next place, they are taxed all admissions 10 per cent. There has also been a tax upon the films, which is passed on to the man who runs the moving-picture theater. As the films are leased by the great corporations that produce and make them, it is possible for the lessors to pass on the tax; and so every moving-picture man in the United States who shows one of those films pays 5 per cent. It seemed to the committee that with two special taxes and a corporation tax and then an income tax that it was overdoing the thing to impose a further tax. These five different taxes were placed upon this industry, of course, during the war, when we thought that they afforded a splendid way of raising money to be collected monthly, and there was no special objection; but they have come to us and notified the committee that under the taxes imposed it was next to impossible for them to live, and to-day we find that about one-third of the moving-picture houses of the country, particularly the small ones, are closed up.

Remember, Senators, the conditions in the remainder of the country are not the same as they are in the District of Columbia. This is the seat of Government; the employees are paid here, whether or not there are hard times everywhere else in the country; in fact, the harder times are in the United States at large the better it is for the Government employees in the District of Columbia. We find that of the little moving-picture houses that have been located in small towns all over the United States, many of them bearing four and five different taxes, one-third of them have been closed up. I repeat, that I do not want Senators to consider the conditions existing in the District of Columbia as typical of the conditions affecting the moving-picture houses in the United States at large.

Mr. McCUMBER. Mr. President——

Mr. SMOOT. I yield to the Senator.

Mr. McCUMBER. I agree with the Senator that possibly this may work a hardship on the little picture houses in the little country towns, but I wish there were some way in which we could tax the manufacturers of these films and tax these moving-picture concerns that can afford to pay hundreds of thousands of dollars of salary to any ignoramus who has the ability to make faces or wobble his eyes, or to pay a hundred or two hundred thousand dollars of salary to any ignorant girl who can make goo-goo eyes for a picture, and get something out of those concerns. I try not to be a crank, and I possibly am as liberal as most people, and I can see many educational benefits to be derived from these moving pictures; but I can also see the wicked side of it, the depraved side of it, and much of this depravity comes from the excessive prices that are paid to actors and actresses who are showing in our great cities. The public are paying those enormous salaries, and some one is getting enormous sums of money. If this provision can not reach them, I wish the Senator could devise some means by which the Government can get some compensation out of these companies that produce the Arbuckles and that class of depraved people by paying enormous wages to them. Certainly if we have to suffer as a Nation the disadvantages arising from the shows that are produced in the country we ought to get some little compensatory advantage from them.

Mr. SMOOT. Mr. President, no one could have expressed my thoughts better than the Senator from North Dakota has just expressed them. I have not the least sympathy with the producer of the film—none whatever. I have not the least sympathy with the unheard-of, unjustifiable wage that is paid these moving-picture stars. The trouble is that when they pay these people the man who uses the film has to pay a 5 per cent rental upon all the charges made for producing the film, and the higher the charge the more he pays.

If I knew how I could get at them, if I knew how to write some law that would compel them to pay this tax, and they could not put it on the people, it would not be five minutes

before I would offer such an amendment to this bill; but I am speaking now for the industry—not in the city of New York, not in the District of Columbia—I am speaking for the great number of these moving-picture shows that are found out in the little towns, where they constitute about the only recreation and pleasure that the people have.

Mr. CALDER. Where the admission is 10 cents.

Mr. SMOOT. Where the admission is 10 cents. There is a splendid provision put in here by the Senator from Wisconsin exempting them from any form of taxation on admission, and that ought to be done; but what this means is that they load it on the man who shows the film. The man that makes the film and pays these wages does not pay one cent of it. Another thing: In the case of the little fellow in the country towns and small cities of the United States, Saturday nights are about the only nights the people can go to see these picture shows, and he has to have a number of seats in the room to take care of the Saturday night attendance. The other five or six nights of the week they are not filled; but under this bill we tax him for the number of seats there are in the building.

Mr. REED. The seats as well as the admission?

Mr. SMOOT. Yes; not only the seats but admission besides. I was just saying that we have five taxes upon this industry, and this is simply a proposal to remove the one tax of 5 per cent upon the films made by the people referred to by the Senator from North Dakota.

Mr. REED. Would it not be better, just applying this to the Senator's argument, to take the tax off of the seats, for instance, and reduce the tax on the admission? Then the proprietor of this theater that is having a hard struggle would get the benefit, or the customer would get the benefit. This proposes a tax, as I understand, upon the large producing concerns.

Mr. SMOOT. It is a lease of 5 per cent, paid by the exhibitor of the film. Every time the producer gives permission to show that film, before ever it is given to a moving-picture man to show it, he has to sign a contract, and in that contract he agrees to pay this 5 per cent lease upon the film. It is 5 per cent upon the cost of the film, and not only upon the cost of the film but the profit that the man wants to make upon it.

Mr. WALSH of Massachusetts. The producer has passed it on to the exhibitor.

Mr. SMOOT. He always does in his contract. This produces $5,600,000 revenue. The majority—that is, a majority of the majority of the Finance Committee—in considering this thing were unanimous that this part of it ought to be taken out, and that is what they are asking; and I do not believe there is a Senator who, if he knew the situation, would hesitate a minute to do it.

I therefore ask that the amendment known as section 906 be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is, on page 207, to strike out lines 9 and 10, in the following words:

SEC. 813. Section 907 of the revenue act of 1918 is repealed.

The amendment was agreed to.

The READING CLERK. After line 10 it is proposed to insert a new section, as follows:

SEC. 907. (a) That on and after January 1, 1922, there shall be levied, assessed, collected, and paid the following taxes:

(1) A tax of 10 per cent of the amount paid by any transient to the proprietor of any hotel (1) for a room, or room and bath or bathing facilities, if the charges for such room, or room and bathing facilities, are more than $5 per day for one person or more than $8 per day for more than one person, and (2) for two or more rooms if the average charge per room is more than $5 per day for one person or more than $8 per day for more than one person; and

(2) A tax of 10 per cent of the customary charges for a room or rooms, or room or rooms and bath or bathing facilities, where accommodations are furnished a transient on the American plan and the customary charges for such room, or rooms and bath or bathing facilities, or substantially similar rooms, when furnished on the European plan, are more than $5 per day for one person or more than $8 per day for more than one person.

(b) As used in this section: (1) The term "hotel" includes any building which is held out to the public as a place where sleeping accommodations are furnished by the day. (2) The term "transient" includes any guest at a hotel except one who is furnished accommodations for a continuous period of one month or more.

(c) The taxes imposed by this section shall be paid by the person making such charges. No separate billing or statement of the amount of such taxes shall be presented to the person paying for such accommodations. Whoever, in connection with the hiring, furnishing, or payment for any hotel room or rooms, makes any statement, written or oral, ascribing a particular part of the charge therefor to the taxes imposed by this section, knowing that such statement is false or that the tax is not so great as the portion of such charge so ascribed to such tax shall be subject to a penalty of not more than $1,000.

The PRESIDING OFFICER (Mr. LADD in the chair). The question is on agreeing to the amendment of the committee.

Mr. EDGE. Mr. President, I understood, in looking over this pamphlet entitled "Proposed amendments to H. R. 8245," that the Committee on Finance, or a majority of the committee, propose to offer an amendment to strike out section 907, which has just been read by the Secretary. If the committee have no suggestions to make regarding it, I simply want to say a word.

It appeals to me that the section proposed is a very unscientific one, and I do not think it would possibly reach the people, perhaps, that the committee in suggesting the amendment hoped to reach. In my judgment, it can have but one effect, and that is to raise the price of rooms in hotels to the traveling public. There could not be anything more direct or more easy to accomplish than that.

If a hotel charging $5 per day for one person, or $8 a day for two persons, is taxed 10 per cent, the most natural thing for the hotel proprietor to do, I assume, would be to add another dollar to the charge for his $5 room and make it $6, and add another dollar, perhaps, to the charge for his $8 double room and make it $9, with the result that he would collect a dollar, pay the Government 60 cents, and have 40 cents in addition to his usual $5 or $8.

Beyond all that it seems to me that the provision is an unusual one. It even goes beyond the provisions we have been discussing during the afternoon, where prices above a certain amount are taxed a certain sum. This amendment provides that the entire sum shall be taxed—not the excess above a certain amount at all, but if the price of the room charged for is $5, you tax the entire $5. It appeals to me as a tax directly increasing the cost of living. I could discuss it at length, if necessary, but I understand that the majority of the committee has decided not to press the amendment, so I shall not take the time of the Senate unless it becomes necessary to do so.

Mr. McCUMBER. Mr. President, the Senator understands that this is one of the "bloc" amendments.

Mr. EDGE. Yes; I so understand.

Mr. McCUMBER. Personally, I shall vote in favor of the committee amendment. I do not think it is proper to say that this is proposed by the committee.

Mr. EDGE. I think I used the term "a majority."

Mr. McCUMBER. It is a result of the compromise that has been made by certain Senators with the bloc, and they have agreed upon some propositions which I personally can not swallow.

Mr. FLETCHER. Mr. President, as I understand, the question arises on agreeing to the committee amendment, and that will be the question—whether the committee amendment will be agreed to or not.

Mr. McCUMBER. That is it.

Mr. FLETCHER. I do not agree with the committee as to this amendment. I do not believe it will accomplish any purpose except to increase the charges on patrons of hotels. The very good excuse will be given by every hotel proprietor that he is taxed so much by the Government, and must add that to the bill. The charges are certainly high enough now, and I do not think we ought to encourage making them any higher.

Mr. FERNALD. Mr. President, I want to say a word on this amendment. The suggestion has been made that it might affect some of the higher priced rooms. It doubtless would; but I think there will be a higher price charge for the medium-priced rooms, enough to make that up. It is simply a matter of bookkeeping by the management of a hotel, and I am inclined to think that the cost to the hotel patrons would be more than the tax would be. While my heart does not bleed very much for the hotel people who charge high prices for rooms, I am inclined to think that the general public will pay more by the addition of that amount to the lower priced rooms, bringing up the general average of the expense of the hotel by just the amount proposed.

Mr. McCUMBER. The only trouble I see with the amendment is that, instead of making it 10 per cent on the entire amount, it should be 100 per cent of the excess above a certain amount, and then, if they desire to charge for a room for the use of it for one week a sum that would pay for all the furniture there was in it, at least the Government would get something of that steal, and in order to remedy it correctly the bill should increase the amount above the prices which are charged, so that it will never be profitable to charge any more.

Mr. REED. Mr. President, several remarks which have been made this afternoon shed light into my mind, at least, with reference to the recommendations which have been made here. I have had occasion several times to refer to the agricultural bloc as having been traded with. I am inclined to think that I have

been unjust to the agricultural bloc, properly speaking. I understand that was a group who were really interested in agricultural estates, was composed of Democrats and Republicans, and who met for the purpose of considering legislation which would be of interest to their particular constituents.

I understand that after that some Senators who happened also to belong to the agricultural bloc had a meeting, and there was also a meeting of the majority of the majority of the Finance Committee, and some sort of an arrangement was made between the majority of the majority of the Finance Committee and this new group that had been formed, which had some of the men in it who happened to belong to the agricultural bloc, and a sort of hard-and-fast agreement was made that if certain concessions were made to that small group they would then vote with the majority of the majority of the committee on its recommendations.

So we have been voting here for days on what have been called committee amendments, when, in fact, they have been amendments agreed upon between the majority of the majority and a minority composed partly of members of the agricultural bloc and perhaps some others.

I make that statement so that there will be no criticism of the agricultural bloc. I think it is to be exonerated as a group from having made this deal. I think the ambitions of certain Senators to shine a little bit, to have their amendments adopted, had something to do with the effectiveness of that arrangement.

Now, a few words with regard to this amendment. It is proposed to levy a tax of 10 per cent on all rooms where the price for a single room for a night's lodging is $5 or more, and, where two people occupy the room, $8 or more. The very purpose of levying the tax in that way is this, that if a man undertakes to add a tax to the bill of his guests he must add a tax of not only the 10 per cent upon the excess he charges over $5 but he shall add a tax which is 10 per cent on the entire bill, and that will make a very substantial increase, so that a room which would be rented at $6 would have to pay a 60-cent tax, and, if added on, the landlord would have to charge his guest substantially $7. The minute a landlord begins to charge that kind of prices in a hotel which has been a $5 hotel he will find that at least some of his customers will find other places in which to lodge and he will be inclined to take his $5 guest rather than lose him altogether. It may be true that the tax should be so high as to absolutely prevent these charges, but that is employing the tax for a different purpose than for revenue, and, as far as I am concerned, I thought it wise to try this tax as it is.

Let us consider for a minute what the hotel situation is. Only a few years ago a man could go to New York City and get a room in a hotel for $3.50 or $4 a day, which he is compelled to-day to pay from $7 to $8 or $9 for. The singular thing is that as soon as a custom or a price is established in New York City it seems to be copied in nearly every city of the United States. Then every little country hotel will copy the rates of the city that is in its vicinity. The result is that as you travel over this country to-day, in automobiles or in trains, and stop at a little country hotel you are likely to be charged $5 or $6 for a room. I unhesitatingly say that in my judgment there has been no class of men who have as utterly disregarded the rights of the public and fair dealing as the hotels in this country, taken as a whole. There are exceptions, of course.

They have introduced also many modern things of late years. They have introduced the European tipping system, and the waiters in hotels get the principal part of their stipend to-day in tips from the people who pay four or five prices for everything they eat. They have located a girl or a boy at the door, and for the holding of your hat or laying it upon a shelf there is another tip exacted, for we might just as well call it an exaction; and that privilege is leased by the hotels to companies, and the money that the guests give to the girl or the boy goes into the coffers of the company having the privilege to prey upon the guests of the hotel.

In practically all hotels, if you pick up a telephone, you pay 10 cents for the privilege of talking to somebody outside the hotel, although the amount which the hotel pays, as I understand, is only one-half, or less than one-half, of the amount exacted from the guest; and if a man is in a hotel, and has business to transact with friends, his telephone bill can easily reach $2 or $3 before the day is over.

They have extended this so that other accommodations which have always been secured free of charge can now only be obtained by dropping nickels or dimes into slot machines, and they hold their conventions regularly and discuss how they can raise the prices upon their guests. I attended a hotel convention one time in which I heard a gentleman deliver to a very interested audience of hotel men a dissertation on how they could make more money by charging for the bread and butter in addition to the meal, and that is a charge which is made to-day in many hotels of the United States.

In many hotels they are now inaugurating the system of charging you for your seat at the table where you are to be robbed. Only recently I happened to be driving across the country and stopped at a wayside hotel, and when I paid my bill I paid 50 cents per head for the privilege of sitting down and paying seven prices for what I ate. The whole dinner was not worth more than 50 cents, but it cost me about $3 a plate.

Mr. LA FOLLETTE. That was the cover charge.

Mr. REED. I am speaking of the cover charge, or the seat charge. Mr. President, I have no antipathy toward hotels. I have no harsh word to utter in regard to a hotel man that I would not utter in regard to anybody else; but the truth of the matter is that hotels are subject to public regulation, both as to the manner of treatment of the guests and as to the prices charged, and if the hotels of this country do not soon learn that there is some limit to the patience of the public they will find themselves confronted by propositions to regulate them the same as we have regulated the railroads.

Mr. President, at the last national convention held in the city of Chicago I know one gentleman whose sons occupied an ordinary room worth, according to ordinary hotel charges, about $7 a day, and those charges very high. They charged that man's two boys $50 a day for occupying that room.

We know that the reason we did not have a great inaugural ceremony here in the city of Washington, the chief reason, the determining reason in the minds of many Senators which led them to refuse to make a large appropriation, was the fact that the hotels of the city of Washington had agreed that no man could rent a room during the week of the inauguration unless he rented it for the entire week, and, if I recollect right, the price was $250 per room.

The hotel business has become so profitable that it is being incorporated in the form of chains of hotels. In my own city the two principal hotels have been brought under one management, and every time there has been a proposition for a new hotel it has been met with a threat of competition of the old management, and the old management have gone to the extent of acquiring some of the most desirable property for hotel purposes in order to forfend against any possible competition. I say that in all kindness, for the hotel treats me very well. I live in one of those hotels, and it is my home when I am back where I love to be, in my own State.

Chains of hotels are being organized all over the country. Frequently it happens that in a city all the hotels of good class are under one control. Fabulous fortunes have been made out of the hotel business in the last few years. I know of an instance related to me the other day of a gentleman in a New York hotel with two other men who sent downstairs for a pitcher of ice, and they received a bill of 50 cents for that pitcher of ice.

Everybody, of course, has read the Dodge Club, and, if he will remember, the American tourists in Europe found the rates at the hotels exceedingly low, so low that they were delighted, and then they found that they were being charged for a candle a fabulous sum, for water to wash their hands a fabulous sum, for sheets on their beds another sum, and so on until when they evacuated the hotel in the morning they had been despoiled of a large part of their wealth. That system is being introduced substantially in the hotels of America, and is being brought to the point of a fine art.

Mr. President, I should like to see this tax tried. According to the estimate that was made, a rough and offhand estimate at the time the bill was before the committee, it would bring a large sum of money into the Treasury. If the hotels proceed to add this onto the patron's bill and increase his bill, there is a penalty if they make any misrepresentation to their customers. If they claim that they raise the rates because of the tax and misrepresent the tax, there is a penalty. What is the limit to-day to their charges? It is simply the ability to extort money from their customers. There is no question of conscience about it. There is no question of value or worth about it. It is merely "how much can we get from the public and keep our trade."

I believe this tax will have a tendency to make more $5 rooms in the country or rooms less than $5. I believe that it will give to the Government a large revenue from a source from which it gets now no revenue except the ordinary taxes, and that it is time to inaugurate the system.

I know the hotels got very much wakened up and appealed to everybody. They wrote their Congressmen, and they wrote their Senators, and they also telegraphed them. The hotel publications printed abusive articles and also proceeded to tell how

poor the hotels were. I know a little about the inside of the hotel business, and I know that fabulous fortunes have been made out of them, and recently. Staggering profits are made. You can go down to one of these hotels and get a lamb chop, for which they paid the packinghouse 5 cents or 10 cents at the outside, but about 5, I think, and in some of them you are charged 50 or 60 cents for that chop. You can get a little bit of head lettuce with 5 cents worth of dope to put on it, and you pay 50 or 60 cents for that. The gardener got about 3 cents for his lettuce.

Mr. DIAL. Mr. President——

Mr. REED. I yield to the Senator from South Carolina.

Mr. DIAL. If they do not reduce the rates, would it not be a good scheme for the public to boycott them all they can?

Mr. REED. The trouble is that the public are at their mercy and always have been. The way hotels came to be under the control of the law and peculiar rules to be adopted for their government grew out of the very fact that the public was at their mercy. The public inn in England became so bad at one time—and this is, of course, no reflection on the present hotel man, but I am simply speaking of the origin of the law—and people were robbed so frequently in those hotels that it was declared to be the law that if a man lost his goods in a hotel the hotel proprietor was liable. That is the common law to-day, so that you see in nearly every State they have passed a statute providing that if a hotel posts a sign that it has a safe in which to place your valuables, that shall exculpate them from liability if the goods are lost in your room.

But this rule and other rules of law came into existence because the public were forced to patronize the hotels. The hotel is a public institution; it is a public house. It is just as much a public institution as a railroad or a telegraph or a telephone. It is obliged by law to receive all guests it can accommodate, provided the guest comes in a proper and decent way for his accommodations.

Mr. President, I have no tirade to make against hotels. There are many splendid gentlemen in the business, but the truth about them is that they have been charging conscienceless prices and pursuing conscienceless practices. I think there is no business in the United States that could better afford to pay a license tax, provided it charges more than $5 a room, than the hotel business. We tax the theaters, we tax the moving pictures four or five times, and that is all right. Nobody has to go to the theater, and nobody is obliged to go to the moving pictures. People who go pay their money out voluntarily. The man who goes to a hotel is compelled to go there, and he gives up his money involuntarily when he gives up these excessive prices.

Mr. President, these are my views on the question, and I submit them for the consideration of the Senate.

Mr. EDGE. Mr. President, I wish to say just a word in reply. I have no desire to take the time of the Senate. Very much that the Senator from Missouri has stated is undoubtedly true in connection with individual experience in hotels. I can only repeat that it appeals to me as absolutely the wrong way to attempt to cure the situation. There can be but one result of the imposition of this type of tax and that is the increasing of hotel rates, and naturally, as a result, a higher cost of living. I could go into an argument in connection with that and take the time of the Senate, but I do not think it is necessary to do so.

Mr. KING. Mr. President, will the Senator permit a question?

Mr. EDGE. Certainly.

Mr. KING. I will ask the Senator if he does not believe that there is a combination upon the part of the hotels of the United States to maintain these high prices and to accomplish the very evils of which the Senator from Missouri has spoken? I wish to say that I believe the Senator from Missouri has not overdrawn the picture at all. If there is such a combination, a combination for the purpose of fleecing and robbing the public, does not the Senator from New Jersey think the bill will accomplish some good; and if not, what is the Senator's remedy?

Mr. EDGE. I do not think it will. If the suggestion which the Senator from Utah makes is correct and there is a combination—I know nothing about it, whether there is or is not—I am quite sure this type of regulation will not accomplish the breaking up of any such combination.

I should like to call attention to another matter. The $5 rate to-day we must admit is perhaps equivalent to a $2.50 rate in hotels erected before the war. Everyone knows perfectly well that the construction of hotels recently put up cost 100 per cent more.

Mr. MOSES. Mr. President——

Mr. EDGE. I yield to the Senator from New Hampshire.

Mr. MOSES. I merely wish to call the attention of the Senator from Utah to the fact that if a combination such as he suggests exists, the remedy for it already exists. If an illegal combination of that sort exists it clearly can be dealt with under the law. It does not require a tax of this sort.

Mr. KING. May I say to the Senator from New Hampshire, if the Senator from New Jersey will pardon me, the Senator from New Hampshire certainly does not contend that because there may be a remedy which has not been invoked or applied by the Attorney General of the United States or by the attorney generals of the various States, that should be a reason why Congress should refuse to take other measures which it may deem proper for the purpose primarily of obtaining taxes, and secondly, for the purpose of banishing the evil?

Mr. MOSES. If the Senator from New Jersey will yield to me still further, I will say to the Senator from Utah that I do not, because the evil exists, think that is any reason why cumulative penalties should be piled up by the Congress of the United States.

Mr. EDGE. The penalties, I might say, will be absolutely absorbed by the traveling public. We have unanimously taken off the tax on transportation. The hotels are a necessary connecting link between railroad transportation and the traveling public and comprise, I think, the third or fourth largest industry in the country. The whole thought in taking off the tax on transportation, as I understand it, was to reduce naturally the cost of travel to the traveling public, and here we are going right back on that with a proposed tax that we do not get out of any one of these men and can not get out of them in that way. The bill did reach them by increasing the corporation tax from 10 to 15 per cent, because they are practically all corporations. We get them in every other method of income taxes, but we certainly will not reach them at all by simply levying a tax that they will pass on to the guests who stop at the hotels.

Mr. KING. Mr. President, will the Senator permit me further? The Senator does not defend the extortion of the hotels of the United States, I am sure. He has indicated that the plan suggested by the Senator from Missouri is not adequate to deal with this confessed evil, but what plan does the Senator suggest?

Mr. EDGE. I would be very glad to discuss a plan to reach the hotel proprietors, but we are now considering a proposed amendment to the tax bill imposing a tax on the charges for hotel rooms. I am absolutely positive that that bill will not reach the situation, but I think we should first dispose of the pending amendment.

Mr. KING. Then the Senator does not care to disclose any plans which he may have in his mind to deal with this evil?

Mr. EDGE. There might be the ordinary plan provided by some regulatory legislation, such as the Senator from Missouri suggested we now have over transportation companies and utilities companies of various kinds, but a tax will never control the exorbitant charges that may exist and which unquestionably do exist in some classes of hotels.

Mr. DIAL. Mr. President, the only way to prevent the charging of exorbitant rates at hotels and apartment houses in the city of Washington is through the District Rent Commission. The law is broad enough to enable the rent commission to regulate such charges in this city. That is one of the objects of the Ball Rent Act. At the time the law was framed I was a member of the Committee on the District of Columbia, and I have on at least two occasions since the passage of that act brought the attention of the rent commission to this great local abuse.

Mr. KING. Will the Senator permit an inquiry?

Mr. DIAL. Yes, sir.

Mr. KING. My recollection is that the bill which we recently passed does not deal at all with hotels as such or with business property.

Mr. DIAL. Possibly, then, the bill was changed, for the original bill did that.

Mr. KING. The bill was materially modified.

Mr. DIAL. It was the intention of the bill as originally framed to cover the rates in hotels; and if a provision to that effect is not in the law as it now stands we should amend it so as to make it broad enough to cover that matter. Exorbitant hotel charges afford one of the principal means for robbing people here. There are thousands of people who are kept away from Washington every month by reason of the extortionate rates which are charged in this city for the rent of rooms.

A short time ago I learned of an insignificant hotel in this city charging at the rate of $6 a day for a room for a short time. The excuse they gave for that was that on account of a convention which was going to be held here they could not make a long contract for the rental of a room. So I think it would be a good thing so to amend the law applying to the Dis-

trict of Columbia as to regulate rental charges of hotels here. Let us try the experiment on the hotels in the Capital of the Nation.

Mr. WADSWORTH. Mr. President, for the purpose of the RECORD may I trespass upon the Senate's time for about a minute and a half? When this proposal was first made I asked the management of a hotel to have an accountant of the hotel inform me as to the comparative cost of labor and materials before 1914 and the cost to-day as affecting the operation of the hotel. I have received a statement from one of the largest hotels in New York City, prepared by the accountant of the hotel. I think it may be of interest to certain Senators at this time, and I will read it:

The largest single item of increase is in the cost of labor, the average wage per capita in 1914 having been $48.12—

That is per month—

and at the present time $79.41, an increase of over 65 per cent and equal to $1.51 per room per day.

The loss of revenue due to the enactment of prohibition has cost the hotel approximately $1 per room per day in net profits.

Coal has increased from $3.43 per ton to $7.90 per ton, over 130 per cent, and gas used for fuel in the kitchen has increased 87½ per cent. These items taken together will add 18 cents to the cost of operating each room per day.

City taxes have increased from a rate of $1.78 in 1914 to $2.77 in 1921. This, with the increase in the amount of the assessed values, amounts to an increase of 30 cents per day per room.

Maintenance materials which are required to maintain and keep the hotel in repair have increased enormously. Building materials are still 50 per cent higher than in 1914. China, glass, and silver have increased 120 per cent; linen between 150 and 200 per cent. Taken together, these various items show an increase of 79 cents per room per day over the cost of 1914 operation. Prices of food have increased over 66 per cent and the attached statement will indicate important items priced as of June, 1914, June, 1921, and September, 1921. It will be noted that there has been an increase in the cost of food during the past three months.

Taking the increases in room operation alone, the following list is a résumé of the figures given in the above paragraphs:

	Per day per room.
Prohibition costs the average hotel	$1.00
Increased wages	1.51
Coal	.18
Taxes	.30
Maintenance items and repairs	.79
Miscellaneous	.25
Total	4.02

That gives some indication as to the reason for the increase in hotel rates.

Mr. REED. Mr. President, I notice that the hotel only figures on its increased costs. Among other things it is stated that food has increased in cost. Has the Senator from New York the other side of the balance sheet to show how much the hotels have increased their prices on all the foods which they sell to their guests?

Mr. WADSWORTH. No. I have not.

Mr. REED. Certainly not.

Mr. WADSWORTH. I am simply stating what this accountant certifies. I ask to have made a portion of my remarks a table showing the price paid for the principal foods purchased by this large hotel, as shown for June, 1914; June, 1921; and September 2, 1921; which indicates 66 per cent advance on food, as I have said, from June, 1914.

Mr. REED. Yes; and everybody who has eaten at one of these hotels knows that there has been an advance to him of probably 300 or 400 per cent on everything he has eaten. What kind of a balance sheet is it and what kind of an accountant is it who comes forward and states the increased costs, but does not tell anything about the increased revenue?

Mr. WADSWORTH. It is but fair to say that I did not ask for the prices of the hotel; I merely asked for the increases in costs.

Mr. REED. I have seen exactly similar figures that were printed as a speech delivered by one of the leading hotel men, giving the increased costs, but not saying one word about the increased receipts.

The hotel charges $1 a day per room to prohibition; so they immediately add a loss which they claim comes from inability to sell liquor as an increased cost. It is a strange system of bookkeeping.

Mr. WADSWORTH. But it is a loss of revenue.

Mr. REED. Yes; it is a loss of their revenue. Then they do not tell us what their revenue is. I should like to see the balance sheet of that hotel company; I should like to see how much money they made net, particularly if they operate a big hotel in New York City.

The PRESIDING OFFICER. In the absence of objection, permission will be granted to the Senator from New York to insert in the RECORD the table referred to by him.

The table referred to is as follows:

Comparison of wholesale food prices, June, 1914 (before the war), June, 1921, and September, 1921.

Commodity.	Unit.	June, 1914.	June 1921.	September, 1921.
Milk	Quart	$0.04½	$0.07	$0.10
Cream, 40 per cent	Can	11.00	20.00	27.00
Cream, 20 per cent	do	8.65	11.00	14.50
Cooking butter	Pound	.27	.41	.46
Table butter	do	.31	.45	.52½
Table eggs	Dozen	.31	.48	.90
Cooking eggs	do	.25	.41	.60
Potatoes	Bag	2.75	2.25	5.25
Spinach	Hamper	.85	2.00	1.55
Mushrooms	Pound	.60	1.20	1.30
Tomatoes	Crate	2.50	3.50	2.25
Carrots	Barrel	4.40	4.00	2.50
Lettuce	Hamper	1.00	2.25	2.75
Flour	Barrel	5.10	9.50	6.00
Fresh pork shoulder	Pound	.14½	.18	.18
Salt pork	do	.17½	.18	.16
Bacon	do	.18½	.24	.23
Ham	do	.17½	.25	.30
Short loins	do	.24	.40	.44
Ribs	do	.20	.31	.32
Spring lamb	do	.20	.28	.22
Fowl	do	.18	.35	.39
Duckling	do	.21	.31	.31
Halibut	do	.15	.20	.28
Bluefish	do	.12½	.18	.25
Sole	do	.08	.14	.12½
Salmon	do	.25	.30	.35
Lobster	do	.25	.45	.45

Mr. MYERS. Mr. President, I should like to ask the Senator from Missouri a question, if he will give me his attention for a moment. Under this proposed law what would there be to prevent a hotel keeper who has been charging $10 a day for a room from simply making the price of that room in the future $11 a day?

Mr. REED. That has already been discussed, but I am very glad to answer the Senator to the best of my ability. There is nothing to prevent it, except it is fair to assume that the hotel is in some kind of competition with other hotels that may not charge as high rates. If it charges $10 for a room to-day and adds $1, it will be charging $11, and the tendency will be to drive some of its trade away from it into other hotels that do not charge such excessive prices, and the result will be a loss to that hotel. Therefore, it is quite likely there will be some reduction.

Mr. MYERS. Mr. President, no matter how outrageous the prices may seem to be, nevertheless there seems to be no limit to their ability to secure customers.

Mr. REED. There is a limit to their outrageous prices. Undoubtedly they keep as near the limit as they can keep. Nobody has any idea that they only charge what they think is fair and what will make them a fair income. They now charge as much as they can get; but if we put this tax on I do not believe any of them can increase their rates except those hotels which cater to a class of people who will pay any sort of price, and even such a hotel would begin to lose its customers, I think.

Mr. McCUMBER. Mr. President, if I may say a word to the Senator, I think his statement might be exemplified very clearly by the experience many of us had at the last Republican national convention at Chicago. I wish the actuary or accountant referred to by the Senator from New York could have gone over the figures that were charged to the public by the Chicago hotels for one week there and ascertain how much money the Government could have obtained even by a 10 per cent tax, for $5 rooms were charged for at the rate of $25 a day and $10 rooms were charged for at the rate of $50 a day and continued for a week. I am rather inclined to think that there ought to be some way of getting them to divide up a little with the Government.

Mr. MYERS. Mr. President, if the Senator from Missouri will permit me further, I do not think the public is ever squeezed quite so hard but that it can be squeezed a little harder. I believe that the result of this proposed law will be that every first-class hotel in the United States would instantly add 10 per cent to the prices of its rooms and the public would be "stung."

Mr. REED. Mr. President, that may be possible, but I do not think it probable. Of course, we are always told when we propose to levy a tax that the tax will be carried on to the ultimate consumer; and yet it is a singular thing that the hotels are the first to protest. If they could pass the tax on to their customers, there would not be very much of a protest.

Mr. MYERS. I suggest to the Senator that, from his description of them, the hotel keepers are probably such a tender-

hearted class of people that they feel they can pass the tax on but they are very loath to do so.

Mr. REED. I suspect that the Senator believes that. He is ironical as he usually is.

Mr. MYERS. I have been associating with my friend from Missouri for a long time.

Mr. REED. And the Senator from Montana has been gradually improving. [Laughter.]

Mr. MYERS. In the one respect which the Senator has named and in one only; but I hope that my association with him may improve me in a few more respects in the future and may improve him in very many more, if such a thing is possible.

Mr. REED. Well, Mr. President, the latter is not possible as to the Senator from Missouri, but I am sure it is so far as it affects the Senator from Montana, for there is ample room, and if he will continue to follow my example I am sure he will continue to progress.

We can decline to levy this tax if we want to, but it is a tax that ought to be levied, and I believe that if the hotel man finds that if he charges $6 for a room he will have to give 60 cents of it to the Government, and also finds himself in competition with another hotel that charges a little less rate, he is quite likely to forego the 40 cents in order to keep his customers. I believe such a tax will have a tendency to keep the hotel rates down; I am sure it will realize a very large revenue to the Government; and I am sure that this tax will fall upon a class of people who have been highly prosperous, for no class of people, so far as I know, have made more money through the war than the hotel keepers. The war sent hundreds of thousands and millions of people in the United States from their homes across the country. Some of them were boys on their way to camp; some of them returning; some of them were the relatives of those boys going to visit them, and all over the United States the hotel rates went up.

The pretense that they can justify an increase of a dollar a day because they are not permitted to sell booze does not appeal to me, sir. I do not believe that any hotel in America, with 400 or 500 rooms, has realized that much from the sale of booze taken on the average throughout the year. I believe that that has been a mere pretext for raising rates. I do not believe that the bar of a hotel has ever been so profitable an institution as that; and I have heard some hotel men say that it was a great blessing to them that the barrooms were removed, that they were rid of a class of people hanging around their corridors that they were better rid of, and that they escaped many unpleasant conditions because the saloon no longer existed within their own precincts; and I think that is true to-day. These concerns are getting rich. They are charging extortionate prices. The public is absolutely at their mercy, for the traveling public has no other place to go. We have a right to insist upon decent prices, and here is one method proposed.

Senators say it will not work; but the Senators who say it will not work keep locked within the temples of their mighty brains the particular scheme that would work. They do not enlighten us at all as to the great schemes and plans they have.

Mr. President, I ask for the yeas and nays on the question.

The yeas and nays were ordered.

Mr. POMERENE. Mr. President, if I felt that this amendment would afford any relief to the traveling public I would vote for it; but I am afraid that the remedy proposed will redound to the detriment of the traveler himself.

The Senator from New Jersey a moment ago referred to the efforts that were being made to reduce the cost of travel, and the Senate has done something in that behalf. One of the reasons for wiping out the tax on transportation was to cheapen travel, and we know the effect of it upon business. At the present time there is pending before the Interstate Commerce Committee a bill requiring the railroad companies to sell 5,000-mile tickets at 2½ cents a mile. The reason for it is to cheapen travel, so as to encourage men to go out and seek business.

The Senator from North Dakota a moment ago referred to the exorbitant charges of the hotels in Chicago. He did not need to go that far from the Capitol. We remember that at the time we were preparing for the inauguration the rates in the hotels here went skyward. The sky alone was the limit. No one can have any sympathy with men who do business in that kind of a way. Hotel men of that type are a detriment to any city.

But what is the situation here with this bill? It has been attempted by the draftsman, in paragraph (c), to compel the landlord to pay this tax. The first sentence requires that he shall pay it. Then it provides that "no separate billing or statement of the amount of such taxes shall be presented to the person paying for such accommodations." It does not prevent the proprietor from making a charge or taking that into consideration when he presents his bill.

Now we come to the penalty clause:

> Whoever in connection with the hiring, furnishing, or payment for any hotel room or rooms, makes any statement, written or oral, ascribing a particular part of the charge therefor to the taxes imposed by this section, knowing that such statement is false or that the tax is not so great as the portion of such charge so ascribed to such tax, shall be subject to a penalty of not more than $1,000.

But the penalty is not imposed against his increasing that charge by some mental operation or by some method of bookkeeping. If I am a landlord, and my regular rate is $5 a day for a room, and I know that the Congress of the United States has added a tax which is going to increase my expense, is there anything in this bill to prevent my revising my schedule of rates and, instead of charging $5 for a room, charging $6 for the room?

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. POMERENE. I yield.

Mr. McKELLAR. Not only that, but of necessity you would revise your rates so as to affect every room in your hotel, and it would be virtually a guaranty that the rates on every room in your hotel would be raised.

Mr. POMERENE. Undoubtedly that is so. We can try to relieve the situation by suggesting that if there is an addition to the regular rate in one hotel the guest will go to some other hotel; but Senators have traveled enough through the industrial cities and towns of this country to know that there is no excess hotel accommodation. You can scarcely go to an industrial town or one of the larger cities and get hotel accommodations if you have not asked for them in advance; and while this section provides for a tax of 50 cents on each room, it will be 50 cents, aye, a dollar added to the price of that room if this amendment goes into effect, in my judgment.

Mr. REED. Why do they not add a dollar now?

Mr. POMERENE. I suppose they have added thus far as much as they think their business will bear. I do not know.

Mr. REED. Then how will they add any more?

Mr. POMERENE. They will have the excuse that they have the tax to pay.

Mr. REED. The tax will not give them the excuse to add anything more than the tax, certainly. The Senator's position is that they are charging as much as they can charge now, and that if we impose the tax they will not only add the tax but they will add more.

Mr. POMERENE. That statement hardly presents the situation. The Senator has asked me why they have not added more. I think they have added perhaps all they thought they could reasonably add; but if we are going to increase their expense by increasing the tax that is another excuse for adding something more.

Naturally, the question comes up, "What can we do?" Congress has a remedy by the aid of the rent commission here in Washington. I do not think that we have jurisdiction, so far as hotels in the various States are concerned; but my thought is that each of the States can control that matter if it is thought advisable to control it. I am sure that we in the District can control these rates just the same as the State of Illinois could control the rates of storage houses for grain, and that action was sustained in the famous case of Munn against Illinois, in Ninety-fourth United States.

Another way in which we probably can get at this is by providing some sort of an excess-profits tax.

Mr. REED. Why would not that be added, just the same as this?

Mr. POMERENE. It might be, and I think it would be taken into consideration. I think every time we impose a tax it is passed on to the consumer, and that is what is going to be done here. If I had any assurance that this would grant any relief to the traveling public, I would be for the amendment; but I am satisfied that it would add to the expense of every traveler.

Mr. REED. Mr. President, just a word. It can not be admitted in one breath that the hotels are already charging all that the traffic will bear, and then be claimed in the next breath that if we should levy a tax of 50 cents on a room the hotel people can and will add a dollar to the price of the room. Those two statements will not stand together. It might be claimed that the hotel keeper was charging all that he thought he could charge and keep his customers to-day, and that if he added the tax to the bill he might in some way induce the customer to pay the tax; but that is not true if there are $5 rooms that can be had.

I will tell you how I think this law will work, and I should like to see it given an opportunity of trial. I think that nearly

every traveling man in the United States who goes to a hotel, if this law is passed, will demand a $5 room or under, and he will tell the hotel keeper that he does not propose to pay any tax or pay any penalties, and the result will be a great many more $5 rooms. Senators assume the whole case. They assume that the tax will be added on, and a lot more added onto the tax, when the fact is that a man having a $6 room, charging $6 now and realizing that he is charging all that he can get, finding that he will be obliged to pay 60 cents of that money to the Government, will be very likely to drop his room to the $5 rate in order to escape the tax and please his customer and keep his customer. I think that is the way this will work. If I did not think so, I would not have offered the amendment.

We are constantly told that the tax is passed on. Some taxes are passed on and some are never passed on. If the tax is entirely passed on, and the interests that have been resisting these taxes knew that that would be the fact, every one of them would sit silent and allow the tax to be levied, for it would make no difference to them whether the tax were levied or not; and yet you have found the resistance to the taxes in this bill coming invariably from those upon whom the taxes were levied.

Why have they resisted? Because they know that they can not pass on all of these taxes. They may pass on part of them, but in a great many instances they have taken all that they can extort, and they can extort no more even though they are obliged to pay a tax. The hotel keepers in the United States have been charging these exorbitant prices. Not one of them has brought his balance sheet to the Senate to show that he has been making losses.

The preposterous argument is put forward that they lose a dollar a day because they can not sell liquor. The other preposterous argument is put forward that the linen in their rooms costs 18 cents a day additional, and they will use the same sheet on the same bed for probably three or four years; maybe longer than that. They say that the silverware costs more. And how many of them have had to buy new silverware? Probably a portion of it has to be bought each year. They claim it costs more for buildings, and yet 99 per cent of them are in the buildings they were in before the war, and before the costs went up at all.

But the hotel that is in the building that was constructed long before the war, when labor was cheap and material was cheap, has advanced its rates right alongside of the hotel that was built since the war, and there have been so few of those buildings that they are scarcely worth counting. These gentlemen who erected a building, or rented a building that was built before the war, want as the first element of their cost to put in the additional price of building the building which they never built and never expected to build. If the cost of building has gone up to double the price their building cost, they add a hundred per cent to the cost of their building and say that is an additional cost, and then they hire an accountant and have him brought in here to present us with that sort of balance sheet.

That is the kind of argument we have had to justify every profiteering expedition which has been exploited in this country since the war began. The truth about the matter is I do not think they can add this tax. If they do, there will be more people demanding $5 rooms. Let the Government fix a tax on rooms above $5, let that tax apply on the entire amount paid, and if there is a charge of 10 cents above the $5 there will be a good many hotels in this country which will be advertising $5 and untaxed rooms, in my judgment.

The PRESIDING OFFICER (Mr. SPENCER in the chair). The question is on agreeing to the committee amendment. The yeas and nays have been ordered, and the Secretary will call the roll.

The Assistant Secretary proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the Senator from Oklahoma [Mr. OWEN]. I transfer that pair to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. I understand he would vote as I shall on this question and I will vote. I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I transfer my general pair with the Senator from Montana [Mr. WALSH] to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. LODGE (when his name was called). I transfer my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the junior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. In his absence I withhold my vote.

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the senior Senator from Iowa [Mr. CUMMINS] and vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement in regard to my pair and transfer as on the last vote, I vote "nay."

The roll call was concluded.

Mr. ERNST. I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the senior Senator from Delaware [Mr. BALL] and vote "nay."

Mr. JONES of New Mexico. I desire to announce the necessary absence of the junior Senator from Mississippi [Mr. HARRISON], who is paired with the junior Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present and permitted to vote, he would vote "nay" on this question.

Mr. SUTHERLAND. I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the senior Senator from Minnesota [Mr. NELSON] and vote "nay."

Mr. McKINLEY. I have a general pair with the junior Senator from Arkansas [Mr. CARAWAY], who is not present, and therefore I withhold my vote.

Mr. CURTIS. I was requested to announce the following pairs:

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

Mr. GERRY. I wish to announce the necessary absence of the Senator from Massachusetts [Mr. WALSH]. If present, he would vote "nay."

The result was announced—yeas 12, nays 52, as follows:

YEAS—12.

Capper	Kenyon	La Follette	Norbeck
Dial	King	McCumber	Reed
Jones, Wash.	Ladd	McLean	Willis

NAYS—52.

Brandegee	Gooding	McNary	Shortridge
Broussard	Hale	Moses	Smoot
Bursum	Harreld	Myers	Spencer
Calder	Harris	New	Stanfield
Cameron	Heflin	Newberry	Sterling
Curtis	Hitchcock	Nicholson	Sutherland
Edge	Jones, N. Mex.	Oddie	Swanson
Ernst	Kendrick	Overman	Townsend
Fernald	Keyes	Phipps	Trammell
Fletcher	Lenroot	Pittman	Wadsworth
France	Lodge	Poindexter	Warren
Frelinghuysen	McCormick	Pomerene.	Watson, Ga.
Gerry	McKellar	Sheppard	Watson, Ind.

NOT VOTING—32.

Ashurst	Dillingham	Nelson	Simmons
Ball	du Pont	Norris	Smith
Borah	Elkins	Owen	Stanley
Caraway	Glass	Page	Underwood
Colt	Harrison	Penrose	Walsh, Mass.
Crow	Johnson	Ransdell	Walsh, Mont.
Culberson	Kellogg	Robinson	Weller
Cummins	McKinley	Shields	Williams

So the amendment of the committee was rejected.

Mr. SMOOT. Mr. President, the Senate having disagreed to the amendment incorporating sections 906 and 907, it will be necessary now to turn to page 203, section 903, and make an amendment. I ask unanimous consent to reconsider the vote by which section 903 was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. On page 203, line 23, I move first to strike out "906, or 907," with the comma.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 203, line 23, strike out the numerals "906, or 907" and the comma.

The amendment to the amendment was agreed to.

Mr. SMOOT. On the same page, in the same line, after the numerals "902" and the comma, I move to insert the word "or," so that it will read:

That every person liable for any tax imposed by sections 900, 902, or 904 shall make monthly returns under oath in duplicate and pay the taxes imposed by such sections to the collector for the district in which is located the principal place of business.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 208, in line 22, after numerals "908" and (a), insert the words "That if."

Mr. SMOOT. Before that is agreed to, I ask that the numerals "908" be changed to "906."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. On page 208, in line 25, and on line 1, page 209, strike out the words "of the revenue act of 1918"—as amended by this act—and insert "or 904"; in line 3, before the word "section," strike out the word "such"; in the same line, after the numerals "900," strike out the words "as in force prior to its amendment by this act," and insert in lieu thereof the words "of the revenue act of 1918"; in line 7, at the beginning of the line, strike out the word "such"; after the numerals "900" strike out the words "as amended by this act," and insert in lieu thereof the words "or 904 of this act or by this subdivision;" in line 10, before the word "section," strike out the word "such"; after the numerals "900" in the same line strike out the words as "amended by this act," and insert in lieu thereof the words "or 904 of this act or by this subdivision;" and on line 12, after the word "price," insert the words, "If a contract of the character above described was made with any person other than a dealer, no tax shall be collected under this act"; so as to make the paragraph read:

908. (a) That if (1) any person has, prior to August 15, 1921, made a bona fide contract with a dealer for the sale or lease, after the tax takes effect, of any article in respect to which a tax is imposed by section 900 or 904, or by this subdivision, and in respect to which no corresponding tax was imposed by section 900 of the revenue act of 1918, and (2) such contract does not permit the adding, to the amount to be paid thereunder, of the whole of the tax imposed by section 900 or 904 of this act or by this subdivision, then the vendee or lessee shall, in lieu of the vendor or lessor, pay so much of the tax imposed by section 900 or 904 of this act or by this subdivision as is not so permitted to be added to the contract price. If a contract of the character above described was made with any person other than a dealer, no tax shall be collected under this act.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is, on page 209, in lines 18 and 19, to strike out the words "the revenue act of 1918 (as amended by this act)" and insert the words "this act."

The amendment was agreed to.

Mr. McCUMBER. Mr. President, I now move to amend in lines 19 and 20 by striking out the words "or by this subdivision."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is, on page 209, line 21, before the word "section," to strike out the word "such."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is, on page 209, lines 21 and 22, to strike out the words "as in force prior to its amendment by this act" and insert the words "of the revenue act of 1918."

The amendment was agreed to.

Mr. McCUMBER. I desire to offer a further amendment on the same page. In lines 22 and 23 I move to strike out "and (2)."

The amendment was agreed to.

Mr. McCUMBER. I now move to insert in lieu of the words just stricken out the following:

(2) The contract price includes the amount of the tax imposed by section 900 of the revenue act of 1918, and (3).

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 209, in line 25, before the word "section," strike out the word "such."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 210, in line 1, strike out the words "prior to its amendment by this act" and insert in lieu the words "of the revenue act of 1918."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is, in line 2, page 210, before the word "section," strike out the word "such."

The amendment was agreed to.

The ASSISTANT SECRETARY. In line 2, page 210, strike out "as amended by" and insert the words "900 of."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is, in line 3, page 210, to strike out the words "or by this subdivision."

Mr. SMOOT. I ask that that be disagreed to.

The amendment was rejected.

The ASSISTANT SECRETARY. The committee proposes, on page 210, beginning with line 7, to strike out all down to and including line 19, on that page, as follows:

(c) If (1) any person has, prior to August 15, 1921, made a bona fide contract with any other person for the sale or lease, after the tax takes effect, of any article in respect to which a tax was imposed by section 900 of the revenue act of 1918 as in force prior to its amendment by this act and in respect to which no corresponding tax is imposed by such section as amended by this act, and (2) such contract does not permit deduction, from the amount to be paid thereunder, of the tax imposed by such section 900 prior to its amendment by this act; then the vendor or lessor shall refund to the vendee or lessee so much of the amount of such tax as is not so permitted to be deducted from the contract price.

The amendment was agreed to.

Mr. SMOOT. I wish to call attention to amendment No. 59, on page 210, inserting a new provision.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. Page 210 after line 19 insert a new subdivision to read as follows:

(c) If (1) any person has, prior to August 15, 1921, made a bona fide contract with any other person for the sale or lease, after December 31, 1921, of any article in respect to which a tax was imposed by section 900 of the revenue act of 1918, and in respect to which no corresponding tax is imposed by section 900 of this act, (2) the contract price includes the amount of the tax imposed by section 900 of the revenue act of 1918, and (3) such contract does not permit deduction, from the amount to be paid thereunder, of the tax imposed by section 900 of the revenue act of 1918; then the vendor or lessor shall refund to the vendee or lessee so much of the amount of such tax as is not so permitted to be deducted from the contract price.

Mr. SMOOT. The only necessity for the amendment is that where contracts have been made and the taxes paid upon the basis of the taxes paid under existing law, and those taxes have been repealed, then there should be a refund of the amount of that tax. That is the object of the amendment.

Mr. McKELLAR. What would the refund amount to under this provision?

Mr. SMOOT. This is the sales price of the goods sold by the manufacturer at the sale price, and so far as the refund is concerned it is by the manufacturer and would be whatever the proportion was of the tax under the contract. So far as the Government is concerned it has nothing to do with it.

Mr. McCUMBER. It has nothing to do with the Government at all.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. Page 210, line 20, strike out "(d)" and insert "(c)."

Mr. SMOOT. I ask that that be disagreed to.

The amendment was rejected.

The ASSISTANT SECRETARY. The next amendment is on page 210, line 25, where the committee proposes to strike out "502 of the revenue act of 1918" and insert in lieu "903."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is on page 211, line 1, where the committee proposes to strike out "(e)" and insert "(d)."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is on page 211, line 2, to strike out "or (c)."

Mr. SMOOT. I ask that that be disagreed to.

The amendment was rejected.

The ASSISTANT SECRETARY. The next amendment is on page 211, line 10, where the committee proposes to strike out "(f) as used in this section, the term 'dealer' includes a," and insert "(e)" and the capital letter "A."

Mr. SMOOT. I ask that the letter "e" in parentheses be stricken out and the letter "f" inserted instead.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, in order that I may know whether the change was made or not, in line 1, page 211, was "(d)" stricken out and "(e)" inserted?

The PRESIDING OFFICER. "(e)" was stricken out and "(d)" inserted.

Mr. SMOOT. That should have been rejected, and I ask that the vote by which it was agreed to be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered. It is so ordered.

Mr. SMOOT. I now ask that that amendment be disagreed to.

The amendment was rejected.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 211, line 13, the committee proposes, after the words "for sale," to insert "shall be

included in the term 'dealer,' as used in this section," so as to make the paragraph read:

(f) A vendee who purchases any article with intent to use it in the manufacture or production of another article intended for sale shall be included in the term "dealer," as used in this section.

The amendment was agreed to.

Mr. TOWNSEND. Mr. President, I would now like to return to page 196——

The PRESIDING OFFICER. Will the Senator from Michigan allow the Chair to state that that completes the committee amendments as printed in the bill?

Mr. TOWNSEND. That is what I understood. I wish now to return to page 196 and ask reconsideration of the vote by which paragraph or subsection 1 was agreed to, under Title IX, section 900.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan that the vote by which paragraph 1 on page 196 was agreed to——

Mr. SMOOT. Mr. President, I am not going to object to taking this action, but as soon as it is disposed of I wish to ask unanimous consent to take up the various amendments that were passed over and not agreed to; not committee amendments, but amendments proposed by the majority of the committee, and then we can clean them all up. I shall not ask the Senator from Michigan to yield for that purpose now. He can go on with the amendment to which he has referred.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and it is so ordered. The Secretary will read the paragraph now under consideration.

The Assistant Secretary read as follows:

(1) Automobile trucks and automobile wagons, including tires, inner tubes, parts, and accessories therefor, sold or in connection therewith or with the sale thereof, 3 per cent.

Mr. TOWNSEND. Mr. President, I hope the amendment proposed by the committee will not be agreed to. I think there are obvious reasons why there should be no tax imposed upon automobile trucks, automobile wagons, and their parts. There can be no reason for taxing those articles which would not apply to the ordinary dray or express wagon or any other wagon with whatever power it may be drawn. There is no more reason why trucks should be taxed than freight cars separately, because they are engaged in a business which is of the utmost importance. The trucks are in almost daily use. They are taking their place everywhere, and I think their use ought to be encouraged. I do not believe any good can possibly come from taxing them, except, of course, it be the money which might be derived and which we may need.

I think, with the exceptions which have been made, with the peculiar use to which these trucks are applied, not only in the ordinary business of life but three million and more of them on the farms of the country, they should no more be taxed than the tractor that is used on the farm, because they serve a similar purpose. In addition to that, we all know how much they are used in the hospitals, how much they are used wherever merchandise is required to be transported. Therefore I have thought it would be entirely proper for the Senate to refuse to agree to this amendment.

Mr. LODGE. Mr. President, may I inquire of the Senator from Michigan how much revenue this involves?

Mr. TOWNSEND. I do not know how much it is.

Mr. WATSON of Indiana. Thirty million dollars in this one item alone.

Mr. TOWNSEND. I was not aware that the amount of revenue was as great as that, and yet I still submit that the item ought not to be taxed.

Mr. WATSON of Indiana. I will say to the Senator from Michigan, if he will yield to me, that subsection 1 will produce about $30,000,000 of revenue, subsection 2 about $70,000,000, and subsection 3 about $25,000,000, a total of $125,000,000 under the three subsections.

Mr. TOWNSEND. I had not thought of asking to remove the tax on automobiles. I know that the automobile, while it is very largely an article of necessity, is also largely an article of luxury. I am not asking that the tax be removed from them, nor shall I ask it. I had not looked into the amount of revenue which would be derived from this tax, but I still believe that it is a very serious mistake for the Congress to tax the truck or any part of it.

Mr. WADSWORTH. I agree with the Senator from Michigan [Mr. TOWNSEND], and without supplementing his argument at all—for I do not think it needs supplementing—I desire to lay before the Senate certain figures which may be of interest and which will take only a moment.

I have here a copy of the publication which is known as the Federal Trade Information Service, under date of Tuesday, August 30, 1921, and in a column of statistics with respect to motor trucks, automobiles, and tractors, I find these figures: Motor trucks were reported on 131,551 farms in 1920, or on about 2 farms out of every 100 in the United States as a whole. The number of motor trucks on these farms is 139,000. The States leading in the number of motor trucks on farms were Pennsylvania, first, with 9,300; New York, second, with 9,200; Iowa, Ohio, Nebraska, California, and Illinois following in the order named.

I am not making a plea for the relief of motor trucks from taxation merely on the ground that they are used on farms, although I call the attention of the Senate to the fact that tractors are not taxed. That is presumably upon the theory that they are used on farms; that is the only explanation I have had given to me; but if it is understood that 139,000 motor trucks are used in connection with agriculture alone, we get some idea of the total number of motor trucks which are used in all kinds of legitimate business and are doing hard work.

We have had it explained to us a good many times during the consideration of the excise-tax title that it was its object to impose taxes upon luxuries. Certainly this will not be said to be a tax upon a luxury. For myself, I hope that the tax will be stricken out, as I hope that all these taxes will be stricken out.

Mr. McCUMBER. Mr. President, I do not think that any of the articles in this title may be declared to be luxuries. The automobile has come to stay; it is a necessity of the civilization of to-day. It is just as much of a necessity as was the light buggy 50 or 60 years ago.

The Senator from New York speaks of the number of trucks that are used upon farms. I think if he will take the report of the Ford Co. he will find that the number of Ford cars that are used upon the farm is many times larger than the number of trucks so used.

Mr. TOWNSEND. There are more than 3,000,000 automobiles and trucks used on farms.

Mr. McCUMBER. In the present day of rapid transit the farmer, as well as the man in the city, has got to keep up with the pace. He can no longer compete and use his old horse and drive 10 or 20 miles to town. It is cheaper for him to have the Ford or some other inexpensive, cheaper machine to do that. It is quite as much a necessity to him as it is to the man in the city. We are not taxing luxuries when we impose a tax upon automobiles; but we have got to raise $125,000,000 of revenue. The tractor itself, of course, is not taxed, but there are $125,000,000 to be taken care of. Where are we going to get it? Do Senators know of any other place where we can levy that tax better than on automobiles, trucks, and so forth? I do not think they do.

I admit that if the Senate shall adopt the Smoot amendment—and many of the Senators are favoring this proposition so that they can vote for the Smoot amendment—we may get rid of these taxes and quite a number of others, but we are framing the bill now upon an entirely different basis. If we are going to follow out the present scheme of the bill, then we have got to raise some $125,000,000 in this manner or in some other manner. When I say "some other manner," I mean in some way other than the Smoot amendment.

Of course, if the Smoot amendment shall be adopted, when we get through with the bill we can strike all of these taxes out, but if we should strike them out and then fail to adopt the Smoot amendment, in what position are we to go before a committee of conference? We would have to revise the whole bill and the whole scheme of taxation. For that reason, Mr. President, I hope we shall agree to the committee amendment, and I hope that we shall get something as nearly right and just as we can out of the conference.

Mr. CALDER. Mr. President——

Mr. McCUMBER. I yield to the Senator.

Mr. CALDER. I ask if the 3 per cent tax on automobile trucks, and so forth, is not carried in the bill as it came from the other House?

Mr. McCUMBER. Yes.

Mr. CALDER. So that even if it went out of the bill in the Senate it could be restored in conference.

Mr. McCUMBER. Only at that rate.

Mr. HEFLIN. Mr. President, I have insisted all along that the tax imposed by this bill should be taken off autotrucks. The autotruck is becoming more and more the farm wagon of the country, and I do not see how Senators on the other side can vote to keep the tax upon autotrucks when they voted here last night to exempt big holding companies and thereby depriving

the Federal Treasury of $20,000,000 of revenue, and you voted just a few days ago to take off the big excess-profits tax, and at that one fell swoop you deprived the Government of $450,000,000 of revenue. In these two items you deprived the Government of $470,000,000, and these two big rich sources go tax free. Now you tell us that several million dollars will be derived from the tax on autotrucks in the United States and that we need and should collect the tax. Again, I say, Mr. President, as I said last night, that we are treated in this Chamber to many amazing spectacles and this proposal is one of them.

Thousands of men out in the country must have auto trucks with which to carry on their work. The auto trucks used by them are not joy-riding vehicles; they constitute a part of the working machinery of the men who toil to produce the stuff that feeds and clothes the people of the country.

You are not going to take the tax off of these farm vehicles, we are told, because you say we need the revenue. Mr. President, it was suggested by the able Senator from North Dakota that if we adopt the sales tax of course all of the needed revenue could be raised by that method. That is true, and the Republican majority is coming to that. Senators, I said two weeks ago that you were coming to it; some of you have been planning to come to a sales tax all the time, so that you may unload the tax burden upon the consuming masses of the country. You intend to make every man and woman and child who buys any of the necessities of life pay this sales tax across the counter when the purchase is made.

I said here one day that the manufacturer when the wholesaler came to buy from him would say to the wholesaler, "The price is increased because of the sales tax imposed by Congress." When the wholesaler would ask, "Have I got to pay that?" the manufacturer would reply, "Why, certainly." Then when the retailer goes to the wholesaler, he will be told that the price has increased, and he would ask, "Have I got to pay that?" the wholesaler will reply, "Certainly; it is a sales tax imposed by Congress." Then the retailer, going back to his store, would face the purchaser at the counter and say to him, "The price is increased because of a sales tax imposed by Congress"; and the consumers, poor unfortunate mass of men and women without a friend, it seems, on the other side, are going to have this whole burden laid upon them.

Mr. President, it seems that the Republican majority is removing all Government taxes from the shoulders of the big holding companies and the privileged profiteers and unloading it upon those least able to pay taxes of any kind. Distribute the taxes equally and justly. When you tax the big concern in any way it is so small that it is scarcely felt by it; but your tax on the poor is heavy and burdensome. I am reminded of the fellow who was selling rabbit hash. A gentleman purchased and tasted some of the hash and remarked, "I do not taste much rabbit in this hash. How do you make it?" The vendor of the hash replied, "I make it out of horse flesh and rabbit meat." His customer asked, "What proportion of horse flesh and what proportion of rabbit meat do you use?" He replied, "Fifty-fifty." "Well, what do you mean?" The vendor replied, "One horse to one rabbit." [Laughter.]

That is what the Republican majority is doing to-day.

You are going on the fifty-fifty plan—a tax burden the size of a horse for the average man and a rabbit-sized tax for the favored millionaire.

Mr. President, a little earlier in the day we saw this Republican Senate remove the tax from fine and costly furs. Yes; you have taken the taxes off of these fine and costly luxuries. They are beautiful things; I like to look upon them; they cost a heap of money, and very few people can afford to buy them. The cost of some of them runs up into the thousands, but the Republican majority has fixed it so that they can be bought now tax free, while the common man out on his farm who wants to buy an autotruck to haul his produce to the market and to carry on his work about the farm is going to have collected from him taxes on autotrucks while fine furs go tax free.

Mr. President, it is fortunate that we have got the CONGRESSIONAL RECORD here in which we can record the truth, so that the people can find out just what is being done here. The big concerns, which can pay these taxes and ought to do so, and never miss the amount paid, are being permitted to go tax free, while those who are less able to pay the taxes are having the burden imposed upon them. Your big holding companies have their millions go tax free; the profiteers pluck out of Government taxes $450,000,000 at one time; but the autotrucks must remain on the tax list, because you say you do not know where you can get the taxes to take the place of this amount. You exempt big excess-profits tax and tax the necessities.

Senators, is not that a pitiable spectacle? As I said last night, you put a premium on crap shooting. You have exempted dice and you have exempted billiard balls and billiard cues.

Billiard cues and billiard balls and dice are put upon the free list. Why, a whole lot of Negro Rastuses will smile on the dice and sit down and chuckle over those bones as they call, "Come seven, come eleven." They are tax free, and you have put a premium on gambling. So they will say we got all this at the hands of the Republican Senate. "Hurrah for the Republican Party!"

But the solemn men and women who take this RECORD and read it are going to sit like a jury on your case, and they ought to. They are going to say: "This Senator is either for me or he is against me." God Almighty laid down a standard by which we could judge men, and you can not escape it: "He that is not with me is against me." The people are going to apply that to you and to me, and they ought to. You are either for them or you are against them, and when you tax an autotruck, that the farmer must have in order to help him make a living and carry on his business, you are against him. You are putting that tax on him for the purpose of getting the money needed without taxing some concern that stands in concrete form and can come here and make its influence felt through the press, through campaign funds to your party, and also in a political way at home. There is not anything on this earth that appeals so powerfully to a Republican as the clinking sinews of war in campaign times.

These people that I am talking about have a wonderful power in this country if they but knew it, and we are going to appeal to them. We are going to ask them to wring this Government out of the hands of the purse-proud classes and restore it to those who will safeguard and administer it properly.

Mr. President, the high-sounding phrases that we heard here last fall will not solve the problems of this day. They will not meet the requirements of the hour. The time has come to act; judgment day has come; and you have got to walk up here and put your names on the record when the roll is called, and the people can read for themselves and judge whether you are on their side or on the side of those who pillage and plunder them.

It was asked, back in the days of the old patriarchs, "Who is on the Lord's side?" How appropriate it is for us to ask to-day, when the Republican Party is intrenched in power in both branches of Congress and in the White House, "Who is on the side of the people; who is on the side of just and fair government in this country?" Mr. President, these questions are appropriate at this time.

I have risen here from time to time and entered my protest, as other Senators on this side have done. We have condemned this tax bill. I have called it by its proper name, a legislative monstrosity; that is what you are imposing upon the American people. The only argument that you make every now and then is, "Oh, well, the people have already spoken. They gave us 7,000,000 majority," and you keep hanging onto that. Well, that is dwindling down, and these cities that have been acting in New England and have been electing Democratic mayors by big majorities ought to be straws to show you how the wind is blowing. Another election will come off about a year from now.

Then we will see how the American people stand. We will watch them in the battle of the ballots in the next election. I expect to hear some of you Senators on the hustings trying to explain some of these votes that you are casting here now, trying to explain how you imposed these heavy taxes upon the people who were least able to pay them. Why, I know just as well what you are going to do as any one can, and I am going to tell you that now, so that when you do it I am going to say that I told you. You are going to knock out that $450,000,000 that is gone of excess profits, $20,000,000 last night of these holding companies, and you are going to say, "Well, now, we have just got to raise $470,000,000," and then you will tax the necessities of life in every home in the country to make up the amount of taxes that you could have collected from the profiteers.

If you can get enough Republican Senators from the West to betray their constituents, but I do not believe you can, I think you will impose the sales tax, but I hope and pray that this side will stand as one man for the voices out yonder that are not heard here except when we plead their cause, the great silent mass of men and women who will be going in and out of the stores at the crossroads, the stores in the little villages, the stores in the towns, and the stores in the cities, undoing their slender purses that represent their hard-earned money, and laying down their coin upon the counter, and paying this tax that pompous profiteers ought to pay.

That is what you expect to do. I am going to fight it. I hope this side will vote to a man to defeat it, and I am hoping that we will get enough Republican votes from the West to kill it as dead as Hector.

The PRESIDING OFFICER. The question is on the committee amendment as found on page 196, line 16.

Mr. MOSES. Mr. President, if the ears of the Senate have been sufficiently assaulted with windy bellowings and the intelligence of the Senate sufficiently insulted by blithering balderdash may we now have a vote?

Mr. WATSON of Indiana. Mr. President, I ask unanimous consent that when the Senate recesses to-night it be until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I did not hear all that the smart Aleck Senator from New Hampshire injected into this debate. What I did hear was enough to cause me to think of him as a Senator of exceedingly small mental capacity, but I do not intend that he or anyone else who serves predatory interests in this country shall deter me from speaking for the rights of the people and demanding honest government at this, the Nation's Capital.

The PRESIDING OFFICER. The question is on the amendment of the committee as found on page 196, line 16.

The amendment was agreed to.

Mr. SMOOT. Mr. President, there are 36 amendments that are to be proposed to the bill, as found in these printed amendments. They are nearly all clarifying amendments. There is one, however, that is not to be acted upon to-night, and that is the insurance amendment. That is to go over; but I am going to ask the Senate at this time for unanimous consent to take up these amendments and dispose of them in order. If there is any discussion, of course we do not expect to cut it off in any way; but I ask the Senate to proceed with them in order and pass upon these amendments before any other amendments are considered.

The PRESIDING OFFICER. Is there objection?

Mr. McKELLAR. Those have been agreed upon by the majority of the committee?

Mr. SMOOT. They have.

Mr. KING. The Senator denominates them clarifying amendments. I suppose they relate to renumbering of the sections?

Mr. SMOOT. Some of them do, and some of them relate to changes that have to be made in amendments which have already been adopted.

Mr. McKELLAR. Where do they begin?

Mr. SMOOT. With amendment No. 6.

The PRESIDING OFFICER. Is there objection to the unanimous consent asked for by the Senator from Utah?

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gooding	McKellar	Shortridge
Brandegee	Hale	McKinley	Simmons
Broussard	Harreld	McLean	Smoot
Bursum	Harris	McNary	Spencer
Calder	Heflin	Moses	Sterling
Cameron	Hitchcock	Myers	Sutherland
Capper	Jones, N. Mex.	New	Swanson
Caraway	Jones, Wash.	Newberry	Townsend
Curtis	Kenyon	Nicholson	Trammell
Dial	Keyes	Oddie	Wadsworth
Edge	King	Overman	Walsh, Mass.
Ernst	La Follette	Phipps	Warren
Fernald	Lenroot	Poindexter	Watson, Ga.
Fletcher	Lodge	Pomerene	Watson, Ind.
France	McCormick	Reed	Willis
Gerry	McCumber	Sheppard	

The PRESIDING OFFICER. Sixty-three Senators having answered to their names, a quorum is present.

Mr. HITCHCOCK. I present the following amendment and ask to have it printed and lie on the table.

The PRESIDING OFFICER. It will be received and ordered printed, and lie on the table. The Senator from Utah makes a request for unanimous consent. Is there objection?

Mr. REED. What is the unanimous-consent request?

The PRESIDING OFFICER. The Secretary will state it.

The ASSISTANT SECRETARY. That the Senate go back and take up seriatim the amendments proposed in the pamphlet which has been printed which have not already been acted upon.

Mr. HEFLIN. Before that is done, I want to give notice that I will ask for a separate vote on the amendment by which auto trucks are taxed.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. LA FOLLETTE. I present an amendment, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. Without objection, it will be so ordered. The Secretary will state the first amendment under the unanimous-consent agreement.

The ASSISTANT SECRETARY. The first amendment is amendment No. 6 in the printed pamphlet. On page 38 of the bill, line 13, it is proposed to strike out the words "title as income to the," and on the same line in the committee amendment already proposed to strike out the word "taxpayer" and the semicolon and to insert in lieu thereof the word "title."

Mr. REED. Mr. President, does that make any change except merely a clerical change?

Mr. SMOOT. That is all. It is to make it perfectly clear that the exemption should not be to any taxpayer except in the cases of Government obligations.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is No. 8, on page 39, line 25, in the committee amendment already agreed to.

The PRESIDING OFFICER. If there is no objection, the vote by which the committee amendment was agreed to will be reconsidered. It is so ordered.

The ASSISTANT SECRETARY. On page 39, line 25, after the word "days," insert the words "before or," so that it will read "within 30 days before or after."

Mr. SMOOT. That is to make it doubly sure that not only may the purchase be before but it must be within 30 days after.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Now, I send to the desk a substitute amendment for amendment No. 9.

The PRESIDING OFFICER. The Secretary will state the substitute.

The ASSISTANT SECRETARY. On page 40, line 2, strike out all after the parenthesis and all of lines 3 to 7, both inclusive, and insert:

> Substantially identical property, if such acquisition is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed.

Mr. SMOOT. That is to take care of whatever the substantially identical property may be. It covers only the proportion of the property that is identically the same, and not the whole of the property.

Mr. SIMMONS. This relates to the excise tax?

Mr. SMOOT. Yes; it is a limitation of it.

Mr. REED. Mr. President, it is quite one thing to adopt a printed amendment which we have seen and another thing to adopt a substitute for a printed amendment which we have not seen. I would like to have a moment to examine the text, not only of the amendment but of the clause to be amended.

Mr. SMOOT. Then, while the Senator from Missouri is looking it up may we not proceed to the next amendment?

Mr. REED. I can not look it up and watch other amendments. I shall not be long. [After a pause.] I see no objection to the amendment after a hasty examination.

The amendment was agreed to.

Mr. SMOOT. The next amendment is No. 11.

The ASSISTANT SECRETARY. The next amendment, No. 11, will be found on page 63 of the bill, at the end of line 9, to strike out the word "the" and to insert the article "a."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is, on page 63, line 10, after the word "return," to insert the word "thereof."

Mr. SIMMONS. I wish the clerk, after announcing the page, would give us just a moment to turn to it.

The ASSISTANT SECRETARY. The amendment is on page 63, line 10, after the word "return," the first word in the line, to insert the word "thereof."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 63, the same page, after line 18, and after the period, insert the following sentence:

> In cases under this subdivision there shall be included, as provided in subdivision (d) of this section, in computing the net income of each beneficiary, that part of the income of the estate or trust which, pursuant to the instrument or order governing the distribution, is distributable during the taxable year to such beneficiary.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Utah explain this amendment?

Mr. SMOOT. It simply means that the income distributed by the fiduciary must be taken out of the gross income returned by the fiduciary. If that is not done, then the Government would lose the tax that would be due it. This is simply to clarify this language so that there will be no question, and it would prevent any double deduction which may occur by reason of the wording of the law.

Mr. REED. Is it the Treasury expert's suggestion?

Mr. SMOOT. It is.

Mr. REED. For the purpose of making the law certain?

Mr. SMOOT. To make it certain, and not only that but to prevent a possible double deduction as it is now written. Under this provision there can be but one deduction.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is amendment numbered 12, page 63, line 19.

The PRESIDING OFFICER. Without objection, the vote by which the amendment of the committee was agreed to will be reconsidered. It is so ordered.

The ASSISTANT SECRETARY. The amendment to the amendment is to strike out the words "an irrevocable," before "trust," and insert the letter "A" as a capital, and, on page 64, line 2, to strike out the words "such employee" and insert in lieu the word "distributee."

Mr. SMOOT. Some corporations have created trusts for their employees which are not irrevocable, and this is to take care of that—that is, a trust—so that it covers all.

Mr. REED. It makes a very great difference.

Mr. WALSH of Massachusetts. Yes; it does.

Mr. REED. As the proposed law is drawn it reads:

(f) An irrevocable trust created by an employer as a part of a stock bonus or profit-sharing plan for the exclusive benefit of some or all of his employees, to which contributions are made by such employer, or employees, or both, for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan shall not be taxable under this section.

And so forth.

Now, if an irrevocable trust had been created for the benefit of the employees, of course that could not be taxed to the employer because he has forever put it out of his power to regain that fund. But a trust is easily conceivable which would be a contingent trust and so drawn that the employer might afterwards use the funds to recoup losses in his business. The striking out of the word "irrevocable" of course makes it possible to create the kind of trust I last referred to, so that the change is a change of substance. It may be all right, but it certainly is a change of substance.

Mr. SMOOT. I will say to the Senator that a trust under this subdivision is not taxable at all, whether it is an irrevocable trust or a revocable trust; but when the amount of the tax is distributed, then it is taxable and it makes no difference whether it is an irrevocable trust or a revocable trust. This language is a little broader, and it seems to me it covers just what the department wanted at the time, and what the Congress intended it to be.

Mr. SIMMONS. This does not in any way affect the trust.

Mr. REED. It makes a substantive change. It may be all right. I frankly state I am not certain at all about it, but I am not going to hold up the bill. I know there is a great difference between an irrevocable trust and a revocable trust.

Mr. SIMMONS. I wish to say to the Senator from Missouri that the reason why I said what I did is that I have been over all these amendments, and this one I particularly looked into and reached the conclusion that it did not affect the trust.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is, on page 64, line 21, to strike out the words "at the same time" and insert in lieu thereof the words "upon the same basis."

The amendment was agreed to.

The ASSISTANT SECRETARY. Amendment numbered 14, on page 75, line 15, in the committee amendment already agreed to.

The PRESIDING OFFICER. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The Secretary will state the proposed amendment to the amendment.

The ASSISTANT SECRETARY. In line 15 strike out the heading "Returns when accounting period changed" and insert in lieu thereof the following heading:

Returns for a period of less than 12 months.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is No. 15, on page 76, lines 9 and 10, in lieu of the matter inserted by the amendment already agreed to——

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered, and the Secretary will state the proposed amendment to the amendment.

The ASSISTANT SECRETARY. In lines 9 and 10, in lieu of the matter inserted by the amendment already agreed to, insert:

(b) In all cases where a separate return is made for a part of a taxable year.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is No. 17, on page 82, at the end of line 22.

The PRESIDING OFFICER. Without objection, the vote by which the committee amendment was agreed to will be reconsidered, and the Secretary will state the proposed amendment to the amendment.

The ASSISTANT SECRETARY. On page 82, at the end of line 22, add a new sentence, as follows:

In the case of a foreign corporation or foreign-trade corporation, a computation shall also be made in the manner provided in section 217.

Mr. REED. What change does that make?

Mr. SMOOT. Section 217 provides for the manner in which foreign corporations shall determine their net income.

Mr. REED. I now have it before me. It is satisfactory.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is No. 18, page 83, lines 16 and 17, to strike out the words "under the provisions of" and insert in lieu thereof the words "in the manner provided in."

The amendment was agreed to.

The ASSISTANT SECRETARY. Amendment No. 19, page 84, line 14, strike out the words "title as income to the" and, on the same line, in the committee amendment already proposed——

The PRESIDING OFFICER. Without objection, the vote by which the committee amendment was agreed to will be reconsidered, and the Secretary will state the proposed amendment.

The ASSISTANT SECRETARY. In line 14 of the committee amendment already proposed, strike out the word "taxpayer" and insert in lieu thereof the word "title."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is No. 20, on page 85, line 18, in the committee amendment already agreed to.

The PRESIDING OFFICER. Without objection, the vote by which the committee amendment was agreed to will be reconsidered, and the Secretary will state the proposed amendment.

The ASSISTANT SECRETARY. In line 18, in the committee amendment already agreed to, after the word "taxes" and before the semicolon, insert a period and the following:

For the purpose of this paragraph, estate, inheritance, legacy, and succession taxes accrue on the due date thereof except as otherwise provided by the law of the jurisdiction imposing such taxes.

Mr. SMOOT. I will say to the Senator from Missouri that this is the same amendment that was agreed to before as affecting individuals, but this affects corporations.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next is amendment No. 21, on page 86, line 2, in the committee amendment already agreed to.

The PRESIDING OFFICER. Without objection, the vote by which the committee amendment was agreed to will be reconsidered, and the Secretary will state the proposed amendment to the amendment.

The ASSISTANT SECRETARY. In line 2, in the committee amendment, after the word "days" insert the words "before or."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, there is a substitute that I desire to offer in behalf of the committee for amendment No. 22. It is the same as the amendment offered and adopted as to individuals. I send it to the desk.

Mr. SIMMONS. Is the wording identical?

Mr. SMOOT. It is substantially the same.

The PRESIDING OFFICER. The proposed substitute will be stated.

The ASSISTANT SECRETARY. On page 86, line 4, strike out all after the parenthesis, down to and including line 11, and insert in lieu the following words:

Substantially identical property, unless such claim is made by a dealer in stock or securities and with respect to a transaction made in the ordinary course of his business. If such acquisition is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed.

Mr. REED. Where is that to be inserted? I could not follow it.

The ASSISTANT SECRETARY. On page 86, line 4, beginning with the word "identical," strike out the remainder of the paragraph down to and including line 11.

Mr. SMOOT. This applies to corporations, just as the amendment a few moments ago applies to individuals.

Mr. SIMMONS. It is the same amendment?

Mr. SMOOT. It is the same amendment, except that it applies to corporations.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment is No. 25, page 100, line 21.

The PRESIDING OFFICER. It will be necessary to reconsider the vote by which the amendment on line 21 was agreed to. Without objection, it is so ordered, and the Secretary will state the proposed amendment.

The ASSISTANT SECRETARY. Strike out, on lines 20 and 21, "of $2,200 (as provided in section 236)" and the period and the quotation mark, and in lieu thereof insert the following:

As provided in subdivision (b) of section 236, which shall be allowed only if the combined net income of the affiliated corporations is $25,000 or less.

Mr. REED. What is the change made by that amendment?

Mr. SMOOT. That is, limiting the $2,000 exemption to affiliated corporations whose incomes are less than $25,000. In other words, on incomes above $25,000 there is no exemption.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next is amendment No. 26, on page 102, line 22, to strike out the word "contract" and insert in lieu thereof the word "contracts."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is amendment numbered 29, on page 105, line 24, after the word "property" and before the semicolon, to insert a period and the following:

The deduction allowed by this paragraph shall be allowed in the case of taxes imposed upon a shareholder or member of a company upon his interest as shareholder or member, which are paid by the company without reimbursement from the shareholder or member, but in such cases no deduction shall be allowed the shareholder or member for the amount of such taxes.

Mr. SMOOT. That simply provides that the same deductions shall be allowed to insurance companies as are allowed to corporations.

Mr. REED. That is not very clear to me.

Mr. SMOOT. In the case of insurance companies as in the case of corporations there should be an allowance made for taxes which are paid by the company for its stockholders; but if the stockholder does not receive the allowance and the company pays the tax it is allowed the exemption which otherwise would be allowed to the stockholder.

Mr. REED. Why would not the stockholder be given the allowance?

Mr. SMOOT. We changed it as to all other corporations because so many companies pay the taxes of their stockholders, and they are not paid by each individual stockholder of the corporation.

Mr. REED. Is this one of the Treasury Department's recommendations?

Mr. SMOOT. Yes; it is one of the Treasury Department's recommendations.

The PRESIDING OFFICER. Without objection, the amendment is agreed to. The next amendment will be stated.

The ASSISTANT SECRETARY. The next amendment is amendment No. 30, on page 106, lines 10 and 11, to strike out the words "title as income to the"; and on line 11, in the committee amendment already agreed to, strike out the word "taxpayer" and insert in lieu thereof the word "title."

The PRESIDING OFFICER. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. Mr. President, I send to the desk an amendment to the same committee amendment and ask that it may be agreed to. I will say that this is similar to the amendment that was offered by the Senator from Florida [Mr. TRAMMELL] and also by the Senator from Nebraska [Mr. HITCHCOCK] applying to corporations. The amendment simply applies to insurance companies and is couched in the same language and is phrased in the same way as the amendment to which I have referred.

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah to the amendment reported by the committee will be stated.

The ASSISTANT SECRETARY. On page 106, line 11, it is proposed to strike out all after the semicolon down to and including line 17 and to insert as a substitute for the proposed amendment of the committee the following proviso:

Provided, That in the case of returns made for the calendar year 1921 there shall be allowed as a deduction in addition to the above so much of the interest paid or accrued during such year on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, the interest upon which is so wholly exempt, as is in excess of the interest received therefrom during the year.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to. The next amendment will be stated.

The ASSISTANT SECRETARY. The next amendment, numbered 31, is to the same committee amendment, on page 106, line 17, to strike out the period and insert a semicolon, and after line 17 insert a new paragraph as follows:

(9) In the case of a domestic life insurance company, the net income of which (computed without the benefit of this paragraph) is $25,000 or less, the sum of $2,000.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to. Without objection, the paragraph as amended is agreed to.

Mr. SMOOT. Now, I ask that amendment numbered 32 go over. That is the insurance paragraph.

The PRESIDING OFFICER. Amendment numbered 32 will be passed over.

Mr. SIMMONS. Could not the Senator from Utah propose that amendment to-night?

Mr. SMOOT. I am quite sure that amendment is going to lead to much discussion, and we can not dispose of it to-night. I should like to have the other amendments disposed of.

The PRESIDING OFFICER. The next amendment will be stated.

The ASSISTANT SECRETARY. The next amendment is amendment numbered 33, on page 112, line 4, after the word "begun," to insert the following: "in any court."

Mr. REED. Just a moment now.

Mr. SMOOT. The operation of this amendment is limited to such proceedings as may be begun in the courts.

Mr. REED. The amendment reads "in any court." That is pretty broad. Had we not better say "in any court of competent jurisdiction"?

Mr. SMOOT. The object was to prevent the matter coming before the departments.

Mr. McCUMBER. I do not see that there could be any objection to the suggestion of the Senator from Missouri to insert after the word "court" the words "of competent jurisdiction."

Mr. REED. I suggest to the Senator from Utah to add to his amendment, after word "court," the words "of competent jurisdiction."

Mr. SMOOT. I ask the Senator from Missouri to read the language on page 111, where it is provided, beginning in line 25—

No suit or proceeding for the collection of any such taxes due under this act or under prior income, excess profits, or war profits tax acts, or of any taxes due under section 38 of such act of August 5, 1909, shall be begun—

After the word "begun" I propose to insert the words "in any court."

Mr. REED. Mr. President, why do we need to add the words "in any court"? The clause is entirely different from what I thought it was from reading merely two or three lines of it. I had no opportunity to read the entire context.

Mr. SMOOT. The only reason the words are proposed to be inserted there is because it is not desired that such matters should be brought here to the department.

Mr. REED. I have no objection to the Senator's amendment, and the amendment which I suggested is under the circumstances not necessary.

The PRESIDING OFFICER. If there be no objection, the amendment will be agreed to.

Mr. REED. Before the amendment is agreed to let me make this suggestion to the Senator. He says he does not want such matters brought to the department. If we add the words "in any court," if it is possible to bring an action in a department, it would leave it so that it could be brought there.

Mr. SMOOT. The expert advises me that he misinformed me as to the matter of bringing it to the department. That is not the object, but it has relation to restraint proceedings which may be begun.

Mr. REED. I think if we leave the language broadly, so that no action can be begun, it would be better than if we insert the words "in any court." I confess I do not like to be making suggestions of this kind without an opportunity

to examine the text, but we are trying to get along so fast that it is impossible to examine the text.

Mr. SMOOT. Suppose a taxpayer leaves the country and is absent from the country for five years and then comes back; we would not want to limit the action here, distraint against him, after the 5-year period. The amendment is suggested to meet just such a case as that.

Mr. REED. If it could not be brought in any court, where could it be brought?

Mr. SMOOT. Distraint proceedings, so I am told, do not have to be brought in any court; they can be brought in the department.

Mr. REED. Then the proposition is to limit the limitation of the statute of limitations so that while an action may not be brought in court it may be brought in the department. That nullifies the purpose of the limitation itself.

Mr. SMOOT. But as it stands now, if a man goes out of the country and remains away for five years and then comes back, no distraint proceeding can be begun against him.

Mr. REED. But suppose that he does not go out of the country and the five years elapse, why could they not proceed in the department against him the same as against a man who has gone out of the country?

Mr. SMOOT. They would in that case, I will say to the Senator.

Mr. REED. Certainly; in other words, this statute of limitations which we put in here in order to end these controversies will be changed by the language the Senator has suggested so that an action may be brought after five years.

Mr. SMOOT. Suit will have to be brought before five years, and that could be done if the taxpayer remains in this country, but suppose he was out of the country and remained away five years and then came back to this country. In that case we do not want to prevent the Government from proceeding to distrain.

Mr. REED. I understand the Senator's point, but it seems to me that the language he uses goes far beyond the point. His point is that if a man leaves the country so that notice can not be served upon him he wants to preserve the right to bring an action in the department, although it can not be brought in a court. I can not tell about this without an opportunity to examine the paragraph. I suggest that the Senator let it go over, because I think that his amendment may accomplish something that we would not want to accomplish.

Mr. SMOOT. Let the amendment go over, then.

Mr. SIMMONS. Mr. President, I think its effect as I read it, I will say to the Senator from Missouri——

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

Mr. SIMMONS. Mr. President, I wish the Chair would permit me to make a statement before the amendment goes over.

The PRESIDING OFFICER. The Chair did not hear the Senator from North Carolina. The Senator from North Carolina is recognized.

Mr. SIMMONS. I was about to say that I think the effect of the amendment is to provide that after five years no proceeding shall be brought, and the term "in any court" means that no proceedings after that period has expired shall lie in any court. I think that is what it means, and I think, therefore, the words "in any court" are properly used in this connection.

Mr. REED. It is wholly superfluous if that is the construction.

Mr. SIMMONS. I think that is probably true, but that is what it means.

Mr. REED. The words "no action shall lie" are broader than the words "no action shall lie in any court."

Mr. SIMMONS. It says here, "begun in any court." I think if the word "lie" were used it would be sufficient, but it has the word "begun." "No action shall be begun in any court."

Mr. REED. Of course if it were brought before the five years it would lie after the five years. It would not be begun, but it would be a continuing case. If there are such cases as the Senator from Utah has in mind, then a clause of this kind should be added here:

> And if any person shall be absent from the United States so that service can not be had upon him the period of his absence shall be deducted from the period of limitation.

That would cure the defect the Senator has in mind.

Mr. SMOOT. Let me call the Senator's attention to another case that may happen. Suppose the Government got judgment against a taxpayer, and before collection could be made he went to a foreign country and waited until the five-year term had expired, and then returned to the United States. The five-year term having expired, the Senator would not want the Government to be denied the right to bring a distraint against his goods, if he had any, in the United States.

Mr. REED. Oh, no; but that is not an action.

Mr. SMOOT. It is a proceeding.

Mr. REED. That would not be an action in that sense. It would be a process from a court.

Mr. WATSON of Indiana. Has it not been agreed that this shall go over?

Mr. SMOOT. Let it go over.

RECESS.

Mr. McCUMBER. Mr. President, allow me to suggest to the Senator from Utah that we have been running along pretty well to-day, until half-past 10 o'clock, nearly 12 hours. If it is agreeable, I move that the Senate now take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 10 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, November 2, 1921, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

TUESDAY, *November 1, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Lord and our God, we draw near to Thee with humble confidence. Grant that we may this day walk humbly with Thee and upright among our fellows. How free is Thy infinite nature and how bountiful its gifts. O make us deeply grateful for all and inspire us with the patience, the courage, and the satisfaction of a good life. Be with those who need Thee most, with the tempted, the grievously burdened, and those who are heartsick by the way. And unto all of us be as the shadow of a great rock in a world of toil, passion, and conflict, and may we come to the end of our labors unsoiled and unstained. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

ENROLLED JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled joint resolution of the following title:

S. J. Res. 114. Joint resolution accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922.

ROADS BILL—CONFERENCE REPORT.

Mr. ROBSION. Mr. Speaker, I call up the conference report on the bill S. 1072 and ask unanimous consent that the statement of the managers on the part of the House be read instead of the conference report.

The SPEAKER. The gentleman from Kentucky calls up the conference report on the good roads bill and asks unanimous consent that the statement of the managers on the part of the House be read instead of the conference report. Is there objection?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, this bill originally was never considered in the House for amendment. Members of the House have never given any consideration whatsoever to the Senate amendment, or even to the report of the conferees. It is an entirely new amendment. I think it would be better to have the conference report read, so that the Members may be fully acquainted with the provisions of the bill.

The SPEAKER. The gentleman from Wisconsin objects. The Clerk will read the conference report.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House of Representatives to the bill (S. 1072) entitled "An act to amend the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, as amended and supplemented, and for other purposes," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House of Representatives, and agree to the same with an amendment as fol-

lows: In lieu of the matter proposed to be inserted by said amendment insert the following:

"That this act may be cited as the Federal highway act.

"SEC. 2. That, when used in this act, unless the context indicates otherwise—

"The term 'Federal aid act' means the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, as amended by sections 5 and 6 of an act entitled 'An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes,' approved February 28, 1919, and all other acts amendatory thereof or supplementary thereto.

"The term 'highway' includes rights of way, bridges, drainage structures, signs, guard rails, and protective structures in connection with highways, but shall not include any highway or street in a municipality having a population of 2,500 or more as shown by the last available census, except that portion of any such highway or street along which within a distance of 1 mile the houses average more than 200 feet apart.

"The term 'State highway department' includes any State department, commission, board, or official having adequate powers and suitably equipped and organized to discharge to the satisfaction of the Secretary of Agriculture the duties herein required.

"The term 'maintenance' means the constant making of needed repairs to preserve a smooth-surfaced highway.

"The term 'construction' means the supervising, inspecting, actual building, and all expenses incidental to the construction of a highway, except locating, surveying, mapping, and costs of right of way.

"The term 'reconstruction' means a widening or a rebuilding of the highway or any portion thereof to make it a continuous road, and of sufficient width and strength to care adequately for traffic needs.

"The term 'forest roads' means roads wholly or partly within or adjacent to and serving the national forests.

"The term 'State funds' includes for the purposes of this act funds raised under the authority of the State, or any political or other subdivisions thereof, and made available for expenditure under the direct control of the State highway department.

"SEC. 3. All powers and duties of the Council of National Defense under the act entitled 'An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, in relation to highway or highway transport, are hereby transferred to the Secretary of Agriculture, and the Council of National Defense is directed to turn over to the Secretary of Agriculture the equipment, material, supplies, papers, maps, and documents utilized in the exercise of such powers. The powers and duties of agencies dealing with highways in the national parks or in military or naval reservations under the control of the United States Army or Navy, or with highways used principally for military or naval purposes, shall not be taken over by the Secretary of Agriculture, but such highways shall remain under the control and jurisdiction of such agencies.

"The Secretary of Agriculture is authorized to cooperate with the State highway departments, and with the Department of the Interior in the construction of public highways within Indian reservations, and to pay the amount assumed therefor from the funds allotted or apportioned under this act to the State wherein the reservation is located.

"SEC. 4. That the Secretary of Agriculture shall establish an accounting division which shall devise and install a proper method of keeping the accounts.

"SEC. 5. That the Secretary of War be, and he is hereby, authorized and directed to transfer to the Secretary of Agriculture, upon his request, all war material, equipment, and supplies now or hereafter declared surplus from stock now on hand and not needed for the purposes of the War Department but suitable for use in the improvement of highways, and that the same shall be distributed among the highway departments of the several States to be used in the construction, reconstruction, and maintenance of highways, such distribution to be upon the same basis as that hereinafter provided for in this act in the distribution of Federal-aid fund: *Provided*, That the Secretary of Agriculture, in his discretion, may reserve from such distribution not to exceed 10 per cent of such material, equipment, and supplies for use in the construction, reconstruction, and maintenance of national forest roads or other roads constructed, reconstructed, or maintained under his direct supervision.

"SEC. 6. That in approving projects to receive Federal aid under the provisions of this act the Secretary of Agriculture shall give preference to such projects as will expedite the completion of an adequate and connected system of highways, interstate in character.

"Before any projects are approved in any State, such State, through its State highway department, shall select or designate a system of highways not to exceed 7 per cent of the total highway mileage of such State as shown by the records of the State highway department at the time of the passage of this act.

"Upon this system all Federal-aid apportionments shall be expended.

"Highways which may receive Federal aid shall be divided into two classes, one of which shall be known as primary or interstate highways, and shall not exceed three-sevenths of the total mileage which may receive Federal aid, and the other which shall connect or correlate therewith and be known as secondary or intercounty highways, and shall consist of the remainder of the mileage which may receive Federal aid.

"The Secretary of Agriculture shall have authority to approve in whole or in part the systems as designated or to require modifications or revisions thereof: *Provided*, That the State shall submit to the Secretary of Agriculture for his approval any proposed revisions of the designated systems of highways above provided for.

"Not more than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways until provision has been made for the improvement of the entire system of such highways: *Provided*, That with the approval of any State highway department the Secretary of Agriculture may approve the expenditure of more than 60 per cent of the Federal aid apportioned to such State upon the primary or interstate highways in such State.

"The Secretary of Agriculture may approve projects submitted by the State highway departments prior to the selection, designation, and approval of the system of Federal-aid highways herein provided for if he may reasonably anticipate that such projects will become a part of such system.

"Whenever provision has been made by any State for the completion and maintenance of a system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to add to the mileage of primary or interstate and secondary or intercounty systems as funds become available for the construction and maintenance of such additional mileage.

"SEC. 7 That before any project shall be approved by the Secretary of Agriculture for any State such State shall make provisions for State funds required each year of such States by this act for construction, reconstruction, and maintenance of all Federal-aid highways within the State, which funds shall be under the direct control of the State highway department.

"SEC. 8. That only such durable types of surface and kinds of materials shall be adopted for the construction and reconstruction of any highway which is a part of the primary or interstate and secondary or intercounty systems as will adequately meet the existing and probable traffic future needs and conditions thereon. The Secretary of Agriculture shall approve the types and width of construction and reconstruction and the character of improvement, repair, and maintenance in each case, consideration being given to the type and character which shall be best suited for each locality and to the probable character and extent of the future traffic.

"SEC. 9. That all highways constructed or reconstructed under the provisions of this act shall be free from tolls of all kinds.

"That all highways in the primary or interstate system constructed after the passage of this act shall have a right of way of ample width and a wearing surface of an adequate width which shall not be less than 18 feet, unless, in the opinion of the Secretary of Agriculture, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles.

"SEC. 10. That when any State shall have met the requirements of this act, the Secretary of the Treasury, upon receipt of certification from the governor of such State to such effect, approved by the Secretary of Agriculture, shall immediately make available to such State, for the purpose set forth in this act, the sum apportioned to such State as herein provided.

"SEC. 11. That any State having complied with the provisions of this act, and desiring to avail itself of the benefits thereof, shall by its State highway department submit to the Secretary

of Agriculture project statements setting forth proposed construction or reconstruction of any primary or interstate, or secondary or intercounty highway therein. If the Secretary of Agriculture approve the project, the State highway department shall furnish to him such surveys, plans, specifications, and estimates therefor as he may require; items included for engineering, inspection, and unforeseen contingencies shall not exceed 10 per cent of the total estimated cost of its construction. That when the Secretary of Agriculture approves such surveys, plans, specifications, and estimates, he shall notify the State highway department and immediately certify the fact to the Secretary of the Treasury. The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on acccount of such projects, which shall not exceed 50 per cent of the total estimated cost thereof, except that in the case of any State containing unappropriated public lands exceeeding 5 per cent of the total area of all lands in the State, the share of the United States payable under this act on account of such projects shall not exceed 50 per cent of the total estimated cost thereof plus a percentage of such estimated cost equal to one-half of the percentage which the area of the unappropriated public lands in such State bears to the total area of such State: *Provided*, That the limitation of payments not to exceed $20,000 per mile, under existing law, which the Secretary of Agriculture may make be, and the same is hereby, increased in proportion to the increased percentage of Federal aid authorized by this section: *Provided further*, That these provisions relative to the public-land States shall apply to all unobligated or unmatched funds appropriated by the Federal aid act and payment for approved projects upon which actual building construction work had not begun on the 30th day of June, 1921.

"SEC. 12. That the construction and reconstruction of the highways or parts of highways under the provisions of this act, and all contracts, plans, specifications, and estimates relating thereto, shall be undertaken by the State highway departments subject to the approval of the Secretary of Agriculture. The construction and reconstruction work and labor in each State shall be done in accordance with its laws and under the direct supervision of the State highway department, subject to the inspection and approval of the Secretary of Agriculture and in accordance with the rules and regulations pursuant to this act.

"SEC. 13. That when the Secretary of Agriculture shall find that any project approved by him has been constructed or reconstructed in compliance with said plans and specifications, he shall cause to be paid to the proper authorities of said State the amount set aside for said project.

"That the Secretary of Agriculture may, in his discretion, from time to time, make payments on such construction or reconstruction as the work progresses, but these payments, including previous payments, if any, shall not be more than the United States' pro rata of the value of the labor and materials which have been actually put into such construction or reconstruction in conformity to said plans and specifications. The Secretary of Agriculture and the State highway department of each State may jointly determine at what time and in what amounts payments as work progresses shall be made under this act.

"Such payments shall be made by the Secretary of the Treasury, on warrants drawn by the Secretary of Agriculture, to such official or officials or depository as may be designated by the State highway department and authorized under the laws of the State to receive public funds of the State.

"SEC. 14. That should any State fail to maintain any highway within its boundaries after construction or reconstruction under the provisions of this act, the Secretary of Agriculture shall then serve notice upon the State highway department of that fact, and if within 90 days after receipt of such notice said highway has not been placed in proper condition of maintenance, the Secretary of Agriculture shall proceed immediately to have such highway placed in a proper condition of maintenance and charge the cost thereof against the Federal funds allotted to such State, and shall refuse to approve any other project in such State, except as hereinafter provided.

"Upon the reimbursement by the State of the amount expended by the Federal Government for such maintenance, said amount shall be paid into the Federal highway fund for reapportionment among all the States for the construction of roads under this act, and the Secretary of Agriculture shall then approve further projects submitted by the State as in this act provided.

"Whenever it shall become necessary for the Secretary of Agriculture under the provisions of this act to place any highway in a proper condition of maintenance the Secretary of Agriculture shall contract with some responsible party or parties for doing such work: *Provided, however*, That in case he is not able to secure a satisfactory contract he may purchase, lease, hire, or otherwise obtain all necessary supplies, equipment, and labor, and may operate and maintain such motor and other equipment and facilities as in his judgment are necessary for the proper and efficient performance of his functions.

"SEC. 15. That within two years after this act takes effect the Secretary of Agriculture shall prepare, publish, and distribute a map showing the highways and forest roads that have been selected and approved as a part of the primary or interstate, and the secondary or intercounty systems, and at least annually thereafter shall publish supplementary maps showing his program and the progress made in selection, construction, and reconstruction.

"SEC. 16. That for the purpose of this act the consent of the United States is hereby given to any railroad or canal company to convey to the highway department of any State any part of its right of way or other property in that State acquired by grant from the United States.

"SEC. 17. That if the Secretary of Agriculture determines that any part of the public lands or reservations of the United States is reasonably necessary for the right of way of any highway or forest road or as a source of materials for the construction or maintenance of any such highway or forest road adjacent to such lands or reservations, the Secretary of Agriculture shall file with the Secretary of the department supervising the administration of such land or reservation a map showing the portion of such lands or reservations which it is desired to appropriate.

"If within a period of four months after such filing the said Secretary shall not have certified to the Secretary of Agriculture that the proposed appropriation of such land or material is contrary to the public interest or inconsistent with the purposes for which such land or materials have been reserved, or shall have agreed to the appropriation and transfer under conditions which he deems necessary for the adequate protection and utilization of the reserve, then such land and materials may be appropriated and transferred to the State highway department for such purposes and subject to the conditions so specified.

"If at any time the need for any such lands or materials for such purposes shall no longer exist, notice of the fact shall be given by the State highway department to the Secretary of Agriculture, and such lands or materials shall immediately revert to the control of the Secretary of the department from which they had been appropriated.

"SEC. 18. That the Secretary of Agriculture shall prescribe and promulgate all needful rules and regulations for the carrying out of the provisions of this act, including such recommendations to the Congress and the State highway departments as he may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon.

"SEC. 19. That on or before the first Monday in December of each year the Secretary of Agriculture shall make a report to Congress, which shall include a detailed statement of the work done, the status of each project undertaken, the allocation of appropriations, an itemized statement of the expenditures and receipts during the preceding fiscal year under this act, an itemized statement of the traveling and other expenses, including a list of employees, their duties, salaries, and traveling expenses, if any, and his recommendations, if any, for new legislation amending or supplementing this act. The Secretary of Agriculture shall also make such special reports as Congress may request.

"SEC. 20. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of the moneys in the Treasury not otherwise appropriated, $75,000,000 for the fiscal year ending June 30, 1922, $25,000,000 of which shall become immediately available, and $50,000,000 of which shall become available January 1, 1922.

"SEC. 21. That so much, not to exceed 2½ per cent, of all moneys hereby or hereafter appropriated for expenditure under the provisions of this act, as the Secretary of Agriculture may deem necessary for administering the provisions of this act and for carrying on necessary highway research and investigational studies independently or in cooperation with the State highway departments and other research agencies, and for publishing the results thereof, shall be deducted for such purposes, available until expended.

"Within 60 days after the close of each fiscal year the Secretary of Agriculture shall determine what part, if any, of the sums theretofore deducted for such purposes will not be needed and apportion such part, if any, for the fiscal year then current

in the same manner and on the same basis as are other amounts authorized by this act apportioned among all the States, and shall certify such apportionment to the Secretary of the Treasury and to the State highway departments.

"The Secretary of Agriculture, after making the deduction authorized by this section, shall apportion the remainder of the appropriation made for expenditure under the provision of the act for the fiscal year among the several States in the following manner: One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of each State bears to the total population of all the States, as shown by the latest available Federal census; one-third in the ratio which the mileage of rural delivery routes and star routes in each State bears to the total mileage of rural delivery and star routes in all the States at the close of the next preceding fiscal year, as shown by certificate of the Postmaster General, which he is directed to make and furnish annually to the Secretary of Agriculture: *Provided*, That no State shall receive less than one-half of 1 per cent of each year's allotment. All moneys herein or hereafter appropriated for expenditure under the provisions of this act shall be available until the close of the second succeeding fiscal year for which apportionment was made: *Provided further*, That any sums apportioned to any State under the provisions of the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, and all acts amendatory thereof and supplemental thereto, shall be available for expenditure in that State for the purpose set forth in such acts until two years after the close of the respective fiscal years for which any such sums become available, and any amount so apportioned remaining unexpended at the end of the period during which it is available for expenditure under the terms of such acts shall be reapportioned according to the provisions of the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916: *And provided further*, That any amount apportioned under the provisions of this act unexpended at the end of the period during which it is available for expenditure under the terms of this section shall be reapportioned within 60 days thereafter to all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and the State highway departments in the same way as if it were being apportioned under this act for the first time.

"SEC. 22. That within 60 days after the approval of this act the Secretary of Agriculture shall certify to the Secretary of the Treasury and to each of the State highway departments the sum he has estimated to be deducted for administering the provisions of this act and the sums which he has apportioned to each State for the fiscal year ending June 30, 1922, and on or before January 20 next preceding the commencement of each succeeding fiscal year, and shall make like certificates for each fiscal year.

"SEC. 23. That out of the moneys in the Treasury not otherwise appropriated, there is hereby appropriated for the survey, construction, reconstruction, and maintenance of forest roads and trails, the sum of $5,000,000 for the fiscal year ending June 30, 1922, available immediately and until expended, and $10,000,000 for the fiscal year ending June 30, 1923, available until expended.

"(a) Fifty per cent, but not to exceed $3,000,000 for any one fiscal year, of the appropriation made or that may hereafter be made for expenditure under the provisions of this section shall be expended under the direct supervision of the Secretary of Agriculture in the survey, construction, reconstruction, and maintenance of roads and trails of primary importance for the protection, administration, and utilization of the national forests, or when necessary, for the use and development of resources upon which communities within or adjacent to the national forests are dependent, and shall be apportioned among the several States, Alaska, and Porto Rico by the Secretary of Agriculture, according to the relative needs of the various national forests, taking into consideration the existing transportation facilities, value of timber, or other resources served, relative fire danger, and comparative difficulties of road and trail construction.

"The balance of such appropriations shall be expended by the Secretary of Agriculture in the survey, construction, reconstruction, and maintenance of forest roads of primary importance to the State, counties, or communities within, adjoining, or adjacent to the national forests, and shall be prorated and apportioned by the Secretary of Agriculture for expenditures in the several States, Alaska, and Porto Rico, according to the area and value of the land owned by the Government within the national forests therein as determined by the Secretary of Agriculture from such information, investigation, sources, and departments as the Secretary of Agriculture may deem most accurate.

"(b) Cooperation of Territories, States, and civil subdivisions thereof may be accepted but shall not be required by the Secretary of Agriculture.

"(c) The Secretary of Agriculture may enter into contracts with any Territory, State, or civil subdivision thereof for the construction, reconstruction, or maintenance of any forest road or trail or part thereof.

"(d) Construction work on forest roads or trails estimated to cost $5,000 or more per mile, exclusive of bridges, shall be advertised and let to contract.

"If such estimated cost is less than $5,000 per mile, or if after proper advertising no acceptable bid is received, or the bids are deemed excessive, the work may be done by the Secretary of Agriculture on his own account; and for such purpose the Secretary of Agriculture may purchase, lease, hire, rent, or otherwise obtain all necessary supplies, materials, tools, equipment, and facilities required to perform the work.

"The appropriation made in this section or that may hereafter be made for expenditure under the provisions of this section may be expended for the purpose herein authorized and for the payment of wages, salaries, and other expenses for help employed in connection with such work.

"SEC. 24. That in any State where the existing constitution or laws will not permit the State to provide revenues for the construction, reconstruction, or maintenance of highways, the Secretary of Agriculture shall continue to approve projects for said State until three years after the passage of this act, if he shall find that said State has complied with the provisions of this act in so far as its existing constitution and laws will permit.

"SEC. 25. That if any provision of this act, or the application thereof to any person or circumstances, shall be held invalid, the validity of the remainder of the act and of the application of such provision to other persons or circumstances shall not be affected thereby.

"SEC. 26. That all acts or parts of acts in any way inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on its passage."

And the Senate agree to the same.

J. M. ROBSION,
ROY O. WOODRUFF,
R. L. DOUGHTON,
ED. B. ALMON,
Managers on the part of the House.

CHAS. E. TOWNSEND,
THOMAS STERLING,
TASKER L. ODDIE,
KENNETH MCKELLAR,
DAVID I. WALSH,
Managers on the part of the Senate.

STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill S. 1072 submit the following written statement explaining the effect of the action agreed on. The bill as now submitted in this report for approval of the House is substantially the bill as passed the House, with some exceptions as to appropriations. The principal features of the bill which passed the House were:

1. To have the Federal aid road law administered by the Department of Agriculture under the Bureau of Public Roads instead of by a commission.

2. The initiative in locating roads to receive Federal aid shall remain in the States subject to the approval of the Department of Agriculture instead of a commission at Washington.

3. The several State highway departments, with the approval of the Department of Agriculture, shall lay out a system of roads interstate and intercounty in character and not interstate alone.

4. The funds from the several States put up to match Federal aid, from whatever source derived, shall be subject to the direct control of the highway department of the several States.

5. The several States shall maintain and keep in good repair at all times all highways constructed with Federal aid. A penalty is provided for failure to put in proper repairs after 90 days' notice from the Department of Agriculture.

6. In all States having more than 5 per cent of its area in unappropriated public lands greater participation in Federal aid is allowed in proportion to the amount of such unappropriated public lands.

7. No State shall receive less than one-half of 1 per cent of the funds available for the construction of highways.

8. Special provisions were made to take care of roads and trails within, adjacent to, and serving forest reservations and other reservations under Federal control.

9. The time given each State to match and take up the Federal aid allotted to it has been extended for a period of one year, making the time two years instead of one year.

10. Three years' time from and after the passage of this act is given to those States whose laws or constitution will not permit the State to provide revenues for the construction, reconstruction, or maintenance of highways to change their constitution or laws to meet the requirements of this act.

The foregoing are the essential features of the road bill as it passed the House and are fully incorporated in the bill as it passed the Senate and are now set forth in the conference report.

Some minor changes were made in the Senate amendment, also the appropriations, and now embraced in the conference report, and are as follows:

1. A modification of the definition of the terms "construction" and "maintenance." The term "construction" will not include the expense or work of locating, surveying, mapping, or cost of rights of way.

2. The House bill provided that the amount expended by the Secretary of Agriculture in administering the provisions of this act should not exceed 3 per cent of the amount appropriated to be expended under the provisions of this act. The Senate amendment provides for 2½ per cent, and this was agreed to by the House conferees.

3. The House bill provided that the Secretary of Agriculture should determine the type and width of roads constructed with Federal aid. The conferees agreed that all interstate roads constructed under the provisions of this act should have a wearing surface not less than 18 feet in width unless, in the opinion of the Secretary of Agriculture, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles. The Senate amendment provided for 20 feet instead of 18 feet, but with these exceptions it in effect makes the Secretary of Agriculture the judge of the width of the roads, as provided in the House bill.

4. The Senate amendment agreed to by the conferees provides that the Secretary of Agriculture shall provide an adequate system of accounting for the road department and make itemized and detailed reports of all money expended under the provision of this act to Congress annually.

5. The bill as amended by the Senate provided for an appropriation of $75,000,000 for the fiscal year ending June 30, 1922, to aid the States in the construction of highways, $25,000,000 of which should become immediately available and $50,000,000 to be available six months after the passage of this act. The bill which passed the House last February provided $100,000,000 for the present fiscal year. The Senate fixed the sum at $75,000,000 on the recommendation of the Secretary of Agriculture. As many months have elapsed since the passage of the bill in the Senate it was deemed advisable by the conferees and so agreed to that $25,000,000 shall be immediately available and the other $50,000,000 shall be available January 1, 1922. The action was deemed wise on account of the unemployment situation throughout the country and it being a favorable time to secure contracts for the construction of roads at greatly reduced cost.

6. The Senate amendment provides, and agreed to by the conferees, that there be appropriated for the survey, construction, reconstruction, and maintenance of forest roads and trails the sum of $5,000,000 for the fiscal year ending June 30, 1922, available immediately and until expended, and $10,000,000 for the fiscal year ending June 30, 1923, available until expended. This money is necessary to protect the rich timber forests of the Nation in the reservations under Federal control, and the two-year program is necessary in order that this work may be done more systematically and more cheaply to the Government.

7. Fifty per cent, but not to exceed $3,000,000 for any one fiscal year, of the appropriation made or that may hereafter be made shall be expended under the direct supervision of the Secretary of Agriculture for the construction and maintenance of roads and trails of primary importance to the national forests, and the balance of such appropriation for the survey, construction, and maintenance of forest roads of primary importance to the States, counties, or communities within, adjoining, or adjacent to the national forest.

J. M. ROBSION,
ROY O. WOODRUFF,
R. L. DOUGHTON,
ED. B. ALMON,
Managers on the part of the House.

Mr. WALSH. Mr. Speaker, I make the point of order on the conference report.

The SPEAKER. The gentleman will state his point of order.

Mr. WALSH. The conferees have exceeded their authority under the rules of the House in that, first, they have reported a provision making an appropriation of $5,000,000 for the fiscal year ending June 30, 1922, for forest roads and trails, carried in section 23, and $10,000,000 for the year ending June 30, 1923, to be available until expended.

I make the further point of order that the conferees are not authorized to agree to various appropriations made in this bill, notwithstanding the action of the House last Thursday in passing a resolution, which resolution, if the Chair will permit, is found on page 6897 of the CONGRESSIONAL RECORD, in the left-hand column, which reads:

Resolved, That the managers on the part of the House on the committee of conference on the disagreeing votes of the two Houses on the bill (S. 1072) be, and they are hereby, given specific authority, as provided by clause 2 of Rule XX, to agree to an amendment of the Senate providing for an appropriation.

Clause 2 of Rule XX reads as follows:

No amendment of the Senate to a general appropriation bill which would be in violation of the provision of clause 2 of Rule XXI, if said amendment had originated in the House, nor any amendment of the Senate providing an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

Now, Mr. Speaker, here is a bill carrying an appropriation of $75,000,000, I believe, for aiding the States in the construction of post roads and rural roads and carrying an appropriation for building roads through forests and the construction of forest roads and trails. That provision, in my opinion, is clearly beyond the scope of this measure, and, being beyond the scope of the measure, notwithstanding it is inserted in the bill by the Senate by way of an amendment, unless specific authority is given to the House to agree to that particular amendment, I submit that they are without authority under the rule, notwithstanding the resolution to agree to it. The purpose of that rule——

The SPEAKER. May the Chair ask the gentleman a question?

Mr. WALSH. Certainly.

The SPEAKER. Does the Chair understand that the gentleman contends that that amendment of the Senate would have been out of order, irrespective of our rules about appropriations, and therefore is not cured by this?

Mr. WALSH. Yes. That is my contention with reference to that particular item.

Mr. MONDELL. Well, Mr. Speaker, will the gentleman yield?

Mr. WALSH. Yes.

Mr. MONDELL. I do not quite understand the gentleman's contention or the gentleman's answer to the Speaker.

Mr. WALSH. Well, my answer to the Speaker was "yes," as to that particular item.

The SPEAKER. The Chair will be glad to hear the gentleman.

Mr. MONDELL. It is not clear in my mind. The Speaker's inquiry was, as I understand it, whether or no the action of the conferees was contrary to the rules of the House over and beyond the matter of appropriation.

Mr. WALSH. The gentleman not only did not understand my response to the Speaker, but he did not understand the Speaker's inquiry. The Speaker asked if my contention was that that portion of the Senate amendment would have been out of order, notwithstanding the resolution that was passed permitting the conferees to agree to the appropriation. I was making the contention that that particular item is beyond the scope of the committee which reported this bill.

Mr. MONDELL. Well, why?

The SPEAKER. The Chair will hear the gentleman on that point.

Mr. WALSH. Well, if the gentleman will refer to Rule XI, paragraph 54a, he will see that it creates a Committee on Roads:

To matters relating to the construction or maintenance of roads, other than appropriations therefor—to the Committee on Roads: *Provided*, That it shall not be in order for any bill providing general legislation in relation to roads to contain any provision for any specific road, nor for any bill in relation to a specific road to embrace a provision in relation to any other specific road.

Now, forest trails are not within the jurisdiction of the Committee on Roads. The national forests come within the jurisdiction of another committee, and in so far as they are embraced within the jurisdiction of another committee, an appropriation for that purpose in a general road bill is equivalent to making an appropriation for a specific road. Therefore, Mr. Speaker,

with reference to section 23 the conferees in my judgment have exceeded their authority.

With reference to the resolution passd by the House, that was an endeavor to permit the conferees to agree to an appropriation. The purpose of that rule, as it was stated here when it was offered, was to permit the House to have a separate vote on appropriations that had been inserted in measures originating in the House and which would have been out of order had they been offered by Members on the floor as amendments to the bill, inserted in the other body and coming back to this House and being sent to conference.

Mr. MONDELL. Will the gentleman inform us who made such a statement?

Mr. WALSH. I appreciate the fact that the language I employ is not as choice as that utilized by the gentleman whom I have in mind, but the general import, in much better language, was stated by the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. When?

Mr. WALSH. At the time and since the time when we adopted that rule.

Mr. MONDELL. Where?

Mr. WALSH. Not far from the vicinage which is occupied by the distinguished gentleman at the present time.

Mr. MONDELL. The gentleman from Wyoming does not recall any expression of his on the subject bearing any such interpretation.

Mr. WALSH. The gentleman, of course, is familiar with the rules?

Mr. MADDEN. And has a very convenient memory.

Mr. WALSH. And it was, I think, generally agreed and understood by Members at the time of the adoption of that rule that before conferees could agree to a Senate amendment carrying appropriations, specific authority for each appropriation must be given by the House before it could be agreed to, and we have operated under that rule, and we have had separate votes upon various appropriation amendments here in the House, and many a measure has been sent back to conference, and the conferees have agreed to them.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. WALSH. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I was wondering if the gentleman's point in regard to the conferees exceeding their authority is well taken, because of the fact that the original bill simply exceeded the authority of the committee. As I understand it, the conferees exceed their authority when they go beyond the four corners of Senate or House bills. Now, if this bill as originally brought in and considered in the House was in violation of the rules of the House at that time, and yet it was considered and went to conference, did the conferees exceed their authority because of the fact that the provision might originally have been subject to a point of order?

Mr. WALSH. Well, that is not involved in the contention I am making, if the gentleman please.

Mr. GARRETT of Tennessee. Possibly I did not understand the gentleman. I doubt if that would follow. Take, for instance, these trails which the gentleman refers to. That provision was in the bill that passed the House, or in the bill that passed the Senate, so that it came within the jurisdiction of the conferees.

Mr. WALSH. That was a part of the Senate amendment.

Mr. GARRETT of Tennessee. So that it came within the grasp of the conferees.

Mr. WALSH. It was a part of the bill that was sent to conference. It was an item in the Senate amendment. As I was saying, we have had votes upon items inserted in the coordinate branch by way of amendment, making appropriations which would not have been in order when the measure was under discussion in the House. We have had separate votes on those amendments, and the measure has then returned to conference and has been reported to the House and agreed to.

Now, the resolution passed last Thursday, I think, was to the effect that the conferees upon this road bill were given authority to agree to an amendment of the Senate carrying an appropriation.

Mr. STAFFORD. "An appropriation."

Mr. WALSH. An appropriation. Now, there are several appropriations carried in the bill. The resolution clearly, in my judgment, would not authorize the conferees to agree to each appropriation in the Senate amendment, because although the resolution says that specific authority is given to the conferees to agree to an amendment, the rule provides that there shall be a separate vote on every amendment. Now, can the conferees, under a resolution such as that, specifying its plain intent and purpose from a careful or a cursory reading of the language, agree to several amendments carrying appropriations when the resolution agreed to says they are given authority to agree to an amendment carrying an appropriation?

The SPEAKER. Is there more than one amendment?

Mr. WALSH. There is more than one appropriation.

The SPEAKER. Is there more than one amendment?

Mr. WALSH. The Senate struck out all after the enacting clause of the bill and inserted a new bill, which, of course, makes one amendment. The conferees have practically rewritten the measure.

Mr. DOWELL. Will the gentleman yield?

Mr. WALSH. Yes.

Mr. DOWELL. Is it not true that this was one appropriation referred to specifically in the rule which was adopted? It is all included in one amendment, and is covered specifically in the rule, and does not come within the general rule which provides for a vote upon each individual appropriation, because in this instance it is all included within one appropriation, although it is itemized in two or three items.

Mr. WALSH. Has the gentleman read secton 23 of the conference report?

Mr. DOWELL. Yes; I have just finished reading it.

Mr. WALSH. It says:

That out of the moneys in the Treasury not otherwise appropriated, there is hereby appropriated for the survey, construction, reconstruction, and maintenance of forest roads and trails the sum of $5,000,000 for the fiscal year ending June 30, 1922, available immediately and until expended, and $10,000,000 for the fiscal year ending June 30, 1923, available until expended.

Mr. DOWELL. Yes; but the specific rule that was adopted the other day authorized the conferees to agree to this entire amendment, and my contention is that it covers every item in this amendment.

Mr. WALSH. The gentleman stated that there was only one appropriation. There is more than one appropriation.

Mr. DOWELL. They are divided into separate items.

Mr. WALSH. Nevertheless they are separate appropriations out of the Treasury.

Mr. DOWELL. It all comes within one amendment and could have been referred to in no other manner than was referred to in the rule adopted.

Mr. WALSH. Well, Mr. Speaker, the rule provides that specific authority to agree to such amendments shall first be given by a separate vote on every such amendment. The House has not voted on this amendment. The amendment is not set forth in the resolution. They say in an indefinite way that there is an amendment of the Senate carrying an appropriation, and confers authority to agree to it. The House has not voted the appropriation. There is no specific vote on that amendment as required by the rule. There is no identification in the resolution passed last Thursday of what the amendment was, what the appropriation was, or in what respect it was in violation of the rule.

Mr. DOWELL. Will the gentleman yield for another question?

Mr. WALSH. Yes.

Mr. DOWELL. The gentleman, as I take it, contends that the rule applies specifically to a $75,000,000 appropriation.

Mr. WALSH. Nobody knows what it applies to.

Mr. DOWELL. It applies to one amendment; that is contended for by the gentleman?

Mr. WALSH. To one appropriation.

Mr. DOWELL. Assuming that it applies to $75,000,000, does the gentleman contend that the conferees, if they agree to that, when they bring in their report there must be a specific vote on the amendment that the conferees have agreed to?

Mr. WALSH. The gentleman contends what the rule says; that is, the language "by a separate vote on every such amendment."

The SPEAKER. The Chair is ready to rule. In this case there is only one amendment. Rule XX, clause 2, provides that there shall be a specific vote on each Senate amendment introducing a new appropriation. The House last week passed a special resolution providing that the managers on the part of the House "are hereby given specific authority, as provided in clause 2, Rule XX, to agree to an amendment of the Senate providing for an appropriation."

It seems to the Chair very clear that that was intended to authorize the conferees to do exactly what they have done, to agree to an amendment containing an appropriation. It is asserted that it contains more than one appropriation. But it was one amendment, and obviously the purpose of this special resolution was to prevent the application in this case of Rule XX, clause 2, and to preclude the necessity which would otherwise exist of reporting a disagreement, getting specific authority on each amendment, and then go back to conference. It was a

short cut, it seems to the Chair. The intention is perfectly clear, and it seems to the Chair that the amendment is legal and orderly, and the Chair overrules the point of order.

Mr. WALSH. Will the Chair permit a parliamentary inquiry?

The SPEAKER. Certainly.

Mr. WALSH. Is it the ruling of the Chair that if a resolution such as was passed last Thursday authorizing the conferees to agree to any amendment or amendments, the House need not vote on the particular amendment?

The SPEAKER. The Chair will meet that question when it arises.

Mr. WALSH. It has arisen here.

The SPEAKER. The Chair thinks it has not arisen.

Mr. WALSH. The House has not had a chance to vote on the Senate amendments.

Mr. MONDELL. It will when it votes the conference report up or down.

Mr. WALSH. That does not pass specifically on the Senate amendments.

The SPEAKER. The gentleman's query is whether it would be in order if there are several amendments to allow the conferees to agree to them in gross by a rule in advance. The Chair is in doubt about that and prefers not to express an opinion now. But the Chair thinks that a rule could easily be drawn which would provide for that, but the Chair is not sure that this rule would provide that.

Mr. WALSH. I am not concerned about it except for the fact that while the conferees were authorized to agree to an amendment carrying an appropriation, the conferees have written another bill. They have not agreed to the Senate amendment as they were authorized to do. They may have agreed to that part carrying an appropriation but they have put in other appropriations not in the Senate amendment.

The SPEAKER. The Chair overrules the point of order.

Mr. MONDELL. Mr. Speaker, there seems to be a considerable demand for time in the discussion of the conference report, and I ask unanimous consent that the time of the gentleman from Kentucky [Mr. ROBSION] may be extended half an hour.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the time of the gentleman from Kentucky may be extended half an hour. Is there objection?

Mr. GARRETT of Tennessee. Reserving the right to object, I think there are some gentlemen on this side of the Chamber who would like to have a little more than half an hour. There are some gentlemen on this side who are opposed to the bill. Would it be agreeable to let the gentleman from Kentucky control one hour and the gentleman from Texas [Mr. HUDSPETH] control an hour?

Mr. MONDELL. I think, Mr. Speaker, that is hardly in harmony with our general policy and action on conference reports. I think the gentleman from Kentucky will be entirely fair in the division of time. If the gentleman from Tennessee thinks an additional 30 minutes will not be sufficient, I will consider it.

Mr. GARRETT of Tennessee. Let us make it two hours.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that the time of the gentleman from Kentucky may be extended to two hours.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the time of the gentleman from Kentucky be extended to two hours instead of one hour. Is there objection?

There was no objection.

Mr. ROBSION. Mr. Speaker, we have before us now for consideration and adoption the report of the conferees on the good roads bill. The conferees of the House and Senate reached a unanimous agreement, and we are now asking our respective bodies to adopt our report. No doubt the Members of the House are familiar with the road bill that passed the House. While the Senate amended the bill in many respects, yet as a result of the conference and by agreement of the conferees we bring to you substantially the same bill that passed the House. All of the principal legislative features of the House bill are included in the conference report now up for adoption. The House passed a bill several months ago authorizing $100,000,000 for roads for the present fiscal year. The amendment offered in the Senate to our House bill provides an appropriation of $75,000,000 for the States and $5,000,000 to aid the roads and trails in the national forests. This appropriation is for the remainder of the present fiscal year. Of this $80,000,000, $30,000,000 is available upon the passage of this bill and the other $50,000,000 is available January 1, 1922.

The bill as now presented to you provides that this law shall be administered by the Department of Agriculture, through its Bureau of Public Roads, and not a commission; that the initiative in locating roads to receive Federal aid shall remain in the States, subject to the approval of the Secretary of Agriculture; that the State shall be the unit in dealing with the Federal Government in matching Federal aid; that the State shall maintain and keep in repair the roads constructed with Federal aid. This bill provides for a system of interstate and intercounty roads. If the provisions of the bill are carried out, when the system is completed it will bring a good road—a good pike road—within 2 miles of at least 85 per cent of the people of the United States; that is, 85 per cent of the people of the United States will not be more than 2 miles from a good pike road, and, of course, many of them will be on a good pike road. This will bring a good pike road to every county seat in America.

President Harding, in his message to Congress, stated that Federal aid for good roads had perhaps become the settled policy of the people of the United States, never to be abandoned, but he insisted that the Federal aid road law should be so amended or changed as to provide a connected system of highways in this country. This bill provides for a connected system of interstate and intercounty highways. The President also urged that provision in the law should be made to insure the maintenance and upkeep of these roads when once constructed. This bill provides that the State must keep these roads in good repair at all times throughout the year when once built with Federal aid. It means that when we once get a good road we will always have a good road.

This bill as embodied in the conference report has the approval of the Federal road department, the road departments of practically every State in the Union, the American Federation of Farm Bureaus, other farm organizations, and thousands of commercial bodies and automobile associations. The unemployment conference appointed by President Harding has been urging the passage of this bill. No measure before Congress has met with more hearty approval and indorsement from the American people. It will put on foot road construction and other business operations that will furnish employment to something like one-half million of men, and there will be spent for road construction, perhaps, a quarter of a billion dollars before June 30, 1922. This bill brings relief in a substantial way to those Western States having large areas of unappropriated public land. It provides five millions this year and ten millions for the next year to build roads and trails through our national forest reservations in all of the States having such reservations and in Alaska and Porto Rico. The Government owns more than 150,000,000 acres of well-timbered land. It is necessary to build these roads and trails into these vast timbered areas so that protection may be given to our national forests from fire, and so that the Federal Government can make use of its forest lands for grazing purposes and to dispose of dead timber. At this time the Government secures a revenue of $5,000,000 per year for rents of pasture land and from the sale of dead timber. With these roads and trails this revenue will be greatly increased and protection will be afforded to our great national forest reserve. The Government has been losing millions every year because of forest fires and lack of ingress and egress and regress to these forest lands.

This bill declares the road policy of the United States. Future appropriations will be expended under the provisions of this law. There should be a bill introduced and passed authorizing the Committee on Appropriations to appropriate as much as $100,000,000 per year for Federal aid for the next five or ten years, and it is my purpose to introduce such bill when the present bill becomes a law, so that we may arrange a great road-building program for the next 5 to 10 years and not have to wrangle over an appropriation each year. I think such a plan would meet the general approval of the country.

A great interstate and intercounty system of highways will go far toward settling the transportation problem and will be a great impetus to commerce. It will bring the producers and consumers of America together and be most helpful to both the producers and consumers. Money spent in building up this great system of highway will mean more for preparedness and national defense than money put into a large Army or Navy. Guns and battleships, as well as aircraft, become obsolete and out of date soon after they are constructed. A single great battleship now costs something like $30,000,000. Good roads will never go out of date. They will always be a mighty factor in time of war in mobilizing both our men and our material. At the same time they mean so much for the wealth and prosperity of the Nation in times of peace. They promote agriculture, high-class farm life, good schools, good churches, and a better citizenship.

Mr. BYRNES of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. ROBSION. Yes.

Mr. BYRNES of South Carolina. The gentleman does not mean to say that the present law does not provide for maintenance of projects upon which Federal aid has been spent?

Mr. ROBSION. It does provide; but this goes further. So far the present law has meant very little toward maintenance.

Mr. BYRNES of South Carolina. Does not the gentleman recall that the law provides that the Federal Government has the right to withhold funds until the road has been maintained in accordance with the law?

Mr. ROBSION. Yes.

Mr. BYRNES of South Carolina. Then, of course, it is a fault of administration and not of law.

Mr. ROBSION. We are going further. There are two road thoughts in the country. A great many friends of Federal aid had it in their mind that the Federal Government should only contribute to those highways that were interstate in character, transcontinental lines.

The other thought was that these roads that receive Federal aid should be interstate and intercounty in character, bringing the benefits to every county in America. The bill as finally written which comes to you for your approval provides for a system of highways that is both interstate and intercounty in character. It provides for a connected system of highways, and further provides that when a road is once built with Federal aid the State as a unit must see to it that that highway is maintained and equipped in good condition every day in the year and all of the time.

Mr. ANDREWS of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. ROBSION. Yes.

Mr. ANDREWS of Nebraska. What methods are prescribed to enforce that provision?

Mr. ROBSION. If a road once built with Federal aid gets out of repair, the Secretary of Agriculture notifies the State that the road is out of repair and must be put in order. If the State should neglect for more than 90 days to put it in repair, then the Secretary of Agriculture may let contracts on the part of the Federal Government to put the road in repair and withhold further Federal aid until the State refunded this amount.

Mr. LAYTON. Mr. Speaker, will the gentleman yield?

Mr. ROBSION. Yes.

Mr. LAYTON. And invade the State if the State does not want to continue the burden of that highway?

Mr. ROBSION. When the State accepts the Federal money to help build its highway, then the Federal Government is concerned that that money should not go to waste, and that a good highway shall be maintained.

Mr. LAYTON. I am very much in favor of good highways, but at the same time I want to understand just exactly where this thing is going to end. What I want to have kept in the mind of everyone is that the Government has no money at all. There has been very much talk about the Government going to do this and going to do that, with Government money, but everything that is paid out by the Government is taken out of the pockets of the people. It is not the Government's money at all, but the money that belongs to the people. In view of that I want to repeat my question. Suppose, for instance, in the gentleman's State or in my State for reasons that were acceptable to the people of his State or my State, they did not want to longer bear the burden of maintaining a particular highway. Does the gentleman say that the Federal Government can then invade the State and penalize the State and its citizens?

Mr. ROBSION. Of course, the gentleman is assuming that his State highway department and the Federal Government are going to build a road foolishly at a place where a road is not required. I would say that when you construct a road in a proper place there will be no time as long as this country lasts when that road ought not to be maintained and kept in order, and the investment of the State and of the Federal Government protected and cared for.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. ROBSION. Yes.

Mr. BANKHEAD. In section 5 of the conference report there is this provision:

> Before any projects are approved in any State, such State, through its State highway department, shall select or designate a system of highways not to exceed 7 per cent of the total highway mileage of such State as shown by the record of the State highway department at the time of the passage of this act.
>
> Upon this system—

I presume it is upon the system of the 7 per cent—

> upon this system all Federal-aid apportionments shall be expended.

Upon what basis did the conferees select that arbitrary 7 per cent of roads?

Mr. ROBSION. That means 7 per cent of all rural and star-route roads of each State. The truth about it is, very few of the States will lay out a system of as much as 7 per cent. Some States might think they ought to have a system of 10 per cent; some might think that there should be only a half per cent. I think the great State of Illinois has laid out a system for the improvement of highways by the use of Federal aid that perhaps is less than 1 per cent or 1½ per cent; I may be mistaken. This 7 per cent meets the requirements of all the States, and when the 7 per cent is completed more can be added.

Mr. BANKHEAD. I judge from that that the amount of 7 per cent was allowed from the experience and observation heretofore in the different States?

Mr. ROBSION. Yes.

Mr. LARSEN of Georgia. If the gentleman will permit me to make this suggestion, Is it not a fact that the hearings before the Roads Committee showed that 7 per cent could build a road system that would serve about 85 per cent of the people of the various States?

Mr. ROBSION. Yes; it is shown that if all the States would build a system of 7 per cent of its road mileage it would bring improved highways within at least 2 miles of at least 85 per cent of the people of America—that is, 85 per cent of the people of America would live not more than 2 miles from a good road, and of course most of them would live on or much nearer a good road.

Mr. GENSMAN. Will the gentleman yield?

Mr. ROBSION. I will.

Mr. GENSMAN. In the event the National Government discovers the road is not being properly prepared and taken care of, and they see that it is going down rapidly, from what fund is such road restored? Is it taken out of the next year's appropriation?

Mr. ROBSION. It is taken out of the fund allotted to that State.

Mr. GENSMAN. Regardless of whether or not they have asked that appropriation or asked that allotment?

Mr. ROBSION. Well, these funds are allotted to the State, not upon the asking of the State.

Mr. GENSMAN. I understand that.

Mr. ROBSION. Upon certain certifications made by the Secretary of Agriculture, the Secretary of the Treasury allots it to the States.

Mr. GENSMAN. And is taken out of that year or taken out of any year?

Mr. ROBSION. It is taken out of the fund available to that State, and that State can secure no more Federal aid until it pays that sum back into the Federal Treasury, and as a penalty the State loses this amount so required by the Federal Government to repair the State's road.

Mr. CANNON. Will the gentleman yield——

Mr. ROBSION. I will.

Mr. CANNON. Because I want to know. I was under the impression that the Government contributed one-half of the money and the State one-half to construct these roads in their respective States. Am I correct in that assumption?

Mr. ROBSION. The gentleman is correct, with the exception——

Mr. CANNON. Very well.

Mr. ROBSION. That certain of the Western States that have unappropriated public lands, some consideration is given to them.

Mr. CANNON. That is when the Government owns the land and they make an exception there?

Mr. ROBSION. Yes.

Mr. CANNON. Now, then, imagine the whole system completed, the Government contributing one-half and the State one-half, suppose the State sits quietly down, folds it hands, and says: "We will not provide one-half for maintenance." What then?

Mr. ROBSION. Well, I should say this in reply to that question: That there has no greater thought come to the country than the improvement of highways, and there never will be a time when the American citizenship would be willing to take a backward step and sit down as is supposed by the question of the gentleman.

Mr. CANNON. Will the gentleman allow me one other statement?

Mr. ROBSION. I will.

Mr. CANNON. Under the leadership of Clay the national road was built, if I recollect, from Cumberland out to Columbus, and it was to go to St. Louis. It was completed by the Government, but when the question of maintenance came Con-

gress refused to make the appropriation to maintain, and then gave the road by act to the States and the States gave to the counties, and instead of being an improvement upon Mother Earth for transportation, they were in the way.

Mr. ROBSION. If the distinguished gentleman from Illinois will permit, we are providing by this law that such mistakes shall not be repeated.

Mr. CANNON. How?

Mr. ROBSION. By provisions of law. In the first place, it was thought in this country that we should build a system of transcontinental lines solely with Federal money, but with an interstate and intercounty system hooked up with 85 per cent of the citizenship of America, we have secured the interest of all the people of America, and they are going to back this program and maintain this program.

Mr. CANNON. Well, the gentleman is more optimistic than I am.

Mr. SNELL. In section 23 there is a slight appropriation of $15,000,000 to take care of roads, trails, surveys, construction and reconstruction work on trails, and roads on forest improved lands. That is a direct appropriation for a specific purpose to take care of the Government land?

Mr. ROBSION. Not necessarily of public lands. They are public lands unappropriated, and they are forest lands in the forest reservations.

Mr. SNELL. Do we not make appropriations to take care of roads and trails in all the public lands specifically?

Mr. ROBSION. No.

Mr. STAFFORD. The gentleman is mistaken about that. In every current appropriation we provide——

Mr. SNELL. Do not we build all the roads on the public lands out of Federal aid, regardless of specific State aid?

Mr. ROBSION. Doubtless all that are being built; but I do not recall any being built. They are pike roads, and things like that.

Mr. SNELL. You do not take into consideration State aid in this bill?

Mr. ROBSION. I do not know as I understand your question.

Mr. SNELL. There is no individual State money put into Government hands as to individual States for forest roads and trails?

Mr. ROBSION. You mean the State revenues are not used to help build a road on public lands?

Mr. SNELL. Yes.

Mr. ROBSION. Every State in the Union, I think, does aid.

Mr. SNELL. As I understand it, if you take the money appropriated in this bill, is any of the money used to build roads on public lands?

Mr. ROBSION. That $15,000,000?

Mr. SNELL. Outside of that. That is a specific appropriation. But if the State of Colorado had allotted to it $5,000,000 outside of that and they put up $5,000,000, would that money be used to build roads on public lands?

Mr. ROBSION. Partly. They have to go through the public lands.

Mr. SNELL. I want to know definitely whether that is so or not. That is as I understand it. But you say it is so?

Mr. ROBSION. It is true; yes; and because it is true is the reason we make some exceptions.

Mr. SNELL. I can not find anything in the bill that says that.

Mr. STAFFORD. Will the gentleman point out where there is any authorization or direction for the State to use their money on public lands? Will the gentleman state any instance in the public road act where they have used any money on the public lands?

Mr. ROBSION. Many of the States have not only used State revenues to aid in the building of public roads in the States on public lands, but they have gone further, namely, through Indian reservations.

Mr. STAFFORD. They are not permitted to go onto the publice lands or onto Indian reservations and use the public lands.

Mr. ROBSION. You can not stop when you come to the public lands.

Mr. TILSON. Is there not this confusion in the mind of some gentlemen between public lands and public forests? In the case of public lands which can be taken up by homestead or are sold that is one thing; in the case of a Government forest or reservation that is another thing.

Mr. SNELL. They are all public lands.

Mr. TILSON. While the Government puts up money to build roads through forest and Government reservations, I understand if roads are built through what are known as public lands it may well be part Federal and part State, or the State may build the roads of its own accord?

Mr. SNELL. One section provides for building through public lands.

Mr. ROBSION. Subsection (b) provides:

> Cooperation of Territories, States, and civil subdivisions thereof may be accepted but shall not be required by the Secretary of Agriculture.

Mr. SNELL. May be accepted but not required?

Mr. ROBSION. Yes.

Mr. SNELL. I can not see anything in the bill that requires their building roads on public lands.

Mr. OSBORNE. For the information of the gentleman I will state that in the State of California we have expended somewhere near $50,000,000 on public roads. Many of those roads pass through public lands; they pass through forest reservations, and they pass through deserts, which are public lands. And that is the answer to the gentleman's question.

Mr. SNELL. Any of it out of this fund?

Mr. OSBORNE. Not a cent.

Mr. ROBSION. You will find that is true, as I recall now, of every western State.

Mr. OSBORNE. I think Arizona is the same way.

Mr. LAZARO. As I understand, during the hearings on this bill there were a good many people here in favor of a commission instead of a bureau to administer this law. Will the gentleman tell us what led the committee to adopt the bureau system instead of a commission? I am asking for information, because in my State they are framing a good road law, and there is quite a difference of opinion as to whether this law should be administered by a commission or a bureau.

Mr. ROBSION. Well, it was the sense of our committee that the administration of this law in the Department of Agriculture had been a success and much time had been consumed and millions of dollars expended in building up an organization, and it would not be economy now to substitute something else.

Mr. LAZARO. But if there had been no organization existing would your committee have listened to those who were heard in advocacy of the commission?

Mr. ROBSION. I was very much opposed to having a commission located here in Washington employed in locating and laying out the roads in the States. I want the initiative in locating roads to be in the States, subject to approval of the Secretary of Agriculture.

Mr. SNELL. I would like to have the gentleman explain what is meant by section 6 of the statement, as follows:

> In all States having more than 5 per cent of its area in unappropriated public lands greater participation in Federal aid is allowed in proportion to the amount of such unappropriated public lands.

Mr. ROBSION. Just briefly now. I must hurry along. For instance, in some States 10 per cent of its area is unappropriated public land. Now, apart from that the State contributes half and the Government contributes half in the construction of roads, but in a State with 10 per cent unappropriated lands that State would be permitted to use 55 cents of every dollar from Federal aid to 45 cents contributed by itself in building the Federal-aid road. That is all it means. That is, one-half of the percentage of the public land is added to the 50 per cent.

Mr. LAYTON. The idea being that the State is poorer by reason of that percentage of public lands?

Mr. ROBSION. Oh, yes; and the road must be built through the public lands, and it is owned by the Government, and it is improving Government land.

Mr. OSBORNE. And no taxes paid?

Mr. ROBSION. And no taxes paid.

Now, the time is running. Let me make a connected statement. Congress has heard quite a good deal about the money not being expended and so on. I wish to say that there now remains only $68,500,000, or something like that, of the nearly $300,000,000 appropriated that has not been put under final contract, and this is due to some seven or eight States, and those States are Alabama, California, Indiana, Missouri, New York, Ohio, Texas, and Nevada. The reason why Alabama has not used her fund is because of troubles in her constitution, which they are ironing out and getting into shape, and so on. Of this $68,500,000 alone now that is available about half is absorbed by these eight States. There are something like 13 States that have consumed all of their funds, and their road work is now stopped. The Federal projects are now held up because of lack of funds. There only remains about $14,911,000 that has not been taken up by contracts or for which advertisements have not been made for contracts.

Mr. REED of New York. What is the reason why New York State has not used up its funds?

Mr. ROBSION. Perhaps the gentleman from New York knows more about that than I. But I understand they have

been delaying for new construction rather than use their money for reconstruction.

Now, the bill as passed the House provided that not more than 3 per cent should be used for the administration of this fund. We felt that it could be cut down to 2½ per cent, and it has been fixed at 2½ per cent.

Mr. LAYTON. Mr. Speaker, will the gentleman yield?

Mr. ROBSION. Yes.

Mr. LAYTON. In case a State had practically completed its interstate highways before it received any benefit from the Federal Government, is there any provision to be made for a rebate or anything of that kind to those States?

Mr. ROBSION. Each State will get its share, and the gentleman's State is favored above many of the other States.

Mr. LAYTON. Oh, no; it is not favored. Our State is the second smallest State in the Union, and yet we pay more money into the Federal Treasury than nine of the States south of Mason and Dixon's line together, and more than nine of the States north of Mason and Dixon's line together.

Mr. ROBSION. It is very fine for the gentleman to feel that way about it, but he is in error.

Mr. LAYTON. Is not that the case? What is the basis?

Mr. ROBSION. It is also based on your population and your road mileage, which were the things of which you boasted. But your State is allowed one-half of 1 per cent.

Mr. Speaker, I reserve the balance of my time.

Mr. TAYLOR of Tennessee. Is there any change from the Senate plan? The States are required to put up the same percentage?

Mr. ROBSION. Yes. The States must put up the same fifty-fifty.

Mr. HUDSPETH. Mr. Speaker, how much time does the gentleman wish to yield? Several on this side desire a little time.

Mr. MONDELL. The gentleman is not authorized to yield time to be parceled out.

Mr. HUDSPETH. That was what I was trying to ascertain.

Mr. ROBSION. I yield 10 minutes to the gentleman from Texas [Mr. HUDSPETH].

Mr. HUDSPETH. I understand, then, that that is just for myself, that I have no right to yield a portion of my time?

Mr. ROBSION. The gentleman can yield a portion of that time.

Mr. HUDSPETH. How much time does the gentleman yield?

Mr. ROBSION. Fifteen minutes. We are going to try to divide it equitably.

Mr. HUDSPETH. Mr. Speaker, I yield five minutes to my colleague from Texas [Mr. BLACK].

The SPEAKER pro tempore (Mr. MCARTHUR). The gentleman from Texas is recognized for five minutes.

Mr. BLACK. Mr. Speaker, I do not oppose an appropriation at this time for the purpose of providing funds to be used by the Federal Government to aid the States in the building of public highways, but there are some provisions in this bill which bring about such a fundamental change in the existing law, and especially with reference to the present method of building highways in the State which I have the honor to represent in part, that I do not feel that I can support this conference report, and I expect to vote against it. The acceptance of some of the provisions contained in this conference report is entirely too high a price to pay for the appropriation which the bill carries. What are some of these objectionable features? In section 7, on page 21, it is provided that "before any project shall be approved by the Secretary of Agriculture for any State such State shall make provisions for State funds required each year of such States by this act for construction, reconstruction, and maintenance of all Federal-aid highways within the State, which funds shall be under direct control of the State highway department."

I want to call the House's particular attention to the last sentence of the section which I have just read. It is an entirely new requirement from that of existing law. The bill also, in defining what are State funds, on pages 16 and 17 of the bill, defines such funds to be those "funds raised under the authority of the State or any political or other subdivision thereof." That definition in itself would be broad enough to cover the situation in our State so far as the raising of the necessary funds for road building is concerned and would be all right if it were not for the additional language that is added at the end of the paragraph, which says that these funds shall be "made available for expenditure under the direct control of the State highway department." In our State the State as a political unit does not have the authority to issue bonds to construct or maintain public roads. That authority is vested in the counties and the subdivisions of counties. The system has worked admirably and I know of no considerable sentiment among our people to change it—and I may say that very few States, in recent years at least, have led Texas in the construction of permanent highways. As the best evidence of that fact let me read from a statement recently made by the Bureau of Public Roads of the United States Department of Agriculture, and which was published in the Texas Highway Bulletin for the month of October, 1921. The statement is as follows:

TEXAS LEADS IN ROAD WORK.

At the close of the fifth fiscal year since the passage of the Federal aid road act, which was signed by the President July 11, 1916, the States and Federal Government had completed 7,469 miles of road and 17,977 miles additional were under construction and half completed.

Texas ranked first in the number of miles completed with 682.92 miles out of 7,469, the total for all States. The total estimated cost of the 682.92 miles was $5,812,851.01, of which $2,446,065.81 was Federal aid. Texas also comes to the front with 1,631.97 miles under construction, leading Iowa, second to Texas, by almost 500 miles. The total estimated cost of the 1,631.97 miles under construction is $23,405,280.13, of which $8,947.19 is Federal aid, being over $2,000,000 more than her closest second. Illinois leads all States in the amount of Federal aid on projects completed and under construction with $11,807,906. Texas is a close second with $11,393,425.

The highway department, working in cooperation with the counties and the Federal Government, has made great strides in road work within the last year. Many miles of roads have been completed and many more will be completed within the next year. The hearty cooperation given the department by the county officials has been largely responsible for the wonderful progress made in good roads development in this State.

Now, this bill would change the existing law, under which these highly desirable results have been obtained, and would make it necessary for a county which had voted bonds to aid in the construction of a Federal-aid project to turn over the proceeds of such bond issue to be expended under the direct control of the State highway commission.

The words "direct control" constitute a very broad term, and it occurs to me that it would be better to leave the method prescribed in section 3 of the existing law unamended. From information which I have gathered both from observation and reading of highway construction in Texas I am led to believe that the method of existing law would be much preferable to the change which is proposed in this conference report. Our present national highway law takes care of States situated like Texas in the following language, contained as a proviso to section 3 of the act of July 11, 1916:

Provided, That in States where the constitution prohibits the State from engaging in any work of internal improvements, then the amount of the appropriations under this act apportioned to any such State shall be turned over to the highway department of the State or to the governor of said State to be expended under the provisions of this act and under the rules and regulations of the Department of Agriculture, when any number of counties in any such State shall appropriate or provide the proportion or share needed to be raised in order to entitle such State to its part of the appropriation apportioned under this act.

I have just cited figures to show that under the method provided by the above law, Texas is leading all States in the Union in good road building. Why change it?

Under our present law when Dallas County, for example—one of the large counties of our State, where there has been a great deal of road building—votes a $1,000,000 or $2,000,000 bond issue, it elects commissioners to control and direct the expenditure of the money unless it indeed has already provided road commissioners who are holding office. These officials have the direction and control of this fund, both as to general road building and Federal-aid projects, subject, of course, in the latter case, to a measure of supervision and control by the State highway commission and Federal officials.

The SPEAKER pro tempore (Mr. MCARTHUR). The time of the gentleman has expired.

Mr. HUDSPETH. I yield to my colleague two minutes more.

Mr. BLACK. While it is true that the State highway commission and the Federal Government do exercise a certain degree of supervision and control under the present law on Federal-aid projects—and I think wisely so—still the real control of these expenditures, the directing authority is the county officials, and I certainly would not want to go too far in taking power out of the hands of these local authorities and vesting it in the State highway commissions.

Mr. MOORE of Virginia. May I ask my friend a question?

Mr. BLACK. Certainly.

Mr. MOORE of Virginia. In legal effect, however, inasmuch as the county is a subdivision of the State, would not the control be exercised by the State? Would not that be a fair construction to place upon the existing laws of the gentleman's State, as he has indicated what they are?

Mr. BLACK. No; I think not. These commissioners are elected by the people of the county. They enter into a bond, the covenant being, of course, the correct and honest expenditure of this money. And, while I realize it is perfectly proper

for the Federal Government and the State highway commissions to have some "say so" in the expenditure of money on these Federal-aid projects, I am not willing to go so far as to embrace the doctrine of "direct control."

Mr. JONES of Texas. Would the county officials have the authority to turn over this money raised by a county bond issue, to be expended under the "direct control" of the State highway commission?

Mr. BLACK. My colleague makes an interesting suggestion, which has also bothered my mind somewhat and which I confess I have not had the time to investigate. My colleague makes the suggestion that these county commissioners, who are responsible for the expenditure of this fund, would not have the authority to turn it over to the direct control of the State highway commission. I think there is a great deal of force in that suggestion. It is another reason which points out that in the enactment of a national highway law we should use general terms, such as was used in the old law. When we go into the practice of writing so many details in the law, such as is done in this conference report, we are sure to get in provisions which conflict with some of the laws or constitutions of certain of the States. Then in case of such conflict the State is either forced to amend its constitution or laws, as the case may be, or else lose the benefits of Federal aid. It is for the very reason that this bill goes entirely too much into the realm of such detail, and is certain to conflict with the laws and constitutions of some of the States that I am opposed to it and shall vote against this conference report.

Mr. HUDSPETH. I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Speaker, I confess that it is with a great deal of reluctance that I take the position that I shall oppose the conference report and insist that this bill be sent back for further conference.

The statement has been sent from Washington to one of the large papers in my State recently that the objections of the Arkansas delegation to this bill had been removed. I did not authorize that statement. I do not know who authorized it, and as far as I am concerned I repudiate it. The report contains all the vicious provisions that were contained in the proposals to which we objected once before. I refer to the last paragraph of section 2, which says:

> The term "State funds" includes for the purposes of this act funds raised under the authority of the State, or any political or other subdivision thereof, and made available for expenditure under the direct control of the State highway department.

Also section 6—

> That in approving projects to receive Federal aid under the provisions of this act the Secretary of Agriculture shall give preference to such projects as will expedite the completion of an adequate and connected system of highways, interstate in character.
>
> Before any projects are approved in any State, such State, through its State highway department, shall select or designate a system of highways not to exceed 7 per cent of the total highway mileage of such State as shown by the records of the State highway department at the time of the passage of this act.
>
> Upon this system all Federal-aid apportionments shall be expended.
>
> Highways which may receive Federal aid shall be divided into two classes, one of which shall be known as primary or interstate highways, and shall not exceed three-sevenths of the total mileage which may receive Federal aid, and the other which shall connect or correlate therewith and be known as secondary or intercounty highways, and shall consist of the remainder of the mileage which may receive Federal aid.
>
> The Secretary of Agriculture shall have authority to approve in whole or in part the systems as designated or to require modifications or revisions thereof: *Provided*, That the States shall submit to the Secretary of Agriculture for his approval any proposed revisions of the designated systems of highways above provided for.
>
> Not more than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways until provision has been made for the improvement of the entire system of such highways: *Provided*, That with the approval of any State highway department the Secretary of Agriculture may approve the expenditure of more than 60 per cent of the Federal aid apportioned to such State upon the primary or interstate highways in such State.
>
> The Secretary of Agriculture may approve projects submitted by the State highway departments prior to the selection, designation, and approval of the system of Federal-aid highways herein provided for if he may reasonably anticipate that such projects will become a part of such system.
>
> Whenever provision has been made by any State for the completion and maintenance of a system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to add to the mileage of primary or interstate and secondary or intercounty systems as funds become available for the construction and maintenance of such additional mileage.

Then section 7—

> That before any project shall be approved by the Secretary of Agriculture for any State such State shall make provisions for State funds required each year of such States by this act for construction, reconstruction, and maintenance of all Federal-aid highways within the State, which funds shall be under the direct control of the State highway department.

I further cite section 24—

> SEC. 24. That in any State where the existing constitution or laws will not permit the State to provide revenues for the construction, reconstruction, or maintenance of highways, the Secretary of Agriculture shall continue to approve projects for said State until three years after the passage of this act, if he shall find that said State has complied with the provisions of this act in so far as its existing constitution and laws will permit.

Mr. Speaker, my State is in even a more difficult situation than the State of Texas, which has just been referred to. Under the constitution of the State of Arkansas neither a city nor a county can issue bonds. They can not issue bonds for these public improvements, but we have what is called the betterment system. In other words, under our constitution we are compelled to form the landowners into an improvement district, and they become a legal entity. They elect their commissioners, and that district is created by the consent of a majority in value of the property holders. They ascertain and assess the benefits that come to the land through which a highway passes, in the way of betterments and improvements, and it is from that source that they get the funds. Now, under the constitution of my State these commissioners could not delegate either to the county or to the State highway department the control of their funds, or any direction of their affairs, because they are the legal directors and are the trustees of that fund for the stockholders, the taxpayers in that road district.

So far as giving us three years to amend the constitution, if my State were so unwise as to submit to the electors of that State a constitutional amendment proposing to take the control of those funds out of the hands of the commissioners representing the people who are taxed and place that control in the hands of a political bureau, regardless of who might head it, I would oppose it, because it would be contrary to every theory upon which our Government is founded.

Can you not give Federal aid to the roads without taking away from the taxpayers the right to control their own affairs? You can fix the standard of the roads if you want to. You can fix the plans if you want to. You may say that unless they spend the money along certain lines you will withhold aid. But why should the Federal Government say to the people of these communities that they must surrender the control of their tax money? In that outlying territory where Federal aid is needed there are some poor farmers, there are undeveloped lands of low market value. Why should you take away from those people the right to control the expenditure of their own tax money? You can Federalize the plans if you want to. You can standardize improvements if you want to, but still you should leave the direction of business affairs and the expenditure of their funds within their own control. I will not vote for any bill that seeks to coerce the State into consenting to anything of that kind. Under the proposal embodied in this report you will have local and State aid to the Federal Government instead of Federal aid to the States and communities. In addition, it forces the taxpayer to surrender the control of his own funds.

The SPEAKER pro tempore. The time of the gentleman has expired. The gentleman from Texas [Mr. HUDSPETH] has three minutes remaining.

Mr. HUDSPETH. I yield to the gentleman from Mississippi [Mr. HUMPHREYS].

Mr. HUMPHREYS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. The gentleman from Mississippi asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. HUDSPETH. Mr. Speaker and gentlemen of the House, there is no question under section 7 of this conference report all highway building in Texas would cease. I want to say to the gentleman from Kentucky, who stated that the reason for this measure was because the Federal Government was having trouble with the subdivisions of the States, that that has not been the condition in the State that I in part represent. I believe to-day Texas stands third in road development. I want to show you what the trouble is, and I expect it pertains to a number of other States. Under our law and constitution the county is the unit. The county votes the bond issue. Heretofore the Federal Government has been contracting with the county, and it has been harmonious, it has been satisfactory in Texas. As I have said, Texas stands third in road development under the act of 1916. But under this section 7 you place the road funds in the hands of the highway commissioners. Not a dollar of county money under the bond issue could be used under this bill. Why? Because there is no authority under the constitution of Texas or State statute for placing county funds in the hands of a highway commissioner, and if you

attempted to do it any taxpayer would have the right to enjoin the payment of the taxes under said bond issue. For that reason, in Texas, and probably in Arkansas and a number of other States that have a similar constitution, not one dollar can be matched from the State funds by the issue of county bonds. That is where we get the chief source of funds for roads. I will tell you what the trouble is. You want to centralize everything in the Federal Government and take it away from the counties. There was no need of this measure except to make the appropriation of $75,000,000. That is all that ought to have been embraced in this measure. But in view of the fact that some of the Western States were not getting what they thought they ought to have under the present law for building roads in the forest reserves, they have gone thus far.

I am strongly for the building of public highways, and helped to create the State highway commission of my State; but, sirs, I will never sanction a move to deny the citizens and the local authorities in a county in my State the right to say where a local highway in that county should be located. Onward, onward we march to centralize everything that has formerly been done by the local people in the Federal Government. If this Federal centralization continues, only a few years and States will be reduced to mere provinces and county lines wiped out altogether. With section 7 eliminated and the rights of the counties restored, I would cheerfully support the bill.

Mr. ROBSION. Mr. Speaker, I yield five minutes more to the gentleman from Texas [Mr. HUDSPETH].

Mr. HUDSPETH. Mr. Speaker, I yield five minutes to the gentleman from South Carolina [Mr. BYRNES].

Mr. BYRNES of South Carolina. Mr. Speaker, I am going to vote for the conference report, but I want to reiterate the opinion expressed by the gentleman from Texas, that there was absolutely no necessity for any legislation other than an appropriation. The gentleman from Kentucky in his statement said that it was necessary to legislate in order to provide for maintenance. Inasmuch as such statements have been made on more than one occasion, I want to set the record straight. I was a member of the Road Committee at the time the original legislation was passed, and therefore I heard with some surprise the statement made by the President when he addressed the Congress at the opening session urging that legislation be enacted to provide for maintenance. The President said:

> I know of nothing more shocking than the millions of public funds wasted in improved highways, wasted because there is no policy of maintenance. The neglect is not universal, but it is very near it. There is nothing the Congress can do more effectively to end this shocking waste than condition all Federal aid on provisions for maintenance. [Applause.] Highways, no matter how generous the outlay for construction, can not be maintained without patrol and constant repair. Such conditions insisted upon in the grant of Federal aid will safeguard the public which pays and guard the Federal Government against political abuses which tend to defeat the very purposes for which we authorize Federal expenditure.

The gentleman from Kentucky says that in order to comply with that request of the President that this act provides that the roads be maintained, otherwise the State will be penalized. Both the gentleman from Kentucky and the President seem to overlook the provision of the existing law, because the law as it stands to-day is in my opinion—and when I read it to you will be in your opinion—stronger and saner than the language in this bill. The existing law reads as follows:

> SEC. 7. To maintain the roads constructed under the provisions of this act shall be the duty of the States, or their civil subdivisions, according to the laws of the several States. If at any time the Secretary of Agriculture shall find that any road in any State constructed under the provisions of this act is not being properly maintained, he shall give notice of such fact to the highway department of such State, and if within four months from the receipt of said notice said road has not been put in a proper condition of maintenance, then the Secretary of Agriculture shall thereafter refuse to approve any project for road construction in said State, or the civil subdivisions thereof, as the fact may be, whose duty it is to maintain said road, until it has been put in a condition of proper maintenance.

So the law to-day provides that if any State shall not maintain the roads upon which Federal funds have been used, immediately all appropriations are suspended and none can be made until the State shall put the roads in proper shape. By this bill we are going to change that law and provide that if a State shall fail to maintain a road the Secretary of Agriculture shall go into the State and repair the road. How is he going to arrange in the State of Nevada to repair and patch the road not being maintained? Through what organization will he do the work?

How much more effective is the existing law, which says to the State of Maine or to the State of South Carolina, "If you fail to maintain a road upon which we have given Federal aid, every dollar of your Federal funds will be cut off and until the road is repaired no project will be approved." Why not have let that law stand? Why say as a reason for this legislation that it is necessary to provide for maintenance when the law as it stands is stronger and certainly is saner than that proposed? Every gentleman knows that the Secretary of Agriculture has no means, no instrumentality, no agency by which he can provide for the repair of a road in Minnesota, in Texas, in South Carolina, or in Maine. If he attempts to send a man out there, what expense will be incurred? Why not let the law stand as it is, demanding that the State repair its own roads or else forfeit all claim to Federal aid for all time. I want to set the record straight as to the provisions of the existing law.

The SPEAKER pro tempore. The time of the gentleman from South Carolina has expired.

Mr. ROBSION. Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, the bill as now reported contains all of the essential features and provisions of the bill as it passed the House.

First. The Federal aid road law is to be administered by the Department of Agriculture under the Bureau of Public Roads.

Second. The location of the roads to receive Federal aid shall be made by the State highway commission, to be approved by the Secretary of Agriculture.

Third. The various State highway commissions, with the approval of the Secretary of Agriculture, shall lay out a system of roads, interstate and intercounty in character, which shall be known as primary and secondary roads.

Fourth. The various States shall maintain and keep in good repair the roads receiving Federal aid, and provision is made in this bill by which the Secretary of Agriculture can enforce the maintenance of these roads. This section of the bill provides:

> That should any State fail to maintain any highway within its boundaries after construction or reconstruction under the provisions of this act, the Secretary of Agriculture shall then serve notice upon the State highway department of that fact, and if within 90 days after receipt of such notice said highway has not been placed in proper condition of maintenance, the Secretary of Agriculture shall proceed immediately to have such highway placed in a proper condition of maintenance and charge the cost thereof against the Federal funds allotted to such State and shall refuse to approve any other project in such State except as hereinafter provided. Upon the reimbursement by the State of the amount expended by the Federal Government for such maintenance, said amount shall be paid in the Federal highway fund for reapportionment among all the States for the construction of roads under this act, and the Secretary of Agriculture shall then approve further projects submitted by the State as in this act provided.

President Harding, in his message to Congress at the opening of the present session, strongly urged a maintenance provision in the law providing for Federal aid for good roads.

Under the provisions of this bill highways which may receive Federal aid are divided into two classes—primary or interstate highways—which shall not exceed three-sevenths of the total mileage which may receive Federal aid, and secondary or intercounty roads, which shall receive the remainder of the Federal aid.

The real controversy in road legislation has been between the advocates of a system providing for a Federal highway commission in Washington, this commission to determine the roads to receive Federal aid in each State, and Federal aid only to be granted to primary or interstate roads, and, on the other hand, the advocates of the system provided in this bill, that the Federal road law be administered by the Department of Agriculture under the Bureau of Public Roads, and the initiative in locating the roads to receive Federal aid to remain in the various State highway commissions.

The system provided in this bill is indorsed not only by the State highway commission in the various States but is also indorsed by the farm bureaus, who have vigorously stood for and insisted upon a system of "farm-to-market" roads.

Mr. MOORE of Virginia. Mr. Speaker, will the gentleman yield?

Mr. DOWELL. Yes.

Mr. MOORE of Virginia. Mr. Speaker, have we not reason to believe from what occurred in the hearings on this bill and otherwise, that this maintenance provision incorporated in the bill is considered by the State authorities one of great importance and one which they approved?

Mr. DOWELL. It is one which is approved by all of the State highway commissions, or nearly all, as one of the essential things necessary in good-roads legislation.

Mr. MOORE of Virginia. Mr. Speaker, will the gentleman yield again?

Mr. DOWELL. Yes.

Mr. MOORE of Virginia. In a very great many of the States are not the funds derived from the license taxes on automobiles sufficient to enable the States to match the Federal-aid appropriations?

Mr. DOWELL. Yes.

Mr. MOORE of Virginia. And is it not true that there should be enough of that money in every State to enable that State—that fund being under the control of the State—to match the Federal appropriation?

Mr. DOWELL. There should be.

Mr. SNELL. Does the gentleman remember how many miles have already been constructed throughout the United States with Federal aid?

Mr. DOWELL. This is in the record.

Mr. SNELL. How much of the money of the previous appropriations still remains unexpended?

Mr. ROBSION. I stated that.

Mr. SNELL. Does the gentleman remember how much remains?

Mr. ROBSION. Sixty-eight million dollars.

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. DOWELL. Mr. Speaker, I ask unanimous consent to extend and revise my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ROBSION. Mr. Speaker, at this time I desire to prefer a request for unanimous consent that all Members of the House have five legislative days in which to extend their remarks in the RECORD on this report.

The SPEAKER pro tempore. The gentleman from Kentucky asks unanimous consent that all Members of the House have five legislative days in which to extend their remarks upon this bill. Is there objection?

There was no objection.

Mr. ROBSION. Mr. Speaker, I yield six minutes to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. Mr. Speaker, this bill, making appropriations of nearly a hundred million dollars, was passed through the House with a debate of 40 minutes—20 minutes for the bill and 20 minutes against. It was passed under a suspension of the rules, which, of course, as you all know, prohibits the offering of an amendment. Regardless of the position any Member might take on the bill as a whole or in any of its particular features, he was face to face with the proposition of voting for something he did not like, even though it might be a matter of principle, or else voting against the whole thing in its entirety. It was then sent over to the Senate. The Senate struck out everything after the enacting clause and wrote a new bill. It was then referred to the conference committee of the Senate and House, which took the Senate bill and the House bill and practically wrote another new bill. Then it is brought back to the House with no opportunity of offering an amendment, making any corrections, perfecting it from any angle, and it is put up to each individual member to swallow it whole or vote against it. In view of the wholly obnoxious provisions in some parts of this bill, I find myself compelled to vote against the entire measure.

There is more at stake than the mere apportionment of $100,000,000; there is a vital principle of government at stake. Said principle is the federalization of all activities of the American people, thereby depriving States not only of deciding what they want in the way of roads but of the responsibility as well of providing their own methods of transportation.

This bill specifically takes from the States the right to decide where her highways shall be, of what kind of material they shall be built, how wide they shall be, and whether or not they shall build them. The State has no say as to whether or not it shall be taxed for Federal roads. This is due to the fact that this Congress by appropriating $100,000,000 or any sum thereby levies a tax against all taxable property in my State. The principle on which taxation was founded in the United States was on the consent of those taxed. In my State before a road is paved it is put up to the people in the shape of a bond issue to either approve or reject, and that is rightly so, particularly when such assessments are made against farm property as are made against it by the building of brick or macadam highways, but in this bill we say to the people in Ohio, as in every other State, we will collect this money by taxation and it is up to you whether you use it or not. If you use it, you must tax yourself an equal amount in addition and then we will let you have it, but if you do not use it we will spend it in some other State. Such a tendency of legislation has been one of the reasons why to-day the people in the United States are almost bent double with the burden of taxation.

In my judgment it only requires that the American people come to a full realization that the money received from Federal appropriations for road purposes cost two dollars for every one received in the greatest taxpaying districts to have them arise in their wrath and insist that it stop. If there is any question as to the surrender of the States' right to decide on the type of a highway built, read section 8, which says:

> The Secretary of Agriculture shall approve the types and width of construction and reconstruction and the character of improvement, repair, and maintenance in each case, consideration being given to the type and character which shall be best suited for each locality and to the probable character and extent of future traffic.

Also read section 11 of the bill, which says:

> SEC. 11. That any State having complied with the provisions of this act, and desiring to avail itself of the benefits thereof, shall by its State highway department submit to the Secretary of Agriculture project statements setting forth proposed construction or reconstruction of any primary or interstate, or secondary or intercounty highway therein. If the Secretary of Agriculture approve the project, the State highway department shall furnish to him such surveys, plans, specifications, and estimates therefor as he may require; items included for engineering, inspection, and unforeseen contingencies shall not exceed 10 per cent of the total estimated cost of its construction. That when the Secretary of Agriculture approves such surveys, plans, specifications, and estimates, he shall notify the State highway department and immediately certify the fact to the Secretary of the Treasury.

Now, the query that I should like to put is this: How will the Secretary of Agriculture ascertain whether the people in the thirteenth Ohio district need brick, concrete, asphalt, or plain pike? How is he going to ascertain what they want? How will he ascertain that they get what he stipulates? Oh, you will say, "He will send a Federal supervisor"——

Mr. LARSEN of Georgia. Will the gentleman yield?

Mr. BEGG. I can not yield in just six minutes. If the gentleman will give me more time I will yield.

Mr. LARSEN of Georgia. I know the gentleman does not want to make a misstatement.

Mr. BEGG. I can not yield to the gentleman.

Mr. ROBSION. I will yield the gentleman one more minute.

Mr. BEGG. One minute is a long time.

The SPEAKER pro tempore. Does the gentleman yield?

Mr. BEGG. I will yield if you give me more time.

Mr. ROBSION. I understand the gentleman said that 10 per cent is allowed for supervision. This bill provides for supervision together with the investigation work the department can not exceed 2½ per cent.

Mr. BEGG. All right 2½ per cent will build 500 miles of macadam road with an asphalt top, 2½ per cent of the money raised for Federal highways in the past out of the States that pay taxes, and every State in the Union must maintain its supervising force, and the Federal Government must maintain its own supervising force. How is the Federal supervisor going to get to Montana, Illinois, Ohio, and back without paying railroad fare? The Eastern and Central States, the States that are the older States, have already paved their highways, have already backed their roads, and undoubtedly they will continue to pay taxes to pave their roads——

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. BEGG. I can not yield now. To get back to the Secretary of Agriculture, you will say, "He will send a Federal supervisor out there, or a Federal engineer or inspector, to see that the people in the thirteenth district of Ohio are not robbed." At the same time the State highway department will have its inspector and its engineer on the job seeing that the people will not be robbed. This bill can not function without a duplication of the overhead cost of road building; in fact, the National Government can not perform any service for the State without its costing the State from two to three times as much as the same service could be performed for by the State itself. Look at the mileage alone which has to be paid for the Federal inspectors to travel throughout the United States inspecting the highways, and for the Federal engineers to travel the same route to lay out the proposition, and for the original investigators who are to ascertain the need for the highway.

That item alone if put into highway construction would build a thousand miles of brick pavement in the United States if it were done under State supervision.

The bill also provides in section 18 that the Secretary of Agriculture shall make the rules governing the road building in Ohio. Another query: Is the Secretary of Agriculture in a better position to decide the kind and type of road needed for the farmers in Green Springs Township, Sandusky County, Ohio, than the local farmers themselves? This will surrender every vestige of control ever held by the county and State officers to the National Secretary of Agriculture. And who is the Secretary of Agriculture? He is a political appointee of whomsoever happens to be President of the United States. He may not know any more about road building than I know about watchmaking. Yet he is given absolute control over the construction of the highways in every county and township in the United States.

The more centralization of authority in Washington the more tyrannical the Government and the more expensive. With those people who believe in the centralization of all authority in the Federal Government I have no quarrel, but I firmly believe that this country, having started out on the basic principles that it did and having made the progress we have made from the crude method of living to the present state, from the stage coach in travel to the automobile, Pullman car, and the airplane, and from the blacksmith shop and the spinning wheel as instruments of production to our great giant factories—in fact, nearly all the progress made by the human family since the dawn of history having been accomplished through the placing of responsibility on the individual units of Government, the States, and they in turn on the citizenship, I am loath to depart therefrom to the paternalistic idea which says let the Federal Government at Washington collect the funds and then do for the people that which they should do for themselves.

Another serious objection to my mind in this bill is the method of distributing funds. Section 21 describes that, which says:

The Secretary of Agriculture, after making the deduction authorized by this section, shall apportion the remainder of the appropriation made for expenditure under the provision of the act for the fiscal year among the several States in the following manner: One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of each State bears to the total population of all the States, as shown by the latest available Federal census; one-third in the ratio which the mileage of rural delivery routes and star routes in each State bears to the total mileage of rural delivery and star routes in all the States at the close of the next preceding fiscal year, as shown by certificate of the Postmaster General, which he is directed to make and furnish annually to the Secretary of Agriculture: *Provided*, That no State shall receive less than one-half of 1 per cent of each year's allotment. All moneys herein or hereafter appropriated for expenditure under the provisions of this act shall be available until the close of the second succeeding fiscal year for which apportionment was made: *Provided further*, That any sums apportioned to any State under the provisions of the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, and all acts amendatory thereof and supplemental thereto, shall be available for expenditure in that State for the purpose set forth in such acts until two years after the close of the respective fiscal years for which any such sums become available, and any amount so apportioned remaining unexpended at the end of the period during which it is available for expenditure under the terms of such acts shall be reapportioned according to the provisions of the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916: *And provided further*, That any amount apportioned under the provisions of this act unexpended at the end of the period during which it is available for expenditure under the terms of this section shall be reapportioned within 60 days thereafter to all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and the State highway departments in the same way as if it were being apportioned under this act for the first time.

Now, Mr. Speaker, part of the section providing for the apportionment of the fund distributes two-thirds on area. There are millions of acres of land in certain sections of the United States unproductive, without any appreciable value, and up to date no necessity for developing same for production purposes. Were it a fact that the population was crowded and we needed farming communities there might be some argument for putting a paved highway through the public lands in the West and Northwest, but when one considers that according to the agricultural report of the last year there are approximately 10,000 empty farm homes in the State of Michigan alone and five or six thousand in Ohio, and other States in proportion, it does not look as if the fertility of the soil had already been utilized in the already developed part of the country, and until such time as the population needs new productive territory I believe it an economic fallacy and mistake to burden with taxation your already productive territory to such a degree as to handicap its further development in order to pave roads in unused and out of the way territory.

One argument that I can conceive of for having transcontinental highways is for the man who wants to tour the United States in his auto, from State to State and from coast to coast, but I believe it to be of more economic value to pike the road from the farmer's home to his market place so that all times of the year he can market his produce in the most advantageous manner. I believe the people would prefer to have 4 or 5 miles of pike to keep them out of the mud rather than to have 1 mile of brick so that they might tour from New York to San Francisco.

Some interesting statistics can be gleaned from the Treasury report for the fiscal year ending June 30, 1920. If you will examine pages 13 and 14 you will discover who pays the taxes and by an examination of the road distribution you will find where the taxes have gone. Nine States—Arizona, Idaho, Mississippi, Montana, Nevada, New Mexico, North Dakota, South Dakota, and Wyoming—paid a total of $46,000,000 into the United States Treasury. These are round figures. They were allowed in the good roads fund alone according to the report No. 1268, House of Representatives, Sixty-sixth Congress, third session, $38,000,000 or within $8,000,000 of the total revenue paid in by those States during that year.

Now, if taxes were not burdensome, and if the whole country were not crying out for relief from taxation, and rightly so, and if business were not being stifled because of unreasonable taxes, and if the laboring man were not being compelled to accept a lower wage because the Government needs so much money, I would not be averse to paving the roads in these nine States and having the more wealthy States stand the entire burden of cost; but when we are confronted with the astounding figures showing that the standard cost of our Government for years to come will probably be around $4,000,000,000, with an interest charge of approximately $1,000,000,000 a year, a soldier charge of a billion and a quarter, and that increasing, and with the cost of running the Government increasing at least 50 per cent, making another billion and a half or three-quarters, I would like to know what solace the Republican Party can give to the American people on its pledge to reduce taxes if they continue to federalize all activities and then pay the bill out of the Federal Treasury. Ohio, Pennsylvania, New York, Massachusetts, and Illinois, five States, pay 60 per cent of the total cost of running the Government. They will pay 60 per cent of the total debt of the United States. Yet these States receive only 20 per cent of the money paid out for Federal aid to good roads. If these same States had raised the same amount of money that they have raised for Federal highways, and then would have used all of it in building roads in their own territory, they would have had more than 2,000 miles of brick, 2,300 miles of concrete, 5,000 miles of asphalt macadam, or 10,000 miles of water-bound pike.

Now, I am not contending that any State should be so selfish as to say that it should not contribute anything toward the other States less fortunate in wealth for their road building, but what I am contending is this: That we are going entirely too far in the direction of allowing the National Government decide which States shall improve its roads.

The following table shows the amount of taxes in even millions paid by each State in the Union and the amount of the apportionment in millions for Federal aid to good roads:

Taxes apportioned to States for road funds.

[In millions of dollars.]

Name of State.	Total taxes paid to Federal Government.	Apportioned to States for road fund.
Alabama	18	6
Arizona	3½	4
Arkansas	12½	4½
California	178½	8½
Colorado	35½	5
Connecticut	107	2
Delaware	21	½
Florida	15½	3
Georgia	42½	7½
Idaho	5	3½
Illinois	443½	12
Indiana	74½	7½
Iowa	40	8
Kansas	40½	8
Kentucky	49½	5½
Louisiana	51	4
Maine	20½	2½
Maryland	81	2½
Massachusetts	352	4
Michigan	284½	9
Minnesota	77½	8
Mississippi	11½	5
Missouri	148½	9
Montana	6½	5½
Nebraska	24½	6
Nevada	1	4
New Hampshire	14½	1
New Jersey	155	3
New Mexico	5	4
New York	1,400	13½
North Carolina	161	6
North Dakota	3	4
Ohio	373	10
Oklahoma	26	6
Oregon	27½	4
Pennsylvania	557½	12½
Rhode Island	44½	½
South Carolina	27	4
South Dakota	6½	4½
Tennessee	36½	6
Texas	104	16
Utah	9½	3
Vermont	6½	1
Virginia	69½	5½
Washington	42	4
West Virginia	33½	3
Wisconsin	93	7
Wyoming	4	3½

A glance will convince anyone that the division is in no way equitable as compared with the taxes collected. Federal aid is a misnomer. There are only a very few States in the Union that profit by Federal aid. Every State in the Union loses by virtue of the duplicated overhead in construction. To make the illustration a little more simple and more forcible, let us compare Ohio with Alabama, and if it were true that there were only two States in the Union and the taxes paid and the road-fund apportionment levied as they have been every dollar of Federal aid received in Ohio would require that Ohio levy $10 extra and send it to Alabama to build her roads. If Ohio and Arizona were compared, for every dollar of Federal aid that went into Ohio roads there would have to be levied $40 in taxes and sent to Arizona. If the comparison were between Ohio and Mississippi, Ohio would have to send $17 to Mississippi. If the comparison were between Ohio and Montana, Ohio would have to send $31 to Montana. If we compare North Dakota with Ohio, the latter State would have to send $49.60 to North Dakota. Take Wyoming and Ohio; we in Ohio would have to send $30.30 to Wyoming.

Now compare New York with Iowa, as if they were the only two States in the Union. For every dollar that New York put into its Federal highways she would be compelled to send $20.50 to Iowa; but compare New York with Wyoming, and she would be compelled to send $102.90 to Wyoming; and in comparing New York and North Dakota, the former would have to send $116.50. Making the comparison now between Pennsylvania and Iowa as if they were the only two States in the Union, for every dollar that Pennsylvania put into her Federal highways she would have to tax her people enough to send $9.27 to Iowa. If we compare Pennsylvania with Wyoming, for every dollar Pennsylvania puts into her highways she would have to tax her people enough to send $38.60 to Wyoming; and comparing Pennsylvania and North Dakota, she would have to send $46.50 to North Dakota. Now let us make a comparison between Massachusetts and Iowa as if they were the only two States in the Union. We find there that for every dollar of Federal aid that Massachusetts put into her highways she would be compelled to tax her people $17.60 and send it to Iowa. Comparing Massachusetts with Wyoming, we find that for every dollar Massachusetts received of Federal aid she would be taxed $88 to send to Wyoming. Comparing Massachusetts with North Dakota, she would have to send to the latter State $90.

Such comparison could be made for any State in the Union. Some States you would find would just about split even. Less than half the States gain by this plan of road building—nearer one-third—and, as I said before in my remarks, if the people of Ohio, Pennsylvania, New York, Illinois, and Massachusetts, and, in fact, all over the country, were not burdened by heavy taxation to the point of retardation of development in business, there would be no force to my argument, but since it is true that the whole country is crying for relief and that business is practically at a standstill because of the terrible tax assessment against their production, it does seem to me that it would be wise to at least postpone the time when we would have the more prosperous States assume the financial responsibility for paving the long stretches of road in some of the States whose wealth is not yet developed. By actual count it has been discovered that the travel on the interstate highways is not interstate travel, but local. True, there is some interstate travel, but I speak of the major portion. Seventy-five per cent of the travel on interstate roads is local travel, and I maintain that it is an injustice and is inequitable and unfair to tax the whole people to put a brick pavement through a particular locality before you have improved the roads to a passable condition in all localities. Such a policy as we are following will bankrupt the country if persisted in to any length.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. BEGG. Can not the gentleman from Kentucky give me a little more time? I know he does not like to hear these facts, I appreciate that.

Mr. ROBSION. With such misstatements really I can not think that——

Mr. BEGG. I defy the gentleman to contradict a single statement I have made.

Mr. ROBSION. However, I will yield the gentleman another minute.

The SPEAKER pro tempore. The gentleman is recognized for one additional minute.

Mr. BEGG. I appreciate the gentleman's generosity. In conclusion let me say to those who believe in this present tendency of making the Government responsible for all conditions, roads, health, schools, and everything else in the United States, with you I have no quarrel. You are one school and I am another. I believe that in the main, in the physical things of life to say the least, the United States Government will continue to be great so long as she believes in the sacredness of the independence of the States. They in turn build up the greatness and the independence of the individual citizens within the States. In other words, so long as they teach the citizen to help himself I believe the greatness of the United States will continue to increase, but the moment that the tables are turned and the eyes of the whole people begin to turn to Washington to look for aid and help and assistance I believe that minute we have taken a backward step. We have made of the individual a leaner on his Government rather than a supporter of it. We teach him to accept something for which he has not paid the price, and every one of you know that any living man who expects something for nothing usually gets nothing. I firmly believe that what is true of the individual is true of the State, and, personally, I deplore the present tendency toward federalization of all activities of government and shall vote against this bill.

Mr. ROBSION. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. CABLE].

Mr. CABLE. Mr. Speaker, we have for consideration the conference report on one of the most important legislative measures coming before Congress this session. I refer to the bill providing for additional Federal aid in the construction of good roads. The conference report is substantially the same as the bill we passed in the House. An attempt was made in the Senate to create a Federal highway commission of three members, each at an annual salary of $10,000, with all the necessary overhead that goes with such a commission, to supervise the construction of Federal aid roads in your State and mine. Through the determined stand of our conferees and the Members of this House this commission plan was not agreed to.

Under this bill the State lays out a system of roads approved by the Secretary of Agriculture, consisting of not more than 7 per cent of the road mileage of the State. Three-sevenths of this 7 per cent that receives Federal aid is known as the primary road system, and four-sevenths, or the roads connecting these primary roads, are what I designate "farm-to-market" highways.

The matter of selecting the systems of highways which they desire first improved is left to the States. The State highway commissioner in turn often acts upon the request of the county commissioners. After the selection and approval the county prepares the plans and specifications of the proposed Federal aid roads to be improved. They are then approved by the State and by the Secretary of Agriculture. Federal aid stimulates the construction of these roads. The selection of the type of construction in Ohio begins with the people, through the county commissioners.

The apportionment of the Federal funds to the States is to be made as follows: One-third in the ratio which the area of the State bears to the total area of all the States of the Union; one-third in the ratio which the population of the State bears to the total population of all the States; and one-third in the ratio which the mileage of rural delivery routes and star routes in each State bears to the total mileage of rural delivery and star routes in all the States.

This plan has been considered by many to be fair. Ohio will receive more than $2,823,000 of the amount appropriated in this bill, or 3.86 per cent. Only the States of New York, Pennsylvania, Illinois, and Texas exceed her in the amount of money that will be received.

The Chief of the Bureau of Public Roads has prepared a tabulation showing for each State its relative position as a producer of basic products compared with its relative position as determined by the amount of Federal aid received. Massachusetts stands forty-second in production, but stands thirtieth in the amount of money it receives.

Mr. HUSTED. Will the gentleman yield? Does the gentleman mean agricultural alone?

Mr. CABLE. Basic products of this country, based on agriculture, mineral, forest, dairy, dairy products, domestic animals, and agricultural crops. For example, on the Federal aid heretofore distributed Ohio produces 3.83 per cent of the basic products and as compared to this receives 3.82 per cent of Federal aid.

Development of highways aids industry and commerce; it reduces the cost of transportation in many cases. Lower transportation costs aid directly prosperity and the people. Good highways make farms more accessible and valuable. The State of New York profits locally by having the greatest port of this country. Its imports and exports, according to the last report I could obtain, amounted to more than $6,000,000,000 annually. This commerce originates or terminates in all the States of the Union, from or to the farm or factory, and travels over

the very highways which we hope to see improved. These highways are the arteries of our commerce, and all the people of the Nation profit by their proper construction. We represent here the entire people of the Nation. We should legislate accordingly. The gentleman who preceded me is opposed to the bill, claiming taxation for road legislation should be local in character. Almost one and one-half millions of dollars taken from the Nation's Treasury have been expended in his very district to improve rivers and harbors. It is estimated that the sum of $370,000 is still needed to complete these improvements. If the theory of the gentleman who preceded me is correct, then all improvements, highways, or harbors are local in their character; they should not be stimulated by Federal aid; and the people in his district should raise by taxation the approximate sum of $370,000 to complete the improvement of these rivers and harbors.

Federal aid for construction of roads is not a new proposition. So far as I can ascertain, the first road constructed by Federal aid was located and is still used in Ohio. On May 17, 1796, Congress passed an act granting to Col. Ebenezer Zane three tracts of land, not exceeding 1 mile square each, one on the Muskingum River, one on the Hockhocking River, and one other on the north bank of the Scioto River, and in such situations as would best promote the utility of a road to be opened by him on the most eligible route between Wheeling and Limestone, said road to be approved by the President of the United States. The act further provided that on proof the road was opened, the President was empowered to issue letters patent conveying to Zane and his heirs the said tracts of land. This road was in use 25 years before the Cumberland Road, the national highway, was extended across the Ohio River.

The very act of Congress of 1802 which enabled the State of Ohio to enter the Union also provided for the building of the great highway commonly called "Old National Road." It was provided in that act that the money received from the sale of one-twentieth of the Government public lands in Ohio should be applied to building roads from the navigable waters emptying into the Atlantic to and through the State of Ohio. To-day 300 miles of this road lie in Ohio—more than all other States combined. It winds its way through Maryland, Pennsylvania, Ohio, Indiana, and Illinois to Missouri, and the early development of these States, to a great extent, resulted from the building of this first great national highway.

This conference report and bill safeguard the roads constructed by Federal aid by making proper maintenance provision. If the State fails to maintain the roads, the Secretary is authorized to serve notice upon the State highway department that the roads must be repaired, and if such repairs are not made in 90 days, then he is authorized to go ahead and make the repairs and charge the same against the Federal allotment of the funds made to the State.

Mr. ROBSION. Mr. Speaker, I yield eight minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, if this bill was confined to the fundamental question of road building and the appropriations in the bill were made generally, I would have no complaint to make, or even if the bill providing for specific roads was given serious consideration by the House, I would have no complaint to make. The bill carries $90,000,000, $75,000,000 of which is to be apportioned among the States according to the fundamental plan laid down in the original act, and $15,000,000 to be applied to specific roads, to States that make no contribution whatever to the expenditure, all of which comes out of the Federal Treasury. The theory of the road act was that the legislation or every appropriation would be general in its nature and not specific as to localities. But what do we find in this bill? We find that one-fifth as much has been set apart to build roads specifically designated as has been allotted to the rest of the Union, to all of the States, and that this one-fifth comes entirely out of the Treasury of the United States and needs no contribution whatever on the part of the States through which the roads are to be constructed.

Mr. SUMMERS of Washington. Will the gentleman yield at that point?

Mr. MADDEN. Certainly.

Mr. SUMMERS of Washington. Just to say that from the sale of mature timber there is derived annually $2,000,000, and from grazing permits that come out of these same lands $2,500,000, which makes a total of $4,500,000 that goes into the Federal Treasury, which would go back to building roads.

Mr. MADDEN. Of course, if every dollar that comes from any source into the Treasury of the United States goes back to that source, then there is no equity in the law that is before us. If all the revenue that goes into the Treasury of the United States from the State of Illinois is to be spent in Illinois, then I submit that no part of this $15,000,000 would be permitted to be spent on the construction of roads that are specifically designated in this bill. Now, I want——

Mr. SUMMERS of Washington. Will the gentleman yield for a further question on that?

Mr. MADDEN. No. I would like to, but I want to say just one thing more about this subject.

We are complaining every day about extravagance. We all say that we want economy. Every individual Member of this House, if you talk to him, will say that we must economize. But we are allowing the Senate to say that we must be extravagant. Now, the people of the United States demand relief from the burden of taxation, and to the extent that I can enable them to get that relief I have permitted myself to protest. I can do nothing, and neither can any other member of the Appropriations Committee or any of the Members of the House, unless they are sustained by the House. I merely want to say that if economy is not finally brought about in Government expenditures, do not hold us responsible when you continue to run wild in expenditures of this sort. I want further to say that while all the States in the Union are allotted money out of this fund in like proportions under the fundamental act, except that in certain Western States they are given a greater percentage of the allotment, and on top of that you add $15,000,000 to be specifically provided from the Public Treasury without any allotment whatever on the part of the State as to the roads that may be constructed, you can not economize if that is to be the policy, and if you do not economize there will be a day of reckoning. For the American people have made up their minds—we may as well understand that—that no extravagance is to be permitted in the conduct of this Government from this day on. And while it may be popular in your district to vote extravagant appropriations for highways, in the long run those who pay the bill will not differentiate, and you will not gain by saying, "Ah, we are giving you good roads." No man will live to see the result of such expenditure. You will not gain by saying that we spent this money because we believed in highways, or that they believe in them. I believe in them myself. But we should use sanity. Sanity will be demanded not only of you as individuals but of the Congress in the aggregate. And we shall not find that complacent attitude on the part of the American taxpayer that will enable you by your sophistry to say, "We gave you something for the money we have spent." This Government is terribly obligated; the people are terribly oppressed. They are looking for relief, and to the extent that that relief can properly be granted, it must be granted by the exercise of proper economy. [Applause.]

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. ROBSION. Mr. Speaker, I yield five minutes to the gentleman from Washington [Mr. SUMMERS].

The SPEAKER. The gentleman from Washington is recognized for five minutes.

Mr. SUMMERS of Washington. Mr. Speaker and gentlemen, this is the one appropriation that is approved by practically every taxpayer in every district in the United States. This is the expenditure of money that builds the good roads right down to the old farm gate.

The gentleman from Illinois [Mr. MADDEN], chairman of the Appropriations Committee, has made special criticism of the provision in this bill for the construction of national forest roads. I invite your particular attention to this subject in order that you may understand why there should be national forest roads. There are 156,032,000 acres of Government-owned lands within the national forests. The timber standing there, mature and overripe and ready to be marketed, is estimated at 699,000,000,000 feet, the present value of which on the stump is $575,000,000.

Is it worth while to build roads in order that firefighters may get in to protect $575,000,000 worth of Government-owned timber? Is it worth while to build roads in order that we may market the mature, the ripe, and the overripe timber that is now going to fall?

In 1919 there were 37,500 grazing permits granted for use in these national forests, and from those permits we derived a revenue of $2,500,000. From the mature timber that was sold last year we derived a revenue of more than $2,000,000. So I say that instead of this money coming from Illinois, New York, or Massachusetts, or some other place, it comes out of the national forests, and it should go back into the national forests, in view of the fact that we have $575,000,000 worth of timber there to protect.

There are places in the national forests where it takes five days for a firefighter to get in, because there are no roads or trails, no way of getting in. There are 268 townships in 4 States in the West that have no public roads, no trails, no way of getting in to protect the timber.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question there?

Mr. SUMMERS of Washington. For a short question.

Mr. SNELL. Is it necessary to build $5,000 trails to get in?

Mr. SUMMERS of Washington. It is not proposed to do that. They often only cut trails through the brush. Some are very insignificant.

Mr. SNELL. One would think from reading this bill that you were to build $5,000 roads there.

Mr. SUMMERS of Washington. That is not the case at all. There are millions of dollars' worth of timber in these townships that have not a single road or trail for a firefighter to get in.

Mr. HAUGEN. Mr. Speaker, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. HAUGEN. Is it not a fact that a percentage of the receipts from the sale of timber is set aside for the building of roads, and is it not a fact that the expenditures exceed the receipts?

Mr. SUMMERS of Washington. They should exceed them. When developing property of any kind we often spend more than the receipts.

Mr. HAUGEN. And the receipts of the Forest Service from the sale of the timber are only about $2,000,000.

Mr. SUMMERS of Washington. There is every reason why we should build roads and trails in and about the national forests.

Mr. LAYTON. Mr. Speaker, will the gentleman yield for a question?

Mr. SUMMERS of Washington. No; I can not. My time is so limited. But I want to speak of other provisions of the bill.

The allocation of Federal aid road funds, as in the past, is made in the following manner:

1. One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of each State bears to the total population of all the States, as shown by the latest available Federal census; one-third in the ratio which the mileage of rural delivery routes and star routes in each State bears to the total mileage of rural delivery and star routes in all the States at the close of the next preceding fiscal year.

This bill goes further and does that which previous legislation has not done. It establishes a Federal aid road policy, the chief provisions of which are:

2. The Federal aid road law shall be administered by the Department of Agriculture under the Bureau of Public Roads instead of by a commission.

3. The initiative in locating roads to receive Federal aid shall remain in the States, subject to the approval of the Department of Agriculture instead of a commission at Washington.

4. The several State highway departments, with the approval of the Department of Agriculture, shall lay out a system of roads interstate and intercounty in character and not interstate alone.

5. The funds from the several States put up to match Federal aid, from whatever source derived, shall be subject to the direct control of the highway department of the several States.

6. The several States shall maintain and keep in good repair at all times all highways constructed with Federal aid. A penalty is provided for failure to put in proper repair after 90 days' notice from the Department of Agriculture.

7. In any State having more than 5 per cent of its area in unappropriated public lands greater participation in Federal aid is allowed in proportion to the amount of such unappropriated public lands. The exact language of the measure is as follows:

In case of any State containing unappropriated public lands exceeding 5 per cent of the total area of all lands in the State the share of the United States payable under this act on account of such projects shall not exceed 50 per cent of the total estimated cost thereof, plus a percentage of such estimated cost equal to one-half of the percentage which the area of the unappropriated public lands in such State bears to the total area of such State: *Provided*, That the limitation of payments, not to exceed $20,000 per mile under existing law, which the Secretary of Agriculture may make be, and the same is hereby, increased in proportion to the increased percentage of Federal aid authorized by this section: *Provided further*, That these provisions relative to the public-land States shall apply to all unobligated or unmatched funds appropriated by the Federal aid act and payment for approved projects upon which actual building construction work had not begun on the 30th day of June, 1921.

The extent of these lands and their distribution is as follows:

Unappropriated and unreserved lands (national forests not included), July 1, 1921.

	Acres.
Alabama	36,100
Arizona	16,209,426
Arkansas	264,157
California	14,942,192
Colorado	8,150,263
Florida	108,194
Idaho	8,606,301
Kansas	3,213
Louisiana	7,585
Michigan	72,246
Minnesota	255,006
Mississippi	32,031
Missouri	48
Montana	5,720,125
Nebraska	19,232
Nevada	52,742,711
New Mexico	18,064,006
North Dakota	91,297
Oklahoma	19,288
Oregon	13,784,451
South Dakota	212,942
Utah	27,038,183
Washington	1,038,410
Wisconsin	4,920
Wyoming	18,365,375
Total	189,729,492

In view of the fact that these public lands are not taxed, this very just provision is of the greatest possible importance to all public-land States.

8. No State shall receive less than one-half of 1 per cent of the fund available for the construction of highways.

9. Special provision is made to take care of roads and trails within, adjacent to, and serving forest reservations and other reservations under Federal control.

10. The time given each State to match and take up the Federal aid allotted to it has been extended for a period of one year, making the time two years instead of one year.

11. Three years' time from and after the passage of this act is given to those States whose laws or constitution will not permit the State to provide revenues for the construction, reconstruction, or maintenance of highways to change their constitution or laws to meet the requirements of this act.

12. A modification of the definition of the terms "construction" and "maintenance." The term "construction" will not include the expense or work of locating, surveying, mapping, or cost of rights of way.

13. The amount expended by the Secretary of Agriculture in administering the provisions of this act shall not exceed 2½ per cent of the amount appropriated to be expended under the provisions of this act.

14. The Secretary of Agriculture shall determine the type and width of roads constructed with Federal aid. All interstate roads constructed under the provisions of this act shall have a wearing surface of not less than 18 feet in width unless, in the opinion of the Secretary of Agriculture, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles.

15. The Secretary of Agriculture shall provide an adequate system of accounting for the road department and make itemized and detailed reports of all money expended under the provisions of this act to Congress annually.

16. The bill as amended by the Senate provides for an appropriation of $75,000,000 for the fiscal year ending June 30, 1922, to aid the States in the construction of highways, $25,000,000 of which should become immediately available and $50,000,000 to be available six months after the passage of this act. The bill as it passed the House last February provided $100,000,000 for the present fiscal year. The Senate fixed the sum at $75,000,000 on the recommendation of the Secretary of Agriculture. As many months have elapsed since the passage of the bill in the House, it was deemed advisable by the conferees, and so agreed to, that $25,000,000 shall be immediately available and the other $50,000,000 shall be available January 1, 1922. This action was deemed wise on account of the unemployment situation throughout the country and it being a favorable time to secure contracts for the construction of roads at greatly reduced cost.

17. That there be appropriated for the survey, construction, reconstruction, and maintenance of forest roads and trails the sum of $5,000,000 for the fiscal year ending June 30, 1922, available immediately and until expended, and $10,000,000 for the fiscal year ending June 30, 1923, available until expended. This money is necessary to protect the rich forests of the Nation in the reservations under Federal control, and the two-year

program is necessary in order that this work may be done more systematically and more cheaply to the Government.

These forest reserves are largely confined to 11 of the Western States and Alaska, as shown by the following table:

State.	Total area.	Area in national forests.	Percentage in forest reserve.
	Acres.	*Acres.*	
Alaska	378,165,760	20,713,204	5.5
Arizona	72,838,400	12,282,558	16.9
California	99,617,280	24,003,190	24.1
Colorado	66,341,120	14,748,943	22.2
Idaho	53,346,560	20,089,292	37.7
Montana	93,568,640	18,929,749	20.2
Nevada	70,285,440	5,251,030	7.5
Oregon	61,188,480	15,415,223	25.2
Utah	52,597,760	7,945,025	15.1
Washington	42,775,040	11,624,374	27.2
Wyoming	62,460,160	8,694,755	13.9
New Mexico	78,401,920	8,487,046	12.1

18. Fifty per cent, but not to exceed $3,000,000 for any one fiscal year, of the appropriation made or that may hereafter be made shall be expended under the direct supervision of the Secretary of Agriculture for the construction and maintenance of roads and trails of primary importance to the national forests, and the balance of such appropriation for the survey, construction, and maintenance of forest roads of primary importance to the States, counties, or communities within, adjoining, or adjacent to the national forests.

In retrospect the apportionment of Federal aid road funds from February, 1917, to September 30, 1921, and the mileage completed, approved, and recommended by district engineers, follows:

States.	Federal aid apportioned, fiscal years 1917 to 1921, inclusive.	Total mileage completed, approved, and recommended by district engineers.
Alabama	$5,776,552.58	858.9
Arizona	3,771,351.69	453.9
Arkansas	4,619,929.47	1,065.5
California	8,384,354.57	707.4
Colorado	4,780,064.14	490.8
Connecticut	1,689,324.70	74.0
Delaware	447,654.83	34.1
Florida	3,150,112.48	218.9
Georgia	7,407,578.62	1,138.9
Idaho	3,360,388.86	525.9
Illinois	12,024,266.97	761.9
Indiana	7,415,292.61	412.9
Iowa	7,939,343.14	1,602.4
Kansas	7,895,309.07	684.2
Kentucky	5,370,064.79	447.4
Louisiana	3,742,524.57	677.7
Maine	2,645,963.57	164.2
Maryland	2,390,749.07	170.9
Massachusetts	4,052,565.09	217.2
Michigan	7,961,295.55	562.9
Minnesota	7,815,383.02	2,062.3
Mississippi	4,951,542.29	799.8
Missouri	9,322,075.71	1,511.3
Montana	5,498,827.31	1,194.1
Nebraska	5,886,761.66	2,262.7
Nevada	3,527,276.18	429.1
New Hampshire	1,143,088.99	142.5
New Jersey	3,265,299.02	102.2
New Mexico	4,389,794.61	1,949.0
New York	13,688,801.67	752.7
North Carolina	6,270,690.68	942.6
North Dakota	4,222,487.70	1,532.6
Ohio	10,202,947.71	767.0
Oklahoma	6,338,245.60	453.0
Oregon	4,332,178.26	450.7
Pennsylvania	12,632,644.29	619.0
Rhode Island	641,166.13	38.6
South Carolina	3,946,617.50	732.8
South Dakota	4,452,883.04	964.0
Tennessee	6,228,137.98	475.6
Texas	16,100,404.77	3,291.9
Utah	3,117,206.38	380.7
Vermont	1,242,103.73	77.3
Virginia	5,451,730.28	547.2
Washington	3,971,675.83	376.2
West Virginia	2,922,504.45	307.4
Wisconsin	7,004,280.67	1,064.5
Wyoming	3,378,558.17	697.6
Total	266,750,000.00	35,283.4

Road legislation was considered by the last Republican national convention, which expressed the purpose and intent of the Republican Party and made this solemn promise to the people of this country:

We favor liberal appropriations, in cooperation with the States, for the construction of highways, which will bring about a reduction in transportation costs, better marketing of farm products, improvement in rural postal delivery, as well as meet the needs of military defense.

In determining the proportion of Federal aid for road construction among the States, the sums lost in taxation to the respective States by the setting apart of large portions of their area as forest reservations should be considered as a controlling factor.

We have before us the consummation of that solemn pledge. The Roads Committee, of which I am a member, has worked long and patiently in perfecting this bill.

This Federal highway act is the most progressive step Congress has ever taken in establishing a network of good roads throughout the country.

With this program carried out year after year, with full cooperation by the States, we shall have within eight years a complete system of interstate roads throughout the United States.

Meanwhile, if the States and counties with Federal aid will carry on their road construction with equal speed, the transportation problem and the farm-to-market problem will soon have been solved. [Applause.]

The SPEAKER. The time of the gentleman from Washington has expired.

Mr. ROBSION. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

The SPEAKER. The gentleman from Wisconsin is recognized for five minutes.

Mr. STAFFORD. Mr. Speaker, this bill violates a fundamental principle of taxation which has as its premise that local improvements should be borne by the taxpayers where those improvements are made.

Five years ago we launched upon this policy under a bill which provided that in the year 1921 only $25,000,000 should be expended. That act was subsequently amended, so that $75,000,000 was appropriated to be expended last year. It never was the intention of the Congress that the National Government should bear the expense or any portion of the expense of building roads in every State in the country for all time to come. It was thought by some that the work would be stimulated by national cooperation. Now that it is started that condition no longer pertains.

Now it has become a sectional matter. Nine States that pay only $46,000,000 into the National Treasury receive $38,000,000 under this act. In Pennsylvania and my own State of Wisconsin road improvements have gone to that extent that they can not use in certain counties any of this money for the improvement of their roads, because every practicable road has been improved. Why should we, as national legislators, impose a burden upon people where they can not receive any benefit from the taxes imposed? Oh, gentlemen from the Western States grow eloquent about making fine driveways into the national forests for pleasure purposes.

Mr. SUMMERS of Washington. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. I can not yield. Back of this agitation for good roads is one primary wish, and that is to furnish a pleasurable way to the automobile owner of passing through the country. That is the purpose upon which this bill is founded.

If the people of Wisconsin want to improve their roads—and we are doing it—we can do it without calling upon the National Government for aid, because we can raise the money from our own means of taxation.

In New York, Massachusetts, Pennsylvania, and other States they have become surfeited with good roads, and there are counties which can no longer make use of the funds.

Further as to this act, it provides not only $90,000,000 but there is to-day on the statute book a continuing appropriation of $1,000,000, running until 1926, for expenditure in the forest reserves. Oh, the gentleman from Washington [Mr. SUMMERS] grows eloquent as to the great contributions that the forest reserves make to the Federal Treasury, when everyone knows that the administration of that service has been outrageously extravagant and has cost the Treasury of the United States millions of dollars for the benefit of those localities. Now, they come in here with a bill that outrages the public demand for economy. If there was ever a time when we ought to begin to economize, this is the time. Four months of the present year have passed by. There are millions unexpended from existing appropriations; yet you flaunt the public sentiment in favor of economy by appropriating, not what you appropriated last year but an amount which makes the total expenditure $90,000,000. Here, by section 21, two and a quarter million is authorized for administrative purposes and research work alone. Where is your much-vaunted claim for economy?

This is sectional legislation of the worst kind. Agrarian and forest reserve blocs are driving this bill through at the expense of the taxpayers of my district and of every other district in the United States which really pays taxes. The taxpayers of your district and mine are providing for these improvements. Oh, the gentleman from Ohio [Mr. CABLE] speaks about appropriations for rivers and harbors as an excuse for this appropriation. Appropriations for river and harbor improvements are a benefit to evey community in the country, for they improve the means of communication and egress and thereby lower the cost of transportation.

I say that now when we are trying to economize it is no time to go to the extreme of appropriating $90,000,000 for the benefit largely of the arid and mountainous West, for the benefit of the barren lands and deserts of Nevada and New Mexico, and of the forest preserves in the Mountain States, whose people want us to dig down into the pockets of the taxpayers to give them something to which they are not entitled. I say to them, let them raise their own taxes for the improvement of their own roads. Let them determine their own local and internal policies. They ought not to raid the National Treasury at the expense of others. [Applause.]

Mr. ROBSION. Mr. Speaker, may I inquire how much time is remaining?

The SPEAKER. The gentleman has 29 minutes remaining.

Mr. ROBSION. Mr. Speaker, I yield three minutes to the gentleman from Missouri [Mr. HAWES].

Mr. HAWES. Mr. Speaker and gentlemen of the House, I am surprised that this measure should be discussed as an aid to the State. As far back as 1803 and for some 23 years thereafter the United States Government was spending directly from the Treasury of the United States money to build roads, appropriating as much as $500,000 in one year at that period. These roads were costing between $7,000 and $13,000 a mile. This bill has met the approval of a Republican national convention, of a Democratic national convention, and received the indorsement of organizations representing 10,000,000 automobile owners. Every farm organization in the United States has indorsed it. There is not a State legislature that has not a road-building program now mapped out, and having availed itself for four years of Federal funds, its whole arrangement will be dislocated by a failure to pass this bill.

It is true that the State of Texas and the State of Arkansas and a few other States may have to amend their laws to provide for one change which was made in this bill. What is that change? It is a simple one. Prior to the introduction of this bill the Federal Government could deal with subdivisions of a State, with the county or road district. This bill changes this in one respect; it requires that the National Government must deal directly with the State. What does that mean? It means that the State designates the road, the type of road, the kind of road, and the length of the road. This State control as against the county control is the change that the gentlemen from Texas and from Arkansas complain of. I do not know but that if I were in their place I would complain, too. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. ROBSION. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. HUSTED].

Mr. HUSTED. Mr. Speaker, the State of New York has 11,000 miles of improved highways connecting every city and every incorporated village in that State. These highways have been built exclusively from our own funds. It is a magnificent system, of which we are justly proud. We have got to spend a great deal more money, because we now find that these highways were not so built as to stand up under the traffic of heavy motor trucks. The roads are crumbling on the edges and many of them will have to be rebuilt to meet present conditions.

The State of New York will pay about 30 per cent of the amount of this entire appropriation. Oh, we realize that all the money in the State of New York is not made in the State of New York. It is made all over the Nation—in California, Texas, the Middle West, and in Maine, wherever the energy and the capacity of American business men go. If the State of New York was actuated by purely selfish interests it would be opposed to this legislation, but I do not believe that the State of New York is opposed to this legislation. At any rate, I for one intend to vote for it. [Applause.]

Some gentleman has said that the State of New York stood twelfth in the production of basic products. I do not know what he means by "basic products," but in value of agricultural products and manufactured products combined I venture to say that the State of New York stands easily No. 1. It is a great agricultural State as well as a great manufacturing State. It is one of the greatest producers of hay and the greatest producers of fruit. But while the State of New York from a national viewpoint is willing to have its wealth and resources called upon to aid in carrying on any great public work of a national character, it expects generous consideration for its own vital interests. It expects generous consideration for the port of New York, through which the bulk of the commerce of this Nation flows, and it expects generous consideration for the Erie Canal system, which was built by the State of New York out of its own funds at a cost approximating $250,000,000. We do not want our traffic diverted through the St. Lawrence River when the mouth of that river is in a foreign, though friendly, nation. We do not want it there; we want it here within the confines of the State of New York; and while that State is willing to stand by the rest of the Nation in carrying on national projects a large part of whose cost may come out of the treasury of the State of New York, it expects to have generous consideration from the rest of the Nation in return. [Applause.]

Mr. ROBSION. Mr. Speaker, I yield three minutes to the gentleman from Georgia [Mr. LARSEN].

Mr. LARSEN of Georgia. Mr. Speaker, I desired and expected more time to discuss the pending measure than has been allotted to me, but I realize there are 434 other gentlemen in the House who desire and have the same right to speak that I have; therefore I must content myself with a short limit of time.

The provisions of the bill under consideration are practically the same as when it passed the House on June 27 last. Aside from a slight reduction in operating expenses and one or two other minor matters it might be considered the same.

I congratulate the conferees on the part of the House upon this splendid result, and I am sure they will have the gratitude of every citizen throughout this land who realizes their splendid work.

Section 6 of the House bill, as well as the one now under consideration, provides that highways entitled to receive Federal aid shall be divided into two classes—one to be known as primary or interstate highways and the other as secondary or intercounty highways. It provides that roads of the first class shall not exceed three-sevenths of the total mileage entitled to Federal aid, and that those of the second class shall consist of the remainder of the mileage, or four-sevenths. This includes 7 per cent of the roads in each State.

The primary or interstate system will insure to the public a continuous, connecting system of roads through the various States and throughout the United States, while the secondary or intercounty system will give to the communities in the various counties of the several States farm to market roads as well as church and school highways. Thus, every State and every community will be served and at least 85 per cent of the public will be within 2 or 3 miles of one of these highways and will be directly benefited thereby.

There are a few other matters to which I desire to call the attention of the House in the brief moments allowed. The gentleman from Illinois [Mr. CANNON] to-day, in speaking of early road construction in this country, pointed out some of the difficulties with reference to Federal construction of public highways in the past. He said that when the roads had been constructed by the Federal Government Congress refused to appropriate money for their upkeep. That is one of the difficulties we are trying to obviate at this time. Section 14 is designed to meet the objections pointed out. It places the burden of maintaining the roads when constructed upon the States and not upon the Federal Government and penalizes the negligence or refusal to repair. Just a few words, if you please, regarding the proposition raised by the gentlemen from Arkansas and from Texas. Ordinarily I am glad to vote with these gentlemen on any proposition, but upon this one I find myself at variance. I can not support their view of the situation.

They have the idea, it seems, that the road authorities of the National Government should contract with the various subdivisions of States as well as with States themselves. I believe there are in the State of Arkansas about 75 counties, and in the State of Texas about 260. There are also many cities. I am as loyal an advocate of State rights as any man in this House, but I do not think it would be either fair or proper to expect the Federal Government to contract with 260 subdivisions of the State of Texas or 75 subdivisions of the State of Arkansas. I am in favor of according to the States all consideration due them, but it has never been expected, nor has it ever been the policy, as I understand it, to treat the State otherwise than as an integral part of the Union. We should deal with a State as

a whole and not with its subdivisions. We do not want to prevent any State from participating in Federal-aid funds, but it is nothing but right that the States adjust themselves to national conditions rather than expect the Federal Government to meet an unreasonable situation. They are not deprived at this time from participation in Federal-aid funds, and nothing in this act will deprive them of that right. A county or other subdivision of a State may still raise funds and participate in Federal aid. This it may do by permitting its funds to be administered by State authorities. Why should it object to such arrangement? It participates in the selection of such officials; the National Government does not. If the National Government can trust its funds to State authorities for administration, why can not any subdivision of such State do so? Section 24 allows three years in which the States may make necessary adjustments to meet the changed conditions. This should be ample time for constitutional amendments, if necessary. [Applause.]

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. ROBSION. Mr. Speaker, I yield five minutes to the gentleman from Arizona [Mr. HAYDEN].

Mr. HAYDEN. Mr. Speaker, the members of the House Committee on Roads deserve to be congratulated upon the final form of this bill. Practically everything that they have contended for, with almost the entire approval of the House, has been embodied in this legislation. In order to determine what should be done the members of that committee had the wisdom, in the very beginning, to seek the advice of a body of men who are the best qualified of any in America to speak on the subject of road building. I refer to those who by actual contact with the problem have learned to solve it, the State highway officials. Into this bill have been written the lessons of their experience and under its terms there will be selected, constructed, and maintained a connected system of interstate and intercounty highways which will give an ample return of service to the American people for all the money expended thereon.

Only two of the major recommendations submitted by the Association of American Highway Officials have not been carried out. In order to properly plan for the future in the matter of State finances, in order to keep intact their engineering organizations, and in order to practice efficiency and economy in the expenditure of both Federal and State road funds, the State highway departments earnestly desire to know just what may be expected in the way of Federal aid during the next five years. This bill, as did the original Federal aid act, should have carried annual appropriations for at least that far into the future so that the States might know exactly how much money they will have to provide as their share in this cooperative effort. The limitation of the appropriation to the remainder of the fiscal year ending on the 30th of next June makes the adoption of such a program impossible. I sincerely hope that, without delay, this Congress will assure the States that at least $100,000,000 will be available for Federal aid each year for the next five years. [Applause.]

The second important recommendation made by those representing the State highway officials which was not finally adopted was that the States in the West should be given credit not only for the unappropriated public lands within their borders but also for all reservations under Federal control. Perhaps the best way to make this matter clear to the House is to recite the history of the proposal. Ever since the passage of the original Federal aid road act in 1916 there has been complaint from the taxpayers of the Western States that they were called upon to do more than their fair share of the expenses of road building because many miles of highway are located on lands that can not be taxed by the States by reason of the fact that the title to the same is in the United States. In 1920 this complaint was presented to the national conventions of the two great political parties, and the Republican national platform contains the following declaration:

> In determining the proportion of Federal aid for road construction among the States, *the sums lost in taxation to the respective States* by the setting apart of large portions of their area as forest reservations should be considered as a controlling factor.

The Democratic national convention likewise heeded this plea from the West by adopting the following platform plank:

> We favor a continuance of the present Federal-aid plan under existing Federal and State agencies amended so as to include, as one of the elements in determining the ratio in which the several States shall be entitled to share in the fund, the area of any public lands therein.

When this question was presented to the House Committee on Roads for action last December objection was made that to change the ratio for apportioning Federal-aid funds by adding the forest reservations or the area of public lands as a fourth factor would reduce the sums allotted to the Eastern States, and it was therefore determined that the basis of apportionment should remain as heretofore, which is area, population, and mileage of post roads. A satisfactory agreement was reached, however, by giving the Western States credit for the nontaxable lands within their borders in meeting the sums apportioned to them under the existing threefold basis. This understanding was incorporated in the Sells bill, H. R. 15873, which passed the House on February 7, 1921, containing the following provision:

> That in each State in which the percentage of total land area to which the title of the United States is unqualified or exempt by act of Congress from taxation in said State exceeds 10 per cent of the total area of all lands in the State the Secretary of Agriculture may reduce the ratio of cooperation required, but not to below one-half that which the total of the patented, tax exempt, and national forest land bears to the total area of all lands in the State.

When the Dowell amendment to the Phipps bill was under consideration by the Committee on Roads this question was again considered, and the following agreement was reached and approved by the House on June 27, 1921:

> The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on account of such projects, which shall not exceed 50 per cent of the total estimated cost thereof, except that in the case of any State containing *unappropriated public lands and reservations under Federal control* exceeding 5 per cent of the total area of all lands in the State, as shown by certificate of the Secretary of the Interior, which he is directed to make and furnish annually to the Secretary of Agriculture, the share of the United States payable under this act on account of such project shall not exceed such 50 per cent of the total estimated cost thereof plus a percentage of such total estimated cost equal to one-half of the percentage which the area of the *unappropriated public land plus the area embraced in reservations under Federal control* in such State bears to the total area of such State.

The Senate, upon the contrary, has apparently been unable to appreciate the fact that it is just as expensive to build highways over the untaxed reservations under Federal control as it is over the untaxed public domain, and has consistently refused to give the Western States credit for anything except the unappropriated public lands. The original Phipps bill, which passed the Senate on May 16, 1921, contains the following provision, which is substantially repeated in the Senate amendment adopted on August 19:

> The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on account of such project, which shall not exceed 50 per cent of the total estimated cost thereof, except that, in the case of any State containing *unappropriated public lands* exceeding 5 per cent of the total area of all lands in the State, the share of the United States payable under this act on account of such projects shall not exceed such 50 per cent of the total estimated cost thereof, plus a percentage of such total estimated cost equal to one-half of the percentage which the area of the *unappropriated public land* in such State bears to the total area of such State.

By comparing the provisions of the Senate and House bills which I have quoted it will be observed that both bodies have agreed that the Western States should be given credit for the area of the "unappropriated public lands" within their borders in determining the share that they should contribute toward the construction of Federal aid road projects and that the only issue to be determined by the conferees was whether similar credit should be extended for the area of "reservations under Federal control." I have discussed this issue at length with the House conferees and I am satisfied that they did their best, but the Senate was unyielding, and in order to reach the complete agreement that we have before us to-day they were compelled to abandon the position recommended by the Association of State Highway Officials and heretofore approved by the House. My primary object in submitting these remarks is that the country may know that it is by reason of the refusal on the part of the Senate to accord justice in this bill to the States containing untaxed Indian lands that we are forced to seek relief by insisting that Congress shall make direct appropriations for the construction of roads on Indian reservations.

It has been said in another body that there is no authority of law for the expenditure of Federal aid road funds on roads within Indian reservations, but whoever it was that made that assertion evidently had not looked at the law. The Federal aid act as amended now provides that—

> The Secretary of Agriculture is authorized to cooperate with the States, through their respective State highway departments, in the construction of * * * any public road a major portion of which is now used or can be used, * * * for the transportation of the United States mails.

A public road is a way for passage or travel that is open to use by all persons without discrimination. The roads on all Indian reservations are freely used by anyone who desires to travel thereon, and the United States mails are regularly transported over them. The Indian reservation roads, therefore, as fully and completely comply with every requirement of the law as any other roads in the United States that have received that benefit of Federal aid.

Whoever raised this issue was not only ignorant of the law but also unaware of the fact that Federal aid has been and is being extended for the construction of roads within Indian reservations. In my own State $77,694 from the United States Treasury has already been expended on the San Carlos Apache Reservation as Federal aid on a part of project No. 15, between Globe and Geronimo. All except a mile and a half of the 57 miles in this project is within the Indian reservation, and the total amount of Federal aid allotted to it is $309,312, every dollar of which must be matched by another dollar advanced by the taxpayers of Arizona.

And right there is the rub. The taxpayers of my State very properly want to know why they should be compelled to bear the entire expense of matching Federal aid for the construction of roads over untaxed Indian lands. They are perfectly willing to concede that the white people of Arizona should pay a fair share of the cost of building such roads, but they insist that the Indians should contribute at least a portion of the expense, based upon the use that the red men make of the roads within the State. They justly say that if the Federal Government will not permit the State of Arizona to tax the Indian lands and other property, then it is the duty of the Congress to provide a way whereby an equitable share of the necessary road funds may be made available by the United States on behalf of its Indian wards.

As an illustration of the great burden that is now being carried by the taxpayers of the West, let me direct your attention to the statement made during the hearings by Mr. Thomas MacDonald, the Chief of the Bureau of Public Roads, when he pointed out that "Massachusetts last year spent about 0.11 per cent of its taxable valuation for road purposes, while the State of Arizona spent 0.56 per cent, over five times as much on each dollar of wealth."

The Senate has recognized that the Western States are entitled to pay a less share of road construction in proportion to the area of unappropriated public lands within their borders. The only reason for granting this recognition is that the public lands can not be taxed. But the title to every acre within an Indian reservation, a national forest, a national park, or a military reservation is also in the United States and for that sole cause is not subject to State taxation. Since the exemption of the public lands from any form of taxation by the States is the only basis for the action taken by the Senate, I can not see by what logic that body could fail to agree with the House that all other untaxed lands in "reservations under Federal control" should likewise be taken into consideration in determining the share to be advanced by the Western States for road construction under the Federal aid plan.

We are told that the forest reserves are not in the same category with the public lands, because over $11,000,000 has heretofore been expended from the Federal Treasury in the construction of roads and trails within or adjacent to the national forests and that this bill carries $15,000,000 to be used for a like purpose within the next two years. These sums have been appropriated for two purposes: First, in lieu of taxes, but not entirely so, because it has been conservatively estimated that the national forest lands, even in their present undeveloped condition if privately owned would pay $14,500,000 each year in State and county taxes. Second, in order to make more available for use the 700,000,000,000 feet of standing timber worth, at the present price of stumpage, $575,000,000.

We are also told that credit should not be given for the areas within the national parks and military reservations because Congress annually makes direct appropriations for road construction therein. Last year the total amount carried in the Army appropriation bill for roads, walks, improvement of grounds, and so forth, on military reservations was $900,000, but only a nominal sum was expended for this purpose at Fort Huachuca and Fort Apache, in Arizona. The sundry civil bill allowed $300,000 for the construction of roads, trails, and bridges in the national parks, of which $100,000 was made available at the Grand Canyon National Park, in Arizona.

But what of the Indian reservations? Like the public lands, they are untaxed; but, unlike the forest and military reserves and national parks, there is no general authority of law for road construction. Only in special instances have appropriations been made for road and bridge building, and all such sums have been made reimbursable. The Indian reservations comprise over 25 per cent of the total area of the State that I have the honor to represent, yet the last Indian appropriation bill carried but $5,000 for road and bridge construction on the Indian reservations in Arizona. In the 10 fiscal years since the State of Arizona was admitted into the Union the total amount appropriated in the Indian bill for expenditure on the Indian reservations in Arizona—and practically all of it was for bridges—has been $223,800. Will any fair-minded man say that over a quarter of the area of the State should not have contributed many times more than this amount toward the construction of the State highway system? The Annual Report of the Commissioner of Indian Affairs for 1920 estimates the value of all the lands and other property of the Indians of Arizona at $61,843,402. The State road tax rate this year is 5 cents on the hundred dollars, and the average county road tax rate is 15 cents per hundred, or a total of 20 cents, so that the State and county road taxes alone on this property would be approximately $123,000, if the same could be collected.

I have carefully noted the provision of the bill which provides for cooperation by the Secretary of the Interior. It reads as follows:

> The Secretary of Agriculture is authorized to cooperate with the State highway departments and with the Department of the Interior in the construction of public highways within Indian reservations, and to pay the amount assumed therefor from the funds allotted or apportioned under this act to the State wherein the reservation is located.

This authority of law would no doubt be useful provided Congress appropriates the money to make the cooperation actual instead of theoretical. The conferees appointed from the Committee on Roads have agreed to this provision, but it will remain perfectly meaningless unless they and the other members of the Committee on Roads join with those of us who have Indian reservations in our districts and help to convince the House that these are not idle words, but convey the distinct implication that Congress shall provide the Secretary of the Interior with funds to "cooperate with the Secretary of Agriculture in the construction of public highways within Indian reservations."

The statements that I have made are not new to my fellow members of the Committee on Indian Affairs, but when I have pressed them to authorize general appropriations for roads and bridges on Indian reservations they insist that the proper way to proceed is by having the matter cared for by an amendment to the Federal aid road act, which can only be accomplished through the Committee on Roads. When I approach the members of the Committee on Roads they say that this question is entirely within the jurisdiction of the Committee on Indian Affairs. But in the meantime, while the buck is being passed back and forth, nothing is done and practically all the roads that are being built on the Indian reservations in Arizona are being paid for by the taxpayers of that State.

This conference report represents a final agreement between the House and Senate on the Federal aid road policy for the immediate future. It can not be amended and, of course, it will be accepted as the best compromise obtainable. But this question of road building on untaxed Indian lands remains unsettled and it ought to be settled right. Since the Senate and House have determined not to give the Western States credit for their Indian lands in meeting the allotments of Federal aid, there is but one other way to proceed, and that is for Congress to make similar appropriations for road construction on Indian reservations as have been provided for in the national forest reserves, the national parks, and the military reservations.

From the figures compiled in the last annual report of the Commissioner of Indian Affairs I have prepared the following table showing the untaxed Indian lands in the United States. The only changes that I have made in the commissioner's figures are to add 100,000 acres granted by the State of Florida to the Seminoles and to subtract 9,551,890 acres from the total in Oklahoma, because Hon. Tom. D. McKeown estimated that about one-half of the lands allotted to Indians in that State are now taxed. The table also shows how much money would be apportioned for expenditure within each State if Congress would appropriate, on behalf of the Indians, only 1 per cent per acre each year in lieu of the State and county road taxes that would otherwise be collected if the title to these lands was not in the Indians or the Federal Government.

State.	Acres.	Apportionment.
Arizona	18,653,014	$186,530
California	517,118	5,171
Colorado	468,874	4,688
Florida	123,542	1,235
Idaho	682,939	6,829
Iowa	3,251	32
Kansas	272,519	2,725
Michigan	153,418	1,534
Minnesota	1,508,553	15,085
Montana	6,053,673	60,536
Nebraska	359,542	3,595
Nevada	740,635	7,406
New Mexico	4,697,224	46,972

State.	Acres.	Apportionment.
New York	87,677	$876
North Carolina	63,211	632
North Dakota	2,105,320	21,053
Oklahoma	10,000,000	100,000
Oregon	1,718,006	17,180
South Dakota	6,685,734	66,857
Utah	1,641,307	16,413
Washington	2,718,886	27,188
Wisconsin	590,111	5,901
Wyoming	2,102,286	21,022
Total	61,946,840	619,468

This bill as finally agreed upon appropriates $75,000,000 to aid the States in the construction of roads, one-third of which is made immediately available and the remainder after the 1st of next January. Out of this $75,000,000 the amount apportioned to Arizona will be $1,053,000, but instead of having to raise a like sum to match it the taxpayers of that State will only be required to advance $673,218. This reduction in the contribution by the State is occasioned by the provision of the bill which gives Arizona credit for the 16,209,426 acres of unappropriated public land within her borders. According to the latest figures from the Interior Department the public domain comprises 22 per cent of the area of Arizona. Giving the State credit for one-half of this percentage means that for every dollar expended on Federal aid road projects in Arizona during this fiscal year the United States will contribute 61 cents and the State 39 cents.

If credit had also been given for all the untaxed "reservations under Federal control," as provided in the House bill, the percentage in Arizona would have been raised to 65 with a resulting contribution by the State of but 17½ cents out of each dollar expended. Conceding that the direct appropriations made by Congress for roads within the national forests, the national parks, and military reservations are sufficient to eliminate such untaxed areas from consideration if Arizona had been given credit for both the unappropriated public lands and the Indian reservations within the State, these two classes of untaxed lands would aggregate 47 per cent of the total area and the Arizona taxpayers would have to advance but 26½ cents, while the United States would contribute 73½ cents of each dollar expended on Federal aid road projects.

The Senate has insisted and now the House is to agree that the States shall not receive the same credit for the untaxed Indian lands as is granted for the untaxed public lands. Since this fixed policy is to be adopted the only recourse left for the States affected is to demand that Congress make direct annual appropriations of money for road construction on Indian reservations in the same proportion and in lieu of taxes as this bill now provides in the case of the national forest reserves. It is only by this method that a large body of heavily taxed citizens can be relieved of the unjust burden of providing the money for the construction of roads that are used free of cost by nontaxpaying property-owning Indians. [Applause.]

Mr. ROBSION. Mr. Speaker, I yield three minutes to the gentleman from Maryland [Mr. HILL].

Mr. HILL. Mr. Speaker and gentlemen of the House, there is not one inch of Federal aided road in my district, but my district is an integral and important part of my State, and the State of Maryland is strong for this bill. Maryland feels that this bill is in the interest of the whole people of that State and of the whole country. I have here a telegram I received to-day and two letters from the chairman of the State Roads Commission of the State of Maryland, with whom I have gone over Senate bill 1072, the Phipps and other previous bills on this subject, and which I incorporate in my remarks at this point, together with some very pertinent extracts from the report of the managers on the part of the House:

STATE OF MARYLAND STATE ROADS COMMISSION,
Baltimore, Md., August 25, 1921.

Col. JOHN PHILIP HILL,
House of Representatives, Washington, D. C.

MY DEAR COLONEL: Your letter of August 23 received and very much appreciated.

I am sure you are going to find Senate bill 1072 everything that you want, for in addition to the changes which we outlined to our delegation in Congress at the conference in which you took the leading part you will find that they have also eliminated the commission feature to which you especially objected.

You have interpreted the sentiment on this point very accurately, because you will find from the records that only 15 Senators voted to retain the commission, despite the fact that the committee had reported favorably the commission idea, and some of these 15, I am sure, were "courtesy" votes.

Very truly, yours, J. N. MACKALL, *Chairman.*

BALTIMORE, MD., *November 1, 1921.*

Col. JOHN PHILIP HILL,
House of Representattives, Washington, D. C.:

Confirming letter August 25, 1921, I am sure you are going to find S. 1072 everything that you want, for in addition to the changes which we outlined to our delegation in Congress at the conference in which you took the leading part, you will find that they have also eliminated the commission feature to which you especially objected. You have interpreted the sentiment on this point very accurately, because you will find from the records that only 15 Senators voted to retain the commission despite the fact that the committee had reported favorably the commission idea, and some of these 15, I am sure, "courtesy" votes.

J. N. MACKALL.

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STATE OF MARYLAND, STATE ROADS COMMISSION,
Baltimore, Md., June 29, 1921.

Hon. JOHN PHILIP HILL,
House of Representatives, Washington, D. C.

MY DEAR MR. HILL: Please accept our sincere thanks for the splendid support which you gave the Phipps bill Monday. It is certainly gratifying to us to know that we have such able support from our Representatives in Congress, and I am sure your constituents will feel as we did, that the continuance of Federal aid is very desirable, and that only by the Phipps bill can we hope for this.

Very truly, yours,

J. N. MACKALL, *Chairman.*

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill S. 1072 submit the following written statement explaining the effect of the action agreed on. The bill is now submitted in this report for approval of the House, is substantially as the bill passed the House with some exceptions as to appropriations. The principal features of the bill which passed the House were:

1. To have the Federal aid road law administered by the Department of Agriculture under the Bureau of Public Roads instead of by a commission.

2. The initiative in locating roads to receive Federal aid shall remain in the States, subject to the approval of the Department of Agriculture, instead of a commission at Washington.

3. The several State highway departments, with the approval of the Department of Agriculture, shall lay out a system of roads interstate and intercounty in character and not interstate alone.

4. The funds from the several States put up to match Federal aid, from whatever source derived, shall be subject to the direct control of the highway department of the several States.

5. The several States shall maintain and keep in good repair at all times all highways constructed with Federal aid. A penalty is provided for failure to put in proper repairs after 90 days' notice from the Department of Agriculture.

6. In all States having more than 5 per cent of its area in unappropriated public lands greater participation in Federal aid is allowed in proportion to the amount of such unappropriated public lands.

7. No State shall receive less than one-half of 1 per cent of the fund available for the construction of highways.

8. Special provisions were made to take care of roads and trails within, adjacent to, and serving forest reservations and other reservations under Federal control.

9. The time given each State to match and take up the Federal aid allotted to it has been extended for a period of one year, making the time two years instead of one year.

10. Three years' time from and after the passage of this act is given to those States whose laws or constitution will not permit the State to provide revenues for the construction, reconstruction, or maintenance of highways to change their constitution or laws to meet the requirements of this act.

The foregoing are the essential features of the road bill as it passed the House and are fully incorporated in the bill as it passed the Senate and are now set forth in the conference report.

* * * * * * *

5. The bill as amended by the Senate provided for an appropriation of $75,000,000 for the fiscal year ending June 30, 1922, to aid the States in the construction of highways, $25,000,000 of which should become immediately available and $50,000,000 to be available six months after the passage of this act. The bill which passed the House last February provided $100,000,000 for the present fiscal year. The Senate fixed the sum at $75,000,000 on the recommendation of the Secretary of Agriculture. As many months have elapsed since the passage of the bill in the Senate, it was deemed advisable by the conferees and so agreed to that $25,000,000 shall be immediately available and the other $50,000,000 shall be available January 1, 1922. The action was deemed wise on account of the unemployment situation throughout the country and it being a favorable time to secure contracts for the construction of roads at greatly reduced cost.

This particular measure has been the subject of very careful consideration by both the House and the Senate and of very careful consideration on the part of the State road engineers of the country. It is certainly a bill which Maryland wishes to see passed, and I shall vote for it. [Applause.]

Mr. ROBSION. Mr. Speaker, I yield two minutes to the gentleman from Oregon [Mr. SINNOTT].

Mr. SINNOTT. Mr. Speaker, sharp criticism has been made to-day because some of the money appropriated in this bill is to be devoted to the building of roads and trails in national forests. The last national Republican platform had this to say on that subject:

In determining the proportion of Federal aid for road construction among the States, the sums lost in taxation to the respective States by the setting apart of large portions of their area as forest reservations should be considered as a controlling factor.

That plank of the Republican platform has been written into this bill. Furthermore, along that line, there are over 150,-

000,000 acres withdrawn from taxation in these national forests. An area as large as Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, and North Carolina, all combined. If that land in the national forest was to-day paying taxes those 27 States that have these national forests would receive each year more than $14,000,000 in taxation. If that land was upon the tax roll those States would not be here asking a dollar for these trails and roads. Furthermore, Uncle Sam in respect to those States having those national forests is really an absentee landlord owning those enormous areas, and he should pay his share for the necesary trails and roads. The farmer might just as well ask the State to build lanes and his own private roads on his farm, as to have Uncle Sam say, "Here, the States, should build these trails, the States should build these roads necessary for the development of Uncle Sam's holdings." Mr. E. J. Adams, secretary to Senator STANFIELD, and an expert and great student of this subject, says that there are 268 townships in these national forests, that is over 6,000,000 acres, where there are no roads or trails of any kind.

The SPEAKER. The time of the gentleman has expired.

Mr. ROBSION. Mr. Speaker, I yield to the gentleman from Louisiana [Mr. LAZARO].

Mr. LAZARO. Mr. Speaker, I am glad that the House and Senate committees have at last agreed to report the Federal good roads bill, and I hope that it will soon be enacted into law. It would have been false economy to have discontinued Federal aid to the States, which began five years ago.

If there is one problem that is vital to all the people of the United States to-day, it is the problem of transportation. Adequate transportation facilities are absolutely necessary if those who produce and those who consume are to get the benefits of our unlimited resources in the United States. It is very evident that the people throughout the country are realizing the benefits of good roads as one of the most important links in the entire system of transportation. Not only that good roads will help to reduce passenger and freight rates, but they are absolutely necessary for the development of the country.

In connection with the building of good roads the people are demanding four things. First, Federal aid; second, the wise and economical expenditure of the money from the State and Federal Governments in the building of good roads; third, a permanent maintenance fund to maintain the roads after they have been built; and fourth, that the roads be built where they will be of the greatest advantage to the people.

I want to call attention to what I consider the main provisions in this Federal-aid road law. First, it will be administered by the Department of Agriculture, under the Bureau of Public Roads. Second, that the initiative in locating the roads to receive Federal aid shall remain in the States. Third, that the several State highway departments (with the approval of the Department of Agriculture) shall lay out a system interstate and intercounty in character and not interstate alone. Fourth, that the funds from the several States to be put up to match Federal aid shall be subject to the direct control of the highway departments of the several States. Fifth, that the States shall maintain and keep in good repair at all times all highways constructed with Federal aid.

Those essential provisions of the road bill were incorporated in the bill as it passed the House. The people need good roads and they want Federal aid. Therefore this bill, carrying an appropriation of $75,000,000, should be enacted into law as soon as possible. [Applause.]

Mr. ROBSION. Mr. Speaker, I move the previous question on the conference report.

The question was taken, and the previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

Mr. HUDSPETH. Mr. Speaker, I desire to offer the following motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HUDSPETH. Yes, sir.

The SPEAKER. The gentleman from Texas offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. HUDSPETH moves to recommit S. 1072 to the committee on conference with instruction to the House conferees to agree to an elimination from the amendment recommended by the conference the following provisions: On page 17, line 1, after the word "thereof," "and made available for expenditure under the direct control of the State highway department," and the same language where it occurs in lines 7 and 8, on page 21, and also all of sections 6 and 24.

Mr. ROBSION. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. STAFFORD. Mr. Speaker, we are not able to determine what this is from the reading of the motion to recommit. I think the House should have some information as to what it is voting on.

Mr. WINGO. Mr. Speaker, I ask unanimous consent that the eliminated matter be reported.

The SPEAKER. Without objection, the matter eliminated will be reported.

The motion to recommit was again reported.

Mr. ROBSION. Mr. Speaker, I move the previous question on the motion to recommit.

The question was taken, and the previous question was ordered.

Mr. WINGO. Mr. Speaker, sections 6 and 24 are short, and I ask unanimous consent that they be read at this point so that Members who have not a copy of the bill in their hands may know what they are.

The SPEAKER. Without objection the sections referred to will be read.

There was no objection.

The sections were reported.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken, and the Speaker announced that the noes seemed to have it.

On a division (demanded by Mr. HUDSPETH) there were—ayes 24, noes 113.

Mr. HUDSPETH. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair thinks that there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken, and there were—yeas 36, nays 264, answered "present" 1, not voting 131, as follows:

YEAS—36.

Appleby	Driver	McDuffie	Rankin
Black	Garrett, Tenn.	Nelson, J. M.	Rayburn
Blanton	Garrett, Tex.	Oldfield	Sanders, Tex.
Boies	Graham, Pa.	Oliver	Sisson
Box	Hardy, Tex.	Parker, N. J.	Sumners, Tex.
Briggs	Hudspeth	Parks, Ark.	Swank
Buchanan	Jacoway	Parrish	Tillman
Bulwinkle	Jones, Tex.	Pou	Wingo
Connally, Tex.	Lanham	Quin	Wurzbach

NAYS—264.

Almon	Dallinger	Hutchinson	Moore, Ill.
Anderson	Darrow	Ireland	Moore, Ohio
Andrew, Mass.	Davis, Minn.	Johnson, Ky.	Moore, Va.
Andrews, Nebr.	Davis, Tenn.	Johnson, Miss.	Moores, Ind.
Anthony	Denison	Johnson, S. Dak.	Morgan
Arentz	Dickinson	Johnson, Wash.	Nelson, A. P.
Aswell	Dominick	Kearns	Newton, Minn.
Atkeson	Dowell	Keller	Newton, Mo.
Bankhead	Drane	Kelly, Pa.	Norton
Barbour	Dunbar	Kendall	O'Connor
Beck	Dupré	Ketcham	Olpp
Beedy	Dyer	King	Osborne
Begg	Echols	Kinkaid	Overstreet
Bell	Elliott	Kissel	Padgett
Bird	Ellis	Kleczka	Park, Ga.
Bixler	Evans	Kline, N. Y.	Parker, N. Y.
Blakeney	Fairfield	Kline, Pa.	Patterson, N. J.
Bland, Ind.	Faust	Kopp	Petersen
Bland, Va.	Favrot	Kraus	Porter
Bowers	Fish	Kunz	Pringey
Bowling	Fisher	Lampert	Purnell
Brennan	Fitzgerald	Lankford	Radcliffe
Brinson	Focht	Larsen, Ga.	Raker
Britten	Fordney	Larson, Minn.	Ramseyer
Brooks, Ill.	Foster	Lawrence	Ransley
Browne, Wis.	Frear	Layton	Reavis
Burdick	Free	Lazaro	Reece
Burroughs	Freeman	Lea, Calif.	Reed, N. Y.
Burtness	Frothingham	Leatherwood	Reed, W. Va.
Burton	Fulmer	Linthicum	Rhodes
Butler	Funk	Logan	Ricketts
Byrnes, S. C.	Gensman	London	Riddick
Byrns, Tenn.	Gernerd	Longworth	Robertson
Cable	Goodykoontz	Lowrey	Robsion
Cannon	Gorman	Luce	Rodenberg
Chalmers	Green, Iowa	Luhring	Rogers
Chindblom	Greene, Mass.	Lyon	Rosenbloom
Christopherson	Greene, Vt.	McArthur	Rouse
Clague	Hadley	McClintic	Sanders, Ind.
Clarke, N. Y.	Hammer	McCormick	Sandlin
Classon	Hardy, Colo.	McLaughlin, Mich.	Scott, Mich.
Clouse	Haugen	McLaughlin, Nebr.	Scott, Tenn.
Cockran	Hawes	McPherson	Sears
Codd	Hawley	McSwain	Shaw
Cole, Iowa	Hayden	MacGregor	Shelton
Cole, Ohio	Hersey	Madden	Shreve
Collier	Hickey	Magee	Sinnott
Collins	Hill	Mapes	Smith, Idaho
Colton	Himes	Michener	Smith, Mich.
Cooper, Wis.	Hoch	Miller	Smithwick
Coughlin	Hukriede	Millspaugh	Snell
Crisp	Hull	Mondell	Speaks
Crowther	Humphreys	Montague	Sproul
Curry	Husted	Montoya	Stafford

Steagall	Ten Eyck	Vinson	Williamson
Stedman	Thompson	Voigt	Wilson
Steenerson	Tilson	Volstead	Winslow
Stephens	Timberlake	Walsh	Wise
Stevenson	Tincher	Walters	Wood, Ind.
Stoll	Tinkham	Ward, N. C.	Woodruff
Strong, Kans.	Towner	Watson	Woods, Va.
Summers, Wash.	Tyson	Weaver	Woodyard
Sweet	Underhill	Webster	Wright
Swing	Upshaw	Wheeler	Wyant
Taylor, Tenn.	Vaile	White, Kans.	Young
Temple	Vestal	Williams	Zihlman

ANSWERED "PRESENT"—1.

Clark, Fla.

NOT VOTING—131.

Ackerman	Fenn	Kirkpatrick	Peters
Ansorge	Fess	Kitchin	Rainey, Ala.
Bacharach	Fields	Knight	Rainey, Ill.
Barkley	Flood	Knutson	Reber
Benham	French	Kreider	Riordan
Bond	Fuller	Langley	Roach
Brand	Gahn	Lee, Ga.	Rose
Brooks, Pa.	Gallivan	Lee, N. Y.	Rossdale
Brown, Tenn.	Garner	Lehlbach	Rucker
Burke	Gilbert	Lineberger	Ryan
Campbell, Kans.	Glynn	Little	Sabath
Campbell, Pa.	Goldsborough	McFadden	Sanders, N. Y.
Cantrill	Gould	McKenzie	Schall
Carew	Graham, Ill.	McLaughlin, Pa.	Siegel
Carter	Griest	Maloney	Sinclair
Chandler, N. Y.	Griffin	Mann	Slemp
Chandler, Okla.	Harrison	Mansfield	Snyder
Connell	Hays	Martin	Stiness
Connolly, Pa.	Herrick	Mead	Strong, Pa.
Cooper, Ohio	Hicks	Merritt	Sullivan
Copley	Hogan	Michaelson	Tague
Crago	Houghton	Mills	Taylor, Ark.
Cramton	Huddleston	Morin	Taylor, Col.
Cullen	James	Mott	Taylor, N. J.
Dale	Jefferis, Nebr.	Mudd	Thomas
Deal	Jeffers, Ala.	Murphy	Treadway
Dempsey	Jones, Pa.	Nolan	Vare
Doughton	Kahn	O'Brien	Volk
Drewry	Kelley, Mich.	Ogden	Ward, N. Y.
Dunn	Kennedy	Paige	Wason
Edmonds	Kiess	Patterson, Mo.	White, Me.
Elston	Kincheloe	Perkins	Yates
Fairchild	Kindred	Perlman	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. TREADWAY with Mr. MARTIN.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. KAHN with Mr. TAYLOR of Arkansas.

Mr. DUNN with Mr. FLOOD.

Mr. PATTERSON of Missouri with Mr. SULLIVAN.

Mr. BACHARACH with Mr. RAINEY of Illinois.

Mr. GRIEST with Mr. CULLEN.

Mr. REBER with Mr. GALLIVAN.

Mr. PERKINS with Mr. KITCHIN.

Mr. ROACH with Mr. DOUGHTON.

Mr. MORIN with Mr. RIORDAN.

Mr. VOLK with Mr. BARKLEY.

Mr. STRONG of Pennsylvania with Mr. MEAD.

Mr. YATES with Mr. HUDDLESTON.

Mr. PAIGE with Mr. GARNER.

Mr. KIRKPATRICK with Mr. DEAL.

Mr. JAMES with Mr. TAGUE.

Mr. HOGAN with Mr. CANTRILL.

Mr. ACKERMAN with Mr. O'BRIEN.

Mr. COOPER of Ohio with Mr. KINDRED.

Mr. FULLER with Mr. LEE of Georgia.

Mr. SIEGEL with Mr. SABATH.

Mr. RHODES with Mr. DREWRY.

Mr. SINCLAIR with Mr. CAREW.

Mr. KIESS with Mr. BRAND.

Mr. TAYLOR of New Jersey with Mr. GILBERT.

Mr. SNYDER with Mr. THOMAS.

Mr. EDMONDS with Mr. RAINEY of Alabama.

Mr. FRENCH with Mr. GRIFFIN.

Mr. LEHLBACH with Mr. MANSFIELD.

Mr. KNUTSON with Mr. CAMPBELL of Pennsylvania.

Mr. KREIDER with Mr. TAYLOR of Colorado.

Mr. MUDD with Mr. GOLDSBOROUGH.

Mr. PERLMAN with Mr. HARRISON.

Mr. GRAHAM of Illinois with Mr. FIELDS.

Mr. CONNOLLY of Pennsylvania with Mr. CARTER.

Mr. HAYS with Mr. RUCKER.

Mr. NOLAN with Mr. KINCHELOE.

Mr. CHANDLER of Oklahoma with Mr. JEFFERS of Alabama.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

The question is on agreeing to the conference report.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. STAFFORD. Division, Mr. Speaker.

The House proceeded to divide, and the Speaker counted those in the affirmative.

Mr. STAFFORD. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The gentlemen who are opposed to agreeing to the conference report will rise and be counted.

The counting of the vote was completed, and the Speaker announced—ayes 194, noes 36.

So the conference report was agreed to.

AGRICULTURAL ENTRIES ON COAL LANDS IN ALASKA.

Mr. SINNOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8842.

The SPEAKER. The gentleman from Oregon moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8842, which the Clerk will report.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order that that bill is not privileged.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska.

The SPEAKER. The gentleman from Tennessee makes the point of order that the bill is not privileged.

Mr. PARKER of New Jersey. Mr. Speaker, I thought that bill had been referred back to the committee.

The SPEAKER. Yes; but that bill has been reported again.

Mr. PARKER of New Jersey. Can the Speaker state how many days it has been on the calendar.

The SPEAKER. It has been on the calendar for several days.

Mr. PARKER of New Jersey. I thought it was only yesterday they sent it back.

Mr. GARRETT of Tennessee. Mr. Speaker, I am sure that this is a matter that has had the consideration of the Speaker, and I do not care to take up the time of the Chair in arguing the question.

Mr. SINNOTT. In addition, Mr. Speaker, to my argument in the RECORD on October 24, page 6687, on the privileged character of a similar bill, H. R. 7948, for which this bill H. R. 8842 is a substitute, I wish to add, Mr. Speaker, that the rule giving the Committee on the Public Lands the right to report privileged bills is as follows:

RULE XI, CLAUSE 56.

The following committee shall have leave to report at any time on the matters herein stated, viz: * * * The Committee on the Public Lands, bills for the forfeiture of land grants to railroad and other corporations, bills preventing speculation in the public lands, and bills for the reservation of the public lands for the benefit of actual and bona fide settlers.

Mr. Speaker, that rule was adopted in the Forty-ninth Congress, first session. It is found on page 322 of the RECORD of that session, December 18, 1885. Mr. Cobb, then chairman of the Public Lands Committee, was the author of the present rule. When Mr. Cobb advocated that rule upon the floor, he said, page 322 of the RECORD:

Mr. Speaker, I think Members will at once see the importance of this amendment, which simply embodies what was a special rule of the House in the last Congress.

Now, he was referring to the Forty-eighth Congress, when a special rule was passed giving the Committee on the Public Lands the right to report privileged bills. The present rule is really that rule of the Forty-eighth Congress, stated in a more condensed, compact form. The present rule is really an epitome of the special rule adopted in the Forty-eighth Congress. Therefore, Mr. Speaker, I think it will be helpful to read the rule that was adopted in that Congress. It is found in the proceedings of that Congress, first session Forty-eighth Congress, page 546 of the RECORD, and adopted January 28, 1884. This special rule was introduced by Mr. Holman, then the chairman of the Committee on the Public Lands, and it is as follows:

Resolved, That in the judgment of this House all the public lands heretofore granted to States and corporations to aid in the construction of railroads, so far as the same are now subject to forfeiture by reason of the nonfulfillment of the conditions on which the grants were made, ought to be declared forfeited to the United States and restored to the public domain.

Of course, that part of the rule has nothing to do with the present bill before the House, but even that language has been embodied into our present rule in a more condensed form. Now, I call attention to this part of the rule adopted in the Forty-eighth Congress, because it throws light on the present rule:

Resolved, That it is of the highest public interest that the laws touching the public lands should be so framed and administered as to ultimately secure freehold therein to the greatest number of citizens; and to that end all laws facilitating speculation in the public lands or

authorizing or permitting the entry or purchase thereof in large bodies ought to be repealed, and all of the public lands adapted to agriculture (subject to bounty grants and those in aid of education)——

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. GARRETT of Tennessee. That is merely the reading of a resolution expressing a thought on the part of the House. It does not go to the procedure.

Mr. SINNOTT. No. That was a special rule adopted at that session of Congress, and when our present rule was adopted its author, Mr. Cobb, stated that it embodied the special rule adopted at the last Congress.

Mr. GARRETT of Tennessee. What the gentleman has read is not a rule in the ordinary sense, a rule of procedure. It declares a contention, but it does not provide for consideration.

Mr. SINNOTT. Oh, yes; it does, as the gentleman will see when I conclude the reading. It says:

And all of the public lands adapted to agriculture—subject to bounty grants and those in aid of education—ought to be reserved for the benefit of actual and bona fide settlers and disposed of under the provisions of the homestead laws only.

Resolved, That the Committee on Public Lands is hereby instructed to report to the House bills to carry into effect the views expressed in the foregoing resolutions; that said committee shall be authorized to report such bills at any time, subject only to revenue and appropriation bills, and the same shall in like order be entitled to consideration.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. WALSH. Did the application of that rule at that session of Congress apply to coal lands in any Territory?

Mr. SINNOTT. I do not recall that there was any legislation up at that session covering coal lands.

Now, in the debate upon that special rule, in the Forty-eighth Congress Mr. Holman, the author of the rule, referred to frauds committed under the preemption law to the detriment of actual settlers. He referred to large bodies of land acquired by capitalists; to the commutation clause of the homestead law as a means of fraud. He further said that the policy of the Government always was to secure ownership of the freeholds in the largest number of citizens; that a republic rests on its freeholding and independent people.

Then he proceeded to make an argument regarding the wisdom of permitting the homestead settler to go upon the lands of the Nation to make entries, to secure a freehold in those lands, as against the capitalists that he referred to, who, he said, were endeavoring to secure title to the land in large tracts. The rule he was discussing, according to Mr. Cobb, the author of our present rule, is embodied in our present rule.

That, Mr. Speaker, I desire to add to the argument that I made on the 24th of October. I understand that the Speaker has read my argument in the RECORD on October 24, so that I shall not reiterate any of that argument.

In addition to the citations in the argument on the 24th of October I desire to call to the attention of the Chair a decision of Speaker CANNON in the Sixty-first Congress, second session, April 13, 1910, RECORD page 4632, when the very law that we are now endeavoring to apply to Alaska was considered in the House as a House bill; that is, the coal land bill, giving a surface right of entry on coal lands in the different States called up by Mr. MONDELL, then chairman of the Committee on the Public Lands on Calendar Wednesday. A point of order was made against calling up that bill on the ground that it was a privileged bill and could not be called up on Calendar Wednesday, whereupon the following colloquy ensued:

Mr. MONDELL. Mr. Speaker, I call up for consideration the bill (H. R. 13907) to provide for agricultural entries on coal lands.

The SPEAKER. The Clerk will read the title of the bill.

The Clerk read as follows:

"A bill (H. R. 13907) to provide for agricultural entries on coal lands."

Mr. CRAIG. Now, I make the point of order, the bill is privileged and not in order on Calendar Wednesday.

Mr. ROBINSON. Mr. Speaker, I make the point of order that the bill is not in order on Calendar Wednesday.

The SPEAKER. To which the gentleman from Alabama makes the point of order that, being privileged, the bill is not in order on Calendar Wednesday. The Clerk will report the bill.

The bill was read at length.

Mr. CRAIG. Mr. Speaker, under Rule XI, subdivision 61——

The SPEAKER. The gentleman makes the point of order?

Mr. CRAIG. I make the point of order.

The SPEAKER. The Chair is prepared to rule. The Chair practically ruled a week ago to-day upon a question that arose similar to the one that arises on the present bill. Ruling under the same rule, although it was a different bill, the Chair then overruled the point of order.

Mr. CRAIG. But this is entirely different.

The SPEAKER. The Chair is about to state:

The following-named committees shall have leave to report at any time on the matters herein stated:

The Committee on the Public Lands, for the forfeiture of land grants to railroad and other corporations, bills preventing speculation in the public lands, and bills for the reservation of the public lands for the benefit of actual and bona fide settlers.

This bill on its face permits homesteads upon the public lands to bona fide and actual settlers for the surface, and it seems to the Chair that under the rule it is a privileged bill, which is therefore not in order to-day.

That decision of Speaker CANNON, Mr. Speaker, I contend, is a decision directly in point. But without that decision the authorities that I cited on October 24 indicate very plainly that this is a privileged bill.

Mr. Speaker, I ask unanimous consent that I may extend my remarks on this point of order by incorporating my other argument with this argument to-day, so that they may be together in one place in the RECORD.

The SPEAKER. Is there objection to the gentleman's request?

Mr. GARRETT of Tennessee. I have no objection to the gentleman extending his remarks on the point of order. It is an unusual thing, but I have no objection.

Mr. SINNOTT. My idea is to have the different authorities cited and brought together in one place in the CONGRESSIONAL RECORD.

Mr. GARRETT of Tennessee. The Speaker is to decide the point of order; I do not care.

Mr. SINNOTT. I shall print at this point my argument on October 24 last:

JURISDICTION OF THE COMMITTEE ON THE PUBLIC LANDS TO REPORT PRIVILEGED BILLS.

Rule XI as it relates to the Committee on the Public Lands is as follows:

"The following-named committees shall have leave to report at any time on the matters herein stated, viz, * * * the Committee on the Public Lands, bills for the forfeiture of land grants to railroad and other corporations, bills preventing speculation in the public lands, and bills for the reservation of the public lands for the benefit of actual and bona fide settlers."

CONSTRUCTION BY DIFFERENT SPEAKERS ON RULE XI, CLAUSE 56, AS IT RELATES TO THE COMMITTEE ON THE PUBLIC LANDS.

The leading decisions on the rule giving privilege to the Committee on the Public Lands are cited in volume 4, Hinds' Precedents, sections 4633 to 4639, inclusive.

DECISIONS BY SPEAKER CARLISLE.

The bill H. R. 7901, the subject of Speaker Carlisle's decision on March 17, 1888, Fiftieth Congress, first session, page 2195, cited and copiously quoted in section 4633 of Hinds' Precedents, may be found in the House library, volume 34, House bills, Fiftieth Congress, first session.

Speaker Carlisle held this bill privileged, although its title was as follows:

"To secure to actual settlers the public lands adapted to agriculture, to protect the forest on the public domain, and for other purposes."

And the bill, which is too long to read now, in addition to provisions relating to actual and bona fide settlers, covered the following subjects:

"Section 2 provides for classification and sale of mineral lands under existing law.

"Section 3 provides for entry by a citizen or association of citizens on 160 acres of vacant iron or coal lands.

"Sections 4, 5, 6, and 7 provide for sale of timber.

"Section 8 provides for reserving timberlands as public reservations.

"Section 10 provides for the disposition of lands chiefly valuable for stone, unfit for cultivation, and destitute of timber.

"Section 11 provides for public or private sale of isolated tracts.

"Section 27 makes it unlawful to cut or destroy timber on the lands of the United States, or to set fire to any tree on such lands, or to knowingly manufacture any lumber from such timber.

"Section 28 dedicates 2 rods of each side of the section line on said lands for public highways."

When section 2 of the bill was read, which is as follows:

"SEC. 2. That all public lands chiefly valuable for mineral deposits—namely, iron, coal, gold, silver, cinnabar, lead, copper, nickel, and tin—and every contiguous 160 acres or less quantity thereof, in legal subdivisions, the greater part of which is unfit for cultivation, shall be classified as mineral lands, and shall be disposed of under existing laws, except as herein provided. All iron lands shall be disposed of in like manner as is provided by law for entry of coal lands."

Mr. Adams contended that enough had been read to show that the bill was not privileged, on the ground that it had been decided that a matter can not be privileged which contains other matter not privileged in its character. Speaker Carlisle in overruling the point of order among other things said:

"In other words, it is impossible to enlarge the area of the public lands subject to entry under the homestead law without in some way legislating in respect to lands that are not now subject to homestead entry."

This quotation is from Hinds' Precedents, Volume IV, section 4633, where excerpts from the decision are given.

Another decision by Speaker Carlisle may be found in CONGRESSIONAL RECORD, Fiftieth Congress, second session, volume 20, part 1, on page 47. This decision is copiously quoted in Volume IV, section 4637, Hinds' Precedents, from which I take the following quotation:

"The Chair has invariably placed a very liberal construction upon that rule"—

Referring to said Rule XI. On this same page 47 of the RECORD of the Fiftieth Congress, second session, Mr. Holman, who reported House bill 7901, in the first session, in his argument as to the privileged character of House bill 1368, the subject of Speaker Carlisle's decision, referred to House bill 7901, held by the Speaker privileged in the first session as follows, showing the character of the bill which Speaker Carlisle held privileged:

"I refer especially, Mr. Speaker, to the decision made by the Chair on the question of order raised on the general land bill at the last session. The general purpose of that bill—the general scope of it—was to secure the public lands to actual settlers, but it necessarily involved a vast amount of other matters—protection of coal fields from monopoly, protection of water courses from monopoly, protection of forests from de-

struction, and a multitude of other incidental matter. That bill bristled with legislation provisions which are prominent and yet only incidental, and in some cases only remotely incidental, to the general purpose of protecting to the actual settlers the public lands, yet the point of order was overruled, whereas this bill contains but a single subject matter and the provisions directly necessary to secure the purpose sought to be attained, namely, that certain lands heretofore granted by Congress to a corporation shall be restored to the public domain and secured for the benefit of actual settlers."

Another decision of Speaker Carlisle is cited in the second footnote under section 4638 of volume 4, Hinds' Precedents, on page 963. In addition to the subjects mentioned in the footnote, the bill related to the desert-land law where no settlement is required. The bill also required a map of the irrigation plan showing its sufficiency, and also related to abandoned military reservations, land warrants, and land scrip.

DECISION BY SPEAKER CRISP.

The bill, S. 3643, held privileged by Speaker Crisp, cited in volume 4, section 4635, of Hinds' Precedents, is printed in CONGRESSIONAL RECORD, volume 24, Fifty-second Congress, second session, January 26, 1893, on page 864. The following is a copy of the bill held privileged:

"*Be it enacted, etc.*, That all public lands now remaining undisposed within the abandoned military reservation in the State of Wyoming, known as the Fort Bridger Military Reservation, are hereby made subject to disposal under the homestead law only: *Provided*, That actual occupants thereon upon the 1st day of July, 1892, shall have the preference right to make one entry not exceeding one quarter section under existing laws if qualified, which shall include their respective improvements: *Provided further*, That any of such lands as are occupied for town-site purposes and any of the lands that may be shown to be valuable for coal or minerals shall be disposed of as now provided for lands subject to entry and sale under the town-site coal or mineral land laws, respectively."

It will be noted that while in the first part of the bill the land is to be disposed of under the homestead law only, yet the last proviso provides that any of the land occupied for town-site purposes and any land valuable for coal or minerals shall be disposed of under the town site, coal, or mineral land laws, respectively. This decision of Speaker Crisp may be found in the RECORD for the Fifty-second Congress, second session, page 2177, February 25, 1893.

DECISION BY SPEAKER REED.

An important decision of Speaker Reed is cited in section 4638, volume 4, Hinds' Precedents, wherein Speaker Reed is quoted:

"The Chair thinks that this provision has always had a liberal construction, and will decide that it is a privileged matter."

The provision referred to, of course, is Rule XI, clause 56, as it relates to the Committee on the Public Lands. I shall read the bill, which is printed in the RECORD of the Fifty-fourth Congress, first session, page 1760, February 15, 1896, which Speaker Reed held privileged:

"*Be it enacted, etc.*, That suits by the United States to vacate and annul any patent to lands heretofore erroneously issued under a special grant shall only be brought within five years from the passage of this act, and suits to vacate and annul patents hereafter issued shall only be brought within 10 years after the date of the issuance of such patents. But no patent to any lands held by a bona fide purchaser shall be vacated or annulled, but the right and title of such purchaser is hereby confirmed.

"SEC. 2. That if any person claiming to be a bona fide purchaser of any lands erroneously patented or certified shall present his claim to the Secretary of the Interior prior to the institution of a suit to cancel a patent or certification, and if it shall appear that he is a bona fide purchaser, the Secretary of the Interior shall request that suit be brought in such case against the patentee, or the corporation, company, person, or association of persons for whose benefit the certification was made, for the value of said land, which in no case shall be less than minimum Government price thereof nor more than the amount paid by the purchaser to the original grantee of the United States, and the title of such claimant shall stand confirmed. An adverse decision by the Secretary of the Interior on the bona fides of such claimant shall not be conclusive of his rights, and if such claimant or one claiming to be a bone fide purchaser, but who has not submitted his claim to the Secretary of the Interior, is made a party to such suit and if found by the court to be a bona fide purchaser, the court shall decree a confirmation of the title and shall render a decree in behalf of the United States for the value of the land as hereinbefore provided. Any bona fide purchaser of lands patented or certified to a railroad company, and who is not made a party of such suit, and who has not submitted his claim to the Secretary of the Interior, may establish his right as such bona fide purchaser in any United States court having jurisdiction of the subject matter, or, at his option, as prescribed in sections 3 and 4 of chapter 376 of the acts of the second session of the Forty-ninth Congress.

"SEC. 3. That if at any time prior to the institution of suit by the Attorney General to cancel any patent or certification of lands erroneously patented or certified, a claim or statement is presented to the Secretary of the Interior by or on behalf of any person or persons, corporation or corporations, claiming that such person or persons, corporation or corporations, is a bona fide purchaser or are bona fide purchasers of any patented or certified land by deed or contract, or otherwise, from or through the original patentee or corporation to which patent or certificate was issued, no suit or action shall be brought to cancel or annul the patent or certification for said land until such claim is investigated in said Department of the Interior; and if it shall appear that such person or corporation is a bona fide purchaser as aforesaid, or that such persons or corporations are such bona fide purchasers, then no such suit shall be instituted and the title of such claimant or claimants shall stand confirmed; but the Secretary of the Interior shall request that suit be brought in such case against the patentee, or the corporation, company, person, or association of persons for whose benefit the patent was issued or certification was made for the value of the land as hereinbefore specified."

It is obvious from these decisions of Speakers Carlisle, Crisp, and Reed that a liberal construction has always been given this Rule XI, clause 56, as it relates to the rights of the Committee on the Public Lands.

Examining H. R. 7948 in the light of these decisions, it is apparent that the bill is entitled to a privileged character. Section 1 of the bill grants actual settlers a surface homestead right on public lands containing coal, oil, or gas, which are not now subject to homestead settlement. Section 1 enlarges the area of the public domain subject to homestead settlement. Section 2 of the bill provides for the issuance of a patent with a reservation to the United States of all the coal, oil, or gas in the land patented. Section 2 further protects and safeguards the rights of the homestead settler by restricting the operations of the coal, oil, or gas permittee or lessee in the interest of the homestead settler; it also requires the permittee or lessee to give a bond for the payment of damages to the crops or improvements on the land. It will be remembered that the coal, oil, or gas deposits in the land covered by H. R. 7948 are now subject to disposition under the Alaska coal leasing act of October 20, 1914 (38 Stat., 741), and the oil leasing act of the Sitxy-sixth Congress, Public 146, approved February 25, 1920, United States Statutes at Large, volume 41, page 437. Said acts provide for the removal of said minerals by permit or lease.

Therefore, Mr. Speaker, the main provisions of section 2 are to insure to the settler the fullest use of the homestead with the least possible molestation from the permittee or lessee; the means for accomplishing this object are by requiring a bond or undertaking against damages to crops and improvements, also by restricting the permittee or lessee to so much of the surface only as may be reasonably required for his mining operations. Without such safeguards and restrictions the privilege of the homestead settler would be bootless and nugatory. This proposition is well stated in that part of Speaker Carlisle's decision on H. R. 7901, Fiftieth Congress, first session, not quoted in Hinds' Precedents, section 4633, and which I shall read:

"The Chair supposes that a bill reported from this committee might include matters having no relation to the public lands or to the privileged subjects mentioned in the rule, and thus might lose its privilege; but the Chair will state that in such a bill all provisions relating to the preservation of the public lands for actual settlers, and providing the means for accomplishing that object, are certainly privileged; otherwise the privilege would amount to nothing."

Mr. WALSH rose.

Mr. SINNOTT. Mr. Speaker, I yield to the gentleman from Massachusetts.

Mr. WALSH. Assuming that the patent is issued and the final certificate is given prior to the discovery that the land is coal land, is there any restriction upon the person who secures the patent in reference to the future use of that land?

Mr. SINNOTT. The coal, oil, and gas deposits are reserved for all time.

Mr. WALSH. Does the gentleman contend that permitting the homesteader to mine coal upon this land is granting a patent for agricultural purposes?

Mr. SINNOTT. What does the gentleman refer to when he speaks of permitting the homesteader to mine coal?

Mr. WALSH. Does not this bill contain a provision that the owner of the patent may mine coal upon the land?

Mr. SINNOTT. No; this bill does not contain that provision; but the original Alaska coal law might permit him to mine for his own domestic purposes.

Mr. WALSH. The person who was granted this land for agricultural uses?

Mr. SINNOTT. For a limited domestic use, but not for sale.

The SPEAKER. Does the gentleman from Tennessee [Mr. GARRETT] desire to be heard?

Mr. GARRETT of Tennessee. Mr. Speaker, I have no opposition to this bill. Probably it ought to pass. Possibly the details ought to be amended. But I do not think it ought to be considered as a privileged bill unless it really be privileged, and I do not believe that the history of the rule as cited by the gentleman from Oregon [Mr. SINNOTT] would cause the philosophy of this bill to square with the rule.

The rule under which the House is operating provides that the following-named committees shall have leave to report at any time on the matters herein stated, namely, the Committee on the Public Lands, on bills for the forfeiture of land grants to railroad and other corporations, bills preventing speculation in the public lands, and bills for the reservation of the public lands for the benefit of actual and bona fide settlers.

I take it that what was in thought in the adoption of this rule was to preserve the public domain. Now, this bill is to open up the public domain for settlement, as I understand it. It is not for the forfeiture of any land grant to a railroad or other corporation. It is not for the purpose of reserving the public domain for future settlement. As I understand the purpose of the bill, it is to open up the country to settlement. I take it that that word "reservation" has and now has a technical meaning. If the rule had said "to provide for opening up public lands to settlement," of course that would be the end of the matter; but the rule says "reserving the public lands for settlement."

Mr. SINNOTT. Mr. Speaker, the argument that the gentleman makes was made to Speaker Crisp on January 26, 1893, referred to in my former argument, and in the course of that argument Mr. Outhwaite, of Ohio, made the same contention regarding the Fort Bridger bill. He said:

I do not think that the term "reservation" as used in the rule applies to land which has been already reserved for military purposes and has been abandoned as a military reservation and transferred to the Interior Department under a general law providing for the manner in which such lands shall be disposed of. I think the term "reservation" applies to such portions of the public domain as have never been withdrawn from it, never appropriated to any other use.

The authorities lay down the interpretation of "reservation" as the disposing of land to actual settlers. That is the general interpretation of the word "reservation." We can apply it more strictly in this case, because this land covered by this bill now is all open to coal, oil, and gas entries and to those entries only. Those oil, coal, and gas permittees and lessees can now go onto these lands ad libitum, but this bill reserves the surface of the land and takes it away from the oil and coal entrymen and reserves the surface rights for actual settlers, thus bringing it strictly within the most technical construction of the rule and the word "reservation."

Mr. GARRETT of Tennessee. Do the coal entrymen have the surface rights now?

Mr. SINNOTT. Yes; they would have the surface rights now—of course, not for agricultural purposes.

Mr. WALSH. Will the gentleman yield again?

Mr. SINNOTT. I yield to the gentleman from Massachusetts.

Mr. WALSH. Is it not a fact that these lands have been classified and set apart in the Territory of Alaska as coal lands and the method prescribed under which a patent to work them can be issued?

Mr. SINNOTT. They have not all been set aside. A great many of them have, but a law has been passed providing the manner of working the coal and oil lands.

Mr. WALSH. But there is a law prescribing for the working of those lands that have been set aside, is there not?

Mr. SINNOTT. Certain of these lands have been absolutely withdrawn from all entry, and will not be open to surface entry even under this bill.

Mr. WALSH. How can the gentleman contend that the privilege attaches to this bill to report it at any time when it operates upon lands which have been set aside and classified as coal lands and which are opened for working under an existing law for mining purposes or for oil, and the privilege be accorded to a bill opening up these lands for another purpose, when as a matter of fact they are not distinctly public lands in the large acceptation of the term.

Mr. SINNOTT. They are certainly public lands within the purview of this act.

Mr. WALSH. Within the purview of this proposed bill; yes.

Mr. SINNOTT. No; within the purview of the rule. We are taking the surface of these lands away from the mineral claimants and giving them to the homestead settlers. We are reserving them away from the mineral claimant in favor of the homestead settler, so that he may secure a surface entry.

Mr. SUTHERLAND. Mr. Speaker, if the purpose of the bill has any effect on the rule, I will say that these lands are not claims. The lands which the bill intends to cover are not claimed for mineral, are not claimed for coal to any great extent. There are some instances in the territory where lands are so claimed, but the principal agricultural lands that this bill intends to open to entry have no claimants for the coal layers therein.

Mr. RAKER. Mr. Speaker, may I be heard a moment?

The SPEAKER. The Chair will hear the gentleman.

Mr. RAKER. Mr. Speaker, having gone over this matter two years ago when another similar report was made by the Committee on Public Lands, but which never came before the House for final determination, I desire to concur in what the gentleman from Oregon has said. At that time I investigated the question and the language referred to, namely, that bills for the reservation of the public lands and for the benefit of actual bona fide settlers be privileged.

The land is now open and will be to mineral claimants. They can file on it and get title to it, discovered and undiscovered. This bill will reserve that land for the actual settler because it permits him notwithstanding the land is coal, oil, gas, or mineral land, or metalliferous land—he may go on the land as an actual and bona fide settler, make his homestead application, get a surface right for agricultural purposes, and the mineral claimant is not interfered with. So the bill reaches out to protect the homestead settler to get on the land and still it does not interfere with the mineral or oil claimant whatever. Whereas if this legislation is not passed much of the surface will go to the mineral claimant. If we can present any privileged bill at all, this character of bill brings it within the rule and makes it privileged.

The SPEAKER. As the gentleman from Tennessee suggested, the Chair has investigated the question as to whether the bill is privileged, and has considered the very elaborate and thorough argument of the gentleman from Oregon presented some weeks ago. The Chair comes to the conclusion very readily that these precedents and the logic upon which they were founded clearly show that this bill is a privileged bill under the rule which allows the Committee on the Public Lands to report from the floor bills for the reservation of public lands or for the benefit of bona fide settlers. The Chair confesses that the ingenious argument of the gentleman from Tennessee as to the meaning of the word "reservation" struck the Chair as forcible, but against that the gentleman from Oregon retorts that it reserves them against mineral claimants, and therefore is accurate. The Chair thinks beyond that that the word "reservation" has been so construed in the past. Speaker Carlisle said, over 30 years ago:

> In other words, a part of the land which can now be taken up under existing law as timberland or mineral land or desert land will, if this bill passes, be subject to entry hereafter under the homestead law only.

Accordingly, Speaker Carlisle held the bill privileged. The Chair thinks the precedents are to the effect that this bill is one which the Public Lands Committee has the right to report from the floor, and therefore is privileged, and overrules the point of order.

EXTENSION OF REMARKS.

Mr. GARRETT of Tennessee. Will the gentleman permit me to make a unanimous-consent request?

Mr. SINNOTT. Yes.

Mr. GARRETT of Tennessee. Mr. Speaker, I have an article prepared by the Hon. Cordell Hull, our former colleague, upon the economic phases of the failure of the peace treaty. I ask unanimous consent to extend my remarks in the RECORD by inserting that article.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to extend his remarks in the RECORD for the purpose indicated. Is there objection?

There was no objection.

MEETING OF DEMOCRATIC MEMBERS.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. The gentleman from Texas asks unanimous consent to proceed for half a minute. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I want to announce that tomorrow morning at 11.30 the Democrats of the House are requested to meet in this Hall.

AGRICULTURAL ENTRIES ON COAL LANDS IN ALASKA.

Mr. RAKER. Mr. Speaker, I will ask the gentleman from Oregon if—can we not arrange for time for general debate before going into Committee of the Whole House on the state of the Union?

Mr. SINNOTT. I have an application for 30 minutes outside of the bill.

Mr. RAKER. I have practically the same application. Can not we agree to an hour on a side?

Mr. SINNOTT. That will be agreeable to me. Mr. Speaker, I ask unanimous consent that the time for general debate be limited to two hours, one hour to be controlled by the gentleman from California [Mr. RAKER] and the other hour by myself.

The SPEAKER. The gentleman from Oregon, amending his motion, asks unanimous consent that the time for general debate be limited to two hours, one hour to be controlled by the gentleman from California [Mr. RAKER] and the other by himself. Is there objection?

Mr. STAFFORD. Reserving the right to object, may I inquire what the purpose of the gentleman is as to proceeding to-night. Of course, the bill being privileged it will come up Thursday morning.

Mr. SINNOTT. It will take but little time to dispose of the bill after general debate.

Mr. STAFFORD. Can not there be an understanding that we will rise at 5 o'clock?

Mr. SINNOTT. Let the debate run until 5 and we will see.

The SPEAKER. The gentleman from Oregon moves that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8842, to provide for agricultural entries on coal lands in Alaska.

The motion was agreed to; accordingly, the House resolved itself into Committee of the Whole House on the state of the Union with Mr. STAFFORD in the chair.

The Clerk reported the title of the bill.

Mr. RAKER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. WALSH. Mr. Chairman, I object. We seem to have plenty of time for general debate.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read the bill as follows:

Be it enacted, etc., That from and after the passage of this act homestead claims may be initiated by actual settlers on public lands of the United States in Alaska known to contain workable coal, oil, or gas deposits, or that may be valuable for the coal, oil, or gas contained therein, and which are not otherwise reserved or withdrawn, whenever such claim shall be initiated with a view of obtaining or passing title with a reservation to the United States of the coal, oil, or gas in such lands, and of the right to prospect for, mine, and remove the same; and any settler who has prior to the passage of this act initiated a homestead claim in good faith on lands containing workable deposits of coal, oil, or gas, or that may be valuable for the coal, oil, or gas contained therein and not otherwise reserved or withdrawn, may perfect the same under the provisions of the laws under which the claim was initiated, but shall receive the limited patent provided for in this act: *Provided, however*, That should it be discovered at any time prior to the issuance of a final certificate on any claim initiated for unreserved lands in Alaska that the lands are coal, oil, or gas in character, the patent issued on such entry shall contain the reservation required by this act

SEC. 2. That upon satisfactory proof of full compliance with the provisions of the laws under which the entry is made and of this act the entryman shall be entitled to a patent to the lands entered by him, which patent shall contain a reservation to the United States of all the coal, oil, or gas in the land so patented, together with the right to prospect for, mine, and remove the same. The coal, oil, or gas deposits so reserved shall be subject to disposal by the United States in accordance with the provisions of the laws applicable to coal, oil, or gas deposits or coal, oil, or gas lands in Alaska in force at the time of such disposal. Any person qualified to acquire coal, oil, or gas deposits, or the right to mine and remove the coal or to drill for and remove the oil or gas under said laws as applicable to Alaska, shall have the right at all times to enter upon the lands entered or patented, as provided by the provisions of this act, for the purpose of prospecting for coal, oil, or gas therein, upon the approval by the Secretary of the Interior of a bond or undertaking to be filed with him as security for the payment of all damages to the crops and improvements on such lands by reason of such prospecting. Any person who has acquired from the United States the coal, oil, or gas deposits in any such land, or the right to mine, drill for, or remove the same, may reenter and occupy so much of the surface thereof as may be required for all purposes reasonably incident to the mining and removal of the coal, oil, or gas therefrom, and mine and remove the coal or drill for and remove the oil or gas upon payment of the damages caused thereby to the owner thereof, or upon giving a good and sufficient bond or undertaking in an action instituted in any competent court to ascertain and fix said damages: *Provided*, That the owner under such limited patent shall have the right to mine the coal for use on the land for domestic purposes at any time prior to the disposal by the United States of the coal deposits: *Provided further*, That nothing in this act shall be construed as authorizing the exploration upon or entry of any coal deposits withdrawn from such exploration and purchase: *And provided further*, That nothing herein contained shall be held or construed to authorize the entry or disposition of withdrawn or classified coal lands or lands valuable for coal, oil, or gas under section 2306, United States Revised Statutes, or acts amendatory thereof or supplemental thereto, commonly known as soldiers' homestead law.

Mr. SINNOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Alaska [Mr. SUTHERLAND].

Mr. SUTHERLAND. Mr. Chairman and gentlemen, this bill has been pending in Congress for a period of over five years. I have inherited it, although in former years it was not introduced by the Delegates representing Alaska. Nevertheless I feel that the people of Alaska demand it and that it is my duty to urge the passage of the bill.

The present bill has been approved by the present administration of the Interior Department, by Judge Finney, the Assistant Secretary. In a former administration the essential features of it were approved by Secretary Lane and also by Secretary Payne. In 1910 a general act was passed by Congress whereby agricultural entries could be made on coal lands, but for some reason that I have never heard explained, the act excluded Alaska from the privileges extended to the States. In 1914 an act was passed extending the right of agricultural entries to gas and phosphate lands. That act did not specify the status of Alaska, but the Interior Department holds that where no status is specified the act does not apply to Alaska.

I call your attention to this map of Alaska. In this section of Alaska on the eastern coast of Cooks Inlet there is an area of from 1,000 to 2,000 square miles of fine agricultural land that is classified by the Geological Survey as coal land. It is so classified in this large area for the reason that where the action of the surf has exposed the land and the formation of the country it shows some lignite, but of a very low grade, which in some cases is distributed along the beach, through the centuries of action of the surf. For that reason the Geological Survey assumes that it is coal land. The legend indicates that it may be coal land. They do not say positively that it is, although one or two little areas are particularly marked as coal lands. In that particular section on those areas there are to-day about 50 homesteaders. A number of them have been settled there for about six or seven years. Forty-three of them had made application to the General Land Office early this summer for entry. I am quite sure that there are 50 residents there, men who are working under our homestead law hoping that the land will be open to entry in order that they may obtain title.

The only land laws applicable to Alaska are the general mineral law, which was extended to the territory in 1884, and the general homestead law, which was extended in 1898. There are no other laws, no grazing laws, no stone and timber laws. None of those apply to Alaska at all—just the homestead law, whereby a man must cultivate 20 acres of his 160-acre tract before he can obtain patent thereto. These men located in the section I speak of are praying for this act of Congress to enable them to obtain title to their homesteads.

A man from South Dakota went up to Alaska this summer, a resident of Aberdeen, S. Dak. He was sent up there by a farmers' organization to look into the agricultural possibilities of the Territory. The purpose, as I understand it, was to see what the outlook would be for colonization. I have never seen the man, but I had heard of his trip to the Territory. When he came to Juneau this fall he wrote me a letter on the situation at this particular section of Cooks Inlet, and because he was an entire stranger in the Territory and in the time he visited had the opportunity of seeing what our difficulties are, I assume that he writes without prejudice or bias.

Mr. Cable, the writer, discovered one of the difficulties in Alaska, and that is the lack of adequate laws. He discovered that those people up there feel that Congress discriminates against them in extending the right of homestead entries to every State in the Union but refuses it to Alaska, preventing them from making homestead entries on coal lands. I feel that the agricultural people of Alaska deserve more consideration than that given them by Congress in this particular act of 1910. Congress has passed discriminatory acts against Alaska. The Territory has in many cases been treated as a sort of subjugated province and the people protest against these acts of Congress, and the murmurings you hear in Washington simply come from a discontented or a disappointed American citizenry. Sometimes it is said that that is a bolshevik sentiment up there, but it is nothing of the kind. The farmers who settled on the land in Alaska, 364 at the end of 1919, are made up of 201 native-born Americans, loyal men, nor are the 163 of foreign birth any less loyal.

When the war broke out Alaska gave more men proportionately to the American Army and to the Canadian Army than any other unit of the United States. Alaska has shown her loyalty in response to the sale of Liberty bonds during the war, and in proportion to her population took more of the Liberty bonds than any other unit. In the sale of Victory bonds the State of Delaware only exceeded her proportionately in the amount of bonds purchased. I feel that a loyal people are entitled to the full consideration of Congress, and that when these discriminatory laws come before Congress they should be carefully studied. If I should go into those discriminations in the past by Congress, it would involve matters which are not germane to this bill, but at some time later I hope to have opportunity on the floor to present them fully. I think I can then convince this House that Alaska has been unjustly treated in these discriminatory laws.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. SINNOTT. Mr. Chairman, I yield five minutes more.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. ARENTZ. It seems to me that the principal question involved here is whether or not there are lands in this country susceptible of being tilled. From what I have heard of Alaska, especially the eastern side of Cooks Inlet and the land along certain rivers that flow from waters adjacent thereto, there are approximately 100,000 square miles of territory covered with grass or moss, where the ground is not frozen during a portion of the year, land covered by trees of different kinds, land that will produce agricultural products.

If such is the case, regardless of whether this land is underlaid with coal, lignite, or coal that can be used for commercial purposes, the inhabitants of Alaska have the right to locate a homestead on this land if they so desire, and it seems to me certainly safeguarding the interests of the United States Government if the oil, the gas, and the coal and other mineral rights are reserved to the United States, and the men or women who locate this agricultural land as a homestead should be able to give the right to any man or woman who followed them who wanted to take up oil, coal, or mineral to come onto this land and prospect it and there mine for coal or put down their wells and get gas or oil off this land. It seems to me under these conditions that all rights are reserved to the Government, and only those things that will tend toward the development of Alaska are given to the settler who is willing to go into that barren country to make a home.

Mr. LAYTON. Is that a question?

Mr. ARENTZ. That is a question, and the question I would like to ask the gentleman is this: Is it not a fact there is a great acreage of land or lands in Alaska that are susceptible of

farming, and the only excuse for asking for this right, reserving the mineral rights for the Government, is to permit men and women to come into that country and settle on lands that may produce agricultural products?

Mr. SUTHERLAND. Yes, sir.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. SUTHERLAND. Mr. Chairman, I would ask for more time.

Mr. SINNOTT. I will yield the gentleman five additional minutes.

Mr. SUTHERLAND. In reply to the gentleman I will say that the Interior Department estimates the agricultural lands in Alaska—that is, lands susceptible of tillage—at 100,000 square miles. The Biological Survey estimates the grazing land in the Territory at 172,000 square miles. Taking and considering the areas of land where the reindeer graze in the sense of being agricultural land, together with the land for tillage, there is an agricultural area in Alaska greater than the entire area of the State of Texas.

Mr. WALSH. Will the gentleman yield?

Mr. SUTHERLAND. I will yield to the gentleman from Massachusetts.

Mr. WALSH. Is the gentleman contending now that the same laws that apply to the other States in reference to public lands as oil lands, mineral lands, should be applied to Alaska?

Mr. SUTHERLAND. Certainly; yes, sir; that is the purpose of the bill. Now, I want to dissipate the idea of a frozen territory. In the section I speak of there is no frost. This section here, the Matanuska Valley, a great agricultural valley, where I presume there are 5,000 or 6,000 square miles, is absolutely free from frost, and there is no frost in the ground at all, but when you get away into the interior in the northern section of Alaska——

Mr. STEVENSON. If the gentleman will yield, does the gentleman mean to say that there is no frost the year round?

Mr. SUTHERLAND. I am speaking of perpetual frost—that is, in the far north.

Mr. STEVENSON. What is the length of the season there usually in which vegetation grows?

Mr. SUTHERLAND. The length of the season here is about four months of growth. Up in the interior it only requires three months to grow and harvest the production.

Mr. TEMPLE. That is because of the length of day which adds materially to the growing hours for vegetation?

Mr. SUTHERLAND. The farmer in this latitude, the wheat grower beyond the mountains in Alaska, harvests his wheat two or three weeks before the farmer in the southern latitude for the reason that the sun is on his crop practically all through the 24 hours of the day.

Mr. STEVENSON. How does he manage about the 8-hour law up there?

Mr. SUTHERLAND. They work 8-hour shifts on the farm.

Mr. LAYTON. I thought that never did apply to farms?

Mr. SUTHERLAND. It does in Alaska with reference to the planting in the spring, but I am not so certain about harvesting; but in the planting in the spring they use the 8-hour day.

Mr. LOWREY. What are the crops grown up there on this land—potatoes and what else?

Mr. SUTHERLAND. This section I speak of, Cooks Inlet, would grow potatoes and vegetables and there is splendid hay up there. The grass in that section grows over a man's head, and the wild grass in that section is better than that farther north; the land and climate are adapted to raising any crop of vegetables. However, all the high-grade wheat of Alaska is raised over beyond the mountains up in the interior, although wheat, oats, and other grain are raised in the Matanuska Valley.

Mr. SHREVE. Will the gentleman yield?

Mr. SUTHERLAND. I gladly yield.

Mr. SHREVE. Will the gentleman indicate where the new railroad is being located?

Mr. SUTHERLAND. You start here at Resurrection Bay, on Kenai Peninsula. The road crosses the peninsula and then up the arm of Cooks Inlet and then up through the Matanuska Valley, over Broad Pass to Fairbanks and Tanana Valley. This whole valley has an agricultural area of approximately 20,000——

Mr. SHREVE. We understand the railroad passes through the richest agricultural country?

Mr. SUTHERLAND. Into and through the richest agricultural country in Alaska.

Mr. RANKIN. Was the gentleman present when hearings were held on the first Alaskan bill that was passed through the House in the first part of the session? Was the gentleman present when those hearings were held?

Mr. SUTHERLAND. Before what committee?

Mr. RANKIN. The Committee on Territories.

Mr. SUTHERLAND. I was before the committee, but I do not recall that the bill was passed.

Mr. RANKIN. I should not have said that the bill was passed. But we were holding hearings. Is it not a fact that the representative of the Interior Department or the Department of Agriculture—I believe the latter—testified before the committee that from an agricultural standpoint Alaska was a failure?

Mr. SUTHERLAND. I do not recall.

Mr. RANKIN. You will find that in the hearings.

Mr. SUTHERLAND. He was not a representative of the Agricultural Department, but possibly one of the other departments, and I assume that a representative of the Agricultural Department would say that the forestry in Alaska was a failure, and the forestry man would say that the fisheries were not all they might be. That is the way bureaus work against each other.

Mr. RANKIN. If you will take those hearings, you will find that the gentleman who answered the question in response to my question was positively the best-informed man on agricultural conditions in Alaska of any man who appeared before that committee.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. SINNOTT. Mr. Chairman, I yield two minutes more to the gentleman.

Mr. SUTHERLAND. I want to say to the gentleman from Mississippi that the man who made that statement did not know what he was talking about. I do not know how intelligent he appeared to be to the gentleman from Mississippi; the point is that that man never got beyond the glacial area.

Mr. RANKIN. You mean that he did not go far enough north?

Mr. SUTHERLAND. Possibly so. Let me at this time try to dissipate the general idea of the climatic conditions in Alaska; that is [pointing to map], the glacial area. That area is in the south. The tourist goes to Alaska and sees the glaciers. I wish the glaciers had not been ceded to us by Russia. They are not an asset, for every tourist who comes back from Alaska has nothing to report except the glaciers. The glaciers are in the south and are viewed from the decks of steamers, and then the tourist shivers, and says that what is beyond the glaciers must be everlasting ice and snow.

They go on the theory that the earth is passing out of the glacial period and that certainly the ice and snow and great cold are at the pole. That is absolutely erroneous, because the Alaskan glaciers are in the same latitude with Denmark and of Scotland, while beyond and over the mountains are the most beautiful and fertile valleys of any similar latitude in the world, where the sun shines out of a blue sky for almost 24 hours in a day and where the climate in summer is as near perfect as any climate on earth. Now, the latitudes of the agricultural lands in Alaska are just the same as the agricultural lands of Norway, Sweden, and Finland, lands that support a great agricultural population. And you never think of those sections as being lands of glaciers and perpetual ice.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SINNOTT. I yield to the gentleman five minutes more.

Mr. HUDSPETH. How far is it from the border you pointed out to those agricultural lands?

Mr. SUTHERLAND. The railroad starts here and runs a distance of 500 miles right into the center, in fact, to the northern section. Of course, on continuing north to the Arctic you get out of agricultural lands. You get lands that are good for grazing and for reindeer, but not for general farming.

Mr. RAKER. What is the estimated area of the agricultural lands of Alaska?

Mr. SUTHERLAND. The Interior Department, in a pamphlet that was published in 1917, say that they have been estimated as high as 100,000 square miles of tillable land.

Mr. RAKER. One hundred thousand square miles?

Mr. SUTHERLAND. One hundred thousand.

Mr. RAKER. And you raise there cabbages, turnips, onions, wheat, rye, and all those things profitably?

Mr. SUTHERLAND. Yes.

Mr. RAKER. How about potatoes? I understand they raise the finest potatoes in the world there. [Laughter.]

Mr. SUTHERLAND. Yes. There is no question about that; and I will say I have here a letter from the Secretary of Agriculture—or, rather, a letter from the Bureau of Plant Industry—setting forth the fact that the grade of wheat that is raised up there is excellent. They baked a loaf of graham bread right in the Interior Department from the flour sent down from Fairbanks, which is in this northern section, and they state it was

the finest loaf of graham bread that they ever baked in the experiments that had been carried on in the department.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. SUTHERLAND. Certainly.

Mr. ARENTZ. In your statement with reference to the agricultural regions in Alaska you stopped just in your description of it when you were becoming most interesting. If you would only go on in that same line, you could convince every man here that there was a wonderful area of agricultural land there.

Mr. SUTHERLAND. Yes. They have raised grain and experimented with sugar beets. The result of that experimentation in beets has shown that the beets grown in Alaska, while somewhat smaller than those grown in the States to the south, contain a higher percentage of sugar from the same quantity of beets than the beets grown in the Southern States or in any other sugar-beet-growing section of the country.

This Matanuska Valley, moreover, is possibly an oil valley. It may possibly have an oil basis, although the geological reports in years past have held that there were no indications of oil in this great valley. But recently they have found seepages of oil and have sent samples to the Geological Survey.

In fact, geologists have been up there and have taken samples of the oil that was oozing out of the ground there, and the head of the Alaska survey tells me that there is petroleum oil there without any doubt. So that there is a possibility of that great agricultural valley being also underlaid with oil, and the United States, reserving the right to the oil beneath, would give the future oil operators the privilege of locating there.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. BRIGGS. Does the railroad that the Government is building run through the territory that you have referred to?

Mr. SUTHERLAND. Yes; through the territory I have spoken of.

Mr. BRIGGS. The idea is that as soon as this bill becomes a law immigration to Alaska will be encouraged?

Mr. SUTHERLAND. Yes; it will aid to a great extent. It would give the right of entry on the land to these men who have already attempted to make a homestead entry, but can not get the title to the land.

Mr. BRIGGS. There are some white people up there now?

Mr. SUTHERLAND. Yes. There are only 31,000 whites up there, but they are good ones.

I spoke of the grievances that the people have at Cook Inlet. In 1903 Congress extended the coal land act to Alaska, the right to preempt the public domain for coal-mining purposes, and men went out on the domain and took up areas and drove shafts and expended their time and money for a period of three or four years, hoping to obtain title. Then came the withdrawals in 1906, and all the work and money and time that they had spent were swept away and counted for nothing. That is one of the grievances that Alaskans have had. Now, I am not debating that policy or passing on the wisdom of that withdrawal, but I do say that men who have given their time to developing coal areas in Alaska and who were shoved aside by those withdrawals had at least a grievance. Possibly for the benefit of the whole some few individuls had to be injured. Nevertheless those individuals, some of them, are to-day in Alaska still, and they all feel that an injury was done them by Congress. [Applause.]

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. SINNOTT. Mr. Chairman, I yield 22½ minutes to the gentleman from Delaware [Mr. LAYTON].

Mr. RAKER. Mr. Chairman, to the end that the gentleman from Delaware, who is always interesting, may have an adequate opportunity to address the House and the country, I also yield him 22½ minutes.

The CHAIRMAN. The gentleman from California, according to the Chair's understanding, has no time to dispose of.

Mr. RAKER. I understood there was an agreement as to the division of the time.

Mr. SINNOTT. One-half of the time was to be controlled by the gentleman from California. It is a case of fifty-fifty.

The CHAIRMAN. The Chair did not know that.

Mr. RAKER. I accept the Chair's apology.

The CHAIRMAN. The gentleman from Delaware has 45 minutes. How much did the gentleman from California yield?

Mr. RAKER. Twenty-two and a half minutes.

The CHAIRMAN. Yes; the gentleman from Delaware has 45 minutes.

Mr. LAYTON. Mr. Chairman and gentlemen, in the first place I want to express my profound gratitude to the distinguished gentleman from Oregon, the chairman of the Committee on the Public Lands [Mr. SINNOTT], for the privilege of addressing the House, and I want at the same time to state that I do not think it is a proper thing generally to introduce extraneous discussions when a bill is pending for consideration before the House. But everybody does the same thing, so I am asking you to pardon me if I trespass upon you while I discuss a matter in which I am very deeply interested. That is the so-called maternity bill, or the Sheppard-Towner bill. In discussing it I propose to associate with it the Smith-Towner bill, the Fess amendment, and all legislation of a kindred character.

Before I proceed I want to say that the thought I have upon this subject is best exemplified by a quotation from Herbert Spencer. In discussing bills introduced without proper consideration he makes the following observation:

> The theory on which he—

That is, the introducer of such bills—

> The theory on which he daily proceeds is that the change caused by his measure will stop when he intends it to stop. He contemplates intently the things his act will achieve, but thinks little of the remoter issues of the movement his act sets up, and still less of his collateral issues.

Mr. Chairman, as I said before, that exemplifies my thought about the bills I have mentioned—the Sheppard-Towner bill, the Smith-Towner bill, and the Fess amendment—which in my judgment are bills introduced without that grave consideration that ought to have been given to them because of their remoter consequences.

Mr. Chairman, I regret very much that I have to oppose this measure. I am referring now specially to the Sheppard-Towner bill. Its proponents are so riotously enthusiastic, so full of the belief that they have discovered an awful void in our legislation, which, for the good of the whole human race must be filled at once by the enactment of this bill into law, that one rather hesitates to utter a word against it, much less to oppose it vigorously.

But no matter how great this enthusiasm may be, how intense its seeming altruism, as a Representative in this body, having taken an oath to support the Constitution of this country, I can not stand idly by and from lack of courage see this sort of legislation enacted without as potent a protest as I can make, believing, as I do, that to pass this bill means the supplanting of the Constitution, the beginning of the destruction of our old-time democracy, and the establishment of the socialistic principle as the basis of all our future political and legislative action. The most enthusiastic supporter of this bill in this body will not, I suspect, have the temerity to attempt to impose upon the credulity of its membership by asserting seriously that its provisions are not socialistic through and through. If any such supporter makes the attempt, however, he must fail or place himself in the egotistical position of knowing more about the ultimate purposes of this proposed legislation than its proponents. In the event, however, that he attempts this impossible task, but is sincere in desiring to obtain an intelligent understanding of the ultimate purposes of those who favor this measure, let me invite his impartial and judicial consideration of the published statements which have been made by its chief propagandists.

At this point I desire to call the attention of every Member of this House, and of the public generally, to a speech by the Hon. JAMES A. REED, of Missouri, delivered in the Senate of the United States and published in the CONGRESSIONAL RECORD Wednesday, September 21, 1921. This speech is so comprehensive, both as to appeal, argument, and fact, as to deserve the careful reading of every Member of this body, as well as the careful consideration of every citizen of the land. It is not my purpose to quote extensively from the printed declarations of those who favor this measure but to insert here for the purposes of my argument quotations taken from official sources which are to be taken as entirely accurate, inasmuch as no one has challenged their authenticity. It must be borne in mind that these quotations are taken from official publications issued by the Children's Bureau of this Government and indorsed by its President and members as well as by men and women who belong to these propagandists. They indorse what are called maternity systems taken from German, Austrian, Russian, and other foreign sources.

Those systems so indorsed include the compulsory registration of pregnant women; the maintenance of such women before, during, and after labor; the right of the State to exercise supreme jurisdiction over the care, subsequent feeding, clothing, housing, and schooling of the child. These doctrines are found in a pamphlet edited by Henry J. Harris, United States Department of Labor, Children's Bureau, entitled "Maternity Benefit Systems in Certain Foreign Countries," which received the official indorsement of Miss Julia C. Lathrop, the recent head of the Children's Bureau, and was published and disseminated among the people at the expense of the American taxpayer. This book

by Dr. Harris indorses the doctrines of Madam Kollontai, the head of the Russian maternity system, and the associate of Lenin and Trotski, which has been described—

as positively criminal and worthy of the most savage tribes of the African jungle—destroying morally, as well as physically, a whole generation.

Miss Alice Paull says that—

we intend to insist, also, that the State assume entire responsibility for the maintenance and education of children until they become of age.

Mrs. Harriet Stanton Blatch declares that motherhood must be raised "above all sordid considerations," which can only mean that every mother must be pensioned by the Federal Government—a purely socialistic doctrine.

Miss Helen Todd, in addition to openly advocating birth control, also indorses a pension for motherhood.

Kathleen De Courtney, a former secretary of the British National Union of the Woman's Suffrage Societies, also indorses the "endowment of motherhood" and claims, as one of its essential merits, that—

in the event of wage disputes the workers will know that a large number of their dependents are secure and that the call on strike funds will be less.

This is plain socialism and an encouragement of strikes.

At a conference on child welfare standards recently held under the auspices of the Children's Bureau, a list of the invited guests included so-called prominent people from Serbia, Belgium, Holland, Japan, and other countries. The proceedings of this conference and of other meetings held in many large cities of the country were published in book form and disseminated throughout the country at Government expense. Certain notables of the same persuasion from this country were invited to participate in these meetings. It is safe to say that no one was invited who was opposed to this crazy cult.

Permit me at this point to make the following quotations from the convention in question when it published its minimum demands. They are as follows:

There must be established maternity or prenatal centers sufficient to provide for all cases not receiving prenatal provision from private physicians.

The application of the Wasserman—syphilis—tests when indicated.

Rules specifying how long women shall remain in bed after confinement.

Medical supervision to be established over infants and children not under the care of private physicians.

Mothers to be instructed at least once a month how to feed and care for their babies; this to be continued until the child is old enough to attend school.

The establishment of nutrition clinics.

Finally, "there must be employed a sufficient number of public health service nurses to do home visiting and to give instructions to expectant mothers in the hygiene of pregnancy and early infancy and to visit and care for patients in puerperium and to see that the infant is referred to a welfare center."

These are stated practically as the minimum objects of these propagandists. By former quotations I have already shown that this by no means includes the extent of their propaganda.

In general terms, and summarizing what has gone before, these theorists, both men and women, take the ground that the Nation has the right to make itself the guardian of all of the children of the Nation, and that the children themselves shall be the Nation's wards. This supervision goes to the extent of assuming the right to regulate the food and the clothes and the housing and the education of the children; the right of the Government to establish a system of eugenics; the regulation by law of marriage by Government selection of bride and groom. This is the crazy notion of theorists who apply to humanity the practices of a stock breeder.

If these principles thus advocated were confined to the radicals of Germany and of Russia, it would not so much concern us; but when these doctrines are openly indorsed by persons, both men and women, holding prominent official positions under the Government it is time for the sane people of the land to look around and see whither we are drifting and what the current is that bears us along.

But it is asserted by those who favor this bill that none of these ideas referred to are found in this measure; that it does not even appropriate any money for food or clothing, for medicine or nursing, or for the medical care of the pregnant woman; that this money of nearly one and one-half million dollars is to be spent on literature and on a more or less numerous army, composed of young women, who will swarm over the country telling the mothers of the land things about themselves and their babies that the mothers themselves know of, but of which these babeless meddlers know nothing.

I desire to state again that no one in this House can deny that those who have propagated this maternity bill really advocate the maintenance of indigent, pregnant women, both before, during, and after labor; child control by the State; mothers' pensions; the doctrine of eugenics; birth control; and other notions of the sort born out of purely socialistic brains. It is not an assumption nor a groundless declaration when it is said that the proponents of this bill will not be satisfied to let it remain as it is. They have been compelled by public sentiment to abandon certain ulterior purposes which they originally held and advocated—and which they still hold—in order to place the bill upon the statute books of the land in any shape they can, with the subsequent determination to have the bill made eventually to suit them. Their chief reliance at this moment is not by an appeal to the reason and the honest judgment of this House, but to a sort of terrorism of Congressmen by threatening their return to membership in this body.

Such legislation as this could not have been proposed even, much less enacted into law, by the founders of our Government. Our forefathers suffered all the dangers and vicissitudes of war, sacrificed their lives willingly and gloriously, and encouraged the certain odium of treason in order to free themselves from the control of England and establish the Government which they have handed down to us. The War of the Revolution was a war of separation, not only from the political control of England but from the dominating ideas of Europe.

We went to war in 1917 against Imperial Germany for the purpose of preserving not only our rights but our own especial institutions. Is it possible that, having prevailed on the battle field against Imperial Germany, we are to be submerged by a flood of European ideas, especially those emanating from the socialistic and bolshevistic and communistic brains of middle and eastern Europe?

Let us take a brief survey of this measure. It proposed in the beginning care for the indigent, pregnant woman before, during, and after her accouchement. It now is so amended as to provide for a Government bureau with an army of salaried officials paid for out of the Federal Treasury, whose sole usefulness—uselessness is a better word—will be manifested in disseminating literature of its own choosing relating not only to the care of the pregnant woman and the child but relating to all the other beliefs and doctrines held by these propagandists for the purpose of insidiously contaminating the thought of the country for the inauguration of socialism in America.

In order to support this bureau a tax necessarily must be levied upon the whole people. The proponents of this bill say that it will only take a million and a half dollars. But let me remind the House that there never has been a Government bureau established under this Government the operations of which, and therefore the expenses of which, have not widened like the wave of a pond when its placid surface has been disturbed by a stone hurled into its depths.

I do not hesitate to declare that if this bill passes 95 per cent of the appropriation will be spent in salaries, in railroad fares, and in literature. The country could stand, possibly, the first two of these expenses—though I thought in the last campaign that the Republican Party appealed to the country for support upon the distinct promise of less expensive government; of less government in the people's affairs; of lower taxation, and a cutting out of all expenses that could be temporarily, at least, done without—but to have the proponents of this measure given a free hand, at the Government's expense, to flood the country with their hectic and foreign ideas will sooner or later be productive of more evil to the people of America than a hundred epidemics of the "flu" which came from the same sources to sicken and kill our bodies.

Again, some of the proponents of this measure, in speaking about the taxation involved, evidently try to deceive the taxpayer. Let me quote from Miss Dorothy Kirchwey Brown. She says:

Here, again, it must be remembered that the bill is permissive. No State legislature needs to accept its terms unless it wishes to do so.

How artful! How sweetly misleading! Suppose I heartlessly paraphrase Miss Brown's remark, and say "here again it must be remembered that the State refusing to accept the bill will be taxed just the same to support the operation of the bill in other States, and that in order to avail itself of the supposed benefits of the bill it must tax itself again in order to come in on the fifty-fifty basis." This fifty-fifty scheme which is getting to be so popular an addition to socialistic measures seems up to the present time to fool the ignorant and to delude the intelligent. As far as the State of Delaware is concerned, which I have the honor of representing, the fifty-fifty scheme wherever employed is a very costly and unjust proposition. We pay millions in tax and get only a share back in proportion to our territory, and then are compelled to tax ourselves a second time in order to enjoy the blessings of these fifty-fifty schemes.

To this, however, must be added another—an actual bribe—for the purpose of enlisting the support of thoughtless people

who imagine they are getting something for nothing out of the Federal Treasury, when, as a matter of fact, every dollar comes out of the pockets of the taxpayer.

The most popular argument for this measure—the one apparently most highly esteemed for its weight and logic—is the now celebrated pig argument which I heard advanced by an esteemed colleague upon the floor of this House. In the garb of modern-day colloquialism, the pig argument for real downright syllogistic bunk argument and fake logic takes the cake. It runs about as follows: Now, the pig is an animal. The baby is also an animal, therefore the Government should give Federal aid to the baby. Or the Government gives Federal aid to the pig in order to conserve the food supply of the Nation. Therefore the Federal Government should give Federal aid to the baby to increase the food supply of the Nation. It may be, however, that these dreaming advocates were inspired by the idea that inasmuch as we were increasing, by Federal aid, our supply of pork, they thought it incumbent upon them to devise some means whereby more mouths could be provided to eat it. I assert that the logic is absurd. We conserve the pig in order, eventually, to kill it. It is designed to conserve the baby, on the contrary, that it may live. We give Federal aid for the extermination and cure of diseases affecting the hog in order to preserve the Nation's supply of pork products for the purposes of food. Logically, we care for the hog because it can not care for himself. Have the proponents of this measure such a contemptuous view of the fatherhood and motherhood of America as to place them in the same category as hogs? The hog has no learned and skilled physician, no learned professors of dietetics or of sanitation, no gentle and accomplished nurses to care for him and to soothe him in his hours of sickness, no establishments of learning of any sort, much less of medicine and surgery, where he can learn to safeguard his existence, so that it is a rational thing to have a proper concern for animals necessary to the subsistence of the people.

The fathers and mothers of this land from the first hour in which they planted their feet upon this, then a foreign soil, asked for no such legislation as this, had no such legislation as this, although without such assistance and relying solely upon their own inherent powers of pride and self-dependence and those universal instincts of love and care and devotion which marked the sturdy fatherhood and motherhood of this country from its earliest days, have built up such a Nation as no other can surpass. They have done this without calling upon the thought of a Madame Kollontai, an apostle of Russian bolshevism, or of a Karl Marx, the high priest of European socialism, or of their infatuated feminine and masculine disciples in this country, some of whom I have already mentioned as being connected in an official way with the Children's Bureau. I am constrained again to invite the careful attention of the proponents of this measure to the fact that the baby is a human being and as such, through its parents, has an open opportunity intelligently to invoke for itself all that science can give it for its own preservation in a far greater degree than ever before possessed; that American parents with a prideful sense of their personal responsibility should care for their own; that to destroy that responsibility helps to destroy the highest citizenship; and that if they grow to depend like mendicants upon the bounty of their Government, their integrity of character, their qualities of mind and of spirit, as well as of heart, will of necessity be deteriorated and perverted, and eventually the national character as it has existed, destroyed. The finest of all principles taught us by our forefathers and given unto us as their most precious heritage was that principle which endeavored to make every individual citizen self-dependent, and to fill him with a sense of his own individual responsibility; to make every man self-initiative and independent; to inculcate in him the duty to govern, not to be governed. This is the very distilled excellence and essence of the governmental principles which our forefathers promulgated and sought to establish in the Constitution. I oppose this bill because it will serve to destroy this responsibility. I oppose this bill because in destroying this responsibility it will tend to destroy the finest thing in the human heart, that sweet, natural instinct, the God-given instinct of personal love and care for the little one which every normal father and mother entertains. I am opposed to this bill because its proponents, with the cold impious hands of officialdom, would invade the home, the one place on earth where one expects to breathe a little air of heaven, the one place in which no foreign foot should tread without the permission and the desire of those who live and reign there. The home belongs to the father and the mother. It is their place of seclusion, their place of worship. The home is the man's and woman's Rehoboth of life—the poor man's as well as the rich man's. It is their castle, an Anglo-Saxon heritage for refuge and defense embodied for a thousand years in our laws, and should not be defiled by the impertinent intrusion of Government officials except under the most imperative necessity.

If the purpose of this bill is to insure and justify an increase of population, the question might be properly asked if our natural increase under the conditions which have obtained for 150 years past will not be entirely sufficient for this purpose. Is it desirable to have an overwhelmingly large population in America? Would not this be a curse of heritage to future generations instead of a blessing? Is it desirable to have a population so large as to parallel the conditions now existing in China and India, where by reason of an overcrowded population the slightest departure from the normal telluric or atmospheric conditions affecting crop production results inevitably in the loss not only of thousands but often of millions annually by actual starvation? This, I repeat, is an annual result in some Province or other of China by reason of its overpopulated condition. This is true also in India, where the British, notwithstanding 150 years of administration, have been unable to avert pestilence and death as a result of famine. In this connection let me assert that it is a serious question whether the increase of the population of the world, which is now unquestionably going on by reason of the wonderful achievements of science, preserving and propagating human life, will not result sooner or later in the fiercest and most savage conflicts that the world has ever seen in a struggle for existence because of a lack of food. Seriously, is there not some virtue, some real reason in nature's law—the survival of the fittest? In fact, is not this law imperative, inescapable, beneficent, and founded in the highest of Divine wisdom—the law of evolution—the survival of the fittest being a necessary condition precedent to the working of this law? For instance, in America here, is there any doubt that we are what we are as a people altogether because of the application of this natural law to our forefathers, to those early pioneers—to those men and women who confronted life with all its dangers and perils and hardships with a dauntless courage which nothing could dismay, knowing that the establishment of this Nation, the conquering of this continent, was for the strong and not for the weak; knowing that on no adventurous journey could a weakling go; knowing that in the supreme contest the weakling necessarily would go to the wall? What do you think those explorers, those hardy pioneers, in whose sturdy and dauntless manhood we take such historic pride—what think you would they have thought of a Sheppard-Towner bill, or a Smith-Towner bill, or a Fess amendment—those adventurous souls, both men and women, who braved the perils of forest and of flood, who endured hunger and want, who even dared the hostility of the ruthless savage? What would they have thought of a provincial government taxing them in order to have their most intimate and sacred domestic concerns made a matter of governmental espionage and governmental interference? Has the father and the mother of to-day so degenerated that their own Government must turn itself into an almshouse for the preservation of their children? Are they so inert and slothful, both in heart and brain, as not to avail themselves of the knowledge affecting both themselves and their children which the present day so abundantly affords them? To pass measures of this character is to enervate and change the whole national character.

But, it is said, "We do not propose to ask for much money to support this legislation—we only want a million and a half of dollars to begin with." What man in this House is there who does not know the subtle seductiveness of this statement? Who, if he is frank and intelligent and has watched the growth of bureaucracy, does not know that this bill will ultimately call not for thousands but for millions; yes, and even for billions, if it is to function in the thousand and one directions which the wild proponents of this measure will ultimately discover? This bill, if enacted into law, means the ultimate nationalization of medicine and surgery, a purpose manifestly existing in the development of the Public Health Service long before this bill was introduced. Likewise the Smith-Towner bill means the nationalization of education. And the Fess amendment such a sticking of noses by Federal officials into the purely domestic concerns of the people as to become eventually unbearably offensive. I have placed these three bills in the same category, because they all have the same odor, being purely and simply socialistic in their aim and purpose. So, digressing in a measure, let me ask the House if it really wants education nationalized? Is it possible that we can be so foolish as to want an individual or even a body of individuals to choose the textbooks for the children of this Nation—the same textbooks for Maine as for Florida, for Oregon as for Texas—the textbooks on history, textbooks on political economy, on sociology, and even indirectly on theology and religion? I un-

hesitatingly say that to do this—to place this power in the hands of one man at the head of a public welfare department with all the power and prestige of a Cabinet officer—would make it possible to corrupt the minds and hearts, yea, the very souls, of the people in one generation. It would place all our most cherished traditions, even our democratic conceptions of government, at the mercy of an autocratic will—at the mercy of an Anglophile who would make Bunker Hill seem in history a place of infamy, or at the mercy of a pro-German, in which Belleau Woods or Chateau-Thierry would be made to look like places of national cruelty, injustice, and dishonor. If this bill and the Smith-Towner bill and the Fess amendment are enacted into law the floodgates to the socialistic reservoir will be hoisted and never let down again, for there would be no logical justification in doing so. If these measures can be made into law, there is no logical reason why any other socialistic legislation, however rank, may not be enacted.

Knowing as you must the real purpose of its proponents, how can Congress in enacting this legislation reasonably refuse to pass a national food bill, the object of which would be to establish a bureau for the free dispensation of food to all who are hungry everywhere in the land? Or a national clothing bill, to clothe at Government expense all who are cold and clotheless? Or a national bureau for furnishing homes for the homeless? Or a bureau—an addition to the Public Health Service—for the purpose of furnishing free medicines, free nursing, free care, and provision of every sort for all of the sick of the Nation, as well as the indigent, pregnant woman? If we are to open up the floodgates of legislation for such purposes, why not, as they say, "go the whole hog," and establish a bureau for the installation of a bathtub at Government expense in every home in the land that is without one? The dreaming professor of sociology could very nicely and properly use for his propaganda the old saying that "Cleanliness is next to godliness," and so justify his altruism. Again, if it is so desirable to care in a most meticulous way for human life and human ills, why not for prophylactic purposes establish a dental bureau and require every individual of the United States who possesses teeth to have them examined every six months at the Government expense? As a preventive of diseases, there would be no doubt of the value of such a measure. This was not only demonstrated, but insisted upon, as an Army and Navy medical regulation during the late war by all the principal belligerents.

There is no doubt that the passage of this measure now before the House will breed a swarm of similar bills, springing from the dyspeptic brain of the theorist who germinates an idea while gripped in the embrace of a horrible nightmare, or from out some feminine mind suddenly endowed with a sense of her overwhelming responsibility for the care of humanity by reason of the right of suffrage which has been conferred upon her, determined at any cost, indeed, regardless of cost, to show that she is up and doing, and fully possessed of a sense of her responsibility. Or of that other class quite numerous, I am afraid, imbued with a secret purpose to provide a Government office for her holding. Will any of the distinguished proponents of this so-called maternity bill inform the House and the country, categorically, what argument could be advanced, logically, against the Government providing free food, free clothing, free homes, free everything, to those who need and want, if by this bill at Government expense we provide free medicine, free doctors, free nursing, free sustenance, and free housing to the indigent and needy prospective mother, which no one can assert was not the original purpose of this bill, and which no one can show has been abandoned by its proponents?

I am aware that these distinguished advocates of this measure are versatile in debate, possessing agile and sophistic minds, but I doubt if one of them can logically show a difference between the theory as originally proposed, and those measures I have supposed, unless the pig and baby logic is to be reemployed, in which case it would be well for us all to abandon logical argument.

For all of its supposed benevolence and altruism, this bill is dangerous and full of evil consequences. In addition to opening the door full wide to socialism, it can not function in a Nation-wide completeness without such a cost to the taxpayer as to foment unrest and continued opposition. If the bill is not to be general in its supposed beneficence, it must be partial in its benevolence, and therefore contrary to constitutional legislation. If the whole country is to be taxed for this and similar legislation, the people everywhere should partake of the benefits of such taxation. Innumerable millions of dollars could not accomplish this. To illustrate this impossibility, and to reveal the foolish infatuation of those who are working for this bill, and at the same time show their real and ultimate purpose, I desire to relate an incident in which I participated.

One day I was visited in my office by a woman, a propagandist of this measure who is well known everywhere, being a former Member of this House. She said to me, "Doctor, I have called to talk with you about the Sheppard-Towner bill. I am sure I do not have to urge you to vote for a maternity bill, seeing that you are a physician. But, inasmuch as you are from the East—have lived in normal and crowded centers—I want to tell you that there are places in the far West where women about to become mothers live 300 miles away from a doctor, and they ought to be provided for." I said to my caller, "I am at a loss to know, my dear lady, how the whole United States Treasury could ameliorate such a situation, unless it built a cement highway to every one of these outlying homesteads, kept a high powered motor car constantly cranked up, a telephone line in good working order, at the end of which in some town the doctor could have ready notice of the coming event. Or, better still, the Government might construct airdromes in all the towns nearest the outlying homesteads with an airplane always ready to be used. Or, best of all perhaps, a doctor and a nurse with a portable drug store could be installed in the home, both during and after the accouchement, and for as long time as there was need for their presence. Or perhaps, again, all this might be avoided by removing the patient to the nearest town or hospital." I said to her that, "In my private experience, I have more than once been called to such cases where the patient was only 3 miles away, and found the baby alive and kicking when I got there, and once as I remember entirely dressed when I appeared upon the scene, and it is my judgment, dear lady, that where the patient is 300 miles away, 299 babies out of 300 would be born before the doctor at the nearest Government post could get well on the road." To my great surprise she grew quite indignant and said, "You evidently are not enthused by this measure."

My reply was: "Oh, yes; I am very much enthused, but absolutely enthused against it, and against all such legislation, destructive, as I deem it to be, of our institutions; without justification under the Constitution, and which, if inaugurated, with the inevitable multitude of similar legislation, will destroy the essential qualities of our individual self-dependence, our individual initiative, and individual responsibility. That rather than do this, which it surely will, I personally feel that it would be far better that a few should die at birth, as they have, as they will, and as they must, rather than that the essential principles of American democracy should be supplanted through this legislation by paternalistic and socialistic and bolshevistic notions, which owe their presence in this country to the infection of imported theories, which the war has generated in the hallucinated brains of the foreigner. My dear lady, it cost human lives, and many of them, to establish this constitutional Government, and I, for one, am in favor of maintaining it, even at the cost of more."

In addition to the inestimable cost in dollars and cents, entailing a fresh burden of constantly increasing weight upon the taxpayer, this bill will result simply in less care of maternity and a flood of vicious literature.

There are 150,000 physicians in this country. Every town and little village has one or more in addition to the thousands in the city. No man can say that as a class they are not intelligent or humane. Their intelligence is predetermined by State regulations, without exception, I believe, in every State of the Union. By examination or by the presentation of a medical diploma from a reputable medical school they are admitted by the State boards of medicine to practice their profession. In other words, all of the States require a fair standard of qualification for the practice of medicine and surgery within their respective limits. I doubt if there be a State in the Union without such a standard. It is an assumption, and a false one at that, that the States have neglected to care for their respective peoples by neglecting the profession which alone is qualified by study and experience to care for them. Moreover, as a matter of professional ethics—by the splendid traditions of their profession—physicians are expected to care, and do care, for all within the radius of their activities. In my personal experience of many years I know of no maternity case, white or black, which did not have attention if needed. I have no reason to believe that the physicians of my community were not humanely typical of those of other communities throughout the whole country. Now, what will be the effect upon the morale of the physicians of this country if this bill with its ultimate purposes is enacted into law? Ultimately, if the bill is to be effective, a Government doctor must be established in every community.

The civil physicians, not receiving Government pay, will naturally and properly refuse the work which the Government doctor is supposed to do. The Government doctor may be sick;

he may be unavoidably absent; he may be indifferent; or he may have more cases at one time than he can attend to. What will be the natural result of this? The civil physicians will say: "The Government has set up a paid competitor against us. Let him attend to it." I use the word "competitor" because it is not supposed that the Government physician would be stationed in an ordinary community and forbidden to practice his profession. If he is not forbidden, he becomes a competitor to the other physicians, who would be handicapped by a rival receiving Government aid. If he is forbidden, certainly the Government would have to pay to the Government physician in such a community a living wage, which would amount to at least $2,000 a year, and under conditions where he would not have, probably, more than a dozen cases in 12 months of indigent pregnant women to care for. This would be a pretty steep price for a labor case, according to my experience. If the Congress designs to take care of the indigent pregnant woman, it would be far more economic, would accomplish a far greater good, would reach a far larger number of cases, to say to the hundred and fifty thousand physicians of America: "Investigate every case that comes to you pleading indigency within the respective spheres of your activities. We regard you as having a far better opportunity than any Government agent to find out the facts in any given case. When found to be needy, supply the need. Give every indigent pregnant woman medical attention. Take care of the baby for such a period of time as you deem it advisable, and then send your bill to the Federal Treasury, which if properly attested by the clerk of a court shall be a draft upon the Treasury of the United States." In this way Government money would reach the very heart of the purpose. It would not be eaten up by salaries, traveling expenses, and obnoxious literature. But no. The proponents of this measure would not be in favor of this proposition, though in this way the real skill and experience of the whole medical profession could be enlisted for such a purpose. They want a bureau, a national bureau with an august head to it, with an army of incompetent and inexperienced employees drawing salaries, with plenty of money to hold conventions and fill themselves with the pleasure of kindred associations, where all the birds of the same feather, whether male or female, can flock together and enjoy a delectable community of thought without opposition—a symposium of socialistic joy!

I make the assertion that man for man, whether surgeon or physician, those who are not on the Government pay roll are superior, both in technique, experience, and knowledge to those who accept Government service. The gentlemen of the House are largely acquainted, I am sure, with the physicians of their respective districts.

I would like to ask the Members of this House if the ablest physicians of their districts would accept a job under the Government at a salary of $2,000 a year, which I believe is the salary paid by the Public Health Service to the twenty-three hundred and odd physicians in its employ? There is only one answer to such a question, and that is "no." And so it follows that if this bill is made into law and the original purposes embodied in it physicians of inferior ability will be necessarily employed for the purposes of this measure, or a costly flock of inexperienced women will be let loose upon the country if it is to be an educational bill only.

I assert that there is no need for this bill—none for the average rural community, and none for the crowded city. In every city of size there are medical schools as well as hospitals who gladly welcome indigent cases for the clinical experience of their interns and matriculates. As for the apparently formidable scale of statistics showing a fearful loss of children who die at childbirth, they are really not worth giving credence to. I assert that there are less children stillborn or who die in early infancy in this country because of medical neglect than in any other country possessing the same wide variations of soil, of climate, and of population. The real truth is that there is a growing distaste for the obligations and pains of maternity, and it is to this cause that a good part of infant mortality is to be attributed.

The proponents of this measure claim great efficiency for the governmental activity, manifested through the Children's Bureau, to which they attribute the lessening mortality among infants. In fact, the members of the bureau do not hesitate to advance their own claims in this direction. No matter by whom made, however, either by the perfervid proponents of this measure in this House or by Government officials of the Children's Bureau, the claim is false. It is a clear case of filching credit from those to whom it properly belongs. Every intelligent person knows there is a marked lessening of mortality from diseases everywhere, both among adults as well as among infants. The average duration of human life is markedly increasing, owing to the increase of knowledge in pathology, materia medica, sanitation, dietetics, prophylaxis; in fact, in all scientific directions which tend to prevent and cure diseases. But this result is not due to Government bureaus. It is the result of the devotion of the 150,000 physicians of the country who in a practical, clinical, everyday way are constantly increasing the store of experience which enables this result to be accomplished by disseminating this experience through national associations of medical science, by medical societies embracing the Nation, sections of the Nation, States, counties with all the multitudinous literature incident to such experience.

It is due to our splendid schools of medicine and surgery, where thousands of the brightest young men and women are taught annually the latest developments of medicinal and surgical science without the Government or any bureau of the Government having anything to do with the matter.

It is due to the thousands of men who, at their own expense, impelled by a love of knowledge, devote themselves to the work of the laboratory, whether it be in biological, bacteriological, pathological, or chemical pursuit. It is from these sources that our advancement comes in combating diseases and lessening both adult and infant mortality, and not from Government-paid officials whether in pants or in petticoat. Apropos of this fact, what does a Miss Lathrop, or a Miss Paull, or a Miss Rankin, or a Miss Todd, or any one of the salaried members of the Children's Bureau, actually contribute in the way of new discoveries, thus adding to the store of medical and surgical knowledge? They contribute nothing. They discover nothing. And as ministers of knowledge discovered by others they are lamentably inefficient in using such knowledge, because they lack actual medical and surgical training. In this connection, and going a little further, what discovery of any magnitude has a Government physician or surgeon made in medical or surgical science? Of the two most important discoveries of this generation that of an antitoxin for diphtheria and that for the prevention of typhoid fever are most conspicuous. They were not discovered by a Government bureau. A Klebs or a Loeffler will not be found in a Government bureau.

If an increased care in this matter of maternity, the oldest thing in the world, was of such sudden and pressing necessity, why were not the physicians and surgeons of the country, the great teachers and scientists devoted to medical lore, called upon to consider the problem and to suggest a remedy—if a remedy were needed—rather than a lot of emotional, kindly, and altruistic people who, in spite of all their altruism and kindliness, really know nothing on the subject in a scientific way, who are wholly without experience, noncontributors of medical knowledge, and hardly able to apply the smatter they have, even in a small way, for lack of previous training. For instance, what in the name of common sense does a Miss Lathrop, a Miss Todd, a Miss Rankin, or a Miss Paull, or indeed any of these hectic propagandists, know as to the method of relief to be afforded a woman in childbirth who has a contracted pelvis, or one who is in the throes of puerperal convulsions, or one who is suffering from puerperal septicæmia? In matters of this sort, grave and fundamental, is it possible that the Members of this House will ignore the great body of the medical profession in the consideration of this question? Is it possible that you regard the medical profession of the United States as inferior to the Children's Bureau?

It is an absurdity incomparable and inexplicable, except on the ground that not judgment, but fear will influence your decision.

I further assert that if the ultimate purposes of those behind this measure are enacted into law it will inevitably increase bastardy. Under present conditions every State, as far as I can ascertain, has a law on the statute books which compels the father of an illegitimate child to assume a certain monetary responsibility and care over it. These laws were enacted as a deterrence to illegitimacy. If by the passage of this bill, with its ultimate conceptions, it becomes known that this care and this responsibility will be shifted to the shoulders of the Government, there will be no restraint upon libidinous inclinations and illegitimate offspring.

Again, I oppose this bill because it would lead to pauperism by undermining the virtue of self-dependence.

It will blight like the withering blast of a hot wind from off the desert those age old ideals and virtues which surround fatherhood and motherhood.

What man worth his salt will let his own child be a pauper upon the bounty of the Government? What mother has so degenerated that she will admit the right of the State to interfere with her own baby through paid governmental busybodies?

Moreover, I oppose this bill because the physicians of my State oppose it. I oppose it because the physicians of the entire country oppose it. I believe that the great body of physicians and surgeons possess a saner judgment as to this matter than any Government bureau or than this House itself possesses. They have been and are the practical and scientific guardians of the public health, and there is no Government bureau nor Government agencies of any character whatever that can or should take precedence over their judgment in such a weighty matter.

If such a bill as this is to pass, it ought to be so amended that no man can hold a position under it who has not felt the compelling obligations and responsibilities of fatherhood, and no woman who has not had a baby of her own, thereby getting a little motherly experience before she endeavors to interfere with other women's babies. As a physician I can assert most positively that if such a requirement was made, at least the proponents of this measure would scatter like mist before the morning sun.

Upon the face of it, this bill as it comes from the Senate is chiefly objectionable because of the expense attached to it at a time when everything should be done to avoid unnecessary taxation. There is, however, a deeper objection in that it is designed as an entering wedge to socialistic legislation which has been openly avowed, and which no one here can show has been abandoned. In the three measures—namely, the Sheppard-Towner bill, the Smith-Towner bill, and the Fess amendment—we are brought face to face with the issue of maintaining the old principles of representative democracy, of State and community responsibility, or of abandoning them for principles openly socialistic in their purposes.

My fellow colleagues, ye who sit upon the right side of the Chamber! Ye who for a hundred years have claimed to be the guardians of the fair temple of democracy! Ye who took the great Jefferson as your own especial teacher and prophet, and proclaimed your devotion to his inspired precepts! Will you abandon your heritage? Will you scorn the founder of your political faith and by your votes repudiate every profession you have made during the past century? Has your past lost its inspiration? Have you ceased to revere? Will you now destroy?

And my colleagues upon the left side of the Chamber will you forget that *your* teacher and prophet was the immortal Lincoln? Will you apostatize also? Will you desert from *your* faith? Will you repudiate his immortal enunciation, the creed of your faith—"A government of the people and by the people"—and by your votes substitute a government of bureaucracy and by bureaucracy?

Mr. Chairman, we are standing at the parting of the ways, the place of grave and momentous decision, where principles lead in opposite directions. Gentlemen of the House, it is in your hands to bravely meet this fight or to shun it through fear. Let not the emancipation of women be the cause of the ultimate destruction of the Constitution. Vote, I beg you, to sustain the beneficent results of past experience. Appeal to the real Americanism of the people, both men and women, for your reelection. The great majority of our wives and mothers, of our sisters and daughters, are with us in every material, yea, in every high interest. Our interests in good government are indissolubly bound up with theirs. As we prosper, they prosper; as we fail, they suffer. If finally the Constitution and our old American principles have been a splendid success in their power and operation, let us hold on to them. Let us even fight for them, if need be. If, however, the Constitution and those principles have failed, if you think they have failed, thrown them down. I for one, however, shall be no iconoclast in such an impious procedure. [Applause.]

During the delivery of the foregoing, the time of Mr. LAYTON having expired—

Mr. LAYTON. Mr. Chairman, I would like a little more time.

The CHAIRMAN. The time is in the control of the gentleman from Orgeon [Mr. SINNOTT] and the gentleman from California [Mr. RAKER].

Mr. WALSH. I make the point of order that there is no quorum present.

Mr. SINNOTT. Will the gentleman withhold that?

Mr. RAKER. How much time does the gentleman from Delaware desire?

Mr. LAYTON. I should like to have 10 minutes. I will try to finish in five.

Mr. WALSH. I will withhold the point of no quorum if the gentleman can conclude in five minutes.

Mr. LAYTON. I will try to do so.

The CHAIRMAN. The gentleman from Massachusetts withdraws his point of no quorum, and the gentleman from California [Mr. RAKER] yields to the gentleman from Delaware five minutes additional.

Mr. LAYTON resumed and completed the delivery of the foregoing remarks.

Mr. RAKER. I yield two minutes to the gentleman from Pennsylvania [Mr. GRAHAM].

Mr. TINCHER. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Kansas makes the point of no quorum present. Obviously there is no quorum present.

Mr. SINNOTT. I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. STAFFORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska, had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted—

To Mr. ROSE, for a few days, on account of the death of a near relative.

ADJOURNMENT.

Mr. SINNOTT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until Wednesday, November 2, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

249. Under clause 2 of Rule XXIV, a letter from the Secretary of the Navy, transmitting a tentative draft of a bill for the relief of Prospero Monterrose, of Gautemala City, Guatemala; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. BOIES, from the Committee on the Judiciary, to which was referred the bill (H. R. 7076) to amend section 190 of the Revised Statutes of the United States, reported the same with an amendment, accompanied by a report (No. 455), which said bill and report were referred to the House Calendar.

Mr. FROTHINGHAM, from the Committee on Military Affairs, to which was referred the joint resolution (H. J. Res. 210) for the appointment of one member of the Board of Managers of the National Home for Disabled Volunteer Soldiers, reported the same without amendment, accompanied by a report (No. 456), which said joint resolution and report were referred to the House Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 8888) for the relief of the legal representatives of Sylvester Jancovich, deceased; and the same was referred to the Committee on War Claims.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FOCHT (by request): A bill (H. R. 8955) to regulate the sale of milk and cream in the District of Columbia, to safeguard the public health, and for other purposes; to the Committee on the District of Columbia.

By Mr. CLOUSE: A bill (H. R. 8956) to amend an act entitled "An act to prohibit intoxicating beverages, and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes, and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, and other lawful industries," passed the House of Representatives October 27, 1919, and in the United States Senate October 28, 1919; to the Committee on the Judiciary.

By Mr. VOLSTEAD: A bill (H. R. 8957) to define and prescribe punishment for certain offenses against Federal reserve banks, member banks, Federal farm loan banks, and national banks; to the Committee on the Judiciary.

By Mr. CROWTHER: A bill (H. R. 8958) to amend an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, by amending section 10 thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. DUPRE: A bill (H. R. 8959) to amend the act to establish a Veterans' Bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act, approved August 9, 1921; to the Committee on Interstate and Foreign Commerce.

By the SPEAKER (by request): Memorial of the Legislature of the State of Louisiana urging the repeal of the Federal estate tax; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Louisiana urging a modification of the Volstead law so as to allow the sale of light wines and beer under certain restrictions; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLOUSE: A bill (H. R. 8960) granting a pension to Martha E. McDonald; to the Committee on Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 8961) authorizing the Secretary of War to donate, for ornamental purposes, one cannon or fieldpiece and five cannon balls to the village of Sharon, Wis.; to the Committee on Military Affairs.

By Mr. DYER: A bill (H. R. 8962) granting a pension to Eliza J. Lynch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8963) granting a pension to August Bohlender; to the Committee on Pensions.

By Mr. GORMAN: A bill (H. R. 8964) for the relief of John Berrin; to the Committee on Military Affairs.

By Mr. HERSEY: A bill (H. R. 8965) granting a pension to Effie C. McKay; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 8966) granting a pension to Milton Clark; to the Committee on Pensions.

By Mr. MOTT: A bill (H. R. 8967) for the relief of A. W. Wright; to the Committee on Claims.

By Mr. OVERSTREET: A bill (H. R. 8968) granting a pension to E. M. Carter; to the Committee on Pensions.

By Mr. PURNELL: A bill (H. R. 8969) granting an increase of pension to Alameda J. McBride; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8970) granting an increase of pension to Rebecca D. Chizum; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8971) granting an increase of pension to Sherman G. Johnson; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 8972) for the relief of Lloyd Addison Basinger; to the Committee on Naval Affairs.

By Mr. WURZBACH: A bill (H. R. 8973) for the relief of Miles A. Chancey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2898. By Mr. BLAND of Virginia: Petition from citizens of Colonial Beach, Va., and Washington, D. C., opposing the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2899. Also, petition from citizens of Urbanna and Newport News, Va., opposing legislation increasing the tax on medicinal alcohol or any other medicinal preparations; to the Committee on Ways and Means.

2900. By Mr. BYRNS of Tennessee: Petition of numerous citizens of Nashville, Tenn., opposing House bill 4388, regulating Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

2901. By Mr. COUGHLIN: Petition of Avoca Methodist Episcopal Church, of Avoca, Pa., indorsing proposed constitutional amendment to prohibit sectarian appropriations and urging its immediate passage; to the Committee on the Judiciary.

2902. By Mr. KELLY of Pennsylvania: Resolutions of Pittsburgh Conference of the Methodist Episcopal Church, pertaining to disarmament and the enforcement of law; to the Committee on the Judiciary.

2903. By Mr. KISSEL: Petition of the Zeldo & Martinez Export Co., of New York City; to the Committee on Ways and Means.

2904. Also, petition of the Kelvin Engineering Co. (Inc.) of New York City; to the Committee on Ways and Means.

2905. Also, petition of the Turner Construction Co., of New York City; to the Committee on Ways and Means.

2906. By Mr. LINTHICUM: Petition of the Afro-American of Baltimore, Md., favoring House bill 13; to the Committee on the Judiciary.

2907. Also, petition of Joel Gutman & Co., of Baltimore, Md., registering opposition to clause 402 of the Fordney bill; also petition of Coale Muffller & Safety Valve Co., of Baltimore, Md., favoring reduction of personal income tax revenue bill; to the Committee on Ways and Means.

2908. By Mr. RHODES: Resolution on law enforcement, signed by Rev. A. R. Graham and others; to the Committee on the Judiciary.

2909. By Mr. TOWNER: Resolution and petition of Convention of Christian Churches of California North, urging passage of Towner-Sterling educational bill; to the Committee on Education.

SENATE.

WEDNESDAY, *November 2, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McKinley	Sheppard
Borah	Hale	McLean	Simmons
Brandegee	Harreld	McNary	Smoot
Broussard	Harris	Moses	Spencer
Bursum	Heflin	Nelson	Sterling
Calder	Hitchcock	New	Sutherland
Cameron	Johnson	Newberry	Swanson
Capper	Jones, N. Mex.	Nicholson	Townsend
Caraway	Jones, Wash.	Norbeck	Trammell
Culberson	Kendrick	Norris	Wadsworth
Cummins	Kenyon	Oddie	Walsh, Mass.
Curtis	Keyes	Overman	Watson, Ga.
Dial	King	Penrose	Watson, Ind.
Edge	Ladd	Phipps	Weller
Ernst	La Follette	Poindexter	Willis
Fernald	Lenroot	Pomerene	
Frelinghuysen	McKellar	Reed	

Mr. DIAL. I wish to announce that my colleague [Mr. SMITH] is detained on account of illness. I will let this announcement stand for the day.

Mr. GERRY. I wish to announce that the Senator from Louisiana [Mr. RANSDELL] is necessarily absent on official business.

The PRESIDENT pro tempore. Sixty-six Senators having answered to their names, there is a quorum present.

INVESTIGATION OF TREATMENT OF SOLDIERS.

Mr. POMERENE. Mr. President, on yesterday while I was for the moment out of the Chamber the Presiding Officer appointed me as a member of the special committee to investigate certain charges which were made on the floor of the Senate. I am at the present time serving on two special committees by direct appointment of the Senate, one being the committee investigating the incapacitated soldiers' relief bureaus and the other the committee investigating the Haitian and Santo Domingo difficulty. I am also serving on some of the regular committees and subcommittees thereunder, and I feel that all my time is occupied. I am afraid that if I were to attempt to serve on the committee appointed yesterday I would not be able to do justice to that work. I therefore ask the Senate to relieve me from that duty. It is not a desire on my part to shirk any responsibility, but I feel that I can not give the time to it, and I hope I may be relieved.

The PRESIDENT pro tempore. The Chair relieves the Senator from Ohio from service on the special committee as requested and appoints in his stead the Senator from Montana [Mr. WALSH].

The PRESIDENT pro tempore subsequently said: The Chair desires to announce that he has been advised that the Senator from Montana [Mr. WALSH] is absent from the city. In that

situation the Chair appoints the Senator from Tennessee [Mr. SHIELDS] to act upon the committee to which the Senator from Montana [Mr. WALSH] was appointed.

ADDRESS BY SENATOR NICHOLSON.

Mr. POINDEXTER. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address by Hon. SAMUEL D. NICHOLSON, a Senator from the State of Colorado, delivered before the American Mining Congress at Chicago October 20 on important current questions relating to the mining interests of the country, and also a resolution adopted by the American Mining Congress.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PENROSE. Mr. President, I have not heard what the paper is, and I would at least like to know for what unanimous consent is requested.

The PRESIDENT pro tempore. The Secretary will state the paper.

Mr. PENROSE. I do not want to have it read, but I would at least like to know for what purpose the revenue bill is being interrupted.

Mr. POINDEXTER. I did not suppose it would interrupt the revenue bill to offer this matter to be printed in the RECORD.

Mr. PENROSE. This one matter does not interrupt it, but some score of Senators, I observe, are on their feet, doubtless for similar purposes, and I thought it was legitimate curiosity at least to have the Chair extend to me the courtesy of informing me what was presented.

Mr. POINDEXTER. I stated, and I now restate, that it is a speech delivered before the American Mining Congress by the Senator from Colorado [Mr. NICHOLSON] on important questions relating to the mining interests of the country.

Mr. PENROSE. I only desire to state that I shall not object in this instance, but I hope the revenue bill now be proceeded with. Later in the day, if a convenient lull occurs in the proceedings, there will doubtless be opportunity given for the introduction of these minor legislative matters.

The PRESIDENT pro tempore. Without objection, the address and resolution will be printed in the RECORD.

The matter referred to is as follows:

ADDRESS DELIVERED BY HON. SAMUEL D. NICHOLSON, UNITED STATES SENATOR FROM COLORADO, BEFORE CONVENTION OF THE AMERICAN MINING CONGRESS AT CHICAGO, ILL., OCTOBER 20, 1921.

NEED OF THE MINING INDUSTRY FOR CABINET REPRESENTATION.

Senator NICHOLSON spoke as follows:

To satisfy the requirements of war, it became necessary for the Government to exercise the initiative in speeding up the production and mobilization of the essential war resources of the Nation. These resources were constituted principally of the products and by-products of the agricultural and mining industries. The problem confronting the Government was not merely to insure the normal output of those products, but in many cases to make certain of a sufficient overproduction to satisfy the additional requirements of Europe under the stress of war. The governmental machinery in all branches was put to the severest test. The most unusual burdens were thrust suddenly upon the executive, legislative, and administrative branches of the Government. The available machinery of every governmental department was carefully analyzed to determine whether it could assume the responsibility and perform well the task. Wherever it was found that the governmental machinery already existing was not adequate, various agencies were created to supplement the organizations of such departments and to assume the responsibilities for supplying various resources. Power was delegated to these newly formed branches of the Government and responsibility centralized.

Upon our entrance in the war, the Department of Agriculture was well equipped to meet the problems of war. Its extensive machinery had been developed progressively since 1889, when that department was first represented by a Cabinet member. Through its many experiment stations and field agents, this department was in close and friendly touch with the farmers all over the country, and it became necessary only to increase the field force in order to expand the service which was required to increase production. The Food Administration was organized solely to aid the agricultural industry in the conservation of food, an emergency requirement of the war, and not a prerequisite in times of peace.

When the mining industry was analyzed, however, the governmental machinery was found to be woefully deficient to cope with the many vexatious problems of mineral production. In making this statement I do not minimize the excellent service which the United States Geological Survey and the Bureau of Mines rendered during this period of great national stress, but what I desire to say is that there was no secretary of mines to correspond with the Secretary of Agriculture, who had personal contact and knowledge of that industry. There was no executive branch of the Government with well coordinated facilities to assume the responsibility which was imposed. It became necessary, therefore, to create many independent agencies for the purpose of extending and developing the governmental machinery to solve the war problems of mineral production. This alone should be a lesson to those in charge of our governmental affairs who must assume administrative responsibility, that the occasion never again should arise when the machinery is not well developed and available to meet any of the emergencies of war. A Government well equipped to deal with the resource production problems arising from war is the best adapted to render the service needed in times of peace.

It is with this thought in mind that I have introduced Senate bill 1957, to establish a department of mines, with Cabinet representation for the mining industry.

The first Secretary of Agriculture was appointed in 1889, in which year the agricultural output of the Nation was valued at $2,460,000,000. In that year the mineral output was valued at $551,000,000. In 1900 the mineral output had expanded to $1,064,000,000, or nearly double that of 1889. In 1910 the mineral output again doubled to a production of $1,992,000,000. The United States Geological Survey estimates that the mineral output of 1920 was $6,707,000,000, or twelve times as great as that of 1889, and nearly three times the value of the agricultural output at the time when the Department of Agriculture was created. Because of this rapid growth in the mining industry and the position of increasing importance that it has and will continue to assume for the Nation as a whole, there should be no question but that it is entitled to Cabinet representation.

Another evidence of the importance of the mining industry to the industrial system of the Nation is the amount of traffic which it supplies to the railroads. Of a total freight tonnage of 2,307,000,000 tons carried by the railroads of the United States in 1918, the mining industry supplied 1,500,000,000 tons, or over 65 per cent, while the combined tonnage of the agricultural and live-stock industries was but 290,000,000 tons, or less than 13 per cent.

It is apparent from the foregoing statement that the railroads of the Nation could not provide the necessary transportation facilities for the agricultural and live-stock industries were it not for the fact that the mining industry sustains the major burden of their operating costs. This reflects the general dependence of the public upon the operation of the mines for the lowering of the cost of transportation on their food products. The cost of living would become prohibitive if the agricultural and live-stock industries were forced to bear the entire burden of operating the railroad system.

The United States Geological Survey, in estimating the world's production of minerals, shows to what extent the United States has contributed. In 1913 the United States produced 39 per cent of the 1,342,300,000 metric tons of coal produced by the world. In 1918 we produced 355,900,000 barrels of crude petroleum, which represented 67.8 per cent of the total produced by the world. For the period 1857–1918 the production of crude petroleum by this country was 4,608,000,000 barrels, which represents 61.1 per cent of the total world output. This country in 1913 produced 63,000,000 metric tons, or 36 per cent of the world's total of iron ore. We consumed in that year 64,500,000 tons of iron ore, from which 31,500,000 metric tons of pig iron was produced, or 40 per cent of the world's total, and 31,800,000 metric tons of steel, which was 42 per cent of the world's production. The United States produces from domestic ore about 60 per cent of the world's output of copper, and through its commercial control of deposits in Mexico, Peru, Chile, and Canada supplies about 9 per cent more. The iron, coal, oil, and copper reserves of the United States exceed the combined developed reserves of all other nations. This list of minerals extensively produced in this country could be greatly lengthened.

Practically all of the foreign nations regard the mining industry so important that they have made special governmental provision for it in creating departments of mines. In Canada and most of the British possessions a minister of mines presides over the department. From an international standpoint an industry which makes so prominent a contribution to the world's output of fundamentally necessary mineral products as the mining industry of the United States should be dignified by having a separate department in the Government, presided over by a representative of the President's Cabinet.

The Department of the Interior, originally created to dispose of the public domain, has become the repository for numerous other odds and ends of administrative responsibility wholly unrelated to the purpose for which it was created and still more unrelated to the administrative problems of the mining industry. There are 14 separate bureaus in the Interior Department, of which but two relate to mining, while in the Agricultural Department there are 18 subdivisions, all of which relate to agriculture.

Under the present system the United States Geological Survey and the Bureau of Mines are but 2 subordinate bureaus among 14 over which the Secretary of the Interior must exercise control. It is not conceivable, even though the Secretary might have excellent qualifications to solve the problems confronting the mining industry, that he could, with his other manifold responsibilities as the chief executive of the Department of the Interior, devote sufficient time to the work. There should be a governmental leader for this great industry so fundamentally necessary to the progress of the Nation. If a crisis should occur in the coal-mining industry or any other branch of the mining industry, who could be called upon on behalf of the administration to render advice, formulate a remedy, and assume the responsibility for the result without the creation of a special commission with its costly delays?

Many constructive laws have been enacted for the benefit of the agricultural industry, and I am in hearty accord with all that has been done as favorably affecting the farmer and the general interests of the public. I contend, however, that the welfare of the mining industry is as fundamentally important to the general welfare and prosperity of the Nation as the agricultural industry, and that consideration should now be given the request of that industry for a department of mines with Cabinet representation.

The bill which I have introduced is broad and comprehensive. All activities affecting every branch of the mining industry, wherever located in the present governmental program, are assembled under one central control.

I am an exponent of economy in the expenditure of public funds. The creation of this new department will effect economies arising from the elimination of all duplications of effort of the various agencies now employed, and will expand the present governmental service to the industry at less expense. The mining industry is not benefited by duplicated activities, and would welcome this more direct and businesslike administration. The indirect benefits which would accrue to the public generally would be an even more important consideration arising from the centralized control made possible through Cabinet representation and the creation of a department of mines.

In 1910 the mining industry produced $2,000,000,000 of new wealth and was then as much in need of a department to deal exclusively with its many problems as was the agricultural industry in 1889, with a similar value of production.

The mining industry has outgrown the governmental machinery provided, and yet the problems involved in our mineral and metallurgical production are no less complex than those of an agricultural nature. To-day the Nation is confronted with many economic uncertainties affecting all branches of industry. The ocean upon which we are sailing is uncharted and precedents are lacking to guide our course to safety and industrial poise. The solution of our industrial problems depends upon the reduction of costs of production. These operating efficiencies can be obtained only through improvements developed by research, and in this connection the department of mines would render a signal service to the mining industry. Without this effective

assistance our return to normal will be postponed for many years to come and the unemployment difficulties aggravated.

I am informed by the Secretary of Labor, in a letter of recent date, that we have approximately 19,000,000 wage earners in the United States whose employment, either directly or indirectly, depends upon the production of minerals and their manufacture into the machinery of industry, the implements of agriculture, and the tools of trade.

This Nation's labor will have to face the keenest competition of the labor of the world, and the superior operating advantages which our labor should derive from inventive improvements will mean the success and prosperity of the Nation's business. Our problems of unemployment will disappear only when the wheels of our industry are all turning, and the speed of these can be greatly accelerated by the creation of a department of mines.

It should now be apparent to the people of our Nation that, notwithstanding the abundance of our agricultural yield, we have over 5,000,000 men whose unemployment largely results from the present depressed condition of the mining industry.

I believe that there are those who still agree with the immortal Lincoln who delivered this message to the mining industry a few days before his death:

"Tell the miners for me that I shall promote their interests to the utmost of my ability, because their prosperity is the prosperity of the Nation."

DEPARTMENT OF MINES.

Resolution No. 2, introduced by William J. Loring, of California.

Whereas the mining industry is confronted with special problems due to the consequences of war and the present urgent requirements of readjustment, the solution of which could be greatly facilitated by Cabinet representation for the mining industry; and

Whereas the employment of 19,000,000 wage earners, of which some 5,000,000 are now out of employment, is dependent directly or indirectly upon the products of the mines, the implements of agriculture, the machinery of industry, and the tools of trade; and

Whereas the agricultural industry in 1889, when a Cabinet representative for that industry was appointed, had a total value of production of less than $2,500,000,000, while the mining industry had during 1920 an estimated value of production of over $7,000,000,000; and

Whereas the American Mining Congress has recognized the need for the creation of a Department of Mines and direct Cabinet representation for the mining industry during the 24 years since its organization, during which period the organization has indorsed many bills which have been introduced in Congress for this purpose: Now, therefore, be it

Resolved, That the American Mining Congress in the twenty-fourth annual convention assembled at Chicago, Ill., hereby indorses Senate bill 1957, introduced by Senator SAMUEL D. NICHOLSON, of Colorado, which centralizes all governmental activities related to the mining industry in one department to be presided over by the secretary of mines, who would be a member of the President's Cabinet; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the Secretary of the Interior, and to the Members of the Senate and House of Representatives of the United States.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the Senator from Utah [Mr. SMOOT].

Mr. PENROSE. Mr. President, there are some score of minor amendments which the Senator from Utah, on behalf of the Finance Committee, will now submit to the Senate.

Mr. HARRIS. Mr. President, I ask unanimous consent to introduce a bill and a resolution.

Mr. PENROSE. Mr. President, I must object to the introduction of any further morning business at this time. There is no evidence on the part of the minority of any willingness to hasten the passage of the bill or to agree upon a fixed date to vote, and until some such disposition is shown I do not see why the orderly progress of the bill should be interrupted. For the present I must object.

The PRESIDENT pro tempore. Objection is made. The bill and resolution will not be received.

Mr. SMOOT. Mr. President, when the Senate took a recess last night there was pending before the Senate amendment No. 33. It provided for inserting on page 129, in line 4, after the word "begun," the words "in any court." I ask now to withdraw that amendment and allow the provision to stand just as it is.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The amendment is withdrawn. The Secretary will report the next amendment.

The READING CLERK. Amendment No. 34, on page 113, line 4, after the word "return" and before the comma, insert the following:

made under the revenue act of 1917, the revenue act of 1918, or this act.

The amendment was agreed to.

The READING CLERK. The next amendment is amendment No. 35, on page 118, after line 17, to insert the following paragraph:

(h) The provisions of subdivisions (e), (f), and (g) of this section shall apply to the assessment and collection of taxes which have accrued or may accrue under the revenue act of 1917, the revenue act of 1918, or this act.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

The READING CLERK. The next amendment is amendment No. 36, on page 121, line 8, in the committee amendment already agreed to, after the word "filed," to strike out the remainder of line 8 and all of lines 9 and 10 and insert in lieu thereof "prior to the passage of the revenue act of 1918 under subdivision (a) of section 14 of the revenue act of 1916, or filed prior to the passage of this act under section 252 of the revenue act of 1918."

The PRESIDENT pro tempore. The Chair suggests that the vote by which the committee amendment was adopted should be reconsidered.

Mr. SMOOT. That is true. I ask unanimous consent that that be done.

The PRESIDENT pro tempore. Without objection, the amendment on page 121, beginning in line 6, will be reconsidered, the amendment proposed by the Senator from Utah will be agreed to, and, without objection, the amendment as amended will be agreed to.

The READING CLERK. The next amendment is amendment numbered 39, on page 156, line 4, after the word "section," to strike out the semicolon and insert a period.

Mr. SMOOT. This amendment is merely a change in punctuation.

The PRESIDENT pro tempore. The Chair will observe that according to the print before the Chair a period is already placed after the word "section"; but, without objection, the amendment is agreed to.

The next amendment will be stated.

The READING CLERK. The next amendment is amendment numbered 62, on page 221, after line 19, to insert a new paragraph as follows:

This section shall not apply to vessels or boats used without profit by any benevolent, charitable, or religious organizations, exclusively for furnishing aid, comfort, or relief to seamen.

The PRESIDENT pro tempore. The Chair is informed that an amendment in practically the same terms as the one just stated has heretofore been agreed to.

Mr. SMOOT. That action was taken at the request of the Senator from Massachusetts, as he had to leave the Chamber, and we forgot to mark it off on the copy which I have here. I therefore withdraw the amendment.

The PRESIDENT pro tempore. Without objection, the amendment is withdrawn. The next amendment will be stated.

The READING CLERK. The next amendment is amendment numbered 63, on page 238, lines 2 and 3, to strike out the words "to an amount equal to the full value of the adhesive stamps so furnished," and in lieu thereof insert "in a sum to be fixed by the Commissioner."

The PRESIDENT pro tempore. The vote whereby the amendment heretofore has been adopted must be reconsidered before the amendment just stated will be in order. Without objection, the vote whereby the amendment on page 238, beginning in line 1, was adopted will be reconsidered.

Mr. SIMMONS. I will ask the Senator from Utah to give us a brief explanation of the object of the amendment.

Mr. SMOOT. I hold in my hand a letter from C. P. Smith, Assistant Commissioner of Internal Revenue, in which he states:

The above paragraph of section 1107 of the revenue bill now pending in Congress provides: "In such cases the collector may require a bond, with sufficient surety, to an amount equal to the value of the adhesive stamps so furnished * * *." The Empire Trust Co., of New York, which is the only depository now permitted to receive documentary stamps for sale without previous payment therefor, objects to the above language, inasmuch as it would entail an enormous expense to it in the handling of documentary stamps. At the present time this trust company sometimes has on hand as much as $4,000,000 in stamps. It is necessary that it carry a large amount of stamps of different denominations for the convenience of taxpayers, and especially for the convenience of collectors. It can not tell in advance how many stamps of a certain denomination may be required. Under the present arrangement it has been required to furnish a surety bond of $500,000, the premium on which is $2,500 per annum. If it were required to furnish a bond of $4,000,000, the premium expense would be $20,000. The company claims that the sum of the bond should be fixed by the commissioner. It therefore is very anxious that the above quoted language of paragraph (c) of section 1107 be made to read as follows:

"In such cases the collector may require a bond, with sufficient surety, in a sum to be fixed by the commissioner * * *."

I can not see any objection to the change, and am, therefore, recommending it.

I will say to the Senator that the company referred to in the letter, without any profit whatever, handles stamps for the convenience of customers at New York or anyone else who may apply. It is simply done at the request of the department, and it is desired to so arrange the matter that the commissioner may accept a bond for an amount that he feels will secure the Government on account of the revenue stamps deposited with that institution.

Mr. SIMMONS. Is it the construction of the Senator that the language used in the amendment now in the bill would

require the institution to give bond for the full amount of the stamps on hand?

Mr. SMOOT. It would.

Mr. SIMMONS. Instead of that the Senator wants such an amount fixed as the commissioner thinks would reasonably secure the Treasury?

Mr. SMOOT. That is the plan of the existing law; but the committee amendment changes that, or at least the commissioner thinks that it changes it, so that it will require a bond for every dollar of revenue stamps that the Government may send them to dispose of.

Mr. SIMMONS. This, I assume, is a bank of great financial standing?

Mr. SMOOT. It is. It only handles these stamps for the convenience of the taxpayers in New York, and it does so without profit.

Mr. HITCHCOCK. Is there not a collector of internal revenue there?

Mr. SMOOT. Yes; there is one collector of internal revenue for the whole State of New York.

Mr. HITCHCOCK. Is he not located at New York City?

Mr. SMOOT. Yes; but the institution to which I have referred is located in the business district, where the greater amount of such stamps are called for and distributed. The arrangement is only made for the convenience of the taxpayer; there is not a cent of profit in it.

The PRESIDENT pro tempore. Without objection, the amendment to the amendment is agreed to, and the amendment as amended is also agreed to.

The READING CLERK. The next amendment is, on page 272, line 11, in the committee amendment already agreed to, after the word "refunding" to insert "or crediting."

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was adopted will be reconsidered. The question now is on the amendment proposed by the Senator from Utah.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

Mr. SMOOT. Mr. President, the next amendment is an amendment to the same section.

The READING CLERK. It is also proposed, on page 272, after line 19, to insert the following paragraph:

This section, except as modified by section 252, shall apply retroactively to claims for refund under the revenue act of 1917 and the revenue act of 1918.

Mr. SMOOT. That simply means that we put all of them upon the same basis.

The PRESIDENT pro tempore. The question is upon the amendment offered by the Senator from Utah to the amendment reported by the committee.

Mr. HITCHCOCK. That practically bars all claims for the year 1917.

Mr. SMOOT. If the Senator will refer to section 252 he will find that that section covers income and profits taxes, and the amendment now offered simply makes the provision retroactive to apply to the acts of 1917 and 1918.

Mr. HITCHCOCK. But the four years have already expired since 1917.

Mr. SMOOT. Under the act of 1917 only two years were allowed. This amendment, if adopted, will allow four years in all cases. Of course, if four years have expired, it would not affect the matter in any way.

The PRESIDENT pro tempore. The question now is upon the amendment proposed by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is, on page 273, line 20. In the committee amendment already agreed to, after the word "refund," it is proposed to insert "or credit."

The PRESIDENT pro tempore. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The question now is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. On page 274, after line 4, insert the following paragraph:

This section shall not affect any suit or proceeding instituted prior to the passage of this act, but shall apply to all suits and proceedings instituted after the passage of this act, whether or not barred by prior acts of Congress.

Mr. SMOOT. Mr. President, that means that if a suit has already been begun the adoption of this section will not bar them from proceeding with the suit.

The PRESIDENT pro tempore. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The question now is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is on page 274, line 9.

Mr. SMOOT. Mr. President, that is the same amendment that I withdrew in the beginning; and I now withdraw that amendment, No. 70.

The PRESIDENT pro tempore. Without objection, amendment No. 70 will be withdrawn.

The READING CLERK. On page 276, line 18, in the committee amendment already agreed to, after the word "for," insert "internal revenue."

The PRESIDENT pro tempore. Without objection, the vote by which the amendment was agreed to will be reconsidered. The question now is upon the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is No. 72.

On page 286, line 4, in the committee amendment already agreed to, after the word "Treasurer," strike out the comma and the remainder of the line and all of lines 5, 6, and 7, and insert in lieu thereof the following: "of the United States, a Federal reserve bank, or other depository duly designated for that purpose by the Secretary, which shall issue receipt therefor," and a comma.

The PRESIDENT pro tempore. Without objection, the vote by which the amendment was adopted will be reconsidered. The question now is upon the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is No. 73. On page 289, line 7, insert after the period a new sentence to read as follows:

For the purposes of this section, public-service corporations shall be construed to be affiliated only if and to the extent provided in the regulations heretofore promulgated with reference to Title II of the revenue act of 1917.

Mr. SIMMONS. I will ask the Senator to explain this amendment.

Mr. SMOOT. This amendment provides that public-service corporations shall be construed to be affiliated only if and to the extent provided in the regulations heretofore promulgated with reference to Title II of the revenue act of 1917. That permission has been granted them under existing law, and this is simply to put them in the same position that they are in now, under existing law. This is to make sure that when a public-service corporation elects as to how it shall make its return, it can not change that and afterwards make the return as a corporation.

Mr. SIMMONS. This amendment says:

Public service corporations shall be construed to be affiliated only if and to the extent provided in the regulations heretofore promulgated with reference to Title II of the revenue act of 1917.

That is, affiliated for the purpose of making their returns.

Mr. SMOOT. On the subsidiary companies; but if they elect to do that they can not come in later and make a return as one company, upon the whole, as an affiliated company.

Mr. SIMMONS. That is the effect of the regulation?

Mr. SMOOT. That is the effect of the regulation, and this is exactly as it is to-day.

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered. The question is on the amendment proposed by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is No. 74. On page 289, line 19, in the committee amendment already agreed to, strike out the words and figures "sections 230 and 301" and insert in lieu thereof "Titles II and III."

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered. The question now is on the amendment proposed by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. On page 289, line 21, in the committee amendment already agreed to, strike out the words and figures "sections 230 and 301" and insert in lieu thereof "Titles II and III."

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered. The question is on the amendment proposed by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. Amendment No. 75. On page 292, strike out lines 3 to 25, inclusive, and insert in lieu thereof the following:

SEC. 1400. (a) That the following parts of the revenue act of 1918 are repealed, to take effect (except as otherwise provided in this act) on January 1, 1922, subject to the limitations provided in subdivision (b):

Title II (called "Income tax") as of January 1, 1921;

Title III (called "War-profits and excess-profits tax") as of January 1, 1921;

Title IV (called "Estate tax") on the passage of this act;

Title V (called "Tax on transportation and other facilities, and on insurance");

Sections 628, 629, and 630 of Title VI (being the taxes on soft drinks, ice cream, and similar articles);

Title VII (called "Tax on cigars, tobacco, and manufactures thereof");

Title VIII (called "Tax on admissions and dues");

Title IX (called "Excise taxes");

Title X (called "Special taxes");

Title XI (called "Stamp taxes");

Title XII (called "Tax on employment of child labor") as of January 1, 1921; and

Sections 1314, 1315, 1316, 1317, 1319, and 1320 of Title XIII (being certain administrative provisions) on the passage of this act.

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered. The question now is upon the amendment proposed by the Senator from Utah to the amendment of the committee.

Mr. SMOOT. Mr. President, just a word of explanation: I will state that this specifically states the day on which the repeal takes effect in better form than Title XIV as reported to the Senate. This is more definite.

Mr. SIMMONS. I understand that it embraces only the taxes that have been repealed, and is substituted for the enumeration in the bill.

Mr. SMOOT. That is correct.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. Amendment No. 76: On page 293, line 2, after the word "shall," insert a parenthesis and the following: "unless otherwise specifically provided in this act)."

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered. The question is on the amendment proposed by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment is No. 77: On page 294, after line 2, insert a new heading and section to read as follows:

INCREASE IN TREASURY SAVINGS CERTIFICATE LIMIT.

SEC. 1402. That section 6 of the second Liberty bond act, as amended, is amended by striking out in the next to the last sentence thereof the figures "$1,000" and inserting in lieu thereof the figures "$5,000."

Mr. SIMMONS. Mr. President, will the Senator explain that amendment?

Mr. SMOOT. Yes.

The Treasury Department is going to undertake a drive for the sale of savings stamps, and under the existing law the amount that can be held by one person is $1,000. This amendment provides that it shall be increased from $1,000 to $5,000. I have here a letter addressed to the chairman of the committee from the Secretary of the Treasury, and if the Senator desires I will have this letter read from the desk.

Mr. SIMMONS. No. Will the Senator state the contents of the letter?

Mr. SMOOT. The contents are just what I have already stated as the object of this amendment. It is to allow an individual to purchase $5,000 of these savings stamps instead of $1,000.

Mr. SIMMONS. Will the Senator state the purpose of making this drive to sell savings stamps?

Mr. SMOOT. There are two reasons.

Mr. SIMMONS. For what object is the money to be raised? This is substantially the Government borrowing that much more money. What is it proposed to borrow this money for?

Mr. SMOOT. If we get this money, we will redeem the short-time certificates that are drawing a higher rate of interest than will be drawn by these savings certificates; and then there is another object in it. The Senator remembers that when the proposition was first presented, it was to create a spirit of saving among the people of the United States. The rate of interest on these certificates is not as high as the rate of interest on the short-time certificates, and all the money that we can get in this way will be used for the retirement of savings stamps presented for payment and if more is sold then the short-time certificates that are in circulation to-day.

Mr. SIMMONS. Does the Senator mean that it is proposed now to refund the short-time certificates that have been issued by issuing longer-term notes or longer-term obligations of the Government?

Mr. SMOOT. No. The short-time certificates of course are sold now not at any specific time, but as the requirements of the Government demand. There is no increase in them now, because of the fact that when they fall due the Treasury Department simply makes another sale of short-time certificates to take up the ones due.

Mr. SIMMONS. What I am trying to get at is, are these stamps being sold for the purpose of supplying the requirements of the Treasury until taxes can be collected and they can be paid off, or are they being sold for the purpose of extending the time for the payment of certificates already issued?

Mr. SMOOT. All those certificates will be paid when they fall due.

Mr. SIMMONS. Many of them will not be paid when they fall due, and it is proposed to fund them in long-term notes.

Mr. SMOOT. This has nothing to do with that. A great many foreigners in this country have purchased these savings stamps up to the amount of a thousand dollars. They can not under the law purchase any more of them, and of course the only thing they can do, not having confidence in anything but the Government, is to send their additional earnings home. Among that class of people no doubt there are many who would purchase these savings certificates to the amount of more than a thousand dollars if they could.

Mr. SIMMONS. I do not question at all the effect upon the thrift of the people of selling these savings stamps, but what is going to be done with the money? Are we selling these stamps to raise money to pay current expenses? If we are, it is a bad proposition. If we are selling them for the purpose of raising money to pay off obligations which already exist, and which we do not expect to pay out of current taxes, I have no objection.

Mr. SMOOT. I will assure the Senator that the purpose is not to sell these bonds to pay the running expenses of the Government.

Mr. REED. But are they not to pay obligations which have already been incurred, and which ought to be met out of the taxes which are collected from time to time?

Mr. SMOOT. They were incurred years ago, when the Government had to incur the obligations, and, of course, when they are paid off, that might, in a way, be construed as paying the running expenses of the Government; but they are not taken into consideration in estimating the amount that would be required for the maintenance of the Government for this fiscal year or any future fiscal year. They will be used, of course, if possible, to save the difference between the interest upon the saving certificates and the interest on the short-time certificates, which are drawing now about 4¾ per cent.

Mr. REED. Mr. President, I have this in mind: The Senator will recollect that in his original estimate the Secretary of the Treasury included $170,000,000 to take up certain short-time obligations of the Government incurred in part through the operations of what is known as the Pittman amendment. His subsequent estimate was reduced by $520,000,000, and part of the $520,000,000 he proposed to provide for by the issuance of securities of the Government to take up this $170,000,000 I referred to instead of paying it out of the current taxes.

Of course that is an obligation already incurred, but it was an obligation, as I understand it, which properly should be met out of the revenues collected from time to time by the Government, because I think the Government got the benefit of the very moneys which it now must replace, and I am curious to know whether we are now to have a drive for the sale of savings stamps to get that money in.

Mr. SIMMONS. In addition to the $70,000,000 to pay off the obligations of the Government in connection with the Pittman amendment, the Secretary included as a part of this $4,000,000,000 we are now trying to raise a million dollars which would be necessary to redeem saving stamps which would be presented for payment during this current year. I have some-

what of a notion that these new savings stamps are to be sold to pay for those saving stamps.

Mr. SMOOT. No; if the Senator will remember, the estimate, covering these items both Senators speak of, was over $4,500,000,000.

Mr. SIMMONS. That was the original estimate.

Mr. SMOOT. That was the original estimate, which included the items both Senators have spoken of; but the $4,034,000,000 did not include those items at all.

Mr. SIMMONS. But the $4,500,000,000 did include both of those items, and at that time the Secretary of the Treasury undoubtedly reached the conclusion that these two items were legitimate objects to which revenue should be devoted. But when he reduced the estimates he eliminated those two items, one of them being, as I said, to redeem such war-savings stamps as might be presented under the law for redemption during the current fiscal year. As they have to be provided for, it occurred to me that possibly the Secretary of the Treasury had in mind to provide for the redemption of those issues already out by issuing more. I would like very much if the Senator would advise me if the Secretary has any such purpose as that, because he has already, by virtue of his original estimate, in which they were included, let it be understood that, so far as he was concerned, he regarded them as belonging to this fiscal year, and that it was an obligation of the Government which should be paid out of current taxes.

Mr. SMOOT. They did not belong to the fiscal year's expenses, but many of them were falling due in the fiscal year and had to be met either by issuing short-time certificates to take the place of the obligations which were made years ago, or, if we could sell these certificates now at the lower rate, the Government would save whatever difference there might be in the interest.

As far as the $170,000,000 for the silver under the Pittman Act obligation is concerned, we passed that law, and the western miners of the United States agreed with the Government that silver should not be more than a dollar an ounce. At the same time, silver was being bought all over the world at $1.36 an ounce. That was the agreement made by the Government of the United States, and there was only one great reservoir of silver unused in the world, and that was in the Treasury of the United States, and in order to save England's credit that reservoir was tapped and sold to England and other countries at $1 an ounce instead of $1.36 an ounce, the world price. England's obligations to India were paid in silver taken from the Treasury of the United States.

Mr. REED. How did we get in debt by the transaction of taking the dollars out of our Treasury and melting them down?

Mr. SMOOT. For every ounce of silver that was taken out of the Treasury of the United States, whether it was in bullion or in silver dollars or half dollars, and melted and sold to England at that time to keep her credit good, the Government of the United States was required, under the law, to purchase an equal amount of American silver that was to be produced thereafter.

Mr. REED. They got the money from England, did they not?

Mr. SMOOT. Yes; but it was used in the war, at the time of the war. There is no question but what it was a part of the advance that was made to England.

Mr. REED. Then we did not get the money from England. We took the silver dollars out of our Treasury, we melted them down, we turned the metal over to England to the amount of $170,000,000. I understand the transaction that far; it is very simple. We were to buy, and did buy, an equivalent amount of silver from our miners.

Mr. SMOOT. No; we have not bought all of it yet, but we will, under the law.

Mr. REED. We were to buy it?

Mr. SMOOT. Yes; that is right.

Mr. REED. But we have not bought it. England did not pay us $170,000,000 cash to put back into our Treasury, and that is a part of the debt England owes us to-day. Is that the Senator's understanding?

Mr. SMOOT. It would be just the same whether they paid us money for it and then we loaned them the money, as if they were advanced that as part of the loan made to England.

Mr. REED. No; it would not be the same, because if she had paid us $170,000,000 in gold for this silver which we sold to her at 39 cents on the dollar less than the market price, we would have had the gold in our Treasury, and the Treasury would have been whole, anyway. We might thereafter have loaned her an equal sum, but that would be a different transaction. The Treasury in that case would have been whole, and they could have taken the money out of the Treasury and gone and bought the silver; but the Treasury is now without the $170,000,000, and is it proposed now that the Treasury shall raise $170,000,000 by the issuance of interest-bearing securities, and go out in the market and buy $170,000,000 of silver under the Pittman Act?

Mr. SMOOT. No; that is not proposed at all, Mr. President. Under the law, the Government of the United States must purchase that American silver and pay a dollar an ounce for it until it has purchased the same amount of silver which they took out of the Treasury at the time of the passage of the Pittman Act.

Mr. REED. This is what I want to know, if the Senator please, whether we are now proposing to sell interest-bearing securities of the United States, and to employ the money raised in that way to purchase silver, either under this act or under the Pittman Act?

Mr. SMOOT. I can not say what securities of the Government will be sold, but if it is necessary in order to purchase the silver that the Government must sell certificates of any kind, it will have to be done.

Mr. REED. If that is the law, then we must repeal the law, and we might as well insert the repeal right here in this bill, and then we will know that we are not paying interest and going out to buy silver to bank up in the Treasury of the United States, and particularly since silver has fallen. Has it not fallen very greatly in value?

Mr. SMOOT. It has; but there was an agreement made with the silver producers of the country that if they would sell their silver to the Government of the United States for $1 an ounce; and that silver at the time was sold to England for a dollar an ounce, when the market value, for a while at least, was $1.36. The Senator does not now suggest that the Government of the United States should not fulfill the promise they made under that law to the silver producers of the country?

Mr. REED. I, of course, do not want the Government of the United States to break any obligation it has made, but I can not understand this transaction. We agreed with the miners to pay them a dollar an ounce for their silver, but we did not take their silver; we took our own silver, melted down our own dollars, and the miners did not deliver to us any silver at a dollar an ounce.

Mr. SMOOT. Oh, yes; they have been delivering certain amounts every year. If they have delivered it, then we have paid for it.

Mr. HITCHCOCK. Only a part has been delivered. They are delivering it from month to month.

Mr. REED. They are delivering it from time to time?

Mr. SMOOT. Just as fast as they can produce it.

Mr. REED. Was the contract made with them to deliver a certain amount, or was the contract simply that for what they would deliver, they should sell it at a dollar an ounce?

Mr. SMOOT. The contract was that they would deliver to the Treasury of the United States as many ounces of silver at a dollar an ounce as were taken from the Treasury of the United States at that time and sold for a dollar an ounce to England.

The purchases were made by the Government of the United States as low as 56 cents an ounce and sold it at a dollar an ounce. All profit went to the Government, and during the war time, and whatever gains were made were expended then, and all we ask is that the contract made with the producers of silver in the country be carried out. The Senator from Missouri is the last man in the world who would ask the Government of the United States to repudiate its obligations.

Mr. REED. I would not suggest a repudiation of the obligation, but I had not understood from the previous statement of the Senator that it amounted to an obligation.

Mr. SMOOT. It certainly is an obligation.

Mr. REED. It is an obligation that is accruing from month to month, from time to time, as the silver is delivered. We are now to understand that it is proposed to sell war savings certificates to meet in part that obligation instead of meeting it out of the revenues of the country.

Mr. SMOOT. It is not an annual expense of the Government. It is an obligation made just the same as the obligation created by the selling of Liberty bonds or the short-time certificates that were authorized by Congress. It is the same character of obligation. There is no difference at all. We hope to have the short-time certificates paid off in time. There is no doubt about that. This is an advantage to the Government of the United States because the interest upon the savings certificates is less than the interest upon the short-time certificates.

Mr. REED. The Senator said it is an obligation incurred during the war. We incurred many obligations during the war which we have been paying out of the revenues of the Government. We are paying interest right along out of the revenues

of the Government, and this is no more an obligation to be postponed and renewed by the Treasury without authority of Congress than any other obligation of the Government. I maintain that the Treasury of the United States has no authority, unless it is found in some particular statute, to refund the obligations of the United States, and yet here is a device which I believe is nothing more nor less than authority to sell a lot of certificates and then the Treasury will take that money and buy this silver from time to time and thus increase the interest-bearing debt of the United States instead of reducing that debt.

The Senator has said we can have plenty of money. Certainly we can if we lay the taxes in this bill. If the Senator's sales tax is adopted it would raise the money.

Mr. SMOOT. Oh, no; the sales tax of the Senator from Utah as it is now framed, providing 1 per cent as it now does, would raise only $253,000,000.

Mr. REED. If you put back the excess-profits tax you are taking off you can pay off these obligations and many other obligations. The proposition, as I understand it, is to cut down the bill to a point in the reduction of the taxes that have been so often discussed and need not be referred to again specifically, so that obligations such as we are now discussing, accruing from time to time in the payment for silver—that is, to take the place of the silver taken from the Treasury—may be paid by the issuance of interest-bearing securities and thus increase the interest-bearing debt of the United States.

Now, Mr. President, as far as I am concerned, I am opposed to that proposition. We ought to raise the taxes now when people are able to pay them and from the people who are able to pay them, and we ought to meet such obligations as these and not be issuing a lot more of short-time securities which will come back to plague us. It is a wrong method of conducting the business of the Government.

Mr. SMOOT. I will say to the Senator that the amount that would be paid for any purpose that would in any way, shape, or form increase the obligations of the Government as they exist to-day will appear just as soon as the Treasurer's report is made. I say that the proposition we have before us now is for the purpose of redeeming the savings stamps bearing interest, I think, of 4 per cent as presented for payment, and when they fall due.

Mr. HITCHCOCK. Mr. President——

Mr. SMOOT. The amendment means——

The PRESIDENT pro tempore. The Chair must insist that Senators proceed in order. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. HITCHCOCK. I have forgotten what interest these savings stamps bear.

Mr. SMOOT. As I remember the law, it was not to exceed 4 per cent. That is as I remember the law.

Mr. HITCHCOCK. That interest is not paid until the stamps mature?

Mr. SMOOT. It is paid in this way: If it is a $5 stamp, it is purchased for less than $5. In other words, the interest is figured during the life of the savings stamp and is given to the purchaser at the time he buys the savings stamps. In other words, whatever he gets in the way of interest, at whatever rate it is, he gets at the time of purchase.

Mr. REED. Then how much do we save?

Mr. HITCHCOCK. A war savings stamp with a maturity value of $5 is purchased, I think, for $4.12.

Mr. SMOOT. Every month the value changes.

Mr. HITCHCOCK. I mean, if bought originally it was $4.12.

Mr. SMOOT. If bought originally, it would have been about that amount.

Mr. HITCHCOCK. There is 1 cent added every month.

Mr. SMOOT. It is something like that. It was figured out exactly.

Mr. HITCHCOCK. But the Treasury report fails to state what that interest approximates. What I desired to ask the Senator was whether it is not a fact now that the interest on these Treasury certificates is being reduced from time to time and is likely to get below what the savings stamps actually bear?

Mr. SMOOT. No. I will say to the Senator that it will not get that low for a long, long time, not while we serve in this body.

Mr. HITCHCOCK. I have here the report of the sale of savings stamps up to October of last year. That sale seems to be going on as it is now at very substantial figures.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield, and if so, to whom?

Mr. SMOOT. I yield to the Senator from Missouri.

Mr. REED. I thought the Senator from Nebraska was through.

Mr. HITCHCOCK. I was trying to find out the purpose of stimulating the sale of war savings stamps at this time if there is nothing to redeem and if the taxes provide all the necessary revenues of the Government.

Mr. SMOOT. I will say that this is a thrift program. It was begun for the purpose of inducing the American people to learn how to save and place their savings with the Government, where there is no chance of losing the money. As it is generally done, a person, particularly a foreigner who comes into the country, as well as many of our own people, who may have saved $100 or $200 or $1,000, is approached by some speculator who comes along with some rosy statement as to how much he could make if he will only invest his money in some security or in some project owned by him, and every dollar that is invested in it would be lost. This is simply a furtherance of that saving and thrift program.

Mr. HITCHCOCK. Let me ask the Senator this question. Is it not a fact that a limit of $1,000 was placed on the purchase of saving stamps for the reason that the interest was a higher rate than the Government was paying on its ordinary borrowings.

Mr. SMOOT. No; I do not think that was the reason.

Mr. HITCHCOCK. That is my impression. If that is the case we should be a little careful how we authorize the doubling of that limit.

Mr. SMOOT. No; I will say to the Senator that the real reason why it was limited to a thousand dollars was that if the Government of the United States entered into the savings bank business and receiving deposits and paying the same rate of interest that the savings banks of the country did, and at the time the bill was passed they were only paying 3 per cent in all of the eastern banks, that the savings institutions of the country would not only be crippled, but they would be virtually destroyed. That is why the limit of $1,000 was placed.

Mr. HITCHCOCK. I think otherwise. I wish the Senator could produce a table showing what is the actual rate of interest on war saving stamps. My impression is that it approximates 5 per cent.

Mr. SIMMONS. I think the purpose of the war savings stamps was to encourage investment in our war securities by those of small earnings or means. It was not intended to appeal to that class expected to invest in Liberty bonds and like war securities. They were intended to appeal to the man of small means who might have small savings and who could readily understand the simple plan upon which these saving stamps were based. In order to appeal to these small investors the rate of interest was made higher than those of Liberty bonds or our other war obligations and the plan was so simple that it required no business experience or investment knowledge to see its advantages.

Mr. SMOOT. The existing law requires that it shall not be more than 4 per cent. The original law allowed 3 per cent on the savings, but during the war time we did change that law and provided that the rate of interest at no time should be more than 4 per cent.

Mr. SIMMONS. But it was adjusted so as to appeal to those of small earnings or capital.

Mr. SMOOT. The Senator is correct.

Mr. SIMMONS. For that reason we limited the amount that one person might purchase to a thousand dollars. Of course we would not have limited the sale of these stamps to one person to a thousand dollars unless we were appealing to this class and did not wish investment in these securities who might become purchasers of our war bonds or certificates of indebtedness. It was a scheme to bring out the small holdings of the poorer classes of the country, and for that purpose a special inducement was offered.

Mr. HITCHCOCK. My colleague [Mr. NORRIS] just informs me that the rate of interest on war savings stamps is 4¼ per cent and that it is compounded semiannually, so that makes it better than 4¼ per cent and increases the rate of interest to the point where we have been selling securities since the war.

Mr. SMOOT. I will say to the Senator that with Liberty bonds selling at $88 and $90 it is not a better rate.

Mr. HITCHCOCK. But we have been selling Treasury certificates on that basis since the war, and they are likely to be down there very soon again.

Mr. SMOOT. The junior Senator from Nebraska [Mr. NORRIS] may be right about it being 4¼ per cent, but I do not so remember it.

Mr. HITCHCOCK. That was my impression.

Mr. SMOOT. I think the law requires that it shall be not more than 4 per cent, but I will have it looked up in just a moment.

Mr. SIMMONS. It is probably a little more than 4 per cent, but the interest is compounded, as the Senator from Nebraska has stated, and as the result of that compounding it is equivalent to more than 4 per cent. I am sure the Senator will not controvert the proposition that the rates were made and the conditions were made much more favorable than those of the Liberty bonds or any other Government obligations which we issued during the war. We limited it to a thousand dollars because we did not wish the investor to buy; we did not wish to sell that class of securities to the investor, the man of large means. We wanted him to buy the other bonds at a lower rate of interest.

Now the proposition, as I understand, which is contained in this amendment is an invitation to the man who has an investing capital of $5,000 to put it in war savings stamps instead of investing it in Liberty bonds or in certificates of indebtedness. I somewhat question the policy of that; certainly it is a reversal of the former policy; but, Mr. President, that was not the ground upon which I based my inquiry of the Senator. I will not say opposition, for I am not now exactly occupying the position of opposing the amendment offered by the Senator. The purpose of my inquiry of the Senator was to find out definitely for what reason the Secretary of the Treasury desired to sell these stamps.

I have a suspicion, and that suspicion has grown into conviction as the result of this discussion, that the Secretary of the Treasury is now seeking to secure authority to borrow upon the faith of the Government sufficient money to pay the $170,000,000 that he struck out of his original estimate. It was originally expected and estimated that the $170,000,000 due by the Government—on account of the Pittman coinage act and maturing war-savings stamps—under the law would be presented for redemption during this fiscal year. I understood, and we all understood, if this large sum was to be eliminated from the estimate of the amount of taxes to be imposed by this bill, that these Government obligations would have to be met in some other way and that the only other way would be by borrowing the money. However, I had presumed that the Secretary of the Treasury proposed to borrow the money upon short-time certificates, which short-time certificates would hereafter be paid off when revenues sufficient to meet them accrued to the Treasury. Now, it seems that the Secretary of the Treasury proposes to sell savings stamps and to raise the money to pay these current obligations in that way. I do not know how long the savings stamps will run; I do not know when they will be payable.

Mr. SMOOT. The Senator knows that the savings stamps which have already been issued are payable on January 1, 1925.

Mr. SIMMONS. Yes; but I refer to the new savings stamps. When will they be payable, and how shall we pay them? It is generally understood that when we issue certificates of indebtedness they are issued for the purpose of enabling the Treasury to obtain money in order to meet current obligations until the taxes have been paid and a sufficient fund is in the Treasury and that then those certificates are to be paid off and cancelled. Does that condition apply to the war-savings stamps? I do not think it does.

Mr. SMOOT. I will say to the Senator from North Carolina that the war-savings stamps which have been issued were issued on January 1, 1920, and they mature on January 1, 1925.

Mr. SIMMONS. Yes.

Mr. SMOOT. They were purchased all the way from $4.12 up to $4.23, the difference in price being due to the time at which purchases were made.

Mr. SIMMONS. Let me ask the Senator this question: Does the Senator contend that these war-savings stamps are to be issued in anticipation of revenues to accrue to the Treasury through taxation, or does he understand that, differing from certificates of indebtedness, they will have to be paid not out of taxes but by renewing the obligations of the Government?

Mr. SMOOT. The Senator from North Carolina knows very well that the amount of these savings stamps that could be sold would be so small as compared with the obligations which we have got to meet in payment of the short-time certificates that it would be inconsequential.

Mr. SIMMONS. Of course, Mr. President, I understand that, but it would not be so small that it might not be large enough to pay off the $170,000,000.

Mr. SMOOT. I do not think that there is any intention on the part of the Treasury of the United States other than simply to begin this thrift program as mapped out not only by the Treasury Department but by the Post Office Department.

Mr. SIMMONS. Does the Senator think that it is to be the inauguration of a permanent policy?

Mr. SMOOT. I think so. I think that this will be a policy which the Government will continue. I think it is a splendid policy, too. Anything that will take the savings of the American people and secure the investment of those savings with the Government at a fair rate of interest it seems to me Congress ought to encourage in every way possible.

Mr. SIMMONS. I have no sort of quarrel with any policy of the Government which is intended to encourage thrift among the people, but I do inveigh against a scheme to postpone the payment of the obligations of the Government which ought to be met from the current revenues of the Government. I inveigh against schemes that are calculated to postpone the payment of obligations that ought to be met from day to day and from year to year and to put them in the form of long-term Government bonds, that will throw that part of the burden of the war that ought to be borne by the present generation, that ought to be borne by the men who profited as the result of the war, upon future generations, who are not in the same sense that we are obligated to the discharge of those obligations—at least who will not, like many of the taxpayers of to-day, have in their pockets large profits which have been made as the result of the war in which these great obligations were incurred.

Mr. SMOOT. Mr. President, I wish to assure the Senator——

Mr. SIMMONS. If the Senator will pardon me, it is a small amount, it is true, Mr. President, but I am afraid that there is a sentiment in this country looking to the postponement of the payment of that part of our war obligations that ought, I think, to be paid out of current taxes.

That is the only point I wish to make. It is not that I want to antagonize particularly the amendment, but I was afraid the amendment indicated a policy of which I disapprove, and I thought it was well to have some little discussion of it.

Mr. SMOOT. Mr. President, I merely wish to say that I have a telephone message from Assistant Secretary Gilbert, of the Treasury Department, in which he states that they do not anticipate selling enough savings stamps to redeem the stamps that fall due on January 1, 1925. If they are successful and sell all they anticipate, they will not sell enough to meet the annual redemptions of savings stamps which are now being presented to the Post Office Department throughout the country, all of them due on January 1, 1925.

Mr. President, I wish to say in relation to the budget in connection with the payment of the debts by the Government that under the budget presented to the Finance Committee we had to provide revenue by this bill, among other things, for an item of $253,000,000, that amount being the sinking fund provided for under existing law. That has to be taken care of; and other obligations as reported by the Secretary of the Treasury bring the amount up to $389,000,000.

We can not pay all of the debt off in five years; but I am in full sympathy with the idea expressed by the Senator from North Carolina that we should not leave all of the obligations of the Government as they exist to-day to be paid by future generations. We ought to pay them off gradually, and that is going to be the policy under existing law.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Utah [Mr. SMOOT].

The amendment was agreed to.

Mr. REED. Mr. President, may I ask the Senator from Utah one further question in regard to the matter we have just disposed of?

Mr. SMOOT. Certainly.

Mr. REED. The Senator spoke of a drive to sell war savings stamps. Is it proposed to duplicate the performances of the past and have a lot of paid agents sent out over the country?

Mr. SMOOT. In no way is it proposed to repeat that experience, but the stamps will be sold at the post offices throughout the country. The Post Office Department is going to attend to the whole thing.

Mr. REED. Very well; I am glad to know that.

Mr. SMOOT. There are three small amendments that I desire to offer at this time. On page 179, in line 6, I move to strike out "600" and insert "603."

The PRESIDENT pro tempore. That appears to be in an amendment of the committee already adopted. Without objection, the vote whereby the committee amendment was adopted will be reconsidered. The Secretary will state the amendment

proposed by the Senator from Utah to the amendment of the committee.

The ASSISTANT SECRETARY. In the committee amendment, on page 179, line 6, it is proposed to strike out "600" and insert "603."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. On page 179, line 11, I move to strike out "600" and insert "603."

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On line 11, in the committee amendment already agreed to, strike out the numerals "600" and insert in lieu thereof "603."

The PRESIDENT pro tempore. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. On line 24 of the same page I offer the same amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On line 24, in the committee amendment already agreed to, it is proposed to strike out "600" and in lieu thereof to insert "603."

The PRESIDENT pro tempore. Without objection, the vote by which the amendment was agreed to will be reconsidered. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. On page 167 I offer the amendment which I send to the desk and ask that it be stated. It is simply an amendment changing the title, because the tax on telegraph and telephone messages is all that is left in the title.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 167 in the committee amendment already agreed to it is proposed to change the title on lines 21 and 22 to read as follows:

Title V. Tax on telegraph and telephone messages.

The PRESIDENT pro tempore. Without objection, the vote by which this amendment was agreed to will be reconsidered. The question is on the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. On page 19, line 22, I move to strike out the words "and capital loss." There is no capital loss involved in that section.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 19, line 22, it is proposed to strike out the words "and capital loss" in the title, in romans, so that the heading will read: "Capital gain."

The amendment was agreed to.

Mr. SMOOT. On page 20, I move to strike out lines 15 to 17, inclusive.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 20, it is proposed to strike out lines 15 to 17, both inclusive.

The amendment was agreed to.

Mr. SMOOT. On page 20, line 23, I move to strike out the word "includes," and to insert in lieu thereof the word "means."

Mr. SIMMONS. May I ask the Senator why he is making these changes? Is it because of the amendments adopted?

Mr. SMOOT. Yes. There is no capital loss in this section at all.

Mr. SIMMONS. It is just to meet that amendment?

Mr. SMOOT. Just to meet that amendment; that is all. All three amendments are for the same purpose.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 20, line 23, it is proposed to strike out the word "includes," and to insert in lieu thereof the word "means."

The amendment was agreed to.

Mr. SMOOT. There is only one other amendment, and that is the insurance amendment, No. 32. I ask now that the Secretary state that amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 107, the committee proposes to strike out all of line 13, down to and including line 22, inclusive, and to insert in lieu thereof the following words:

SEC. 246. (a) That, in lieu of the taxes imposed by sections 230 and 1000, there shall be levied, collected, and paid for the calendar year 1922, and for each taxable year thereafter, upon the net income of every insurance company (other than a life or mutual insurance company) a tax as follows:

(1) In the case of such a domestic insurance company the same percentage of its net income as is imposed upon other corporations by section 230;

(2) In the case of such a foreign insurance company the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230.

(b) In the case of an insurance company subject to the tax imposed by this section—

(1) The term "gross income" means the combined gross amount, earned during the taxable year, from investment income and from underwriting income as provided in this subdivision, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners;

(2) The term "net income" means the gross income as defined in paragraph (1) of this subdivision less the deductions allowed by section 247;

(3) The term "investment income" means the gross amount of income earned during the taxable year from interest, dividends, and rents, computed as follows:

To all interest, dividends, and rents received during the year, add interest, dividends, and rents due and accrued at the end of the taxable year, and deduct all interest, dividends, and rents due and accrued at the end of the preceding year;

(4) The term "underwriting income" means the premiums earned on insurance contracts during the taxable year less losses incurred and expenses incurred;

(5) The term "premiums earned on insurance contracts during the taxable year" means an amount computed as follows:

From the amount of gross premiums written on insurance contracts during the taxable year, deduct return premiums and premiums paid for reinsurance. To the result so obtained add unearned premiums on outstanding business at the end of the preceding taxable year and deduct unearned premiums on outstanding business at the end of the taxable year;

(6) The term "losses incurred" means losses incurred during the taxable year on insurance contracts, computed as follows:

To losses paid during the taxable year, add salvage and reinsurance recoverable outstanding at the end of the preceding taxable year, and deduct salvage and reinsurance recoverable outstanding at the end of the taxable year. To the result so obtained add all unpaid losses outstanding at the end of the taxable year and deduct unpaid losses outstanding at the end of the preceding taxable year.

(7) The term "expenses incurred" means all expenses shown on the annual statement approved by the National Convention of Insurance Commissioners, and shall be computed as follows:

To all expenses paid during the taxable year and expenses unpaid at the end of the taxable year and deduct expenses unpaid at the end of the preceding taxable year. For the purpose of computing the net income subject to the tax imposed by this section there shall be deducted from expenses incurred as defined in this paragraph all expenses incurred which are not allowed as deductions by section 247.

SEC. 247. (a) That in computing the net income of an insurance company subject to the tax imposed by section 246 there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in paragraph (1) of subdivision (a) of section 234;

(2) All interest as provided in paragraph (2) of subdivision (a) of section 234;

(3) Taxes as provided in paragraph (3) of subdivision (a) of section 234;

(4) Losses incurred;

(5) Bad debts in the nature of agency balances and bills receivable ascertained to be worthless and charged off within the taxable year;

(6) The amount received as dividends from corporations as provided in paragraph (6) of subdivision (a) of section 234;

(7) The amount of interest earned during the taxable year which under paragraph (4) of subdivision (b) of section 213 is exempt from taxation under this title, and the amount of interest allowed as a credit under subdivision (a) of section 236;

(8) A reasonable allowance for the exhaustion, wear and tear of property, as provided in paragraph (7) of subdivision (a) of section 234;

(9) In the case of such a domestic insurance company, the net income of which (computed without the benefit of this paragraph) is $25,000 or less, the sum of $2,000.

(b) In the case of a foreign corporation the deductions allowed in this section shall be allowed to the extent provided in subdivision (b) of section 234.

(c) Nothing in this section or in section 246 shall be construed to permit the same item to be twice deducted.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the Senator from Utah.

Mr. SIMMONS. This is all one amendment?

Mr. SMOOT. Yes. I can explain it to the Senator in a very few moments. I will say that the amendment now offered is the same amendment that we were discussing on the floor day before yesterday, and it went over at the request of the Senator from Wisconsin.

Mr. SIMMONS. It is substantially the same proposition that was contained in the last revenue act as it passed the Senate?

Mr. SMOOT. Substantially the same.

Mr. SIMMONS. But since that time the Senator has made numerous changes, and I want to know the general character of those changes.

Mr. SMOOT. I will tell the Senator what the changes are. The only changes are that we have amended the amendment by making a separate provision for mutual companies. In the past the mutual companies have paid scarcely any tax whatever. In some cases it is so small that it would hardly be denominated a tax. If they are included in this amendment, the tax in some cases would represent an increase of over 400 per cent. The purpose of it is to allow the mutual companies to pay taxes under existing law.

Mr. SIMMONS. You exempt them from this new scheme?

Mr. SMOOT. We exempt them from this new scheme.

Mr. SIMMONS. So as not to overtax them. I agree with the Senator about it.

Mr. SMOOT. That is all there is to it.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 7, line 2, after the figures "245," insert the following:

and paragraph (5) of subdivision (b) of section 246.

The amendment was agreed to.

Mr. SIMMONS. That is the one we are discussing.

Mr. REED. Is that this long section?

Mr. SMOOT. Yes; this is the insurance section. These amendments are simply to perfect the original amendment so as to exclude mutual companies from the tax imposed under this amendment and allow the mutual companies to pay taxes under existing law. That is all there is to the amendment, and that is what they want.

Mr. PENROSE. Mr. President, supplemental to what the Senator from Utah has stated, I desire to inform the Senate that the Finance Committee met on this morning and fully considered these matters, and authorized the Senator from Utah to submit these amendments to the Senate. There was a full meeting of the committee.

Mr. KING. I suppose the Senator means the majority members of the committee.

Mr. PENROSE. No; all were invited, I will say for the consolation of the Senator.

Mr. KING. It does not console me at all.

Mr. PENROSE. We are always illuminated and helped by the presence of the minority, when they come.

Mr. REED. Mr. President, I care nothing about the proposition; but if I received an invitation it never got to me personally. I never heard of the meeting until this morning.

Mr. PENROSE. The clerk of the committee was instructed to notify every Senator by telephone and written notice of the meeting this morning. The notices were sent out yesterday afternoon.

Mr. REED. I did not get any.

Mr. SIMMONS. Mr. President, I do not think we ought to have this useless discussion here. I have not heard anybody opposing the action of the committee this morning, and ask for a vote.

Mr. PENROSE. Let us vote on these amendments.

Mr. ASHURST. Vote!

The ASSISTANT SECRETARY. On page 7, line 2, after the figures "245" in the House text and after the bracket, it is proposed to insert:

and paragraph (5) of subdivision (b) of section 246.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 17, line 5, strike out the words "trust under"——

Mr. REED. What amendment is the Secretary now referring to?

The ASSISTANT SECRETARY. It is the latter part of amendment 32, on page 8 of the printed pamphlet.

Mr. REED. Very well.

The ASSISTANT SECRETARY. On page 17, line 5, strike out the words "trust under," and in lieu thereof insert the following:

Trust, and to insurance companies subject to the tax imposed by section 243 or 246, under.

Mr. KING. Mr. President, may I ask my colleague whether, in the examination of these proposed amendments, it has been accurately determined that no deductions or allowances will be made to insurance companies to which they are not entitled, and that no exemptions or extensions of favors will be granted by this legislation?

Mr. SMOOT. There is no doubt of it; and I want to say to my colleague that when this amendment is agreed to, outside of the mutual companies, every insurance company will pay to the Government of the United States a higher tax than it pays to-day.

Mr. KING. I knew the general purpose, but I was wondering whether they had been sufficiently coordinated with reference to existing law as fully to protect the Government.

Mr. SMOOT. They have; and the amendments that we are passing on now are required because of the fact that we have taken out the mutual companies from the provisions of this amendment. That is all there is to it.

Mr. FRELINGHUYSEN. Mr. President, before this amendment is agreed to, I should like to ask the Senator from Utah how much in premiums this exempts the mutual companies?

Mr. SMOOT. Just what the exemptions are to-day. In fact, if all of the provisions of the amendment are agreed to, the mutual companies will be taxed under the present law. The other companies will be taxed upon their income instead of upon the premiums, as has been done in the past.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 83, lines 15 and 16, it is proposed to reconsider the committee amendment already agreed to, and in lieu of the matter proposed to be inserted by the committee amendment to insert the following:

Determined (except in the case of insurance companies subject to the tax imposed by section 243 or 246).

The PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered. The question now is upon agreeing to the amendment offered by the Senator from Utah.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. PENROSE. Mr. President, I have informed the senior Senator from Minnesota that I would yield for a moment for the submission to the Senate of a patriotic resolution which he desires to present.

ARMISTICE DAY, 1921, A HOLIDAY.

Mr. NELSON. Mr. President, I ask unanimous consent to report from the Judiciary Committee and ask for the immediate consideration of House joint resolution 215, a joint resolution to declare November 11, 1921, a legal public holiday.

I will state briefly that it is to make Armistice Day this year only a legal holiday. It applies only to this year, and as the time is very short between now and the 11th of November it will be necessary for this to pass the Senate at this time.

There being no objection, the Senate, as in Committee of the Whole, proceeded to the consideration of the joint resolution, which was read, as follows:

Whereas Armistice Day, November 11, 1921, has been designated as the appropriate time for the ceremonies incident to the burial of the unknown and unidentified American soldier in the Arlington National Cemetery; and

Whereas this unknown soldier represents the manhood of America who gave their lives to defend its integrity, honor, and tranquillity against an enemy; and

Whereas the nations of the earth are on that date joining with the United States in paying respect and homage to this unknown soldier: Therefore be it

Resolved, etc., That the President is hereby authorized to issue a proclamation declaring November 11, 1921, a holiday, as a mark of respect to the memory of those who gave their lives in the late World War, as typified by the unknown and unidentified American soldier who is to be buried in Arlington National Cemetery on that day; and the President is respectfully requested to recommend to the governors of the various States that proclamations be issued by them calling upon their people to pause in their usual pursuits as a mark of respect on this solemn occasion.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

AMENDMENT OF BILL EXTENDING EMERGENCY TARIFF ACT.

Mr. McLEAN. I submit an amendment intended to be proposed by me to House bill 8643, to extend the tariff act approved May 27, 1921.

The PRESIDENT pro tempore. Without objection, the amendment will be received, printed, and lie on the table.

Mr. PENROSE. The amendment ought to go to the Committee on Finance.

Mr. McLEAN. Very well.

The PRESIDENT pro tempore. It will be so referred.

REINTERMENT OF AMERICAN SOLDIER DEAD.

The PRESIDENT pro tempore laid before the Senate a communication from the Acting Quartermaster General of the Army, transmitting a list of American soldier dead to be reinterred in the Arlington National Cemetery November 3, 1921, at 2.30 p. m., which was ordered to lie on the table for the information of Senators.

PETITIONS AND MEMORIALS.

Mr. NEWBERRY presented resolutions adopted by the board of directors of the Manistee (Mich.) Board of Commerce and the Saginaw (Mich.) Rotary Club, favoring inclusion in the permanent tariff bill for a limited period of a selected embargo against importation of synthetic organic chemicals, which were referred to the Committee on Finance.

He also presented a memorial of the Mason County (Mich.) Bankers' Club, remonstrating against the imposition of a tax on bank checks and drafts, which was ordered to lie on the table.

Mr. McLEAN presented a petition of sundry members of the Methodist Episcopal Church, of Sterling, Conn., praying for the enactment of the so-called Willis-Campbell antibeer bill, which was ordered to lie on the table.

He also presented 42 memorials of sundry citizens of New Haven, Bridgeport, New Britain, Norwich, Ansonia, and West Haven, all in the State of Connecticut, remonstrating against the enactment of the so-called Penrose and Fordney bills providing for refunding the debts of our allies in the World War, and also praying for the enactment of legislation granting a bonus to veterans of the World War, which were ordered to lie on the table.

Mr. HARRIS presented a communication from A. E. McLean, J. S. Gordy, and W. J. Penn, jr., transmitting resolutions unanimously adopted by a meeting of representative citizens of Albany, Ga., held October 6, 1921, favoring the limitation of armaments, etc., which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a petition of the Forum Discussion Club, of San Dimas, Calif., praying for the enactment of Senate bill 1435, to control forest devastation, to perpetuate forests in the United States, to raise a revenue from forest products, etc., which was referred to the Committee on Agriculture and Forestry.

ENROLLED JOINT RESOLUTION PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on the 1st instant they had presented to the President of the United States the enrolled joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEWBERRY:

A bill (S. 2657) for the relief of Richard Kirchoff (with an accompanying paper); to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 2658) to aid in the construction of the Roosevelt Highway along the Pacific coast of Oregon; to the Committee on Post Offices and Post Roads.

By Mr. HARRIS:

A bill (S. 2659) to amend the interstate commerce act; to the Committee on Interstate Commerce.

By Mr. MOSES:

A joint resolution (S. J. Res. 132) to provide for the continuance of certain Government publications; to the Committee on Printing.

CEREMONIES FOR UNKNOWN DEAD IN ROTUNDA OF CAPITOL.

Mr. WADSWORTH. Mr. President, I ask unanimous consent to introduce a concurrent resolution which I send to the desk. May I say that I have consulted with the chairman of the Committee on Finance and assured him that it will take only one minute to dispose of it?

The PRESIDENT pro tempore. Is there objection?

Mr. SIMMONS. What is the request of the Senator?

Mr. WADSWORTH. I ask unanimous consent to introduce a concurrent resolution authorizing the Sergeant at Arms of the Senate and the Sergeant at Arms of the House of Representatives to secure a wreath to be placed upon the casket of the unknown soldier on November 11.

The PRESIDENT pro tempore. The Chair hears no objection.

Mr. WADSWORTH. The concurrent resolution will have to go to the Committee to Audit and Control the Contingent Expenses of the Senate.

The PRESIDENT pro tempore. The concurrent resolution will be received, printed, and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. CALDER. Mr. President, I am directed by the Committee to Audit and Control the Contingent Expenses of the Senate to report favorably the concurrent resolution just introduced by my colleague, and I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent for the present consideration of the concurrent resolution, which will be read by the Secretary.

The concurrent resolution (S. Con. Res. 14) was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Sergeant at Arms of the Senate and the Sergeant at Arms of the House of Representatives be, and they are hereby, authorized and directed to purchase a floral wreath to be placed upon the caisson bearing the remains of the unknown soldier which are to lie in state in the rotunda of the Capitol of the United States from November 9 to November 11, 1921, the expense of same to be paid in equal proportions from the contingent funds of the Senate and House of Representatives.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. Page 90, line 13, after the word "contracts" insert a period and the following:

After December 31, 1921, this subdivision shall apply only to mutual insurance companies other than life insurance companies.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 90, line 23, after the word "only," insert a period and the following:

This subdivision shall not be in effect after December 31, 1921.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 97, line 3, after the period, insert the following sentence:

In the case of domestic insurance companies subject to the tax imposed by section 243 or 246, the term "net income," as used in this subdivision means net income as defined in sections 245 and 246, respectively.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments. The bill is as in Committee of the Whole and open to amendment.

Mr. HITCHCOCK. Mr. President, I send the following amendment to the desk and ask that the Secretary read it.

The PRESIDENT pro tempore. The Secretary will read the proposed amendment.

The ASSISTANT SECRETARY. On page 218, after line 2, insert a new subdivision, to read as follows:

(13) From and after January 1, 1922, every person who is engaged in a trade or business in which he sells or offers for sale at retail firearms, new or secondhand, or shells or cartridges, in any State or in the District of Columbia, shall pay a special tax of $50 a year; and no person shall engage in the sale or offering for sale at retail of any firearms, shells, or cartridges until he has paid this tax for one year in advance; and any person violating this provision shall be fined in any amount from $100 to $1,000.

Every person so engaged in the retail sale of firearms shall keep a record in writing, under regulations provided by the Commissioner of Internal Revenue, showing in detail every sale of firearms, giving the description and manufacturer's number of the weapon and the full name and address of the purchaser.

This record shall always be open to inspection by representatives of the Treasury Department or any officer of justice, State or Federal.

Failure to keep such record or to keep it correctly shall subject the offender to a fine of not more than $100 for each offense.

Mr. HITCHCOCK. Mr. President, this amendment is an effort to tax the retail sale of firearms and to require every man engaged in the retail sale of firearms to keep a record of the parties to whom sold and their addresses. It levies a tax of $50 a year on every such individual and requires him to pay, in addition to that, a tax of 3 per cent on the sale price of firearms sold. It requires him also to keep that record in order that the Government representatives can check up on the sale of his firearms, and in order, incidentally, that officers of justice may, upon occasion, find the names and the addresses of those who have purchased firearms.

This is the outgrowth of the discussion on the floor of the Senate yesterday regarding the very injurious and widespread sale of firearms by too irresponsible people, generally occurring in the worst neighborhoods of our cities.

Mr. McCORMICK. Would this tax apply to shotguns?

Mr. HITCHCOCK. It would.

Mr. McCORMICK. A tax of $50 a year?

Mr. HITCHCOCK. Yes. Of course, any merchant selling shotguns would be a man who could easily afford to pay that tax on the sale. It must apply to everybody selling arms. It is designed, I will say to the Senator from Illinois, particularly to reach those irresponsible small dealers in all our large cities who offer revolvers and other firearms for sale at small prices, often secondhand weapons, exhibited in their windows.

Mr. McCORMICK. The tax of $50 a year is on the dealer?

Mr. HITCHCOCK. On the dealer. My feeling is that if we can compel every man who sells such firearms to pay a tax to the Government there will be a tendency to reduce the number; and, as I was saying, anyone need but go into any city and into the worst neighborhoods of the city, and he will see there exposed in the windows secondhand revolvers offered for sale, often at trifling amounts, and the character of customers that that man has is enough to arouse the anxieties of any law-abiding citizen. Any tough, any half-witted criminal can go into such a place and buy a firearm and go out and shoot a citizen within 15 minutes, and I think there ought to be some attempt made by the National Government to bring the sale of firearms at retail under some sort of regulation. It may be said that this is a State matter, and many States have endeavored to deal with it; but the trouble is that a State can only regulate or control the sale within its own borders. As it is now, an evil-disposed person can buy a firearm in one town, cross a river or cross a State boundary and be a dangerous factor in another community.

So I think it requires the national authority to require these people who sell firearms to pay a tax, just as we formerly required liquor dealers who sold liquor to pay a tax, and just as we still require cigar dealers and tobacco dealers to pay a tax to the Government of the United States.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. HITCHCOCK. I yield.

Mr. McKELLAR. It strikes me that the Senator's argument is good in so far as pistols and revolvers are concerned, but that it does not hold good so far as shotguns and rifles, used for hunting, are concerned. They are a very different kind of firearm, and as a rule shotguns and rifles are used for perfectly lawful purposes, while revolvers are not. Will not the Senator limit his amendment to revolvers and pistols and small arms?

Mr. HITCHCOCK. That thought occurred to me, but when I reflected that in all towns I am familiar with shotguns and rifles are sold in large stores, where the $50 tax is an insignificant matter. I did not think it would be oppressive on such a store to pay $50 a year as a tax, and I believe such stores would be benefited by eliminating the sale of second-hand weapons by irresponsible people.

Mr. KING. Mr. President, there is very much merit in the Senator's proposition; but let me ask the Senator if this is not in line with the proposition to have the Federal Government, under the guise of taxation, put its hand upon the business activities of the people, and control, by Federal officials and Federal functionaries, the business which ought to be controlled, if it is controlled at all, by the States or the municipalities? Is it not, under the guise of taxation, a scheme to further subject the State governments and the municipal governments to the omnipotent hand of the Federal Government?

Mr. HITCHCOCK. I think there might be some color of truth in what the Senator says, were it not for the fact that many States have already sought to reach this evil in this way, and all the States would be benefited by this action. The action by an individual State is utterly valueless if a neighboring State fails to take corresponding action.

Mr. McKELLAR. I want to call the Senate's attention to the argument made by the distinguished Senator from Utah just a moment ago. He talked about its being a vicious practice to interfere with the affairs of the States in this way. I call attention to the fact that yesterday, when we were considering the question of a tax on hotels, the Senator himself invaded his own doctrine of State rights by voting to place a tax on hotels.

Mr. HITCHCOCK. I sympathize with what the Senator from Utah has said, and I would not be a party to such an effort if it were not for the fact that this is really in aid of State efforts, rather than in antagonism of them. It is not usurping any function of the State, but it is in aid of what a good many States have already done.

Mr. ASHURST. Mr. President, I am in sympathy with the Senator's amendment, but I propose this for his consideration, Whether he should not insert on line 6 of his amendment the word "county." For instance it reads now—

> This record shall always be open to inspection by representatives of the Treasury Department or by any officer of justice, State or Federal.

It occurs to me that especially in our Western States the sheriff and the attorney of a county are the peace officers, the officers of justice, and if they were required to call upon the State officials to get the evidence or inspect these records they would be making continual trips to the capital, whereas I think it would promote the enforcement of the law if the officers of the county, the sheriff and the other officers of justice, would have the right to inspect this record, so that when a crime was committed and the question was asked, "Where did the defendant secure the pistol?" an inspection could be made by the sheriff. I hope the Senator will perfect his amendment, as he has a right to do, by inserting the word "county."

Mr. HITCHCOCK. I will ask the Secretary to insert the word "county" in connection with the State and Federal authorities. I am sure there is not a Senator here who has not been shocked—as we all have been shocked—during the last two or three years by the prevalence of crimes of violence. There has been in this city a number of murders committed during the last 12 months, as in my own city there have been. There is not a city in the land or a town of any size that has not been shocked by recurring crimes of irresponsible individuals who are carrying revolvers. I think some step in the direction of regulating the sale of revolvers or at least creating a record to show who have purchased revolvers ought to be made. It will yield a small tax.

Mr. McKELLAR. Mr. President, I am wondering why the Senator did not include the manufacturers and wholesale dealers in firearms. The retailers could not sell them unless they got them from the wholesalers or manufacturers.

Mr. HITCHCOCK. The manufacturer is already taxed in another paragraph. I am not proposing this altogether for the purpose of antagonizing the legitimate sale of firearms. It is the retail dealer, the irresponsible retail dealer, who will sell to any blackleg or thug who comes to his place, who will sell him a revolver for two or three dollars. Those are the people who ought to be reached and put under some sort of surveillance. They should be required to keep a record of sales.

Mr. McCUMBER. I wish to ask the Senator if nearly every State has not already such a regulation as he speaks of?

Mr. HITCHCOCK. No; I think many States have not. I know a few States have, and to those States this will only be supplemental. It will really aid them; but those States that have it are suffering because neighboring States have failed to make any provision.

Mr. McCUMBER. Where a State, for instance, has one law on the subject and the Government would make a different law and regulation on the same subject, can not the Senator see that there is great danger of conflict? If at all, it would seem to me that his amendment should only apply to the District of Columbia, if they have not already a law in the District, or such States as have no law upon the subject.

Mr. HITCHCOCK. No; I think if the Senator reflects he will realize that this is merely cumulative. Where any State has already provided the tax this would add to it; it would be another tax. Where any State has a regulation as to keeping a record this would simply require another record. I can not see any evil to come out of it.

Mr. McCUMBER. The main evil that I see in it is that already mentioned by the Senator from Utah [Mr. KING]. It seems to invade to some extent the province of the States. In addition to that, however, I think the tax is too heavy. Every little hardware store in the little towns in my State carries firearms, and I think under the laws of the State they have to make a record if any firearm is sold to any person. But it certainly would be a hardship on the little country hardware store, that does not have $5,000 worth of business a year, to compel it to pay $50 where it may not sell $50 worth of revolvers or guns in the whole year. I think the amendment is really not for the purpose of taxation or for the purpose of revenue but rather for the purpose of regulation, and that $5 would be better than $50.

Mr. HITCHCOCK. If the Senator thinks $50 is excessive, I am willing to make it $25.

Mr. McCUMBER. I think even $25 is excessive on the little country stores.

Mr. TOWNSEND. Mr. President, I am a little disturbed over the expense this kind of proposition is going to incur. I am wondering if even $50 would pay the expense of the Government in enforcing the law.

Mr. HITCHCOCK. I will say in answer to the Senator from Michigan that the Government is enforcing the law on tobacco dealers all over the country, and formerly enforced it on liquor dealers. The same representatives of the Internal-Revenue Department who do one could do the other. I think that is the answer to that proposition.

Mr. McLEAN. Mr. President, it seems to me that the Senator's tax will be prohibitive. In a great many cases we know that most of the country stores keep cartridges to accommodate boys in the community at this time of the year. In a good many places I imagine the total sales of those cartridges would not amount to $25 a year, and it is a great accommodation to those boys. While I fully sympathize with the purpose of

the Senator, it seems to me that he has his license fee altogether too high, because I know that a great many small stores might not sell $10 worth of stuff in a year.

Mr. HITCHCOCK. I think the answer to that is that if they sell only $10 worth, it is an indication that there is a very small demand and very few people would be inconvenienced.

Mr. McLEAN. But it is a very great accommodation to the boys who live in the neighborhood. They might be 50 miles from a town where they could get what they want.

Mr. BRANDEGEE. Mr. President, would not the Senator be content to make the tax a percentage on the amount of sales and omit the tax on the dealer? That would accomplish the purpose, it seems to me. He could have his regulatory provision about keeping the records just the same. The big dealer in New York may sell hundreds of thousands of dollars of these sporting goods, while the little country dealer may, as the Senator has said, sell only $10 worth a year. Why not make it a percentage on the amount of the sales or the value of the sales?

Mr. HITCHCOCK. I think there ought to be a tax on the concern for doing the business. It is a fact that while I propose $50 in this case, we have levied many $50 taxes in the bill.

Mr. BRANDEGEE. This is not a situation where no other business is conducted in the same store, but a country store or notion store deals in a thousand or more articles. This may be only one, and why make him register as a dealer in firearms when he carries in stock only half a dozen pistols?

Mr. HITCHCOCK. I think that is for safety. I am thinking of the big cities with these little stores generally located in the toughest neighborhood of the city, places where the Senator from Connecticut rarely goes. I have often, as a matter of interest, when I have been in a strange town, walked into these very neighborhoods and seen these deadly weapons exposed for sale. Nearly every time we hear of a murder it is committed by a man who has bought his weapon in such a place. These places ought to be registered and there ought to be a record of them.

Mr. BRANDEGEE. I do not object to the record. It is the tax on the dealer to which I object.

Mr. HITCHCOCK. I think the Senator will agree with me that most of these dealers are perfectly able to pay the tax and are the very class of people from whom we ought to collect the tax.

Mr. BRANDEGEE. Then put a tax on the value of the sales. The big dealer in the city, about whom the Senator has spoken, and whom he wants to check and make keep a record, could be made to keep a record and pay in proportion to the amount of sales that he made; and the Senator would not hurt the small dealer in the country town who is not exclusively a dealer in arms, but merely a country storekeeper.

Mr. McLEAN. It seems to me anyone who wants to get a murderous weapon with felonious intent will not be deterred by this tax. I think the Senator's purpose is to secure regulation so that the person who gets the weapon can be identified and the sale can be restricted. With that I concur, but it seems to me a very small tax on the article itself with the other requirements will serve every purpose the Senator seeks. I do not like to single out a legitimate business and impose a tax that will be onerous.

Mr. HITCHCOCK. We have taxed legitimate business all the way through the bill in this very chapter.

Mr. McLEAN. I know that.

Mr. HITCHCOCK. We have levied $50 taxes on many different businesses.

Mr. McLEAN. But we do not desire to add to them. We have too many now.

Mr. HITCHCOCK. I do not think it is a hardship to make it $50, but if the committee would be willing to accept a $20 tax I will do anything to get it started. I believe if it can be once tried it will be found to be a very desirable move.

Mr. PENROSE. Mr. President, if the Senator will permit me, I consider the principle unalterably vicious to make the revenue bill a vehicle through which to regulate the morals of the community. It should be confined to its legitimate purposes, the raising of revenue in the least oppressive way to the community that can be devised, and not to prohibit firearms in one community as against another community which approves of the use of firearms, or even child labor laws or other enactments which are often saddled on revenue bills.

I shall always strenuously endeavor to confine such bills to their legitimate purpose, the raising of revenue for the Government. If the Senator objects to citizens carrying firearms or having them in their residences or in their automobiles for protection at night, it seems to me a separate measure would be very desirable and it would receive careful consideration. For myself, I like to have a gun around if I am in a dangerous neighborhood. Others may differ.

Mr. HITCHCOCK. I have not said that I objected to a citizen having a gun or weapon in his home, or even in his automobile, or even in his pocket. I am not seeking to regulate that. What I am seeking to do is to levy a tax upon these irresponsible dealers who expose for sale in the worst parts of our cities these cheap firearms, which are absolutely a temptation to the criminal and vicious class as they are exposed to sale. What I propose is nothing more than a tax similar to other taxes that have been imposed in the bill, and that have been imposed heretofore by the Congress on various other occupations.

But if the Senator from Connecticut and the Senator from Michigan think the tax is excessive, as the Senator from North Dakota expressed it, I will reduce it to $20 and leave it to the committee when the matter gets into conference to say whether they find it necessary to make a further reduction.

Mr. McCUMBER. Suppose there is a little place that has not a population of 20 heads of families, and yet there is a little country hardware store which carries two or three revolvers, and perhaps sells two a year. Would the Senator tax that dealer $20 for selling those revolvers? There are any quantity of those little hardware stores all over the country that sell these things. I certainly would not be in favor of going over $5, because the real purpose is not to get revenue. The real purpose is to regulate the sale and keep tab on all who purchase revolvers. I should not seriously object if the proposed tax were $2.50 to $5, but if it is anything above that I think it is too heavy for regulatory purposes.

Mr. HITCHCOCK. In the hope of getting support I will ask to perfect my amendment by reducing the annual tax to $20. That is less than half the amount of many of the taxes the bill already imposes on such concerns as shooting galleries and other places. I can not consider that it is excessive.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Nebraska as modified.

The amendment was rejected.

Mr. DIAL. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from South Carolina will be stated.

The ASSISTANT SECRETARY. On page 37, after line 3, it is proposed to insert a new paragraph, to read as follows:

(9) The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

Mr. PENROSE. I will accept that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. OVERMAN. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from North Carolina will be stated.

The ASSISTANT SECRETARY. On page 193, line 15, after the word "municipality," it is proposed to insert the following:

Or of maintaining a cooperative or community center moving-picture theater.

Mr. OVERMAN. I think the committee will accept that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Carolina.

Mr. PENROSE. I think it would be well if the Senator from North Carolina would enlighten the Senate as to just what is meant by the amendment.

Mr. OVERMAN. In the farm life schools in the country outside of municipalities there have been established by the farmers certain community centers, where they have little moving-picture shows. I know of one instance where a man out in the country has turned his cow barn into a moving-picture theater, where he gathers the farmers and the farmers' children once a week to witness these little shows. The amendment proposes to give the same privilege to such community centers as is given to municipalities. I think the Senator from Pennsylvania will agree to that. There can be no objection to it.

Mr. PENROSE. Mr. President, I have no objection to the fundamental principle involved in the amendment. However, I think the amendment is very widely drawn.

Mr. OVERMAN. The amendment was drawn by the expert of the committee, Dr. Adams, and it is all right.

Mr. PENROSE. I think the experts should have had other experts to watch them in this particular instance. We perhaps can perfect the amendment in conference and see that the cow barn is properly safeguarded.

Mr. OVERMAN. The shows are not only given in the cow barns, but in farm-life schools and night schools, where the farm children are gathered in.

Mr. PENROSE. I will accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from North Carolina.

The amendment was agreed to.

Mr. NEW. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from Indiana.

The ASSISTANT SECRETARY. On page 32, line 22, after the words "District of Columbia," it is proposed to insert:

Where the compensation is paid by the United States.

Mr. NEW. Mr. President, the object of the amendment is simply to put local officers in Hawaii on equal terms with corresponding local officers in the States and municipalities in the United States. Under the pending bill such local officers in Hawaii would be taxed, whereas the corresponding officers in the States are not taxed and those local officers in Hawaii would be called upon to pay a tax that is imposed upon no one else. The amendment affects the school-teachers, the provincial officers of the Territory, who are paid out of Territorial funds, and of course pay their Territorial taxes. The provision of the bill as at present framed would compel them to pay a tax from which, as I have said, State and municipal officers in the United States are relieved. It was not the intention of the committee, I am sure, that that should be done.

The amount involved is very small.

Mr. POMERENE. Do I understand that if this amendment be adopted the appointees of the President who are serving in Hawaii would not be subject to the income tax?

Mr. NEW. No; not at all; but the officials to whom I refer are not appointees of the President.

Mr. POMERENE. Some of them are.

Mr. NEW. The amendment does not affect such officials.

Mr. POMERENE. May I ask that the amendment be again stated?

The PRESIDENT pro tempore. The Secretary will state the amendment.

The Assistant Secretary again read the amendment.

Mr. NEW. Where their salaries are paid by the United States these officials would be subject to a tax. The insertion of the words proposed by the amendment would have the effect simply of relieving from taxation purely local and provincial officers.

Mr. KING. Let me inquire of the Senator from Indiana, if I may, whether he understands that all Federal officials under existing law are exempt from the payment of income taxes?

Mr. NEW. Here in this country?

Mr. KING. All Federal officials.

Mr. NEW. No; but these are not Federal officials. Those covered by the amendment are the local officers over there; they are school-teachers and trustees and mayors of the towns; they are not Federal officers at all, excepting that they are serving in Hawaii under a Territorial form of government.

Mr. POMERENE. Mr. President, will the Senator yield?

Mr. NEW. Certainly.

Mr. POMERENE. As I recall, the President of the United States sends in the nominations of judges for Hawaii; he also appoints the United States attorney and, I think, the governor. Under the amendment proposed by the Senator from Indiana would those officers be exempt from taxation?

Mr. NEW. No; they would not be. I am not seeking to relieve them, but only the purely local officers.

Mr. POMERENE. I wanted to make sure that there was no discrimination in favor of certain United States officers over there as against those occupying similar positions in the United States.

Mr. NEW. No; that is neither the purpose nor the effect of the amendment.

Mr. WARREN. It is designed to avoid discrimination.

Mr. NEW. Exactly. As the Senator from Wyoming says, the amendment is intended to avoid a discrimination which now exists. It simply puts the local officers in Hawaii on an equal footing with corresponding officers in the various States of the Union.

Mr. KING. Mr. President, I should like to ask the Senator if it is not a fact that the only reason why we do not tax officials of the States is because we have not the authority under the Constitution?

Mr. NEW. I presume that is so.

Mr. KING. We may not tax the officials of sovereign States, because under the power of taxation we might destroy the efficiency of and, indeed, the State government itself. A Territory is not in the same category as a State, and because we do not tax State officials, because we have not the authority so to do, it does not follow, it seems to me, logically, that we may not tax Territorial officials.

Mr. WARREN. Why should local officials who live in a Territory which would only be too glad to come into the Union as a State be penalized while they are there helping to upbuild the country? It seems to me that such officials should be treated as fairly as the officials of the States.

Mr. KING. But they live in a Territory and are subject to taxation.

Mr. NEW. And they are taxed.

Mr. KING. And they ought to be taxed, so far as I can see.

Mr. NEW. Certainly they ought to be taxed, and they are taxed locally.

Mr. KING. I sympathize very much with the position taken by the Senator; but it seems to me that the argument is not sound that because we do not tax State officials—and we do not do it because we have not the authority—therefore we ought not to tax the officials of the Territories where we do have the authority to impose taxes. It does not seem to me that because our hands are tied with respect to the principle of taxation in the States we may not exercise the power in the Territories, where we have the undoubted authority.

Mr. NEW. To tax them simply imposes upon them a burden from which, whatever the reason may be, similar officials in the States are entirely exempt.

Mr. KING. The Senator, if he will pardon me, knows that individuals who are employed by private concerns in the United States, such as bookkeepers or private teachers or what not, are taxed. They have to pay their income taxes.

Mr. NEW. So do such persons in Hawaii. The amendment has no effect upon anybody except the particular local officers that I have just described. It is intended to put them on an equal footing with those who hold corresponding offices in the States. If that is not done, the local officers over there will have to pay a tax from which local officers in the States of the Union are exempt. That is the whole story.

Mr. KING. Federal officers pay taxes, and a Territory is a part of the Federal Government; it is not a State; it is not a sovereignty; it breathes because of the power given to it to breathe under organic acts or some charter from the Federal Government. When a Territory is emancipated from its tutelage and becomes a State, then it may claim the constitutional privilege which State officials now claim; but in principle, Mr. President, I can see no reason why the officials of Territories should not be taxed the same as other officials of the Federal Government.

Mr. NEW. I think the Senate understands what the amendment is designed to accomplish, and I ask for a vote upon it.

Mr. HITCHCOCK. Mr. President, I have not understood yet whom the Senator proposes to exempt from taxation.

Mr. NEW. I have said that the amendment merely applies to local officers of the Hawaiian Islands, such as school-teachers, the mayors of towns, and other purely local officers. They are not paid by the Federal Government; they are paid by the Territorial government.

Mr. HITCHCOCK. Let me ask the Senator why do we not exempt school-teachers in Ohio or school-teachers in Indiana?

Mr. NEW. School-teachers are taxed in Hawaii under the local laws.

Mr. HITCHCOCK. Are not school-teachers taxed in Indiana?

Mr. NEW. No; not by the Federal Government on the salaries they draw from the State.

Mr. HITCHCOCK. Certainly they are.

Mr. NEW. Not at all.

Mr. HITCHCOCK. They are taxed on their incomes.

Mr. NEW. Not at all. They are taxed in Ohio under the State law, and they are taxed in Indiana and Nebraska under the State law, but they are not taxed under the Federal law, as they are officers of the State. All I want is to give the corresponding local officers in Hawaii the same privileges that are extended to similar officers in the States.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Indiana. [Putting the question.] By the sound the noes seem to have it.

Mr. NEW. I ask for a division.

On a division, the amendment was agreed to.

Mr. SIMMONS. Mr. President, I send to the desk an amendment which I offer.

The PRESIDENT pro tempore. The Secretary will state the amendment offered by the Senator from North Carolina.

Mr. SIMMONS. I desire to call the attention of the chairman of the committee to the amendment. I think he will have no objection to it.

The ASSISTANT SECRETARY. On page 40, in section 214, it is proposed to add a separate paragraph immediately following paragraph No. 6, so that it would follow line 18, to read as follows:

In case of losses arising from destruction of or damage to property where the property so destroyed or damaged was acquired before March 1, 1913, the deduction shall be computed upon the basis of its fair market price or value as of March 1, 1913.

Mr. PENROSE. I will accept that amendment, Mr. President.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from North Carolina.

The amendment was agreed to.

Mr. SIMMONS. Mr. President, I have another amendment of the same kind to apply to corporations. This applies only to individuals. I now offer the same amendment to another provision so as to apply it to corporations.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 86, after line 11, it is proposed to insert:

In case of losses arising from destruction of or damage to property where the property so destroyed or damaged was acquired before March 1, 1913, the deduction shall be computed upon the basis of its fair market price or value as of March 1, 1913.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

The amendment was agreed to.

Mr. EDGE. Mr. President, last night, during the debate upon the proposed hotel tax, the Senator from New York [Mr. WADSWORTH] appended to his argument a table of added costs under present conditions of conducting a hotel. It was under more or less criticism at the time, because the additional rates charged at this time were not furnished to the Senate. In going over my correspondence I find a very complete table which covers the additional costs at the present time of administering a hotel, together with the average increase in prices, representing a very large hotel corporation. I think, in fairness to the hotel business—which is one of the largest industries in the country—the letter containing these figures should be inserted in the RECORD.

I may say that I think the debate last night was perhaps a trifle severe on the hotel profession in its entirety. We all admit that there are men in every line of business who perhaps are profiteers; but, as an industry, the hotel profession is certainly a thoroughly recognized one, and it seems to me that in the interest of justice and fairness this letter, giving the costs on one side and the charges on the other, should be inserted in the RECORD.

I ask unanimous consent that that be done.

Mr. KING. Mr. President, may I inquire of the Senator by whom these figures have been prepared?

Mr. EDGE. They have been prepared by the Marlborough-Blenheim Hotel Co., of Atlantic City, N. J., one of the largest resort hotels in the United States.

Mr. KING. Of course the Senator knows that the hotel keepers of Atlantic City have carried on a very extensive propaganda against any taxation by the Federal Government. May I inquire of the Senator whether these figures show the dividends that have been paid by the hotel companies during the past three years?

Mr. EDGE. I shall be glad to have the letter read if it will not take too much of the time of the Senate.

Mr. KING. No; I do not ask that.

Mr. EDGE. This letter, in addition to what I have stated on the floor, discusses the lack of excess profits.

The PRESIDING OFFICER (Mr. CAPPER in the chair). Is there objection to printing the letter in the RECORD? The Chair hears none.

The letter is as follows:

ATLANTIC CITY, N. J., *September 26, 1921.*

Hon. WALTER E. EDGE,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The figure which I mentioned to you yesterday as representing what our tax would be if section 907 became part of the new tax law was not exactly correct, inasmuch as I had interpreted the meaning of the second paragraph that the tax should be applied to the full American-plan rate where such room if rented on European plan would be more than $5 per day or more than $8 per day. Under the interpretation which you gave me yesterday that the American-plan guest in a room which would be on the European plan more than $5 per day, or for two more than $8 per day, should be calculated at 10 per cent of the European rate for that room, I find that our tax for to-day, where the house count is 60 per cent of our capacity count, would be $289.10. Therefore, as our house count seems to average 75 per cent capacity for the year, our average daily tax would be $361.50, or about $132,000 per year.

This hotel, as you perfectly well know, is conservative, but offers as much genuine comfort and luxury without any abnormal frills as is required by people who live well at home; and after 20 years of most painstaking, careful management we have been able to build up a good business, which is profitable but, as anyone can see by our excess-profits taxes, has not borne any abnormal profits. And yet by this amendment if we played the game as is the spirit laid down in the amendment the profit in this business would not be worth the exertion.

There are many cities where large hotels exist, and in some cases in this city, where the capital invested has run into such enormous figures that they have been forced to a rate in excess of the $5 per day basis. Of course, in places where the public are required to go by their needs of travel those hotels in other cities may not necessarily suffer from increasing their present rates, which this amendment will require, but in Atlantic City, where people are not required to come, the forcing of the hotel rates upward, which is the positive effect that this amendment will have, will simply keep people away from this resort and work an untold hardship, causing its downfall in the end. I do not believe that any Senator who has interested himself in this tax bill wishes to bring about any such result.

I told you yesterday that I would offer you some comparison as to our own business here, which I will do in as short and comprehensive way as possible, as follows:

For instance, compare our cost prices in a few items with the cost prices of 1914 and we find that foodstuffs have increased, 1920 over 1914, a little over 100 per cent. Help for the same period increased 104 per cent, coal increased 196 per cent, and general operating expenses increased 148 per cent. Our rates which we charged guests increased, 1920 over 1914, 54 per cent on the American plan and 33 per cent on the European plan. You will note by the above that everything that went into the operation of our plant increased from 100 to 196 per cent between 1914 and 1920, and yet we have not advanced our rates in anything like the same ratio.

Taking another comparison between the years 1920 (first eight months) and the first eight months in 1921 (as far as our accounts have gone) we find foodstuffs have decreased in price in 1921, 23 per cent. Help has increased in 1921 over 1920 three-tenths of 1 per cent; general expenses of operation for the same period have increased 24 per cent. Please note the one item of reduction in costs to us. Our rates which we are charging on our advertised reduced schedule at this time are for our highest priced rooms reduced 12 per cent on the American plan and 16⅔ per cent on the European plan. On medium priced rooms the reduction is 6¼ per cent on the American plan and 11 per cent on the European plan. On our lowest priced rooms the reduction is 14 per cent on the American plan and 14 per cent on the European plan.

Now, then, in the face of the abnormal increase of all of our costs over our increase in our rates during the war period of 1914 to 1920, and the decrease in cost up to this time of the one item of 23 per cent in food, how could we possibly make a greater reduction in our rates than we have?

It simply resolves itself into a plain condition. If this amendment is passed, the hotels are absolutely forced to raise their rates. The statistics we have given you above apply to this house which has been running consecutively for 20 years under a very moderate capital investment and ownership and management where every member of our company puts his best effort into the work. We believe we operate as economically or more economically than most high-class hotels can. We know that hotels of this class, built in the last five years, are forced to charge higher rates than we do, and we know from personal inquiry that those hotels who are seriously affected by this tax will simply raise their rates to meet it.

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I hope you will continue to use your very powerful efforts to check this legislation.

Yours, very truly, ALLEN K. WHITE,
Vice President.

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 49, in line 10, it is proposed to strike out the word "eighteen," and in lieu thereof to insert the word "twenty-one," so that, if amended, the paragraph will read:

(d) Four hundred dollars for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under 21 years of age or is incapable of self-support because mentally or physically defective.

Mr. TRAMMELL. Mr. President, my amendment speaks for itself. The purpose in offering it is so that under this exemption of $400 on account of minor children receiving the principal part of their support from their parents, the exemption shall be $400 up to the age of 21 years instead of only up to the age of 18.

Mr. President, I submit that the average child at 18, 19, or 20 years of age, if being given his principal support by his parents, is probably a greater expense at that age than at a younger age, because it is at that time that the parents are putting him through college. I do not quite understand why the age was arbitrarily fixed at 18 years. If it was upon the theory that the boys and girls of the country should be required to get out and get to work when they are 18 years of age, that is a mistaken idea as to the actual experience of the average family that is trying to give its children a collegiate education.

If the boy or the girl goes out to earn his or her livelihood at 18 or 19 years of age, this exemption will not apply. It applies only where the parents are contributing the principal part of the support to the minor. I think we should raise the age limit to 21 years, because, if we do not, with the people

of moderate means or who are struggling to educate their children and to give them a collegiate education you cut off and eliminate the exemption at the very time they are under the greatest strain to furnish the money for the purpose of educating those children. Very few persons go into college before they reach their eighteenth birthday. In the case of a person of ample means, where the expense of a collegiate education in no wise taxes the family to send their children to college, it is not a matter of any concern. It is the family that is struggling to educate a boy or a girl, and to give them a collegiate education, that this exemption will benefit to some extent.

I submit that we should change the age limit from 18 to 21, and I propose the amendment in the hope that we may accomplish that object.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Borah	Gooding	McKinley	Smoot
Brandegee	Hale	McLean	Spencer
Broussard	Harris	McNary	Stanley
Bursum	Heflin	Nelson	Sterling
Calder	Johnson	New	Sutherland
Cameron	Jones, N. Mex.	Newberry	Swanson
Capper	Kendrick	Nicholson	Townsend
Caraway	Kenyon	Norbeck	Trammell
Curtis	Keyes	Norris	Underwood
Dial	King	Oddie	Wadsworth
Edge	Ladd	Overman	Warren
Ernst	La Follette	Penrose	Watson, Ga.
Fernald	Lenroot	Pittman	Williams
Fletcher	Lodge	Poindexter	Willis
Frelinghuysen	McCumber	Sheppard	
Gerry	McKellar	Simmons	

The PRESIDING OFFICER. Sixty-two Senators having answered to their names, there is a quorum present.

Mr. TOWNSEND. Mr. President, I am going to occupy the time of the Senate for a very few minutes in expressing some views I have in reference to the pending bill and what has been done in reference to it. I shall occupy but a very few minutes.

Both of the great political parties in the presidential campaign of 1920 promised the people that if intrusted with power they would revise the tax law to the end that it would be simpler and reduce taxation. Certain specified taxes were to be abolished, principally the so-called " excess-profits " tax. At least two Democratic Secretaries of the Treasury had recommended to Congress that such tax should be abolished. The Republican Party was specific in its platform on this subject. Its candidate for President on several occasions advocated the abolition of the excess-profits tax, and a tremendous majority of the people elected him President on the platform containing the provision I have mentioned, knowing that he was in accord with it.

The Republican platform also pledged the Republican Party to a reduction of Government expenses to the actual needs of Government economically administered. I shall discuss this pledge hereafter.

Platform pledges are always more easily made than performed. But there was no division of sentiment as to the needs of economy and taxation reforms. The country was suffering from the disturbed conditions of the greatest war of history. It was in that war 18 months, and yet many of its costs were more than those of the individual allies during their four years of warfare. Due to the delays in preparation for war and to the tremendous waste and inefficiency, and worse, our expenditures mounted into the billions. Our obligations and liabilities were not at all understood at the time of the national conventions. We knew they were appalling, but the full extent of the liabilities which the new administration was to inherit from the old was not known. Indeed, they are not even yet fully understood. We knew that hundreds of millions of dollars had been expended in the Airplane Service, from which but little benefit had been derived. We believed that of the billions that had been voted to the Emergency Fleet Corporation and the Shipping Board a large portion had been worse than wasted, but we had not a faint idea of the complications of this branch of the service and the enormous extra costs which the settlement of this matter would require if from the flotsam and jetsam an American merchant marine is to be secured. We were told in March, 1919, when the railroads were turned back to their owners, that the Government had run behind only $300,000,000 during the period of its operation of them. We afterwards learned that this deficit would exceed a billion dollars, and the end is not yet. These are but samples of the burdens which have been placed upon this Congress.

The actual conditions of to-day are not the theoretical conditions of 1920. The Congress, however, is confronted with the stupendous duty of raising money through taxes, at a time not only of national depression but of world depression amounting in many countries to national bankruptcy, sufficient to pay our inherited obligations and to meet the expenses of government. It will be admitted by every honest man that these obligations were not the creation of the present administration. They are, however, ours now to meet, and the country naturally expects that the party which has met several similar situations in the past following a Democratic administration, but none so bad and so complicated as the present one, will do all that can be done through legislation to bring order out of chaos and restore normal conditions of prosperity in the United States.

We are now considering the tax bill. We have had it before the Senate for more than a month. This should be a nonpartisan measure. The best and most patriotic efforts of every Senator should be put forth to this end, but due to the fact that a few Senators have evidently felt that partisanship was a better evidence of statesmanship than patriotic endeavor to secure a law calculated to meet the fiscal needs of a country with closed factories, idle millions, and depressed industry generally, our duties have been made more difficult. Two-thirds of the time of the Senate has been used by a few Senators who have iterated and reiterated their political speeches, not with the hope even of making the legislation better, but for the purpose, sometimes frankly admitted, of creating an adverse political sentiment among the people. Facts count for little with these political orators, who evidently believe that they can fool the people again. They must feel that their individual political fortunes at home are in a critical condition and that they are therefore justified in employing any argument, however faulty or void of facts, any device, however detrimental to the country's welfare, to delay or prevent action. No patriotic Senator is influenced by these political speeches. The people know these gentlemen and what they represent. They were sick and tired of the Democratic Party as a party in November, 1920, because of its demonstrated incapacity to conduct the Government along the lines of peace, progress, and prosperity, and at every opportunity since they have expressed most emphatically their continuing disapproval. The people are not going to be deceived now by demagogic appeals to passion and prejudice.

I do not wish my remarks to apply to those Democratic Senators who have been working, as I have been working, to obtain the best possible tax law. What I have said will apply where it belongs and no one will wince unless he is hit.

I complain at the rules of the Senate which will permit a few Senators, at a cost of hundreds of thousands of dollars to the people, to block legislation which must be enacted and at the same time inflict injury to the health and lives of those who want to perform their duty by compelling them to work unusual hours and under unfit conditions. I have introduced an amendment to the rules providing for limited cloture. I believe in free, unlimited debate when it is devoted to the subject and is not a repetition again and again of the same thing. I do not believe that the time will ever come when the salvation of popular government will depend upon the lung power of a few Senators, however gifted. Our elections occur too frequently, the people are too intelligent and too powerful to permit permanent danger to their institutions from the denial to any Senator the right to talk a week or ten days on any subject. My resolution is now before the Committee on Rules and I am demanding as best I can that action be taken upon it, and I shall govern my action according to what the Committee on Rules may do.

But I have digressed from my original plan to discuss the tax problem before us.

Both parties were pledged to repeal the excess-profits tax. All economists agree that except as a war tax it is inimical to business prosperity and beneficial to no one. It is true that the war is over, but the effects and burdens of war are still with us. The needs of the present year are now practically known, and to repeal the excess-profits act for 1921 would be unwise, and I believe that no political platform would now propose such repeal. We must meet conditions as they exist and not as we hoped in 1920 that they would be. The bill does abolish this tax for 1922, and in so abolishing it I am satisfied that we have complied with our pledge to the people.

The highest estimate from excess-profits tax under existing law for 1922 is $450,000,000. It has already dropped from over two billion in 1917 to $750,000,000 this year, and unless business is revived and prosperity restored there will be no excess profits next year, which means greater business depression, more unem-

ployment, and less ability to pay the expenses of government. Senators say that this compliance with a solemn pledge to the people will relieve the rich and the profiteer. I neither hate nor love the rich because of their wealth. "A man's a man for a' that." I am not even moderately rich. I have never tried to amass a fortune. I probably would have failed if I had tried, for I have not the gift for making money. I regard it generally as a gift, the same as I do that of music, or painting, or mathematics, or invention. I have frequently wondered what would have happened to the world if there had been no men of great business genius and courage. I have stumbled unseeing over business opportunities which others have seen and improved, with the result that the world has been made richer and better and happier. Men and women have been given employment, the wheels of industry and commerce have been made to turn; in fact every material thing which we now enjoy has been made possible through business genius. It is true that this very genius or ability has placed its possessor where he should bear the heavier burdens of government. Where the money is, there the Government must go for taxes, and that is where this bill does go. Every man knows, even the demagogue probably knows, that the one great duty of Congress now is to promote a return to national prosperity, under which alone can all of our people be peaceful and happy. Men who never gave another man a day's work, who never contributed a material thing of value to the world, who never made a dollar except upon the misfortunes and troubles of others, are the loudest and most voluble critics of those who develop the resources of the country and furnish opportunity and employment to the people.

It must not be forgotten, either, that when Senators are talking about exempting the rich through a repeal of the excess-profits law they want the people to understand that the very large and rich corporations are the ones relieved. The fact is, however, that the greatest share of excess profits comes from the corporations of small capital to whose affairs a few active, hard-working business men have devoted their undivided time and attention. Their gross income is not large, but its per cent of capital is large. These are the corporations which pay a large part of whatever excess-profits tax is paid, while the United States Steel Corporation, with a large capital, earns less than 8 per cent, and inasmuch as the exemption of corporations is $3,000 plus 8 per cent of the capital no excess profits are assessed, and a repeal of the excess-profits tax would not affect it.

Take the case of corporations of $25,000 capital, where two or three stockholders devote their personal energies to the business, with the result that they earn $25,000 net. That is 100 per cent of their capital. This corporation would be assessed under the existing law about $5,000 as excess profits, while the United States Steel Co., with its billions of earnings, would not pay one cent. No one can detest more than I do the man who took advantage of war conditions to profiteer. His name is legion, and so far as contact with the people is concerned, he is not a corporation. He is a self-righteous business man, who found it easy to mark up the goods on his shelves and sell for what he could get from customers with pockets full of easy money. He is the laboring man who profited by the absence of fellow workmen in the war, the hotel man, the merchant, the baker, the candlestick maker. These were the most offending profiteers, who all along the road from production to consumption took their unrighteous tolls from the public. Of course, these offenders preyed upon each other, and their excuse for extortion was "the other fellow does it." But much of the avails of profiteering has been dissipated and much of it was in hands which could not be reached by the tax gatherer. This tax continued next year would not reach the war profiteer at all, but would be paid by these small corporations, which contribute to the life and support of the people and which are taxed almost to the limit under other provisions of this bill.

I shall have no hesitation in obeying the people's mandate given to me in the election of 1920 and shall vote to repeal the excess-profits tax for 1922.

This repeal does not mean, however, that corporations subject to it under existing law are to be exempt from taxation. The pending bill provides for a 50 per cent increase of the flat corporation tax. Under existing law a large corporation like the United States Steel Co. pays a tax of 10 per cent upon its net earnings. Under the proposed bill it will pay 15 per cent. It would pay no excess-profits tax under existing law. This proposed increase of 50 per cent in the corporation tax will work a hardship upon the small corporation whose net earnings are small, and no one seems to be able to devise a provision which will prevent every case of injustice. I voted for the Walsh amendment, not that I thought it was free from injustice but because in my judgment it somewhat reduced the proposed injustice. Of course, I do not expect that with the varying conditions which surround even the same kind of business that any tax law can be framed that will be exactly fair and equitable at all. The one great fact is, we must have the money if the Government is to function and meet its obligations, and all I can reasonably hope for under the circumstances is an approximation of what is right.

The income tax, in my judgment, is here to stay as a part of our fiscal system. It is based upon the theory which I have mentioned, namely, that the taxes must be paid by those who are able to pay them. It is applied to individuals. The income which comes to the individual, either from dividends on stock in corporations or from other sources, is taxed first by a flat tax of 8 per cent, except that a citizen or resident of the United States is taxed only 4 per cent under the proposed bill on the first $4,000 of his income.

The surtax is a graded tax. The House placed a limit of 32 per cent upon the incomes in 1922 in excess of $66,000 per year. The amendment of the Senate increases that limit to 50 per cent as the maximum on all incomes in excess of $200,000 per annum. This amendment to the existing surtax provision is a general reduction of existing rates, but higher than the House provision. I am satisfied that the needs for revenue at the present time require the increase proposed by the Senate. By this increase and the increased capital-stock tax it has largely been made possible to repeal the tax on freight, express, and transportation, and to abolish most of the so-called nuisance taxes which greatly annoy the people and which are difficult of collection.

The bill as it will finally be enacted will not be approved by anyone in every particular. No tax law was ever enacted which did receive such approval. As I have stated, the differing conditions under which the same kinds of business are conducted make it impossible that a general law will be equitable to all, and yet a general law applicable to specific classes of business is the only law that can be lawfully enacted. Every patriotic Senator recognizes the difficulties surrounding revenue legislation. It would be infinitely easier to assume the rôle of critic and place obstacles in the way as some Senators have done than to assume the responsibility of honestly trying at least to obtain a law which would be approximately right.

I have stated that pledges were made to the people to the effect that their tax law would be simplified. That the existing statute is cumbersome and complicated every man who has had anything to do with making tax returns readily understands, and it does not seem to me that the pending measure greatly relieves the situation. The experts from the department who have assisted in the preparation of the bill are familiar with cases which have risen in the department during the administration of the act, and they have naturally sought to overcome these obstacles. They probably have succeeded. But in dealing with special cases it is possible that they have overlooked their exact relation to other matters, and I am not wise enough to determine this fact if it shall prove to be a fact. Naturally the Congress was obliged either to rely upon the present methods of taxation or else write a new scheme. The only alternative to existing methods is the plan suggested by the senior Senator from Utah, known as the "manufacturers' sales tax." I confess that I have been unable to understand just how it could be made to work equitably in its effect upon all of the people, and inasmuch as a modification of this plan is to be proposed I am waiting for further information. Of one thing I am satisfied, and that is that every tax which is imposed by the Government and which is capable of being passed on to the consumer is passed on, and he pays not alone the tax, but that tax multiplied sometimes many fold, and I have no doubt whatever that if it were possible for us to determine just what taxes are carried along to the people it would be infinitely better for the consumers, rich and poor, to pay the Government tax directly instead of paying it indirectly after it has been made an actual source of revenue to the taxpayer upon whom it was originally levied.

If I shall be convinced that the revised Smoot plan is just and equitable to the people as a whole, I shall not hesitate to substitute it for many of the propositions in this bill. It certainly is simpler. If when I understand it I shall believe it will not increase the taxes now paid by consumers and that it will remove some of the perplexities of existing law, I shall vote for it. Whatever law we enact must be tested by experience, and partisan arguments or uninformed declarations should not deter any Senator from doing his duty.

In all my congressional experience I have never known such unusual efforts to hinder revenue legislation and to misrepresent and confuse the legislative issues. I am satisfied, however, that the people understand the nature of our problems and the

smoke screen that the opposition has thrown around it. They know that the majority are as patriotic and as intelligent as those who have employed the cheapest and most petty methods of politics, either with the hope of benefiting their own desperate political fortunes or of hampering the present administration in its efforts to bring order out of the Democratic chaos which it inherited on the 4th of last March.

I desire in conclusion to express my appreciation of the earnest patriotic efforts of the Senate Finance Committee to solve the almost unsolvable problem of taxation. It is impossible for me to conceive a more complex problem. The committee should have received the help of every Senator. It has not received it. It has, however, proceeded with great patience and is entitled to the gratitude of the country.

Mr. JONES of New Mexico. Mr. President, I have just listened with a great degree of interest to the remarks of the distinguished Senator from Michigan. I have had the pleasure of sitting at the council table with the Senator for weeks and for months. I know that he is a man of undoubted intellectual integrity, and what he has said, by reason of that fact, will undoubtedly carry considerable weight to the country.

I do not feel like referring to the criticisms which he has made regarding the political speeches to which we have listened during the pendency of the bill before the Senate. Necessarily a measure of this sort must involve what will ultimately be considered questions for political consideration by the people of the country. I do not believe that there has been any attempt on the part of any Senator to occupy the time of the Senate in discussing the bill with respect to its political features further than to call attention to the features of the bill which will undoubtedly be discussed during future political campaigns.

I did not rise, however, for the purpose of referring to those matters, and I only wish to refer now to one phase of the discussion just presented to us by the Senator from Michigan, for whom I have the highest degree of respect and even an affection. I only wish in the consideration of the bill not only that Senators could all sit around the council table where we could discuss in a quiet and conversational way the terms of the bill and the effect which we believe it will have upon the people of the country, but I wish that we might broaden that field and have the people of the country brought together in that way.

Unfortunately, it seems to me, even in this small Chamber, when we begin to discuss a bill of this sort the voice is necessarily raised and there is an inducement, which apparently is irresistible, to have what should be a quiet discussion converted into something in the nature of a speech. In considering such a bill as this, I think it could be better done if we could have that quiet and peaceful consideration which we get around the council table.

The Senator from Michigan has referred to the repeal of the excess-profits taxes that it was promised the people during the last campaign and that its repeal had been recommended by two Democratic Secretaries of the Treasury. That is true, but the provisions of law which should take the place of a repeal of the excess-profits tax I do not believe were presented to the people of the country even by the Republicans during the last campaign.

Certainly the Democratic Secretaries of the Treasury offered some other method of raising revenue to take the place of the excess-profits tax. One of the methods which was recommended I undertook to present to the Senate a few days ago. I hope that it will be further considered by the Senate.

The Senator from Michigan, however, has not suggested any method for raising revenue to take the place of the repeal of the excess-profits tax which will not work greater hardships upon the business of the country and upon the people of the country than if the excess-profits tax provision of the law should remain. The Senator has cited one instance which undoubtedly affects some people of the United States, and will, perhaps, reconcile them to a repeal of the excess-profits tax, provided they go no further in the consideration of the subject. We all know that in past years it has been considered a very popular thing among the masses of the people to deprecate the activities of large corporations. When orators attacked large corporations they were always supposed to have struck a very popular chord. The Senator from Michigan indulges in that argument. He says the excess-profits tax should be repealed because it does not levy any burden upon the large corporations of the country. I believe the Senator is right in that statement, because it is a fact that many of the large corporations of the country are not making and have not been making sufficient profits to bring them under the provision of the excess-profits provisions of the law; but the Senator apparently referred to that fact as the one justification for the repeal of the excess-profits tax. I think we should analyze the matter with all the deliberation possible and see how far that argument justifies the conclusion which the distinguished Senator has reached. That is substantially the only argument which the Senator presented to us here. The Senator would repeal the excess-profits tax solely or almost entirely because of the fact that it does not collect any revenue from the so-called big corporations of the country.

Mr. TOWNSEND. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator.

Mr. TOWNSEND. I am afraid I did not make myself very clear if the Senator from New Mexico thinks what he has stated was the only argument I made in reference to the repeal of the excess-profits tax. I mentioned that as an incident to the argument which is made, that by its repeal we exempt the rich. I brought it out in that connection; and I proceeded to show that we were not exempting the great rich by the repeal of the excess-profits tax. I further argued or attempted to prove that through the excess-profits tax the revenue that we would obtain would be derived principally from corporations which ought not to be discriminated against in that way.

Mr. JONES of New Mexico. Mr. President, I do not think that I failed to understand the Senator, and he has now merely stated in other language what seems to be the necessary result of what I tried to portray a while ago. The Senator now refers to the fact that the exemption of large corporations from this tax is alleged to be an exemption of the very rich.

Mr. President, in all fairness it seems to me that this question should be understood. The so-called big corporations, against which the people of this country have inveighed in the past, were corporations which were organized with a large capital stock, with watered stock, and the people of the country revolted against the idea of paying large dividends or any dividends upon watered stock. However, the great majority of the large corporations of the country to-day are not of that character. Take the railroads of the country; they have not been issuing any watered stock for a number of years. Take the United States Steel Corporation; it has been in existence for a great many years, and I believe that it is now conceded that that corporation has at least dollar for dollar of substantial assets for every dollar of its capital stock or bonded indebtedness. The result is that to-day there are but few of such corporations as the people of this country revolted against some years ago. Moreover, the capital stock of corporations is not the measure of the capital on which earnings are computed before the imposition of the excess-profits tax. The measure in such case is "invested capital." Watered stock is not considered. The net income amounting to 8 per cent of the "invested capital" which is exempted from the excess-profits tax is computed upon the basis of capital actually employed in the business.

As a further result to-day the so-called rich men of the country are not the owners of the large corporations. They have distributed the stock in those corporations to the people of the country, until we find that the large corporations are now in the main mere aggregations of a large number of individual stockholders. I wish Senators could realize that fact.

After the corporations have been built up to the point where the earning capacity amounts to but little, if any, more than a very modest dividend upon the capital stock, that stock is distributed through sales to the common people of the country. It is owned and held by those who have moderate means; who have small incomes, as a rule. So, to-day, inveighing against corporations because they are large is not a potent argument which would justify the shaping of legislation merely for the purpose of imposing a tax upon the so-called large corporations.

I wish to remind the Senator further that, while the large corporations as a rule are not making profits which would be reached by the excess profits tax law, there are thousands of other corporations, with moderate capitalization, or with small capital, if you please, which are making less than 8 per cent upon their invested capital. I believe there are at least 100,000 of them, including corporations of large capital distributed among a large number of people and corporations of small capital owned by a few people making less than 8 per cent upon their invested capital. For the sake of removing the excess-profits tax from those corporations which are making higher percentage of profits than 8 per cent, for the sake of those few that are making the high profits, you would put the burden upon those which are now making 8 per cent or less profit on their invested capital.

The Senator from Michigan referred to the fact that the corporations which were making excess profits have as a rule small capital, compared with some of the large corporations. He is undoubtedly correct about that; but he argues that such corporations are dependent for their prosperity not upon their

invested capital but upon the personal efforts and exertions of the owners and the managers of the business. Let me remind the Senator and anyone else who desires to study this question that in all of those cases before the excess-profits tax is applied every one of the managers who was devoting his personal efforts to the prosperity of the business has a salary allowed him before any profits of the corporation are taken into consideration. Instance after instance has developed where the salaries of managing directors have been increased far beyond anything of which they had ever previously dreamed. They have a right to raise their individual salaries to any point they please, unless the experts of the Treasury Department shall conclude that they are doing so solely and for the specific purpose of defrauding the Government of revenue, and they have done it; they have increased their salaries, and deducted them as expenses and costs against the business of the corporation, just as high as their consciences and the experts of the Treasury would permit.

Talk to me about relieving that kind of a concern which, after having paid such salaries, upon its invested capital has earned a large profit, from a tax upon their profits in excess of a reasonable amount! Shall we take the tax off such concerns and increase the tax by 50 per cent on those corporations which are earning less than 8 per cent upon their net invested capital? Talk to me about that being proper legislation! Is that what the Republican Party last year told the people of this country would be their program? I say, no. If the people of the United States had understood it we would not have had the result which followed the last election. You simply talked about wanting to take off the excess-profits tax. The people of this country never understood what you proposed to put in the place of it. They never understood that the thousands and hundreds of thousands of people of this country who had their all invested in a few shares of stock in a dividend-paying corporation earning not more than 8 per cent would have their taxes increased by 50 per cent, while those other corporations making large profits were to have the excess-profits tax removed and to be permitted to retain all of their excess profits. You never told the people that; and now, when you undertake to justify what you propose, you talk about the large corporations; you condemn the large corporations.

This is the first time in my career that I have ever heard such an argument as that come from the other side of the Chamber. The Democrats are the ones who have always been accused of being against the large corporations. Those on the other side of the Chamber are the ones who have always been defending big business; but now, when you find that you want to relieve some of your pet corporations that are making large percentages of profit upon their capital, when they are of more importance to you than these hundreds of thousands of individual stockholders in the large corporations, you begin to talk about large corporations!

Is that the kind of an appeal you made to the people last year? I say, no. You did not tell the people what you intended to put in the place of the excess-profits tax; and if this bill goes through as you have framed it now I predict that when the people find out what you really had in mind there will be a revulsion from one side of this country to the other. They will not permit the taxes of those who are making modest profits to be increased 50 per cent and the taxes of those who are making higher profits to be removed or greatly reduced.

Mr. CALDER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from New York.

The ASSISTANT SECRETARY. On page 294, the last page of the bill, after line 2, it is proposed to insert a new heading and a section to read as follows:

INCREASE IN INTERNAL-REVENUE COLLECTION DISTRICTS.

SEC. —. That section 3142 of the Revised Statutes is amended by adding at the end thereof a new paragraph to read as follows:

"The whole number of collection districts for the collection of internal revenue and the whole number of collectors of internal revenue shall not exceed 74."

Mr. KING. Mr. President, I raise a point of order against the amendment which has just been submitted.

The PRESIDENT pro tempore. The Senator from Utah will state the point of order.

Mr. KING. I will state frankly that I am not sure that it is subject to a point of order, but we are considering now a revenue bill, and this amendment is not germane to the bill. It relates to an entirely different subject matter.

That is the only point of order which it seems to me could be urged.

Mr. McCUMBER. Mr. President, I think, of course, the point of order is not very well taken, because this is not an appropriation bill; but, upon the question of whether or not it is germane, it is a part of the administration, and if passed as a separate law would still be a part of the administrative portion of this bill. The Committee on Finance has already reported favorably the same proposition that is now included in the Senator's amendment. There is on the calendar, favorably reported, a bill providing for an increase in the number of districts. I think, although I am not certain—the Senator from North Carolina can correct me if I am wrong—that there was no opposition to the measure in the committee. I am certain, at least, that it was reported favorably and is on the calendar; and if there was any opposition it has escaped my memory.

Mr. SIMMONS. Mr. President, my recollection is like that of the Senator from North Dakota. I know that I have not myself opposed it, because I have known for some time that the Commissioner of Internal Revenue felt that he did not have authority to appoint a sufficient number of collectors of internal revenue, and that the service had suffered very much on that account. Mr. Roper was very much in favor of a larger increase than this. I think there ought to be an increase.

The PRESIDENT pro tempore. The Chair understands that the rules of the Senate do not require an amendment to be germane to the subject matter of a bill, with the exception of appropriation bills, and therefore overrules the point of order.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Heflin	McNary	Shortridge
Borah	Hitchcock	Moses	Simmons
Brandegee	Johnson	Myers	Smoot
Broussard	Jones, N. Mex.	Nelson	Spencer
Bursum	Jones, Wash.	New	Stanfield
Calder	Kendrick	Newberry	Stanley
Cameron	Kenyon	Nicholson	Sutherland
Capper	Keyes	Norbeck	Swanson
Caraway	King	Norris	Townsend
Cummins	La Follette	Oddie	Trammell
Curtis	Lenroot	Overman	Underwood
Dial	Lodge	Phipps	Wadsworth
Ernst	McCormick	Poindexter	Walsh, Mass.
Fletcher	McCumber	Pomerene	Warren
Frelinghuysen	McKellar	Reed	Watson, Ga.
Hale	McKinley	Sheppard	Watson, Ind.
Harris	McLean	Shields	Willis

The PRESIDENT pro tempore. Sixty-eight Senators having answered to their names, there is a quorum present. The question is upon agreeing to the amendment proposed by the Senator from New York [Mr. CALDER].

Mr. KING. I ask to have the amendment stated

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On the last page of the bill, after line 2, it is proposed to insert, with a heading:

INCREASE IN INTERNAL-REVENUE COLLECTION DISTRICTS.

SEC. —. That section 3142 of the Revised Statutes is amended by adding at the end thereof a new paragraph to read as follows:

"The whole number of collection districts for the collection of internal revenue and the whole number of collectors of internal revenue shall not exceed 74."

Mr. KING. Mr. President, the amendment just submitted by the Senator from New York has for its object the increasing of the number of collection districts, and therefore the number of collectors, from 64 to 74; in other words, to add 10 more collection districts to the already large number existing in the country. If this amendment is adopted, it will add hundreds if not thousands to the Federal pay roll and cost the Government hundreds of thousands of dollars annually. However, this is in line with the economy which the Republican Party is giving to the country. In this manner it is redeeming its platform pledges. It went before the people promising an economical administration. It charged that the Democratic Party, during and subsequent to the war, had multiplied officers, increased the number of officeholders, and was guilty of extravagance in the conduct of the affairs of the Nation.

In every part of the land where Republican orators were heard, from the present President of the United States down to the humblest spellbinder, in the big cities and in the rural districts, one of the favorite themes, the chord that was played the most, was the alleged extravagance of the Democratic Party. It was stated that as soon as the Republican Party came into power bureaus and Federal agencies would be abolished and the number of officeholders reduced. It was claimed that 40,000 officeholders in Washington would be immediately discharged, and that hundreds of thousands of Federal employees would be separated from the service.

Mr. President, the Republican Party, though it has been in power in the legislative branch of the Government for nearly

three years, has not exhibited that spirit of economy which all lovers of this Government would desire, and now that they have all branches of the Government they have thrown to the wind all of their professions and pledges, and we find from day to day schemes and plans and policies proposed by the majority which call for additional offices and officeholders. New departments, bureaus, Federal agencies, and instrumentalities are being created and are to be created. These new creations will strengthen bureaucracy and provide places for tens of thousands of officeholders.

Mr. President, bureaucracy is so triumphant that scarcely any business, even in the remotest hamlets of the land, can be conducted without Federal surveillance, if not supervision, and agents or attorneys must be employed to protect the owners of such business from the deadening and destructive regulations so often promulgated by Federal officials at Washington. The paternalistic hand of the Federal Government extends to the humblest individual, and the omnipotent power of the Federal Government is laid upon business, stifling and deadening it. The Western States more than some others have felt the blighting effects of Federal bureaucracy. Tens of thousands of functionaries drawn from other parts of the land deluge the West and eat out the substance of the people. Unacquainted with the matters with which they are authorized to deal they act in a capricious and arbitrary manner, and interpose obstacles to the progress and development of the people.

Notwithstanding the promises of retrenchment we are now asked to increase the number of offices and officeholders. We have passed through the war, when we were collecting seven or eight billion dollars per annum, and when if additional districts were warranted it was at that time. The pending bill proposes to collect approximately $4,000,000,000 annually. We got through the war with 64 collection districts. Now it is proposed, when the war is over, when we are to reduce the taxes from the war peak by more than 100 per cent, to increase the number of collection districts from 64 to 74. What is the reason for it?

As I understand, it has been suggested that the Secretary of the Treasury has recommended it. That is no sufficient reason. Recommendations of Federal officials, whether Democrats or Republicans, in the departments, from the heads down to the humblest chief, for increased authority and more officeholders do not appeal very strongly to me. If there is a Federal agency that has not sought, and is not now seeking, the extension of its authority, its prerogatives, its power, and its jurisdiction I should be very glad to have it pointed out. Federal executives and Federal bureaus have a voracity which can not be described. The aim seems to be to secure more power, more authority, greater jurisdiction, even though it infringes upon the jurisdiction, the prerogatives, and, indeed, sovereignty of the States. The clamor is for new offices and more positions.

We have to-day upon the Federal rolls nearly 1,000,000 persons, and it is planned to add more to the list. A pension system has been provided, and in a few years there will be a civil pension list that will cost the taxpayers of the country millions of dollars annually. Republican administration comes high. We are building up a bureaucracy perhaps as powerful as exists in any country in the world, and many who are members of it are becoming arrogant and regard it as the right of the General Government to assume control over the States, over the lives and pursuits of the people. Local government is derided and flouted, and the States are regarded as mere political subdivisions of an inferior character in the sweep of the powerful Federal authority. There are sent out from Washington hundreds of thousands of Federal agents and employees and inspectors, functionaries, many of whom are wholly incompetent and who insult the States and interfere with the people. They are directed to take charge of the people's business and to assume jurisdiction over matters as to which they have but limited, if any, knowledge.

Coming back to this question, What is the reason for this increase? I suppose it will be argued that we have not yet brought down the income tax and excise-profits tax reports rendered in 1917, 1918, 1919, and 1920. It may be claimed that the revenue returns are not current date. Concede this to be true; that is no sufficient reason to increase the number of collection districts.

Mr. President, there has been but little, if any, limitation placed upon the Treasury Department as to the number of employees it might have, and it has increased the number, during the war, not by thousands but by tens of thousands. The cause of the delay in not keeping business current may be entirely excusable. I make no criticism because of the apparent delay. However, whatever help was asked for by the Treasury Department was granted by Congress. To increase the districts would only multiply the evils. It would provide good berths for thousands of hungry Republican office seekers. If additional employees are required, Congress will willingly make the appropriations in order to bring business down to date, but this is a scheme to create new collection districts and to fasten upon the country permanently these additional offices and officeholders.

It is not temporary; it is not limited to the period required to bring the reports down to date or to a rectification of existing evils, but it is proposed to permanently add thousands of Federal employees to the already swollen list.

We know that in some of the States there have been too many collection districts. In some States, such as Kentucky and North Carolina, where in the past revenue was obtained from the manufacture of alcoholic beverages, more collection districts were needed than are now required. I believe that in a number of States some of the collection districts could be abolished or united and transfers made to some other States where perhaps there might with propriety be created an additional district.

Mr. OVERMAN. Senator GLASS, when he was Secretary of the Treasury, went into this matter thoroughly, and he said on the floor of the Senate that he had reduced the collection districts because they were unnecessary. In Kentucky they had five where they did not need more than two. He found in North Carolina two districts, and abolished one, and they have been getting along just as well with one district as they did with two.

Mr. KING. I am glad to hear that, because soon after I came to the Senate I appealed to Secretary McAdoo to abolish a number of districts. In the West three or four States were combined into one district. The State of Utah was attached to Montana, and Idaho was a part of the Montana district. The headquarters of the district were in Helena, Mont., hundreds of miles distant from my State, and there was some inconvenience in the administration of the law. I appealed to Secretary McAdoo to abolish some of the districts in some of the States, and to have at least one district in every State, and later that policy was adopted.

Mr. President, I repeat that, having gone through the war with 64 districts, when the burden of taxation was much greater than at present, when the necessity for additional districts, if necessity existed, was greater than now, when the necessity for a greater number of officials was stronger than now, it does seem to me that there is now no reason for increasing the number of districts and multiplying the number of officeholders.

I appreciate the fact that there is an irresistible demand for additional offices from hungry Republican office seekers, who haunt the Capitol and the corridors of the hotels, and hound the President of the United States. This administration, if it pursues the course in the future which it has in the past two or three months, will bring down upon its head the condemnation of those who believe in honest Government and efficiency and who oppose a narrow, bitter, bigoted partisanship, which believes that Government exists only for the purpose of creating offices and positions for multitudes of adherents of the party in power.

This is a scheme to multiply offices for Republican office seekers. It is not in the interest of efficiency, it is not demanded by any policy of legitimate or rational reform. I protest against this further extension of bureaucratic control, this multiplication of offices, for the gratification of importunate Republican office seekers.

Mr. McCORMICK. Mr. President, the Senator from Utah [Mr. KING], if he had cared to, could have informed himself that this proposal originated in the Treasury, and was brought forward by the Secretary at the instance of the Treasury experts, because in their judgment the volume and complexity of business in many of the revenue districts is so great as to result in a loss of revenue to the Government. The Treasury determined that at the time when a special effort was put forth to rake and to comb the revenue districts for every dollar due under the internal-revenue act.

The Senator from Utah, who, in his usual vocations, is one of the most sanguine and optimistic of our friends, nevertheless when he contemplates the administration of the Federal Government always falls into a state of gloom and a condition of pessimism which would chill the stoutest of us did we not know that they were both to be dissipated the moment he took his seat, to radiate smiles upon the assembled Senators.

During the time I have been in this body no Senator has inveighed more often or more emphatically against extravagance than has the junior Senator from Utah. I do not even except the senior Senator from that State. No man has forecast the future perils of the Republic more often or in more depressing

tones than the junior Senator from Utah. No one, not even the senior Senator from Nebraska [Mr. HITCHCOCK], who sits beside the junior Senator from Utah, or the junior Senator from Alabama [Mr. HEFLIN] has forecast the certain and irrevocable ruin of the Republican Party in more certain terms than has the junior Senator from Utah. But society still exists, civilization survives, the Republic lives, the Republican Party contemplates with unashamed satisfaction its majorities of the past, and, with unblushing confidence, its majorities of the future.

Now, Mr. President, the facts—I am not indulging in prophecy, and the junior Senator from Utah can have the facts if he will—the facts are that the majority and the administration have curtailed expenditures. The written record is before any man to read that the current expenditures of the Government is four-sevenths of what it was two years ago. I do not wish to indulge in conjecture, but I ask my friend if he does not believe that the budget to be submitted under the law which he helped to frame will show a still further reduction in expenditures?

Mr. KING. I hope so.

Mr. McCORMICK. It may be that when we come to the elections of next November the sum of our service will not be deemed sufficient. It may be that the people will judge us harshly because we have not been able to undo that which was ill done before us, because we have not been able to cure the economic disorders wrought by war, because we have not been able to work miracles. But I say that on the score of economy of public revenues, of curtailing public expenditures, of abolishing useless offices, of refusing to create others in their places, there will be no ground for condemnation of the majority or the administration. The proposal of the Secretary of the Treasury involves an outlay unimportant compared with the sum which through collection of taxes would bring in. I have no doubt that on that score the junior Senator from Utah will ultimately agree with me.

Mr. JONES of New Mexico. Mr. President, I merely wish to recall to the mind of the Senator from Illinois, who has been so eloquently addressing us, the matter which I discussed to some extent on yesterday or the day before and one in which I know the Senator from Illinois is very greatly interested.

The Senator from Illinois was chairman of a special committee appointed by the Senate and House to prepare a budget bill. I was honored with membership upon that committee, and I know that the Senator from Illinois took great interest in that subject; that he felt that great benefits were to be derived from the passage of the budget bill; that through the budget system economies would be effected, the economies to which he has just referred.

I wish to inquire of the Senator whether he is satisfied to have the provisions of that bill ignored at this time? It seems to me that if there ever would be a time in the history of our country when we should enforce the provisions of the budget law this is the time. The country wants economies of all sorts and to the greatest extent possible. It wants the burden of revenue measured by the necessary expenditures. Under the budget law which the distinguished Senator from Illinois reported to the Senate and in the passage of which he was largely instrumental, it is provided that on the 1st day of December next the President must make a report, under his responsibility as President, of the necessary expenditures of the Government for the fiscal year beginning the 1st of next July. It is only that fiscal year which is seriously affected by the present revenue bill. We must then have, in pursuance of the budget law, an estimate, boiled down, presented to us by the President. After the Director of the Budget has used all of his influence and authority in boiling it down, then it is to be presented as the work of the President to the Congress and at the same time the President is to give us a detailed statement of the expenditures during the existing fiscal year, and an estimate for the succeeding fiscal year, and to tell us how those expenditures have balanced and will balance with the revenues. He is also to tell us how existing law affects the matter.

Now, by the passage of the revenue bill at this time are we not losing all of the benefit of the budget law in which the Senator from Illinois was so actively interested? It seems to me that at this time, or before we revise the revenue law, we should have more information in regard to the expenditures for the fiscal year 1923 than we now have. There has not been an estimate submitted to the Senate yet as to what the expenditures will be for the fiscal year 1923. We have only a guess. In fact, under the provisions of the budget law any official of the Government is prohibited from giving us any estimate as to those expenditures. The law specifically devolves that duty and responsibility upon the President and prohibits anybody from making any estimate except the President.

Now we are framing legislation which will affect every being in the country, and we are doing it upon a haphazard situation which no one understands. We devoted a good deal of time to the preparation and consideration of the budget law, and if it amounts to anything it seems to me that we ought to take advantage of its provisions.

Just recently the President of the United States, in a letter to the distinguished Senator from Illinois, doubtless realizing that the Senator from Illinois was interested in the budget law, referred to that law as one of the great achievements, one which would have stood out as the achievement of the whole Congress, and yet here we are considering the revenue bill, which affects materially only the revenues for the fiscal year 1923 beginning July 1 of next year, and we are framing the legislation without having any estimate from the President of the United States or any official suggestion from him as to what modifications should be made in the existing revenue law so as to conform to the requirements of the Treasury under the appropriations which he will recommend.

Is the Senator from Illinois satisfied for us to go ahead at this time in this haphazard way without awaiting any estimate or recommendation from the President of the United States?

The Senator does not answer.

Mr. McCUMBER. Mr. President, I wish we could return to the bill now. There are quite a number of not very important amendments, but still amendments that will be offered, and I should like to get through as quickly as possible. I am hopeful that we may shorten our session a little this evening by hurrying on with these amendments. I desire to have the attention of the junior Senator from Utah.

Mr. KING. The Senator has it. He always does when he speaks.

Mr. McCUMBER. The Senator desired some information concerning the necessity of an increase in the number of collection districts. That matter was before the committee, brought there by the request of the Secretary of the Treasury. It appeared from the letter of the Secretary of the Treasury that 10 years ago, for instance, there were about 600,000 taxpayers in the United States who paid revenue into the United States Treasury. That number has now been increased to more than 9,000,000 taxpayers, or fifteen times the previous number. In his estimate the Secretary also states:

> With monthly returns required of sales, taxpayers, and quarterly payments permitted to those filing income-tax returns, the 9,000,000 persons filing returns during 1920 had a total of more than 15,000,000 separate transactions with collectors of internal revenue during that year.
>
> Because of this marked increase in the number of people who come in contact with collectors of internal revenue, it appears imperative that internal-revenue collection district offices be located at such points as will afford the greatest possible convenience to taxpayers. The increase in volume of work in the larger collection district offices also presents serious accounting difficulties.
>
> The number of internal-revenue collection districts, now limited by law to a total of 64, is not sufficient to meet the increasing needs of the service. It is therefore recommended that the number permitted by law be increased to a maximum of 74.

That is practically all the Secretary of the Treasury states. The experts of the Treasury Department agree that it will facilitate the settlement of tax disputes, and so forth, and will greatly assist the Treasury Department if the number of districts can be increased so that they may be brought in more direct contact with the taxpayer, and that, in addition to that, in some of the larger districts the work is too heavy for a single district officer. It was upon that basis that the committee recommended the increase in the number. The bill has been reported favorably to the Senate and is on the calendar. It is simply a question whether we want to adopt the recommendation as a separate proposition upon the calendar or whether it is desirable that it shall be attached, for the purpose of facilitating it, to this particular measure.

Mr. BORAH. Mr. President, I wish the Senator from New York [Mr. CALDER] would leave this matter to be passed upon as a separate proposition. I do not desire to take up the time to discuss it now, but we have a number of matters of similar import coming along. We have several other bills before the Senate creating a large number of offices; or, if those bills are not before the Senate, they are before committees, and are soon to come out of the committees. It seems to me that we ought to survey the situation pretty carefully before we begin to create so many offices, in view of the fact that we are striving as best we may to economize everywhere. To put this amendment in the bill is to put it where it does not necessarily belong. Simply because the offices have to do with the collection

of taxes is no reason why we should create offices by adding an amendment to a tax bill. I sincerely hope that the Senator from New York will leave the matter for separate action.

I have myself not any doubt these matters could all be taken care of, instead of creating additional districts, by simply adding some additional clerks in the offices which we already have; and when the time comes I think there can be just reasons given why the bill should not pass at all; but we ought not to inject such a proposal upon the pending bill, if we are going to pass it before the session ends. We have got enough trouble ahead in connection with the bill now.

Mr. CALDER. Mr. President, it seems very fitting that this amendment should be offered to this bill. The bill deals with the collection of internal revenue; that is the only subject with which it does deal. I know that on making inquiry in reference to this subject early in the spring the internal-revenue officials told me that it was exceedingly important that additional districts should be created. It was pointed out that in the city of New York, where we formerly had two districts, when the last administration took one of those districts away it considerably interfered with the proper collection of the revenue. The Commissioner of Internal Revenue himself told me that it was possible to collect in the States and about greater New York at least $100,000,000 more revenue than was being collected if another internal-revenue district, with a collector and other necessary officials, were established.

I am moved in my action on this matter by what I believe to be to the best interest of the Government in connection with the collection of revenue in my State.

The Senator from Idaho has proposed that I withdraw the amendment now. I regret that I can not do so, because I believe that the amendment is in the interest of the Government and should be adopted.

Mr. BORAH. I have not any doubt the Senator is acting in perfect good faith about the matter, so far as that is concerned, but I think the creation of additional offices has really nothing to do with the tax provision. It ought not to be put in here. I think the Senator will find before he gets through with this tax bill that we have trouble enough ahead without undertaking that.

Mr. CALDER. If the Senator will permit me, if the department lays before the Committee on Finance the fact that the creation of more districts will mean the collection of more revenue, and also will convenience the people who have to transact business with the internal-revenue office, it seems to me that would be a very good reason for the adoption of the amendment.

Mr. BORAH. They have not laid any evidence before us. That is the trouble now. They have simply come in with their ipse dixit that they ought to have more additional districts. I can go to the head of any department in Washington and get that kind of a statement. They have not given us the details of it. When they do undertake to give us the details in regard to it, in my opinion, we shall find that the whole subject matter could be covered by providing a few additional assistants in the offices which we already have.

Mr. McCUMBER. Mr. President, I simply desire to ask the Senator from Idaho if he was present when I read the Secretary's letter?

Mr. BORAH. I was, and I heard the letter read.

Mr. McCUMBER. I thought the Secretary went into the details, although, perhaps not, sufficiently to satisfy the Senator; but I did not want the statement to go unchallenged that there had been nothing stated except a request made.

Mr. BORAH. I do not regard the statement of the Secretary as detailed at all; I thought it was a very general generalization; but as to that there might be a difference of opinion.

Mr. POMERENE. Mr. President, I desire to express my approval of the position taken by the Senator from Idaho [Mr. BORAH] that the consideration of this subject should be deferred. I do it for the reason that during the period of the World War—I can not give the exact dates but those who are in touch with the Treasury Department can find out—the then Secretary of the Treasury had a scheme afoot whereby he was not going to increase the number of collectors, but decrease them.

In the State of Ohio there are four collection districts with offices at Cleveland, Toledo, Columbus, and Cincinnati. The Secretary's scheme at that time was to create one district in the State of Ohio. He thought that it would be a matter of economy; he thought that it would result in better administration. At that time I did not agree with him for this reason: It was just after we had enacted new revenue legislation which was going very largely to increase the number of taxpayers. The offices were already organized, and I suggested that it would, perhaps, be more convenient for the taxpayers to have four offices in the State to which they could go and adjust their tax matters rather than to have only one district.

I do not know whether my position, then, was sound or not. The fact that the proposed plan would centralize these offices in some sense of the word appealed to me, but, clearly, if the Treasury Department then felt that it would be in the interest of efficiency to decrease the number of collectors I am at a loss to understand how there can be such a complete change of front by the Treasury Department, so that now they favor an increase in the number.

Mr. McCORMICK. Mr. President——

Mr. POMERENE. I yield.

Mr. McCORMICK. The then head of the Treasury believed that efficiency could be increased in the railroad administration by consolidating the management.

Mr. POMERENE. Well, Mr. President, we are not discussing the railroads now; that is another subject, which I may discuss at some later date, and perhaps there is not very much difference between the views of the Senator and my own views on that subject.

Mr. McCORMICK. I am only suggesting that the then head of the Treasury Department held that consolidated, centralized management made for efficiency.

Mr. POMERENE. I realize that, but most of the advisers of the Treasury Department have been there for years. Whether it is some of the new advisers who want new positions I do not know, or whether some of the old advisers there want to change their views, rightly or wrongly, I do not know; but I am perfectly clear in one thought, that the final determination of this subject should be left to some other occasion.

Mr. FLETCHER. Mr. President, it seems to me this is just another step to add a few more officeholders and employees and agencies, thereby increasing instead of lessening the expenditures of the Government. A few years ago, as I remember, in 1909 or 1910, under President Taft the customs districts were consolidated. Various customs districts along the coast and throughout the country were all considered, and a number of districts were consolidated into one. That policy, with reference to the customs districts, it seems to me, might be a very excellent policy to pursue with reference to the internal-revenue districts; at any rate, if we provide for new districts we will have to have more collectors, many assistants, and numerous clerks and other help, another office to take care of, all of which is bound to result in a very great increase in the expenses. Where are we going to end if we keep on adding new offices and new positions? The proposition is made here now to create additional Federal judges—18, I believe, in number.

Mr. POMERENE. Mr. President, will the Senator permit me to suggest that during the Taft administration the movement was set on foot to consolidate the customs districts?

Mr. FLETCHER. Yes; and it was done.

Mr. POMERENE. In Ohio there were several customs districts; I do not remember the number now, but I think 4 or perhaps 5. They were all consolidated under one office, with headquarters in Cleveland, and that plan of organization has been continued ever since, and, I think, without lessening the efficiency of the service.

Mr. FLETCHER. Undoubtedly it has proven most satisfactory and has brought about a considerable saving in public expenditures. This simply means, I repeat, additional calls upon the Treasury of the Government to take care of additional officeholders, additional offices, and outlays which are not required. If we are going to begin to relieve of taxation the people of this country we must begin at the end where the money goes out—we must diminish expenditures—otherwise we can not reduce taxes. The demands upon the Treasury of the Government to-day, running into something like $4,000,000,000 per annum, are something enormous; we can scarcely comprehend what a billion dollars really means.

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from North Dakota?

Mr. FLETCHER. I yield.

Mr. McCUMBER. I was going to suggest to the Senator from Florida, as I know he would like to get along with the bill, that, as a friend of the amendment proposed by the Senator from New York, I am going to ask if he will not withdraw it at this time, as it is undoubtedly going to provoke considerable discussion, which I know he did not anticipate, inasmuch as the plan proposed has already been recommended by the committee. If the Senator from New York will kindly do that, it might relieve us of taking up the time of the Senate in discussing this matter at the present time.

Mr. FLETCHER. Of course, I do not care to discuss the matter if the Senator from New York intends to withdraw the

amendment. I am not seeking merely to take up the time of the Senate.

Mr. CALDER. Mr. President, I think the amendment offered by me is a very meritorious one and ought to be adopted; I believe it is in the interest of good administration of the Internal-Revenue Service; but it seems to have created a good deal of discussion, and, in the opinion of members of the committee, may delay the consideration of the bill. I should not care to delay unduly the consideration of the bill, and for that reason I withdraw the amendment.

Mr. SIMMONS. Mr. President, before the Senator withdraws the amendment, if I may be permitted to say so, I have made some inquiries since the debate began, and I am satisfied that if there is any present need for an increase it ought not to be so great an increase as is proposed in the Senator's amendment. I am quite sure that if the Senator will talk to the Commissioner of Internal Revenue he will reach that conclusion. In view of the fact that we have just practically eliminated from this bill the excess-profits tax, I think the work of the office will be very considerably diminished. If the Senator decides later to press his amendment, I think it ought not to provide for quite so many additional collectors.

Mr. FLETCHER. Then, do I understand that the proposed amendment is withdrawn?

The PRESIDENT pro tempore. The Chair desires to understand the situation. Does the Senator from New York desire to withdraw his amendment?

Mr. CALDER. I withdraw the amendment.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the amendment is withdrawn.

INVESTIGATION OF TREATMENT OF SOLDIERS.

Mr. BRANDEGEE. Mr. President, the Senator from North Dakota has kindly agreed to yield to me for the purpose of offering a resolution for reference to the Committee to Audit and Control the Contingent Expenses of the Senate. I send the resolution to the desk.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Secretary will read the resolution.

The reading clerk read the resolution (S. Res. 165), as follows:

Resolved, That the special committee appointed by the Chair to invite the junior Senator from Georgia to appear before them and to investigate the charges made by him affecting the conduct of officers of the Army in inflicting punishment upon enlisted men of the Expeditionary Forces in the late war is hereby authorized, until it finishes said investigation and reports, to send for persons, books, and papers, to administer oaths and employ a stenographer, at a cost not to exceed $1.25 per printed page, to report such hearings as may be had in connection with the subject pending before said committee, the expenses thereof to be paid out of the contingent fund of the Senate upon authorization of the chairman, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate at any place.

During the reading of the resolution—

Mr. WATSON of Georgia. Mr. President, will the Secretary read more slowly?

After the reading of the resolution—

Mr. BRANDEGEE. Mr. President, inasmuch as there was some conversation in the Chamber and it was difficult to hear the Secretary, I ask that the resolution be read again, so that all may understand it.

The PRESIDENT pro tempore. The Secretary will again read the resolution.

The resolution was read a second time.

Mr. BRANDEGEE. Mr. President, I ask that the resolution, under the statute, may be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. WATSON of Georgia. Mr. President, because of the speech which I made on the floor of the Senate touching the treatment of our soldiers while they were in France I was, without notice and in the most insolent manner, attacked by the chairman of the Military Affairs Committee yesterday, and he wound up by saying that he demanded that I come before his committee. I replied to him, as any Senator of spirit would have done; I thought his manner and his whole bearing was supercilious, contemptuous, and intolerant, and I told him so. I told him I would fight it out with him here, face to face. That is what I am going to do. I am going to fight it out here with him, face to face. The whole country shall hear it. The whole country shall know it.

True, I afterwards said, during the impromptu remarks which I made then, as I am making them now, without a moment's notice from my friend the Senator from Connecticut—without one moment's notice—that I would go before any impartial committee, provided the ex-service men or the service men, in other words the witnesses, would be guaranteed immunity from persecution—just that kind of punishment which the General Staff, which met this morning in the room of the Senator from New York [Mr. WADSWORTH], knows how to apply to anybody who belongs to the Army or has belonged to it.

Mr. BRANDEGEE. Mr. President, will the Senator yield?

Mr. WATSON of Georgia. With pleasure.

Mr. BRANDEGEE. In reference to the Senator's statement that he is speaking without a moment's notice from the Senator from Connecticut, I wish to say to him that this is merely a resolution to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate. I ask no action of the Senate.

Mr. WATSON of Georgia. I understand that thoroughly, Mr. President. I know where you go when you start down the slide.

Mr. BRANDEGEE. Mr. President, I went to the Senator from North Carolina [Mr. OVERMAN] and showed him the resolution which I have just offered, the Senator being a member of the committee with me, and asked him if it was in proper form, and requested him to notify the Senator from Georgia to be on the floor, because I intended to offer it. I consider that that was notice to the Senator, and before I offered it I looked around and saw the Senator on the floor; so I do not feel that I was discourteous to him. I do not intend to be discourteous to the Senator.

Mr. WATSON of Georgia. I am quite sure of that.

Mr. BRANDEGEE. I thought I had shown him every proper consideration.

Mr. WATSON of Georgia. I am quite sure he thought so. The Senator has always been courteous to the junior Senator from Georgia. The Senator from North Carolina [Mr. OVERMAN] told me just a moment ago that the Senator from Connecticut would introduce such a resolution, and would give me notice. Of course I thought that would be something like a real notice, and that it would not be jumped on me just a minute afterwards.

Mr. BRANDEGEE. Mr. President, there is no question about jumping anything on the Senator. This is the formal resolution that every committee introduces when it is instructed by the Senate to investigate anything—merely authority to employ a stenographer to report the proceedings and to pay the expenses of the witnesses.

Mr. WATSON of Georgia. I am going to save the Senator from Connecticut some trouble and some time, if he will allow me.

Mr. BRANDEGEE. I went to the Senator from North Carolina and said, "Will you notify the Senator from Georgia?" He said, "Why, he is right on the floor now." The only object of a notice was to get the Senator on the floor, and if he was here on the floor already I did not see the object of going and getting him on the floor and giving him further notice. If the Senator is in any way embarrassed or taken by surprise, or wants more time, I will willingly withdraw the resolution until he has time to consider the question.

Mr. WATSON of Georgia. I am not in the least embarrassed. I am not asking for time.

Mr. BRANDEGEE. My remarks are evoked simply by the Senator's remark that the Senator from Connecticut did this without any notice to him.

Mr. WATSON of Georgia. To me. The Senator from North Carolina said the notice would be given to me, and it was not given to me.

Mr. BRANDEGEE. I have nothing more to say upon that question.

Mr. WATSON of Georgia. Mr. President, I want to say that these charges were made here openly on the floor of the Senate, and I am going to meet them here as openly on the floor of the Senate. I am not going to be bottled up in any committee room and have the evidence entombed in some report that nobody will read. When I get through—and it will take me some days to gather my testimony—what I say in answer to the Senator from New York will be read by the millions of people of this country; the newspapers will have to carry it, because it will be good reading matter. I assure you it will. It will be good copy. You need not doubt that.

The charges I made here on the floor were made substantially by Senator Chamberlain here in December, 1918. Have Senators forgotten it? Did they appoint a committee to investigate him, and seek to bury him in somebody's committee room?

The Senator from New York said he could count on the fingers of one hand the American soldiers who had been executed by their officers in France. This morning's paper, the Post, gives a statement of the Secretary of War doubling the number of the Senator from New York. There is one authority directly conflicting with the other. Which one is correct? The Secretary of War or the chairman of the Military Affairs Committee? I gave the number as twice that much, and I gave the song as

it was given to me. I took it in good faith, and I stated it here in good faith.

Mr. President, in the very long and able speech made by Senator Chamberlain, interrupted from time to time by Senators McCUMBER and LA FOLLETTE and KING, there was just one statement that he did not make. In that whole speech there is no internal evidence that the Senator who made it had the least idea that American soldiers were being swung up on gallows in France. I do not believe that any Senator knew it until I made the statement in the short speech that has been so bitterly arraigned here by the Senator from New York [Mr. WADSWORTH], demanding that I appear before his committee. My commission commands me to appear here before you, Senators, and I am here. You will hear every word I have to say if you want to hear it, and the country will hear it, too.

I had no idea that the small kodak photograph of that gallows at Gievres, in France, could be produced until I could have time to send home to Thomson, Ga., and have my library searched; and there was nobody there who could have found it. I would have had to send my secretary there to find it; but it was handed to me here in the course of the debate, and now that picture will be in all the papers, and for the first time the American people, who suffered their heatless days and their wheatless days, and who were never given any Hooverless days, who had to buy Liberty bonds, mortgage their property to do it and borrow money to do it, and had the Government's faith broken with them after they had done it, will see that gallows, and they will ask, "By what authority did any American in France have to hang another?"

Will the War Department reveal their records? Will they furnish to me or to any Senator the names of the commanders at Gievres? Will they furnish the names of the workmen who built that gibbet, that gallows, for American soldiers?

This morning there came into my office a statement of another man as to another camp where hanging took place, and in that case the man who was strung up was a Negro soldier. The Pennsylvania ex-soldier wrote to me that he saw the hanging. By what authority was that black man put to death in that ignominious manner inside of the American lines in France? It is time our people knew the facts; it is time this military spirit is made to understand that by the supreme law of this country the military is subordinate to the civil power and not superior to it.

Mr. McCUMBER obtained the floor.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. The resolution will be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. REED. Before it is referred, I want to say something about it, and I was on my feet trying to get recognition by the Chair.

The PRESIDENT pro tempore. It is not debatable.

Mr. REED. The question of a Senator's right to take the floor, I think——

Mr. McCUMBER. I was recognized, though I do not know whether the Senator or myself was actually on his feet first; but I want to go on with the revenue bill.

Mr. REED. I ask the Senator to yield to me for a question.

Mr. BRANDEGEE. The Senator from North Dakota very kindly yielded to me to ask unanimous consent.

The PRESIDENT pro tempore. The Chair recognized the Senator from North Dakota simply because he first heard that Senator address the Chair.

Mr. BRANDEGEE. I want to make a suggestion to the Chair.

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Connecticut?

Mr. McCUMBER. I yield, but I think it can be satisfactorily explained why we want to get through.

Mr. BRANDEGEE. I am in no hurry about it. I simply asked unanimous consent, or, if I did not use the words "unanimous consent," I asked the Senate to allow me to introduce the resolution and have it referred to the committee. A single objection, of course, will thwart that, and if the Senator from Missouri objects to it, of course, I admit his right to do it; but I think that before the resolution is referred, any Senator who wants to ought to have the privilege of objecting.

The PRESIDENT pro tempore. The Chair would like to state his understanding of the parliamentary situation. The Senator from Connecticut asked unanimous consent to introduce the resolution. There was no objection, and it was made the duty of the Chair by law to refer the resolution to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. REED. Mr. President, I do not want to get into any kind of an argument with the Chair about the propriety of his ruling. The present occupant of the chair rules so fairly and so justly, and pleases me so well all the time, that even if I thought he was wrong I would not want to say so. But I beg to suggest that when a resolution is offered under unanimous consent the proposition is then for the first time before the body, and before it goes to any committee at all the Senate has the right to act upon it. We might refuse to let it be referred to any committee, or we might decide to refer it to some other committee than the Committee to Audit and Control the Contingent Expenses of the Senate, and by vote we can do that.

Mr. BRANDEGEE. A statute controls the reference.

Mr. McCUMBER. I think probably the Senator from Missouri misapprehends the purpose of the resolution.

Mr. REED. I know its purpose.

Mr. McCUMBER. A committee has already been appointed.

Mr. REED. I understand that.

Mr. McCUMBER. This is simply asking authority to proceed and to employ a stenographer——

Mr. REED. I understand.

Mr. McCUMBER. Let me just finish the sentence. The Senator from Connecticut asked me to yield to him simply to have the resolution introduced and referred, and I suggested that I would do so if it would not evoke debate, but it evidently did evoke debate which the Senator from Connecticut did not expect. I am especially anxious to try to get rid of holding an evening session this evening if we can, and I thought if we could make pretty fair progress with the bill to-day it would be an excuse to do so. That is the reason why I desired to go on with the bill, if the Senator would allow us to do that.

Mr. REED. As the Senator from North Dakota knows, I have been trying to help get this bill through in the last day or two, as much as possible to shorten debate, and everything of that sort. I have been cooperating, I think he will agree. I want to say a few words about this matter. Of course, I could say them after the resolution was referred, but I preferred saying them before it was referred. I shall be very brief, but I want to make a suggestion or two to the Senate in regard to the matter.

Mr. BRANDEGEE. If the Senator will yield to me for a brief remark, I suggest to the Senator from North Dakota that we conclude this matter now, because we must take action. It probably will not take over 10 minutes. The committee is ready to go to work, and it can not go to work until the resolution is adopted. The adoption of the resolution is necessary to the carrying out of the order of the Senate, and it might as well be done this afternoon as to-morrow.

Mr. McCUMBER. The Senator says it will take only a short time, and I yield to the Senator from Missouri.

Mr. LODGE. If the Senator from Missouri will allow me, this is a matter of statute, not a matter of our rules. The resolution has to go to the Committee to Audit and Control the Contingent Expenses of the Senate, under the law, after it has once been received. This resolution was received, and there was no objection made. The Chair has no course to follow except to refer it.

Mr. REED. I think I understand the situation.

Mr. LODGE. I have no doubt the Senator did, but he stated it in such a way that I thought he did not.

Mr. REED. The Senator will understand me in a moment. I am much obliged for the suggestion.

Mr. LODGE. The Senator said it could be referred or disposed of in some other way.

Mr. REED. I still think so. It can be laid on the table. The statute provides that before expenses shall be incurred in certain matters, which would cover this matter, the resolutions shall be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, but it does not say that such resolutions shall be referred to the committee; they are only to be referred to the committee in case the Senate sees fit. However, we can not expend the money until the committee has acted.

Mr. LODGE. The language of the rule is that they shall be referred.

Mr. REED. Certainly, they shall be referred to that committee, provided we want to refer them anywhere.

Mr. LODGE. That condition does not appear in the rule.

Mr. REED. Does anybody pretend to say that the Senate can not now refuse to consider this proposition, or to do anything with it? But, Mr. President, I care nothing about that. That is not what I rose to speak on, and Senators have taken more time now in trying to instruct me than it would have taken me to say what I want to say.

I have no desire to criticize the Army or the Navy of the United States, and I want what I am about to say to be under-

stood in the light of that statement; but I am of the opinion that the whole proceeding, in which this is a necessary step if the proceeding is to continue, is a very grave mistake.

The privileges of the Senate are of a very high character. A Senator comes to this body as the representative of a great sovereign State, sovereign in every respect except as it has yielded some of its rights to the Federal Government by becoming a part of the Federal Union. The responsibility of a Senator is to the people of his State, and any limitation upon that authority and that responsibility is something which never should be undertaken, and which I think lies entirely outside the power of the Senate, except a Senator has so demeaned himself that some Member of the Senate sees fit to file a charge against him for conduct unworthy a Senator, and bring him to the bar of the Senate for trial.

Mr. WATSON of Indiana. Will the Senator yield?

Mr. REED. I will yield for a question.

Mr. WATSON of Indiana. That is all. Does the Senator think that we have no right to investigate a charge made against the Army simply because it was made by a Senator?

Mr. REED. Oh, I have not said that.

Mr. WATSON of Indiana. That is what I understood the Senator to say.

Mr. WATSON of Georgia. Let me answer in a minute. There has been a persistent effort here to put me in a false position. I have not attacked the Army, and I stated so. I attacked certain officers in a certain place. I did not attack the Army.

Mr. WATSON of Indiana. Certain officers?

Mr. WATSON of Georgia. You can not indict a whole people, and you can not indict an army of 4,000,000 men. I did not undertake to do so, and I said so here on the floor of the Senate.

Mr. WATSON of Indiana. The Senator has not attacked certain officers, but uncertain officers.

Mr. WATSON of Georgia. I am trying to get their names now. I have written to the War Department for them.

Mr. WATSON of Indiana. Be that as it may, does the Senator from Georgia hold that when he made a charge against officers of the Army, certain or uncertain, the Senate has no right to investigate his charges simply because those charges were made by a Senator?

Mr. REED. That is not the case here.

Mr. WATSON of Indiana. I understood that to be precisely the statement made by the Senator from Missouri. If I am wrong——

Mr. REED. I do not want to have a quarrel with my friend from Indiana about my phraseology. I did not say that.

Mr. LODGE. Something equivalent to it.

Mr. REED. No; I did not say something equivalent to it. The RECORD will show exactly what I said. I said that a Senator's responsibility is to the people of his State, and that in my opinion the Senate has no right to put him upon his trial unless there is a charge made against him of a character which will warrant the Senate in disciplining him. That is the substance of what I said.

Mr. WATSON of Indiana. Will my friend yield to me?

Mr. REED. I promised to get through quickly, and I can not yield to have a statement chopped in pieces before I get through making it. Perhaps the Senator will agree with me if he will let me take a moment. But I will yield.

Mr. WATSON of Indiana. I just want to ask this question: The Senator says he does not believe that a Senator can be placed on his trial. Is there any effort here to try the Senator from Georgia?

Mr. REED. If the Senator will listen a moment I think I can make myself plain, and I am appealing on this question to the Senate on grounds that are absolutely impersonal; that have nothing to do with the particular charge or with the Senator who made it.

Mr. BRANDEGEE. Will the Senator yield to me?

The PRESIDENT pro tempore. Does the Senator from Missouri yield?

Mr. REED. I do.

Mr. BRANDEGEE. As chairman of the committee which the Chair appointed, pursuant to a vote of the Senate, I want to disavow any purpose, on my part at least, of putting the Senator from Georgia on trial. The Senator from Georgia earnestly believes, I have no doubt, that the charges he made against the administration of justice or the punishment of alleged offenses in the expeditionary forces were true. I am sure he would not have made them on the floor and reiterated them the next day unless he was thoroughly convinced that they were true. Thereupon the Senate instructed a committee to find out whether the charges are true, whether the alleged facts are true. That is no imputation against the Senator from Georgia. The Senator from Georgia may have been mistakenly informed. His witnesses may be deceiving him. I do not know. It is the purpose of the committee to find out whether the words printed in the CONGRESSIONAL RECORD, as uttered by the Senator from Georgia, involving alleged grave offenses by Army officers, are true. That is all there is to it. It is merely an investigation of a question of fact.

Mr. REED. I understand the Senator's position.

Mr. BRANDEGEE. If the charges are true, as stated by the Senator from Georgia, the Army officers who committed the deeds that he stated are murderers and they themselves ought to be hanged.

Mr. REED. If I were going to be subjected to an inquisition or inquiry in any case, there is no man in the world I would rather have sit as president of the court than the Senator from Connecticut. I say that meaning it. But I have not been allowed to state my position, and I am stating it with great seriousness, because I think it involves a great matter.

Now, if I may be permitted to resume, a Senator elected to this body by his State is responsible to the people of his State. I hold that he can, upon the floor of the Senate, make any statement he desires to make and that he is answerable to nobody anywhere for it, provided he has not violated some rule of the Senate or violated the common rules of decency. If he has violated the rules of the Senate or violated the rules of decency, then he must be put directly on his trial by a charge which somebody sees fit to father, and he must be permitted his day in court and his defense. But outside of that he speaks here in his responsibility as a Senator, answerable to his constituents for what he may say.

It is a new custom, if it is to become a custom, that when a Senator makes a statement of fact on the floor immediately some one proposes to have an inquisition as to the truthfulness of his statement. This is not a resolution offered by a Senator to investigate a particular state of facts. It is a resolution which in its very language is to investigate the truth of a statement made by a Senator on this floor in open debate. Here is the resolution:

> *Resolved*, That a special committee be appointed by the Chair to invite the junior Senator from Georgia to appear before them and to investigate the charges made by him affecting the conduct of the officers of the Army in inflicting punishment upon enlisted men—

And so forth.

A Senator has made a speech. Another Senator rises and proposes to appoint a committee to call that Senator before the committee and to have the committee try and determine whether the statements that he made upon the floor can be substantiated or not. In other words, if this is to become the precedent which we are to follow, then every time a Senator makes a statement upon the floor, instead of being subjected to no other punishment than that which follows the making of a statement which can not be substantiated or that the public do not believe or that the Senate does not believe, although it may be true in every case, we will proceed to have a committee investigate to find out and make a report whether what he said was in fact true.

Mr. BRANDEGEE. Mr. President——

Mr. REED. Pardon me, just a moment——

Mr. BRANDEGEE. In the Senate of the United States, when a Senator rises in his place on the floor and on his responsibility as a Senator charges that Army officers of the United States have hung men without any authority of law or without any court-martial or any trial, does not the Senator think that it is our duty to find out whether our Army officers are doing such things or not?

Mr. REED. If that is the desire of the Senate, then let the resolution be offered to investigate the conduct of the Army, and not to investigate the speech of the Senator, which is exactly what this resolution in form and manner proposes to do.

Mr. BRANDEGEE. If the Senator will kindly yield to me again, I think it is important at this place to put in the RECORD the motion of the Senator from Wisconsin [Mr. LENROOT].

Mr. REED. Oh, I have the resolution.

Mr. BRANDEGEE. The Senator has the resolution which I offered—to pay the expenses of the committee. I read from the proceedings of the Senate the motion of the Senator from Wisconsin, which appears in the RECORD:

> Mr. LENROOT. * * * So, Mr. President, I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia to appear before them and to investigate the charges which he has made.

Mr. REED. Exactly.

Mr. BRANDEGEE. The Senator from Missouri can not claim that when the Senate directs a committee to investigate charges

made by a Senator against Army officers they are investigating the Senator or attempting to call him to account.

Mr. REED. I do not think that argument is quite up to the level of the logic that my friend usually employs. A Senator makes a statement on the floor of the Senate and a resolution or motion is offered to invite that Senator before a committee and to investigate the charges made by him. If charges were to be made which a Senator desired to have investigated, he would offer a resolution reciting the facts and demanding an investigation. That is the way charges are made.

Twist this thing as you see fit to twist it, make all the refinements that you want to make, and this is what we are doing: We are establishing the precedent that if a Senator takes the floor and makes a statement of fact, then any Senator is fully warranted in rising immediately and making a motion to investigate the charges made by that Senator and to demand that that Senator shall come before a committee and produce his evidence.

Mr. BRANDEGEE. Now, if the Senator will permit me right there, that is the way every investigation that the Senate ever undertook was made. A Senator stands up here and says he is informed in the public prints that there are riots in the Mingo coal district and he asks for an investigation of the matter.

Mr. REED. Exactly; he asks for it.

Mr. BRANDEGEE. Certainly.

Mr. REED. The difference is that in this case, if a Senator made a speech about the coal mines down there and said something that some other Senator did not like, we would immediately proceed to investigate that Senator's speech.

Mr. BRANDEGEE. A Senator stands up here and alleges on information and belief, or that he has read in the public prints, that the Chicago beef packers are a criminal trust, and he introduces a resolution to investigate and see if they are violating the Sherman law. The Senate adopts it. They do it upon the suggestion of the Senator.

Mr. REED. Certainly. The Senator stands up and makes a charge, and then he asks the Senate——

Mr. BRANDEGEE. Or any other Senator may.

Mr. LODGE and Mr. MOSES addressed the Chair.

Mr. REED. Please wait until I get through. He asks the Senate to investigate the charge which he makes. That is one case. The other is where a Senator stands up and makes a speech, and in the speech he makes some statement that is displeasing to some other Member of the Senate, whereupon that other Member of the Senate proposes to investigate that speech. There are two very different propositions.

Mr. BRANDEGEE. The Senator can not maintain himself, it seems to me, in the position that where a Senator charges that officers of the Army are hanging men without authority of law, that is simply displeasing to a Senator. If that is true, it is the most infamous scandal that has even been whispered upon the honor of the country and the Army which we support for the defense of the country. It is not the question of a speech of a Senator. It is an insult to the flag and the Constitution, if it is not true, and if it is true, the rascals ought to be hunted down and punished.

Mr. REED. The Senator gets away from the point at issue and talks about what he calls the merits of the case. I will come to that point in a moment.

There are two classes of cases, and they are as distinct as two propositions can be. The Senator from Connecticut can rise in his place and say that a certain condition of facts exists in reference to the stock markets of New York City and he can demand an investigation. In that case he makes the charge and he demands an investigation. He is acting within his own right. No one is interfering with that right. But suppose the Senator from Connecticut were to rise and make that charge and I instantly rose and moved that a committee be appointed to investigate the charge and to summon the Senator from Connecticut before a committee to make good his charge, then every Senator who speaks hereafter will know that a majority in the body may at any time summon him before a committee, compel him to go before it and answer to the committee as to the charges he has made. His answer that he has had to make in the past is to the country, to his constituency, and to nobody else.

Mr. MOSES. Mr. President——

Mr. REED. I think the Senator from Massachusetts [Mr. LODGE] was on his feet first. I will yield to him and then I shall be glad to yield to the Senator from New Hampshire.

Mr. LODGE. I only wanted to say that there are a good many precedents for Senators being summoned before committees of the Senate and that there is a power elsewhere than the power of a Senator's State. When I was early in the Senate there was an investigation as to the interests of Senators in sugar stocks in the markets, and every Senator in the body was summoned before a committee of the Senate and obliged to state whether he had been speculating in sugar stocks.

Mr. REED. I remember it.

Mr. LODGE. Very much more recently the Senator from North Carolina [Mr. OVERMAN] was chairman of a committee investigating lobbying, and every Senator was summoned before that committee to make a statement as to his own personal interest in property and what personal interest he had. I think the Senate committee had a perfect right to do that, even if it was an implied reflection upon everyone; but the Senate has grown more sensitive, evidently.

Mr. REED. What has that to do with this case?

Mr. LODGE. It seems to be the idea that a Senator can not be invited to come before a Senate committee; that there is something improper and undignified in his going before a committee of the body of which he is a Member.

Mr. REED. That is not the question at all.

Mr. LODGE. That is one of the questions the Senator has raised.

Mr. REED. No; it is not a question I have raised at all.

Mr. MOSES. Mr. President——

Mr. REED. Just wait until I get through with this point and then I will yield to the Senator from New Hampshire.

The question I raised is not that you call a Senator before a committee to inquire generally of all Senators as to any particular interest he has in particular lobbying influences that may or may not be distasteful to the Senators. The question I raised is the privilege of debate, the penalizing of a man and putting a man upon his trial for a statement he makes in this forum of discussion. That is what you are doing here. You may do it in this instance because the Army is involved. I shall say a word about that in a moment; but that is the point. It is the one point I make, and I say that it is a serious question and one that, no matter how the passions of the moment may be inflamed, should be considered entirely with reference to the effect that it may have in the future, as well, of course, as the merits of the particular matter.

I yield to the Senator from New Hampshire.

Mr. MOSES. I wish to call the Senator's attention to a still more recent precedent, which seems to me almost exactly on all fours with the case the Senator is discussing.

Some few months ago I made a speech in the course of debate here in which I made certain statements with reference to a lobby engaged actively and aggressively here in an effort to continue the embargo upon dyestuffs. Immediately following my remarks the junior Senator from Utah [Mr. KING] took the floor and referred to what I had said as being more or less scandalous in its import; and he followed that statement by introducing a resolution providing for an investigation of the things of which I had spoken in my speech.

Mr. REED. Mr. President, I say to the Senator from New Hampshire frankly that it looks in that instance as though the Senate had once before taken this sort of action.

Mr. BRANDEGEE. Mr. President, I agree with the Senator from Missouri; I think the Senate has taken such action several times before; but I want to put the question to the Senator in all fairness and with candor: When a Senator thinks he has the evidence which authorizes him to make this kind of charges and the Senate appoints a committee to investigate the charges, does not the Senator think it is proper for the Senate and the committee to invite the Senator to give the information which he has?

Mr. REED. O Mr. President, that depends upon the character of the invitation—the spirit of it.

Mr. BRANDEGEE. The invitation is contained in the vote of the Senate itself. The committee is simply carrying out what the Senate instructs it to do. We were instructed to invite the Senator from Georgia; and, therefore, I expect when we organize the committee to send him a polite letter extending him the invitation which the Senate commanded us to give him. If I had made a charge involving anybody or anything, and a committee had been appointed to investigate the truth of the charge, I would, of course, expect to go before the committee and give it all the evidence I had.

Mr. REED. Yes, Mr. President, but the point I make is that when a Senator makes a statement on this floor and then a committee is raised for the purpose of finding out whether or not he stated the truth, and haling him before the committee to answer it with his witnesses, that is an entirely new departure. Even the case cited by the Senator from New Hampshire [Mr. MOSES], while in form the same thing, was certainly not inspired by the same motive.

Mr. BRANDEGEE. I do not think the Senator from Missouri ought to put it in that way. This is not an investiga-

tion to prove whether or not the Senator from Georgia told the truth. It is an investigation to find the facts, whether the impression that he labors under is a truth or not; not whether the Senator from Georgia is a willful prevaricator, but he may be mistaken. This investigation is to find out what these Army officers did over there. The Senator from Georgia is amply able to take care of himself, I have no doubt.

Mr. WATSON of Georgia and Mr. McCUMBER addressed the Chair.

Mr. REED. I merely wish I might be permitted to finish what I have to say.

The PRESIDENT pro tempore. The Senator from Missouri has the floor.

Mr. HEFLIN. Will the Senator yield to me for a moment?

Mr. REED. I can not decline to yield to a Senator, but I wish I might be permitted to finish what I have to say. I have been kept on my feet here for a long time.

Mr. HEFLIN. Mr. President, the Senator from Massachusetts cited an instance where Senators were summoned to testify as to whether or not they had speculated in sugar stock. I want to remind the Senator that there is now a case pending before the Senate where a United States Senator is charged with having purchased his seat in this body. A Senate committee has investigated the charge, but has never required that man to appear before the committee to testify as to whether or not he had obtained his seat by such means.

The minority members of that committee sought to have the accused Senator come before the committee and testify, but the majority members refused to have him do so.

Mr. REED. Mr. President, I do not want to get into that question.

Mr. McCUMBER. Will the Senator yield to me for just one little suggestion?

Mr. REED. I shall never get through.

Mr. McCUMBER. I know we are both trying to hurry along, and I shall only detain the Senator from Missouri for a moment.

Mr. REED. Very well.

Mr. McCUMBER. I agree with the Senator from Missouri that the motion would have been more proper had it simply been a motion to investigate the facts charged and let the matter end there without specifying what witnesses should be called before the committee and leave the committee to call the witnesses. Of course in this instance probably the first witness who would be summoned would be the Senator who makes the charge. However, is not that something which has already passed? The motion was agreed to without the amendment as suggested. After all it is but an investigation of the facts in the case. Whatever way the committee finds the question will be whether or not the officers have committed the offense charged. We can not now change the motion which has been made. The resolution now offered simply confers authority to call witnesses, to pay them, and to pay the stenographers' fees.

Mr. REED. Mr. President, I understand that is the situation. I also understand that the Senate has full authority to discharge the committee and to end this matter, and before we get through with it I think it will be determined that that is the wise course to pursue.

There has been something said about these grave charges against the Army.

Mr. LENROOT. Will the Senator yield there?

Mr. REED. Yes; I will yield. I can not refuse to yield, but I have not been permitted to speak one minute consecutively.

Mr. LENROOT. I know that, but I should like to inquire if it is the Senator's view and his opinion that a charge of this kind when made by a Senator upon his own responsibility should not be investigated by the Senate?

Mr. REED. It is absolutely my opinion that if a Senator makes such a charge upon the floor he makes it upon his own responsibility; that the Senate has no business investigating that Senator for making it unless somebody is prepared to make a charge against the Senator and put him on his trial.

Mr. BRANDEGEE. Does the Senator think that Army officers, without being named, the charge simply being made against "Army officers," should be subjected to this charge without any way being provided of determining whether it is well founded or not?

Mr. REED. If the Senator will permit me to proceed for a moment——

Mr. BRANDEGEE. I will not interrupt the Senator again.

Mr. REED. I will answer the interrogatory. I am not objecting to interruptions, except that I never can get a statement finished. If any Member of the Senate, on his own motion, saw fit at any time to introduce a resolution to investigate the conduct of the Army, he has the right to do so. The point that I am making is that this is, in substance and effect, in form and in manner, an investigation of the truth of a speech made on the floor of the Senate, and that if we adopt such a course in this instance we may adopt it as to every Senator who makes a statement on this floor.

This matter is not beyond the control of the Senate. I think it very unfortunate that this controversy has arisen at all. A good many things happened during the World War that I do not believe it would do any good to the Army or to the country to rake over. In saying that I am myself not making charges concerning anything; but in the conduct of a great conflict such as we went through, if the veil were to be lifted as to everything that happened, I am afraid in many instances reputations would be sacrificed and a tarnish put upon those who conducted our military affairs. That is, perhaps, inseparable from the conduct of any great war; and I do not want to be misconstrued in what I am saying. I know, for instance, that certain things transpired that it is just as well not to have mentioned, and I have not mentioned them. They have no relation to cruelty, they have no relation to the charges which have now been made, but I know of telegrams that passed between headquarters and other places that I do not think ought to be blazoned to the world to-day. When one of these investigations is started it is very likely to bring out a lot of matter that will do the Army no good.

You had better think about it a little before you enter upon it, and think about it especially in the light I have suggested. Are we going to establish the precedent that if the Senator from Indiana [Mr. WATSON], whom I very much esteem, were to make a charge, for instance, in a speech here that the Democratic Party had done something in some State, immediately, if the Democrats were in the majority, they would pass a resolution to investigate and to call the Senator before that committee and require him to make good his charges?

I have heard the Senator from Iowa [Mr. KENYON] make charges in regard to trusts and combinations and monopolies, which he believed to be true, and which probably were true, but it would have taken six months or a year and the whole Department of Justice to have brought forward the evidence. So if we are going to establish this as a precedent, let us all understand hereafter that when we make a charge, instead of making it on our own responsibility and our responsibility to our own States and our own communities and our own people, we are making it with the understanding that we have got to go to trial right away on the truth of the statement we have made.

I simply offer the suggestion, and I would have made it in a few minutes but for the interruptions which have ensued. I also offer the suggestion, and I do so in all sincerity, whether it is wise now to start an investigation of this kind. I would not want a subpœna served on me to bring some telegrams that I have in my possession. I think it is better the country knows nothing about some matters, and all Senators, I think, will be of the same opinion if they will turn this matter over in their minds. I thank the Senate.

The PRESIDENT pro tempore. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. HITCHCOCK. Mr. President, a parliamentary inquiry.

Mr. WATSON of Georgia. I rise to a question of personal privilege.

The PRESIDENT pro tempore. The Senator from Georgia will state his question of personal privilege.

Mr. WATSON of Georgia. Mr. President, the senior Senator from Massachusetts——

Mr. HITCHCOCK. If the Senator from Georgia will permit me to ask a parliamentary question, I should like to know whether the resolution is open to amendment.

The PRESIDENT pro tempore. The Senator from Georgia has risen to a question of personal privilege and has been recognized.

Mr. WATSON of Georgia. Mr. President, the senior Senator from Massachusetts [Mr. LODGE], without intending to do so, I am sure, put me in the same category as those who are accused of taking bribes here on the floor of the Senate to influence their votes. That is the kind of Senators that have been investigated in this body. The Senator from New Hampshire [Mr. MOSES] did not mend the matter when he made mention of the lobby operating in behalf of the dyestuff industry. In that case the essence of the charge, Mr. President, was that those lobbyists were corrupting Senators on the floor, and were, therefore, adopting criminal methods. If they were in fact corrupting Senators here and gaining votes by money, the Senators so influenced deserved expulsion, and I would have been one of the Senators who upon proper testimony would have voted to expel them. But, Mr. President, every one of the charges I made

was made on the floor of the Senate in December, 1918, a month or so after the armistice. They were made by Senator Chamberlain, and they were based partly upon the official reports of Surg. Gen. Gorgas. They were based partly upon letters of President Wilson. They were based upon reports that came to him from the War Department and from France that a court-martial was no court-martial at all, but that the officer directed the court-martial what to do, and the court-martial had a man shot if the officer wanted him shot, and in this case they had him hanged if the officer wanted him hanged.

Why did they build the gallows if not to use it? Why hide it away if they did not have something to hide?

Mr. President, I hope Senators will allow me the justice to say that during the few short hours that have passed since this charge was flung at me and this demand made on me by the Senator from New York [Mr. WADSWORTH] I have received from Tampa, Fla., from Philadelphia, and from New York confirmation of the very charges which he denied, and which Senator Chamberlain made; and I am told that photographs of similar gallows, erected elsewhere, are in the mails now, on their way to me here in Washington. They probably will be in my possession to-morrow. Necessarily, it will take me a few days, possibly a week or two, to get in the signed statements and affidavits of these ex-service men, and some who are still in the service. I will deal fairly and squarely with the Senate. I will not shirk a single issue. I will not deal in anything that is unmanly or unfair; but my honor is at stake, and I hold that higher than I hold my life.

As I said before, this charge was brought against me here openly on the floor of the Senate, in the hearing of the whole country, and I am going to fight it out with the Senator from New York right here on the floor of the Senate, in the hearing of the whole country.

Mr. NEW, Mr. HEFLIN, and Mr. CALDER addressed the Chair.

The PRESIDENT pro tempore. In response to the inquiry of the Senator from Nebraska [Mr. HITCHCOCK], the Chair desires to say that the resolution is not open to amendment at this time. It has been referred to the Committee to Audit and Control the Contingent Expenses of the Senate. When it is returned to the Senate the Senate can make any disposition of it that it sees fit, either by way of amendment, or adoption, or rejection, or reference to any committee to which it may desire to refer it.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. The bill is before the Senate as in Committee of the Whole, and open to amendment.

Mr. McCUMBER. Mr. President, I have two amendments that I desire to offer.

Mr. HEFLIN. Mr. President——

Mr. CALDER. Will the Senator yield to me to report back the resolution just introduced by the Senator from Connecticut?

Mr. ASHURST. I call for the regular order.

Mr. McCUMBER. Mr. President, I have just yielded for something that it was said would require no debate, and it has taken two hours.

The PRESIDENT pro tempore. The Senator from North Dakota has the floor.

Mr. McCUMBER. Mr. President, I have a couple of small amendments which I desire to offer. One is on page 178, line 18. After the semicolon insert:

> Except that upon any finished sirups intended to be used in the manufacture of carbonated beverages sold by the manufacturer or producer in bottles or other closed containers there shall be levied, assessed, collected, and paid on each gallon of sirup manufactured and so used a tax of 5 cents per gallon.

Under the amendment as adopted by the Senate there is a charge of 7½ cents per gallon upon fountain sirups of all kinds. These fountain sirups are used in two ways. One way is to serve them from the soda fountains in our drug stores. The sirup passes directly from the manufacturer to the soda fountain, where it is sold in drinks, mixed with carbonated waters. The other way is to sell the sirup to the bottlers who make the pink and yellow pop, and so forth. They make their decoction, put it in bottles, then the bottles are sold to the dealer, and the dealer sells it to the consumer.

We regard this tax of 7½ cents upon the bottlers at least as being extremely heavy; so I have provided that where the sirup is sold for this bottling purpose—and, as the Senators know, in all cases these bottles are sold for 5 cents apiece, whereas the soda fountain receives from 5 to 10 cents without having to go through the secondary process—the tax shall be reduced to 5 cents, so that it will be 5 cents per gallon if sold to the bottler, where it has to be made and resold to the dealer and resold again by the dealer, and in the other instance the tax of 7½ cents per gallon will be retained.

Mr. SIMMONS. Mr. President, I am very glad that the Senator in charge of the bill has proposed this amendment, and I hope it may be adopted. I have had a great many letters about this matter. The bottlers complain very greatly about the tax of 7½ cents. I think the reduction is not more than should be made; in fact, I think it is hardly as much as should be made.

Mr. KING. Mr. President, I should like to inquire of the Senator whether that reaches the case of Coca-Cola and what might be denominated, perhaps improperly, synthetic or chemically prepared compounds used for beverage purposes?

Mr. McCUMBER. No; it does not. It simply covers the ordinary sirups used in the soda fountains and used for flavoring, and so forth, by the pop manufacturers and the manufacturers of different bottled goods that are sold to the consumer for a nickel a bottle.

Mr. KING. Mr. President, I have an amendment which I have not with me—I have sent for it—and I am not sure whether it relates to this section or not. If the Senator's amendment shall be adopted, I will ask the Senator to consent to reopening the section for the purpose of permitting me to present an amendment to it.

Mr. McCUMBER. It can be presented anyway, even without the reopening.

Mr. MYERS. Mr. President, I desire to ask the Senator from North Dakota [Mr. McCUMBER], who is at present in charge of the bill on the floor of the Senate for the Finance Committee, for some information with regard to the amendment he has just offered.

On pages 177 and 178 of the bill I observe the provisions about the sale of bottled soda water and the sale of soda water from fountains, as the bill came from the House, and I observe that the Senate committee recommended some small changes on page 177—for instance, in line 8, changing the tax there provided from 4 cents to 2 cents per gallon. I understand that that amendment has been adopted, as well as the amendment recommended by the Senate committee on page 178.

Mr. McCUMBER. Yes.

Mr. MYERS. What is it that the Senator proposes to do now? I should like to get a clear understanding of his proposal.

Mr. McCUMBER. On the next page, page 178, subdivision (e) reads:

> Upon all finished or fountain sirups of the kinds used in manufacturing, compounding, or mixing drinks commonly known as soft drinks, sold by the manufacturer, producer, or importer, a tax of 7½ cents per gallon; except that where any person manufacturing carbonated beverages or conducting a soda fountain, ice cream parlor, or other similar place of business manufactures any sirups of the kinds described in this subdivision, there shall be levied, assessed, collected, and paid on each gallon manufactured and used in the preparation of soft drinks a tax of 7½ cents per gallon.

Then I insert here:

> Except that upon any finished sirups intended to be used in the manufacture of carbonated beverages sold by the manufacturer or producer in bottles or other closed containers there shall be levied, assessed, collected, and paid on each gallon of sirup manufactured and so used a tax of 5 cents per gallon.

In other words, it is intended to cover those cases where there are one or two intermediate sales between the manufacture of the sirup and its sale for consumption, rather than a single sale where it is sold for consumption at the soda fountains.

Mr. MYERS. As I understood, those portions of the bill embodied on pages 177, 178, and 179, as they came to the Senate from the committee, the intention was to equalize the tax on the manufacturers of bottled soda water and the tax on dealers in soda water from soda fountains. That was the intention, was it not, to put them about on an equal footing?

Mr. McCUMBER. There was an attempt to place all on as nearly an equal footing as the committee at that time thought they could place them.

Mr. MYERS. The Senate has adopted the committee amendments in these particulars. I am right in that statement, am I not?

Mr. McCUMBER. In those particulars; yes.

Mr. MYERS. But the Senator is submitting a further amendment.

Mr. McCUMBER. A further amendment; yes.

Mr. MYERS. Does the Senator think that would further tend to equalize the manufacturers and the fountain dealers in soda water, and put them more nearly on an equal footing?

Mr. McCUMBER. I think it would. I think it is a matter of justice to them.

Mr. MYERS. The Senator thinks it would do justice to all alike?

Mr. McCUMBER. I think so. The Senator knows that these bottled goods, like the pops and the different kinds of soft drinks sold in bottles, are sold, as a rule, for 5 cents a bottle, and are manufactured to sell for that price. The manufacturers of these carbonated articles which are sold as I have suggested must first purchase their sirups; then they are converted into the goods which are bottled or put in containers; then they are sold to the dealer, and the dealer sells to the consumer; where at the soda fountains they are purchased directly from the manufacturer of the sirup, and do not have to pass through these hands, and the soda-fountain proprietor generally receives 10 cents instead of 5 cents; but in either event he has had considerable of an advantage over the bottler.

It may be possible that in conference we may have to decide to balance or equalize something else, but I think this will make the tax operate more fairly than under the committee amendment.

Mr. MYERS. The Senator's idea, then, is to equalize the taxation on these two classes of people, is it? That is the object of his amendment?

Mr. McCUMBER. Yes; and to make it possible for these bottlers to continue in business; and, of course, in order to continue in business they must be able to produce a drink that they can sell for 5 cents a bottle, and that will not cost them so much that they can not compete with the drug stores.

Mr. MYERS. There has been a good deal of apprehension amongst the manufacturers of bottled soda water in the country lest Congress put upon them such a burden that they could not compete with those who retail soda water out of fountains. I am interested in seeing the manufacturers of bottled soft drinks have an equal show with the retailers who sell out of fountains. There should be no discrimination against them. Many manufacturers of bottled soft drinks have thousands of dollars invested in their business and it would be very unfair to discriminate against them. In some cases it would be confiscation of their property. I want to see them have an equal show and a fair deal. That is all I ask. That is all they ask. I have followed this closely, and I believe the committee wants to give the manufacturers a fair deal. There should be no discrimination between the manufacturer and the dealer who sells from the fountain. The Senator's idea is to avoid anything of that kind, is it?

Mr. McCUMBER. It is.

Mr. MYERS. I am glad to know it. I accept his assurance that his amendment would carry out that idea. That being the case, I am for it.

Mr. McCUMBER. That is one of the purposes of the amendment.

Mr. MYERS. I thank the Senator for the information.

Mr. BROUSSARD. May I ask the Senator a question?

Mr. McCUMBER. Certainly.

Mr. BROUSSARD. Would the amendment have the effect of doubling the tax on the sirup?

Mr. McCUMBER. No; it reduces it.

Mr. BROUSSARD. There is no duplication of taxes, then?

Mr. McCUMBER. No; it simply reduces it. Now it is all 7½ cents per gallon. This provides that if it is used for the purpose of making these bottled goods the tax shall be only 5 cents instead of 7½.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCUMBER. Mr. President, I have only one more amendment, which is very short. It is found on pages 178 and 179.

The PRESIDENT pro tempore. Will the Senator from North Dakota send the amendment to the desk, so that it can be read?

Mr. KING. May I interrupt the Senator for a moment?

Mr. McCUMBER. Certainly.

Mr. KING. While we are discussing pages 177 and 178, dealing with beverages, I would like to suggest an amendment I have dealing with the same paragraph.

Mr. McCUMBER. I have one also, and I think I can dispose of this in just a few minutes.

Mr. KING. I was wondering if, while we were considering these sections, I could offer my amendment.

Mr. McCUMBER. This is an amendment to the same section. My amendment is to strike out the figure "5," on line 2, page 179, and insert in lieu thereof the figure "3." The bill as it came from the House placed a duty of 5 cents per pound upon carbonic acid gas sold by the manufacturer, producer, or importer to a manufacturer of any carbonated beverages, and so forth. That carbonic acid gas is sold in the market at from 8 to 10 cents per pound, and this places a duty upon it, therefore, of from 50 to 60 per cent of its value. I think that is rather heavy, and in order to bring it into conference, in order that we may have a reconsideration of it in conference, and make any further adjustment that may be necessary, I am asking to reduce it to 3 cents, cutting off 2 cents per pound.

Mr. KING. Mr. President, if I may have the attention of the Senator from North Dakota, I have had printed several amendments relating to this subject, and if the Senator from North Dakota will give me his attention I should be very glad to have his views regarding them. I will say very frankly that I am not sufficiently advised as to the effect of these amendments as to determine whether they should be adopted. Much has been said to me in favor of them, and there have been some objections.

The amendments which I offer are for the purpose of correcting what I conceive to be a discrimination, in that the bill permits Coca-Cola and chemically prepared sirups and essences to have the same advantages, to be subject to the same taxes, as unfermented juices and cereal beverages, and the amendments which I offer are for the purpose of imposing upon Coca-Cola and upon chemically prepared essences and sirups a higher tax.

Not being a member of the Finance Committee I have not had the advantage of the information conveyed to the committee.

The PRESIDENT pro tempore. Will the Senator send his proposed amendment to the desk, so that it may be read by the Secretary and a record kept?

Mr. KING. I offer the following amendment, and I shall be glad to have the views of the Senator from North Dakota upon it.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 177, line 14, after the word "sugar," insert: "a tax of 2 cents per gallon," and strike out the words "and upon" and insert the word "Upon."

Page 177, line 20, strike out the words "2 cents" and in place thereof insert "6 cents."

Page 178, line 11, after the word "gallon," insert the following: "but if manufactured, compounded, or mixed by the use of concentrate, essence, extract, or imitation fruit juice, the tax shall be 22½ cents per gallon."

Page 178, line 18, after the word "gallon," insert "or 22½ cents per gallon, respectively."

Mr. KING. Mr. President, the purpose of the amendment is to differentiate between unfermented fruit juices and cereal beverages, and Coca-Cola and chemically prepared sirups and essences. It occurred to me, when the matter was first up for consideration, particularly in view of the enormous profits on Coca-Cola and some of these chemically prepared sirups and essences, that there ought to be a distinction in the taxes imposed, that the unfermented juices and the cereal beverages, concededly harmless and perhaps beneficial, ought not to pay the same tax as Coca-Cola and chemically prepared beverages.

I made some inquiry of Mr. McCoy, and he suggested, I will say very frankly, that these distinctions, if any distinctions at all are made, would perhaps be fair. So I have offered these amendments, the effect of which would be to provide that upon all imitations of any such fruit juices and upon all carbonated beverages, commonly known as soft drinks, which are imitations, except those described in subdivision (a), manufactured, compounded, or mixed by the use of concentrate, essence, or extract, instead of fountain sirup sold by the manufacturer, producer, or importer, a tax of 6 cents per gallon.

The first amendment of 2 cents a gallon merely carries up to line 14 the 2 cents per gallon found in line 20, then applies 6 cents a gallon to these imitations, which would reach Coca-Cola and chemically prepared beverages.

Mr. McCUMBER. Mr. President, I can not see why there should be any difference made in the matter of taxes between Coca-Cola and some of these other beverages. When it comes to the cereal beverages, that raises an entirely different question. The committee investigated the matter and found that the expense of producing the cereal beverages was enormously greater than the expense of producing these other beverages, and therefore they provided a lower tax upon those beverages which cost the most to put upon the market, and which, of course, were sold in competition.

Let us take, for instance, what we call near beer. I am informed that it is more expensive to make that than actual beer, because it is made in the same way; then, in addition to that, it has to go through a process of having the alcohol extracted from it, so that it will comply with the prohibition law. But it is sold, and sold in competition with ginger ale, sarsaparilla, and pops of many colors and flavors, which cost nothing like as

much to manufacture. That was the reason the Senate committee tried to get this as nearly correct as it could.

Mr. KING. I think the Senator is under a misapprehension as to the effect of my amendment. It is not attacking in any way the cereal beverages, including near beer, and I am not seeking to change the figures recommended by the committee, and which have been agreed upon. I am attacking only those provisions of the bill which relate to Coca-Cola and chemically prepared essences, not cereal beverages.

Mr. McCUMBER. That is the reason I was asking the Senator why he differentiated between Coca-Cola and sarsaparilla, or any of the other beverages which are sold from the same fountain as Coca-Cola. Coca-Cola has nothing poisonous in it. The foundation is the extract from tea dust. I suppose that that is supposed to have some medicinal qualities, at least it is advertised as having them. I do not know whether it does have them or not, but I have heard no testimony that would justify the committee in making any difference between the tax on a glass of Coca-Cola and the tax on a glass of sarsaparilla.

Mr. KING. I regret that the junior Senator from Georgia is not here. The Senator from North Dakota will recall the statements which he made relative to the deleterious effects flowing from the habitual use of Coca-Cola. I do know that a number of years ago coca leaves were employed in the preparation of Coca-Cola, and that there was a narcotic in the leaf, and that some one representing the Government placed Coca-Cola, at least temporarily, upon the black list; but later, I am advised, the narcotic, whatever it was, was eliminated; but they still use some form of coca leaves, as well as tea leaves, in the preparation of Coca-Cola.

Mr. McKELLAR. I wish to call the Senator's attention to the fact that this matter has gone through all of the courts, and that the Supreme Court of the United States has decided that question against the contention suggested by the Senator from Utah. It has been judicially determined, in so far as Coca-Cola is concerned.

Mr. KING. If the Senator will pardon me, I do not think the Supreme Court has decided against my contention. I am merely stating that years ago it was found that there was cocaine or some other very deleterious drug in Coca-Cola.

Later the Coca-Cola Co., in order to meet the requirements of the Bureau of Chemistry, which has to do with the enforcement of the pure food and drugs law, made modifications in the formula and eliminated the drug which had been found to be deleterious; but it is known that the present formula contains caffeine and tea leaves, and coca leaves are still employed in the manufacture of Coca-Cola. The Senator from Georgia stated upon the floor of the Senate that the use of Coca-Cola in its present form was deleterious.

Mr. McKELLAR. Mr. President, all I can say is that not only was the charge made by the Government that there were in Coca-Cola narcotics of some sort or drugs of some sort that were deleterious to the health of the people who drank it, but they brought a suit, and a large amount of evidence was taken, and the matter as thoroughly examined into as it is possible to examine into such a matter by the courts of the country, and, so far as I know, after a fair and impartial trial, it went to the Supreme Court of the United States finally, and it was determined by that court that the Government's contentions were unfounded. That is all I know about it.

Mr. KING. I believe that Coca-Cola ought to be differentiated from harmless cereal beverages and unfermented juices. I would impose a heavier tax upon it and upon other essences of a kindred character than I would upon cereal beverages or unfermented juices.

The PRESIDENT pro tempore. The question is upon the amendment offered by the junior Senator from Utah [Mr. KING].

The amendment was rejected.

Mr. WADSWORTH. Mr. President, may I have the attention of the Senators in charge of the bill to a matter which has been brought to my attention, and which is found on page 225, beginning at line 13? It has to do with the tax on narcotics.

It seems under the existing law, which I understand is not to be changed, or if a change be made the change does not affect the matter which I wish to touch upon, that a tax of 1 cent an ounce is levied upon opium, coca leaves, any compound, salt, derivative, or preparation thereof, produced in or imported into the United States. The existence of that tax is, of course, well known, and to a considerable degree it is meant to be regulatory, but, of course, being a revenue measure, it is contained in the revenue law.

This state of affairs has been brought to my attention. The Treasury Department, according to my information, has ruled that on account of the inclusion of the word "preparation" in line 15, and this is the wording of the existing law, any medicine which contains as one of its component parts opium or coca leaves or any compound or salt or derivative thereof is taxed at the rate of 1 cent per ounce for the entire preparation.

Mr. KING. Does that include paregoric?

Mr. WADSWORTH. I can not say what happens in the case of paregoric. I do not know.

The result is that the pure opium or coca leaves, if manufactured and sold in their original state, pay 16 cents a pound or 1 cent an ounce. Of course in that form they are most desired by addicts, but when they are contained in a legitimate medicine prescribed by a physician the price of that medicine is immensely enhanced, because, according to the ruling of the Treasury Department, so my information runs, the entire medicine is taxed at the rate of 1 cent an ounce because it contains a fractional part of one of these drugs.

Mr. BROUSSARD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Louisiana?

Mr. WADSWORTH. I yield.

Mr. BROUSSARD. I think that the Senator's argument is similar to that which was made against a preparation containing vinous liquors.

Mr. WADSWORTH. It is exactly the same situation.

Mr. BROUSSARD. I think the Senator is correct so far as that is concerned.

Mr. WADSWORTH. I do not assert my observation here to be conclusive, and I know that this is a part of the statute which we should very carefully consider before we amend it; but as part of my observation on this point I merely wish to lay before the Senate these facts which have been presented to me by a person particularly expert in the administering of drugs and medicines.

Under the existing state of affairs there is a tax of 16 cents on 1 pound of crystals, the form in which the drug is commonly sold by the manufacturer and wholesale dealer. That is thoroughly understood. Assuming that the crystal was the element which goes to make up morphine sulphate, on 1 pound of crystals when prepared as a sirup or elixir or as an added ingredient of a medicinal fluid, each teaspoonful of which contains one average dose as customarily prescribed by physicians for the sick, there is a tax of $70. The entire medicine is taxed, although there is but a tiny ingredient of the drug, which in its pure form is taxed 16 cents a pound.

On codine sulphate I am informed the tax upon the crystals will be 16 cents and for the medicine which contains it in small part $17.50.

On morphine the tax would be 16 cents per pound for the original crystals and $155 on the medicine containing the crystals.

The spread in cost due to the tax, of course, is immense, and is has been contended to me that the tax as at present interpreted by the Treasury Department bears with an exceedingly heavy hand upon the sick man to whom is prescribed a medicine which contains a tiny portion of one of these drugs, and, of course, many of the most valuable and entirely legitimate medicines do contain them.

Mr. KING. Mr. President, may I inquire of the Senator whether this tax upon the concentrated form, upon coca leaves or the primary product before it is manufactured into these various forms in which it is used, is sufficiently heavy?

Mr. WADSWORTH. I do not know. I have never studied that question at all.

Mr. KING. It seems to me that the Senator's argument must lead to an emendation. The only question I had in mind was whether the primary product was sufficiently taxed.

Mr. WADSWORTH. I merely wish to lay this suggestion before the Senate. I was going to suggest an amendment which, on line 15, page 225, would strike out the words "or preparations" and place the word "or" immediately after the word "salt" so that it would read "any compound, salt or derivitative thereof"; and then lower down, at the end of line 18, after the word "ounce," insert the words "of opium, coca leaves, or any salt or derivative thereof"; and on line 19, after the word "ounce," insert the words "of the aforesaid drugs."

It would then read as follows:

That there shall be levied, assessed, collected, and paid upon opium, coca leaves, any compound, salt or derivative thereof, produced in or imported into the United States and sold, or removed for consumption or sale, an internal-revenue tax at the rate of 1 cent per ounce of opium, coca leaves, or any salt or derivative thereof, and any fraction of an ounce of the aforesaid drug in a package shall be taxed as an ounce—

And so forth.

Mr. KING. May I inquire of the Senator whether he is right in his construction? Is the word "derivative" the antecedent of the word "thereof"? It seems to me the antecedent of "thereof" is "preparation." I am not sure whether there may be a derivative thereof.

Mr. WADSWORTH. Oh, yes; I imagine chemically there can be a derivative of any one of these salts.

Mr. KING. It seems to me the word "thereof" is attached to the word "preparation."

Mr. NELSON. Mr. President——

Mr. WADSWORTH. I yield to the Senator from Minnesota.

Mr. NELSON. I wish to give the Senator a little information as to what this Coca-Cola really is. We had a case in the Supreme Court of the United States in 1915 where the decision of Justice Hughes stated rather in detail what Coca-Cola really is, as follows:

> In the present case, the article belongs to a familiar group; it is a sirup. It was originally called "Coca-Cola sirup and extract." It is produced by melting sugar, the analysis showing that 52.64 per cent of the product is sugar and 42.63 per cent is water. Into the sirup thus formed by boiling the sugar there are introduced coloring, flavoring, and other ingredients in order to give the sirup a distinctive character. The caffeine, as has been said, is introduced in the second or third "melting." We see no escape from the conclusion that it is an "added" ingredient within the meaning of the statute.

It is principally sugar and water, with a little flavor of coca leaves.

Mr. KING. And caffeine.

Mr. NELSON. Yes; and a little caffeine. I believe lately they have changed the name. This decision was adverse to the company, and the case was sent back for a new trial. In other words, Justice Hughes, who wrote the opinion, held that there was evidence to go to a jury as to whether it was not adulterated; whether they had not made some unwholesome addition to it. What the result of the second trial has been I do not know, but this is what it is—sugar and water and a little coca and some caffeine.

Mr. WADSWORTH. Mr. President, I believe the Senator from Pennsylvania has a suggestion to make.

Mr. PENROSE. Mr. President, this is rather a complicated matter. I have no doubt there is much weight in the thought which prompts the Senator from New York. In the opinion of the committee which carefully considered the subject it was thought that this provision was regulatory and for the purpose of giving jurisdiction to the Department of Internal Revenue over these drugs. I suggest that the Senator from New York withhold his amendment for a short time until I can submit some information for his more careful scrutiny than is possible in open debate.

Mr. WADSWORTH. I am willing to withdraw it for a short time. May I offer a comment upon another section of the bill while I am on my feet?

The PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from New York is withdrawn.

Mr. WADSWORTH. I wish to ask the chairman of the committee concerning an amendment which appears near the bottom of page 247 and which has to do with the tax to be imposed upon marine insurance.

I can not boast of knowing all about the marine-insurance problem, but as I understand the present law imposes a tax of 1 per cent upon marine insurance placed with American companies and a tax of 3 per cent upon marine insurance placed with foreign companies. I further understand that the bill eliminates the tax of 1 per cent to be imposed upon insurance placed with domestic companies and leaves a tax of 3 per cent upon marine insurance placed with foreign companies. There are certain aspects of a subsidy about that situation. I was wondering upon what theory we were proceeding in a tax bill to discriminate in the matter of marine-insurance policies in such a way as to compel the owners of American vessels and of American cargoes to pay a higher rate for their marine insurance, which is certainly the effect of this provision.

Mr. SMOOT. I will say to the Senator from New York that all domestic companies are now taxed under this bill on their incomes, and the change that was made was made to equalize all insurance companies as nearly as possible. The foreign company does not pay any tax upon its income at all, and there would be a discrimination against the domestic companies unless we made this change.

Mr. WADSWORTH. Does the foreign company pay no tax of any kind in this country?

Mr. SMOOT. On its income it does not.

Mr. WADSWORTH. What will be the effect of this on marine insurance rates? Will it not be to raise them?

Mr. SMOOT. I think it will raise the rates just the same as the rates of domestic companies are now raised because of their being compelled to pay the tax upon income rather than upon their premiums.

Mr. WADSWORTH. I am a devotee of the protective tariff, but I did not expect to find an element of the protective tariff in a revenue bill. However, I may be wrong. This occurs to me to be a method which is devised to compel American shipowners and cargo owners to insure with American marine insurance companies.

Mr. SMOOT. There is a little of that element in it, I will say to the Senator, but at least it prevents the discrimination that is in the existing law, for as the law stands to-day the foreign company has an advantage over the domestic company.

Mr. WADSWORTH. Mr. President, I do not know that I can command the terms to express the operations of marine insurance or any other kind of insurance, but is it not a fact that a marine insurance company can place a policy upon a vessel or a cargo to a very large amount, and then, as it were, farm out some of it to another company or reinsure it?

Mr. SMOOT. I will say to the Senator that that is the usual practice.

Mr. WADSWORTH. Yes. The matter has been called to my attention on that line.

Mr. SMOOT. That same principle is followed by all fire insurance companies, and frequently by life insurance companies in the United States, and, indeed, all over the world; in other words, a fire insurance company will take a risk upon the buildings in a certain district of a certain city, but that fire insurance company is certainly not going to carry all of that risk. It divides the risk so that in case a great conflagration ever occurs in any one district, its liabilities will be limited. All of the insurance companies are pursuing the same policy, thus virtually spreading the insurance over all sections of the country so that if there is a great fire in any section all of the companies in the United States bear their proportion of the loss.

Mr. WADSWORTH. I am not criticizing that policy, of course.

Mr. SMOOT. It is the same with the marine insurance companies.

Mr. WADSWORTH. This state of affairs has been submitted to me, and I thought I would ask the Senators on the Finance Committee what they thought about it:

> As the bill does not include reinsurance premiums, you will readily see it would permit of American underwriters writing insurance on vessels for larger amounts than they would ordinarily retain, and at higher rates, owing to the foreign discrimination, and reinsuring the excess over what they would retain with foreign underwriters, as they could do so without paying the tax.

Mr. SMOOT. I think there is one mistake in the statement which the Senator from New York has just read, though the remainder of it is, perhaps, correct. I refer to the statement as to higher rates being charged. I do not see how the proposed legislation could have that effect.

Mr. WADSWORTH. It will enable them to write at higher rates. The American companies do write at higher rates; and that is the purpose of this tax.

Mr. SMOOT. But the American companies pay a higher tax; they are assessed at a higher rate; and they, therefore, ought to get a higher rate; at least enough to put them on a footing of equality with the foreign companies.

Mr. WADSWORTH. But it is not proposed to tax reinsurance?

Mr. SMOOT. No; it is not proposed to tax reinsurance.

Mr. WADSWORTH. That, I think, is what causes the trouble.

Mr. SMOOT. If we taxed reinsurance, we might as well retain the existing law.

Mr. WADSWORTH. It is a very grave question whether or not we want to increase the cost of operating the American merchant marine. That is the point.

Mr. SMOOT. I want to say to the Senator that before the stamp tax was imposed, we never got a cent out of these companies; they did not pay one single, solitary penny of tax into the Treasury of the United States.

Mr. NELSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Minnesota?

Mr. NELSON. Will the Senator yield to me for just a moment in connection with this question?

Mr. WADSWORTH. I yield.

Mr. NELSON. Mr. President, I think the statement of the Senator from Utah [Mr. SMOOT] relative to the fact that foreign insurance companies have an advantage over our insurance companies is entirely true. We had a hearing before the

Committee on Commerce in reference to a bill allowing insurance companies to incorporate under a general law here in the District of Columbia. Many of the representatives of American companies appeared before the committee, and they universally complained that they were at a disadvantage, so far as taxation is concerned, in comparison with the foreign companies. They claimed they were subject to more taxation and had less privileges than had the foreign companies. The committee endeavored to help that situation in the bill which was then before them and which, I think, is now on the calendar.

Mr. WADSWORTH. It may be that the foreign insurance companies in the United States do not pay taxes which are equal to those paid by domestic concerns; but is it a fact that the total taxation imposed upon foreign companies by their home Governments in Europe or elsewhere is less than the taxation paid by American companies?

Mr. SMOOT. In some cases it may be less and in others not; but the only companies that are affected by this will be companies which have no agent in the United States. The United States can not touch them in any way, because of the fact that they have no agent here. If this provision is not put into the law, of course, those companies will go scot-free of taxation.

Mr. WADSWORTH. In other words, the American shipowner is to pay this tax in order that the American marine insurance companies shall be able to compete against the foreign companies?

Mr. SMOOT. That is one object of the amendment.

Mr. WADSWORTH. That is it. Now, the question is which is the more to be considered—the American merchant marine or the American marine insurance companies? We are struggling pretty hard, may I say to the Senator, to enable our ships to carry cargoes throughout the world, and if we are going to enact revenue laws here which compel American ships to pay higher insurance rates, I think we had better know what we are doing.

Mr. SMOOT. I am going to ask the Senate to reconsider the vote by which, on page 36, there was stricken out paragraph 8, which had reference to the tax on foreign shipping. I have a communication here from the State Department transferring to me the protests of foreign countries and indicating that if the action proposed is taken there will be retaliatory legislation passed by other countries at once.

Mr. WADSWORTH. Mr. President, I am very much tempted to move to strike out paragraph 15 on page 247.

Mr. SMOOT. I hope the Senator will not do that.

Mr. WADSWORTH. I do not want to do anything that would be destructive of any legitimate interest, but, for one, I am not quite satisfied with the explanation of the purpose of this paragraph. Of course, I can well understand why American marine insurance companies like this proposal, which puts a tax of 3 per cent on all their competitors, but the American merchant vessel owner and cargo owner will have to pay it.

The PRESIDENT pro tempore. The Chair will suggest that there is no question pending before the Senate.

Mr. WADSWORTH. I move to strike out the paragraph to which I have referred.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The motion of the Senator from New York is not in order. It will first be necessary to reconsider the vote by which the amendment proposed by the committee has been adopted. Then the question will be upon agreeing to the amendment.

Mr. TRAMMELL. I have suggested the absence of a quorum, Mr. President.

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Harreld	McKinley	Simmons
Brandegee	Harris	McLean	Smoot
Broussard	Heflin	McNary	Spencer
Cameron	Johnson	Moses	Stanfield
Capper	Jones, N. Mex.	Myers	Stanley
Caraway	Jones, Wash.	Nelson	Sterling
Cummins	Kendrick	New	Sutherland
Curtis	Kenyon	Newberry	Swanson
Dial	Keyes	Norbeck	Townsend
Ernst	King	Oddie	Trammell
Fernald	La Follette	Overman	Wadsworth
Fletcher	Lenroot	Penrose	Watson, Ga.
Gerry	Lodge	Poindexter	Watson, Ind.
Gooding	McCumber	Reed	Willis
Hale	McKellar	Sheppard	

The PRESIDENT pro tempore. Fifty-nine Senators have answered to the roll call. There is a quorum present. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. WADSWORTH. Mr. President, was my amendment out of order?

The PRESIDENT pro tempore. The amendment offered by the Senator from New York was out of order.

Mr. WADSWORTH. I ask unanimous consent that the vote by which that paragraph was adopted as a committee amendment be reconsidered.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent that the vote by which paragraph 15 on page 247 was agreed to shall be reconsidered. Is there objection? The Chair hears none, and the vote is reconsidered. The Senator from New York now offers an amendment which will be stated.

Mr. WADSWORTH. I ask the Senate to disagree to the committee amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the committee.

Mr. SMOOT. Mr. President, perhaps I had better call the attention of the Senate to the history of this legislation.

In the former law there was imposed upon all American marine insurance a tax on the premium paid. The American companies complained bitterly that they were discriminated against, and they were discriminated against. They asked for some protection against this class of marine company: They have a man in London or in Paris or in Berlin, and the insurance is obtained by writing letters from the headquarters of these companies in London, Paris, or Berlin. They do not send an agent to the United States to look after the business in the United States, with an office in the United States. If they did that they would be taxed under the provisions of the law, but they never come here, as I say, and open an office. Therefore, they can not be taxed here in any way. This amendment is partially to protect the American company—and I think it does—as against foreigners doing business just as I have stated.

It is true that we have changed that form of taxation in this bill, and instead of imposing the tax upon the premiums paid we now impose the tax upon the net gains of the company. If the experts are correct in their estimates, we will collect a little more money from this form of taxation than we did when we imposed the tax upon the premiums, and to that extent there is a little advantage to the American companies; but if we strike out paragraph 15 or disagree to it, as requested by the Senator from New York, I want to say now that the companies in America will have competition that is liable to drive them out of business, and if we drive them out of business we will not only lose the tax that they would pay but we will interfere also with our shipping industry in the United States.

Therefore, Mr. President, I hope that the Senate will again agree to the committee amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. TRAMMELL. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 49, in line 10, it is proposed to strike out "18" and in lieu thereof to insert "20."

Mr. TRAMMELL. Mr. President, this amendment is similar to one previously offered by me to-day to this paragraph, except that this amendment fixes the age limit upon which the exemption may be made up to 20 years, while the previous amendment that I offered provided that it should be up to 21 years.

The bill in this particular provides that an exemption of $400 shall be made on account of dependent children under the age of 18 years. I have been unable to determine, and no one has explained, why the arbitrary age of 18 was selected. It is not in keeping with the conditions and the reason upon which the exemption should be made. To say that parents should have this exemption only for children up to the time that they reach their eighteenth birthday means, of course, that it is the purpose and the object of Congress to assist the family to that extent as long as the responsibility of the care and education of the child devolves upon the parents; but we all know that, as a matter of fact, the average boy and girl up to the eighteenth birthday—because the provision says "under 18 years of age"—is no greater responsibility upon the parents than between the ages of 17 and 20 or 21, especially if the children are to be given anything more than a very ordinary public-school education. It is very seldom that any boy or girl enters upon collegiate work prior to the eighteenth birthday, yet under this

provision parents are not allowed any exemption whatever for their children after the eighteenth birthday.

As stated in remarks previously made to-day upon this subject, it is especially in the interest of the citizen who can scarcely afford to give his children a collegiate education that I offer this amendment. As far as the rich are concerned, those who are amply able to send their children to college, it makes no particular difference to them one way or the other whether you make this exemption; but in the case of the struggling man or woman trying to give their boys or their girls an education further than an ordinary public-school or high-school education, the tax imposed upon them when they place them in college after they have reached their eighteenth birthday is an imposition which I think Congress should not make.

We have afforded all kinds of relief in this bill to those who are far more able to pay their taxes than many of the parents of this country who are struggling to educate their children. I think that in fairness and in justice, in the interest of education, this age limit should be raised at least to 20 years, and that the exemption should apply up to 20 years. For that reason I have offered this amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. SUTHERLAND. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 37, line 3, it is proposed to reconsider and disagree to the amendment already adopted, and on page 37, after line 10, to insert the following new paragraph:

(9) The receipts of shipowners' mutual protection and indemnity associations, not organized for profit, and no part of the net earnings of which inures to the benefit of any private stockholder or member, but such corporations shall be subject as other persons to the tax upon their net income from interest, dividends, and rents.

Mr. SUTHERLAND. Mr. President, prior to 1917 it was necessary for American shipowners to go to foreign indemnity associations to obtain the class of insurance that is now furnished by the class of companies covered by this amendment. Ninety per cent of American shipping is included in one association, called the American Steamship Owners' Mutual Protection & Indemnity Association (Inc.). Seventy per cent of the vessels of that association are covered by the United States Shipping Corporation. Assessments are paid by all the companies whose vessels are included and by the United States Shipping Corporation, in proportion to tonnage, to indemnify them against certain losses which are not covered by the ordinary classes of marine insurance.

For instance, this indemnity or insurance covers personal injury to or loss of life of any person, whether on board the vessel or not; second, illness of passengers or crew; damage to other vessels, otherwise than by collision, damage by collision being covered by the ordinary marine insurance; damage to docks or any other property, excepting damage to other vessels by collision; damage to cargo or shortage of cargo; extraordinary quarantine expenses; customs and immigration fines and penalties arising from neglect of officers; the repatriation of any members of the crew where they are left stranded in foreign ports; and several other items.

These various companies contribute in proportion to their tonnage to a fund which is used to cover all of this class of losses. There is no profit derived from the business whatever, it being purely mutual, the payments being made by assessment; yet if there is an excess over the losses for any one year, possibly on account of the fact that certain losses have not been adjudicated, those funds are invested or deposited and draw interest.

It is not proposed, as Senators will see by this amendment, to prevent the paying of taxes upon those invested funds, but the amounts paid by these companies are in no sense profits, and could not be considered as profits; yet under the decision of the Treasury, which is being contested and which the Treasury experts who have been assisting the committee say is erroneous, they have been considered as income, and therefore taxable. This amendment simply makes clear what is very doubtful now, and declares that these assessments paid by these companies into this common fund for their mutual protection and not for profit are not income, and are therefore not taxable. The committee has considered this provision to some extent and, I believe, is perfectly willing to have it adopted.

Mr. PENROSE. Mr. President, I can not say that I have looked thoroughly into the proposition of the Senator from West Virginia, who is a member of the committee, but I have had it very carefully explained to me by some of the gentlemen concerned, who are all very reputable business men, and I am entirely willing to accept the amendment in order to get it to conference, anyhow, where we can have an opportunity to consider it further.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from West Virginia.

The amendment was agreed to.

The PRESIDENT pro tempore. Without objection, the vote by which the amendment in line 3, page 37, was agreed to is reconsidered, and the question is on agreeing to the amendment.

The amendment was rejected.

Mr. CAPPER. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The READING CLERK. On page 16, paragraph (b), section 204, strike out lines 10 to 20, inclusive, and in lieu thereof insert the following:

(b) If for any taxable year beginning after January 1, 1920, it appears upon the production of evidence satisfactory to the commissioner that any taxpayer has sustained a net loss, the amount of such net loss shall, under regulations prescribed by the commissioner, with the approval of the Secretary, be deducted from the net income of the taxpayer for the preceding taxable year; and the taxes imposed by this act or by Title III of the revenue act of 1918 for such preceding taxable year shall be redetermined accordingly. Any amount found to be due to the taxpayer upon the basis of such redetermination shall be credited or refunded to the taxpayer in accordance with the provisions of section 252 of the revenue act of 1918. If such net loss is in excess of the net income for such preceding taxable year the amount of such excess shall, under regulations prescribed by the commissioner, with the approval of the Secretary, be allowed as a deduction in computing the net income for the succeeding taxable year: *Provided, however,* That the provisions of this relief shall not be accorded more than once to the same taxpayer.

Mr. CAPPER. Mr. President, this amendment is intended to afford the same relief to the unfortunate business man, farmer, or stockman of 1920 that the law already gives to the taxpayer of 1919, and which is also provided for in this bill for the taxpayer of 1921. The demand comes from a great many business men, farmers, and stockmen of the Middle West. They have asked me to present to the Senate this appeal for relief made by the Associated Industries of Kansas, which is the leading business organization of our State. It is a very short appeal, and I shall ask the privilege of presenting it to the Senate. It reads:

ASSOCIATED INDUSTRIES OF KANSAS,
OFFICE OF SECRETARY,
Topeka, October 7, 1921.

DEAR MR. ———: We want to call your attention to a matter of very great interest to the business interests of the whole Middle West. The business men of the country have suffered great losses in the readjustment, now in progress, following war conditions. In the readjustment the business losses occurred first along the Atlantic seaboard, and about a year later throughout the Middle West, and still another year later along the Pacific coast.

In the revenue act of 1918 a relief provision was inserted which authorized any taxpayer who made a net loss during any taxable year beginning October 31, 1918, and ending before January 1, 1920, to have a redetermination of his income taxes for the preceding year, and to offset his net losses against his income for that year. And, further, if upon such redetermination there was a balance due the taxpayer he could have the amount refunded from the Treasury or credited to his income for the subsequent year.

The proposed revenue act for 1921 contains a relief provision which authorizes a taxpayer who makes a net loss for any taxable year beginning after December 31, 1920, to offset such net loss against his income for the subsequent year, and if there is a balance to his credit it may be carried on to another subsequent year. You will note that business losses occurring between January 1, 1920, and December 31 of the same year are not relieved against. It chances that the bulk of business losses for the period for which no relief is given, to wit, from January 1 to December 31, 1920, occurred in the Middle West, so that by the action of the two revenue measures a gross discrimination is made against the business men of the Middle West. We are asking to have the revenue measure of 1921, which is still under consideration in the Senate, amended so as to do away with this discrimination. It means a great deal to the business men of our section. It is no more than equitable and just that our business men should be given the same relief as those in other sections of the country.

Very truly, yours,

HARRY SHARP, *Secretary.*

Mr. President, as the law now stands, it skips over the year 1920. We ask that the taxpayers for the year 1920 have the same credit that is accorded those who lost in the years 1919 and 1921. It seems to me it is a fair and reasonable request these people make.

Mr. McCUMBER. Mr. President, I do not know just how the losses which occurred during the latter months of 1920 could be apportioned among the several sections of the United States. I do know that in the latter part of 1920 we had a great many delegations, mostly from the East rather than from the West, asking that the 1919 provision should be applied to the 1920 losses and that the 1920 losses might be deducted from any gains made in 1921. The committee made an investigation of that subject, and they could not deny that from the ordinary

standpoint there could be no just reason for making the difference between 1919 and 1920, and 1921 and 1922. Under the proposed law, if there is a loss in 1921, it may be deducted, as the Senator has stated, from the gains of 1922.

But there is another very serious feature. I just asked the experts from the Treasury Department what this would mean, and asked them if it would go into $40,000,000 or $50,000,000. The reply was that it would be hundreds of millions. I asked then if it would be $100,000,000. They said that hundreds of millions of dollars would be affected by this change.

We have been struggling pretty hard for the last month in order to save a half a million here and half a million there, and although it is hard on a person who made a loss in 1920 that he can not deduct that loss from a gain made in 1921, it does mean over $100,000,000 loss to the Treasury of the United States, and notwithstanding the fact that otherwise it would seem to be just, I can not see where we would get that $100,000,000 or $150,000,000 or $200,000,000 back into the Treasury.

Mr. TRAMMELL. I would like to ask the acting chairman of the committee what provisions we have in the bill regarding losses. Do we make that provision retroactive? Do we just restrict it to the particular year, the tax year?

Mr. McCUMBER. Under the proposed provision of the law, as I recall it, although I do not have it exactly in mind, the losses for one year may be deducted from the gains of a future year; but that is prospective only. It does not go back and change the past law, so as to allow a loss that was made in 1920 to be deducted from a gain made in 1921.

Mr. TRAMMELL. The bill as it stands at present does not permit deductions which may be retroactive; for amortization, for instance?

Mr. McCUMBER. I do not quite understand the proposition made by the Senator.

Mr. TRAMMELL. Under the bill as it now stands, it does not permit, I have just gathered from the statement, that you may take a loss that is retroactive, but it does permit a taxpayer to go back and charge off for amortization?

Mr. SMOOT. Only for the existing year.

Mr. McCUMBER. It charges that off each year for the losses of that particular year. I do not understand a man can go back and charge off against 1921 gains a loss by amortization in 1920. That 1920 amortization will have been deducted already from the 1920 gains.

Mr. TRAMMELL. I got the impression that it did permit that, because I think it permits a man to revise his request. I am under that impression, but I am probably mistaken.

Mr. SMOOT. If the Senator will remember there was an amendment agreed to the other day that limited the amortization to claims for 1918 and 1919. Any claim after that, by the acceptation of the amendment offered by the junior Senator from Utah, is barred entirely.

Mr. TRAMMELL. I was not aware of that amendment. I did not happen to notice at the time it was adopted.

The PRESIDENT pro tempore. The question is on the amendment offered by the junior Senator from Kansas [Mr. CAPPER].

The amendment was rejected.

Mr. SPENCER. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. Amend the committee amendment on page 226 by adding after the word "drugs," in line 6, the following proviso:

Provided, That the provisions of this section shall not be construed as requiring an importer of coca leaves who is also a manufacturer of any compound, salt, derivative, or preparation thereof, to pay any internal-revenue tax on such coca leaves heretofore or hereafter imported and removed exclusively for manufacturing purposes by such importer and manufacturer, but nothing herein contained shall relieve such importer and manufacturer from the payment of any import duty on such coca leaves or internal-revenue tax on any compound, salt, derivative, or preparation thereof.

The PRESIDENT pro tempore. The Chair would suggest to the Senator from Missouri that the first step must be to reconsider the vote by which the amendment of the committee was agreed to.

Mr. SPENCER. If the Chair will permit me, my amendment can be framed as a new section by the change of a word eliminating the word "Provided" at the beginning of the amendment and striking out the words "this section," and inserting the words "section 1004." That will obviate the necessity of a reconsideration.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Missouri as modified.

Mr. PENROSE. Mr. President, this is about the same proposition as that advanced by the Senator from New York [Mr. WADSWORTH] under a different guise. It was very carefully considered by the committee and can not be entertained by the committee. The whole subject belongs to the regulation of the tariff bill and should be brought up when that measure comes before the Senate or is considered in the committee. If the Senator from Missouri has any views upon the subject when the tariff measure is taken up by the committee, which will be on Thursday, the committee will give them very careful consideration.

Mr. SPENCER. The difficulty of the position of the Senator from Pennsylvania, as I see it, is that this bill is dealing with the question. Whether the tariff bill ever will or not is a problem of the future.

Mr. PENROSE. The committee and everyone conversant with the subject entirely disagree with the Senator from Missouri and hold the view that this proposition is very improperly in the revenue revision bill.

Mr. SPENCER. Mr. President, I would like to present for the judgment of the Senate one or two simple facts in connection with the amendment. I defer to the better judgment of the Senator from Pennsylvania certainly on matters of finance and tariff, and yet what does this provision of the bill do?

Cocaine is made from coca leaves. All coca leaves are imported. We have none in this country. This bill, not the tariff bill but this bill, says to the American manufacturer, "We will charge you 1 cent an ounce on all coca leaves that you bring into the country, even though you bring them here not for the purpose of sale but for the purpose of manufacture or transformation into cocaine, and then we will tax the cocaine after you have made it."

I do not believe the bill ever intended to tax coca leaves when they were brought here merely for the purpose of transformation into cocaine, but that is the way the bill reads and that is the way the department has construed it. What follows? It follows that when the American manufacturers import coca leaves it takes 10 pounds of coca leaves to make 1 ounce of cocaine, and they are charged 1 cent an ounce on their coca leaves. The mathematics are simple. There are 160 ounces in the 10 pounds, so they are charged $1.60 on the coca leaves which they are to transform into cocaine. Then they are charged in addition 10 cents a pound on the coca leaves, which is the tariff. That is $1 more. Then they are charged 1 cent for the ounce of cocaine which they make. Add them together. The American manufacturer before he has put an ounce of work on it is charged under the provisions of this bill $1.60 for his coca leaves, 10 cents a pound tariff, or $1, making $2.60, and then 1 cent for the ounce of cocaine that he produces, a total of $2.61.

What does he come in competition with? When the foreign manufacturer makes cocaine and brings the completed manufactured article over here and sells the cocaine what is he charged? He is charged $2 an ounce on his cocaine and 1 cent excise duty besides, making a total of $2.01, as against the $2.61 which the American manufacturer is charged.

Now, what would be the effect of my amendment? All that the amendment does is to provide that when coca leaves are brought into this country, not for the purpose of consumption nor of use but merely for the purpose of manufacturing or transformation into the finished product, the finished product shall be taxed, but that the raw material, the coca leaf, shall not be taxed. That is fundamental in tariff as I have learned it from the Senator from Pennsylvania. The proposition of putting this tax on the coca leaves as they come into this country as raw material has no foundation in the logical principles of tariff legislation.

The amendment I propose does nothing more than to relieve the manufacturer of cocaine in the United States from a tax upon the coca leaves which he receives and transforms into cocaine and puts the tax on cocaine when the transformation is complete. He ought not to be subject to the tax upon the raw material. How that is alone a question of tariff with that provision in the pending bill is difficult for me to understand.

Mr. McCUMBER. Mr. President, I presented in committee exactly the same amendment that the Senator from Missouri now offers to the bill. It was considered. It deals only with the matter of imported coca leaves. Of course, as the Senator has said, they are all imported, but it is a matter of importations and tariff. It appeared to me and I think I was satisfied that there was an injustice that ought to be corrected. I think the committee were satisfied with that, but they agreed and I was compelled to agree with them that it belonged to the domain

of tariff legislation and that it was a modification of the tariff laws, and there is where the real remedy would lie. The committee considered it improper at that time, even though I attempted, as the Senator is now attempting at this time, to engraft it upon this bill.

The PRESIDENT pro tempore. As the Chair understands the Senator from Missouri has modified his amendment so as to introduce it as a separate paragraph. The question is upon agreeing to the amendment offered by the Senator from Missouri.

The amendment was rejected.

Mr. SMOOT. Mr. President, in behalf of the junior Senator from Minnesota [Mr. KELLOGG], I offer the following amendment to the committee amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 98, after line 14, add a new subdivision to read as follows:

(e) For the purposes of this section a domestic corporation which owns a majority of the voting stock of a foreign corporation from which it receives dividends (not deductible under section 234) in any taxable year shall be deemed to have paid the same proportion of any income, war-profits, or excess-profits taxes paid by such foreign corporation to any foreign country or to any possession of the United States, upon or with respect to the accumulated profits of such foreign corporation from which such dividends were paid, which the amount of such dividends bears to the amount of such accumulated profits: *Provided*, That the credit allowed to any domestic corporation under this subdivision shall in no case exceed the same proportion of the taxes against which it is credited, which the amount of such dividends bears to the amount of the entire net income of the domestic corporation in which such dividends are included. The term "accumulated profits" when used in this subdivision in reference to a foreign corporation means the amount of its gains, profits, or income in excess of the income, war-profits, and excess-profits taxes imposed upon or with respect to such profits or income; and the commissioner with the approval of the Secretary shall have full power to determine from the accumulated profits of what year or years such dividends were paid; treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as having been paid from the most recently accumulated gains, profits, or earnings. In the case of a foreign corporation, the income, war-profits, and excess-profits taxes of which are determined on the basis of an accounting period of less than one year, the word "year" as used in this subdivision shall be construed to mean such accounting period.

On page 98, line 15, strike out "(e)" and insert "(f)."

Mr. PENROSE. Mr. President, my attention has been called to this amendment, and I know it has been very carefully drawn. I am entirely willing to accept it.

Mr. SIMMONS. Mr. President, some Senator representing the majority who is familiar with the amendment should explain to the Senate what it is for. It is difficult just from hearing it read at the Clerk's desk to catch the full meaning.

Mr. SMOOT. If the Senator desires, I will read a brief statement explaining just what the amendment is, or if the Senator prefers merely a brief statement——

Mr. SIMMONS. Read the explanation.

Mr. SMOOT. This is the explanation of the amendment.

This amendment extends the credit for foreign income and profits taxes paid, to a domestic corporation which owns a majority of the voting stock of a foreign subsidiary, from which subsidiary the domestic corporation receives taxable dividends.

In such a case a foreign subsidiary is much like a foreign branch of an American corporation. If the American corporation owned a foreign branch, it would include the earnings or profits of such branch in its total income, but it would also be entitled to deduct from the tax based upon such income any income or profits taxes paid to foreign countries by the branch in question. Without special legislation, however, no credit can be obtained where the branch is incorporated under foreign laws.

Since the foreign subsidiary may not send back to the American parent company all of its profits or earnings, it follows that the American parent company should not obtain a credit for all the income and profits taxes paid to foreign countries by the European subsidiary. The amendment in question grants only a partial or prorated credit.

I will say in passing, that is all the change there is in the existing law.

Mr. POMERENE. That is, that it allows credit for the moneys actually received here in the country by the parent company?

Mr. SMOOT. By the parent company, and does not give them credit for all that they may make in a foreign country upon their business, but only that portion of it which they send to this country.

Mr. POMERENE. To put it in another way, certain of its profits could be passed to surplus over there, and if not distributed in dividends, then the parent company would not receive credit for that part which went to surplus.

Mr. SMOOT. That is the case in a nutshell. As I have said, the only change in the existing law is as to the prorating of gains which may be made by the foreign subsidiary. The explanation of the amendment continues:

Assume that the foreign corporation accumulated a surplus of $200,000 upon which it has paid income and profits taxes of $80,000, leaving $120,000 of disposable or distributable surplus. Assume further that it actually pays dividends to the American parent company of $50,000, i. e., of five-twelfths of its disposable surplus. Then the American parent company may take credit for five-twelfths of the $80,000 taxes which the foreign subsidiary paid, i. e., it may take a credit for $33,333.33.

In order to protect the American tax, a further limitation is established. It is provided that the credit allowed to the American parent company shall in no case exceed the same proportion of the American tax which the amount of dividends (from the foreign subsidiary) bears to the entire net income of the American parent company. Suppose the total income of the American company is $400,000 and the total American tax is $60,000. Of this total income, $50,000, or one-eighth, consists of dividends from the foreign company. Obviously the foreign credit should not be permitted to wipe out or cancel a tax based upon purely American income. In order to prevent abuse, therefore, the entire credit in question is further limited so that it can not exceed one-eighth of the American tax; i. e., in this particular illustration, can not exceed one-eighth of $60,000, or $7,500.

A provision of this kind, giving the credit to a domestic corporation which owns a majority of the voting stock of a foreign corporation, is contained in section 240(c) of the revenue act of 1918. The amendment here under discussion merely reincorporates this credit in the proposed revenue act of 1921, with safeguards designed to protect the American tax as above described. In short, the amendment in question is merely an improved version of an existing provision of law.

Mr. SIMMONS. With that statement of the purpose and effect of the amendment, I shall have no objection to it. I think it is entirely fair.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. SMOOT] on behalf of the Senator from Minnesota [Mr. KELLOGG].

The amendment was agreed to.

Mr. CALDER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 81, after the word "title" in line 25, it is proposed to insert:

or corporations organized exclusively for cooperative home ownership, and which require that all occupants of any part of the buildings owned shall be pro rata owners of its entire issue of shares.

Mr. CALDER. Mr. President, this amendment is to that part of the bill which provides a tax on corporations. There are certain exemptions from taxation in the case of corporations, such as mutual saving banks, cooperative building and loan associations, and the profits of other corporations that are purely mutual. This amendment exempts from the corporation tax the profits on homes that are owned and occupied by two or more families.

In my section of the country there are a great many buildings which are constructed for three, four, five, six, or eight families. Those buildings in some cases are too expensive for one person to buy, but a half dozen families purchase them. The amendment provides that the building must be occupied exclusively by the owners; it would not apply if the building were occupied, for instance, by four of the owners and two apartments were rented to others. Where the amendment applies the profits of the building are exempt from the corporation tax.

What may the profits be? I know of a number of buildings which have been sold in the way I have indicated. Each family is charged so much a month per room and the fund so accumulated goes into the general treasury of the corporation. Then, at the end of the year, after the interest and taxes have been paid, the surplus that may remain is distributed among the stockholders. They could avoid the tax, Mr. President, by each one at the end of the year contributing his pro rata share toward the expense of carrying the property, but it has become the practice for them to pay monthly. Then, at the end of the year there is returned to them as a dividend the amount which is collected over and above the expenses incurred in carrying and maintaining the property. The amendment, if adopted, it seems to me, will encourage the cooperative ownership of dwellings, and promote home ownership, which I think is a very laudable object.

The PRESIDENT pro tempore. The Chair desires to state that the amendment offered by the Senator from New York is

not in order until the vote by which the committee amendment was adopted shall have been reconsidered.

Mr. CALDER. I ask unanimous consent that that may be done.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent that the vote by which the committee amendment was adopted may be reconsidered. Is there objection? The Chair hears none. The question now is upon the amendment offered by the Senator from New York to the amendment of the committee.

Mr. KING. Mr. President, I should like to ask the Senator a question. Suppose a building is projected, is completed, and occupied by three families, and the residue of the building is leased, from which lease profits are derived?

Mr. CALDER. That is distinctly forbidden under the terms of the amendment, I will say to the Senator. In order to secure the benefit of the amendment the building must be occupied entirely by its owners.

Mr. KING. It seems to me we are loading this bill up with exemptions and exceptions until finally there will be no taxes to be obtained.

Mr. CALDER. Mr. President, a corporation owning a building of this character could avoid paying any taxes if they refrained from contributing a monthly rental, as it were, or making a monthly contribution toward the payment of the expenses. What they do is this: They pay a certain sum each month into a general treasury, out of which the expenses of maintaining the property are paid, and then at the end of the year there are paid back as dividends such amounts as appear to be in excess of the actual expenses. It would seem to me, Mr. President, that the adoption of such an amendment would be in the direction of encouraging home ownership.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. CALDER. Yes.

Mr. LENROOT. My attention has been called to this amendment heretofore; but I should like to ask the Senator, where an excess amount is paid and that amount is invested—and it may be invested in real estate mortgages or it may be deposited in a bank and draw interest, and the fund thereby produces an income—why should not that income be taxed?

Mr. CALDER. Mr. President, I would be very glad to put every safeguard around the amendment to prevent that very thing being done.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

Mr. SMOOT. Mr. President, I had before me a copy of the amendment which the Senator from New York advises me is not the amendment he has now offered. He informs me that the amendment has been modified. I should like to see it in modified form.

Mr. McCUMBER. Mr. President, I ask to have the section read as it would be if amended by the addition of the amendment of the Senator from New York.

The PRESIDENT pro tempore. The Secretary will read as requested.

The READING CLERK. On page 81, after line 19, it is proposed to insert:

(12) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this title;

Then follows the amendment of the Senator from New York—

or corporations organized exclusively for cooperative home ownership, and which require that all occupants of any part of the buildings owned shall be pro rata owners of its entire issue of shares.

Mr. McCUMBER. Mr. President, I wish the Senator would explain again exactly who he is attempting to relieve from taxation. Is it intended to relieve the individual who makes the sale or is it intended to relieve others?

Mr. CALDER. A great many buildings in and about New York City constructed for two or more families are purchased by a group of families. If the building, for instance, is erected for six families six families buy the property; they pay for it and occupy it. My amendment provides that relief shall only be afforded if those who actually own the building—and it must be a dwelling house; business properties are not included—shall occupy it themselves.

Mr. McCUMBER. What is the relief afforded?

Mr. CALDER. The relief is this: In most of these houses each occupant, the owner of a share of the house, is required to pay into a general fund so much each month per room during the year; they are assessed that much. At the end of the year the expense of carrying the property is paid, including taxes; interest on the mortgage, if any; water taxes; insurance premiums; and then whatever is left as an apparent profit is turned back to the owners in proportion to the amount they have paid in. They could relieve themselves from having that excess amount taxed if during the year they paid only enough in to the general treasury to meet the expenses of the property; but in order to assure every item of expense being properly taken care of, they often pay a little more. In order to relieve them from taxation on the surplus which they may contribute and which is returned to them, I offer the amendment.

Mr. SMOOT. Mr. President, I will state to the Senator that as modified his amendment is very much worse than the original amendment, because the original amendment provided "whereof the entire capital stock shall be held by the stockholders in proportion to the number of rooms occupied or to be occupied by them in the apartment building."

The provision in regard to the ownership of the capital stock has been entirely eliminated, and there is now in the amendment no requirement of that kind. If this amendment is adopted, what will the result be? Suppose an apartment house contains eight apartments and that an assessment of $500 is made each year for maintenance and other expenses of the entire building?

Mr. CALDER. Five hundred dollars upon each family?

Mr. SMOOT. Yes; upon each family, or, we will say, a thousand dollars, for it makes no difference, the principle being the same. If the amount paid in by each one of the families were a thousand dollars, that would make a total of $8,000. Suppose it only costs $2,000 for expenses and to maintain the building, then the owners of the property would have $6,000 which they could put out at interest, and the interest collected from that investment would not pay a tax in any form. I can not see any object in allowing such an exemption as that.

Mr. McCUMBER. Mr. President, that is the reason why I asked the Senator to let me know definitely who would secure relief from taxation, and in this instance it seems to me to be the seller of the property, if he owns a stock interest in it.

Mr. CALDER. Oh, no, Mr. President; no one would secure any relief except the occupants of the house in proportion to the number of rooms occupied by them. I am perfectly willing if it will satisfy Senators to ask that there be added to the amendment I have offered the words—

but such corporations shall be subject as other persons to be taxed upon their net incomes from interest, dividends, and rents.

So that if they have money invested or if rent is collected from others than the owners of the property they will be subject to a tax upon the income so derived.

Mr. McCUMBER. Let me ask the Senator if he would not be willing to offer his first amendment?

Mr. CALDER. That would be perfectly agreeable to me.

Mr. SMOOT. If the Senator offers his first amendment I should certainly want the modification he has suggested added to it.

Mr. LENROOT. The first amendment plus the modification.

Mr. CALDER. That would be perfectly agreeable to me.

Mr. SMOOT. If the Senator will offer his original amendment and then add the proviso as a part of the amendment I shall have no objection at all.

Mr. CALDER. I ask unanimous consent to withdraw the amendment submitted a moment ago, and in lieu thereof I offer the amendment which I send to the desk.

The PRESIDING OFFICER (Mr. SPENCER in the chair). Is there objection? The Chair hears none.

Mr. POMERENE. Let me ask the Senator a question or two. Do I understand that the people who occupy these apartments are the stockholders of the corporation?

Mr. CALDER. Yes, sir; they are the stockholders.

Mr. POMERENE. How many cases of that kind are there?

Mr. CALDER. I know of several hundred houses in and around New York City which have been sold in that way.

Mr. SUTHERLAND. Let me say, if I may, that there are a great many apartment buildings in this city handled in the same way. Apartments are being sold in various apartment houses, and offices are even being sold in office buildings. For instance, in the Southern Building, on the corner of Fifteenth and H Streets, all of the rooms are being sold out in the same way so that the occupants of the building will be the owners of the building.

Mr. WADSWORTH. I may say that is a constantly growing practice and very desirable one.

Mr. SMOOT. Mr. President, under the amendment as now submitted, the owner of the stock will be exempt from any taxation. I am not objecting particularly to that at this time, although we do not know how far the plan upon which we are entering is going to go. As long as houses are so scarce in this country, however, if any inducement can be given to people to build them, I am perfectly willing to give it for a few years.

Without the latter part of the amendment, the owner of the house could have made the interest upon the difference and taken that and been exempt from all forms of taxation.

Mr. CALDER. Mr. President, I have no desire to "put anything over" on the Senate. I am very glad the suggestion was made that in case there are any profits, and they are invested in outside properties, they shall be taxed, or that in case any part of the building in question is rented, that income shall be taxed.

I think the amendment is perfectly clear now, and I hope it will be agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. After the word "title," it is proposed to insert:

Or corporations organized exclusively for the purpose of cooperative home ownership whereof the entire capital stock shall be held by the stockholders in proportion to the number of rooms occupied or to be occupied by them in the apartment building owned by the corporation, and in which building all apartments or flats have been leased to stockholders of the corporation; but such corporations shall be subject as other persons to the tax upon their net income from interest, dividends, and rents.

Mr. McCUMBER. Mr. President, I am willing to support this amendment for the time being. I can not, however, agree that the plan of buying individual apartments is very desirable, even though it may be for the purpose of securing homes under present conditions.

What the Senator says is true, that the owners of many apartment houses and office buildings are disposing of the several apartments in each building, so that a family may buy an apartment. They are disposing of them at the present high cost of construction. They are disposing of them in good time, before the crash comes which will immensely lower rents and costs of building in this city as elsewhere, and the individuals are paying mighty high prices to-day for their interests in these buildings.

That, however, is not the worst feature of it. Personally, I do not like apartments very well. I admit it. I still believe in the old-fashioned American home, where there is room enough to stray around. In buying these apartments you buy an apartment of two or three or four or five rooms. Somebody else buys the apartment next to you. You can not get away from your neighbor. It does not make any difference how thin the walls may be, or how long you can hear him snore during the night, you are elected to remain there the rest of your life. No matter how disagreeable your neighbors are you are caught in that trap and you must make the best of it.

I disagree with those Senators who say it is a healthy condition. It certainly is not a healthy condition for the fellow who has to hear the snoring during the night in the adjoining room for the rest of his life.

Mr. CALDER. Mr. President, will the Senator yield?

Mr. McCUMBER. I yield.

Mr. CALDER. It is a healthy thing to encourage home-owning and home-building, is it not?

Mr. McCUMBER. Yes; homes, little homes, I do not care how small they are provided each individual owns his own real home, and it is a home and not a mere stall to live in.

Mr. POMERENE. Mr. President, if I may make a suggestion, I have been advised that this condition prevails here in the District of Columbia to some extent, but it has also been suggested to me that it is one of the methods that are adopted to defeat the rent commission law here in the District.

Mr. SIMMONS. Mr. President, I think myself this is rather dangerous legislation. I think this is an amendment that will lead to evasion; and while I do not wish to discuss it, I hope it will not prevail.

The PRESIDING OFFICER. The question is upon the amendment of the Senator from New York [Mr. CALDER] to the amendment of the committee.

On a division, the amendment to the amendment was rejected.

The PRESIDING OFFICER. Without objection, the committee amendment as it was before this amendment was proposed will be agreed to. The bill is before the Senate as in Committee of the Whole and open to amendment. If there be no further amendment to be proposed, as in Committee of the Whole, the bill will be reported to the Senate.

Mr. SMOOT. Mr. President, I desire to offer the manufacturers' sales tax while the bill is in the Committee of the Whole; but I am compelled to take one of the bills to-night and mark out all of the provisions that the sales tax will eliminate, and I shall also have to take notice of every amendment that has been made, and it is impossible for me to do that until after the amendments have been agreed to. I have had the amendment printed, and since it was printed I have had to make three changes already. Therefore it does seem to me that I had better have it correct before I offer it; and I am going to ask the Senator in charge of the bill, if there are no other amendments to be offered to the bill as in Committee of the Whole——

Mr. ASHURST. Mr. President——

Mr. BROUSSARD. Mr. President——

Mr. KING. Mr. President, as I am advised, the Senator from Missouri [Mr. REED] intends to offer his amendment on the bonus question while the bill is in Committee of the Whole. I have just been told by Col. Halsey that, not anticipating that it would be reached this evening, he has gone home.

Mr. McCUMBER. If the Senator will allow me, I think it was understood that the Senator from Missouri does not desire to offer that amendment until to-morrow.

Mr. MOSES. In the Senate?

Mr. McCUMBER. No; in Committee of the Whole.

Mr. KING. The Senate knows that the Senator from Missouri has been quite occupied for some time, and I think he has perhaps taxed himself rather severely.

Mr. McCUMBER. I appreciate that, and do not desire to press the matter; but I understand that there are a number of other little amendments that I should like to dispose of this evening before we recess.

Mr. KING. To be sure. I simply wanted to protect the Senator from Missouri.

Mr. McCUMBER. He will be protected.

Mr. BROUSSARD. Mr. President, I have an amendment which has been printed, and which was argued at some length when the bill was first brought into the Senate. It proposes to strike out the provision which requires the husband in the community-property States to include in his income that of his wife.

Some of the Senators whose constituencies are interested in this matter happen to be away. There are eight States involved. The Senators from those States did not expect the amendment to come up this evening. If the Senator in charge of the bill will consent that the amendment may be offered to-morrow as in Committee of the Whole I shall appreciate it very much, because some of the Senators who were here all day left here just a few minutes ago, not thinking that the matter would be reached.

The PRESIDING OFFICER. The Chair informs the Senator from Louisiana that amendments can be offered when the bill is before the Senate, irrespective of whether they have been offered as in Committee of the Whole or not.

Mr. BROUSSARD. Yes; I understand that, Mr. President, but I desire to offer this amendment as in Committee of the Whole for the purpose of discussion; and then we may have another opportunity, if we decide to do so, to offer it in the Senate itself in open session. We do not care to waive the opportunity of discussion, because this is a subject which we think the Senators from the common-law States do not fully understand. We should like to discuss it so that our position may be known, and I make the request that this amendment may be permitted to come up to-morrow as in Committee of the Whole.

Mr. McCUMBER. Of course, I shall not press it if the Senator is not ready, nor shall I ask to press it this evening; but I hope that among these amendments there may be some to which there will be no objection and on which there will be no long discussion and that those may be disposed of this evening.

REPORT OF SOUTH CAROLINA BOLL WEEVIL COMMISSION.

Mr. MOSES. Mr. President, I ask unanimous consent, out of order, to report favorably from the Committee on Printing Senate resolution 158. I further ask unanimous consent for the immediate consideration of the resolution.

Mr. ASHURST. Mr. President, I have no objection to the report being presented. I think it is very proper, but I object to the present consideration of the resolution.

Mr. MOSES. I hope the Senator will not press that objection until there may be some explanation.

Mr. ASHURST. I shall be very glad to withhold it.

Mr. MOSES. This is a resolution for reprinting, with several additions, a Senate document which was printed some years ago, but which is now out of print. Under ordinary circumstances I could, in my capacity as chairman of the Joint Committee on Printing, issue an order for its reprinting; but it so happens that it deals with a subject of considerable importance to a wide section of the country, namely, the ravages of the cotton boll weevil, and there happen to have been discovered, in the interim since the first printing of the report and the present time, certain things——

Mr. ASHURST. The explanation is very satisfactory, and I withdraw the objection.

The PRESIDING OFFICER. The objection is withdrawn. The report will be received.

Mr. ASHURST. Mr. President, just a word. It will be observed, of course, that I am peculiar in that I always want to know what the Senate is doing before I give consent.

Mr. MOSES. May I add, that with the Senator's newly discovered passion for agriculture, he, of course, is interested.

Mr. ASHURST. I belong to the agricultural bloc.

The PRESIDING OFFICER. The Senator from New Hampshire asks unanimous consent for the present consideration of the resolution.

The resolution was considered by the Senate and agreed to, as follows:

Resolved, That the manuscript entitled "Report of the South Carolina Boll Weevil Commission, Bulletin No. 20, of Clemson Agricultural College, of South Carolina," be printed with accompanying illustrations and corrections to date as a Senate document.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. ASHURST. Mr. President, there is some confusion as to the method of procedure. I was advised an hour ago that we should all remain here; that we would not adjourn until 11 o'clock. With that I heartily concurred, and congratulated the chairman of the Committee on Finance, who conveyed that information; and I, in turn, advised a number of Senators who have gone home to return, as we would work here until 11 o'clock. If it is now proposed that we shall adjourn, there are a large number of amendments——

Mr. LENROOT. Let us go on.

Mr. ASHURST. I was just going to say that I wanted to know something about what the procedure is going to be. If the Senate wants to adjourn, I have no disposition to tire it with the discussion of amendments; but in view of the fact that I told a number of Senators that I had been assured by the chairman of the Committee on Finance that we would work until 11 o'clock, and they will come back here and find the Senate adjourned, if it does adjourn, I would be in a position which I would not particularly care to occupy. If no Senator has an amendment at this particular time, I should like to propose an amendment, if it is in order at this time.

The PRESIDING OFFICER. The bill is in Committee of the Whole and open to amendment.

Mr. ASHURST. Mr. President, I move to amend the bill by adding, at the appropriate place in the bill, a new section, in the words which I send to the desk. I will ask to have the Secretary state the amendment.

The PRESIDING OFFICER. The Secretary will state the proposed amendment.

The READING CLERK. It is proposed to add, at the proper place in the bill, the following as a new section:

That the Director of the United States Veterans' Bureau is hereby authorized to provide additional hospital and out-patient dispensary facilities for persons who served in the World War and are patients of the United States Veterans' Bureau, by construction on sites now owned by the Government or on sites to be acquired by purchase, condemnation, gift, or otherwise, such hospitals and out-patient dispensary facilities to include the necessary buildings and auxiliary structures, mechanical equipment, approach work, roads, and trackage facilities leading thereto, vehicles, live stock, furniture, equipment, and accessories, and also to provide accommodations for officers, nurses, and attending personnel, and the Director of the United States Veterans' Bureau is authorized to accept gifts or donations for any of the purposes named therein. Such hospital plants shall be of fireproof construction, and the location and nature thereof, whether for the treatment of tuberculous, neuropsychiatric, or general medical and surgical cases, shall be in the discretion of the Director of the United States Veterans' Bureau.

That for carrying into effect the preceding paragraph relating to additional hospital facilities there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $16,000,000, to be immediately available and to remain available until expended.

That the Director of the United States Veterans' Bureau is hereby authorized and directed to turn over from the money authorized to be appropriated in the preceding paragraph a sum not to exceed $500,000 to the Secretary of the Treasury, who shall use such moneys for extending the facilities of United States Public Health Service Hospital No. 32, Washington, D. C., by constructing such additional buildings as are necessary to make the same an equipped 400-bed hospital, such additional construction to include one ward building and quarters for necessary personnel, and such miscellaneous work, including improvement of the grounds, as may be necessary, and to acquire such additional land adjoining the hospital as may be necessary for this development: *Provided, however*, That not to exceed $50,000 of the said $500,000 shall be used in the acquisition of such additional land.

Mr. ASHURST. Mr. President, I am prompted to bring this subject to the attention of the Senate because of its seriousness. I have received a telegram from the governor of Arizona which I will ask the Secretary to read at the desk; and before the Secretary reads I will say that the governor of Arizona is a gentleman of excellent judgment and he knows the facts in this case.

The reading clerk read as follows:

PHOENIX, ARIZ., *October 17, 1921.*

Senator HENRY F. ASHURST,
Washington, D. C.:

Director Forbes of Veterans' Bureau has submitted report to President strongly urging immediate action to meet present emergency arising from needs of hundreds of disabled former service men who, with approach of winter, are pouring into Arizona, where facilities for their care are very inadequate. He recommends immediate completion of Whipple building program through letting of contracts, it being obvious that under system now in effect winter will be well over before any of the buildings now under construction will be ready for occupancy. Maj. Louis T. Grant, manager Veterans' Bureau, twelfth district, is now in Washington, and I therefore urge that Arizona congressional delegation take prompt action, conferring with Maj. Grant and Director Forbes and calling on the President, bringing strongly to his attention the desperate situation in which these men find themselves and pointing out necessity for immediate action along following lines: Speeding up of construction program at Whipple, establishment of vocational-training center at Prescott, acquirement of additional hospital facilities at Phoenix, and construction of cottages at Tucson to accommodate approximately 300 more patients. The need is very real, and I urgently bespeak your hearty cooperation.

THOMAS E. CAMPBELL,
Governor.

Mr. ASHURST. Mr. President, upon receiving this telegram from Gov. Campbell I interviewed Director Forbes, of the United States Veterans' Bureau, and he advised me that the governor had not overstated nor misstated the emergency which exists in Arizona; that he and Maj. Grant had just returned from a personal investigation, and had found all that Gov. Campbell had stated in that telegram to be true, and Col. Forbes urged me to lay the entire matter before the President. I called upon the Assistant Secretary of the Treasury, Col. Clifford, and laid the entire subject before him, and I ask that his letter be included in the RECORD at this juncture.

There being no objection, the letter referred to was ordered to be printed in the RECORD, as follows:

(In re Whipple Barracks, Ariz., United States Public Health Service Hospital.)

TREASURY DEPARTMENT,
Washington, October 20, 1921.

Hon. HENRY F. ASHURST,
United States Senate.

MY DEAR SENATOR: Reference is made to the conference on the 19th instant at this department in regard to telegram of the 17th addressed to you from Gov. Campbell, of Arizona, in which he refers to a report submitted by Director Forbes, of the United States Veterans' Bureau, to the President, and requests the speeding up of the construction program at the United States Public Health Service Hospital, Whipple Barracks, Ariz., the establishment of a vocational training center at Prescott (Whipple Barracks), the acquirement of additional hospital facilities at Phoenix, and the construction of patients' cottages at Tucson.

With one exception the specific work requested falls under the jurisdiction of the Veterans' Bureau, but this department will render assistance to Director Forbes to the extent possible.

In regard to the criticism of the building operations at Whipple Barracks, and especially the following paragraph quoted from the governor's telegram, "He (Director Forbes) recommends immediate completion of Whipple building program through letting of contracts, it being obvious that under system now in effect winter will be well over before any of the buildings now under construction will be ready for occupancy," it appears necessary to go somewhat into detail to make the situation clear.

The Office of the Supervising Architect, this department, is in charge of all hospital construction work, and Whipple Barracks is one of 11 large projects so far authorized. Like the majority of the projects, Whipple Barracks involves the remodeling of existing buildings and the construction of new buildings. The method adopted for all this hospital construction is to immediately, after release of the project by the consultants on hospitalization, gather from the Public Health Service such drawings and reports of existing facilities and proposed improvements as may be in its possession. As Whipple Barracks was an Army post, prints of existing buildings were also obtained from the War Department. Immediately after the collection of these data studies of the problem were made and the preliminary scheme developed in collaboration with the consultants and the Public Health Service. It is evident that the information thus obtained must be supplemented by a local survey, and for this purpose an architect and an engineer, as well as a superintendent of construction, were sent to Whipple Barracks, and as it is no light task to obtain all information necessary, and as the distance from Washington is great, a considerable time was necessarily consumed. This, however, does not mean that nothing was done in the interim. On the contrary, the preparation of drawings proceeded to the point possible without local data and, in fact, drawings for some buildings were placed in the hands of the superintendent before the survey of the station was entirely completed, with instructions to take off quantities and obtain bids for materials and start construction under the purchase and hire method.

Obviously, this is the only way by which the construction could be expedited, and it is difficult to understand why so much criticism has been directed against this method under which satisfactory results have been obtained, as will be noted by the inclosed photographs.

At Whipple Barracks the program is to carry out under the purchase and hire method the construction of three ambulant buildings, the enlargement of the laundry, new mess hall, converting present post exchange into neuropsychiatric ward, installation of additional fire protection, remodeling nurses' quarters, enlarging boiler house, construction of steam tunnels, and extension of the sewerage system, at an estimated cost of $211,500. This work is now 43 per cent completed.

The work to be let by contract is the following: Two semiambulant buildings, six double quarters for officers, two double quarters for personnel, large dormitory for male attendants, new boilers, heating mains

to new buildings, and extension of electric and telephone services, at an estimated cost of $370,500. This work was placed on the market September 29.

It should be evident to any unprejudiced person that if the purchase-and-hire method had not been employed the work would not have advanced as far as it is, and, in fact, if it had been decided to let all work by contract the probabilities are that the construction would not as yet have been started or at most would have just commenced.

To make a contract for an entire project, especially one involving a great amount of remodeling work, it is necessary to prepare drawings in great detail and describe the work so accurately and minutely in the specification as will enable bidders to prepare intelligent estimates, for which from two to three months' time is a short allowance. The work must then be advertised for at least four weeks in order to give bidders, especially those on the Pacific coast, time to check up quantities, obtain subbids, and send in proposals, and then the execution of the contract and bond will consume another 10 days or 2 weeks. Altogether at least 4 months would have been consumed from the time of the development of the scheme until the award of contract could be made, and it would appear that this department would be subject to just criticism if this interval had not been utilized to advance the work under the purchase-and-hire method.

I hope you will transmit these explanations to the governor of Arizona, so that he may have a different view of the manner of handling hospital projects, and especially the one at Whipple Barracks.

The telegram from Gov. Campbell is returned herewith.

Very truly, yours,

EDWARD CLIFFORD,
Assistant Secretary.

Mr. ASHURST. An amendment will be proposed to-morrow for the relief of ex-service men that will include the fivefold option plan of the veterans' adjusted compensation bill. I shall vote for it. I think it should be passed. But let us not forget that there are thousands of soldiers still requiring hospitalization, and who are pleading for vocational training.

Mr. President, only yesterday there was placed upon the desks of Senators Senate Report No. 233 of this Congress, signed by the Senator from West Virginia [Mr. SUTHERLAND], as chairman, the Senator from New York [Mr. CALDER], the Senator from Maryland [Mr. WELLER], the Senator from Massachusetts [Mr. WALSH], and the Senator from Ohio [Mr. POMERENE]. These able Senators have made a voluminous report, and undoubtedly every Senator will read it. Yet it is disappointing. In the Southwest are some of the great neuropsychiatric and tubercular hospitals; but the committee have not gone to the Southwest. I have personally visited these Senators, urged them, invited them, pleaded with them to come down and see these hospitals in the Southwest and let the ex-soldiers talk to them. I am glad that I can truthfully say that these Senators have done a good work, but I hope they will not be weary of well doing, and, after submitting this report, sit down and conclude that they have done fairly well, and stop.

Mr. SUTHERLAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from West Virginia?

Mr. ASHURST. I yield to the chairman of the committee for a question.

Mr. SUTHERLAND. I wish to inform the Senator as to what the committee is doing along the line he is suggesting. We are calling upon the committee in charge of hospitals to tell us exactly what is being done, and what is proposed to be done in the immediate future, with reference to the $18,000,000 which Congress appropriated last spring, and then we are going to take that up with reference to a recommendaton which we have already made for additional hospitalization. We are taking that up with them in detail, and will see that ample hospital facilities are provided for those men.

Mr. ASHURST. The appropriation made by Congress for hospitalization last March was generous and proper, and my friend from Utah [Mr. SMOOT] and other Senators, as well, rendered yeoman service in assisting to secure that large appropriation for the hospitalization of ex-service men. We appropriated the sum of $18,600,000 for the hospitalization of soldiers and that sum has been spent or allocated to be spent on hospitalization.

The amendment I have introduced is a companion to the bill introduced by Mr. LANGLEY, of the House, and I will say that Col. Forbes approves the bill. No bill that could be before the Congress is of more importance than this particular one at this time. While I am enthusiastic about the bonus, and the land options and the farmsteads, and shall take pleasure, if I have an opportunity, in voting for the bonus bill, I must say that the proper hospitilization of ex-service men and the proper vocational training of the men appeal to me also.

The opportunity to learn how to earn a living, the opportunity to learn a trade, the opportunity to recover their health appeal much to me.

So I rose this evening to call this matter to the attention of the Senate. I am not now going to scold the authorities for this or that. The hospitalization work that has been done has been well done, and it has been, within some limitations, ample; but we must not forget that it was a large Army we called to the colors. The finger of duty reached out and touched four and a half million men, a large number, and we must not think just because we have five or six hospitals and there are a few vacant beds here and there that we have done enough.

I will ask for a vote upon this amendment. It appropriates $16,000,000, as requested by Director Forbes, in order that he may have at his command sufficient funds, not only for further hospitalization, the acquisition of further buildings, and the erection of additional buildings, but for the establishment of vocational training centers. If Senators prefer to have it voted upon to-morrow, after they have had an opportunity to investigate it and confer with the Treasury Department and confer with Director Forbes, I shall not ask for a vote to-night.

I have received a letter from a person in Arizona which suggests that I have been inert in this matter. Inert? I have vexed the ears of Senators for months on this very subject of proper hospitalization for ex-soldiers, of vocational training, and on this particular line. I will ask the Senate to listen while the Secretary reads a letter from the governor of Arizona on this very subject.

The PRESIDING OFFICER. The Secretary will read as requested.

The reading clerk read as follows:

EXECUTIVE OFFICE, STATE HOUSE,
Phoenix, Ariz., October 27, 1921.

Hon. HENRY F. ASHURST,
Washington, D. C.

MY DEAR SENATOR: This is to acknowledge and thank you for your letter of the 22d instant, transmitting letter from Col. Edward Clifford, Assistant Secretary of the Treasury, in charge of public health, addressed to yourself, together with photographs of buildings now under construction at Fort Whipple. You know that your prompt action in behalf of vocational training and hospitalization in Arizona is appreciated by me far more than I can tell you in a letter of this sort.

For your information I am inclosing herewith copy of my letter to Col. Clifford concerning this matter.

With kind personal regards, and sincerely thanking you for your interest in this important work, I am,

Sincerely, yours,

THOMAS E. CAMPBELL.

Mr. ASHURST. Mr. President, those who know the facts, as does the governor, who has telegraphed me and whose telegram I have had read, pointing out the necessity for hospitalization and vocational-training centers, can certify that I have not been idle. The Senator from Maryland, my distinguished friend [Mr. FRANCE], can testify that upon every occasion, in season and some say out of season, I have spoken and urged proper appropriations for soldiers and proper vocational-training centers. So my equanimity was not very much disturbed by the statement that I had been inert in respect to proper hospitalization for soldiers.

Mr. WALSH of Massachusetts. Mr. President, the members of the committee who are investigating agencies having to do with rehabilitation of soldiers can testify that the Senator was not inert, but almost a pest in his insistence on our committee going down to Arizona.

Mr. ASHURST. That is the very expression that I would expect from a frank, upstanding member of the committee, as they all are.

Mr. SMOOT. The Senator really does not expect that this amendment will go on the bill?

Mr. ASHURST. It is the only chance I have to secure its passage.

Mr. PENROSE. Mr. President, I move that the amendment be postponed indefinitely.

Mr. ASHURST. I hope the Senator will not do that. This amendment can not be waved aside in that manner.

Mr. PENROSE. Well, it can not go on the bill. It does not belong to the bill, and it will not go on the bill.

Mr. ASHURST. I will ask that it be passed over until to-morrow for a vote.

Mr. SMOOT. Does the Senator withdraw the amendment?

Mr. ASHURST. No; I do not withdraw it. Let it be voted on to-morrow.

The PRESIDING OFFICER. The Senator from Arizona asks unanimous consent that the vote on his amendment be postponed until the calendar day of to-morrow.

Mr. ASHURST. Upon the day when the other amendments to this pending bill are voted upon.

Mr. PENROSE. Mr. President, the request is highly irregular, but owing to my great admiration for the Senator's forensic ability and statesmanship attainments, I can not find it in my heart to resist or decline the request. Let it go over until to-morrow by unanimous consent.

The PRESIDING OFFICER. Without objection, the vote on the amendment offered by the Senator from Arizona will be passed over until the calendar day of to-morrow.

Mr. ASHURST. Let me understand the meaning of the phrase "calendar day of to-morrow."

The PRESIDING OFFICER. If the Senate takes a recess to-night, to-morrow will be the calendar day of to-morrow, but the legislative day of to-day will continue to-morrow.

Mr. PENROSE. I expect to ask the Senate to take a recess.

The PRESIDING OFFICER. Calendar day is the proper designation. The bill is as in Committee of the Whole, and open to amendment.

Mr. PITTMAN. Mr. President, I have some amendments on the desk which I would like to have presented.

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada will be reported.

The READING CLERK. On page 239 strike out lines 20 to 25, inclusive; on page 240 strike out lines 1 to 7, inclusive; and insert in lieu thereof the following:

3. Capital stock, issued: On each original issue, whether on organization or reorganization, of certificates of stock, or of profits, or of interest in property or accumulations, by any corporation, on each $100 of face value or fraction thereof, 5 cents: *Provided*, That where a certificate is issued without face value and the actual value is over $100 per share, the tax shall be 5 cents on each $100 of actual value or fraction thereof, and in case the actual value is less than $100 per share, then the tax shall be proportionately reduced. The stamps representing the tax imposed by this subdivision shall be attached to the stock books and not to the certificates issued.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nevada is an amendment to the committee amendment which has already been adopted. It will therefore be necessary to reconsider the vote by which the committee amendment was adopted.

Mr. PITTMAN. I did not understand the parliamentary situation.

The PRESIDING OFFICER. If there is no objection the vote by which the committee amendment was adopted is reconsidered and the amendment of the Senator from Nevada is in order as an amendment to the amendment of the committee.

Mr. SMOOT. Mr. President, I hardly think the provision of the amendment could be carried out. I think the Senator will have to change the amendment. It would be impossible of administration. This is a stamp tax, and we certainly could not have it included in the proportion which the value of the stock bears to $100. It might be seven-eighths of 1 cent, for instance, and we have no stamp of that denomination.

Mr. PITTMAN. In that case, the obligation being upon the issue of the stock to pay the full amount, I assume that he would have to pay the excess so as to obtain the stamp of the proper denomination.

Mr. SMOOT. That is not what the amendment provides. If it were attempted to be carried out, as I understand the reading of it, it would be impossible to administer it.

Mr. PITTMAN. What I am getting at is this: I propose to change the section very little. For nonpar value stocks it is assumed that they have a value of $100 a share. As a matter of fact there are a great many of these companies whose stock has a value of only $1 a share, with the result that under the provisions of the bill a great many of these small corporations with no par value stock are required to pay a stamp tax of one hundred times what it was the intention probably of Congress to cause it to pay.

Mr. SMOOT. But the Senator can plainly see that we could not have a stamp tax of one one-hundredth of 5 cents. If it was 33⅓, it would be one-third of 5 cents. We could not administer it, I will say to the Senator, under the wording of the amendment.

Mr. PITTMAN. There is very rarely a case in which one share of stock of a dollar par value is issued, but we could provide in the amendment, if the Senator desires—and I brought this up for the purpose of showing the injustice of the law—that in no case should it be less than 5 cents.

Mr. SMOOT. The same thing would apply if it was 100 shares and it was only one-third of the amount or one-third of 100 shares. If the tax was $5 it would be one-third of $5, which would be $1.66⅔.

Mr. PITTMAN. But as I said before, the obligation being upon the issue of stock to pay the full amount of tax, if it was a case where he could not split it he would have to pay the excess so as to obtain the stamps.

I have correspondence here, but I do not wish to take up the time of the Senate reading it. As the Senator from Utah knows, it is a very oppressive matter. There are a great many companies now being organized with nonpar value shares. It is the fairest and most honest way, in my opinion, to issue stock. When you issue stock as of a par value of $100 it is simply a fiction. There is probably not one in a thousand shares of stock that are issued with the fictitious value of $100 that are really worth $100. It is a deception on the face of it.

The face value of stock is of no importance whatever except possibly to deceive the purchaser. Therefore the system that is being adopted now in the organization of companies for the development of land schemes and colonization schemes is to have the shares of the corporation divided into a certain number without designating the value and then allowing the value to be assessed by the purchaser and allowing the value to increase as the property itself increases in value.

There has been a suggestion by the Senator from Utah with regard to the administrative features of the amendment, and very probably there is considerable in what he states in connection with that feature. Therefore I ask unanimous consent that this go over so I may confer with Senators and with the chairman of the committee or the experts with regard to that phase of it before again submitting it.

Mr. PENROSE. I shall not object; but it is an amendment that never can be admitted on this bill with the consent of the committee. However, it is the Senator's amendment, and if he does not wish to press it now, let it go over.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Nevada will go over.

Mr. PENROSE. Mr. President, I do not know that there are any further amendments Senators have to submit, which means the amendments contemplated to be offered by individual Senators after consideration of the committee propositions have all been offered. There only remain to be considered, so far as I know, the so-called sales-tax proposition of the senior Senator from Utah and the soldiers' bonus amendment offered by the senior Senator from Missouri. I therefore feel that nothing would be gained by going on with the revenue bill for the rest of the evening. I had expected to continue until 11 or 12 o'clock, and so informed Senators.

As practically nothing can be accomplished under the circumstances, therefore I intend to move an executive session; but before doing that I ask unanimous consent that when the Senate resumes its legislative session at the expiration of the executive session, which I shall move, it take a recess to meet at 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION.

Mr. PENROSE. I move the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

CHARLES RIVER BRIDGES, MASSACHUSETTS.

Mr. CALDER. I report back favorably, without amendment, from the Committee on Commerce the bill (H. R. 6152) to authorize the construction of drawless bridges across a certain portion of the Charles River, in the State of Massachusetts, and I submit a report (No. 308) thereon. I ask for its present consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read, as follows:

Be it enacted, etc., That the metropolitan park commission, or any town or city, or any other public body authorized by the State of Massachusetts, all or any of them, be, and they hereby are, authorized to construct, at any time hereafter, drawless bridges across the Charles River in the State of Massachusetts connecting Massachusetts Avenue in Cambridge and Massachusetts Avenue in Boston, and at any other points upon said river at, near, or above said Massachusetts Avenue: *Provided*, That said bridges shall be at least 12 feet above the ordinary level of the water in the basin over the main ship channel, and the piers and other obstructions to the flow of the river shall be constructed in such form and in such places as the Secretary of War shall approve: *Provided further*, That before the construction of said bridges or any of them is begun, the State of Massachusetts shall, by legislative enactment, provide for adequate compensation for the owner, owners, lessee, or lessees of property abutting on said river above any of the said bridges for damages, if any, caused to said property or leasehold interests therein by reason of interference with the access by water to said property, due to the construction of bridges without draws: *And provided further*, That the said legislative enactment shall provide for the appointment of three commissioners to hear the parties in interest and assess the damages to said property; their decision as to the amount of damages and questions of fact to be final; said commissioners to be appointed by the Supreme Judicial Court of Massachusetts. Except as inconsistent herewith, this act shall be subject to the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

CHOCTAWHATCHEE RIVER BRIDGE, FLA.

Mr. CALDER. I also report back favorably, without amendment, from the Committee on Commerce, the bill (H. R. 8477) to extend the time for the construction of a bridge across the Choctawhatchee River, near Caryville, Fla., and I submit a report (No. 309) thereon.

There being no objection, the Senate as in Committee of the Whole proceeded to consider the bill, and it was read as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge and approaches thereto authorized by the act of Congress approved November 19, 1919, to be constructed by the State Road Department of the State of Florida, across the Choctawhatchee River, near Caryville, Fla., are hereby extended one and three years, respectively, from the date of approval hereof.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

RECESS.

Mr. McCUMBER. I move that the Senate take a recess until to-morrow at 11 o'clock a. m.

The motion was agreed to, and (at 7 o'clock and 25 minutes p. m.) the Senate took a recess until to-morrow, Thursday, November 3, 1921, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate November 2 (legislative day of October 20), 1921.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

Joseph Saul Kornfeld, of Ohio, to be envoy extraordinary and minister plenipotentiary of the United States of America to Persia.

SURVEYOR GENERAL OF OREGON.

Wesley W. Caviness, of Vale, Oreg., to be surveyor general of Oregon, vice Edward G. Worth, term expired.

COLLECTOR OF INTERNAL REVENUE.

Fred L. Woodworth, of Lansing, Mich., to be collector of internal revenue for the first district of Michigan in place of John A. Grogan.

UNITED STATES ATTORNEYS.

Ralph C. Greene, of New York, to be United States attorney, eastern district of New York, vice Wallace E. J. Collins, appointed by court.

William M. Gober, of Florida, to be United States attorney for the southern district of Florida, vice Herbert S. Phillips, term expired.

Thomas A. Brown, of West Virginia, to be United States attorney, northern district of West Virginia, vice Stuart W. Walker, resigned, effective December 1, 1921.

RECEIVER OF PUBLIC MONEYS.

Mateo Lujan, of Santa Fe, N. Mex., to be receiver of public moneys at Clayton, N. Mex., vice Thomas E. Owen, whose term has expired.

PUBLIC HEALTH SERVICE.

Surg. Ezra K. Sprague to be senior surgeon in the United States Public Health Service, to rank as such from May 1, 1921, in place of Senior Surg. H. W. Austin, placed on waiting orders.

PROMOTIONS IN THE REGULAR ARMY.

To be colonels.

Lieut. Col. Robert Halford Peck, Infantry, from October 26, 1921.

Lieut. Col. Halsey Edward Yates, Infantry, from October 26, 1921.

MEDICAL CORPS.

To be captains.

First Lieut. James Frank Brooke, Medical Corps, from October 23, 1921.

First Lieut. William Presley Dingle, Medical Corps, from October 23, 1921.

First Lieut. Alfred Mordecai, Medical Corps, from October 25, 1921.

First Lieut. Leland Oliver Walter Moore, Medical Corps, from October 25, 1921.

First Lieut. William Davis Gill, Medical Corps, from October 28, 1921.

First Lieut. George Edward Rehberger, Medical Corps, from October 29, 1921.

APPOINTMENT IN THE REGULAR ARMY.

GENERAL OFFICER.

Brig. Gen. Harry Clay Hale to be major general from November 2, 1921.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

FIELD ARTILLERY.

Capt. Roscoe Fawcett, Air Service, with rank from July 1, 1920.

First Lieut. Maurice Shefstad Hill, Air Service, to be first lieutenant, Field Artillery, effective November 27, 1921, with rank from July 1, 1920.

AIR SERVICE.

Capt. William E. Kepner, Infantry, with rank from July 1, 1920.

PROMOTIONS IN THE NAVY.

The following-named captains to be rear admirals in the Navy from the 3d day of June, 1921:

Sumner E. W. Kittelle.
William V. Pratt.

Capt. Louis M. Nulton to be a rear admiral in the Navy from the 12th day of August, 1921.

The following-named commanders to be captains in the Navy from the 3d day of June, 1921:

William D. Leahy.	William T. Tarrant.
Thomas L. Johnson.	Yancey S. Williams.
George T. Pettengill.	David C. Hanrahan.
Charles P. Nelson.	Edward B. Fenner.
Victor A. Kimberly.	Henry E. Lackey.

The following-named commanders to be captains in the Navy from the 1st day of July, 1921:

Adolphus E. Watson.
Harry L. Brinser.
James H. Tomb.

Commander Edgar B. Larimer to be a captain in the Navy from the 20th day of July, 1921.

Lieut. Commander Arthur H. Rice to be a commander in the Navy from the 1st day of January, 1921.

The following-named lieutenant commanders to be commanders in the Navy from the 3d day of June, 1921:

Roscoe C. MacFall.	John J. London.
Walter H. Lassing.	Vaughn K. Coman.
Laurance N. McNair.	Reed M. Fawell.
Stanford C. Hooper.	

Lieut. William C. Barker, jr., to be a lieutenant commander in the Navy from the 15th day of August, 1918.

The following-named lieutenants to be lieutenant commanders in the Navy from the 3d day of June, 1921:

Penn L. Carroll.	Frank D. Manock.
Stuart S. Brown.	Chauncey A. Lucas.
Howard H. J. Benson.	James B. Glennon.
Vance D. Chapline.	Frank A. Braisted.
Raleigh C. Williams.	Henry G. Cooper, jr.
Edgar A. Logan.	Percy T. Wright.
Harold A. Waddington.	Zachary Lansdowne.
Alger H. Dresel.	Archibald McGlasson.
Robert P. Guiler, jr.	Rush S. Fay.
Howard K. Lewis.	Walter D. Seed, jr.
Franklin S. Steinwachs.	Earle C. Metz.
Wadleigh Capehart.	Lyal A. Davidson.
Donald B. Beary.	Charles J. Moore.
William A. Richardson.	Lawrence F. Reifsnider.

Lieut. Earl A. McIntyre to be a lieutenant commander in the Navy, from the 1st day of July, 1921.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of July, 1919:

Joseph H. Hoffman.	Walter M. A. Wynne.
Robert M. Farrar.	John M. Field, jr.
Maxwell Cole.	Lowell Cooper.

Ensign Walter M. A. Wynne to be a lieutenant (junior grade) in the Navy from the 5th day of June, 1918.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 1st day of July, 1920:

Albert P. Burleigh.
Ten Eyck De Witt Veeder, jr.

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, from the 11th day of May, 1921:

James G. Omelvena.	John C. Parham.
Joseph J. O'Malley.	John T. Borden.
Jasper V. Howard.	Chester McI. George.
Clarence C. Kress.	Edward E. Woodland.
Robert F. Sheehan.	Robert F. Jones.
Luther Sheldon, jr.	Jesse B. Helm.

Asst. Surg. John R. White to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 30th day of July, 1919.

Asst. Surg. Philip S. Sullivan to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 6th day of December, 1920:

Asst. Surg. John E. Porter to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 6th day of June, 1920.

Asst. Surg. William D. Small to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 1st day of July, 1920.

Asst. Dental Surg. DeWitt C. Emerson to be a passed assistant dental surgeon in the Navy, with the rank of lieutenant, from the 6th day of June, 1920.

The following-named assistant paymasters to be passed assistant paymasters in the Navy, with the rank of lieutenant, from the 1st day of July, 1920:

Leland S. Steeves.
Harry M. Mason.
George M. Snead.
Daniel M. Miller.

Lieut. Edmund D. Duckett, for temporary service, to be a lieutenant in the Navy from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Lieut. (junior grade) Guy McLaughlin, for temporary service, to be a lieutenant (junior grade) in the Navy from the 1st day of July, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Lieut. (junior grade) Harvey R. Bowes, United States Naval Reserve Force, to be a lieutenant (junior grade) in the Navy from the 1st day of July, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Lieut. (junior grade) Alexis O. Kustel, for temporary service, to be an ensign in the Navy from the 6th day of June, 1919, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Ensign Fred J. Barden, for temporary service, to be an ensign in the Navy from the 6th day of June, 1919, in accordance with a provision contained in the act of Congress approved June 4, 1920.

The following-named passed assistant dental surgeons for temporary service to be passed assistant dental surgeons in the Navy with the rank of lieutenant from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920:

Frederick W. Mitchell.
Charles L. Tompkins.

Lieut. William M. Christie, United States Naval Reserve Force, to be a passed assistant paymaster in the Navy with the rank of lieutenant from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Asst. Paymaster Alexander Riggin, for temporary service, to be an assistant paymaster in the Navy with the rank of lieutenant (junior grade) from the 1st day of July, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Asst. Naval Constructor Edward W. Rounds, United States Naval Reserve Force, to be an assistant naval constructor in the Navy with the rank of lieutenant from the 3d day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

The following-named assistant surgeons for temporary service, to be chief pharmacists in the Navy, to rank with but after ensign, from the 5th day of August, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920:

Charles Schaffer.
Paul V. Tuttle.
James Holden.
Henry L. Gall.
Albert H. Benhard.
Roy Aikman.
Edwin G. Swann.
Corliss P. Dean.
Clyde E. Snider.
Benjamin W. Claggett.
Jeremiah Harris.
Walter H. MacWilliams.
Willie R. Joiner.
Paul Hapke.
Lloyd C. Sims.
Harry G. Danilson.
Charles Peek.
Thomas A. Stareck.
Carl A. Setterstrom.
Fred A. Payne.
Thomas J. Murphy.
Lawrence Zembsch.
Abraham T. Schwartz.
Samuel J. Seckelman.
Ervin C. Eastman.
William M. Benton.
Loring Nottingham.
John H. Schreiter.
Joseph A. Ortolan.
Joseph C. Gill.
Fred H. Stewart.
Walter W. Wade.
Henry B. Schreurs.
Harold B. Sanford.
Nord F. Smith.
Glen D. Sipe.
Edgar L. Sleeth.
Rodney J. Youngkin.
Roscoe C. Rowe.
George L. Crain.
Allen F. Bigelow.
Charles F. Wood.
Jason H. Barton.
William T. Gildberg.
Leon H. French.
Newton W. Parke.
Robin R. Hinnant.
Boyce L. Brannon.

MARINE CORPS.

Maj. Alexander A. Vandegrift to be a major in the Marine Corps from the 4th day of June, 1920, to correct the date from which he takes rank as previously nominated and confirmed.

Maj. Fred S. N. Erskine to be a major in the Marine Corps from the 4th day of June, 1920, to correct the date from which he takes rank as previously nominated and confirmed.

Maj. Roy S. Geiger to be a major in the Marine Corps from the 5th day of June, 1920, to correct the date from which he takes rank as previously nominated and confirmed.

Maj. Richard H. Tebbs, jr., to be a major in the Marine Corps from the 4th day of July, 1920, to correct the date from which he takes rank as previously nominated and confirmed.

Maj. Thomas C. Turner to be a lieutenant colonel in the Marine Corps from the 14th day of July, 1921.

Capt. Edward M. Reno to be a major in the Marine Corps from the 4th day of December, 1920.

POSTMASTERS.

ALABAMA.

James W. Curtis to be postmaster at Double Springs, Ala. Office became presidential January 1, 1921.

ARIZONA.

John Murray to be postmaster at Snowflake, Ariz. Office became presidential April 1, 1921.

ARKANSAS.

Frederick H. Burrow to be postmaster at Altus, Ark. Office became presidential January 1, 1921.

William C. Allen to be postmaster at Amity, Ark., in place of M. M. Hunter. Incumbent's commission expired January 31, 1921.

Robert P. Jorden to be postmaster at Womble, Ark. Office became presidential January 1, 1921.

Hugh T. Brown to be postmaster at Scott, Ark. Office became presidential October 1, 1920.

John W. Webb to be postmaster at Mountain View, Ark. Office became presidential October 1, 1920.

Floyd F. Nichols to be postmaster at Buckner, Ark. Office became presidential April 1, 1921.

CALIFORNIA.

Louisa A. Cobden to be postmaster at Groveland, Calif. Office became presidential April 1, 1920.

Edward Smith to be postmaster at Grimes, Calif. Office became presidential January 1, 1921.

William J. Mowry to be postmaster at Colma, Calif. Office became presidential July 1, 1920.

Christian J. Aggergaard to be postmaster at Big Creek, Calif. Office became presidential January 1, 1921.

COLORADO.

Siegfried Salomon to be postmaster at Platteville, Colo., in place of H. F. Bedford, resigned.

Christopher C. Eastin to be postmaster at Kremmling, Colo., in place of J. C. Irvin. Incumbent's commission expired March 16, 1921.

Edward L. Boillot to be postmaster at Fort Morgan, Colo., in place of F. F. Reinert, resigned.

Frank M. Shedd to be postmaster at Aurora, Colo., in place of C. E. Melis, resigned.

Hubbard I. Boyd to be postmaster at Weldona, Colo. Office became presidential July 1, 1920.

FLORIDA.

John F. Stunkel to be postmaster at Leesburg, Fla., in place of G. L. Anderson. Incumbent's commission expired March 16, 1921.

GEORGIA.

Robert Barron to be postmaster at Zebulon, Ga., in place of J. N. Mangham. Incumbent's commission expired January 31, 1921.

Henry G. Roberds to be postmaster at Villa Rica, Ga., in place of T. F. Sykes. Incumbent's commission expired July 7, 1920.

Joe B. Saunders to be postmaster at Ringgold, Ga., in place of D. A. Trundle, resigned.

Alice Calhoun to be postmaster at Lumber City, Ga., in place of H. S. Tucker. Incumbent's commission expired August 3, 1920.

Hugh C. Register to be postmaster at Hahira, Ga., in place of B. L. Cumbus, removed.

William H. Flanders to be postmaster at Swainsboro, Ga., in place of G. F. Flanders. Incumbent's commission expired July 25, 1920.

William T. Rudolph to be postmaster at Thomaston, Ga., in place of W. W. McMillan. Incumbent's commission expired August 4, 1920.

James L. Weaver to be postmaster at Ellijay, Ga., in place of N. L. Tankersley. Incumbent's commission expired January 31, 1921.

Walter R. Cannon to be postmaster at Clayton, Ga., in place of W. R. Cannon. Incumbent's commission expired January 6, 1920.

James P. Pirkle to be postmaster at Hoschton, Ga. Office became presidential January 1, 1921.

Alexander Davidson to be postmaster at Cleveland, Ga. Office became presidential July 1, 1920.

ILLINOIS.

George H. Abshire to be postmaster at Pawnee, Ill., in place of E. P. Sanders. Incumbent's commission expired May 15, 1920.

Albert S. Tavenner to be postmaster at Polo, Ill., in place of W. T. Clopper, deceased.

Clyde E. Chester to be postmaster at Loda, Ill., in place of I. C. Barlow, name changed by marriage.

Lena Albers to be postmaster at Atwood, Ill., in place of A. A. Rose. Incumbent's commission expired April 24, 1921.

Frances E. Tinker to be postmaster at Stonington, Ill., in place of P. A. Dwyer. Incumbent's commission expired January 31, 1921.

William H. Burnell to be postmaster at Springvalley, Ill., in place of J. J. Sweeney. Incumbent's commission expired January 10, 1920.

William H. Pease to be postmaster at Harvey, Ill., in place of J. J. O'Rouke. Incumbent's commission expired December 17, 1919.

William J. Hamilton to be postmaster at Evanston, Ill., in place of George Taylor. Incumbent's commission expired June 13, 1918.

Joseph D. Nutt to be postmaster at East Alton, Ill., in place of L. P. Cooper, deceased.

William F. Meyer, jr., to be postmaster at Arlington Heights, Ill., in place of W. F. Meyer, jr. Incumbent's commission expired August 4, 1920.

Robert E. Stephen to be postmaster at Frankfort, Ill. Office became presidential January 1, 1921.

INDIANA.

Edgar Spencer to be postmaster at Wolcott, Ind., in place of A. E. Smith. Incumbent's commission expired January 9, 1921.

Fred McNutt to be postmaster at Waveland, Ind., in place of J. D. Holland. Incumbent's commission expired December 20, 1920.

IOWA.

William A. Brinck to be postmaster at West Point, Iowa, in place of W. D. Schulte, resigned.

W. S. Peterson to be postmaster at Missouri Valley, Iowa, in place of T. L. Finley. Incumbent's commission expired August 30, 1920.

Gayle A. Goodman to be postmaster at Birmingham, Iowa, in place of W. R. Shott. Incumbent's commission expired March 16, 1921.

KANSAS.

Willis E. Baker to be postmaster at Pleasanton, Kans., in place of I. J. Hart. Incumbent's commission expired January 20, 1920.

Robert E. Anderson to be postmaster at Meriden, Kans., in place of John Carden. Incumbent's commission expired December 20, 1920.

Walter S. Bradford to be postmaster at McLouth, Kans., in place of G. F. Dillon. Incumbent's commission expired December 20, 1920.

Douglas M. Dimond to be postmaster at Kensington, Kans., in place of J. H. Rice, resigned.

William B. Trembley to be postmaster at Kansas City, Kans., in place of A. H. Gillis. Incumbent's commission expired September 6, 1920.

Nellie I. Morley to be postmaster at Highland, Kans., in place of A. E. Bruner, resigned.

James R. Robison to be postmaster at Riley, Kans., in place of E. M. Meyer. Incumbent's commission expired January 23, 1921.

Pitt H. Halleck to be postmaster at Abilene, Kans., in place of W. A. Matteson, resigned.

KENTUCKY.

David Johnson to be postmaster at Clinton, Ky., in place of O. W. Jackson, resigned.

William H. Sergent to be postmaster at Jenkins, Ky., in place of A. K. Bowles, jr., resigned.

Anna M. Seaton to be postmaster at Buechel, Ky. Office became presidential April 1, 1921.

LOUISIANA.

Joseph D. Hebert to be postmaster at Cottonport, La., in place of U. J. Marcotte. Incumbent's commission expired January 23, 1921.

MAINE.

Julia E. Lufkin to be postmaster at Deer Isle, Me. Office became presidential July 1, 1920.

MARYLAND.

Lawrence M. Taylor to be postmaster at Perryman, Md., in place of E. V. Cronin. Incumbent's commission expired January 8, 1921.

MASSACHUSETTS.

Frank M. Reynolds, jr., to be postmaster at Nantasket Beach, Mass., in place of F. M. Reynolds, jr. Incumbent's commission expired July 21, 1921.

Robert H. Lawrence to be postmaster at South Dartmouth, Mass. Office became presidential January 1, 1921.

David N. Wixon to be postmaster at Dennis Port, Mass. Office became presidential July 1, 1920.

MICHIGAN.

John H. Fink to be postmaster at New Baltimore, Mich., in place of H. W. Reinecke, resigned.

Jay W. Ellsworth to be postmaster at Wheeler, Mich. Office became presidential April 1, 1921.

Harry J. Skinner to be postmaster at McMillan, Mich. Office became presidential July 1, 1921.

Edgar Hilliard to be postmaster at Kaleva, Mich. Office became presidential January 1, 1921.

R. Deneen Brown to be postmaster at Hale, Mich. Office became presidential July 1, 1921.

Sarah G. Howard to be postmaster at Custer, Mich. Office became presidential October 1, 1920.

William H. Ebert to be postmaster at Arcadia, Mich. Office became presidential April 1, 1920.

MINNESOTA.

Fred E. Joslyn to be postmaster at Mantorville, Minn., in place of F. E. Joslyn. Incumbent's commission expired January 15, 1921.

Carleton H. Leighty to be postmaster at Glenville, Minn., in place of C. H. Leighty. Incumbent's commission expired September 5, 1920.

Osmon F. Way to be postmaster at Claremont, Minn., in place of Martin McGuire, resigned.

Laura O. Kuchta to be postmaster at Aurora, Minn., in place of A. E. Hill, resigned.

Robert B. Forrest to be postmaster at Lake Wilson, Minn., in place of R. B. Forrest. Incumbent's commission expired January 15, 1921.

Elmer C. Hutchinson to be postmaster at Eagle Bend, Minn., in place of W. J. Sarff, resigned.

Edith A. Marsden to be postmaster at Hendrum, Minn., in place of E. A. Marsden. Incumbent's commission expired March 16, 1921.

Lillian E. Trevette to be postmaster at Newport, Minn. Office became presidential January 1, 1921.

Maxwell W. Johnson to be postmaster at Milroy, Minn. Office became presidential October 1, 1920.

George H. Emmons to be postmaster at Emmons, Minn. Office became presidential January 1, 1921.

MISSISSIPPI.

Sarah A. Tyner to be postmaster at Bay Springs, Miss., in place of S. A. Tyner. Incumbent's commission expired December 20, 1920.

MISSOURI.

Joseph O. Bassett to be postmaster at Vienna, Mo. Office became presidential October 1, 1920.

Robert M. Tirmenstein to be postmaster at Benton, Mo., in place of E. M Moore. Incumbent's commission expired December 20, 1920.

James A. Coder to be postmaster at Lewistown, Mo., in place of J. H. Nelson, removed.

William A. Barris to be postmaster at Marionville, Mo., in place of Wyatt Cannady, resigned.

Charles L. Farrar to be postmaster at Macon, Mo., in place of Ancil Milam. Incumbent's commission expired June 23, 1920.

Jacob B. Marshall to be postmaster at Lamonte, Mo., in place of Antoinette Sullivan, removed.

Ross A. Prater to be postmaster at Essex, Mo., in place of G. C. Meineke, resigned.

MONTANA.

Emma E. Waddell to be postmaster at Custer, Mont. Office became presidential January 1, 1921.

Fred E. Smith to be postmaster at Neihart, Mont. Office became presidential January 1, 1921.

Clark R. Northrop to be postmaster at Red Lodge, Mont., in place of John Dunn, resigned.

William J. Fransham to be postmaster at Bozeman, Mont., in place of N. P. Evans. Incumbent's commission expired January 5, 1920.

NEBRASKA.

August Dickenman to be postmaster at Talmage, Nebr., in place of August Dickenman. Incumbent's commission expired February 3, 1920.

Isaac B. Lamborn to be postmaster at Palmyra, Nebr., in place of J. F. Mahoney. Incumbent's commission expired January 13, 1921.

NEW HAMPSHIRE.

Lewis P. Merrill to be postmaster at West Stewartstown, N. H. Office became presidential April 1, 1921.

NEW JERSEY.

O. F. Ferree to be postmaster at Stoneharbor, N. J., in place of W. J. Christian. Incumbent's commission expired January 31, 1921.

Walter E. Harbourt to be postmaster at Netcong, N. J., in place of S. P. Miller, resigned.

Raymond W. Losey to be postmaster at Blairstown, N. J., in place of J. E. Blair. Incumbent's commission expired August 26, 1920.

Joseph H. Long to be postmaster at Anglesea, N. J., in place of H. C. Wheaton, deceased.

NEW YORK.

William H. Boyce to be postmaster at South New Berlin, N. Y. Office became presidential January 1, 1921.

John W. Fiero, jr., to be postmaster at Round Top, N. Y. Office became presidential April 1, 1921.

Alvin J. White to be postmaster at Eaton, N. Y. Office became presidential January 1, 1921.

Edward T. Sheffer to be postmaster at Shortsville, N. Y., in place of D. W. Gilligan. Incumbent's commission expired January 18, 1920.

Elmer J. Conklin to be postmaster at Poughkeepsie, N. Y., in place of J. E. Townsend. Incumbent's commission expired March 23, 1920.

Matthew McManus, jr., to be postmaster at Orangeburg, N. Y., in place of E. C. Elliott. Incumbent's commission expired August 8, 1920.

John T. Hoffman to be postmaster at Madalin, N. Y., in place of C. B. Stickel. Incumbent's commission expired March 16, 1921.

Charles L. Dix to be postmaster at Forestville, N. Y., in place of C. F. Record. Incumbent's commission expired March 22, 1920.

George F. Vreeland to be postmaster at Far Rockaway, N. Y., in place of T. A. McMahon. Incumbent's commission expired February 2, 1921.

Edward J. Monroe to be postmaster at Croghan, N. Y., in place of Edward Griment. Incumbent's commission expired July 25, 1920.

Ira B. Cooper to be postmaster at Cato, N. Y., in place of C. L. Harris. Incumbent's commission expired March 22, 1920.

Halburt M. Cinnamond to be postmaster at Union, N. Y., in place of U. H. Merservan. Incumbent's commission expired March 15, 1920.

Rosswell R. Steacy to be postmaster at Redwood, N. Y., in place of L. S. Martin. Incumbent's commission expired March 22, 1920.

Dennis Dillon to be postmaster at Raquette Lake, N. Y., in place of Dennis Dillon. Incumbent's commission expired January 15, 1920.

Fred N. Parquet to be postmaster at Inlet, N. Y., in place of F. N. Parquet. Incumbent's commission expired July 21, 1921.

Frank M. Bredell to be postmaster at Lockport, N. Y., in place of G. W. Batten. Incumbent's commission expired March 15, 1921.

Ray J. Fuller to be postmaster at Frankfort, N. Y., in place of J. J. Shea. Incumbent's commission expired February 11, 1920.

NORTH CAROLINA.

Will C. Hoffman to be postmaster at Dallas, N. C. Office became presidential January 1, 1921.

Clarence L. Fisher to be postmaster at Roseboro, N. C., in place of J. M. Hall. Incumbent's commission expired January 13, 1921.

Henry T. Atkins to be postmaster at Lillington, N. C., in place of J. N. Fuquay. Incumbent's commission expired January 8, 1921.

Robert O. Smith to be postmaster at Creedmoor, N. C., in place of E. K. Morris. Incumbent's commission expired March 16, 1921.

Jesse T. Price to be postmaster at Williamston, N. C., in place of L. B. Wynne. Incumbent's commission expired March 4, 1920.

Francis A. Slate to be postmaster at Gastonia, N. C., in place of J. R. Rankin, resigned.

NORTH DAKOTA.

Jessie M. Lewis to be postmaster at Werner, N. Dak., in place of J. M. Robison. Name changed by marriage.

Howard A. Thomas, jr., to be postmaster at Driscoll, N. Dak., in place of E. C. Ruble, resigned.

John A. Halberg to be postmaster at Park River, N. Dak., in place of J. J. Dougherty, resigned.

Delia B. Stromstad to be postmaster at Carpio, N. Dak., in place of P. J. Kavanagh, resigned.

OHIO.

Frank J. Reinheimer to be postmaster at Kelleys Island, Ohio. Office became presidential April 1, 1921.

Charles G. Bartlett to be postmaster at State Soldiers' Home, Ohio, in place of C. G. Bartlett. Incumbent's commission expired July 21, 1921.

Jesse A. Keller to be postmaster at Pleasantville, Ohio, in place of R. E. Hite. Incumbent's commission expired January 13, 1921.

Lloyd R. Wallace to be postmaster at Mount Victory, Ohio, in place of R. L. McKim. Incumbent's commission expired January 23, 1921.

Harry B. Miller to be postmaster at Rockford, Ohio, in place of R. N. Frysinger, resigned.

Owen Livingston to be postmaster at Richwood, Ohio, in place of E. E. Moore. Incumbent's commission expired July 10, 1920.

Sallie E. Turner to be postmaster at Martinsville, Ohio, in place of C. W. Turner, deceased.

George E. Ricker to be postmaster at Holgate, Ohio, in place of C. L. Ritz, resigned.

Alton D. Whiteman to be postmaster at Greenspring, Ohio, in place of P. E. Montgomery. Incumbent's commission expired January 18, 1920.

Lee Heckman to be postmaster at Edon, Ohio, in place of C. V. Lash. Incumbent's commission expired July 21, 1921.

John W. Shisler to be postmaster at Dalton, Ohio, in place of L. C. Davison, deceased.

Ralph I. Wolf to be postmaster at Coolville, Ohio, in place of H. M. Walden. Incumbent's commission expired December 20, 1920.

Lessa B. Masters to be postmaster at Antwerp, Ohio, in place of J. P. Bakle, removed.

OKLAHOMA.

Rosa B. Britton to be postmaster at Cyril, Okla. Office became presidential January 1, 1921.

Jere C. Townsend to be postmaster at McLoud, Okla., in place of W. R. Franklin. Incumbent's commission expired January 2, 1921.

Rose Crowder to be postmaster at Krebs, Okla., in place of E. F. Turner, resigned.

John W. Gregory to be postmaster at Weleetka, Okla., in place of E. S. Gray, resigned.

Lillian M. Newhouse to be postmaster at Prague, Okla., in place of L. M. Newhouse. Incumbent's commission expired January 2, 1921.

OREGON.

H. F. Woodcock to be postmaster at Maupin, Oreg. Office became presidential April 1, 1921.

PENNSYLVANIA.

Walter C. Taylor to be postmaster at White Haven, Pa., in place of S. S. Staples. Incumbent's commission expired August 3, 1920.

Boyd W. Brobst to be postmaster at Shickshinny, Pa., in place of R. E. Wheatley, resigned.

Henry W. Redfoot to be postmaster at Fredonia, Pa., in place of J. L. Infield. Incumbent's commission expired January 8, 1921.

Comfrey Ickes to be postmaster at Boswell, Pa., in place of R. E. Spangler, resigned.

Patrick J. Molyneaux to be postmaster at Lyndora, Pa., in place of J. A. Hughes, removed.

Fred D. Hellman to be postmaster at Lebanon, Pa., in place of A. I. Hartman, deceased.

Percival C. Fox to be postmaster at Halifax, Pa., in place of J. C. Miller. Incumbent's commission expired August 3, 1920.

PORTO RICO.

Luis R. Garcia Casanova to be postmaster at Naguabo, P. R. Office became presidential October 1, 1920.

SOUTH CAROLINA.

John L. Bunch to be postmaster at McColl, S. C., in place of Luther McLaurin. Incumbent's commission expired March 19, 1918.

William B. Blakeley to be postmaster at Andrews, S. C., in place of W. B. Blakeley. Incumbent's commission expired January 2, 1921.

SOUTH DAKOTA.

Mary S. Reed to be postmaster at Wasta, S. Dak. Office became presidential January 1, 1921.

Cecil L. Adams to be postmaster at Frankfort, S. Dak., in place of L. K. Harris. Incumbent's commission expired July 7, 1920.

TEXAS.

Thomas J. Darling to be postmaster at Temple, Tex., in place of Alex Dienst, removed.

Will C. Easterling to be postmaster at Ozona, Tex., in place of N. W. Graham, resigned.

Lucy Breen to be postmaster at Mineola, Tex., in place of D. S. Lankford. Incumbent's commission expired December 6, 1919.

Charlie B. Starke to be postmaster at Holland, Tex., in place of N. B. Vernon. Incumbent's commission expired March 16, 1921.

Matilda Akeson to be postmaster at Hale Center, Tex., in place of A. M. Shepard. Incumbent's commission expired January 19, 1921.

William C. Young to be postmaster at Garrison, Tex., in place of W. C. Young. Incumbent's commission expired August 26, 1920.

Walter S. Yates to be postmaster at Forney, Tex., in place of B. C. Edwards, resigned.

Frank Farrington to be postmaster at Diboll, Tex., in place of Frank Farrington. Incumbent's commission expired January 8, 1921.

John O. Holmes to be postmaster at Panhandle, Tex., in place of B. L. Rorex, resigned.

UTAH.

M. L. Harrison to be postmaster at Castlegate, Utah, in place of C. H. Nelson, resigned.

WASHINGTON.

Gordon C. Moores to be postmaster at Kennewick, Wash., in place of Averill Beavers. Incumbent's commission expired December 20, 1920.

WEST VIRGINIA.

Jesse D. Day to be postmaster at Ashland, W. Va. Office became presidential July 1, 1921.

Gerard D. Moore to be postmaster at Ranson, W. Va. Office became presidential July 1, 1921.

Frederick E. Bletner to be postmaster at Mason, W. Va. Office became presidential January 1, 1921.

John F. Lusk to be postmaster at Itmann, W. Va. Office became presidential July 1, 1921.

William H. Young to be postmaster at Union, W. Va., in place of E. H. Shanklin. Incumbent's commission expired January 9, 1921.

J. Jerome Haddox to be postmaster at Barboursville, W. Va., in place of J. W. Wilson, deceased.

Laura Y. Conner to be postmaster at Harpers Ferry, W. Va., in place of T. M. Conner, deceased.

WISCONSIN.

Fred B. Rhyner to be postmaster at Marshfield, Wis., in place of A. G. Pankow, resigned.

Lila O. Burton to be postmaster at Eagle, Wis., in place of C. L. Shearer, resigned.

Charles H. Prouty to be postmaster at Genoa Junction, Wis., in place of C. H. Prouty. Incumbent's commission expired June 29, 1920.

Alexander M. Powers to be postmaster at Delafield, Wis., in place of C. V. Richer, resigned.

Arthur V. Carpenter to be postmaster at Crandon, Wis., in place of W. H. Ferguson. Incumbent's commission expired July 10, 1920.

Alfred E. Redfield to be postmaster at Stevens Point, Wis., in place of A. G. Krembs. Incumbent's commission expired June 2, 1920.

Arthur M. Howe to be postmaster at Elk Mound, Wis., in place of A. M. Howe. Incumbent's commission expired March 16, 1921.

CONFIRMATIONS.

Executive nominations confirmed by the Senate November 2 (legislative day of October 20), 1921.

RECEIVER OF PUBLIC MONEYS.

Pedro Romero to be receiver of public moneys at Fort Sumner, N. Mex.

PROMOTIONS IN THE NAVY.

TO BE COMMANDERS.

Charles H. Bullock.
Nathan W. Post.
Roscoe F. Dillen.
Albert T. Church.
William S. McClintic.
William Ancrum.
Robert W. Kessler.
Halsey Powell.
Abram Claude.
Herbert H. Michael.
Max M. Frucht.
Reuben B. Coffey.
Arthur C. Stott.
Robert L. Irvine.
Arthur B. Cook.

TO BE LIEUTENANT COMMANDERS.

Paul J. Peyton.
William W. Smith.
David I. Hedrick.
Stephen B. McKinney.
Olaf M. Hustvedt.
Alva D. Bernhard.
Harold C. Train.
Radford Moses.
Sherman S. Kennedy.
Daniel A. McElduff.
Alan G. Kirk.
Tracy L. McCauley.
Max B. De Mott.
Lee P. Johnson.
George K. Stoddard.

TO BE LIEUTENANTS.

Louis J. Roth.
Roswell H. Blair.
Henry M. Mullinnix.
Webster M. Thompson.
Walter W. Webb.
Knefler McGinnis.
Ellis H. Geiselman.
Vernon F. Grant.
Howard F. Councill.
John J. Ballentine.
Francis B. Connell.
Alphonsus I. Flynn.
Carlos W. Wieber.
Christopher Murray.
William R. Gardner.
Bertram David.
Richard O. Williams.
Arthure Langfield.
John Roman.
Meade H. Eldridge.
Ernest R. Peircey.
William R. Buechner.
Edward C. Wurster.
Arthur B. Dorsey.
Arthur D. Freshman.
Gustav C. Tanske.
Charles W. A. Campbell.
Charles A. Armstrong.
James S. Trayer.
Gregoire F. J. Labelle.
Henry Hartley.
Peter J. Gundlach.
Albert M. Hinman.
William Cox.
Stephen A. Loftus.
Herman C. Schrader.
Herbert R. Mytinger.
Harold A. Turner.
Curry E. Eason.
Brice H. Mack.
Herbert J. Meneratti.
Newton R. George.
Jonathan H. Warman.
Joseph W. Bettens.
Henry W. Stratton.
Frederick G. Keyes.
John Meyer.
Horace DeB. Dougherty.
Joseph A. Rasmussen.
Warner K. Bigger.
Charles Antrobus.
Arthur T. Brill.
John C. Heck.
James L. McKenna.
Frank E. Nelson.
Philip S. Flint.
Frank F. Webster.
Charles King.
Quintus R. Thompson, jr.
William R. Spear.
Melvin C. Kent.
Anthony Prastka.
Joseph W. Birk.
Raymond A. Walker.
Ola D. Butler.
Clyde H. McLellon.
Lee W. Drisco.
William S. Holloway.
Harry M. Dickerson.
Louis H. Rassler.
William A. Tattersall.
Arthur C. Leonard.
Herbert Wycherly.
Grover A. Miller.
Marion C. Erwin.
Haden H. Phares.
Lester M. Harvey.
William B. Anderson.
Frederick A. Ruf.
Harry Le R. Thompson.
Leslie K. Orr.
John F. Warris.

Niels Drustrup.
Abraham De Somer.
Robert C. McClure.
William A. Mason.
John F. Murphy.
Clarence R. Rockwell.
Paul E. Kuter.
William E. Snyder.
Simon L. Shade.
Albert E. Freed.
Harry J. Hansen.
Newcomb L. Damon.
John J. Madden.
Clyde Lovelace.
Martin Dickinson.
William H. Farrel.
John Whalen.
George S. Dean.
Charles F. Fielding.
Aaron Eldridge.
Judson E. Scott.
Edward L. Newell.
Robert B. England.
Lars O. Peterson.
Omar B. Earle.
Edwin Fisher.
George R. Blauvelt.
Earl V. Hand.
Charles Waters.
John R. McKean.
Harold A. Clough.
Thomas W. Mather.
Chester L. Nichols.
Thomas M. Leovy.
Harold F. Fultz.
Benjamin W. Cloud, 2d.
Mallery K. Aiken.
Frederick S. Conner.
Howard W. Kitchin.
Leland D. Webb.
William Knox.
Clyde C. Laws.
Roy M. Cottrell.
Thomas E. Flaherty.
Walter C. Theimer.
Athur R. Pontow.
Learned L. Dean.
Harry R. Hayes.
Merwin W. Arps.
Jerome L. Allen.
Eugene L. Richardson.
Albert R. Myers.
Charles P. Porter.
Walker P. Rodman.
Joseph B. Anderson.
Albert M. Austin.
Lyman C. Avery.
John B. Barrett.
Rico Botta.
Harold J. Brow.
Charles B. Burke.
Paul W. Carter.
Thomas M. Colston, jr.
George L. Compo.
Byron J. Connell.
Andrew Crinkley.
Fred C. Dickey.
Harold A. Elliott.
Frank C. Fake.
William M. Fellers.
Francis E. Fitch.
Robert L. Fuller.
Arthur Gavin.
Adolphus W. Gorton.
Thomas A. Gray.
Lambert Hewitt.
Arthur R. Houghton.
Lester T. Hundt.
Rutledge Irvine.
Hiram L. Irwin.
Theodore C. Lonnquest.
Rossmore D. Lyon.
Robert P. McConnell.
Francis R. McDonnell.
Samuel B. McMurrain.
Ralph H. Norris.
Telford B. Null.
George T. Owen.
William K. Patterson.
Loverne A. Pope.
Alfred M. Pride.
Charles H. Ramsdell.
Francis W. Reichelderfer.
Herbert C. Rodd.
William H. Rohrbach.
John M. Sheehan.
Frank H. Sloman.
Allen P. Snody.
Henry T. Stanley.
John Stanley.
James H. Stevens.
Charles D. Williams, jr.
William L. Wright.
John B. W. Waller.
George R. Fairlamb, jr.
Julian D. Wilson.

TO BE ASSISTANT NAVAL CONSTRUCTORS WITH RANK OF LIEUTENANT.

Frederick B. Britt.
Clarence W. Chaddock.
Reuben R. Clarke.
Charles W. Colby.
Joel A. Davis.
Herbert Duthie.
Tony L. Hannah.
John H. Jack, jr.
Charles N. Liqued.
Irving B. McDaniel.
James G. McPherson.
Albert G. Merrill.
Robert Morgan.
Thomas F. O'Brien.
George T. Paine.
Robert B. Pick.
John A. Price.
James P. Shovlin.
William A. Sullivan.
Peter Treutlein.
Benjamin S. Wells.
Ralph S. Barnaby.
Clem H. Congdon.
Walter S. Diehl.
Carl B. Harper.
Harold Larner.
John W. Lerew.
Raymond D. MacCart.
Charles J. McCarthy.
Theodore P. Wright.

TO BE ASSISTANT NAVAL CONSTRUCTORS WITH RANK OF LIEUTENANT (JUNIOR GRADE).

Noah W. Gokey.
William W. Hastings.
George W. Henderson.
Joseph M. Kiernan.
Roland G. Mayer.
William Neidert.
Gerald W. Thomson.
George V. Whittle.
Charles Hibbard.
Cornelius V. S. Knox.
Virgil V. McKenna.
Wendell P. Roop.
Karl Schmidt.
Walter C. Wilson.

TO BE LIEUTENANTS (JUNIOR GRADE).

Vernon F. Grant.
Howard F. Councill.
John J. Ballentine.
Francis B. Connell.
Alphonsus I. Flynn.
Palmer M. Gunnell.
Robert F. MacNally.
Samuel B. Ogden.
Joseph C. Newman.
Arthur F. Folz.
Ellis H. Geiselman.
Carlos W. Wieber.
Alfred P. Moran, jr.
John H. Cassady.
Jarrard E. Jones.
George R. Veed.
John J. Clausey.
Ralph G. Moody.
Frederick Petry.
William F. Schlegel.
Sol Shaw.
Asa Van Roerfnud Watson.
Wilmer W. Weber.
John A. Rogers.
Ludwig W. Gumz.
Arthur H. Cummings.
Raymond C. McDuffie.
Henry A. Stuart.
Alexander B. Holman.
William J. Graham.
Walter B. Buchanan.
Joseph W. Storm.
Edwin F. Bilson.
Otto H. H. Strack.
Orie H. Small.
Clyde Morrison.
Elmer B. Robinson.
Elijah E. Tompkins.
Doile Greenwell.
Arthur L. Karns.
Homer E. Curlee.
Carl H. Forth.
Robert N. Lockart.
Marcus L. Kurtz.
John F. W. Gray.
Ratcliffe C. Welles.
Homer B. Davis.
Edwin Nelson.
James M. Connally.
Percival W. Buzby.
Vernon C. Bixby.
Arthur E. Bartlett.
Harold J. Wright.
Burmain A. Grimball.
Alfred J. Byrholdt.
Oliver H. Briggs.
Carl Hupp.
Charles A. Goebel.
Stonewall B. Stadtler.
Homer F. McGee.
Stephen E. Haddon.
Lansford F. Kengle.
Frank A. Brandecker.
Arthur Wrightson.
Edward H. Smith.
Harold K. Smoot.
William E. McClendon.
Laurence E. Myers.
Robert S. Smith, jr.
Henry C. Flanagan.
William Y. Rorer.
George E. Ernest.
Will F. Roseman.
Jesse G. McFarland.
John P. Dix.
Robert E. Davenport.
William Wakefield.
James D. Barner.
Clyde L. Lewis.
Frederick O. Goldsmith.
Thomas D. Guinn.
Robert H. Harrell.
James H. Hulse.
Malcolm R. Jameson.
Daniel H. Kane.
Charles A. Kirtley.
Harry J. Lang.
Thomas B. Lee.
William B. Lobaugh
Donald J. MacCalman.
Donald McA. Mackey.
David A. Musk.
Emil B. Perry.
Russell U. Pollard.
Stewart S. Reynolds.
Fred A. Hardesty.
Lloyd S. Kinnear.
Frank E. Vensel, jr.
Arthur E. Anderson.
Charles S. Seely.
George Paille.
John P. Hildman.
Truman E. Ayres.
William E. Phillips.
Raymond G. Deewall.
John Q. Chapman.
Earl B. Brix.
Perle M. Lund.
Perry F. Newton.
Charles M. Johnson.
Henry L. Pitts.
Charles F. Waters.
Edward J. Lysaught.
Percy A. Decker.
Cornelius J. O'Connor.
Edward B. Peterson.
Charles R. Jeffs.
DeForest L. Trautman.
Caleb R. Crandall.
Walter E. Andrews.
Wellington S. Morse.
Frank E. Kennedy.
James E. Arnold.
Raymond E. Farnsworth.
Frank A. Mullen.
John E. Dingwell.
Norman E. Millar.
Leslie E. Gehres.
Lewis H. C. Johnson.
Louis P. Harris.
Raymond E. Daniels.
Guy R. Bostain.
Leo L. Waite.
Lawrence S. Tichenor.
Joseph R. Tobin.
Hermann P. Knickerbocker.
Arthur F. Peterson.
James N. McTwiggan.
Frederick W. Ickes.
Edward G. Nolan.
Scott E. Peck.
Charles F. Grisham.
John H. Thomas.
William Hartenstein.
Elwood H. Barkelew.
Emil Chourre.
Merritt P. Higgins.
George A. Ott.
William L. Peterson.
Thomas E. Renaker.
Carl A. Scott.
Thomas D. Southworth.
Troy N. Thweatt.
Raymond F. Tyler.
Paul C. Warner.
Herbert A. Anderson.
Dean Blanchard.
Steven W. Callaway.
Harry F. Carlson.
Donald G. Davis.
Albert E. Dupuy.
James E. Dyer.
Volney C. Finch.
John J. Fitzgerald.
Maxwell B. Saben.
Howard R. Shaw.
William J. Slattery.
Arthur C. Smith.
Barrett Studley.
Grover B. Turner.
Frank R. Whitmore.
Louis T. Young.
John McC. Fitz-Simons.
Thomas G. W. Settle.
Hubert H. Anderson.
Everett D. Kern.
Walton R. Read.
Earle H. Kincaid.
Ensign Julian D. Wilson.

TO BE PASSED ASSISTANT SURGEONS.

Hampden A. Burke.
John B. O'Neil.
Arthur S. Judy.
Warwick T. Brown.
Gerald Selby.
Victor H. Shields.
Jules Magnette, jr.
Edward J. Goodbody.
John G. Smith.
Howell C. Johnston.
Charles G. Terrell.

TO BE PASSED ASSISTANT PAYMASTERS.

Homer C. Sowell.
Percy C. Corning.
James C. Bequette.
James R. Frawley.
Charles L. Austin.
Blaine Hunter.
Allen H. White.
Alfred B. Clark.
Samuel B. Deal, jr.
Horace D. Nuber.
John N. Harriman.

TO BE PASSED ASSISTANT DENTAL SURGEONS.

Theodore P. Donahoe.
John E. Herlihy.
George C. Fowler.
Sidney M. Akerstrom.
Robert S. Davis.
Harold A. Badger.
Robert M. Askin.
Louis B. Lippman.
Walter Rehrauer.
Francis J. Long.

TO BE PAY DIRECTORS.

Joseph Fyffe.
Timothy S. O'Leary.
John H. Merriam.
George Brown, jr.
Robert H. Woods.
Arthur F. Huntington.

TO BE PAY INSPECTORS.

Ignatius T. Hagner.
Emmett C. Gudger.
Chester G. Mayo.
William C. Fite.

TO BE CHIEF PAY CLERKS.

Willard B. Hinckley.
Wayne Prather.
John T. Alexander.
Roy L. Davis.
Edward L. Ducker.

Thomas B. Richey to be naval constructor.
Eugene H. Tennent to be dental surgeon.
Charles J. Lanier to be assistant paymaster.
Earl W. Foster to be chaplain.

TO BE ENSIGNS.

Paul R. Fox.
Franz J. M. Parduhn.
James A. Martin.
William E. O'Connell.
Edward S. Tucker.
George J. Lovett.
Orrin R. Hewitt.
Louis F. Miller.
Gregory Cullen.
Thomas Macklin.
Michael Macdonald.
George D. Samonski.
Bernhard Schumacher.
Ernest Heilmann.
John B. Hupp.
Harry E. Stevens.
David P. Henderson.
Harry A. Pinkerton.
Herman Kossler.
John McM. D. Knowles.
Robert G. Greenleaf.
Ernest W. Dobie.
Stephen H. Badgett.
Walter M. Shipley.
Clyde Keene.
Michael J. Conlon.
William D. Dadd.
Burton W. Lambert.
Clarence L. Tibbals.
Frederick T. Walling.
William Martin.
Francis P. Brewer.
Warwick M. Tinsley.
John F. Piotrowski.
George O. Farnsworth.
William K. Johnstone.
Ralph A. Scott.
Emmette F. Gumm.
Robert S. Savin.
Clarence H. Fogg.
George B. Evans.
Thomas Southall.
Joseph A. Flynn.
Thomas G. Shanahan.
George C. Neilson.
Godfrey P. Schurz.
Frank Schultz.
Daniel F. Mulvihill.
August Logan.
David F. Mead.
Arthur Boquett.
George W. Waldo.
Charles C. Stotz.
Sigvart Thompson.
Paxton Hotchkiss.
Norman McL. McDonald.
William T. Shaw.
William S. Evans.
James D. Brown.
John P. Millon.
Alfred Doucet.
James Donaldson.
James M. MacDonnell.
William A. Eaton.
David McWhorter, jr.
Everest A. Whited.
Samuel E. Lee.
Elery A. Zehner.
Frank Kinne.
George T. Campbell.
Rony Snyder.
Frank Kerr.
Claude B. Arney.
Elmer J. McCluen.
Stockard R. Hickey.
Harry A. Mewshaw.
Chris Halverson.
Thom H. Williamson.
Hubert K. Stubbs.
Benjamin J. Shinn.
Theodore A. Kelly.
George H. Toepfer.
Joseph A. Ouellet.
Howard Haynes.
Wiley B. Jones.
Claude Farmer.
Harry A. Wentworth.
Harley E. Barrows.
Frederick J. Silvernail.
Charles F. Hudson.
Abram L. Broughton.
Frank V. Shepard.
Clarence E. Williams.
James H. Cain.
Fleet W. Corwin.
Arthur C. Hoyt.
Harry F. Gray.
Maurice M. Rodgers.
William Klaus.
John F. Kennedy.
Frank I. Hart.
Alvin Henderson.
John F. P. Miller.
Harold F. MacHugh.
Albert R. Colwell.
Jeremiah K. Cronin.
Kenneth F. Horne.
Walter C. Haight.
John Sharpe.
Raymond S. Kaiser.
Loar Mansbach.
Frank Schlapp.
Bruce M. Parmenter.
Walter M. Blumenkranz.
William J. Russell.
Robert Anderson.
James F. Cooper.
William P. Turner.
Oliver P. Kilmer.
Laurie C. Parfitt.
Clarence A. Hawkins.
Alfred R. Boileau.
Eldred J. Richards.
George A. Gast.
Arthur P. Spencer.
William J. Poland.
Thomas Fertner.
Emil H. Petri.
Carter E. Parker.
Harlie H. Brown.
Harold Bye.
Mauritz M. Nelson.
Joe S. Wierzbowski.
George H. Turner.
Carl I. Ostrom.
Emil Roeller.
Percy S. Hogarth.
Jesse M. Acuff.
William E. Smith.
John M. Morrison.
Edward G. Evans.
Walter E. Holden.
Grover C. Watkins.
Frederick Strohte.
Olaf J. Gullickson.
Stuart L. Johnson.
Gilbert R. Whitworth.
David R. Knape.
Brady J. Dayton.
John L. Graham.
Arthur D. Murray.
John G. Cross.
Thomas T. Hassell.
John J. Gaskin.
Thomas P. Kane.
Ralph M. Gerth.
Joseph A. Clark.
William A. Lynch.
Charles L. Allen.
Burton E. Rokes.
Lloyd K. Cleveland.
Donald R. Comstock.
Raymond St. C. Beckel.
Arthur W. Bates.
Harold F. Hale.
Andrew M. Parks.
Andrew M. Harvey.
Stanely H. Southwell.
Martin Nyburg.
Ove P. O. Hansen.
Edgar C. Suratt.
Ashton B. Smith.
George Walker.
Frederick A. Smith.
Wallace H. Gregg.
Leon W. Mills.
Philip D. Butler.
Edward Danielson.
Andrew Simmons.
Emmett J. Driscoll.
James H. Woodward.
Joseph L. Cassidy.
Ira W. Truitt.
Franklin E. Cook.
Myron T. Grubham.
Frank W. Rasch.
Charles W. Van Horn.
Gurney E. Patton.
Edward J. Spuhler.
Donald B. McClary.
Alva Henderson.
Albert J. Wheaton.
Arthur Brown.
Philip L. Emerson.
Warren R. Hastings.
John B. McGovern.
Eli B. Parsons.
Elmer J. Tiernan.
Walter W. Miller.
Julius C. Kinsky.
Lawrence K. Beaver.
Benjamin S. Brown.
John O. Jenkins.
Earle C. Peterson.
Francis E. Matthews.
Joseph W. McColl, jr.
Paul L. Hughes.
Philip H. Taft.
Ira B. Spoonmore.
Charles R. Hoffecker.
Henry L. Burmann.
John S. Hawkins.
Charlie S. East.
Reuben F. Davis.
William C. Betzer.
Walter E. Stephen.
Charles H. Gordon.
Thomas J. Eggleston.
John E. Canoose.
Rudolph Oeser.
Theron S. Hare.
William M. McDade.
Robert H. Barnes.
John C. Redman.
Frank R. Wills.
Ewell K. Jett.
Eugene Bastian.
Rudolph P. Bielka.
William R. Dolan.
Maxemillian B. De Leshe.
Thomas O. Brandon.
James R. Harrison.
Jacob E. De Garmo.
John W. Dillinder.
Roger K. Hodsdon.
Alfred G. Scott.
Edgar V. Carrithers.
Howard L. Clark.
Rodney H. Dobson.
Terence W. Greene.
William N. Thornton.
Lannis A. Parker.
Ernest V. Abrams.
John E. Walrath.
John A. Paulson.
Merritt A. Bittinger.
Albert R. Buehler.
William B. Coleman.
Thomas F. Hayes.
Elder P. Johnson.
Herbert Loewy.
Benjamin C. Purrington.
Irving B. Smith.
Robert F. Stockin.
Haskell C. Todd.
Joseph P. Tomelty.
Harold J. Walker.
Florentin P. Wencker.
Arthur H. Small.
Thomas C. Kizer.

Milton P. Wilson.
James P. McCarthy.
George L. Bright.
Charles R. Price.
William G. Dow.
Thomas J. Bay.
John P. Bowling.
Harold B. Herty.
Edgar L. Adams.
Albert McI. Wright.
Samuel S. Fried.
Paul L. Mather.
Herbert H. Taylor.
Floyd J. Nuber.
Leedom B. Andrews.
Charles H. Ross.
Ralph W. Floody.
Charles H. Miller.
Edwin C. Millhouse.
George K. G. Reilly.
Charles R. Will.
Leon G. DeBrohun.
Joseph A. Guard.
Paul G. Wrenn.
Walter F. Hinckley.
Glenn S. Holman.
Clarence L. Waters.
Ralph L. Lovejoy.
Myron T. Richardson.
Robert K. Madsen, jr.
James S. Warner.
Paul G. Haas.
Lynn G. Bricker.
James C. Taylor.
Harold W. Alden.
William M. M. Lobrano.
Harold C. Patterson.
John A. Sedgwick.
Jackson R. Tate.
Arthur W. Peterson.
Roy A. Ibach.
Lawrence F. Blodgett.
David A. Peterson.
Clarence H. Pike.
Ralph H. Smith.
Alan F. Winslow.
Howard W. Bradbury.
George E. Twining.
Russell D. Bell.
Charles C. Ferrenz.
James S. Haughey.
Joseph W. Mullally.
Henry L. Naff.
James B. Bliss.
Clyde A. Coggins.
Robert W. Boughter.
Sidney L. Huff.
Otto F. Johanns.
George E. Kenyon.
Harry Redfern.
Hugo F. Sasse.
John F. Wegforth.
Carl E. Wiencke.
Benton B. Baker.
Frederick L. Farrell.
James M. Fernald.
Benjamin S. Henderson.
Maurice A. O'Connor.
Clifford B. Schiano.
Frank A. Davis.
Joseph H. Gowan.
Turner A. Glascock.
Homer N. Wilkinson.
Steadham Acker.
Ralph R. Auerswald.
Charles E. Bauch.
John E. Beck.
Frederick H. Becker.
Winthrop E. Blackwell.
Lester G. Bock.
George A. Cahill, jr.
George C. Cannon.
Caleb J. Coatsworth.
Delbert L. Conley.
Charles D. Hickox.
Ralph W. Bowers.
James H. Foskett.
Harry D. Goldy.
Malcolm D. MacGregor.
Anton L. Mare.
James J. McGlynn.
Frank Miller.
John D. Murphy.
Le Roy A. Nelson.
Robert E. Permut.
Joseph H. Seyfried.
William L. Travis.
Donald McK. Weld.
Cyril E. Taylor.
Irvin M. Hansen.
Floyd Gills.
Louis C. De Rochemont.
Harold B. Corwin.
Edward R. J. Griffin.
John A. Pierson.
Albert L. Prosser.
Joseph S. Donnell, jr.
Hyman L. Heller.
William L. Hickey.
Emanuel Taylor.
Alexander M. McMahon.
Karl Sommerfeld.
Laurence Bennett.
Harold J. Bellingham.
Albert M. Van Eaton.
John E. Gabrielson.
George C. Weldin.
Walter O. Roenicke.
Nelson H. Eisenhardt.
Sumner C. Cheever.
Harold H. Kendrick.
Albert E. Conlon.
Charles G. Miller.
Alfred L. Lind.
John L. Albice.
Joseph E. Jackson.
Meinrad A. Schur.
Forrest A. Rhoads.
Bernard J. Loughman.
William W. Behrens.
Lewis R. McDowell.
Russell C. Bartman.
Bernhard H. Wolter.
Kenneth C. Manning.
Raymond A. McClellan.
George D. Birdsall.
Leon J. Benwell.
Harold R. Holcomb.
Harold J. Kircher.
Nullet F. Schneider.
Gordon T. House.
Jesse G. Johnson.
James D. Veatch.
Joseph J. Rochefort.
Samuel Gregory.
Andrew Radowicz.
William J. Medusky.
Ralph P. Noisat.
Cecil E. Godkin.
Arthur S. Billings.
Herbert C. Behner.
Roland E. Krause.
John H. Hykes.
George C. Hern.
Edwin G. Into.
Stanley A. Jones.
Harold Kaminski.
Leo J. Kelly.
Francis S. Kosack.
Albert C. Lake.
Joseph W. Long.
Lawron H. Lovelace.
Harold J. McNulty.
Samuel J. Pattison.
Emil Pohli.
Richard A. Whitaker.
Rintoul T. Whitney.
Earl B. Wilkins.
Hayden Crocker.
George W. Dalton.
Edward E. Dolecek.
Benjamin B. Dowell.
Thomas Durfee.
Charles C. Earle, jr.
Ralph P. Evans.
Sheridan B. Fry.
William S. Grooch.
Phil L. Haynes.
Clarence L. Hayward.
Herman B. R. Jorgensen.
Edward A. Keddie.
Campbell Keene.
Nolan M. Kindell.
Robert F. Lyon.
Mark A. Mangan.
John L. Murphy.
Oscar L. Ostin.
Carlton D. Palmer.
Joseph E. Shaw.
Edgar W. Sheppard.
Charles G. Shone.
Paul E. Shumway.
Giochino Varini.
William J. Walker.
Richard F. Whitehead.
Alford J. Williams, jr.
Herman P. Althaus.
Adolph H. Bamberger.
Earl B. Bark.
Clarence E. Bence.
Samuel F. Boyd.
Walter A. Brooke.
William N. Crofford.
Oscar R. Doerr.
Stephen H. Harrison.
George H. Hasselmann.
Mathew J. Woessner.
William P. Wood.
August V. Zaccor.
Dolph C. Allen.
Gordon M. Boyes.
Lawrence W. Brown.
Paul Carle.
Glenn F. DeGrave.
Lloyd A. Dillon.
Vincent W. Grady.
Dorris D. Gurley.
Satolli W. Hanns.
William A. Hardy.
William H. Healey.
Wallace B. Hollingsworth.
Arley S. Johnson.
Samuel E. Kenney.
Roy S. Knox.
Daniel N. Logan.
Thomas O. McCarthy.
Angus G. Nicolson.
Francis A. Packer.
Stanley F. Patten.
John A. Pennington.
Herbert V. Perron.
Joseph G. Pomeroy.
Robert C. Rasche.
Thomas G. Richards.
Cyril A. Rumble.
Edwin G. Scott.
Jack H. Shafer.
Donald S. Thompson.
Castle J. Voris.
Roland E. Waller.
Francis B. Waterman.
John G. Winn.
Gail P. Helgeson.

POSTMASTERS.

ALABAMA.

Tracy W. Bass, Butler.
Skipwith C. Taylor, Calvert.
Effie Jordan, Chatom.
Julius E. Smith, Corona.
Samuel F. Rickman, Ethelsville.
Henry A. Cross, Falco.
Florence H. Furr, Fulton.
Ella L. Rentz, Gilbertown.
William F. Barnard, Gordo.
Benjamin R. Alison, Minter.
Samuel D. Buck, Uniontown.

COLORADO.

Edgar O. Buckley, Crook.
Lewis E. Walborn, Fitzsimons (late Bunell).
Lewis M. Markham, Lamar.
John H. Cunningham, Loveland.
Chester L. Snyder, New Raymer.
M. Gladys Pugh, Stratton.
James S. Grisham, Trinidad.

HAWAII.

Maria Silva, Eleele.
John Lennox, Ewa.
William I. Wells, Haiku.
Antone Silva, Hawi.
Manuel S. Botelho, Honokaa.
Walter D. Ackerman, Kealakekua.
Benjamin D. Baldwin, Makaweli.
James Campsie, Pahala.
Edward J. Weight, Papaikou.

INDIANA.

Nellie C. King, Larwill.

KANSAS.

Solomon L. Crown, Agra.

MICHIGAN.

George D. Mason, Montague.
Fred E. Heath, Plainwell.

NEBRASKA.

Diedrich H. Kirschner, Bennington.
Charles Anderson, Ceresco.
Catherine M. Coleman, Greenwood.

Mamie E. Lindeman, Milford.
Lyda E. Borne, Union.
Murry K. Holley, Waverly.

NEW YORK.

Rennie T. Dayton, Center Moriches.
May C. Force, Chestertown.
Frederick W. Ashenhurst, Little Falls.
Frank E. Dickens, Middleville.
Chester T. Backus, Morris.
James Kilby, Nyack.
Lottie Allen, Perrysburg.
Robert Murray, Warrensburg.

OHIO.

Effie L. Moore, Cleves.
Samuel E. Denison, Hubbard.
Carl W. Appel, Lucasville.
Godfrey Gesen, Massillon.
Martha J. Jennings, McClure.
Samuel F. Davis, Mendon.
Henry F. Longenecker, Rittman.

OKLAHOMA.

Coral B. Waldie, Dear Creek.
John L. Coyle, Rush Springs.

PORTO RICO.

Juan Aparicio Rivera, Adjuntas.
C. Torrens de Arrillaga, Anasco.
Florencio Salinas, Arroyo.
Alfredo Font Irizarry, Cabo Rojo.
Ramona Quinones, Catano.
Julio Ramos, Cayey.
Eduvigis de la Rosa, Isabela.
Angel Fernandez Colon, Juana Diaz.
Jose L. Ortiz, Lajas.
Cesar Baez Cabrera, Sabana Grande.
Francisco Valldejuli, Yabucoa.

SOUTH CAROLINA.

Bessie P. Lamb, Enoree.
Hattie J. Peeples, Varnville.

VERMONT.

Carl W. Cameron, White River Junction.

WEST VIRGINIA.

William M. Chambers, Maben.
Joseph C. Kleiman, Tralee.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *November 2, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God always encourage us to believe that the foundation of the Lord standeth sure and hence nothing finally wrong can happen, but O keep us back from presumptuous sins. We hope—we trust—that Thou art carrying forward the better processes of our lives. God is good, and to this infinite truth let our spirits cling. Continue to teach us that a worthy life is founded on pure thought, clean speech, and a resolute sense of right. These and these alone lead to better things. O heavenly Father help us on this way, we beseech Thee. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS.

Mr. KELLY of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address on the life of the late Senator P. C. KNOX, made by a former Member of this House, Hon. James Francis Burke, before the Allegheny Bar Association.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

REREFERENCE OF A BILL.

Mr. CONNALLY of Texas. Mr. Speaker, I ask unanimous consent that the bill S. 2133, referred to the Committee on the Public Lands, be rereferred to the Committee on Foreign Affairs. I have talked with the chairman of the Committee on the Public Lands, and it is agreeable to him.

Mr. MONDELL. What is the nature of the proposed legislation?

Mr. CONNALLY of Texas. It puts the jurisdiction of certain bancos or islands acquired from Mexico by treaty on account of the shifting of the river under the jurisdiction of Texas so that they can exercise police power. The Committee on the Public Lands, as I am informed, does not care to handle the legislation, and on account of its growing out of a treaty with Mexico, it is thought proper to refer it to the Committee on Foreign Affairs.

The SPEAKER. Is there objection?

Mr. WALSH. Reserving the right to object, are these islands inhabited?

Mr. CONNALLY of Texas. I am not advised as to whether all of them are or not. The difficulty about the situation arises from the fact that under the act of 1870 fixing the boundaries of the United States——

Mr. MONDELL. Will the gentleman withhold his request until we can make further inquiries?

Mr. CONNALLY of Texas. I will.

EXTENSION OF REMARKS.

Mr. LARSEN of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a resolution passed regarding the proposed constitutional amendment in reference to sectarian appropriations.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD for the purpose indicated. Is there objection?

Mr. WALSH. Who passed the resolution?

Mr. LARSEN of Georgia. It was passed by a church.

Mr. WALSH. Those resolutions are ordinarily dropped in the basket.

Mr. LARSEN of Georgia. I do not care how it is done so long as it is printed in the RECORD.

Mr. WALSH. Well, the gentleman has attempted very strenuously to have it printed in the RECORD, and I as strenuously object. [Laughter.]

CALENDAR WEDNESDAY.

The SPEAKER. Objection is made. This is Calendar Wednesday, and the Clerk will call the committees.

When the Committee on Territories was called:

Mr. CURRY. Mr. Speaker, I ask unanimous consent that the bill H. R. 8442, known as the Hawaiian rehabilitation bill, be laid on the table, as it is identical with the Senate bill 1881, which has been enacted into law.

Mr. STAFFORD. May I ask whether the Senate bill has been reported to the House?

Mr. CURRY. The Senate bill was reported to the House, referred to the Committee on the Territories, and reported back from that committee, passed the House, and sent to the Senate, and the commission has been appointed.

Mr. STAFFORD. The gentleman is referring to the Brazilian exposition matter, for which there was a paid lobby around the House?

Mr. CURRY. No; I am referring to the Hawaiian rehabilitation bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CURRY. Mr. Speaker, I moved to lay the wrong bill on the table. I move to reconsider the vote whereby the bill H. R. 8442 was laid on the table.

The SPEAKER. The gentleman from California moves to reconsider the vote whereby the bill was laid on the table. Is there objection?

There was no objection.

Mr. CURRY. Mr. Speaker, I move that the bill H. R. 7257, the Hawaiian rehabilitation act, be laid on the table.

The SPEAKER. The gentleman asks unanimous consent to lay the bill H. R. 7257 on the table. Is there objection?

There was no objection.

Mr. CURRY. Now, Mr. Speaker, I call up the bill H. R. 8442, to amend an act entitled "An act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes," approved March 12, 1914, as amended.

The SPEAKER. This bill is on the Union Calendar. The House will automatically resolve itself into Committee of the Whole House on the state of the Union.

Accordingly, the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. TOWNER in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the act entitled "An act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes," approved March 12, 1914, as amended, is further amended by adding at the end of section 2 a proviso to read as follows:

"*Provided further*, That in order to complete the construction and equipment of the railroad between Seward and Fairbanks, together with necessary sidings, spurs, and lateral branches, there is hereby authorized to be appropriated, in addition to all sums heretofore appropriated therefor, the sum of $3,110,210, to be immediately and continuously available until expended."

With the following committee amendment:

Page 2, line 4, strike out the figures "$3,110,210" and insert in lieu thereof the figures "$4,000,000."

Mr. CURRY. Mr. Chairman, I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, I presume this bill ought to pass authorizing either the increased appropriation which the committee recommends or a somewhat similar sum. I say that I presume it ought to pass. Of course, the committee must convince the House that it ought to pass. I have no disposition to say "I told you so" in calling attention to the disappointments that we have suffered relative to the Alaskan Railroad. I doubted the advisability of providing for its construction. More than that, I regretted both at that time and on the occasions since, when we have discussed this question and related questions, the exaggerations that gentlemen have indulged in touching this whole matter. I have no disposition, I never have had any disposition, to minimize the possibilities of Alaska, but I think it is about time that we began and continued to discuss this question of Alaska and the expenditure of public money up there from the standpoint of actual and ascertained facts rather than fairy tales and imagination. There has been more hot air and exaggeration with regard to the alleged value and availability of Alaskan coal fields indulged in from time to time than in regard to any other question that I know of. At one time certain gentlemen undergoing great hardships at the risk of their lives and fortunes, endeavored to develop the coal resources of Alaska. They were treated by the executive branch of the Government and to a certain extent by Congress as though they were malefactors, and in connection with that, gentlemen indulged in prophecies and prognostications in regard to the possibilities of Alaskan coal fields not justified by the known facts and which have been clearly demonstrated as unwarranted exaggerations by the development or the lack of development during the years that have followed.

We started out to build a railroad in Alaska upon the theory that it would speedily develop a very great area, containing very great wealth, and that it would cost us less than $35,000,000. This bill suggests that it will cost at least $56,000,000, $21,000,000 more to do the work than contemplated. The general increase of costs in the country accounts for part of this increase, but the original estimates were too low, as everyone knew, who was conversant with the situation in Alaska and as a number of us insisted at the time the original legislation was before the House. Having spent the sums of money that we have there, I think it is necessary that we shall go on and complete the work, and we shall continue to hope that in the distant, if not in the near, future there may be developments in Alaska that will at least partly justify our expenditures.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. In just a moment. As I said a moment ago, it strikes me that it would be a particularly wise and sensible thing if in the discussion of this matter at this time we acknowledge the situation as it is and cease to indulge in expectations that can not be realized with regard to this section and its possible future developments.

I yield to the gentleman.

Mr. LAZARO. Does not the gentleman believe that we would have been much wiser had we expended this money in the United States to improve our waterways, where we already have the people?

Mr. STAFFORD. And for good roads.

Mr. MONDELL. Mr. Chairman, the gentleman asks a question that opens up a very wide field of discussion and opinion. I believe in the development of inland and minor waterways, not so much because our people use them, because other than the main lines of water travel we have not yet gotten into the habit of using waterways, but I rather approve some expenditure for minor waterways in the hope that we will develop the habit and an inclination on the part of the American people to use such waterways more than they have been disposed to do so in the past.

But I am not complaining, I am not criticising anyone for having voted for the Alaskan Railroad. I do not desire to particularly criticize the undertaking of the project. I rose more particularly to suggest that we get down to earth in the consideration of this enterprise and realize that while Alaska has great resources, yet it has a climate which presents serious difficulties in the way of development, and that its products are not all of them as valuable or as easily and readily and cheaply made available for use as many people imagined they would be. Let us do what we do in the further development of this enterprise after a calm, dispassionate discussion of the situation.

There is no question but that if we had years ago given the hardy pioneers and prospectors who sought to develop the coal fields of Alaska and the oil fields of Alaska an opportunity to continue under the law, we would have had more development in Alaska than we have at this time. We saw fit to check that natural, orderly development under our laws, and to embark on an entirely different, paternalistic program. I hope that it will eventually be somewhat justified, at least, and that the expenditure that we shall make in the building of this railroad will at least give us some return in the opening up and development of that great country; but let us make whatever authorization we do in the full realization of the fact that the enterprise is one surrounded with many difficulties and that we need not and should not expect the very rapid and extraordinary development that some gentlemen have imagined would take place as a result of this expenditure.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had agreed to the amendments of the House of Representatives to the bill and concurrent resolution of the following titles:

S. 2447. An act to authorize the construction of a bridge across Pearl River between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss.

S. Con. Res. 11. Authorizing the special committee appointed to investigate pay of personnel of Army, Navy, Marine Corps, and so forth, to hold hearings, to employ a stenographer to report the same, and to employ clerical assistants.

The message also announced that the Senate had passed the following resolution:

Senate concurrent resolution 14.

Resolved by the Senate (the House of Representatives concurring), That the Sergeant at Arms of the Senate and Sergeant at Arms of the House of Representatives be, and they are hereby, authorized and directed to purchase a floral wreath to be placed upon the caisson bearing the remains of the unknown soldier which are to lie in State in the rotunda of the Capitol of the United States from November 9 to November 11, 1921, the expense of same to be paid in equal proportions from the contingent funds of the Senate and House of Representatives, in which the concurrence of the House of Representatives was requested.

RAILROADS IN THE TERRITORY OF ALASKA.

The committee resumed its session.

Mr. CURRY. Mr. Chairman, all railroads are supposed to develop a country and to serve the people. The Alaska Railroad will not develop Alaska unless the red tape with which Alaska has been bound up is cut. If the Federal Government continues the long-distance government of Alaska from Washington, instead of cutting the red tape and developing Alaska as it has developed the Western States, through encouraging pioneers to go to Alaska, to own homes and farms and to develop mines and to become wealthy if they can, this railroad will not be of any benefit whatever. If, on the other hand, the policy of government changes and the people are given a chance, it will be of great benefit.

Mr. SMITH of Idaho. May I ask the gentleman, Is there any legislation pending now liberalizing the land laws of Alaska so that these resources may be developed by private capital?

Mr. CURRY. There is such a bill now pending before the Committee on the Territories, which will probably be reported from the committee, that will change somewhat the bureaucratic control of Alaska if the House and Senate see fit to pass it and the President to sign it. In 1914 Congress authorized the President of the United States to lay out and construct a railroad in Alaska from the Pacific Ocean to an inland waterway. The President placed the construction of the road in the hands of the Interior Department and appointed a commission to supervise the project. The road was laid out from Seward on the Pacific through Anchorage on Cooks Inlet to Fairbanks on the Tanana River. The length of the road is a fraction less than 468 miles. The entire mileage of the road is approximately 540 miles. That road was to open up two coal fields. Branch lines had been run to those coal fields. The road had been constructed so that the rails are within 40 miles of meeting. At the present time the tracks are being laid at the rate of a mile and a quarter a day. There is a little more than $2,300,000 unexpended of the appropriation of $17,000,000 we last appropriated. With that money the rails will meet. The

first $35,000,000 we appropriated in 1914 probably would have completed the road under the conditions existing at that time. The war came along and the cost of labor increased, the cost of material increased, and the cost of transportation increased, including ocean transportation. The majority of the young men employed on that road went to the war. They were drafted; they joined the Army. The result was that the organization had to employ any kind of labor it could get and pay high wages. In 1919 it was found that the $35,000,000 would not complete the road, and the Interior Department asked for an additional appropriation of $17,00,000. At that time I did not think the $17,000,000 would complete the road. I doubted whether the $17,000,000 authorization asked for would build the road and it has not. A careful estimate submitted by the Interior Department shows that $4,000,000 will be needed to complete the road, making the entire cost of the road $56,000,000. We have $52,000,000 invested, and it is either a proposition of scrapping the road or appropriating the $4,000,000 necessary. This $4,000,000 will be to standardize 57 miles of narrow-gauge road with 70-pound rails instead of 40-pound rails, widen the tracks, and heavily ballast it, for the construction of two steel and concrete bridges across two rivers, buying certain rolling stock necessary, and to complete certain terminals. Now, out of the appropriations already made but $37,000,000 have been used for the construction of this road; $11,000,000 was used for the construction of wharves, laying out of towns, for water works and sewers for towns, paving streets, building houses, bringing in power and light, and for the development of two coal mines.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. CURRY. I will.

Mr. BYRNS of Tennessee. The gentleman has stated that it will require $4,000,000 more than has heretofore been authorized to complete this road. May I ask the gentleman when that estimate was submitted to his committee?

Mr. CURRY. The estimate was submitted to the committee about six weeks ago and the estimate was not satisfactory——

Mr. BYRNS of Tennessee. Is the department and is the gentleman satisfied that this additional authorization of $4,000,000 will be entirely sufficient to complete the road?

Mr. CURRY. I am.

Mr. BYRNS of Tennessee. The reason I ask the gentleman as to the date of submitting that estimate is this: As the gentleman has stated, when this road was first proposed it was stated then that $35,000,000 would be all that was necessary. Later on, as the gentleman stated, Congress was asked and did authorize $17,000,000 more. Now, at a hearing last December, less than a year ago, Col. Mears, who appeared before a committee of this House, stated that the $52,000,000 of the amount authorized up to that time would not be sufficient, but that it could be completed for $2,000,000 more; in other words, for $54,000,000. Now the department is before the Congress in less than a year stating that it is going to cost $56,000,000, and I was just wondering exactly what that road would cost and when Congress could feel satisfied that it had made a sufficient authorization and appropriation to complete it. There have been four different estimates made up to this time.

Mr. CURRY. The estimate of $4,000,000 was submitted through the Interior Department and was compiled by Col. Mears. The first estimate, as the gentleman is aware, was for $3,110,210. When that estimate was submitted to the committee I looked over it carefully, and I did not believe it contained certain items that ought to be included in the estimate. Thereupon I asked the Secretary of the Interior and the Assistant Secretary to ask for a supplemental estimate that would complete that road from one end to the other and put it in operation. It was understood that some of this estimate might be charged up to maintenance and repairs later on and be carried in the sundry civil bills to be reported from the Appropriations Committee. I stated when I came before the House this time I wanted to have every dollar in the bill that was necessary absolutely to complete this road, and the supplemental estimate covered about $800,000 of items which I suggested were proper.

Mr. BYRNS of Tennessee. If the gentleman will yield further for one further question. On December 18, to be exact, of last year, Col. Mears stated that in his opinion $54,000,000 would complete this road.

Now, what I was anxious to know was, just what has happened, either in the increase of material or cost of labor, since last December to raise this estimate to $56,000,000?

Mr. CURRY. That is a question you should probably ask Col. Mears.

Mr. BYRNS of Tennessee. I thought probably the gentleman could inform me.

Mr. CURRY. The gentleman will find a detailed estimate of the cost in the hearings, item by item.

Mr. BYRNS of Tennessee. And Col. Mears submitted an estimate of detailed cost last December which showed $54,000,000?

Mr. CURRY. I was not satisfied that $52,000,000 would complete the road. I questioned him at that time before the committee as to whether or not the road could be completed for that much. Now, I do not claim to be an expert, but I have given considerable attention to the building of the road, as I have been on the committee all the time it has been under consideration and construction. I have reached the conclusion that this $4,000,000 will complete the road, and that no less will complete it, and that the cheapest and best thing the House can do is to authorize this appropriation.

Mr. BANKHEAD. Will the gentleman yield?

Mr. CURRY. I will.

Mr. BANKHEAD. I read in the report that the revenue derived from the uncompleted road during 1921 was practically $339,000. Is that the gross revenue?

Mr. CURRY. That was the gross revenue. Ninety-one thousand dollars of that was passenger fare, but that does not include any charge for freight on the material carried for the construction of the road for the Government. That is income outside of what was done for the construction of the road.

Mr. BANKHEAD. It is estimated that when completed the revenues will be practically $1,000,000. Is that gross revenue?

Mr. CURRY. Yes.

Mr. BANKHEAD. Is there any way to arrive at what the probable net revenue will be upon the completion of the road?

Mr. CURRY. My idea is that there will not be a net revenue for a good many years.

Mr. BANKHEAD. Is this work done by contract?

Mr. CURRY. It is done by the Army engineers of the Government. Col. Mears is at the head of it and attends to the hiring of the men and ordering and paying for the material.

Mr. BANKHEAD. One other question. In reference to this coal and the mining operations in this property, I have been informed—and I do not know whether the information is accurate or not—that there is some question as to the real commercial value of the coal, as to whether or not it is going to be acceptable for the bunkering of ships, for instance. Does the development show whether or not this coal is superior or inferior coal, so far as it has been exploited?

Mr. CURRY. There are two coal mines that have been opened by the Government, one at Eska, in the Matanuska field, of bituminous coal. About 300,000 tons of that coal have been mined for the use of the railroad. A little of it has been sold by the Government to private citizens in Alaska towns to relieve a coal shortage. It is good coal. At Chickaloon, in the Tanana field, there is a mine opened by the Alaska railroad commission, costing about $202,000. The Government appropriated, in a bill reported from another committee, a million dollars for the use of the Navy in prospecting for and testing coal and for coal mining, and they have been developing that mine and pioneering and investigating as to whether the coal of Alaska is of a quality fit for naval use. This $202,000 mine at Chickaloon was turned over to the Navy Department. They are using that million dollars in experimenting and in investigation. Admiral Coontz told me the other day in his office that this coal was of the highest quality and was good for naval use. The exact amount of coal they were not at that time ready to estimate. However, there are 20,000 square miles of land in Alaska that we know contains commercial coal. How large the bodies are I do not know, nor does anyone else know.

Mr. BANKHEAD. The gentleman has said that Admiral Coontz informed him, so far as experimentation shows, that the coal comes up to the requirements for naval coal?

Mr. CURRY. He did. The cost of the coal mined in Alaska, including the opening of the mines and that spent on machinery, has been little less than $5 a ton. When the mine is properly opened it can be mined and delivered at the mouth of the tunnel for about $1.75. I do not think the United States Government should go into the coal-mining business, but I do believe, if it is developed, that it will be found that high-class coal is there in commercial quantity, that can be used on ships; then we ought to adopt a policy that will induce private enterprise to develop the coal mines there and ship the coal out into commerce. I believe it will be done and should be done.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. CURRY. I will.

Mr. DAVIS of Tennessee. The report states that the gross revenue from the operation of the road during 1921 was $339,000. What was the cost of operation during that period?

Mr. CURRY. There is nobody on earth can tell. The road was under construction, and the revenue was from freight and passengers going over the road. Ninety per cent of the traffic was Government traffic. That $339,000 was outside of Government traffic.

Mr. DAVIS of Tennessee. It is a fact, is it not, even if completed, your estimate of $1,000,000 net revenue after the road is completed will be a very small percentage of the cost of operation?

Mr. CURRY. No; it will not be a small part of the cost of operation. I think it will probably cost to run the road to capacity $1,500,000 a year. I do not think it will be more than two or three years after completion that the revenue of the road will be four or five million dollars a year.

The million-dollar estimate is for the receipts the first year after the completion of the road. There are very few people up in Alaska at the present time, but we hope that with the completion of this road and the enactment of a bill which will permit people to go to Alaska and develop it this road will be a revenue producer. But I do not want the United States Government to hold that road in perpetuity. It is not the intention of the committee, and it is not the intention of the House, that the Government should run the road any longer than it has to. When the time comes that the road can be leased or sold it should be done. But it depends on the policy adopted by Congress as to that.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CURRY. Yes.

Mr. DAVIS of Tennessee. Your report states that under the conditions that obtain in Alaska private capital would not be justified in constructing a railroad up there. That being true, how do you hope to be able to lease or to sell it to some private corporation and that that private corporation can operate it at a profit?

Mr. CURRY. I do not expect to see it sold or leased to a private corporation so long as the laws on the statute books prohibit people from going up there to develop the country. I stated in the report that under existing conditions private capital will not build a road. Existing conditions are such that they do not encourage development.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. CURRY. Yes; I yield.

Mr. HUSTED. What business can this road depend upon except the possibility of coal?

Mr. CURRY. There are two coal fields that alone, when properly opened, would give this road nearly all the business it could do. In addition to that this road taps six very rich mining districts, which have not been developed, but which will be developed when this road can serve them. There are innumerable valleys that are good agricultural land. One man in Alaska this year raised 3,500 bushels of hard northern wheat. There is a good agricultural country in part of Alaska, but it is valueless until a man can get a title to his land. Under existing conditions it is impossible for a man to go up there and file on 160 acres, because it is reserved for mining or coal or oil or forestry or something else, and he can not get a patent.

Mr. HUSTED. As a purely business proposition, does the gentleman think there is a fair prospect that this road could be made to pay as a railroad?

Mr. CURRY. In time, yes; probably in four or five years.

Mr. HUSTED. Is not the chief interest, however, in the development of the country rather than in the prospect of securing any return on the investment in the railroad as such?

Mr. CURRY. The railroad was not laid out and authorized in the first instance as a revenue producer. It was intended as a means to the development of the country. There are 27,000 white people in Alaska, and about 27,000 Indians and Eskimos. During the past 10 years there has been a decrease of about 10,000 in the population. The war has had something to do with that. There is no reason in the world why that Territory should not have a population of several hundred thousand, excepting that the policy of the Government has been to retard pioneering and development.

Mr. HUSTED. Is it not true that our investment there would be practically a dead loss if we do not go ahead and develop this road?

Mr. CURRY. If this road is not completed you will scrap $56,000,000 of American money.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. CURRY. Yes.

Mr. BANKHEAD. I understand that the report says that the Hon. Scott C. Bone, who was recently appointed governor of Alaska, and who was recently over the constructed portion, states that the railroad will, in his opinion, pay surely and substantially in the ultimate benefits to be derived both by the Territory and the Nation. Was that in a communication to the committee by Gov. Bone?

Mr. CURRY. That was in a personal letter written to me by Gov. Bone.

Now, Mr. Chairman, if there are no further questions, I yield——

Mr. ALMON. Mr. Chairman, will the gentleman yield there?

Mr. CURRY. Yes.

Mr. ALMON. The gentleman a few minutes ago made reference to a discrepancy between the estimates made last November and the present estimates. I will ask the gentleman if there are not some items inserted in this estimate which were not in the December estimates?

Mr. CURRY. Yes. Eight hundred and some odd thousand dollars is included in the present estimate that was not in the original estimate.

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. CURRY. Yes.

Mr. OLIVER. I was interested in the statement of what Admiral Koontz says about the quantity of coal that had been mined there.

Mr. CURRY. Not the quantity, but the quality.

Mr. OLIVER. Yes. That suggests a question. I think the information before the Committee on Naval Affairs has not been of a very satisfactory character as to the quantity of a good quality of coal that can be produced there, and I understand that the good quality of coal of which perhaps Admiral Coontz spoke exists in pockets and not in any great quantity. I wondered what information the gentleman had on that subject.

Mr. CURRY. The only information I have on the subject is such as I have given to the committee. A mine at Chickaloon was opened on this good quality of coal. It was opened at the expense of the railroad commission, at a cost of $202,000. Your committee—the Committee on Naval Affairs—reported out a bill authorizing an appropriation of $1,000,000 to be used by the Navy Department in prospecting for coal and developing coal in Alaska. This mine was turned over to the Navy Department. The coal is of a high-grade quality and fit for naval use. They have not as yet prospected far enough to determine the quantity of coal at that place or in that neighborhood. The quality of the coal is good, and it is understood that the quantity will be. The best coal is not found on the surface. It is down deep, and they are going down on a vein to find out the quantity. The quality is there, and, in my opinion, they will find the quantity; but so far they are not in a position to report as to the quantity of that class of coal at that place.

Mr. EVANS. Mr. Chairman, will the gentleman yield?

Mr. CURRY. Yes.

Mr. EVANS. Do I understand that this coal must of necessity be lifted, that it is not a self-draining project?

Mr. CURRY. It is on the side of a mountain. You have got to drift in and go after it. The surface coal does not amount to anything, anyway. You have got to go in after it. There are two classes of coal. The surface coal is not good enough to amount to anything. You have got to in farther for the coal.

Mr. EVANS. The gentleman from California spoke of going down rather than drifting in. That is what I was getting at.

Mr. CURRY. I will change that to drifting in.

Mr. EVANS. Coming to a statement that the gentleman made a few moments ago, as I understood him, he said it would be many years before there would be a net income.

Mr. CURRY. Yes; at least four or five years after the road is completed.

Mr. EVANS. That means net operating revenues over operating expenses?

Mr. CURRY. Yes.

Mr. EVANS. It does not mean to include any overhead?

Mr. CURRY. No; certainly not. This is a Government road.

I yield to the gentleman from Alaska [Mr. SUTHERLAND] 10 minutes. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has 20 minutes remaining.

Mr. BRIGGS. Will the gentleman yield for a question?

Mr. CURRY. I would rather the gentleman would ask his question of the Delegate from Alaska. I have used all but 20 minutes of my time.

Mr. SUTHERLAND. Mr. Chairman, I want to occupy the few minutes allotted to me in talking along the line suggested to me by the gentleman from Wyoming. I do not intend to indulge in any flowery descriptions of the Territory or hold out any ideas or possibilities in Alaska beyond what there really are.

The Alaskan Railroad has cost more money than it was originally intended it should cost. The original appropriation

was for $35,000,000. If this authorization is passed, it will mean that $56,000,000 altogether will be expended on the railroad.

I bring your attention to the fact that the railroad project came up prior to the European war and that the appropriation was made on the basis of the prices that prevailed at that time on commodities that are used in the building of a railroad, and also on the cost of labor at that time. If you compare the expense of the Alaskan Railroad with expenditures in the States during the war period you will find that the comparison is not at all unfavorable. There was no reckless waste of money on the Alaskan Railroad. I think there were some unwise subprojects gone into. That is my personal opinion. But on the whole the money was fairly well expended, and in the expenditure of all that money there has never been the slightest intimation of graft or profiteering, which, I think, says a great deal for the Alaskan Railroad Commission. If they erred in some respects in regard to the engineering, they did not err in the method of spending the money. There was no money made on contracts in Alaska. The commission gave out contracts to little groups of men and fixed the contract price of certain work at a figure that would just pay them a little better than the wages that were paid for the same work in a general way on the road.

I want to say just a few words in explanation of some of the propaganda that has appeared in the press in the last year in opposition to the Alaskan Railroad. Of course, it is based on the proposition that this is an experiment in Government ownership. Well, it is not Government ownership in the socialistic sense of Government ownership and operation. It is no more Government ownership in that sense than the irrigation projects of the West, the reclamation of arid lands, or even the Panama Canal or the levees of the Mississippi River. These are Government projects to help develop the country, and in the case of Alaska to aid in increasing its population.

Many of these articles in the way of propaganda hold that the Government should have purchased the Copper River & Northwestern Railroad, inasmuch as it was offered to them at the time they went into this project. Well, the Copper River & Northwestern Railroad is a successfully operated project that pays dividends.

That road gives its owners a monopoly of the copper fields in the Copper River Valley. They spent a great deal of money—$20,000,000—on a venture that did not appear the best in the world to practical men, but they tapped one of the richest copper deposits in the world, and they are reaping the results of their enterprise and the chance they took in spending their money. They are fully protected in this valley with their 190 miles of road in operation. It is operating successfully and paying all the time. Now, why should the Government have purchased from private individuals a railroad that they were operating successfully?

The Government went to a section far removed from any individual or private enterprise. They entered into a field that would not warrant private capital in investing in it if they were looking for immediate returns. On the other hand, the Government reserved to itself the coal and oil areas all through this district; and I submit to you that if any corporation had been offered considerations in land or had been given grants of oil and coal lands, through the territory through which this railroad is constructed, private capital would have invested quickly in this railroad.

I have attempted to present here a rough diagram of this railroad. I took it from the diagram that is given in the maps published by the Railroad Commission.

Starting from Seward, on Resurrection Bay, the railroad passes over the Kenai Peninsula, and there is the highest grade in the railroad. For a short distance there is a grade of 2.2 per cent over a ridge in the Kenai Peninsula. The railroad extends from there to Turnagain Arm, on Cook Inlet, and up to the town of Anchorage, located at the head of Cook Inlet. This line here represents a spur to the Chickaloon coal fields of which the gentleman from California [Mr. CURRY] has spoken. It goes to the Matanuska and Chickaloon deposits of high-grade coal. Passing on the railroad goes through the agricultural valleys of the Matanuska and Susitna Rivers that to-day we know have possibilities of oil deposits. Toward the head of the Matanuska River the railroad is within about 28 miles of Mount McKinley, and there you are on the greatest scenic route in the world.

American tourists swarm to Europe to see the natural scenery of that country, but I want to tell you that if you take Mount Blanc and place the highest peak of the Adirondacks on top of it, you have a mountain that compares in height with Mount McKinley, but not in magnificence or scenic grandeur. I speak of this because I believe the tourist traffic on that railroad is going to be quite an item of income for this project. I believe that Americans will go to see the great natural scenery of Alaska as they may view it from the railroad.

Passing along, it goes up into Broad Pass, and that is now the end of the steel built from the south. The building originally started in the north and built toward the south, and as the gentleman from California says, there are between 30 and 40 miles of unlaid steel, and that open space is very well graded. I have left two gaps in the line on this map; one indicates the lack of a bridge at the Nenana River and the other at Tanana.

At this section at Healy, on the upper Nenana River, there are 9,000,000,000 tons of high-grade lignite coal. There are two mines operated here that ship coal into Fairbanks on the railroad. Fairbanks was a great placer camp, but owing to the increased cost of material and the decline of the high-grade gravels of placer mining they were compelled to abandon their work. One of the great costs of operating placer mines in Alaska was fuel. In the early days they could cut fuel beside the mines at a low cost, and later they had to go over an increased area to obtain it until the cost reached $15 and in some cases $18 a cord. That high cost of wood for fuel made placer mining on many claims impossible. Here is where they are mining the coal, and they send it on the railroad to Nenana River, take it across on horse teams, place it on the train on the other side, and deliver it to the camp in and around Fairbanks. They place it on the cars at $7 a ton, and it is hoped that they can place it in Fairbanks at $10 a ton. That is a great reduction in the cost of fuel to these miners; at least 50 per cent.

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. JOHNSON of Mississippi. Who owns the coal mines?

Mr. SUTHERLAND. They are leased to any individual who wants to operate them.

Mr. JOHNSON of Mississippi. What does the Government get out of it?

Mr. SUTHERLAND. Fifty cents an acre and 2 cents a ton.

Mr. JOHNSON of Mississippi. Is it proposed to operate the roads by the Government?

Mr. SUTHERLAND. Yes.

Mr. JOHNSON of Mississippi. Does the gentleman believe in Government ownership?

Mr. SUTHERLAND. In the same way that I believe in the irrigation projects.

Mr. HUDSPETH. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. HUDSPETH. The gentleman refers to the Government reclamation projects; is there any bond issued by the people of Alaska? The gentleman understands that the irrigation projects issue bonds.

Mr. SUTHERLAND. No; we assume that the natural resources will take the place of the bonds.

Mr. HUDSPETH. There are no bonds guaranteeing the payment of the indebtedness.

Mr. SUTHERLAND. No; but the natural resources of Alaska are reserved to the Government, while in the reclamation projects they are not.

Mr. CURRY. If the gentleman will permit, I do not think the comparison between the reclamation project and the railroad is quite correct. This railroad was authorized originally not as a revenue proposition for the Government, and it was not authorized as a permanent Government ownership. It was authorized by the Federal Government and was built by the Federal Government as a part of the improvement and development of Alaska, the same as in the early days the Republic built roads over the Allegheny Mountains so the people could get into Kentucky and the West. The Government does not own those roads now, and probably in a few years it will not own this road. The road would never have been constructed unless the Government money was appropriated.

Mr. JOHNSON of Mississippi. Will the gentleman yield? What road was constructed by the Government over the Allegheny Mountains?

Mr. CURRY. The roads were constructed by the founder of the party that the gentleman from Mississippi belongs to, for the purpose of getting into the West, so that it could be opened up in that way.

Mr. JOHNSON of Mississippi. The Government has been repaid for that.

Mr. CURRY. The Government has not been paid a quarter of a dollar; but we hope the Government will be paid for this investment.

Mr. JOHNSON of Mississippi. By what means?

Mr. CURRY. When the time comes that we can sell the road to advantage.

Mr. HUDSPETH. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. HUDSPETH. There is no guaranty that the Government will ever be repaid for this road?

Mr. SUTHERLAND. Except that the natural resources, which are in the same position as the land grants to the transcontinental railroad corporations—except that they are reserved to the Government instead of to private interests.

Mr. HUDSPETH. Is it not a fact that they are guaranteed against loss in reclamation projects by bonds of the irrigation districts—50 per cent value of the land?

Mr. SUTHERLAND. Yes; but in this case the land belongs to the people.

Mr. CURRY. The Government will gain by the development of that country, the opening up of the agricultural resources, and the populating of a good part of it by our people.

Mr. LOWREY. Mr. Chairman, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. LOWREY. Mr. Chairman, what is there already in the way of settlement along the route of this road, especially American settlement, and what, if anything, is there in the way of agricultural development?

Mr. SUTHERLAND. This valley through which the railroad passes is an agricultural valley, and it is settled for a distance along the road of probably 50 miles.

Mr. LOWREY. From the south end?

Mr. SUTHERLAND. They have cleared the farms and are raising vegetables, wheat, and grain and selling it for local consumption. Of course, there is no exportation of farm products from Alaska yet.

Mr. LOWREY. The gentleman means 50 miles from the coast up the road?

Mr. SUTHERLAND. No; it would be over 100 miles from the coast to where the farming begins in that section of the railroad.

Mr. LOWREY. Then the upper portion of the railroad has no settlement?

Mr. SUTHERLAND. Yes; the upper part of the road is settled for farming, through the great agricultural valley of the Tanana that it terminates in.

Mr. LOWREY. Is there considerable agricultural development already?

Mr. SUTHERLAND. I think there is considerable, yes. I would like to explain that. I might also say that if you consider the reindeer herding in connection with agriculture, there are 92,000 reindeer on the plains of Alaska, and although the shipment of those deer will probably be by water, yet there are herds coming up into that section, and they will be contiguous to the railroad in a short time. By the way, that reindeer meat is now being shipped out of Alaska, refrigerated, and is being sold in Minneapolis, St. Paul, and other cities.

Mr. LOWREY. Is that largely an American settlement?

Mr. SUTHERLAND. All American. We have 364 farmers in Alaska, and 200 of them are native Americans. The balance are from the northern European countries—England, Ireland, Scandinavia, and so forth.

Mr. PARKER of New Jersey. Are there not copper mines on the Tanana?

Mr. SUTHERLAND. Not copper mines. They are over farther in this mountain range.

Mr. PARKER of New Jersey. Are there not quartz mines on the Tanana?

Mr. SUTHERLAND. Yes; several. The quartz mines are closed down, waiting for cheaper fuel and material.

Mr. PARKER of New Jersey. Have these quartz mines any richness, or are they lean?

Mr. SUTHERLAND. The quartz mines are very good quartz mines, but the cost of operating is excessive.

Mr. PARKER of New Jersey. How many dollars to the ton?

Mr. SUTHERLAND. I do not know that. I would hesitate to place an estimate on that, but I have a letter here from a miner in the Kantishna country, about 60 miles off the line of the railroad, in which he tells me of a shipment of 700 tons of $200 ore on which he broke even, as he says; he did not make a dollar on 700 tons of $200 ore shipped to the smelter at San Francisco by reason of excessive costs of transportation.

Mr. RAKER. Mr. Chairman, will the gentleman yield for a question?

Mr. SUTHERLAND. Yes.

Mr. BAKER. About what is the cost of the road north of where they fail to connect now? What has it cost the Government?

Mr. SUTHERLAND. For the part north?

Mr. RAKER. Yes.

Mr. SUTHERLAND. I have never seen that segregated.

Mr. CURRY. The cost of the road with this $4,000,000 will average $80,250 a mile.

Mr. RAKER. Between the gap here and Fairbanks it must be in the neighborhood of 150 miles.

Mr. CURRY. There are 40 miles of unlaid track.

Mr. SUTHERLAND. It is about 125 miles from the gap.

Mr. CURRY. The road in Alaska cost $40,000 a mile less to construct than any road in the United States of similar character.

Mr. RAKER. There are 125 miles from Fairbanks to this gap not completed, and without this money to complete that gap all of this money expended north becomes worthless.

Mr. CURRY. That is true.

Mr. SUTHERLAND. I do not want to hold out anything like that. They probably have almost enough money to complete that. There are two immense bridges to build, and one will cost about a million and a half dollars.

Mr. RAKER. You can not take the stuff across that bridge now, unless it be taken over in sleds in the wintertime.

Mr. SUTHERLAND. No.

Mr. STAFFORD. There is a temporary wooden bridge there at the present time.

Mr. RAKER. The testimony shows that they take it across in sleds in the wintertime, otherwise in boats.

Mr. SUTHERLAND. You could not build a temporary wooden bridge on that river.

Mr. STAFFORD. There is, according to the hearings, one wooden bridge.

Mr. SUTHERLAND. That is on the Nenana River.

Mr. STAFFORD. Yes; and it is intended to replace that with a permanent steel and concrete bridge which will cost $600,000. The temporary bridge will serve the purpose, but it is the proposal of the engineers to erect a permanent steel and concrete bridge.

Mr. RAKER. That is over one place; but what I am stating is that the expenditure of this money on the northern part of the road will be practically useless, so far as the use of the road is concerned, unless the road is completed and the bridge is built.

Mr. SUTHERLAND. That is true. Gov. Bone, the recently appointed governor of Alaska, delivered an address before the people of Anchorage recently, and I want to read a few words from that address, if I may be permitted to do so.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. SUTHERLAND. Mr. Chairman, I ask that I may be granted 10 minutes more in which to complete this.

Mr. STAFFORD. Will not the gentleman from North Carolina demand recognition and then yield some of his time?

The CHAIRMAN. The Chair will recognize the gentleman from North Carolina [Mr. WEAVER], as the minority member of the committee, for one hour.

Mr. WEAVER. Mr. Chairman, I yield 10 minutes additional time to the gentleman from Alaska.

Mr. SUTHERLAND. The address is as follows:

You have had a wonderful growth—to me the growth of Anchorage and the building of this railroad has been a matter of sincere and genuine interest. As chairman of the Alaska bureau of the Seattle Chamber of Commerce, I had something to do with securing the appropriation for this railroad. I believed in the project then; I believe in it all the more firmly to-day. We are often asked whether this Government railroad will pay. It will pay, my friends. It may not pay in dollars and cents, in interest on the investment for some years to come, but in benefit to Alaska and in benefit to the country at large it will be as wise an investment as Uncle Sam every made. I was an optimist in the beginning; I am an optimist to-day. I know it will be of incalculable benefit to all of Alaska. It is the first great step in the opening up of Alaska.

Eight years ago when I visited Fairbanks and was shown about the experimental station there and witnessed the initial steps being made in the growing of cereals I was greatly interested. I was skeptical, however, over the likelihood of raising wheat in this Territory. Two months ago I visited Fairbanks again, after approximately eight years, and I saw a demonstrated fact as to what could be done in the way of wheat growing. I visited the homestead of Frank Carr, out from Fairbanks a few miles, who was growing acres of wheat and who last year made a sufficient amount of money out of his farming to become one of the most prosperous men of that community; so prosperous he was enabled to become financially interested in a milling enterprise now under way there. Only a few years ago he was a common laborer; to-day a man of influence in the vicinity of Fairbanks.

Coming back over the road this afternoon I was surprised at the magnificence of the Matanuska and Susitna Valleys. It means much to this coast region, to all the coast region, not only Anchorage, Seward, and Cordova, but as far down the coast as Juneau and Ketchikan, to have a farming country behind us, because after all, my friends, it is agriculture which makes for a permanent population that contributes in largest measure to the prosperity of any State or Territory.

Mr. BURTON. Will the gentleman yield for a question?

Mr. SUTHERLAND. I will yield to the gentleman from Ohio.

Mr. BURTON. Have any coal mines been developed on the Copper River & Northwestern Railroad?

Mr. SUTHERLAND. No, sir. There are deposits of coal, if the gentleman can see the map, in this section called the Bering River field, although I do not think the Copper River & Northwestern Railroad has prospected or exploited it to any extent. There are individuals who have prospected that coal field who are connected with the Copper River Railroad, but they have never taken any coal from it.

Mr. BURTON. What is the development of the harbor of Seward? Has it proven to be a safe harbor?

Mr. SUTHERLAND. Yes; they have got a good harbor there.

Mr. BURTON. It is stated there is a bridge to be constructed across the Tanana River; that is that second gap there.

Mr. SUTHERLAND. Yes, sir.

Mr. BURTON. How do they do the work of construction there, north of the river, without means of crossing the river?

Mr. SUTHERLAND. Oh, well, they take the material down the Yukon and up the Tanana and deposit it on the banks, both ways.

Mr. BURTON. It is brought by water?

Mr. SUTHERLAND. Yes, sir.

Mr. BURTON. Are the rails laid north of the Tanana River?

Mr. SUTHERLAND. North of the Tanana; yes, sir.

Mr. OLPP. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. OLPP. Is that road operable the whole year around, or is it interfered with by snow and ice?

Mr. SUTHERLAND. I presume on the summit of the Broad Pass they will have to operate snow plows in the winter, but when you get into the interior there is very little snow. When you get beyond the mountain range you are in an absolutely dry climate free from snowfall of any great amount.

Mr. BRIGGS. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. BRIGGS. Are there any other mines being operated along this railroad other than those operated by the Government to which reference has been made by the chairman of the committee?

Mr. SUTHERLAND. They are not operated by the Government; they are operated by private individuals. Two mines at Matanuska are operated by private individuals and in a small way they are shipping to Anchorage, Seward, and surrounding towns.

Mr. BRIGGS. Are there any other interests at this time coming in and developing coal in this section? Is there any other interest manifested by anyone else, any other private enterprise, in the development of coal mines in that section as far as the gentleman knows?

Mr. SUTHERLAND. They are making application for areas in a speculative way largely, but some are operating.

Mr. BRIGGS. Have these leases they obtain provisions that they shall begin operation within a short time?

Mr. SUTHERLAND. Yes.

Mr. BRIGGS. What is the time?

Mr. SUTHERLAND. I am not quite sure as to the limit. They have a prospecting provision that gives them four years to prospect in coal areas.

Mr. BRIGGS. Within the area traversed by the railroad has there been any marked or appreciable development since the railroad was built?

Mr. SUTHERLAND. Not beyond coal and agriculture. Farming has developed, of course. Now, in this section——

Mr. LAYTON. Will the gentleman answer a question, please?

Mr. SUTHERLAND. Yes, sir.

Mr. LAYTON. How many tons of coal have actually been developed there?

Mr. SUTHERLAND. To-day they have at Anchorage 20,000 tons of coal piled up for the use of the railroad. Private enterprise is shipping it down for sale in the town of Anchorage. I could not give the tonnage. Now, the governor of Alaska has spoken of the farming interests of the Tanana Valley, and inasmuch as that is one of the important objects that has been held out for the people by this railroad, I want to speak briefly of it.

Mr. LARSEN of Georgia. Will the gentleman tell us some of the farm products that are raised there?

Mr. SUTHERLAND. I have a report from the Bureau of Agriculture on the farm products in Alaska.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. DAVIS of Tennessee. Now, in connection with the farming interests the gentleman has stated that there are now 364 farmers in Alaska?

Mr. SUTHERLAND. That was at the end of 1919; there are more than that now.

Mr. DAVIS of Tennessee. How many were there according to the previous census of 1910?

Mr. SUTHERLAND. I do not know if that is given, but I think I can find it if the gentleman will give me just a moment.

Mr. CURRY. The population of Alaska decreased a little less than 10,000.

Mr. DAVIS of Tennessee. Has the number of farmers decreased during that period?

Mr. SUTHERLAND. No; the number of farmers have increased; the value of the products has increased. The value of the crop in 1919 was $393,902. In 1909, 10 years ago, it was $282,818, so there has been an increase.

Mr. DAVIS of Tennessee. Something over $100,000?

Mr. SUTHERLAND. In that year Alaska produced about 40,000 bushel of potatoes; to be exact, 37,389. That production has increased considerably in the two years since. Those are valued at $97,556. And other vegetables, cabbages, celery, turnips, and other garden produce was produced, amounting to $60,000. Among those there were 5,000 quarts of strawberries produced; that is, of cultivated berries, and 2,000 quarts of other berries.

Men about Fairbanks have established their farms there in this period of transition from mining to agriculture, just the same as they did in the State of California. I have a letter from the Bureau of Plant Industry in which they tell me 3,000 acres of grain will be grown in Alaska this present year. That 3,000 acres seems ridiculously small; it seems pitifully small to a Member from one of the wheat-growing States, where individuals plant thousands of acres of wheat.

Mr. LARSEN of Georgia. What is the yield to the acre?

Mr. SUTHERLAND. About 15 bushels to the acre, and yet that 3,000 acres of wheat land, together with the additional 3,000 or 4,000 in hay and vegetables, represent the struggle of the pioneer in Alaska just the same as they represented his struggle in all the Western States. The 3,000 acres are represented in the clearing beside his cabin, with a few additional acres of vegetables, and he is living there with his family and becoming attached to the soil. He is a typical American farmer, the pioneer farmer typified for the last 50 years in the steel engraving on our paper currency. He has become a part of the Territory, and he intends to reside there and have his family reside there.

The Fairbanks public school has over 200 pupils, many of them children of the farmers, and the Territory has established an agricultural college and school of mines right here in this agricultural valley, and their children are to be taught the science of agriculture and mining, and the mechanical arts.

The Territory has appropriated in the past $85,000 for building and starting that college, and it will begin its work some time this year. That is the class of citizens. The farming industry seems very small, and it is. There will be no exportation of farm products from Alaska for some time to come. The sale of the products will depend largely on the mining population along the line of the railroad.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. CLARKE of New York. Mr. Chairman, I move that the gentleman may have five minutes more.

The CHAIRMAN. The time of the gentleman from California has been exhausted, as the Chair has been informed.

Mr. CURRY. I think I have five minutes left.

Mr. SUTHERLAND. Will the gentleman from North Carolina give me 5 or 10 minutes additional?

Mr. WEAVER. I yield five minutes additional to the gentleman.

Mr. LAYTON. I would like to ask this question: No matter what the merits of this case may be at this time or in the future, does the gentleman think that at this time we should appropriate this money in view of the financial condition of the country?

Mr. SUTHERLAND. Oh, yes.

Mr. LAYTON. The gentleman thinks so?

Mr. SUTHERLAND. Yes. I can not conceive that Congress would refuse to appropriate this money to complete the railroad, and not have it go on transporting the coal and other commodities in order that industry may start up and be stimulated. If the project came up at this time for an appropriation of $35,000,000, I would say that the financial condition of the country would warrant your withholding it.

Mr. LAYTON. This is simply my thought, that at this time, and at least for the next two years, I do not think the Government of the United States ought to appropriate a penny of money for any purpose under the sun that can be done without. [Applause.]

Mr. CURRY. This can not be done without.

Mr. CLARKE of New York. It seems to me the Representative from Maryland is entirely wrong in his position.

Mr. LAYTON. The gentleman has me mixed up. I am from Delaware.

Mr. CLARKE of New York. Anything that spells for itself the employment of American labor, the expenditure and development of the great natural resources of the country, is worthy of investigation and study. [Applause.]

Mr. SUTHERLAND. Mr. Chairman, I yield back the balance of my time.

Mr. WEAVER. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman and gentlemen, the Committee on the Territories, of which I have the honor to be a member, has investigated this question very thoroughly. There is a unanimous report. The purpose of the bill has been explained in detail by our distinguished chairman, the gentleman from California [Mr. CURRY], and I do not consider it really necessary to make any argument in support of this measure. It is a question of whether we will appropriate $4,000,000 now and finish this project or junk $52,000,000 already expended.

Mr. HAYDEN. Will the gentleman yield?

Mr. ALMON. Yes.

Mr. HAYDEN. My recollection is that some $17,000,000 was appropriated in addition to the $35,000,000. At the time the $17,000,000 was appropriated $20,000,000 was requested. Was not there a reduction made in the request at that time that we are making up for now?

Mr. ALMON. That is my recollection.

Mr. HAYDEN. So, as a matter of fact, we might have appropriated $20,000,000 at that time and have completed the work?

Mr. ALMON. Yes; if we had done that we would have needed only $1,000,000 at this time.

My observation has been that the United States does not take a backward step, but when it starts in on a thing like this it is going to finish. And I congratulate the Republican Party and this administration in their decision to complete this project, which was commenced during a Democratic administration. I do not know whether it was a wise thing in the beginning or not. I was not a Member of the House in 1914, when this was enacted. But for two or three years the Committee on the Territories has had extensive hearings on measures relating to Alaska, all of which have convinced me that there are wonderful possibilities there, as explicitly stated by our chairman, who is very conversant with Alaska and everything connected with it, and our success in undertaking to develop this great country is dependent, in the first place, on the completion and operation of this railroad.

It is practically completed. Some one asked if it did not mean Government operation of railroads. Of course, it does not mean Government operation of railroads any more than the 50 miles of railroad that we have down here at Panama. I believe that everybody will agree that it was an act of wisdom on the part of this Government to build the Panama Canal, and as a part of that great engineering project connecting the two oceans the building of 50 miles of railroad there was the proper thing to do in connection with it.

Now, if we are going to undertake, since we have acquired Alaska, to do something in real earnest that will increase its population and develop its natural resources, everybody will agree, from our observation and experience when we were developing this country, and especially the western part of the country, that there can be no real development without first building a railroad into the Territory, and everybody who knows anything about Alaska knows that the first thing to do to develop Alaska and to develop its great resources is to build and complete this railroad. When it is completed there is no question in my mind but that the Government can dispose of that railroad and let it be operated by private capital. We may be able to dispose of this railroad when completed for as much as it cost, but if not finished we will lose all we have spent. It has cost more than we expected it would cost, but everything that was constructed during the war cost more than during peace times. As explained by the chairman, labor was high and scarce, and material was high, and it cost more than anyone expected. But that is no reason and no argument why we should stop and turn back now and not authorize the appropriation of $4,000,000 in order to save $52,000,000 that has already been expended.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ALMON. Certainly.

Mr. SANDERS of Indiana. I notice that in the original act there is this expression in section 2, to which this act is a proviso, that—

The cost of the work authorized by this act shall not exceed $35,000,000, and in executing the authority granted by this act the President shall not expend or obligate the United States to expend more than that sum.

Now, I am not objecting to its giving more, but the question I wanted to ask the gentleman is this, that since you propose an amendment here by way of a proviso, ought you not also to amend the limitation on the President's authority? You are appropriating money here to him, and yet by the first part of the section which you are amending you say, "You can not spend it."

Mr. JOHNSON of Washington. Was not that changed at the time the last appropriation was made?

Mr. ALMON. It does not occur to me that that is important.

Mr. SANDERS of Indiana. They had no trouble in expending the additional $17,000,000.

Mr. CURRY. I wish to say to the gentleman from Indiana that that was the original authorization, and then they came to Congress for $17,000,000 additional, which was appropriated, and now they are coming for more.

Mr. SANDERS of Indiana. I am talking about the original phraseology. You do not change the law or repeal it, but add a proviso. In the first part of the original bill is this provision to the effect that the President can not expend the money you appropriate.

Mr. CURRY. When you authorize the expenditure of more money, it implies the repeal of the original provision, and it has been so construed by the department. Seventeen million dollars has been expended in addition to the original $35,000,000.

Mr. ALMON. I do not think there is anything in the point made by my distinguished friend from Indiana. This is an authorization for an additional sum of $4,000,000.

I do not think there is a man in this House who would agree and decide that we ought to junk $52,000,000 when, by spending $4,000,000, and finally sell it for what it cost, we make it possible that the original intention shall be carried out and at the same time develop Alaska, as was the purpose and intention of the original act in 1914. [Applause.]

Mr. Chairman, I yield back the remainder of my time.

Mr. WEAVER. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. DAVIS].

The CHAIRMAN. The gentleman from Tennessee is recognized for 10 minutes.

Mr. WEAVER. Mr. Chairman, may I inquire how much time Judge ALMON used?

The CHAIRMAN. The gentleman has 27 minutes.

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen, I dislike very much to disagree with the members of the Committee on Territories who have reported out this bill, because I have the very highest regard for all of them personally. However, I am unable to agree with them in their judgment upon this proposition.

I thought at the time we entered upon this proposition that it was a blunder, as did many others, and in my opinion the subsequent events have fully demonstrated that it was a blunder. In the light of developments, if this were presented to the Congress as an original proposition, to appropriate $56,000,000 for this railroad, you could not muster a corporal's guard in support of it. In fact, the chief argument presented by those favoring it is that, having spent $52,000,000 upon the project, it is up to us to spend $4,000,000 more.

Now, I am opposed to even doing that, because I think it is sending good money after bad. I do not believe that it is a feasible proposition, even according to the admissions of those favoring this project. For instance, when it was originally advocated it was insisted that it was very important from a naval standpoint, that coal could be mined and would be mined from Alaska, to be used by our fleet upon the Pacific.

However, this road was partially constructed and purchased in 1914, at the time of the original appropriation, and it has been in course of construction ever since, and yet I think the proponents of the measure will admit that not one pound of coal has been mined from Alaska and used by the Navy except for experimental purposes. It has been reported upon reliable authority from time to time that the experiments have shown that the Alaskan coal was not suitable for naval purposes. I know that some reports to that effect have been made.

Furthermore, before we have completed the construction of this railroad the Navy has practically abandoned the use of coal and is now using oil, and all the new ships now being constructed are being prepared for the use of oil for fuel.

We were told that there were great agricultural possibilities in Alaska, and we are still told of those possibilities, but it occurs to me that the possibilities that were pictured in such glowing terms then are no longer even possibilities but have dwindled into improbabilities. It is stated by the gentleman

from Alaska [Mr. SUTHERLAND] that there are now 364 farmers in all Alaska.

Mr. SUTHERLAND. If the gentleman will allow me to correct him, that was at the end of 1919.

Mr. DAVIS of Tennessee. That was in 1919, and I presume that there must be still fewer farmers now, because the population in Alaska is diminishing according to the census reports. I think that the census showed that there were about as many farmers in Alaska in 1910 as there are now. These 364 farmers produced, in 1919, products to the value of $339,000, I believe, which was an increase of something like $100,000 over the annual production 10 years previously. In other words, after expending $52,000,000 in order to develop these wonderful agricultural possibilities, they have performed the marvelous feat of producing $339,000 worth in one year in all of Alaska. What a paradise it must be! Besides, have we not got plenty of good farm lands in the United States without spending millions of dollars of the people's money in a futile effort to foster farming in a land where the soil is frozen 15 or 20 feet deep the year round, except that a few inches of the surface thaws out for a brief period during the summer?

Not only is it a fact that the population of Alaska is dwindling, but the gold production has diminished to almost nothing. The salmon fisheries are decreasing to such an extent that not only are bills pending, introduced by the gentleman from Alaska [Mr. SUTHERLAND] and others, for the protection of the salmon industry, but even the packers themselves appeared before the Committee on the Merchant Marine and Fisheries the other day and said that unless something was done to protect them against themselves the salmon fisheries would soon be gone. We know that the seal fisheries have greatly diminished.

But suppose all these possibilities in minerals and otherwise are there as pictured by the proponents of this measure; is it not proper to preserve and conserve some of our natural resources for posterity? For instance, take coal. We have enough coal within the confines of the United States to last our citizenship for an indefinite period of time. Why not preserve and conserve some of those resources in Alaska until they can be developed at a profit instead of a loss?

It is admitted that this road is being operated at a loss. For instance, this very report shows that in 1921 the total gross revenue was $339,000. We were unable to ascertain from the author of the bill what the cost of operation was in producing this commercial service, but it is stated in a recent report of the Alaskan Engineering Commission, quoted in the committee report on this bill, that—

> Large sums have been expended in coal mining and railroad operation and maintenance of completed sections in excess of the revenue received.

It is further claimed as one of the possibilities that when this road is completed the revenue will amount to $1,000,000 a year. Just think of it; a road 539 miles long producing an annual revenue of $1,000,000! It does not take a statistical expert to know that that would not pay one-fifth of the cost of operation. And who will pay the balance? Why, these gentlemen will later be coming back here for appropriations to pay the deficits in operation after we have spent $56,000,000 for the construction of the road. It is an appropriation sink hole, and it will continue to be, in the light of the situation as it has developed. That is what we are up against, and that is the reason I am opposed to this appropriation.

It is insisted by the chairman that the revenue from the road will increase. What right have we to expect that?

The committee report submitted by the author of this bill, the gentleman from California [Mr. CURRY], very correctly states that—

> Under the conditions that pertain in Alaska private capital would not be justified in constructing a railroad.

The said report also quotes from a recent report of the Alaskan Engineering Commission as follows:

> The railroad has been constructed in a wilderness where every agency had to be developed and carried along with the actual road construction. Ocean docks, towns and camps, railroad shops, supply terminals, and even the wagon roads over which to haul the supplies had to be constructed as a necessary part of the plan.

The committee report further states that—

> The railroad taps two coal fields, six mining districts, and a number of valleys having agricultural possibilities.

In view of their zeal and their highly colored description of the "possibilities," we may fairly assume that the proponents of this bill have at least stated their case as favorably as the facts would justify.

In view of the fact that innumerable railroads in the United States, operating through thickly populated and productive territory, have been unable to operate at a profit, many have gone into the hands of receivers, and many even abandoned, how can it be reasonably expected that this Alaskan railroad, constructed through an undeveloped wilderness, in a territory whose population and industries are diminishing, can be made self-sustaining? It is admitted by the proponents of the measure that this railroad will necessarily be operated at a loss for many years; but they insist that it will develop the territory and that substantial benefits will ultimately be derived from its operation. Benefits to whom? Certainly not to the Government or the taxpayers of the United States who pay for the construction of this railroad and who annually will be called upon to make an appropriation to cover the deficits in operation. Even if the Government coal lands are developed, the Government leases such lands on a royalty of 2 cents per bushel, which would amount to a mere bagatelle upon the largest amount of coal that the wildest dreamer hopes will be mined from those fields for a long time to come, even granting that such coal is marketable.

It is insisted by those favoring this bill that it is not intended that the Government shall indefinitely own and operate this road, but that it would be sold or leased. They have already admitted themselves out of court on this proposition. No private corporation will be foolish enough to purchase or lease a railroad that can only be operated at a substantial loss. The time may possibly come in the distant future, after the natural resources in this country have become sufficiently depleted and exhausted, when it will be feasible and profitable to develop and mine whatever mineral resources exist in Alaska, but the time has not arrived. When it does arrive, private capital can be depended upon to develop such resources. In the meantime it is folly for this Government to continue such an expensive and unprofitable venture as is involved in this Alaskan railroad scheme. The benefits of such will inure only to the Guggenheims and other interests who desire to exploit that territory at Federal expense. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. WEAVER. I yield five minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS of Tennessee. Mr. Chairman, this is but another illustration of how sometimes Congress authorizes what may be a very doubtful enterprise upon positive estimates and assurances that its cost will not exceed a certain amount, and then later the Congress is asked to appropriate a very much larger amount on the plea that it is necessary to complete the work.

I voted against the original proposition to build this Alaskan railroad in 1914. I did so because I felt that it was not wise for the Government to undertake in this day the building of a railroad in Alaska or anywhere else, and that if the glowing assurances and statements which were made by those who advocated the proposition at that time were even half true, it would be very easy to secure private capital to build this railroad if given the proper encouragement. At that time it was stated that it would cost not exceeding $35,000,000, although those opposing it insisted that it would cost more. But those who advocated the building of this road and the appropriation of the $35,000,000 were positive in their statement that under no circumstances would it cost more than that amount.

Mr. COOPER of Wisconsin. Was not that statement made before the war, and before the great increase in the cost of labor and material?

Mr. BYRNS of Tennessee. That is true.

Mr. COOPER of Wisconsin. The statements were made in good faith, and undoubtedly would have been realized if conditions had not so radically changed.

Mr. BYRNS of Tennessee. I do not question the good faith of those who made the statements, and, of course, it is perfectly apparent that the cost of material and labor has increased greatly since those statements were made. But the gentleman must remember that in addition to the $35,000,000 Congress has appropriated $17,000,000 more, nearly a 50 per cent increase, and now we are called upon to make an additional authorization of $4,000,000.

While I opposed the original proposition, I am frank to say to you that if I felt sure that those who submit these estimates now were correct in their statements, and that they would not come before Congress for an additional amount, I would be inclined to vote for this proposition on the theory that we have spent $52,000,000, and that having done so we should expend the $4,000,000 additional to complete the road; but judging from our past experience with reference to the estimates that have come from the Interior Department with regard to the building of this road, I am not at all satisfied that we have now had the last word in so far as additional appropriations are concerned.

Mr. TILSON. Assuming that we had completed the road entirely, then what would the gentleman propose to do with it? Does he suppose that anybody would take the railroad as a gift and agree to operate it, or, on the other hand, does he think that, regardless of the cost and the overhead charges, the Government could operate the road and make it pay running expenses?

Mr. BYRNS of Tennessee. I think it is quite evident to everyone who has heard the debate this morning that this road will never under any circumstances, however favorable they may be, pay anything like the cost of running expenses.

Mr. STAFFORD. Can not we wish it onto Henry Ford? [Laughter.]

Mr. BYRNS of Tennessee. Possibly Mr. Ford could run it cheaper than anybody else, judging from his recent experience in the operation of a railroad. Now, the first estimate was $35,000,000. Later on they came to Congress and said they must have $17,000,000 more, and they could complete the road with that amount. Last December Col. Mears, in charge of construction of this road, stated to the Committee on Appropriations that it would require $2,000,000 more to build the road, or, in other words, that the entire cost would be $54,000,000. We are now told, in less than a year, that $54,000,000 will not complete it, but $56,000,000 will be necessary. The gentleman from California [Mr. CURRY] a few moments ago said that the original estimate for this additional authorization was $3,110,210, but later on, in less than one month, it was amended, making it $4,000,000.

In the hearing before the Appropriations Committee on December 18, 1920, Col. Mears was asked these questions and made the following replies:

The CHAIRMAN. So you will not be able to complete the project within the limit of cost of $52,000,000?

Col. MEARS. No, sir; you can not do it; you can not operate this railroad for that length of time and build these other things that have been inserted in the estimate.

The CHAIRMAN. How much is going to be required in addition to the authorized limit of cost?

Col. MEARS. We are going to overrun on this basis to the extent of about $2,000,000.

Mr. BYRNS. When was this road first commenced?

Col. MEARS. The construction commenced in 1915.

Mr. BYRNS. And you think it will be completed in the summer of 1922?

Col. MEARS. Yes, sir.

Mr. BYRNS. As I understand it, since it was first projected there has been no change in the plan, so far as the road itself is concerned or so far as the length of the road or route is concerned?

Col. MEARS. There has been no material change, except that the Government purchased this Tanana Valley Railroad and has been operating it. That was not considered in the original authorization.

Mr. BYRNS. What did that cost?

Col. MEARS. The purchase price was $300,000.

Mr. BYRNS. As I remember it, the first authorization was $35,000,000?

Col. MEARS. Yes, sir.

Mr. BYRNS. And that authorization was increased two or three years ago to $52,000,000. You think now that it will cost in the neighborhood of $55,000,000 to complete it?

Col. MEARS. About that; yes, sir.

Mr. BYRNS. Is this 66⅔ per cent increase over the original estimate due entirely to increased cost of labor and materials or is it due to a mistake made in the first instance by those who submitted the estimates?

Col. MEARS. It was probably due to both. The first estimates made were too low, although they were fair estimates at that time. When we started in at Anchorage, in 1915, we employed labor at $3 per day. That section was a wilderness. There was nothing whatsoever there. We landed on the shore and graded out 30 miles of road before the 1st of October, and we had experienced railroad-station men at our beck and call. That section of the line was graded within the original estimate. From then on, however, we have been raising wages steadily. We have raised them from $3 to $5 per day, and the price of food supplies has doubled since that first summer's work. At that time we paid $30 per ton for steel rail, and we had a freight rate from the Alaska Steamship Co. of $6 per ton. Now we have to pay $47 per ton for the rail and $13 for the transportation.

We are now told that the road will not be completed until 1923. In view of this uncertainty on the part of those in charge of the construction of this road, I think Congress ought to wait until it can receive definite and final assurances before making an additional authorization. The road ought never to have been undertaken in the first place.

But I repeat if I felt sure that the road could be completed for $4,000,000, I would be inclined to vote for it because of the past expenditures, but I think on account of the condition of the Treasury and the burdens already imposed on the taxpayers we ought to wait until the Interior Department knows what it can do and gives us a final and certain estimate, so that we may at least know just what will be the further demands on the Treasury. [Applause.]

Mr. WEAVER. Mr. Chairman, how much time is there remaining to me?

The CHAIRMAN. The gentleman has 28 minutes.

Mr. WEAVER. Will the Chair let me know when I have occupied 10 minutes? Mr. Chairman and gentlemen of the House, I wish to take a few minutes to state how this matter appears to me. I am a member of the Committee on the Territories, and for some two or three years I have been greatly interested in this great Territory of Alaska. I do not believe there is any Member of the House who would vote for this $56,000,000 now to construct a road into Alaska with the present condition of our finances, but I do believe, gentlemen of the House, most sincerely that it would be an unwise thing for us to refuse to vote a sufficient appropriation to complete the road which we have already undertaken into that great Territory. [Applause.]

Why, Mr. Chairman, talk about Government ownership? The gentleman from Alabama has called attention to the fact that now the Government owns a road and operates it in Panama 50 miles in length. We do not consider that Government ownership. I might go back to the years prior to the Civil War and point to the time when my own State of North Carolina, in order to develop the great, sparsely settled sections of that State, voted to issue bonds, and built throughout the length and breadth of North Carolina railroads in which she to-day owns the stock—the North Carolina Railroad, between Charlotte and Goldsboro, was built by the State. The Western North Carolina Railroad was built by the State and opened up a section in which I live in the mountain regions. That stock in the North Carolina Railroad to-day is among the most valuable of her assets, but she does not operate the roads. This road is leased now for a period of 99 years to the Southern Railroad, upon which the State receives a handsome return; at least 7 per cent on its stock in this railroad.

The gentleman from Tennessee [Mr. DAVIS] seems to have an idea like that expressed by Senator Vance in regard to Alaska. In making a political speech Senator Vance was telling what the Democratic Party had done and what the Republican Party had done. He pointed to the fact that all the territory acquired by the United States had been acquired under Democratic administrations—the great Louisiana Purchase, the Territory of Texas, and other great areas of the West. He said that the only thing the Republican Party had ever acquired was Alaska, where they had nine months of winter and three months of very cold weather. My friends, I feel that Providence, in her beneficent way, has kept Alaska for the needs of our civilization, and in this vast, frozen region has stored up millions of tons of coal and a vast amount of metals until the time when civilization will need these things. We are not building this road because of what it is to-day, but we are looking to the future, when your children and my children will need these vast resources. I was reading an article the other day, I think in the World's Work, and it is worth reading, showing how the human race sprung into existence in the Tropics, and how the struggle and advancement of civilization has always gone northward; that the human race had not grown strong, had not produced the highest form of civilization in the Tropics, but that civilization had steadily gone north.

So, my friends, we have this great Territory up there to which to look. You gentlemen do not conceive the vast extent of Alaska. Not long ago, just across the line in the British territory on the Mackenzie River, they struck a vast field of oil, and if you will notice on the map, on the farther coast of Alaska, away up beyond where this railroad reaches, in the bleak sands of the Arctic, our geologists have found signs of oil, which some day may help to run our industries and supply our civilization.

My friends, there are no farmers there, but that country raises barley, oats, potatoes, and the potentialities are there. They say the population has decreased. There is one thing I would like to have you think about. Prior to the war gold mining was extensive, and did you ever think that the only commodity that did not increase in price during the war was gold? That did not increase in price. Any miner taking out so many grains of gold found that everything else had gone up, but gold had not. These miners went off to the war. Col. Mears, at the head of construction of the road, himself felt the call of his country to go to war. He went and stayed, and now when the war is over he has come back there to help to complete this railroad.

I hope, and I say this to my Democratic friends, that we will go forward with this work which we began in 1914 under a Democratic administration, though I do not think there is any politics in this matter, and that we will complete it and trust to the future, and I believe we will not be disappointed.

Mr. CHALMERS. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. Yes.

Mr. CHALMERS. Has the committee made any definite estimate as to what the annual deficit will be, if this road is completed, because of the operation of the road?

Mr. WEAVER. I do not think it has. It is almost impossible to tell, but our idea is that after a few years it will be entirely self-supporting.

Mr. ROACH. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. Yes.

Mr. ROACH. The gentleman is a member of the committee?

Mr. WEAVER. Yes.

Mr. ROACH. It has been stated that a considerable amount of appropriations previously made to complete this railroad has been used for purposes other than the construction of the railroad. I expect to vote for the bill, for it seems to be the practical and sensible thing to do, but can the gentleman give us any assurance that this $4,000,000 will not be diverted; that it will be used to complete the construction of the road?

Mr. WEAVER. I think I can give the gentleman that assurance. About $37,000,000 of the $52,000,000 has been expended in actual construction, but if the gentleman will consider the situation he will see that they had to build docks and everything and had to carry the enterprise forward with them. It was not like building a road through a settled country where they had transportation facilities to get their materials there. They had to go into the mines and open them up in order to get coal to operate with and to lay out towns.

Mr. ROACH. I can see that.

Mr. JOHNSON of Washington. Mr. Chairman, if the gentleman will permit, I think I can guarantee the gentleman from Missouri that the model-town idea and the great uplift in connection with railroad building in Alaska is absolutely over.

Mr. WEAVER. I was about to suggest that that idea had been abandoned.

Mr. ROACH. I am very glad to hear it.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. Yes.

Mr. BANKHEAD. The report shows that there is still available on existing appropriations $2,281,000 plus, and the committee is seeking in addition to that $4,000,000. How long is it estimated to take to complete the actual construction of the railroad?

Mr. WEAVER. They expect, from the statements made before the committee a few days ago, to complete it about December, 1923. There would be a considerable opportunity, if this appropriation is given at the present time, to meet any emergency that may arise in that connection before the completion of the road.

I call the gentleman's attention to the fact that this is a mere authorization. Of course, the appropriation will have to be made by the Appropriations Committee later. We are merely asking you to authorize this appropriation to be made when necessary.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. Yes.

Mr. CLARKE of New York. The gentleman is familiar with the construction, survey, and the building of the Copper River Railroad?

Mr. WEAVER. I can not say that I am.

Mr. CLARKE of New York. Then, there is no use of asking the gentleman the question that I had in mind.

Mr. WEAVER. Mr. Chairman, I yield two minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, I shall need but two minutes to discuss the Alaska Railroad situation from the standpoint of a man who lives out in the Pacific Northwest. To state the situation in a rough way, we are, so far as the railroad situation is concerned, somewhat in the position of the gentleman who is in a poker game. We are in for $52,000,000 now, and it is a little too early to go home. We had better chance another $4,000,000. We think that perhaps $4,000,000 will carry us along and complete the road, connect it up, and get it to operating fully. That amount of money will not be all appropriated at this time, even if this bill authorizing it is passed. It will be appropriated as needed. By the time we have the Alaska Railroad completed and going we earnestly hope that Congress in its wisdom will do something for us in the way of laws that will take the dead hand off Alaska and relieve us of some of the provisions of these leasing laws, by which no capital can go into Alaska with any hope of making a reasonable profit on any return. That is what is the matter with Alaska.

Mr. CLARKE of New York. Whom does the gentleman expect to operate the railroad?

Mr. JOHNSON of Washington. I think that road will be operated for some time as a developer for Alaska, and then when we permit capital to go in there and make the wheels go around we can sell the railroad.

Mr. LAYTON. Does the gentleman advocate the revival of the Cunningham claims?

Mr. JOHNSON of Washington. Oh, no; but the property under them will be dead for a thousand years under the dog-in-the-manger policy now pursued.

Mr. DAVIS of Tennessee. I understand that the Government leases the coal mines on a royalty of 2 cents a ton.

Mr. JOHNSON of Washington. I am not talking about the coal mines and coal leases particularly. I am talking about the general mining development of Alaska and, in fact, homesteading, water power, prospecting, and all development by which a new country is made.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed without amendment joint resolution of the following title:

H. J. Res. 215. Joint resolution to declare November 11, 1921, a legal public holiday.

RAILROADS IN THE TERRITORY OF ALASKA.

The committee resumed its session.

Mr. WEAVER. Mr. Chairman, I now yield to the gentleman from California [Mr. RAKER].

Mr. RAKER. Mr. Chairman, I think the whole subject here could be summed up in one statement. It is a business proposition. With business men behind it who have expended $52,000,000, requiring $4,000,000 to complete the project, would any level-headed business man in America with a proper project abandon it or fail to carry it to a successful completion because of that additional expenditure of $4,000,000? Everyone would say no to that question. This is a Government project, in the same position for the purpose of developing its property, which it has reserved by way of land and minerals, agriculture, fish, water power, and everything that pertains to the country. The question of the public ownership of this road is not involved. If it is involved later, whether the Government should maintain it and run it, clearly the administration then in power, no matter of what political faith, will have men of capacity and ability to run this railroad at a reasonable profit to the Government when once constructed.

We have had a great deal of testimony upon this subject, many parties coming from Alaska, and from others interested in respect to these developments.

All ought to know the prior history of the railroads and the discussion regarding the coal development of Alaska. When it was claimed that a few private individuals had filed upon and would eventually absorb the coal lands of Alaska the Committee on Public Lands heard for weeks testimony pro and con upon that question, particularly on the bill which finally became a law regarding the coal lands of Alaska, and private claims were practically all, if not all, eliminated, and the Government retained its ownership in the coal lands of Alaska. Upon the hearings of that bill, as well as the presentation to the House, the record shows that there was enough coal in Alaska to supply the civilized world for a thousand years, one field of 12,000,000 acres and another field of some 5,000,000 acres, and in addition to that in that Territory were reserved two large fields, one of some seven thousand and odd acres that the Government might have control of and that would never be sold, and another field of some five thousand and odd acres.

Relative to the water power, we provided for that. Following that came this legislation relative to the construction of the Alaskan railroad for the purpose of this development, and the House and the Senate and the country applauded the legislation relative to the coal lands. Then, again, there was legislation relative to the oil lands, and next the legislation relative to the water power, and then the railroads, and there has been some restriction regarding the rules and regulations under that legislation as to the development of Alaska. Men who have gone into the subject believe that Congress was wise in its legislation, but that it has not been fully carried out regarding its lands, but if it will be with the completion of this road, the fondest hopes and greatest desire of all Alaskan people and those in the West will be consummated and that wonderful territory will be opened up for the American people and the people of Alaska, so that we can retain and have a real benefit for the people there. So that there are no individuals, no corporations, no combinations that have a grasp on Alaska, and you ought to be willing and ready and satisfied, after having driven out corporate control in Alaska to the end that greater holdings might not be consummated there as has been in the States before; as, I say, we ought to be willing now at least to act not only properly but with sufficient speed to the end that what we have started might be consummated. That we

might be able to say to the American people that we have now eliminated the question of trust control in Alaska, that we are willing to give those who stay there an opportunity to develop and assist in developing that land, and all those in America who desire to go and pioneer in that country ought to be given an opportunity to go, and be given it to that very end.

Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has four minutes remaining.

Mr. RAKER. To be consistent, I am going to yield, while the temptation is great to go on, to my friend, the gentleman from New York [Mr. CLARKE], that four minutes.

Mr. CLARKE of New York. I thank the gentleman for the compliment. Mr. Chairman, we live in an age of casuistry and sophistry, therefore as an aftermath of the war everybody is trying to lean upon the Government, and this is one of those leaning propositions. When men come to you and tell you of the great mineral resources of Alaska I say that I know something of the truth of their assertion. It is indeed rich in all the mineral resources, coal, copper, and gold, and if you will give capital a fair and free hand it needs no assistance from the Government to go in there and develop those propositions; and when you men come along to me and tell me, as fellow Members of Congress, that you need $4,000,000 more to make up the "missing link" there, God help us. We have been hunting for the "missing link" since the evangel of civilization came on earth. Nobody has found it, whether in the Democratic or the Republican Party. Sometimes we have had it in one guise and sometimes in another, and we have had promises always in the sophistry of Uncle Sam's putting up a dollar to put a thing "through" that never led us anywhere except to socialism and communism. You men to-day are wandering around and the great evangels of that principle are wondering where you are going to end up. But I will tell you this: Some of you who vote for these propositions that are socialistic and communistic to wring another dollar from Uncle Sam and add other dollars to our tax burdens are going to have a long vacation, and some of us farmer boys will come back and laugh at you. [Applause.]

East of the range of mountains that stretches out through the great Alaskan Territory there is nothing but gold and minerals, and those propositions private individuals and private enterprise are willing to develop. Through the Bering and Matanuska coal fields, rich as they are, squatted on under a great conspiracy of master minds to corral the natural resources of Alaska, you ask that "Uncle Sam" should build a railroad, at an added cost of $4,000,000, to give somebody a chance to get rich on. Your money and my money is being spent under this sophistry, and you are trying to give somebody a chance to enrich himself, or themselves, at the expense of Uncle Sam, when there are already real obligations outstanding.

Now, I am just one of those simple-minded farmers who admits I am willing to spend a few dollars—mighty few—but I am going to first spend it where there is a legal and moral obligation, now outstanding, to spend it; I am going to spend it for honest citizens who are not in conspiracy to get something out of Uncle Sam for nothing, but who are in a conspiracy, as farmers, to develop something within their own circles and within their own spheres, and that something is herds freed of tuberculosis and pure milk for all. The great farming constituency, of which I am a simple member, is to-day awaiting for the Government to complete its contract with them for herds condemned and partially or wholly destroyed because of tuberculosis, and awaiting the needed money to rebuild their herds. We have heard the great cry for the eradication of tuberculosis from our herds of dairy cattle. We have had our herds tested by the State of New York, and by the Federal Government, and tested by every known device. We have been wanting to eradicate tuberculosis from our herds and are willing to "clean house," and yet to-day with the present appropriation exhausted we find our farmers' organizations and our farmers without the means of "cleaning up" and rebuilding their herds, and the Government owing many farmers money they badly need. And yet you men, listening to the voice of sophistry and casuistry, say to spend $4,000,000 of Uncle Sam's money for everything except the farming industry and moral and legal obligations already assumed, which industry, after all, is the great fundamental industry of our country. It seems to me, gentlemen, if you listen to the voice of reason, you will hesitate for a long time before doing so.

Who is going to operate this railroad? Uncle Sam has dipped his fingers into this Government operation of railroads and had his fingers burned, rates high, operation rotten; and I am not going to vote for an appropriation of $4,000,000 for this railroad proposition, or to ratify it, until you first vote to meet your moral and legal obligations, honestly entered into and faithfully fulfilled, to the farmers whose herds have been killed in the interest of health and the general public.

The CHAIRMAN. The time of the gentleman has expired.

By unanimous consent Mr. CLARKE of New York, Mr. DAVIS of Tennessee, Mr. ALMON, and Mr. RAKER were granted leave to extend their remarks in the RECORD.

The CHAIRMAN. The Clerk will read the bill for amendment.

The bill was read.

Also the following committee amendment was read:

Committee amendment: On page 2, line 4, strike out the figures "$3,110,210" and insert in lieu thereof the figures "$4,000,000."

Mr. BURTON. Mr. Chairman, I desire to be recognized in opposition to the amendment. I opposed this appropriation most vigorously some seven years ago, and I will read what I said at that time:

What Alaska needs is a policy, not an appropriation; judicious land and mineral laws which shall be fair to the people of the Territory and shall subserve the interests of the whole United States, and not a railroad built at Government expense.

The objections to this enterprise were, in the first place, the undesirability of a Government undertaking of this nature, the general arguments against Government ownership and management of railroads, and that in a region where the resources were unexplored and existing policies prevented them from being made available. At the time of the discussion in 1914 there was a serious question as to the quality and quantity of the coal in Alaska. I am surprised to find that the same uncertainty still exists. The gentleman from Alabama [Mr. OLIVER] has mentioned that in the testimony before the Committee on Naval Affairs there may not have been serious doubt as to the quality but there were indications that the quantity would be lacking, and that the mines existed only in pockets. There is nothing as an investment of capital more deceptive than a coal mine, and I do not feel satisfied to this day that the resources of coal which have been claimed for that area exist there.

But the agitation for the appropriation in 1914 was very strong. Many times it has happened that when the relative claims of the Old Flag and the appropriation are being considered, the Old Flag has the sentiment, and the appropriation the practical support. And thus this amount of $35,000,000 was appropriated in 1914 and later an additional $17,000,000.

Now, Mr. Chairman, there is no sufficient answer to the argument made here. We have appropriated $52,000,000, and our investment is lost unless we appropriate the remaining $4,000,000 or $3,000,000 required for completion. I suppose we must do it, but I think this House will vote that additional amount with a decided interrogation point as to whether the $4,000,000 will be sufficient. In conclusion, I trust the committee will not let this project pass without consideration of the necessity of far more serious discussion of a project of this kind before we enter upon it. I believed it was a blunder in 1914; I believe now it was a blunder. And I hope that while we are compelled to make this appropriation it will be a lesson to us in the future that will cause us to pause before we enter upon any such enterprise.

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

I have not had the advantage of general debate, but nobody needs the illuminating speech of my friend, the gentleman from California, to advise him of the inadvisability of this appropriation. I remember in 1914, when this child was born, they told us it could be brought forth, and educated, and brought to manhood, and to a self-sustaining estate for $35,000,000. At that time we had a wonderful picture of the great resources of Alaska; that all we had to do was to tap them with a Government-owned railroad, and they would be made a wonderful thing, and that the population would increase, and it would be a great blessing to this country; that it was not a local bill at all, but a national enterprise. Well, the original appropriation was exceeded. I understand they spent about $52,000,000. Now you want $4,000,000 more. I note the report of the committee quotes the chairman of the Alaskan Engineering Commission in a recent report, as follows:

The railroad is being constructed in a wilderness.

That tells the whole tale. An American Congress, out of the taxpayers' money, is building a railroad in a wilderness. There is no reason why you should build a railroad in a wilderness in Alaska any more than you should build a railroad in any State of the Union. And, gentleman, you could take $4,000,000 and go to the rescue of some of the short-line railroads of the country and save them. Two of them in my State are threatened with sale and will be sold this month, one of

them in my district, that would be worth more and would be of more service to the people than will the railroad in Alaska for 50 years. [Applause.]

Suppose I had come before the Appropriations Committee and said, "Give me $4,000,000 and save the Memphis, Dallas & Gulf Railroad, that traverses a great country, a country so sparsely settled now that under present economic conditions it can not support itself, and it will only need aid for a short while. That country is rapidly developing and it will be a self-sustaining proposition pretty soon, and this appropriation will develop that great country down there," what would you have said? You would have said, "You socialistic crank, why, you come in here and want us to go to building railroads in each congressional district."

Gentlemen, that is what this proposition is. If it is right to build and maintain a railroad in Alaska, then every argument that can be offered for it can be offered in behalf of building little railroads throughout these United States, because we all know that under the present conditions there will be no new railroads built for years, and many territories will be held back in the outlying districts of the United States, and all we need is the tapping of a railroad system. There are two in my State which are but typical of other short-line railroads in other parts of the Union that are feeders of the trunk lines. Large towns, some of them modern, are left off the railroads because of the failure of these little railroads.

Now, do you propose to aid them out of the Federal Treasury? The answer is, "Oh, no; that is socialism. That is paternalism. You people must support them yourselves." But when you go to that wilderness in the frozen north of Alaska, where the chief occupation of the inhabitants is drawing pay from the Government, then it becomes a beautiful dream; it is necessary to do it to conserve the public welfare and develop resources of a great Nation. But that is all bunk, gentlemen, pure and simple; socialistic bunk, gone to seed. That is all that it is. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. RAKER. Mr. Chairman, I oppose the gentleman's motion. I am surprised at my distinguished friend from Arkansas [Mr. WINGO], who talks about socialistic principles, and so forth, in regard to this bill. It is a mere use of words. In the present instance, instead of the Government, as it has done in the past, giving away an empire to the railroad companies to build up the very country in which my friend lives, which the Senators and Members of the House in those days said was a wilderness and a desert and was not worth getting title to, the statesmen of those days turned around and gave away territory larger many times than the gentleman's State so that they might build railroads.

Mr. WINGO. Mr. Chairman, will the gentleman yield there for a question?

Mr. RAKER. In a moment. So that they might build railroads through the gentleman's country and through the western country; so that it might be built up and thus yield up its minerals and everything else. They voted aid to the railroads to produce such conditions.

That appears to be all right; but in Alaska, where you tied up the coal and the water power and the land and every resource on earth, so that a man could not go there with any prospect of development, instead of giving, as you have done in the past, aid to open up these great empires in the West, including a part of the State from which my friend comes, you go to work in a business way and spend a little money to develop that great empire, and then talk about "socialism" in developing this Government's property where it has the ownership and control of all of it, to the end that the people now may have some use of it and that it may not go to a particular class.

Now I yield to the gentleman.

Mr. WINGO. Let us leave ancient history behind us and get down to the present day. Is the gentleman from California willing to appropriate money and sustain small railroads that can not otherwise be sustained and that run through richer territory than that in Alaska? Is the gentleman willing to do for other parts of the country what he is willing to do for Alaska?

Mr. RAKER. The Congress has passed a railroad bill and given consideration to the railroads. Unfortunately it did not treat the short-line railroads as it treated the transcontinental lines. Had it been fair and had it given the short-line railroads the proper treatment, the treatment that they should have had, most of them would have been in existence. Just as one line that runs through my country to-day. The owner has been in town for a week. A transcontinental line has taken the major portion of its receipts from freight and fares and the short line is living at the small end of it, and it is a question whether or not it will exist. The Post Office Department gives it $10 for carrying the mail. Then it turns right around and pays a contractor every week 10 times what it gives to the railroad.

Mr. WINGO. I want an answer to my question. Will the gentleman answer it?

Mr. RAKER. I am going to answer it if I get to it. That is not a parallel case. [Applause.]

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CLARKE of New York. Mr. Chairman, I ask unanimous consent that the gentleman from California may have another minute.

The CHAIRMAN. The chairman of the committee, the gentleman from California [Mr. CURRY], will be recognized.

Mr. CURRY. Mr. Chairman, I do not believe that this is a socialistic proposition at all. There is no one in the House more opposed to socialism than I am. I do not consider this bill as socialistic.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. CURRY. I regret I can not.

The CHAIRMAN. The gentleman declines to yield.

Mr. CURRY. If it is socialism it is a socialistic proposition that was started in 1914, at which time the party of which the gentleman from Arkansas [Mr. WINGO] is a member had a big majority, both in the House and Senate, and also had the President. [Laughter.]

Mr. WINGO. Is that the gentleman's only defense? [Laughter.]

Mr. CURRY. I decline to yield.

Now, the gentleman speaks of building a railroad in a wilderness. All these big transcontinental railroads were constructed to open up wildernesses. Jim Hill opened up the great big States of North and South Dakota and all that country by a railroad through the wilderness. One of these States had turned socialistic; but, thank God, the other day she came back where she formerly belonged, having gotten tired of socialism. I do not think there are many Members of socialistic tendencies on this side of the aisle; probably there are more on that side than there are on this side. I think perhaps some Members of Congress who ought to have been elected on the socialistic ticket, if at all, were elected on the Democratic ticket. [Laughter.] But when you come to consider it, this railroad in Alaska was not built as a Government investment. It was built as a part of the Government's plan to develop Alaska. It was not built to be retained in perpetuity by the Government. The original act contains a provision whereby the road may be leased or sold. If it is sold they will have to come to Congress for the necessary legislation.

That country up there is a great country and ought to be opened up and developed. This bill alone will not open up Alaska. If you wish the resources of Alaska to be developed you will have to get rid of the red tape of the bureaucratic Government here in Washington in which it is bound up and give men opportunity to go up and develop Alaska with their brains and brawn and money. Otherwise it will not be opened up.

This road is but a means to an end. After this road is built there is no question but that legislation will be enacted to open up Alaska, and good red-blooded young American men and women will go up there and develop the country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, I desire to speak on the committee amendment.

Mr. WINGO. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. Without objection the pro forma amendment of the gentleman from Arkansas is withdrawn.

Mr. CURRY. The vote should be on the committee amendment, should it not?

The CHAIRMAN. The question is on the committee amendment. The gentleman from Iowa [Mr. GREEN] rises to speak on the committee amendment.

Mr. GREEN of Iowa. Mr. Chairman, I voted for this proposal in the first instance with considerable hesitation. I am inclined to think the gentleman from Ohio [Mr. BURTON] was right when he said at that time that what Alaska needed was more policy than direct aid. But at that time, while the policy was not indicated, there was in one way a great general scheme in the minds of the American people, of which this bill was a part. It was then believed, and it is believed now—and so far as there is any information before the House that belief is well founded—that the resources of Alaska are enormous, almost beyond calculation. It was intended at that time that these resources should not be exploited or monopolized by a

few individuals. As a part of that plan the original act providing for the construction of this road was enacted. Whether that was wise or not is not necessary to be discussed at this time. We have put over $50,000,000 into this railroad. It will be completed only by the addition of this sum which is now proposed. The purpose of that act at that time was not socialistic. It was simply to prevent the monopolization of the great and supposedly unparalleled resources of this immense territory.

Mr. WALSH. Will the gentleman yield for a question?

Mr. GREEN of Iowa. Yes.

Mr. WALSH. We put many millions of dollars into the Muscle Shoals project. Then afterwards we declined to go any further with that, did we not?

Mr. GREEN of Iowa. Yes; but there was always very great criticism of that whole Muscle Shoals project, while at the time this act was passed by the Congress there was hardly a voice raised over this whole land against it. The whole country approved the plan of this Congress, deciding that the great resources of Alaska should not pass into the hands of a few men.

Mr. CLARKE of New York. Will the gentleman permit a question?

Mr. GREEN of Iowa. Yes.

Mr. CLARKE of New York. The Federal Government appropriated for the examination of herds of cattle scattered over this country about $1,785,000.

Mr. GREEN of Iowa. I hope my friend will not drag me onto a cow trail.

Mr. CLARKE of New York. No; I just want to get the gentleman's sense of relative proportion on this proposition.

Mr. LAYTON. The gentleman wishes to discuss the question of relativity.

Mr. CLARKE of New York. Herds of cattle in the gentleman's State of Iowa, as well as in Maryland, Pennsylvania, and other States, have been examined not only by the veterinarians of our Agricultural Department but by the veterinarians of our own States.

Mr. GREEN of Iowa. Will the gentleman please make his question short?

Mr. CLARKE of New York. Many herds have been condemned, and there is no appropriation to pay for the tuberculous cattle that have been killed. The farmers have acted upon this proposition in good faith. Does not the gentleman think it would be better, as a matter of good faith, to keep the honest contracts we made with those people than it is to throw away $4,000,000 up in Alaska?

Mr. GREEN of Iowa. I shall have to decline to yield further.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to proceed for two minutes additional. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, as I have said, the country never considered this as any model proposition with the idea that the Government was embarking upon the operation of railroads. The purpose was far different, and that purpose was ratified by the country with almost no objection. The sum of $4,000,000 is now needed to complete this proposition. Shall we deny it? Even the gentleman from Ohio [Mr. BURTON] says the money ought to be voted at this time, although he opposed the project with all his force at the time when it was originally enacted. Mr. Chairman, I insist that there is but one thing to do in the situation before the House, and that is to adopt the committee amendment.

Mr. MONDELL. Mr. Chairman, considerable of the discussion on this bill has seemed to proceed on the theory that if we follow the recommendation of the Committee on the Territories the Committee on Appropriations will proceed immediately to appropriate all or a large portion of the sum authorized to be expended. That does not follow at all. The question now before the House is not as to how much money we shall spend in the next fiscal year on the Alaskan Railroad. The question is, rather, Shall we at this time determine that the Alaskan Railroad as originally planned shall be completed, and authorize appropriations to be made from time to time as they are warranted for the purpose of completing it? I am not sufficiently well informed as to the situation in Alaska to know how much the Committee on Appropriations will be justified in appropriating this winter if this bill becomes a law. I doubt if anyone is at this time so informed. But we must assume that if we authorize the ultimate completion of the road the appropriations for that purpose will be made only so rapidly and at such times as the Committee on Appropriations and the House, if it agree with the committee, shall determine to be proper and practical, taking into consideration the desire of Congress and of the country to be as economical as possible in our expenditures.

I trust that gentlemen will not be influenced in voting on this bill by any idea that the Committee on Appropriations will include in the first appropriation bill the sum necessary to complete the Alaskan Railroad. I should hope, at least, that the committee would not do that. Our duty is to determine whether the Alaskan Railroad shall be completed; and if so, to determine the sum we shall eventually authorize to be appropriated for its completion, leaving with the Appropriations Committee to determine when the appropriation shall be made and the rapidity with which the development and completion of the road shall be carried on.

Mr. COOPER of Wisconsin. Mr. Chairman, several gentlemen have spoken of this as a socialistic proposal. I was a Member of the House when the original bill to build this railroad was introduced at the suggestion of President Wilson. It received the enthusiastic, and, I think, well-nigh unanimous support of the members of his party on this floor, and not one of them suggested that it was in the remotest degree a socialistic proposition which was being urged by that distinguished Democrat.

Mr. WINGO. Oh, the gentleman from Wisconsin does not want that statement to stand, many Democrats fought it bitterly.

Mr. COOPER of Wisconsin. I do not remember of anybody stating that it was socialistic.

Mr. WINGO. They all said that it was socialistic, and if the gentleman gets the RECORD and reads the minority report he will see something. The gentleman from Oklahoma, Mr. Davenport, made a minority report.

Mr. COOPER of Wisconsin. I do not remember of anything being said to the effect that Woodrow Wilson had proposed a bill socialistic in character.

Mr. Chairman, it has been several times declared during this debate that what Alaska needs is not this appropriation of money to complete that railroad, but the establishment of a policy which will permit the development of her great natural resources. These gentlemen seem to have assumed that the question of a policy for the development of Alaska was not considered here when Congress passed the original bill appropriating $35,000,000 to build this railroad in that Territory. But in assuming this these gentlemen are mistaken, for Congress did then discuss and decide the question of such policy for Alaska.

Now, there are two methods by which this Government has secured the building of railroads through uninhabited territory. One of these was by granting public lands to railroad corporations as was done in the cases of the Union Pacific and the Central Pacific roads. I remember that in the contest, during my first term in the House, over the bill to refund the debts of those two roads, it was brought out that the Government had given those corporations 26,000,000 acres of the public lands, the grant extending for miles on each side of the right of way. That was the land-grant policy of building railroads.

Now, it has been said here repeatedly to-day, and it was suggested by the gentleman from Ohio, and in a measure indorsed by the gentleman from Iowa, Judge GREEN, that we adopted a wrong policy in 1914 when the House and the Senate passed the bill appropriating $35,000,000 in money to build a railroad in Alaska. Mr. Chairman and gentlemen, I beg you to understand that it was then understood that the contest over that bill to appropriate $35,000,000 was on a question of policy, and that the policy was deliberately adopted with the aid of a pretty large majority of Democrats on this floor. What was the question then debated and decided? It was, Mr. Chairman and gentlemen, whether the policy of donating coal lands, agricultural lands, and other lands to railroad companies and letting them build the road and make unlimited millions out of the natural resources of the country should be again adopted, or whether there should be a new policy adopted in Alaska of appropriating money for the project, and of reserving the valuable natural resources of Alaska for proper development by settlers and others under laws subsequently to be passed.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

By unanimous consent, Mr. COOPER of Wisconsin was given two minutes more.

Mr. COOPER of Wisconsin. Mr. Chairman, the question was then whether we should, as I said, appropriate that money, save these resources, and allow them under appropriate laws to be developed.

If this bill passes I hope such laws will be passed by this Congress before it passes out in 1923. They ought to be enacted. But the exact question in 1914 was, Shall we again indulge in a land-grant policy, or shall we adopt another policy, appropriate $35,000,000 to build a railroad, and save the vast natural resources for legitimate development. The gentleman from Ohio [Mr. BURTON], the gentleman from Iowa [Mr. GREEN], and I voted for the adoption of the last-mentioned policy, and I think that under all circumstances our votes were eminently wise. [Applause.]

Mr. HUSTED. Mr. Chairman, I have heard a number of gentlemen during the course of this debate speak of Alaska as a worthless wilderness, of no value and unworthy of the expenditure of any considerable sum in its development.

We purchased Alaska from Russia at a cost, I think, of $7,250,000. It had proved to be a valueless asset to Russia. She had never made anything out of it and was willing to sell it to us for a very small sum. But Alaska has paid for itself to the United States over and over and over again. It has not been to us a valueless asset; it has been a most valuable asset. The fact that the mineral resources are there in great quantities is a demonstrated fact. It has been demonstrated by the untold millions of dollars of gold that have been taken out of it. Oh, the gentleman from Arkansas [Mr. WINGO] made an argument which, in my opinion, was a good argument as applied to the original proposition of 1914, but it is not applicable to-day. We have put into this proposition $52,000,000, and the question now is whether we are going to make an effort to save that money or not. If we do not complete that railroad, the $52,000,000 we have expended are absolutely lost. There is a possibility of getting some of it back by completing the railroad. We certainly will not get any back if we do not. If we attempt to deal with private enterprise on the basis of an uncompleted railroad we would be dealing at very great disadvantage, under conditions where all the advantages of bargaining would be on the side of private enterprise. We must complete this railroad in order to make a good bargain; and I believe if we do complete the road and open up this country to development that we can get back all, or a major portion, at least, of our investment. The valuable mineral resources are there, but are unavailable until transportation facilities have been furnished. I am inclined to think it was unwise to undertake this proposition. I agree absolutely with what the distinguished gentleman from Ohio, Senator BURTON, has said. Alaska needs a policy rather than financial aid from the Government; but we started the project, invested an enormous amount of money in it, and it is now up to us to save it if we can, and not throw it away. I believe it can be saved; and whether all of it can be saved or not, it is wise to pass this bill if the completed railroad can be sold for any considerable amount more than the $4,000,000 we now propose to put in it. I believe it is an act of prudence and good judgment to make this authorization. [Applause.]

Mr. CURRY. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto, and on this section and all amendments thereto, be closed in 15 minutes.

The motion was agreed to.

Mr. STEENERSON. Mr. Chairman, I voted for the original bill to authorize the construction of this railroad in Alaska, and participated in the debate. The same question that is raised now was raised against the proposition then, to wit, that it is socialistic. I took the position that it is not. I tried to make the distinction between what might be justly termed socialistic and what might not. As to the extent of proper functions of Government, no one has yet been able to define their exact limits, but my view was and is that an enterprise like this which will not be constructed in any reasonable time by private enterprise may be properly undertaken by the Government in order to develop the industry and commerce of the country. Instead of discouraging private enterprise, as is often the case with too much Government intrusion in private business, this project on the contrary encourages private enterprise and increases the opportunity therefor. It is a general rule, acknowledged by writers on politics and political economy, that the Government should not undertake business that can be successfully carried on by private enterprise, but where it can not be so carried on or is not likely to be, then the Government may undertake it in the interest of the general welfare. The Government owns and operates the Panama Canal for this reason, and many other undertakings. The construction of this railroad will open a vast field for private enterprise and development. Here is an empire in itself, filled with unknown and known mineral wealth and other natural resources which can be developed, but it can not be developed until you have a railroad. There is no one willing now to construct the railroad and probably will not be for generations, unless perhaps it might be some monopoly which in that event would not only own the railroad, but probably monopolize whatever natural resources there were in the country. So that I think the argument that has been made so strenuously here that this is socialistic in its tendency is based on a fallacy. It would have been just as fallacious to claim when the first great continental railroads were built by aid of Government grants and Government credit were socialistic in their tendency. The only reason the Government gave away that large domain of public land and guaranteed the capital invested to develop the whole of the Pacific and intermountain region was because there was no one in sight, and no prospect that there would be one who would undertake the building of those roads, and without a railroad that country would still be mostly a wilderness. So that the Government taking hold of the matter resulted in opening that region where millions of people now engage in private enterprise and have established great commonwealths. Just the same logic applies here. If what we know about Alaska is true, the completing of this railroad which is nearly complete would open a field for thousands and perhaps millions to pursue private industry and business and build up prosperous communities where there is nothing but a wild waste.

I therefore contend, the same as I did when the bill originally came up, that this is an exception to the rule that Government enterprise drives out private industry, but on the other hand it augments and stimulates it and encourages it. I favor the bill.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken, and on a division, at the suggestion of the Chair, there were—ayes, 53, noes, 17.

So the committee amendment was agreed to.

Mr. SANDERS of Indiana. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SANDERS of Indiana: On page 1, line 8, after the word "amended" insert by amending the first clause in section 2 to read as follows:

"That the cost of the work authorized by this act shall not exceed $56,000,000, and in executing the authority granted by this act the President shall not expend or obligate the United States to expend more than that sum; and"——

Mr. WALSH. Mr. Chairman, will the gentleman from Indiana yield?

Mr. SANDERS of Indiana. Yes.

Mr. WALSH. Has not that clause of this section been amended once?

Mr. SANDERS of Indiana. No. When the $17,000,000 was authorized it was authorized in the same way that this is attempted to be authorized. It should have been corrected at that time. Mr. Chairman, this bill is simply the addition of a proviso to section 2 of the original bill, which reads as follows:

That the cost of the work authorized by this act shall not exceed $35,000,000, and in executing the authority granted by this act the President shall not expend or obligate the United States to expend more than such sum.

That sum has been expended. It is proposed by this proviso merely to say:

Provided further, That in order to complete the construction and equipment of the railroad between Seward and Fairbanks, together with the necessary sidings, spurs, and lateral branches, there is hereby authorized to be appropriated, in addition to all sums heretofore appropriated therefor, the sum of $4,000,000.

And so forth.

If that section then were taken as amended after we get through, unless we agree to the amendment I suggest, section 2 would read, in effect, that the cost can not exceed $35,000,000 and that the President could not pay more than $35,000,000, but that there was hereby appropriated $4,000,000 more.

Mr. CLOUSE. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. CLOUSE. Did not the first provision which was enacted, allowing the additional $17,000,000 to be appropriated, repeal the original act by implication, because it was inconsistent with the provisions of the first act as to the amount to be expended?

Mr. SANDERS of Indiana. I think that the Treasury Department must have so construed it, because they allowed the additional amounts to be paid out.

Mr. CLOUSE. Would not that be true as a matter of law, that it would be a repeal by implication, since the last provision was inconsistent with the original?

Mr. SANDERS of Indiana. Well, it certainly would if it were in a separate act, but as to a proviso added to the section which is inconsistent with the first, I do not know whether it repeals it or not. I would say as a matter of law it would probably be held to repeal the first provision. Anyone looking at the section as amended would say that it stated two inconsistent provisions. Now, we are enacting a law, and I do not know of any

reason why we should put in the law a section as amended which will contain two absolutely inconsistent provisions.

Mr. STAFFORD. Will the gentleman kindly inform the committee how the bill will read if his amendment is adopted? It is difficult for me to make sense out of the proposed amendment in connection with the pending bill.

Mr. SANDERS of Indiana. Well, the bill will read down to line 6 as it is now, where it is further amended by amending——

Mr. STAFFORD. As amended.

Mr. SANDERS of Indiana. After the word "amended."

Mr. STAFFORD. But there are two "amended" in the line. Does the gentleman refer to the second "amended"? The gentleman's amendment does not designate after which word "amended" he intends to insert his amendment.

Mr. SANDERS of Indiana. After the second word "amended."

Mr. STAFFORD. How will it read then?

Mr. SANDERS of Indiana. Then it will read—

by amending the first clause in section 2 to read as follows: "That the cost of the work authorized by this act shall not exceed $56,000,000, and in executing the authority granted by this act the President shall not expend nor obligate the United States to expend more than that sum," and—

Mr. Chairman, I ask unanimous consent to make the change indicated by the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to modify his amendment in the manner in which the Clerk will report.

The Clerk read as follows:

Modified amendment by Mr. SANDERS of Indiana: Page 1, line 6, after the second word "amended," insert by amending the first clause in section 2 to read as follows: "That the cost of the work authorized by this act shall not exceed $56,000,000, and in executing the authority granted by this act the President shall not expend nor obligate the United States to expend more than that sum," and—

The CHAIRMAN. Is there objection to the modification? [After a pause.] The Chair hears none.

Mr. CURRY. Mr. Chairman, I do not see the necessity for this amendment. It looks to me as if it were absolutely surplussage, that it accomplishes nothing that is not already accomplished by the bill as it is. The President could not exceed the authority to expend or obligate the Government to expend more than $35,000,000. When it was found that the $35,000,000 was not sufficient the President came to the Congress with a request for an additional appropriation of $17,000,000. That request came through the Secretary of the Interior. The $17,000,000 in the identical form of this bill was authorized in 1919. It was found that sum was not sufficient and he did not expend more than $17,000,000. They have $2,300,000 left. They found the money would not complete the road and they came with an estimate and a request for an additional authorization. The money could not be expended, and it will not be expended even if authorized, until appropriated. There is no violation of law, no inconsistency of law.

The statute read in the form of similar statutes, and I do not see any reason for the change. I do not think it will improve the bill, and I do not think it is necessary, and I hope the amendment will not be agreed to for that reason. I do not believe in establishing such precedents.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Indiana.

The question was taken and the amendment was rejected.

Mr. CURRY. Mr. Chairman, I move that the committee do now rise and report the bill to the House, with the recommendation that the amendment be agreed to, and that the bill as amended do pass.

The motion was agreed to; accordingly the committee rose, and the Speaker having resumed the chair, Mr. TOWNER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 8442), had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. CURRY. Mr. Speaker, I move the previous question on the bill and the amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time; was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the Speaker announced the ayes seemed to have it.

Mr. CLARKE of New York and Mr. WINGO. Division, Mr. Speaker.

Mr. SISSON. Mr. Speaker, I make the point of order there is no quorum present. In that way we will get a roll call.

SEVERAL MEMBERS. Wait until the House divides.

The House divided; and there were—ayes 81, noes 28.

Mr. WINGO, Mr. CLARKE of New York, and Mr. SISSON. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. LAYTON. I ask for a yea and nay vote, Mr. Speaker.

Mr. SPEAKER. Clearly there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 198, nays 78, answered "present" 2, not voting 154, as follows:

YEAS—198.

Almon	Fish	Lawrence	Reed, W. Va.
Anthony	Fisher	Lea, Calif.	Rhodes
Arentz	Fitzgerald	Leatherwood	Ricketts
Atkeson	Focht	Lehlbach	Roach
Bankhead	Fordney	London	Robertson
Barbour	Frear	Luce	Robsion
Beck	Freeman	Luhring	Rodenberg
Benham	Gensman	Lyon	Rogers
Bird	Glynn	McArthur	Sanders, Ind.
Bixler	Gorman	McCormick	Schall
Bowers	Green, Iowa	McDuffie	Scott, Mich.
Bowling	Greene, Mass.	McFadden	Scott, Tenn.
Brennan	Greene, Vt.	McLaughlin, Mich.	Shaw
Britten	Hadley	McPherson	Shelton
Brooks, Ill.	Hardy, Colo.	McSwain	Shreve
Brooks, Pa.	Hardy, Tex.	Madden	Sinnott
Browne, Wis.	Hawes	Magee	Smith, Idaho
Bulwinkle	Hawley	Mapes	Smith, Mich.
Burroughs	Hayden	Michener	Speaks
Burtness	Hersey	Millspaugh	Sproul
Burton	Hickey	Mondell	Stedman
Byrnes, S. C.	Hoch	Montoya	Steenerson
Cable	Huddleston	Moore, Ill.	Stephens
Campbell, Kans.	Hull	Moore, Ohio	Strong, Kans.
Chalmers	Humphreys	Moores, Ind.	Summers, Wash.
Chandler, N. Y.	Husted	Morgan	Swing
Chindblom	Hutchinson	Nelson, A. P.	Temple
Christopherson	Ireland	Nelson, J. M.	Ten Eyck
Classon	Johnson, S. Dak.	Newton, Minn.	Thompson
Clouse	Johnson, Wash.	Newton, Mo.	Tilson
Cockran	Jones, Pa.	Norton	Timberlake
Cole, Iowa	Kahn	O'Connor	Tinkham
Cole, Ohio	Kearns	Oldfield	Towner
Collins	Keller	Oliver	Upshaw
Colton	Kelley, Mich.	Osborne	Vaile
Connally, Tex.	Kelly, Pa.	Padgett	Vestal
Cooper, Wis.	Kendall	Park, Ga.	Vinson
Cramton	Ketcham	Parker, N. J.	Volstead
Curry	King	Parker, N. Y.	Watson
Dallinger	Kinkaid	Patterson, Mo.	Weaver
Darrow	Kissel	Petersen	Webster
Denison	Kleczka	Porter	White, Kans.
Dowell	Kline, N. Y.	Pou	Williamson
Driver	Kline, Pa.	Purnell	Woodruff
Dunbar	Knutson	Quin	Wright
Dupré	Kopp	Raker	Wurzbach
Edmonds	Kraus	Ransley	Young
Ellis	Lampert	Rayburn	Zihlman
Faust	Lankford	Reavis	
Favrot	Larson, Minn.	Reece	

NAYS—78.

Andrew, Mass.	Elliott	Lazaro	Steagall
Andrews, Nebr.	Evans	Lowrey	Stevenson
Appleby	Foster	McClintic	Stoll
Aswell	Fulmer	McLaughlin, Nebr.	Sumners, Tex.
Bacharach	Garrett, Tenn.	MacGregor	Swank
Black	Garrett, Tex.	O'Brien	Tincher
Bland, Va.	Gernerd	Olpp	Tyson
Blanton	Goodykoontz	Overstreet	Underhill
Boies	Graham, Ill.	Parks, Ark.	Walters
Box	Hammer	Parrish	Wheeler
Briggs	Haugen	Radcliffe	Williams
Buchanan	Hudspeth	Ramseyer	Wilson
Burdick	Jacoway	Rankin	Wingo
Butler	Johnson, Ky.	Rouse	Wise
Byrns, Tenn.	Johnson, Miss.	Sanders, Tex.	Wood, Ind.
Clarke, N. Y.	Jones, Tex.	Sandlin	Woods, Va.
Crisp	Kunz	Sears	Woodyard
Crowther	Lanham	Sisson	Wyant
Davis, Tenn.	Larsen, Ga.	Smithwick	
Dominick	Layton	Stafford	

ANSWERED "PRESENT"—2.

Collier	Walsh

NOT VOTING—154.

Ackerman	Brinson	Codd	Dempsey
Anderson	Brown, Tenn.	Connell	Dickinson
Ansorge	Burke	Connolly, Pa.	Doughton
Barkley	Campbell, Pa.	Cooper, Ohio	Drane
Beedy	Cannon	Copley	Drewry
Begg	Cantrill	Coughlin	Dunn
Bell	Carew	Crago	Dyer
Blakeney	Carter	Cullen	Echols
Bland, Ind.	Chandler, Okla.	Dale	Elston
Bond	Claguc	Davis, Minn.	Fairchild
Brand	Clark, Fla.	Deal	Fairfield

Fenn	Jefferis, Nebr.	Mills	Siegel
Fess	Jeffers, Ala.	Montague	Sinclair
Fields	Kennedy	Moore, Va.	Slemp
Flood	Kiess	Morin	Snell
Free	Kincheloe	Mott	Snyder
French	Kindred	Mudd	Stiness
Frothingham	Kirkpatrick	Murphy	Strong, Pa.
Fuller	Kitchin	Nolan	Sullivan
Funk	Knight	Ogden	Sweet
Gahn	Kreider	Paige	Tague
Gallivan	Langley	Patterson, N. J.	Taylor, Ark.
Garner	Lee, Ga.	Perkins	Taylor, Colo.
Gilbert	Lee, N. Y.	Perlman	Taylor, N. J.
Goldsborough	Lineberger	Peters	Taylor, Tenn.
Gould	Linthicum	Pringey	Thomas
Graham, Pa.	Little	Rainey, Ala.	Tillman
Griest	Logan	Rainey, Ill.	Treadway
Griffin	Longworth	Reber	Vare
Harrison	McKenzie	Reed, N. Y.	Voigt
Hays	McLaughlin, Pa.	Riddick	Volk
Herrick	Maloney	Riordan	Ward, N. Y.
Hicks	Mann	Rose	Ward, N. C.
Hill	Mansfield	Rosenbloom	Wason
Himes	Martin	Rossdale	White, Me.
Hogan	Mead	Rucker	Winslow
Houghton	Merritt	Ryan	Yates
Hukriede	Michaelson	Sabath	
James	Miller	Sanders, N. Y.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. LINEBERGER (for) with Mr. BELL (against).

Mr. CANNON (for) with Mr. WALSH (against).

Until further notice:

Mr. TREADWAY with Mr. COLLIER.

Mr. GRIEST with Mr. TAGUE.

Mr. ACKERMAN with Mr. GALLIVAN.

Mr. COUGHLIN with Mr. GRIFFIN.

Mr. COOPER of Ohio with Mr. BARKLEY.

Mr. KIESS with Mr. WARD of North Carolina.

Mr. DAVIS of Minnesota with Mr. DRANE.

Mr. SINCLAIR with Mr. MARTIN.

Mr. REBER with Mr. SULLIVAN.

Mr. FRENCH with Mr. GILBERT.

Mr. CONNOLLY of Pennsylvania with Mr. KITCHIN.

Mr. FREE with Mr. KINDRED.

Mr. FULLER with Mr. TILLMAN.

Mr. STRONG of Pennsylvania with Mr. FLOOD.

Mr. LONGWORTH with Mr. RAINEY of Illinois.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. KREIDER with Mr. GARNER.

Mr. BEEDY with Mr. MEAD.

Mr. DUNN with Mr. TAYLOR of Arkansas.

Mr. PERKINS with Mr. CULLEN.

Mr. VOLK with Mr. MOORE of Virginia.

Mr. SNYDER with Mr. CAREW.

Mr. ROSE with Mr. THOMAS.

Mr. YATES with Mr. DREWRY.

Mr. VARE with Mr. BRINSON.

Mr. REED of New York with Mr. LOGAN.

Mr. TAYLOR of New Jersey with Mr. DEAL.

Mr. WINSLOW with Mr. FIELDS.

Mr. BLAKENEY with Mr. CANTRILL.

Mr. HAYS with Mr. CAMPBELL of Pennsylvania.

Mr. PAIGE with Mr. DOUGHTON.

Mr. HUKRIEDE with Mr. RUCKER.

Mr. FROTHINGHAM with Mr. LEE of Georgia.

Mr. CHANDLER of Oklahoma with Mr. SABATH.

Mr. ROSENBLOOM with Mr. BRAND.

Mr. SNELL with Mr. TAYLOR of Colorado.

Mr. SIEGEL with Mr. JEFFERS of Alabama.

Mr. PATTERSON of New Jersey with Mr. HARRISON.

Mr. HOGAN with Mr. KINCHELOE.

Mr. MORIN with Mr. RIORDAN.

Mr. NOLAN with Mr. CARTER.

Mr. GRAHAM of Pennsylvania with Mr. LINTHICUM.

Mr. PERLMAN with Mr. MANSFIELD.

Mr. MUDD with Mr. GOLDSBOROUGH.

Mr. KIRKPATRICK with Mr. MONTAGUE.

Mr. FESS with Mr. RAINEY of Alabama.

Mr. WALSH. Mr. Speaker, I am paired with the gentleman from Illinois [Mr. CANNON], and I desire to withdraw my vote of "nay" and answer "present."

Mr. COLLIER. Mr. Speaker, I have a session pair with the gentleman from Massachusetts [Mr. TREADWAY]. Is he present?

The SPEAKER. No.

Mr. COLLIER. I would have voted "nay," but I will answer "present."

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

On motion of Mr. CURRY a motion to reconsider the vote by which the bill (H. R. 8442) was passed was laid on the table.

CONTESTED-ELECTION CASE OF KENNAMER AGAINST RAINEY.

Mr. DOWELL. Mr. Speaker, I ask unanimous consent to call up the contested-election case of Kennamer against Rainey.

The SPEAKER. The gentleman from Iowa asks unanimous consent to call up the contested-election case of Kennamer against Rainey. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, of course there ought not to be any objection to that being considered at the proper time. This is Calendar Wednesday. Is it in order to make a request for unanimous consent on Calendar Wednesday?

The SPEAKER. Well, the Chair thinks it would dispense with further proceedings of Calendar Wednesday. It can only be done by unanimous consent. Is there objection?

Mr. GARRETT of Tennessee. Is his request to dispense with further proceedings on Calendar Wednesday? Does the gentleman from Iowa make that request?

Mr. DOWELL. It amounts to that.

Mr. GARRETT of Tennessee. I suggest the gentleman make it that way.

Mr. DOWELL. I will make that request.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. DOWELL. Mr. Speaker, I call up the contested-election case of Kennamer against Rainey.

The SPEAKER. The Clerk will read the report.

The Clerk proceeded to read.

Mr. DOWELL. Mr. Speaker, I submit the following resolution.

The SPEAKER. The gentleman from Iowa submits the resolution, which the Clerk will report.

The Clerk read as follows:

Resolved, That Charles B. Kennamer was not elected a Representative in this Congress from the seventh congressional district of the State of Alabama, and is not entitled to a seat herein.

Resolved, That L. B. Rainey was duly elected a Representative in this Congress from the seventh congressional district of the State of Alabama, and is entitled to retain his seat herein.

Mr. DOWELL. Mr. Speaker, this is a unanimous report of the committee after a very careful investigation of this case. I only want to read one paragraph of the report to show to the House the action of this committee:

On the whole case the official returns show the contestee, L. B. Rainey, received a majority of 739 votes, and the evidence submitted in this case does not sustain the charges of the contestant that contestant should be declared elected.

Unless some one desires to be heard, without further comment on the case, I will move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

On motion of Mr. DOWELL, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2425. An act granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes.

LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted as follows:

To Mr. ACKERMAN, for two days (at the request of Mr. HUTCHINSON), on account of important business.

To Mr. MILLER (at the request of Mr. HADLEY), for 10 days, on account of death in family.

To Mr. DRANE, indefinitely, on account of serious sickness in his family.

EXTENSION OF REMARKS.

Mr. STEENERSON. Mr. Speaker, I ask unanimous consent to extend my remarks on the Alaskan railroad bill.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to extend his remarks on the Alaskan railroad bill. Is there objection? [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. DOWELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 45 minutes p. m.) the House adjourned until Thursday, November 3, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

250. A communication from the President of the United States, transmitting, pursuant to law, a schedule of claims allowed by the several divisions of the General Accounting Office as covered by certificates of settlement, under appropriations the balances of which have been exhausted or carried to the surplus fund (H. Doc. No. 116); to the Committee on Appropriations and ordered to be printed.

251. A communication from the President of the United States, transmitting supplemental and deficiency estimate of appropriations required by the several departments and establishments for the service of the fiscal year 1922 (H. Doc. No. 117); to the Committee on Appropriations and ordered to be printed.

252. A communication from the President of the United States, transmitting an emergency estimate of appropriation in the sum of $50,000 required by the Commissioners of the District of Columbia to enable them better to maintain public order and safeguard visiting delegations in the District of Columbia during the period covering the international conference for the limitation of armaments (H. Doc. No. 118); to the Committee on Appropriations and ordered to be printed.

253. A communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, amounting to $97,268.93, which have been submitted by the Secretary of the Treasury with request for an appropriation for their payment (H. Doc. No. 119); to the Committee on Appropriations and ordered to be printed.

254. A communication from the President of the United States, transmitting two judgments rendered against the Government by the district court of the United States, submitted by the Attorney General through the Secretary of the Treasury, with a request for an appropriation for their payment, with certain provisos (H. Doc. No. 120); to the Committee on Appropriations and ordered to be printed.

255. A communication from the President of the United States, transmitting a communication from the Secretary of the Navy, submitting an estimate of appropriation in the sum of $7,413.26 to pay claims for damages by naval vessels, which have been adjusted by the Navy Department and require an appropriation for their payment (H. Doc. No. 121); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. GLYNN, from the Committee on Claims, to which was referred the bill (H. R. 6437) for the relief of the Cleveland Trinidad Paving Co., of Cleveland, Ohio, reported the same with an amendment, accompanied by a report (No. 457), which said bill and report were referred to the Private Calendar.

Mr. SPEAKS, from the Committee on Claims, to which was referred the bill (H. R. 6686) for the relief of George Ciszek and Anna Ciszek, reported the same with an amendment, accompanied by a report (No. 458), which said bill and report were referred to the Private Calendar.

Mr. BOX, from the Committee on Claims, to which was referred the bill (S. 1247) for the relief of Frank Carpenter, reported the same without amendment, accompanied by a report (No. 459), which said bill and report were referred to the Private Calendar.

Mr. McCORMICK, from the Committee on the Public Lands, to which was referred the bill (H. R. 1459) for the relief of Charles R. Powell, reported the same without amendment, accompanied by a report (No. 460), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GILLETT (by request): A bill (H. R. 8974) to keep the railroads in operation; to the Committee on Interstate and Foreign Commerce.

By Mr. RAKER: A bill (H. R. 8975) authorizing the readjustment of certain star-route mail contracts; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 8976) to provide for the consolidation of forest lands in the Stanislaus National Forest, Calif., and for other purposes; to the Committee on the Public Lands.

By Mr. HAWLEY: A bill (H. R. 8977) to aid in the construction of the Roosevelt Highway along the Pacific coast of Oregon; to the Committee on Roads.

By Mr. WOODRUFF: A bill (H. R. 8978) to authorize the appropriation of additional sums for Federal aid in the construction of post roads, and for other purposes; to the Committee on Roads.

By Mr. LONGWORTH: Joint resolution (H. J. Res. 217) authorizing the Secretary of War to issue surplus stores to be used in the care of the unemployed, and making appropriation therefor; to the Committee on Military Affairs.

By Mr. KAHN: Joint resolution (H. J. Res. 218) authorizing the Secretary of War to turn over to Herbert Hoover, Secretary of Commerce, certain medical and hospital supplies for distribution to children of the Volga Basin and Russian Armenia; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWNE of Wisconsin: A bill (H. R. 8979) granting a pension to Elizabeth Wright; to the Committee on Invalid Pensions.

By Mr. EDMONDS: A bill (H. R. 8980) for the relief of Prospero Monterroso; to the Committee on Claims.

By Mr. HUDSPETH: A bill (H. R. 8981) for the relief of Sidney B. Colquitt; to the Committee on Military Affairs.

By Mr. JEFFERIS of Nebraska: A bill (H. R. 8982) granting a pension to Mary J. Horan; to the Committee on Invalid Pensions.

By Mr. LARSON of Minnesota: A bill (H. R. 8983) granting an increase of pension to Martha Johnson; to the Committee on Invalid Pensions.

By Mr. LONGWORTH: A bill (H. R. 8984) for the relief of Benjamin A. Waybright; to the Committee on Military Affairs.

By Mr. McPHERSON: A bill (H. R. 8985) granting a pension to Louisa C. Williams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8986) granting a pension to Hattie D. Osborn; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H. R. 8987) authorizing the Secretary of War to donate to the town of Hackettstown, N. J., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. PURNELL: A bill (H. R. 8988) granting an increase of pension to Jennie L. Ryan; to the Committee on Invalid Pensions.

By Mr. RADCLIFFE: A bill (H. R. 8989) granting an increase of pension to Sarah C. Partridge; to the Committee on Invalid Pensions.

By Mr. SHAW: A bill (H. R. 8990) granting an increase of pension to Rebecca Meyer; to the Committee on Invalid Pensions.

By Mr. STEPHENS: A bill (H. R. 8991) for the relief of the owners of the steamboat *Kanawha;* to the Committee on Claims.

By Mr. TAYLOR of New Jersey: A bill (H. R. 8992) granting a pension to William J. Phillips; to the Committee on Pensions.

By Mr. ZIHLMAN: A bill (H. R. 8993) for the relief of Samuel and Sarah Kolker; to the Committee on Claims.

Also, a bill (H. R. 8994) for the relief of Daniel H. Lomax; to the Committee on Claims.

By Mr. CANNON: Resolution (H. Res. 220) to pay Arthur Lucas for special janitor service; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2910. By the SPEAKER (by request): Letter from Carl M. Jacobs, jr., acting mayor of Cincinnati, Ohio, transmitting a copy of the resolutions adopted by the unemployment committee appointed by the mayor of Cincinnati, as requested by the President of the United States, urging the immediate repeal of the excess-profits tax, and to so modify the income-tax laws that business may again resume its normal activities; to the Committee on Ways and Means.

2911. Also (by request), letter from R. L. Reeves, convention secretary, transmitting a copy of the resolutions adopted by the Amalgamated Association of Street and Electric Railway Employees of America, protesting against the passage of the Penrose bill (S. 2135); to the Committee on Ways and Means.

2912. Also (by request), telegram from John E. Connolly, chairman of the Speakers' Bureau for Irish Independence, relative to the disarmament conference; to the Committee on Foreign Affairs.

2913. Also (by request), cablegram from J. Lopez Pte, of the Municipal Council of Fajardo, Porto Rico, relative to the Gov. Reily statements and acts offensive to Porto Ricans; to the Committee on Insular Affairs.

2914. By Mr. BLAND of Virginia: Petition of citizens of Hampton, Va., opposing legislation increasing the tax on medicinal alcohol or any other medicinal preparations; to the Committee on Ways and Means.

2915. By Mr. CHRISTOPHERSON: Resolution of the young men's class of Plum Creek Baptist Church, Emery, S. Dak., urging the passage of House joint resolution 159, prohibiting sectarian appropriations; to the Committee on the Judiciary.

2916. By Mr. FENN: Telegram of a union service of churches at the Shiloh Baptist Church, of Hartford, Conn., on November 1, and signed by ministers and citizens, asking support for the Dyer antilynching bill (H. R. 13); to the Committee on the Judiciary.

2917. Also, petition of the Glastonbury (Conn.) Chamber of Commerce, asking that the sessions of the conference for the limitation of armaments be open to the public; to the Committee on Foreign Affairs.

2918. By Mr. FREEMAN: Resolution of the Baptist Church of Chester, Conn., indorsing House joint resolution 159; to the Committee on the Judiciary.

2919. By Mr. IRELAND: Petition of certain citizens of Peoria, Ill., urging that steps be taken to collect $10,000,000,000 now owing to the United States by foreign countries; to the Committee on Ways and Means.

2920. By Mr. JOHNSON of Mississippi: Petition of J. E. Lowe, pastor, and O. B. Bryan, church clerk, of the Union Baptist Church, of George County, Miss.; also, petition of A. J. Linton, pastor, and T. R. Beard, church clerk, of the Missionary Baptist Church, of Marion County, Miss.; also, petition of A. J. Linton, pastor, and L. H. Bouns, church clerk, of Arm Baptist Church, of Lawrence County, Miss., urging the passage of House joint resolution 159; to the Committee on the Judiciary.

2921. By Mr. JOHNSON of Washington: Resolutions of First Methodist Episcopal Church of Stevenson, Wash., indorsing House joint resolution 159; to the Committee on the Judiciary.

2922. By Mr. KAHN: Resolution of the Foreign Trade Club of San Francisco, Calif., pledging support to movement for naval base at Alameda, Calif.; to the Committee on Naval Affairs.

2923. By Mr. KIESS: Petition of the Williamsport Labor Temple Association, of Williamsport, Pa.; to the Committee on Ways and Means.

2924. By Mr. KINKAID: Petition of Mr. T. P. Armstrong and 59 other residents of Oshkosh, Nebr., urging the immediate enactment into law of House bill 5823; to the Committee on Agriculture.

2925. Also, resolution passed by the official board of the First Methodist Episcopal Church of Valentine, Nebr., indorsing the proposed constitutional amendment prohibiting the making of sectarian appropriations and urging its immediate passage (H. J. Res. 159); to the Committee on the Judiciary.

2926. By Mr. KISSEL: Petition of Hugh O'Neill Council, American Association for the Recognition of the Irish Republic, of Brooklyn, N. Y.; to the Committee on Foreign Affairs.

2927. Also, petition of Henry Heitmann, of Poughkeepsie, N. Y.; to the Committee on Foreign Affairs.

2928. Also, petition of the International Motor Co., of New York City; to the Committee on Ways and Means.

2929. By Mr. MACGREGOR: Resolutions of the board of directors of the Buffalo Chamber of Commerce relative to the proposed railway strike; to the Committee on Interstate and Foreign Commerce.

2930. By Mr. MORIN: Petition of James J. McArdle and others, of Pittsburgh, Pa., in favor of beer and light wines and opposed to Sunday blue laws; to the Committee on the Judiciary.

2931. By Mr. NEWTON of Missouri: Petition of over 100 citizens of St. Louis, Mo., protesting against the contemplated increase in postal rates; to the Committee on the Post Office and Post Roads.

2932. By Mr. RAKER: Petition of the social science department of the California Club, of California, and of El Dorado Post, No. 119, American Legion, of Placerville, Calif., relative to the condition of disabled ex-service men in California; to the Committee on Interstate and Foreign Commerce.

2933. Also, petition of Marshall Field & Co., of Chicago, Ill., relative to the American valuation plan in the Fordney tariff bill; to the Committee on Ways and Means.

2934. By Mr. TAGUE: Petition of members of American Steamship Licensed Officers' Association, concerning the merchant marine; to the Committee on the Merchant Marine and Fisheries.

SENATE.

THURSDAY, *November 3, 1921.*

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McNary	Smoot
Borah	Harris	Moses	Spencer
Brandegee	Heflin	Myers	Stanfield
Broussard	Johnson	Nelson	Stanley
Bursum	Jones, N. Mex.	New	Sterling
Cameron	Jones, Wash.	Newberry	Sutherland
Capper	Kendrick	Nicholson	Swanson
Caraway	Kenyon	Norris	Townsend
Culberson	Keyes	Oddie	Trammell
Curtis	King	Overman	Wadsworth
Dial	Ladd	Phipps	Walsh, Mass.
Edge	La Follette	Pittman	Walsh, Mont.
Ernst	Lenroot	Poindexter	Warren
Fernald	Lodge	Pomerene	Watson, Ga.
Fletcher	McCormick	Ransdell	Watson, Ind.
France	McCumber	Reed	Weller
Frelinghuysen	McKellar	Sheppard	Willis
Gooding	McLean	Simmons	

Mr. DIAL. I wish to announce that my colleague [Mr. SMITH] is detained at home on account of illness. He is paired with the Senator from South Dakota [Mr. STERLING]. I will let this announcement stand for the day.

The VICE PRESIDENT. Seventy-one Senators having answered to their names, a quorum is present.

PERSONAL EXPLANATION—TREATMENT OF SOLDIERS.

Mr. WATSON of Georgia. Mr. President, I rise to a question of personal privilege. It has been but a few hours since I was put on the rack in a most insolent, brutal, and supercilious manner by the ex-associate of William Barnes, of New York, a crook, a man whom ex-President Theodore Roosevelt called a crook, who sued Roosevelt for damages, whereupon Roosevelt went into the courts and proved Barnes to be a crook.

I was denounced by name. My statements here on the floor were charged to be false. That Senator had the impudence to demand that I come before his committee after he had denounced me here on the floor. Only a few hours have intervened since that attack was made on me by name, involving my honor and the honor of my State, which sent me here, not hundreds of thousands of votes behind the ticket, as the Senator from New York was sent here, but ahead of the ticket.

I produced here on the floor of the Senate a picture of a gallows at Gievres in France, on which American soldiers were hanged, and they said the picture was a fake. That picture was kodaked by a Georgia soldier, who is now flying to this city as fast as the train can bring him. I mean temporarily to displace one of my secretaries and appoint him, so that he can stand here by my side and substantiate every word that I have said.

I do not allow any man, here or elsewhere, to question my word. I do not allow any man to put demands on me.

There comes to my office by this morning's mail a copy of the Passaic Daily Herald, of Passaic, N. J. Could I have the attention of the Senators from New Jersey? Are they in their seats? One of them thrust himself into this debate. Where is he now? There [indicating] are two pictures in the daily paper; one of the American soldier being prepared for death on the gallows, and the other where he is dying, at the end of a halter. The Senator from Arizona [Mr. ASHURST] last night made several requests that things go into the RECORD. I ask that these pictures go into the RECORD.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. What was the request?

The VICE PRESIDENT. The Senator from Georgia asks unanimous consent that the pictures to which he has referred in his statement be printed in the RECORD. Is there objection?

Mr. MOSES. As chairman of the Committee on Printing, I shall have to object.

The VICE PRESIDENT. There is objection.

Mr. WATSON of Georgia. That is a very unfair objection.

Mr MOSES. The rule, Mr. President, if the Senator will permit me to say——

Mr. WATSON of Georgia. I do not permit you to say anything since your objection. I have the floor. I send to the desk and ask to have read into the RECORD the following letter.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Secretary will read the communication.

The reading clerk read as follows:

ALPHA SIGMA PHI HOUSE,
3617 Locust Street, Philadelphia, November 1, 1921.

Hon. THOMAS WATSON.

DEAR SIR: In this evening's Philadelphia Ledger I read an account of your charges concerning the hanging of American soldiers in France. I also noted that you submitted a photograph as part of your proof.

It might be of interest to you to know that at the present time I have in my possession two such photographs which depict the hanging of an American Negro soldier in uniform. This took place at Bazoilles-sur-Meuse on a scaffold especially erected for that purpose.

I can supply positive proof of the incident not only through these photographs but also from most every member of Evacuation Hospital No. 6. We were "invited" to this execution, which took place in either June or July, 1918, and despite strict orders that no photographs were to be taken there were a few who managed to get them.

As far as I know not one of us knew or ever definitely found out from reliable source just what the charge against this soldier was. I can not say whether any more executions took place upon this same scaffold, for we moved to a new sector soon after. I heard later, however, that it had been used again.

I do not know whether any of this will be of any special interest to you, but I wish to say that should the photographs which I speak of be of any help to you or the investigating committee in this matter I will gladly send them and answer any questions which I can that will aid the work.

I am, very sincerely, J. DANBY CONWELL.

Mr. WATSON of Georgia. Mr. President, I send to the desk and ask to have read a brief telegram from the State of the Senator from New York from a major in the United States Army.

The VICE PRESIDENT. Without objection, it will be read.

The reading clerk read as follows:

[Telegram.]

NEW YORK, *November 2, 1921.*

Senator THOMAS E. WATSON,
(General) Washington, D. C.:

Can assist you substantiate charges read in papers. Registered letter follows mail to-night.

Maj. ———.

Mr. WATSON of Georgia. I send to the Secretary's desk a telegram from Alabama, which I request may be read.

The VICE PRESIDENT. Without objection, it will be read.

The reading clerk read as follows:

[Telegram.]

DOTHAN, ALA., *November 2, 1921.*

Senator TOM WATSON,
Washington, D. C.:

Good-thinking and true Americans indorse your charge that soldiers were hanged without trial. I glory in your courage and good sense, and your value in the Senate to the people of the United States is incalculable. Ask TOM HEFLIN who I am.

B. G. FARMER.

Mr. WATSON of Georgia. I send to the Secretary's desk a telegram from Morrisburg, Ontario, Canada. Canada is doing much for its ex-soldiers, while we refuse to do anything for ours.

Mr. EDGE. Mr. President, will the Senator yield to me?

Mr. WATSON of Georgia. I will not.

Mr. EDGE. I understood the Senator to refer to the Senators from New Jersey, and I imagined that he would yield.

The VICE PRESIDENT. The Senator declines to yield at present. Without objection, the telegram which the Senator from Georgia has sent to the Secretary's desk will be read. The Chair hears none.

The reading clerk read as follows:

[Telegram.]

MORRISBURG, ONTARIO, *November 2, 1921.*

THOMAS E. WATSON,
United States Senator from Georgia,
Washington, D. C.:

I can furnish a volume of additional evidence to your allegations. What you charge is no comparison. Wire or letter will reach me at the above city. Confidential. J. J. FRY.

Mr. WATSON of Georgia. Mr. President, I ask to have read at the Secretary's desk a telegram which I have received from Tampa, Fla.

The VICE PRESIDENT. Without objection, it will be read.

The reading clerk read as follows:

[Telegram.]

TAMPA, FLA.

Senator WATSON,
Washington, D. C.:

I notice in newspaper of your charges of crimes committed to A. E. F. man in France. I will help you in a lot of those charges. The Adjutant General has my records of my confinement as prisoner for four months in five different prisons for being A. W. O. L. 48 hours L. A. M.

MURRAY GORDON,
Private 30199, France, 17 months.
Address 1201 Franklin Street.

Mr. WATSON of Georgia. I send another letter, and ask that it may be read.

The VICE PRESIDENT. Without objection, the letter will be read.

The reading clerk read as follows:

61 COLUMBIA STREET,
Albany, N. Y., November 2, 1921.

Senator THOMAS E. WATSON,
Washington, D. C.

MY DEAR SENATOR: It has been with a great deal of interest that I have read the articles in the daily papers regarding your charges of inhuman treatment accorded the soldiers of the American Expeditionary Forces in France. To my mind you deserve unbounded praise and credit for the forceful way you have gone about these matters, and I know that hundreds of other ex-service men like myself will applaud your efforts and be with you in spirit in the thrashing out of the charges you have made.

Personally I do not know of the hanging affairs, but I was on duty with the judge advocate general's office and the inspector general's office of the Forty-second Division ("Rainbow"), and I do know of a great many unfair things that happened. I do not want you to get the impression that I am what is popularly known as a "sore-head" because I was pretty much able to fight my own battles, but the cases which I ran into while with the judge advocate in as far as the courts-martial were concerned were nothing short of tragedies.

I admit frankly that I did not honestly do my duty while with this office. I was the stenographer, I knew the Court-Martial Manual. Trial judge advocates were appointed who before they went into service were grocery clerks, oil salesmen, etc., and the Court-Martial Manual was simply a bunch of words, and the form used in the conduct of a trial usually started at the wrong end and wound up in the middle. I am glad to say that my knowledge of procedure, which I learned in the judge advocate's office, was of material help to me mixing up the reports of trials, which, of course, in many instances threw the case out or forced the commanding general through recommendation of the division judge advocate to cut the sentences imposed by the court to a mere matter of detail with the accused's company. We had a Capt. Harding from Ohio who was president of many courts-martial. His slogan was "Give 'em 20 years." If you can find the records of the Forty-second Division, you will see that almost without exception the decisions of the courts presided over by Capt. Harding read, "* * * and to be confined at hard labor for 20 years." If you were a deserter or stole a bunch of grapes from a vineyard, it was all the same to Harding, 20 years was both maximum and minimum.

Permit me to congratulate you on the good start you have made and to wish you every success in your efforts.

Respectfully, yours,

THOMAS F. GOWRAN,
Former Regimental Sergeant Major,
Inspector General's Department, Forty-second Division.

Mr. WATSON of Georgia. Mr. President, I beg to have the clerk read the matter which I send to the desk as to the death of a New Jersey soldier.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The reading clerk read as follows:

[From the Passaic (N. J.) Journal of July 29, 1919.]

SOLDIER OF THREE HUNDRED AND NINTH INFANTRY BAYONETED FOR REFUSING TO CARRY A GUN—STORY HUDSON COUNTY DRAFT MEN HAVE BEEN TELLING FRIENDS IS MADE PUBLIC BY COMRADE OF DEAD SOLDIER.

The story of the death of Pvt. Frank Frye, of Company D of the Three hundred and ninth United States Infantry, a New Jersey draft unit and composed almost entirely of Hudson County men, has been made public after being whispered about by soldiers and their relatives here ever since the regiment came back from France.

The story is that Frye, who lived at 118 Putnam Street, Paterson, was bayoneted in cold blood for having conscientious objections to bearing arms.

Frye, according to the story, was stabbed through the heart by a sergeant of his regiment in France, August 22, just before the regiment was about to go into action.

The boy's mother having been apprised of the story has wired to Washington asking the captain of the company in which her son served for particulars regarding his death, but the War Department has sent the laconic reply, "Pvt. Frye was killed August 22." No details were sent the heartbroken mother.

But the case is not to be allowed to rest there. From several sources came the tip that the friends and other citizens who have become interested in the case do not intend to rest until the matter has been thoroughly sifted. Further revelations are anticipated.

Samuel Long, of 11 Twenty-first Avenue, Paterson, who was with Frye in the Three hundred and ninth United States Infantry, made the story public in a statement issued to-day. In this statement Long says:

"On February 23, 1918, we went to Camp Dix. It was at the camp that I first met Frye. We sailed in May and landed in Folkstone, England, June 5. We were both members of Company D, Three hundred and ninth Infantry. After leaving Folkstone on June 11 we traveled to Calais, France, where we remained for three days. We then went to a little French village called Bouvlinghem, where we received our first training, such as drills, bayonet practice, gas-mask exercise, hikes, etc.

"Frye was a nice young chap. We bunked together at Camp Dix, and he naturally got to be a little confidential with me. On five or six occasions he told me he didn't like the idea of being in the Infantry, as his convictions were opposed to war. He didn't like the idea of killing anyone. Often he told me he'd willingly serve his country in any noncombative work in which he wouldn't have to carry a rifle and shoot down his fellow man.

"Finally he made his first request of the captain for assignment to duties in the medical corps, or some other noncombative branch of the service, but got no satisfaction. He was not transferred, while others were. When he saw this he told the captain that under no circumstances would he kill a man. He said he simply couldn't do it.

"I sympathized with Frye in every respect and tried to influence him against anything that would arouse the distrust of his superior officers. He told me that when we got over to France he would refuse to carry a gun.

"So when we arrived at the bayoneting field in Bouvlinghem, he threw down his gun. Our lieutenant wanted to know what was the matter. Frye then quietly explained his feelings about killing men

and said he couldn't see why he should carry a gun. Of course, when Frye threw down his gun he disobeyed an order and was placed under guard.

"The bayoneting field was exceedingly stony, and Frye was put to work gathering rocks and piling them along the border of the field. This was his penalty. All the officers, including the colonel, tried to convince him to do as ordered. Once again he reiterated his statement that he was willing to do anything but carry a gun. He said he was willing to share the burdens of men at the front as a stretcher bearer or anything else, but wouldn't kill a man.

"From Friday, June 14, until Thursday, July 18, when the regiment moved to a place called Averdoingt for more training, Frye was kept at work clearing the field of Bouvlinghem of rocks. When we moved to Averdoingt Frye was always strictly under guard. During the day he worked at various things and went to the guardhouse at night. He was always watched by a sentry with fixed bayonet.

"But, meanwhile, the authorities had evidently been contemplating court-martial of Frye, for toward the end of July three Patersonians—myself; J. J. Miller, of 91 Marshall Street; and Louis Goldberg, whose address I don't know—appeared at the trial as witnesses for him. The trial was held at Rollecourt, 6 miles from Averdoingt. None of us, not even Frye, ever heard officially what his sentence had been. In fact, we were not sure that the trial had ended. It was rumored among the fellows of the company, however, that Frye had been given a sentence of 20 years.

"Tuesday, August 20, the outfit moved to the railroad at Tincques and started our first move toward the front. We rode two nights and a day and then got off at Vitrey-Vernois. It is usual for troops, when carrying packs and paraphernalia, to line up in readiness to pitch tents in military formation. I noticed that Frye had been quiet on the train, for we were both in the same car. He didn't eat, but instead kept studying his New Testament all the time, and I could see that something was on his mind. He questioned me as to why he had not been informed of his sentence, and said that if he had been given a term he should be serving it instead of going up to the front. We all knew we were going into the fighting soon. Frye was still under guard. He had no gun.

"When we got off the train Frye refused to go any farther. He demanded to know his sentence. A lieutenant of the company tried to force him to put his pack on by swinging him by the arms and struggling with him, but he did not succeed. The captain was busy lining us up along the tracks to pitch tents, and the lieutenant said, 'Captain, what shall I do with Frye? He won't put his pack on. I don't know what to do about it.' The captain answered, 'Take the man away from me; I haven't time to bother with him.' Then the lieutenant went over to the major. I don't know the exact words they said, but the major picked out a sergeant who had lost his stripes. This sergeant had been bayonet instructor on the first field on which we drilled. The major, it developed, ordered the sergeant to see that Frye carried his pack.

"They have a military formation called 'right dress.' My face was turned when I heard the words, 'Frye's dead. They've stabbed him!' I turned around quickly, and Frye had just fallen and the doctor pronounced him dead and put a blanket over his body. He had been stabbed through the heart with a bayonet by the sergeant. None of us thought anything like that would ever occur. We all felt sick and disgusted over the incident.

"Frye was always ready to do the little favors known only to Army men, and for that reason we all liked him. We all felt bad over his death. We slept there that night and the next morning hiked to Serqueneaux. A detail was picked out from the company to remain behind and bury Frye's body. There were no Patersonians in the detail.

"The sergeant was later court-martialed and acquitted, it being ruled that he was obeying orders.

"I'd like to say something for Frye. He was a fine fellow and it was disgraceful the way they used him. They didn't act intelligently with him. The officers never tried to help him. Time after time he had asked for noncombative duties, but had always been refused."

—

[From the Jersey City (N. J.) Journal of Aug. 2, 1919.]

JERSEY CITY SOLDIER TELLS HOW FREY WAS BAYONETED—CORROBORATION OF PVT. LONG'S SICKENING STORY SPURS NEW JERSEY REPRESENTATIVES IN CONGRESS TO FURTHER ACTION—RADCLIFFE SPEAKS OUT.

More details of the killing of Pvt. Frank Frey, of Company D, of the Three hundred and ninth United States Infantry, in France last summer by a sergeant to whom Frey had been turned over after Frey had protested against doing combat duty, came to light to-day when Pvt. Fred Schuch, who served in France and now resides at 208 Wilkinson Avenue, Jersey City, told more facts about the bayoneting of this conscientious objector.

Schuch bears out the story of Frey's "buddie" Samuel Long, of Paterson.

Schuch's statement to-day corroborates very fully the claim of Frey's many friends that he was unarmed and absolutely defenseless when he was alleged to have been slain by a sergeant, who had been detailed to "handle him."

It is probable that the story of the Jersey City service man will spur on the New Jersey Representatives in Congress, who have taken up the matter with the War Department and who are calling for a rigid investigation.

These New Jersey Representatives include Senators FRELINGHUYSEN and EDGE and Congressman RADCLIFFE, of Paterson, and Congressmen Hamill, Eagan, and McGlennon. Important developments are looked for next week.

First Class Pvt. Schuch was an eyewitness of the tragic death of Pvt. Frank Frey. He says he was standing only a few feet away from Frey when the latter was bayoneted by his guard.

Contrary to the report that Frey was in a crouching position as if to spring at the guard, as was charged by a member of the General Staff, Pvt. Schuch says that Frey was standing erect, with his hands behind his back, facing the guard when he was bayoneted.

As to the fact that Frey was alleged to have been a conscientious objector and other details surrounding the killing, Schuch had no first-hand knowledge while in France. Schuch was not acquainted with Frey and was a disinterested witness of the tragedy. He was attached to the First Battalion headquarters of the Three hundred and ninth Infantry. His statement follows:

"We got into Vitroy late in the afternoon of a day in August, which day I don't remember, right before we got ready for the St. Mihiel drive. As we were getting off the train I saw Frey get off, too. I did not know who he was at that time. I was acting mess sergeant of the First Intelligence Section. I did not see Frey with any pack or rifle. Later I came across the same man under guard at the station. He was standing there for 15 or 20 minutes. I was traveling back and forth getting mess utensils ready for the supper of the men. I passed the prisoner several times during my work.

"The second time on my way back I got within about 2 feet to the rear of him and about 6 feet to the left. His back was toward me, with the guard facing him. Frey was standing erect. I saw no pack on the ground. Then I heard the guard command him to move on. I stopped to see what it was all about. Frey made no move, standing with his hands behind his back. The next instant, without saying another word, the guard thrust the bayonet into the breast of the soldier.

"I saw Frey fall, but waited for no more. I walked away, sick and disgusted, and went ahead getting my men started with supper. I did not know the man's name was Frey until later when I heard some of the men talk about it and say 'it wasn't just.'

"I was in no position to make inquiries to learn the details of the death and therefore knew nothing of Frey's previous record. I heard after the Argonne drive that the guard who did the bayoneting was killed in battle.

"At the time of the killing the whole battalion was lined up not very far away."

Pvt. Schuch went to Camp Dix in April, 1918. He fought in the St. Mihiel sector and Limey and Meuse and Argonne sectors. He was mustered out of Camp Dix on June 12.

Congressman AMOS RADCLIFFE, of Paterson, where Frey lived, Friday sent this statement to the Jersey Journal:

"I wish to say that I have taken this matter up with Congressmen McGlennon, Eagan, and Hamill. We are following the matter up just as rapidly as possible and are in touch with the War Department for the purpose of presenting the case to the Secretary of War. I shall do everything in my power to have this case thoroughly aired by the department for the purpose of giving satisfaction to the folks at home. I feel that the case is a very serious one and demands the most rigid examination to get the correct, definite facts to make a proper example of the guilty parties."

Mr. WATSON of Georgia. Mr. President, when a man's honor is impugned in the most august tribunal in the world, he can not always wait as long as wisdom might dictate. These evidences of confirmation have come to me almost immediately after I made my statement. The original statements upon which I based the earlier speech which I made—and I have never spoken very long on the floor of the Senate—were made to me voluntarily at my home in Georgia. I had every reason to believe them. There was no motive that seemed to actuate the men who made them to misstate the facts, and I believed them. I should be glad to disbelieve them now. If proof can be submitted to the Senate that they are not true, I shall be glad to know that they are not true.

The attempt has been made to put me in the attitude of attacking the Army. I have not done so. On every stump in Georgia last year I said that it was humanly impossible that out of 300,000 officers there should not be humane men, and I happened to know some of them, and I named them. But there were many who were inhumane I think and I believe. When the contrary is shown, I will be glad to disbelieve it.

Of course the life of a private soldier in France is nothing here in comparison with the millions of Henry Ford, who did not send his son to fight; or John D. Rockefeller, who did not send his son to fight. Jay Gould once said he could hire half of our people to kill the other half. Maybe that is so; I do not know; I do not think it is so, but I know this: As long as I in part represent the State of Georgia the ex-private, the sailor, the marine, will have one man on this floor who is not afraid of any man that God ever made, and who will champion his cause to the extent of his ability. You may be well assured of that; and I do not belong to any secret order, either, except that of the Junior Order of United American Mechanics, a comparatively small order and a weak one.

I can show, and I will show, as soon as I can get the evidence, that officers had men shot with no trial whatever. I can show, and will show, that officers told the courts-martial what to do, and the courts-martial had to do it to keep from being shot themselves. I can show it, and I will do it. I will do it in the interest of the American Army, of the American Navy, of the American people.

Can we not have humane soldiers like Gen. Grant and Gen. Lee? Can we not have humane soldiers like George Washington, Gen. Joseph B. Wheeler, and Gen. J. E. B. Stuart? Have we become human brutes because we have put the uniform on and wear the Sam Brown belt?

Mr. President, I will show after a while that a black man clothed in the uniform of the United States Army was hanged like a dog in that uniform, and if anybody disgraced the uniform it was the officer who had him hanged. Where are those reports? Where are those records? Where have the American people been told about this? They gave you $25,000,000,000 of their money. The bankers did not do it; the common people did it. They gave you 4,000,000 of their sons. The common people made this sacrifice.

You will want them again after a while; you will again call for them after a while. You will put your Hoover and your George Creel and your other propagandists after them, to have Liberty bonds bought and soldiers enlisted to fight your battles. You pay no heed to what I am saying to you now; you make a

fight on me about this. I throw the challenge at your feet. You said yesterday you were going to put my head against the wall. Come on and do it! Come on and do it!

You have enlisted on my side 3,000,000 ex-service privates, and the Negroes of the North; when they see that picture of a Negro soldier, who volunteered from a pivotal Northern State, hanged in his uniform they will turn their balance of power against you. They would not be human if they did not.

Now, you come on and put my head against the wall. I am here and you are here. Let me see a man who will do it. I will be here when you do it. Hereafter the man who impugns my honor on this floor will answer to me, not only here but somewhere else.

Mr. EDGE. Mr. President, I understand that while I was out of the Chamber the Senator from Georgia referred to the Senators from New Jersey as having had some connection with the matter he has discussed. I believe he submitted a newspaper published in New Jersey that photographs of gallows purported to have been snapped on the other side might be printed in the RECORD. I have hastily looked over the article, and I want to read to the Senate just a couple of the paragraphs published in connection with the description of this execution. One reads:

> The members of Company G witnessed two of the executions at Issurtille, near Camp Williams. The first was that of a Negro who had killed a Frenchman when the latter intervened in an attack by the Negro upon a child.

Another paragraph, referring to the other soldier, a white soldier, I think, reads:

> The real story of the crime he committed is probably on file in the records of the War Department. Perhaps for the sake of his family, they never were and never will be known in connection with his name. So far as the enlisted men who saw the hanging were permitted to know, he had committed a criminal assault upon a 7-year-old French girl, who died following the attack.

Not even an inference that these men were not regularly tried.

I said, in connection with the motion which was made a few days ago, that I believed the Senator from Georgia owed it to his country to produce the evidence he claimed to have that executions occurred without trial. I repeat that assertion, not so much in the Senator's defense, but that the guilty, if such a thing did occur, may be properly punished. I reiterate it with all the emphasis at my command.

THE MERCHANT MARINE.

Mr. FLETCHER. Mr. President, yesterday a very important address was delivered in New York by the senior Senator from Louisiana [Mr. RANSDELL] on the subject of "What's wrong with our Merchant Marine?" I ask unanimous consent that it be printed in the RECORD, and that it be printed in eight-point type.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The address is as follows:

WHAT'S WRONG WITH OUR MERCHANT MARINE?

Address delivered before the Advertising Club, New York, Wednesday, November 2, 1921, by United States Senator JOSEPH E. RANSDELL, president of the National Merchant Marine Association.

Senator RANSDELL spoke as follows:

What's wrong with our merchant marine?

We now have under the American flag a volume of tonnage sufficient to carry all our exports and imports on the present basis of trade. Actually, however, our vessels are transporting about one-third of our foreign commerce, and every month the proportion is shrinking. Within the past year American ships carried more of our trade than the ships of all our foreign competitors combined. Now British vessels alone are transporting more of our commerce than our own ships, and the vessels of the other maritime nations, taken collectively, are transporting almost as much.

It is very apparent that something is radically wrong with our merchant marine. True, the past year has been one of marked depression in international trade. True, too, world shipping is sick; but American shipping is far the sickest of all. On a competitive basis we are well in the rear of the procession.

But let me put myself on record right here as a bull on the American merchant marine. The task ahead of us is a severe one, but what is wrong can be righted. It is only, however, by a realization of the worst that the sentiment necessary to effect the transformation can be crystallized.

OUR SHIPPING NOT A DISMAL WRECK.

The American merchant marine is a very live corpse. The chairman of the Shipping Board says that the fleet cost $3,500,000,000, and experts state that it could have been constructed for one billion in normal times. If so, it ought to be worth at least one billion now, for times are nothing like normal and everything is much higher than normal. But a fleet worth one billion is in itself very respectable—not a dismal wreck by any means. It is unfair to speak of the war-cost portion of the fleet as a wreck. We do not apply that term to the other items of war expense, running into fifty billions. Why not speak of the wreck of the Army and Navy, and the Railroad Administration, and the Treasury, with its ten billions of foreign loans, and many other indispensable expenditures to carry on the war? Out of the war shipping program, which cost $3,500,000,000, we actually salvage $1,000,000,000 worth of property and suffer a loss of only two and a half billions, about 5 per cent of the total expenditures. What other service can make as good a showing?

Within the past year we have added about 2,000,000 gross tons to our foreign trade fleet, an increase of about 20 per cent; but this expansion in our shipping facilities has been accompanied by a practically corresponding decrease in the proportion of American commerce transported in American bottoms.

The outstanding feature of the situation, therefore, is that the more shipping we secure the smaller percentage of our own trade we seem to carry, and the larger portion our foreign competitors secure.

WHAT IS FUNDAMENTALLY WRONG?

This, it is apparent, is what is fundamentally wrong with our merchant marine. But what has caused it? Why, when we offer cargo space, speed of delivery, and service at the same rates as foreign shipowners, are we unable to gain, or even to hold our own, in our own commerce?

We all know, of course, that the American ship costs somewhat more to build, and more to man and operate, than the foreign vessel with which it must compete. This means that the net return on the investment in the American ship, as a general proposition, must be less than on the foreign ship; but it does not explain why, the freight rates being equal, the bulk of the trade goes to the alien competitor, and on an increasing scale.

There is one factor which, I believe, goes far to explain the situation. To the shipper, dependability of service is vital. He must be assured of a regularity of sailings, and he must be able to count upon the delivery of his goods within a specified time. But he never has been assured of a thorough dependability upon the Shipping Board's services, and now, with the wholesale laying up of the board's vessels and the general curtailment of new trade routes, he is turning more and more to other services upon which he can depend, and the foreigner is alive to this situation and quick to take advantage of it.

RAILROADS AIDING FOREIGN LINES.

But there are other and far-reaching underlying causes that are crippling the development of the American merchant marine. Not only is our shipping forced to meet competition from abroad but in many cases that competition is aided and abetted by Americans. In fact, there is no lack of instances where beneficiaries of the American Government, whose enterprises are being aided by Government funds, are turning over to our alien competitors trade that could be handled as expeditiously and efficiently by our new merchant marine.

I refer to our railroads. Nearly a score of them, including the greatest systems of the country, have filed with the Interstate Commerce Commission, under a recent order, copies of contracts made by them with foreign shipping lines. In these it is agreed by the railroads that they will use their best efforts to secure freight for the foreign companies to the exclusion of others. Exclusive use of facilities is granted in many cases, free wharfage and freight handling is given, special arrangements on through bills of lading are made, and many other privileges are accorded.

Let me read you brief extracts from one or two of these agreements.

The Pennsylvania system reports an agreement between the Northern Central Railroad (covering its connections) and Furness, Withy & Co., a British corporation, in which the railroad states:

> That it will use its best endeavors to promote the business of the said steamship line and cordially cooperate with it in all reasonable requirements to further its interests.

And it is furthermore agreed:

> That each party will use their best efforts to promote the interchange of business tributary to both companies as against their individual and mutual competitors.

COAL SUPPLIED AT FAVORED RATES.

The Baltimore & Ohio Railroad has a contract with the North German Lloyd Line whereby the railway agrees to furnish free of rent for the line's use and always accessible piers, sheds, coal yards, warehouses, and so forth. It agrees to try

to get the vessels of the line exempt from city, harbor, and county taxes, and to do its best to obtain mails for the steamers. And the agreement further states that the railroad—

> Agrees to deliver always for the use of the vessels a sufficient quantity of best fresh Cumberland coal at a price that shall be always 50 cents per ton under the market value at Baltimore, and which price is never to exceed $5 per ton of 2,240 American pounds.

The Boston & Albany Railroad in an agreement with the Cunard Line grants the free and exclusive use of certain piers, and in addition pledges itself to "make all reasonable efforts to secure the amount of export freight required by said steamship company." And it further pledges under certain conditions "a reduced rate of 2½ cents per hundred pounds for freight in carload lots."

As a result of the operation of the various contracts well over a million tons of freight are turned over annually by American railroads to foreign ships. These foreign lines, on their part, agree to deliver as much freight as possible to the contracting railroads, but in the exchange the foreigner gets far the best of it.

GOVERNMENT FUNDS AID OUR RIVALS.

The most amazing aspect of the situation, however, is that the railroads, supplied with funds from the United States Treasury, have been utilizing their resources to build up the business and swell the profits of foreign competitors of the Government's shipping. In other words, the Government of the United States is placed in the position of using its money to foster competition with itself.

You will doubtless be told that the majority of these contracts were entered into at a time when there was no American merchant marine worth mentioning, and that the contracts are legal. Even conceding this, the fact remains that no such agreements have been made for the benefit of the Government's vessels, although we have had a large Government fleet on the sea for more than two years. If the American railroads are not prepared to give to the American merchant marine the same aid they extend to foreigners, steps should be taken to end these conditions. Why should not the Shipping Board secure such agreements and thereby secure employment for thousands of tons of idle vessels?

How are we to escape the conclusion that the American merchant marine has powerful enemies at home working to destroy it? For a year and a half now the merchant marine act of 1920 has been law, but of all its provisions the ones that remain unenforced are those which would increase our share of our carrying trade and decrease the share of our foreign rivals. What is the dead hand of delay that blocks every effort that would check the triumphal march of our alien competitors? If there are sinister influences at work, as is charged with increasing frequency, let us drag them to the light and ruthlessly stamp them out of existence. Not till then shall we be able to realize to the full what is wrong with our merchant marine.

THE GREATEST INDUSTRY OF ALL.

The American merchant marine to-day is potentially the greatest of all American industries. The indicated investment in it is more than $5,000,000,000. It is vital to the prosperity and protection of the country. It is an insurance against war and against the loss of our foreign markets. It furnishes an outlet for our surplus production, and it provides employment, directly and indirectly, through the collateral industries supplying it, for hundreds of thousands. It gives us the means of retaining for our own use hundreds of millions of dollars that we have been sending abroad every year to pay for having our own trade carried for us.

The late war showed us the weakness of a strong navy without a strong merchant marine in the foreign trade as an agency of cooperation. With our international commerce blocked by the operation of German submarines, and with practically no ships of our own available, we realized the value of our coastwise shipping. The splendid volume of tonnage built up in this trade under protection gave us some measure of relief through its transfer in large part to foreign commerce. It fell far short, however, of the needs of the situation.

America furnishes an immense commerce, both domestic and foreign. We are our own best customers. We ship great volumes of merchandise and buy back in large amounts. Foreigners are our competitors in selling. Why should we make our business rivals act as salesmen and delivery wagons for us? Is it reasonable to expect them to work solely for our interest? Would your great merchants, like Wanamaker, Lord & Taylor, or Altman, for instance, be satisfied to have deliveries of their goods made by their competitors? The same principle applies on the seas.

Our vast coast line of thousands of miles on this continent and thousands more in our overseas possessions compels us to use the seas very largely, and our coastwise commerce for more than a hundred years has been carried on under our flag without any foreign competition. The result has beem a splendid fleet.

AMERICAN ENEMIES OF OUR SHIPS.

And yet there are not lacking to-day Americans who declare that we can not maintain a large merchant marine; that we are better off without one; and that we should give up the struggle, junk the bulk of our new tonnage, and return to our prewar position of letting the foreigner carry nine-tenths of our international trade. American ships, it is declared, can not overcome the handicaps that favor foreign vessels in lower construction, operation, and capital costs, and it is futile and costly to try.

It is not surprising to find that the advice of our competitors on the ocean is an echo of the counsel offered by the enemy of the American merchant marine at home. Because we got along before the war without a foreign trade fleet of any consequence, it is argued, there is no necessity for one now; an argument that has a most pleasant sound in the ears of our competitors, who, in the game of give and take, are quite willing to continue on the old basis of giving 10 per cent and taking 90 per cent, even to the extent of saving us the trouble of maintaining a real merchant marine of our own.

This is the twin viewpoint of the international American and of our foreign competitors, and if we look for a further link we shall find one, in the majority of instances, in the widely ramified community of interests established between many American and foreign groups of commercial and financial organizations. If we listen to advice from these quarters, the question will not be, "What is wrong with our merchant marine?" but "Is it worth while?" "Why not kill it?"

Fortunately the hope for the American merchant marine lies in the fact that this is not the viewpoint of the real American, the American American, as opposed to the international American.

THE PEOPLE WANT A GREAT FLEET.

We are all familiar these days with the declaration that the American people are not ship-minded. The international Americans and their foreign confrères have lost no opportunity to attempt to drive the thought home. But I want to tell you here and now that the charge is false. If a full realization of the value of a mighty merchant marine of our own, coupled with a determination never again to find ourselves in the position into which we were thrown through the lack of one in the dark days of the late war, constitutes ship-mindedness, then the American people to-day are indeed ship-minded. If their desire prevails, then indeed the American merchant marine shall not die.

We have heard so often that the people of the interior, to whom the sea is a matter of magnificent distances, have no interest in the future of the merchant marine; that so long as the products of their mines, mills, and lands are delivered to the purchaser abroad, it matters nothing to them what flag is flown by the vessel that carries the goods. If this were true, then indeed it might be said that the people of the great interior States were not ship-minded but international-minded, and that they believed that the interests of American trade abroad could and would be as conscientiously protected and promoted by our competitors as by ourselves.

But it is not true, and I am glad to be able to present concrete evidence of this.

Only within the past few weeks the National Merchant Marine Association, of which I have the honor to be president, undertook, on the initiative of the Cincinnati Chamber of Commerce, to send speakers throughout the Middle Western States to discuss the shipping situation and to learn the sentiment of the commercial and agricultural interests of that great section, which produces more than half of our exports, in relation to the maintenance of the American merchant marine. Meetings were addressed in 15 cities in 11 different States, and everywhere the greatest interest and enthusiasm in our shipping and the possibilities for its development were manifested.

THE MIDDLE WEST COOPERATING.

As a climax to the speaking tour a meeting was held at Cincinnati on October 7, in which delegations from 23 of the leading Middle West cities participated and at which a declaration of shipping policy was adopted which leaves no particle of doubt as to the desire of the Middle West for the perpetuation of an adequate merchant marine under the American flag.

Furthermore, there was then and there organized a Middle West merchant marine committee, with 23 members, representing commercial organizations in as many different cities. That committee has already sent representatives to Washington, where they have conferred with President Harding and the full

membership of the Shipping Board, and have secured from them pledges of hearty cooperation, and, in addition, at the request of Chairman Lasker, of the Shipping Board, a committee of three, representing the Middle West, has been appointed to serve as a means of contact between the Shipping Board, the operating committee of the Emergency Fleet Corporation, and the Middle West.

This is the first time that the general commercial interests of any section of the country have taken steps to work hand in hand with the Shipping Board for the development of American trade in American bottoms, but it need not, and should not, be the last time. I feel sure that I can say that the Shipping Board would welcome to the utmost similar overtures on the part of other sections of the United States. And as an evidence of the willingness of the board to cooperate, I quote from a statement made by Chairman Lasker to the representatives of the Middle West:

At any time where, in the judgment of your constituency, we are not maintaining regular and dependable service, or fail to establish same in the territories indicated to meet your needs, we ask that you promptly take the matter up with us, and pledge the fullest cooperation within our power to do that which will insure the service desired.

ENFORCE THE MERCHANT MARINE ACT.

The Middle West believes that the real road to the successful development of the American merchant marine lies through the prompt and full enforcement of the merchant marine act of 1920, especially those sections providing for the maintenance of new trade routes, equality of opportunity for American ports generally, preferential rail rates on shipments by American vessels, and discriminating duties and tonnage dues.

The Middle West has learned the bitter lesson taught by the late war and is determined to leave no effort untried to prevent a possibility of its repetition. Producing so great a proportion of the country's exports, the prosperity of the Middle West depends upon proper outlets to the sea. Through the congestion that has occurred at the port of New York losses of very many millions of dollars have been incurred by the manufacturing and producing interests of these States through delays, damage, and cancellation of orders. Practical dependence upon a single port, as has been so largely the case in the past, can continue only as a menace to the national welfare. Mountains of merchandise piled up on your wharves, while other ports are idle, form an obstacle to both the development of our foreign trade and our shipping. And continuance of a railroad rate structure which forces the shipper of the interior to send his goods to New York when better facilities can be secured elsewhere is another menace the gravity of which can not be overrated.

There are many fine ports on the Atlantic and the Gulf where facilities for handling freight are as good and in some cases better than at New York. A number of these ports are just as favorably located for rates and quick service on exports and imports as New York, and in some respects have an advantage over it. The interior exporter or importer is not interested in the size of the port where his goods are handled, but in prompt, efficient service, and he should be in a position to select between several ports the one that offers him the best service. This can only result from the establishment by the Shipping Board of new lines at several ports and their maintenance by the Government, even at some loss if necessary, until established and placed on a paying basis.

NEW TRADE ROUTES A VITAL NEED.

Special stress, you will have noted, is laid by the Middle West interests upon the necessity for the maintenance and development of these new trade routes. The importance of this is not to be overestimated, for it will not only open up new avenues of trade for us but will go far in developing the ports of the Nation from a national standpoint, and it is from this standpoint that the problem must be grappled with if our commerce and our shipping as well are to be extended through the medium of the new merchant marine. While it is true that the majority of the new trade routes can not be operated at a profit from the outset, and in some cases years of development work will be necessary, exactly the same thing is true of most new industries, so that shipping is no exception to the rule. That the ultimate return will far more than repay the investment, however, is a prediction I do not hesitate to make. The railroads, our great carriers by land, were unprofitable for many years, and vast sums were spent in their aid by the Government before they became profitable.

We have seen what is being done in the Middle West, but encouraging as the results are the work must not stop there. The shipping problem is not a sectional one but a national one, and the National Merchant Marine Association stands firmly upon the ground that a solution is possible only with the cooperation of all parts of the United States, with the people of the coasts and the interior working hand in hand for national safety and welfare. The Atlantic, Gulf, and Pacific coasts, and all the inland States have a common and equal interest in the maintenance of an adequate American merchant marine and a common danger in the situation that confronts us.

The Shipping Board has told us that it will do all in its power to cooperate in the development of these new trade routes within the limitations of the funds granted by Congress, but it is evident that the money in hand will not permit of the full development contemplated by the drafters of the Jones Act. Already the necessity for drastic economies has resulted in the wholesale withdrawal of vessels from these routes. If it is necessary to extend this policy, the outlook for the American merchant marine is even darker than it seems to-day. Abandonment of these routes by our shipping simply throws open to the foreigner the reaping of a harvest sown by our efforts.

GOVERNMENT SHIPS LOSE; OTHERS GAIN.

Do you ask proof of the critical condition of American shipping? You will find ample proof in the official records of the Government. At the outbreak of the war, and for a period of years preceding that, with a foreign trade fleet of about 1,000,000 tons we were carrying about 10 per cent of our own exports and imports. And remember that 10 per cent before the war was representative of a greater volume—not value, but volume—of cargo than it is to-day. But to-day, with a foreign trade fleet thirteen times that of the prewar period, American ships are carrying only about four times the proportion of our exports and imports that they were in 1914.

Last year American ships carried more than half of the country's foreign trade, but since then, despite the fact that we have added about 2,000,000 tons of steel cargo vessels, or about 20 per cent, to our seagoing fleet, the proportion of trade carried under the American flag has diminished more than 10 per cent.

I have here the Shipping Board's own figures of the tons of exports and imports carried in our foreign trade, by months, from July, 1920, to July, 1921, inclusive, and classified by percentages, according to foreign, Shipping Board, and privately owned American vessels. They show that during the period covered, despite a gain of 6 per cent in the proportion carried by private American ships, the total American share of the carrying decreased 7 per cent, due to a drop of 13 per cent in the portion transported by the Government's vessels. In July last, therefore, foreign ships carried 59 per cent of our trade, privately owned American ships 27 per cent, and Shipping Board boats only 14 per cent. Consider, also, that the Shipping Board's 8,000,000-ton fleet, 700 per cent larger than the entire American foreign-trade fleet before the war, carries only 4 per cent more than a prewar body of shipping one-eighth its size.

LAYING-UP POLICY COSTLY.

How the policy of a wholesale laying up of vessels is working to the detriment of the American merchant marine is strikingly shown by the figures for last July, the first month in which the new Shipping Board may be said to have functioned actively and in which heavy withdrawals of vessels were made. In June 20 per cent of the country's combined exports and imports were carried by the board's boats—in July only 14 per cent. But the most disturbing factor is that of this loss of 6 per cent two-thirds was gained by foreign shipping, the remaining one-third going to privately owned American ships. Consider also that if the board's vessels during the coming year lose another 13 per cent of our carrying trade their portion a year from now will be only 1 per cent and that the Shipping Board's loss in the bulk will represent a gain for our competitors.

The one great outstanding fact is that the Government-owned American merchant marine has been put to the acid test of competition and has been found wanting. Burdened with much heavier handicaps than those under which our private vessels labored before the war it has been left to compete with all the ships of other nations, cheaper built, cheaper manned, and cheaper operated. And for a year and a half there has been on the statute books of the Nation provisions that would have enabled us to obtain and retain a just and profitable share of our own carrying trade if they had been enforced.

Let us reduce the situation to the simplest terms possible. Suppose an industry which was practically nonexistent in this country before the war and for whose products we were almost entirely dependent upon other nations. Suppose that under the exigencies of war, unable to secure those products from our customary foreign sources of supply and finding our very existence dependent upon them, we had established such an industry in this country on a scale involving an expenditure of billions of dollars. Akin to other American industries, in that it was conducted in accordance with American standards, and

therefore costing more for operation and production than the cheaply paid foreign industries with which it must compete, how could this new industry be made to survive?

NO PROTECTION FOR OUR SHIPS.

Suppose, in other words, that instead of 1,400 ships we had on our hands 1,400 factories, comprising a new industry requisite to the prosperity and protection of our country. Would we junk these factories and give back to foreigners all the trade and the possibilities for trade that had been built up through the expenditure of billions of dollars? Or would we extend to them the same form of protection that we extend to every other American industry of any importance which is menaced by foreign competition? Why should we leave to its own resources, and to certain extinction if unaided, the shipping industry, the most menaced by foreign competition of any, the industry potentially greater than any, and the industry most vital of all to our welfare from the standpoints of commerce and safety?

Yet that is the very thing we are doing, and we are doing it with the instruments in our hands whose utilization will assure success. We do not seek, as other nations seek, a share of the whole world's carrying trade. We seek simply to transport a just share of our own commerce. Great Britain's ships carry 75 per cent of the commerce of the United Kingdom. They carry 90 per cent of the trade with all the British possessions. They carry 25 per cent of the trade between other nations. They carry 35 per cent of the trade of the United States.

Contrast that with our ships. These transport about 40 per cent of our own trade, 6 per cent of Great Britain's, and not 1 per cent of the trade of the rest of the world. We shall be content to transport three-fourths of our own commerce, as Britain does of hers, and who shall gainsay us? We stand upon the firm declaration that every nation is entitled to a just portion of its ocean commerce.

RETALIATION NEED NOT BE FEARED.

There is a word that you have heard with increasing frequency lately, and that you are likely to hear still more frequently. That word is "retaliation." It will be invoked, we are told, if the preferences for American shipping provided in the Jones Act are put into effect, and the result will be the destruction of the American merchant marine. I know of no stronger argument for the efficacy of the Jones bill than these threats—sometimes they are threats and sometimes they are warnings—of retaliation.

These cries of retaliation come almost invariably from our competitors on the seas, and they come loudest from our chief competitors. Considering that the destruction of the American merchant marine would be the finest thing that could happen from the standpoint of our foreign rivals, it is strange to find them advising us not to take steps that would insure the destruction they covet. How much better for them to raise no voice in opposition to the enforcement of the act, and let us rush unwarned to our own doom.

I have said that those who warn us against the effects of retaliation are almost invariably our competitors. I might add that they do not lack echoes in this country, but trace those echoes to their source and you will find yourselves in the strongholds of the international Americans, whose foreign business connections are more precious to them than the welfare of the United States. Occasionally, too, there is a real American with a real dread of retaliation, but he has seen only one side of the picture, and that is the side painted for his benefit by foreign interests and foreign connections. To such I say, "Remember that an increased share of our own trade for our own ships means for foreigners a decreased share of the more than a billion dollars spent annually for the sea carriage of American exports and imports."

DISCRIMINATION WOULD AID US.

Let us look a little further into this question of retaliation. Consider, first, that other nations have taken all the measures within their power to increase their maritime strength, and that what they have left undone has not been due to any policy of altruism, but to the fact that it would weaken their position. Great Britain practiced discriminations of many kinds until the bulk of her own carrying trade was not sufficient to furnish employment for her merchant marine. Then, with a large portion of her fleet trading between non-British ports and open to retaliation at both terminals, she abandoned discrimination and sought a policy of equality of treatment for the ships of all nations in all ports of the world. Her vulnerability to discrimination is freely admitted in the official report of the British Government committee appointed to consider the shipping and shipbuilding policies to be followed after the war.

But this vulnerability does not apply to the American merchant marine. Our own trade is sufficient to furnish ample employment for all our shipping, provided we can meet the competition of other vessels for that trade, and through discrimination the means to that end can be provided.

The commerce between two nations is the chief concern of those nations—the one producing the goods with its toil and the other paying for them with its money. For a third nation, which has no share either in the production or the purchase of the goods, to profit by the transaction by taking over the carriage of the merchandise is a drain upon both the labor and the purse of the principals to the transaction, and takes abroad money which would otherwise serve to maintain the balance between the actual trading nations. It is this form of indirect trading which has enabled a few maritime nations to fasten upon the great bulk of the sea commerce of the United States without any adequate return to us.

COOPERATIVE DISCRIMINATION THE KEY.

By placing no penalization upon direct trade between the United States and any other nation, and limiting all penalization to the indirect trade, there is made possible a system of cooperative discrimination that is not only retaliation proof but that assures to every maritime nation a just share of its own ocean commerce, with a resultant upbuilding of the merchant marine of practically all nations. Let us say to every nation: "The goods of your country and ours when carried between us in the ships of either of us shall not be discriminated against, but the goods transported between our countries under foreign flags shall be subject to a discriminating duty."

Couple with such a system of cooperative discrimination the plan of preferential rail rates provided in section 28 of the Jones bill and limit the application to the indirect trade, and two mighty weapons will have been forged for the maintenance of the American merchant marine. The penalization placed upon indirect trade will place the importer using the ships of the two nations directly involved in the production and purchase of the goods in so strong a position of advantage over the competitor using the vessels of other nationalities that an immense reduction in the volume of indirect trading is inevitable. And with this reduction will come a tremendous increase in the volume of cargo carried by the American merchant marine.

Especially will this be true, for instance, of the trade with South America. Such countries as Argentina and Brazil, for example, by accepting the principle of cooperative discrimination, will find, first, a great increase in customs revenues through the duties imposed on imports brought in in the indirect trade, and following that an increase in the volume and activity of their own shipping, due to the demand for goods carried without penalization, and, therefore, to be had cheaper.

JONES BILL PROVIDES THE REMEDY.

The forces that will bring about these results are provided for in the Jones bill. What can retaliation bring to bear against them when retaliation in kind will be cooperation profitable to the two countries in interest, and therefore to be welcomed by both?

The scope of this indirect trade is indicated by an analysis of the returns of the Department of Commerce made for the National Merchant Marine Association, which shows that of total importations in foreign vessels into this country in 1920, amounting to $2,438,000,000, the indirect imports were valued at $1,095,000,000, or 40 per cent of the whole.

Out of cooperative discrimination will come elimination of the greatest handicaps against the American merchant marine. If our ships are made the most profitable to ship by, the business will flow to them, regardless of foreign connection established in the indirect trade, for as soon as it becomes more costly to use those connections they will be abandoned. Cheaper imports via American ships will mean greater economy for the importer and manufacturer. More cargoes for American ships will mean the need for more ships and consequently more work for American shipyards and for the myriad industries contributing material used in the construction and furnishing of ships. And all this will mean an assured future for an adequate American mercantile fleet.

All that is wrong with American shipping in the disadvantages against it in comparison with foreign tonnage can be remedied by giving to the American merchant marine that protection provided for by the Jones Act. At the end of 18 months of inaction, with our shipping falling steadily back, as compared with the fleets of other nations, it is indicated that full enforcement of the Jones Act provisions may not be advisable. If the provisions are not enforceable, some substitute must be found which will save our shipping from destruction. But it must be found speedily or it will no longer be necessary to ask what is wrong with our merchant marine. For there will be no merchant marine worthy of the name, and our billions of dol-

lars and our hopes of ranking as a sea power commensurately with our rank in every other respect among the nations of the world will have been sunk beyond all recovery.

OUR MERCHANT MARINE MUST BE SAVED.

As a Member of the United States Senate and a Democrat from the far South I say unequivocally that it is the bounden duty of Congress to pass whatever laws are necessary to foster, upbuild, and protect our American shipping. If the Jones Act will not suffice in its present form, let us amend it. If we can not enforce the provisions of that act for preferential rail rates on shipments in American vessels, and discriminating duties in favor of imports in American ships, and discriminating tonnage dues on foreign vessels, then in heaven's name let us devise some means that will as well accomplish the end desired, and I for one shall support it to the best of my ability even though it be a direct subsidy or, in the euphonious language of our Britsh cousins, "A postal or admiralty subvention." We must keep our ships afloat. The cost does not matter.

In this effort we will have the cordial support of President Harding and the Shipping Board, and the temper of Congress is right to do its part whenever clearly shown what is required. The President said in a speech at Marion last year, "I want to promise you that one of the first acts of the incoming administration will be to unfurl the flag on all the paths of the seas." President Harding meant what he said, and I am sure that he is going to do his full part in this great work.

I have conferred several times with the Shipping Board, especially Chairman Lasker, and have the strongest assurance that the board is doing and will continue to do everything in its power to make a success of its gigantic task. We must be patient with the board. Harsh criticism does no good, but constructive advice presented in a kindly way will be welcomed by the board and be of material assistance.

THE SHIPPING SITUATION SUMMARIZED.

1. Our country owns over a billion dollars' worth of Government ships, the bulk of which compares favorably with any shipping on earth.

2. It is not possible for the Shipping Board to dispose of this fleet to private persons in the near future, as there are no purchasers.

3. The Shipping Board must do the best it can with this vast property belonging to all the people of America, and all the people must help.

4. Our exporters, importers, and travelers, and especially our big railroad systems, should patronize American vessels; and if any preference in freights and rates is to be given, it should be to American ships.

5. Government officials and their families, and Government commerce, should never sail on foreign ships except in emergencies.

6. Knowledge and love of the sea should be inculcated among our people, and they should be encouraged to interest themselves intelligently and helpfully in whatever pertains to the sea.

7. We have built, and can continue to build, as good ships as any other nation and with greater rapidity.

8. Our private companies operate ships, in spite of higher wages paid to labor, in successful competition with the world because of their greater efficiency.

9. Never again should our Navy and our commerce be at the mercy of foreign vessels as they were at the outbreak of the World War.

10. At least one acid test of genuine American patriotism should be to use our own ships, to stand by our own bottoms.

11. As commerce follows the flag, and it is our wish to trade with all the world, we should, in the language of the President, "unfurl our flag"—our glorious Stars and Stripes—over American ships, manned by American seamen, carrying American goods "on all the paths of the seas."

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had agreed to the concurrent resolution (S. Con. Res. 14) to provide a floral wreath to be placed upon the caisson bearing the remains of the unknown soldier to lie in state in the Rotunda of the Capitol.

The message also announced that the House had passed a bill (H. R. 8442) to amend an act entitled "An act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes," approved March 12, 1914, as amended, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed enrolled bills and a joint resolution of the following titles, and they were thereupon signed by the Vice President:

S. 2425. An act granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes;

S. 2447. An act to authorize the construction of a bridge across Pearl River between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss.; and

H. J. Res. 215. Joint resolution to declare November 11, 1921, a legal public holiday.

PETITIONS AND MEMORIALS.

Mr. CAPPER presented a petition of the pastors and representatives of the United Presbyterian Church, the First Methodist Episcopal Church, the Union Baptist Church, the Free Methodist Church, and the Church of God, all of Americus, Kans., praying for the enactment of the so-called Willis-Campbell antibeer bill, which was ordered to lie on the table.

Mr. JONES of Washington presented 14 memorials of sundry citizens of Kelso, Vancouver, Orchards, Ridgefield, Woodland, and Centralia, all in the State of Washington, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. PITTMAN presented a resolution adopted by the Reno (Nev.) Chamber of Commerce, favoring the conference on limitation of armaments and the reduction of naval and military expenditures so as to reduce taxation, which was referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Dayton, Mound House, Carson City, Reno, and Sparks, all in the State of Nevada, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

METHOD OF INTRODUCTION OF PRIVATE BILLS.

Mr. MOSES, from the Committee on Rules, submitted a report (No. 307) to accompany the concurrent resolution (S. Con. Res. 1) providing that legislation dealing with pensions, private claims, distribution of war trophies, etc., be initiated by petition on suitable furnished forms, heretofore reported.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 2660) granting an increase of pension to Delia Rich (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of Washington:

A bill (S. 2661) granting a pension to Clyde A. Hockett (with accompanying papers);

A bill (S. 2662) granting an increase of pension to Francis M. Simmons (with accompanying papers); and

A bill (S. 2663) granting a pension to Josiah Snyder (with accompanying papers); to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 2664) for the relief of Jesse Goodin (with accompanying papers);

A bill (S. 2665) for the relief of Hattie Tolbert (with accompanying papers); and

A bill (S. 2666) for the relief of Ed Thomas and Pauline Thomas (with accompanying papers); to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 2667) to provide additional hospital facilities for persons who served in the World War, and making appropriations therefor; and

A bill (S. 2668) to authorize an appropriation to enable the Director of the United States Veterans' Bureau to provide for the construction of additional hospital facilities and to provide medical, surgical, and hospital services and supplies for persons who served in the World War and are patients of the United States Veterans' Bureau; to the Committee on Appropriations.

By Mr. PITTMAN:

A bill (S. 2669) granting an increase of pension to Daniel Callahan; to the Committee on Pensions.

A bill (S. 2670) to authorize the Secretary of the Interior to convey certain lands in the Newlands reclamation project to the Truckee-Carson irrigation district; to the Committee on Irrigation and Reclamation.

AMENDMENTS OF TAX REVISION BILL.

Mr. SPENCER, Mr. SMOOT, and Mr. FRELINGHUYSEN submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

HOUSE BILL REFERRED.

The bill (H. R. 8442) to amend an act entitled "An act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes," approved March 12, 1914, as amended, was read twice by its title and referred to the Committee on Territories and Insular Possessions.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. ASHURST. Mr. President, when the Senate took a recess last evening it was considering an amendment which I introduced. It will be found, not printed separately, but on page 7991 of the RECORD.

Mr. McCUMBER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from North Dakota?

Mr. ASHURST. Certainly.

Mr. McCUMBER. I would like to state, so that we may not get confused in the consideration of the bill, that there was another section which had been reopened for an amendment offered by the Senator from Nevada [Mr. PITTMAN]. It is still open, after the vote by which it was adopted had been reconsidered, and I wish we could dispose of that particular amendment and that particular section before we take up the amendment of the Senator from Arizona.

Mr. ASHURST. The Senator from North Dakota is correct, and I think I should yield at this time for various reasons, particularly because the amendment the Senator speaks of is technically and parliamentarily in order, while mine will be the next one. So I yield the floor.

Mr. McCUMBER. I thank the Senator.

The VICE PRESIDENT. The Secretary will state the amendment referred to by the Senator from North Dakota.

The ASSISTANT SECRETARY. The amendment which was reconsidered begins on page 239, line 20, the paragraph beginning "Capital stock issued."

Mr. PITTMAN. Mr. President, I want to modify the amendment to the amendment which I offered on yesterday as follows: At the end of line 4, on page 240, after the word "thereof" and before the period, insert a comma and the following:

Or unless the actual value is less than $100 per share, in which case the tax shall be 1 cent on each $20 of actual value or fraction thereof.

Mr. President, I have changed my amendment to the amendment to meet the objection that it would be difficult, if not impossible, for the revenue officers to carry it out under the form in which it was originally introduced. I have followed the method which applies to nonpar value stocks in excess of $100.

The provision with regard to nonpar value stocks that are over $100, as the committee reported it, is that they shall pay 5 cents on each $100 or fraction thereof. In other words, if the actual value of a nonpar value stock is $110, it will pay 10 cents; in other words, the fraction over $100 is counted as though it was another $100. That takes care of nonpar value stocks that are in excess of $100.

There is no provision in the amendment to take care of the nonpar value stocks that are actually less than $100, and I have attempted to take care of that in this way: You may have a 1-cent stamp. If the nonpar value stock is less than $20, then the tax on it is 1 cent. If it is over $20 and less than $40, the tax is 2 cents. If it is over $40 and less than $60, the tax is 3 cents. If it is over $60 and less than $80, it is 4 cents; and, of course, if it is $100, then it is 5 cents.

Mr. McCUMBER. Mr. President, from the examination I have been able to give to it in the little time I have had to consider the effect of the amendment offered by the Senator from Nevada I can see no serious objection to it, and therefore, as far as I personally can, I accept the amendment.

Mr. PITTMAN. I thank the Senator. I am sure the Senator will understand I do not want it agreed to just pro forma. I do not offer it in that way, and I hope there will be a sufficient understanding of my purpose and the accomplishment of the amendment so that it will not be treated as a pro forma amendment in conference.

I realize that the committee in their desire for haste in passing the bill have a right to do these things, but I wish to call attention of the Senator in charge of the bill to this fact. I have letters here to support my statement, but I shall not take time to read them. As we know, it was customary in this country, and has been at nearly all times in the past, to organize corporations with what they call a par value to the stock. That par value to the stock is an arbitrary value placed upon it by the men who incorporate the company. They say there shall be a million shares of stock and that those shares shall have a par value of $100 per share. Apparently, therefore, the corporation is worth $100,000,000. We know, as a matter of fact, the fictitious value, the arbitrary value, given to the stock in the corporation of the company amounted to nothing. There is not one case out of a thousand in the organization of a company in which the actual value of the share is anywhere near the nominal or fictitious value that is given it.

I have often thought that possibly the law, where it was capable of being enforced or rather enacted by Congress, should prevent these fictitious values being given to shares of stock. There is no doubt that the great buying public, when they read that the par value of a share of stock is $100 and see it offered for $50, think it is a bargain. I can conceive of no purpose whatsoever other than deception in organizing a corporation with a fictitious value on the stock.

It is now becoming customary to organize corporations where the capital stock is simply divided into shares, in which there is no value given to the shares whatever. The shares are simply utilized for the purpose of dividing the interest in the corporation. I have letters here from incorporating companies of the country which represent as agents various new corporations in the various States, in which I am told that there are a great many corporations organized under the laws of States which permit the organization of corporations without a nominal or par value of stock for the purpose of promoting colonization schemes, private irrigation schemes throughout the West, the development of leasing properties under the recent oil leasing law; in other words, those corporations are organized with the realization that there is no definite value at the time the corporation is organized, and therefore they can give no value to it. They are not organized for the purpose of taking over a property that already has a value. They are organized for the purpose of dividing the shares in making something valuable.

There are a number of these corporations which have been organized, we will say, for 1,000,000 shares. Those shares have commenced to sell for $1 a share, but they have had to stop issuing those shares under this law. Why is that? It is because the tax they will have to pay on the issuance of shares that are now selling for $1 will cost them as much as it would cost to issue a share that is actually worth and selling for $100. In other words, a million-share corporation is organized for the purpose of cooperative development of a private irrigation plant in the West, and what is the result? They will have to pay $50,000 to issue the stock originally in that corporation.

The injustice of that is apparent to everyone. As a matter of fact, they ought to pay just one one-hundredth of what a $100 share pays, but it has been called to my attention that it would be almost impossible of execution if the provision of law were put in that form. Consequently, instead of putting it in that form, I have now put it in the form which provides that the lowest denomination of stamp shall be 1 cent. We can get stamps of that denomination, of course. I then provide that below the sum of $100 there are simply four divisions, and above $100 only one division. In other words, we would pay 5 cents on a $100 share, and if it is over $100 we would pay 10 cents. Below $100 I have divided it into four divisions. If it is less than $100 in actual division, then on each $20 worth or fraction thereof one would pay 1 cent. That is plain and it is very simple. If the stock is worth $1, it is treated just as though it was worth $20, and there is a 1 cent stamp put on the stock certificate. If it is worth $21, a 2 cent stamp is placed on the certificate, just as though it was worth $40, and so on.

The only objection to it would be the objection of administration of the law, and I can not conceive that there can be much difficulty in the administration of it when it is divided broadly only in that small number of zones and limiting it to stamps of a specified amount, the lowest value of stamp being 1 cent and then running up to 5 cents.

I have presented the matter as clearly as I can, because I have received so many communications with regard to the injustice of the tax now applicable, and urging that it is preventing the operation of those companies that have already been organized. I therefore hope that the acting chairman, when the matter does come up in conference, it being a new proposition entirely and not having been presented before to either House, will have in mind at least the argument that I have

presented on behalf of the amendment in the form in which I now have it.

Mr. McCUMBER. I ask for a vote on the Senator's amendment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Nevada to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. ASHURST. Mr. President, just prior to recess last evening I introduced an amendment which will be found on pages 7991 and 7992 of the RECORD of yesterday's proceedings. I will ask the Secretary to read the same, as there are some Senators present now who were not in the Chamber when the amendment was read last night.

The VICE PRESIDENT. The amendment will be read as requested.

The ASSISTANT SECRETARY. Insert at the end of the bill in the proper place under a new title the following:

That the Director of the United States Veterans' Bureau is hereby authorized to provide additional hospital and out-patient dispensary facilities for persons who served in the World War and are patients of the United States Veterans' Bureau, by construction on sites now owned by the Government or on sites to be acquired by purchase, condemnation, gift, or otherwise, such hospitals and out-patient dispensary facilities to include the necessary buildings and auxiliary structures, mechanical equipment, approach work, roads, and trackage facilities leading thereto, vehicles, live stock, furniture, equipment, and accessories, and also to provide accommodations for officers, nurses, and attending personnel, and the Director of the United States Veterans' Bureau is authorized to accept gifts or donations for any of the purposes named therein. Such hospital plants shall be of fireproof construction, and the location and nature thereof, whether for the treatment of tuberculous, neuropsychiatric, or general medical and surgical cases, shall be in the discretion of the Director of the United States Veterans' Bureau.

That for carrying into effect the preceding paragraph relating to additional hospital facilities there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $16,000,000, to be immediately available and to remain available until expended.

That the Director of the United States Veterans' Bureau is hereby authorized and directed to turn over from the money authorized to be appropriated in the preceding paragraph a sum not to exceed $500,000 to the Secretary of the Treasury, who shall use such moneys for extending the facilities of United States Public Health Service Hospital No. 32, Washington, D. C., by constructing such additional buildings as are necessary to make the same an equipped 400-bed hospital, such additional construction to include one ward building and quarters for necessary personnel, and such miscellaneous work, including improvement of the grounds, as may be necessary, and to acquire such additional land adjoining the hospital as may be necessary for this development: *Provided, however*, That not to exceed $50,000 of the said $500,000 shall be used in the acquisition of such additional land.

Mr. ASHURST. Mr. President, as I said last night, and as far as possible I wish to avoid repeating the same argument presented already, I was prompted to offer this amendment because, as Senators will perceive by consulting the RECORD, I received a telegram from the governor of Arizona advising me that there should be an immediate expansion and increase in hospital facilities and vocational-training centers in Arizona in order properly to care for the ex-service men who are coming to Arizona. I immediately consulted with Director Forbes, of the Veterans' Bureau, in whose judgment I place reliance. Director Forbes, of the Veterans' Bureau, told me that the governor of Arizona had not misstated nor overstated the emergency existing there.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Arizona yield to the Senator from Massachusetts?

Mr. ASHURST. With pleasure.

Mr. WALSH of Massachusetts. Does the amendment offered by the Senator from Arizona contain the same provisions that are contained in a bill pending in the House which is said to have the approval and support of the Director of the Veterans' Bureau?

Mr. ASHURST. To the Senator's question I reply yes. The amendment which I proposed is a rescript of a bill introduced in the House by Representative LANGLEY and which was referred to the House Committee on Public Buildings and Grounds. It will be remembered that an emergency arose last winter and an appropriation of $18,600,000 was made to authorize the Public Health Service to erect additional hospitals and to acquire by purchase or otherwise sites for the erection of hospitals.

While Congress at that time nobly responded to the then existing emergency, it has been ascertained that this emergency now exists, that ex-service men are without proper hospital facilities, that they are without adequate vocational training centers, hence I am asking Congress again to make proper response.

Mr. POINDEXTER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Washington?

Mr. ASHURST. I yield.

Mr. POINDEXTER. Does the Senator from Arizona recollect the date when the $18,000,000 appropriation became available?

Mr. ASHURST. The bill was approved on March 4, 1921, and the money became immediately available.

Mr. POINDEXTER. That being the case, the Senator realizes how much time has elapsed since that money became available. Of course, it became available at the time the act was signed.

Mr. ASHURST. That is true.

Mr. POINDEXTER. I have not heard all of the Senator's remarks this morning, but I understand they have been to the effect that there is still great need of hospital facilities for the hospitalization of soldiers. I should like to take occasion——

Mr. ASHURST. I yield to the Senator.

Mr. POINDEXTER. To state that in some instances, at least, the money that was appropriated last March has not been used for the purposes for which it was appropriated. I remember in one case at Walla Walla, in my State, that provision was made for the conversion of an abandoned military post there into a hospital. That has not yet been done.

As the Senator has stated, it was an emergency that called for that appropriation, and there being an emergency, one would think that it would call for immediate action and for some measure of speed in completing the work in hand; yet apparently it has been proceeded with with that spirit of deliberation which ordinarily characterizes the Government bureaus, proceeding on the theory that they have got all time at their disposal within which to do the work that comes before them from day to day.

I made some inquiry of the Public Health Service as to the cause of delay, and was referred to the Supervising Architect of the Treasury Department. The Supervising Architect said that there had been delay in getting the plans from the Public Health Service, and completed the architectural drawings after they had obtained the plans from the Public Health Service. So apparently there has been very gross neglect in carrying out the terms of the act. Somebody, in my opinion, in failing to act promptly and expeditiously, has been very negligent.

Mr. ASHURST. Mr. President, let me at this juncture again request that the Secretary read again the telegram from the governor of Arizona, as some Senators are present now who were not present last night. The governor of Arizona is accurate in his expressions and is a man of excellent judgment.

The PRESIDING OFFICER. The Secretary will read as requested.

The Assistant Secretary read as follows:

PHOENIX, ARIZ, *October 17, 1921.*

Senator HENRY F. ASHURST,
Washington, D. C.:

Director Forbes of Veterans' Bureau has submitted report to President strongly urging immediate action to meet present emergency arising from needs of hundreds of disabled former service men who, with approach of winter, are pouring into Arizona, where facilities for their care are very inadequate. He recommends immediate completion of Whipple building program through letting of contracts, it being obvious that under system now in effect winter will be well over before any of the buildings now under construction will be ready for occupancy. Maj. Louis T. Grant, manager Veterans' Bureau, twelfth district, is now in Washington, and I therefore urge that Arizona congressional delegation take prompt action, conferring with Maj. Grant and Director Forbes and calling on the President, bringing strongly to his attention the desperate situation in which these men find themselves and pointing out necessity for immediate action along following lines: Speeding up of construction program at Whipple, establishment of vocational-training center at Prescott, acquirement of additional hospital facilities at Phoenix, and construction of cottages at Tucson to accommodate approximately 300 more patients. The need is very real, and I urgently bespeak your hearty cooperation.

THOMAS E. CAMPBELL,
Governor.

Mr. KING. Mr. President, will the Senator from Arizona yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Utah?

Mr. ASHURST. I yield.

Mr. KING. In conversation this morning with Col. Patterson, of the War Risk Bureau, I was advised by him that there were more than 300 vacant beds at the San Diego hospital. I understood from him that there were other hospitals under the control of the Government, provided for the care of ex-service men, which were also available. Recently we were told, and it was published quite extensively, that one hospital in Chicago had several hundred beds; indeed, as I recall, approximately 2,000 beds, and that there were only five patients there.

I was wondering if the Senator from Arizona had made an investigation as to the extent there were available beds in the various hospitals under the control of the Government, and what disposition has been made of the large appropriation which was made some time ago and referred to by the Senator.

Mr. ASHURST. The Senator from Utah asks me two questions, and I will try as briefly as I may to answer both of them.

Mr. KING. I did so in order to avoid unduly delaying the Senator.

Mr. ASHURST. The first inquiry propounded is as to the information I have concerning the report that there are vacant beds in the San Diego hospital. As to the situation in San Diego, I know nothing. My information concerning the situation in Arizona comes from the following sources, namely: From letters I have received from Arizona; from the telegram of the governor of Arizona; from Maj. Louis T. Grant, manager Veterans' Bureau, twelfth district; from Director Forbes; from the public press of my State; and from the chambers of commerce at Tucson, Phoenix, and Prescott.

These, Senators, constitute the source of my information. If I may not rely upon Director Forbes and the governor of my State and the press of the State accurately to state the situation, upon whom may I rely?

The Senator from Utah propounded the further very pertinent inquiry to me as to what has become of and how have the $18,600,000 which were appropriated last March for hospitalization been absorbed. It will be remembered that last winter many Senators believed, as the Surgeon General himself believed, that $22,000,000 were necessary, instead of $18,600,000, properly to care for the sick soldiers; but Congress, exercising its right and having in front of it the duty to be economical, saw fit to appropriate $18,600,000. All of that sum has either been spent or is already allocated or contracted to be expended.

Immediately upon assuming his office on the 5th of March, 1921, I believe that one of the first things the Secretary of the Treasury did, if not the first, was to appoint a committee called the Board of Consultants to make investigations and ascertain where United States Public Health hospitals should be located, and the $18,600,000 has been expended or allocated under the direction of the Secretary of the Treasury, who has acted upon the reports made to him by the Surgeon General of the Public Health Service and by the Board of Consultants. All of that money has been spent or allocated, and hence no money is available for further expansion of hospitalization or vocational-training centers unless and until this appropriation is made. I hope I have answered the question.

Mr. WARREN and Mr. WALSH of Massachusetts addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield; and if so, to whom?

Mr. ASHURST. I think the Senator from Wyoming rose first, and I yield first to him.

Mr. WARREN. Mr. President, what information has the Senator that this money has all been expended or will shortly be expended?

Mr. ASHURST. I beg the Senator's pardon.

Mr. WARREN. What information has the Senator as to the expenditure of the $18,600,000?

Mr. ASHURST. I have been advised—and I am sure it was not confidential—by the board of consultants that all of the $18,600,000 has either been expended or, to use a new word that has come into our vernacular, has been "allocated"—that is to say, distributed and assigned to particular places—and hence no sums out of that $18,600,000 are available.

Mr. WARREN. I wish to say to the Senator that——

Mr. ASHURST. I have no knowledge that any of this money was wasted; but I join with the Senator from Washington [Mr. POINDEXTER] in pointing out that some unnecessary delays, and in some instances delays that were apparently necessary, have taken place. I am not making any charges that even one dollar of this money was frittered away or improperly spent; I am merely calling attention to the fact that a situation has arisen whereby many of the millions of men whom we called to the colors require and are entitled to hospitalization and vocational training, and that Director Forbes of the Veterans' Bureau says that further moneys are necessary. Now I yield further to the Senator from Wyoming.

Mr. WARREN. Mr. President, my information is not in accord with that of the Senator. There is quite a sum which as yet has not been allocated, as I have been informed. Furthermore, it is useless to authorize an expenditure without following it up with an appropriation. There will be an appropriation bill presented very soon after the present bills which have been given promised preference shall have been passed. There will be more than $100,000,000 carried by that bill for disabled veterans, and if there is a shortage in the matter of hospitalization we shall certainly expect notification of that fact, and provision will be made, of course, in the bill.

Mr. ASHURST. The Senator, I know, is so diligent in his attendance upon the Senate that he could not have overlooked the reading of the telegram from the governor of Arizona, who says that unless an emergency appropriation is made winter will have passed before the work is begun.

Mr. WARREN. With all due respect to the governor of the State, he naturally can not have quite as complete information as the Secretary of the Treasury would have or, for instance, the Director of the Bureau of the Budget, which is preparing the estimates for us to take up almost immediately in the deficiency bill to which I have referred.

Mr. ASHURST. I repeat that the responsible authorities charged with this particular work under the Secretary of the Treasury, to wit, the White committee, to wit, Director Forbes, have stated——

Mr. WALSH of Massachusetts. And the Senate investigating committee appointed to investigate the relief bureaus caring for incapacitated soldiers.

Mr. ASHURST. Yes; and the committee of the Senate, composed of five Senators, are unanimously of the opinion that this emergency appropriation should be provided. Now, for my friend the chairman of the Committee on Appropriations [Mr. WARREN] dogmatically to say that the money has not been spent and that money is available, I submit—respectfully, of course—is no answer to the proofs I have submitted.

Mr. WARREN. Will the Senator tell us where any large proportion of the $18,600,000 has been expended?

Mr. ASHURST. Six hundred thousand dollars was spent in Whipple Barracks, Ariz.—a comparatively small sum.

Mr. WARREN. It was very well spent, too, I think.

Mr. ASHURST. Very well spent; yes.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. WALSH of Massachusetts. If the Senator will pardon me, I think I can enlighten the Senator from Wyoming. It is my understanding, and the understanding of our committee—that is, the committee that has been investigating the agencies for rehabilitating our soldiers——

Mr. ASHURST. The Senate committee.

Mr. WALSH of Massachusetts. The Senate investigating committee—that all of that money has been contracted for and is being expended, and that the Treasury Department board of hospital consultants have indicated the need in the immediate future of further appropriations for hospital facilities. The very first recommendation of the special investigating Senate committee, of which I have the honor to be a member, is as follows:

> That the Director of Veterans' Bureau be authorized to provide additional hospitals according to the recommendations of the board of consultants at a cost of $16,400,000 and that an appropriation of that amount be made available without delay.

I do not think there is any doubt at all but that practically all of the $18,000,000 is under contract for expenditure at the present time. One of the things that the committee was very diligent about was to encourage that committee to prompt action, so as to start at once the erection of more hospitals. The very first paragraph in our committee report under "Hospitalization" refers to the earlier appropriations and the long delay in the work of erecting hospitals. I think I ought to read that to the Senate at this stage.

Mr. ASHURST. I yield for that purpose.

Mr. WALSH of Massachusetts (reading):

> There has been a failure to provide adequately for the special problems of tuberculosis and neuro-psychiatry, which together now constitute two-thirds of the load. On August 1, 1921—

That is, this year—

> Not a single new hospital had been completed (the Speedway Hospital at Chicago was opened shortly afterwards) although the first $9,000,000 appropriation was made in March, 1919, and although the need of new hospitals and sanatoria, particularly for tuberculosis and mental cases, has been evident for at least three years.

Mr. WARREN. That does not seem to be due to a lack of appropriations. They have not expended the money.

Mr. WALSH of Massachusetts. I must say that it was our judgment that there was not only a great and terrible neglect in expediting the expenditure of this money for hospitals, but in our report we charge Congress itself with very serious neglect later in the matter of delaying appropriations. It appeared before our committee that the Secretary of the Treasury as early as December, 1919, asked for a large appropriation of money for hospital purposes—H. Doc. No. 481—and a request was made for $85,000,000 for hospital purposes, and not a dollar

was appropriated until March of this year—one year and three months after the medical authorities of the Public Health Service had called attention to the need of 23,400 beds within two years.

Mr. President, I am sorry to have to make that reflection upon Congress, but the cold facts are that Congress itself was indifferent to the need and exceedingly slow in appropriating money for this purpose. The only justification for the delay that I have ever heard was that Congress wanted to know what was being done with the $9,000,000 that had been appropriated in March, 1919, and that $9,000,000 brought no results for three years, namely, since August last of this year. There was not a hospital erected or a bed in use for a soldier in August of this year from the $9,000,000 that had been appropriated three years before, and one of the things that our committee did, for which I think it deserves some credit, was its insistence that this $18,000,000 appropriated in March of this year be at once contracted for and expended. We called before us the committee headed by Dr. White; we called before us the supervising architects, and we demanded that they prepare the plans and let the contracts and spend the money necessary to start the building of these hospitals. There is, however, another step—we must appropriate more money for more hospitals. The Director of the War Risk Bureau, as the Senator from Arizona has pointed out, the so-called White committee, and our investigating committee, are of the opinion that now there must be appropriated $16,000,000 more in order to complete this long-neglected work.

Mr. ASHURST. I thank the Senator for that statement.

Mr. WARREN. Mr. President, who makes the statement that $16,000,000 more should be appropriated at once?

Mr. ASHURST. Just a moment, Mr. President. I have the floor.

Mr. WARREN. I ask the Senator to yield further. Perhaps he has more information than I have.

Mr. ASHURST. I yield to the Senator.

Mr. WARREN. I wish to say, in this matter of appropriations, that appropriations have been made just as fast as they were properly called for. If the Congress is at fault, of course, we are all at fault; but in this late matter of the $18,500,000 very little of it has been expended so far. In fact, the one place which the Senator has mentioned has perhaps received a larger expenditure than any other place. This money is being expended. Of course, we can not expect to appropriate to-day and have a hospital built in some corner to-morrow.

Mr. ASHURST. The Senator is too acute a man to believe that I have attempted or that I am attempting to reflect on him or his committee.

Now I yield to the Senator from North Dakota [Mr. McCUMBER], who has been on his feet for some time.

Mr. McCUMBER. Mr. President, I want the Senator to allow me to suggest to him and to try most earnestly to impress upon the Senate that this is not an omnibus general legislation bill to which can be atached all matters of general legislation. It is a revenue bill pure and simple. It has only one purpose, and that is to raise revenue. It is not an appropriation bill. Its function is not to determine where the money shall go. Now, the Senator—and I am going to speak directly in the interest of his bill——

Mr. ASHURST. I am listening.

Mr. McCUMBER. The Senator proposes to attach this general legislation to this bill. In my candid opinion, he is delaying just what he wants. Remember, first, that even if you could attach general legislation to a revenue bill the chances are a thousand to one that the conferees could never hold it in the bill; and remember, secondly, that when this bill gets into conference we shall have to go over the whole bill again from A to Z. That is going to take some little time. In the meantime, such a meritorious measure as is suggested by the Senator, calling so imperatively for speedy action, could be passed in the House and the Senate forty times while this committee is considering a conference bill.

That being the case, suppose we can get through with this bill in two days. Let the House pass the other bill or let the Senate pass it as a separate proposition. You can send it right over immediately and have it voted upon.

Let me suggest to the Senator another thing:

The Senator thinks it is imperative, in order to take care of this overflow, that work be immediately done. It is going to take some time, even if the Senator's bill goes through, to construct these hospitals and hurry them up to completion. The Indian Department has just abandoned one of the fine schools in Minnesota, on Cass Lake, known as the Mission School. It is now vacant. It has, I think, about 100 beds, all ready. It is in a most beautiful location among the pine trees upon one of the most beautiful lakes in that State. It can be leased to the War Department or to any department having charge of hospitals, and it can be leased to-morrow, and it will take care of 100 patients. Among those pines is the best place in the world for those who have been gassed or who have tubercular troubles.

I am not saying that there is a necessity for that; but above all, I hope we can go on with this bill and not attempt to make it a general legislative bill. I am certain that we are delaying even what the Senator wants by attempting to attach that bill to this one, thereby delaying action upon a bill which can be made a law ten times over while we are in conference on this.

Mr. CURTIS. Mr. President——

Mr. ASHURST. I yield to the Senator from Kansas.

Mr. CURTIS. I want to suggest that it was stated by the chairman of the Appropriations Committee that there will be a deficiency appropriation bill within a week or two, and this bill I think will properly come on that bill as an amendment. I therefore suggest to the Senator that he withdraw his amendment and offer it to that bill.

Mr. ASHURST. Mr. President, I have listened closely to the words of wisdom from the Senator from North Dakota [Mr. McCUMBER], and the observations, doubtless wise, made by the Senator from Kansas [Mr. CURTIS]. I do not want Senators now to think I am going to take the attitude of trying to capitulate with them. Nothing is further from my view. I am not seeking—and it would be improper were I to seek—to extract any such thing as a promise that they will do this or that; but the importance of this matter can not be overestimated. It may be true that a special bill could pass Congress before this tax bill could become a law. Now, I am going to lay this proposition before the Senate; I am willing to withdraw this amendment. I do it reluctantly; but, yielding to the opinions of Senators who are noted for wisdom and success in legislation, being advised that a deficiency appropriation bill will be before the Senate within a month or two months—I ask the Senator from Wyoming [Mr. WARREN], the chairman of the Committee on Appropriations, if I am correct in the assumption that there will soon be a deficiency bill?

Mr. WARREN. I am so informed by the head of the budget, that the bill has been in preparation for some weeks.

Mr. ASHURST. Very well. I am going to ask the chairman of the Committee on Appropriations, the Senator from Wyoming, if he will call before his Committee on Appropriations Maj. Lewis T. Grant, manager veterans' bureau, twelfth district, and Col. Forbes, the director of the United States Veterans' Bureau, and other officials and proper witnesses, so that all facts may be learned and that a grateful Republic may, as far as money and science permit, show its gratitude toward those who carried to new and greater glory our victorious standards and who passed bravely through the iron storm of war, but who returned broken in health or are seeking opportunity to learn a trade.

Mr. POINDEXTER. Mr. President, may I ask the Senator from Wyoming how long it has been since subordinate officials in the executive departments of the Government determined when an appropriation bill would be put through the Congress? My understanding was that under the Constitution the appropriation of the money of the people was made by Congress and not by some subordinate official or deputy of a subordinate in one of the executive departments.

Mr. WARREN. The Senator very well knows that under the Constitution the Congress shall be advised of the wants of the Government, and certain estimates have to come before Congress. Congress can do as it chooses with them or without them.

Congress saw fit almost unanimously, certainly not with my advice—I do not know what the Senator's was—to pass a budget bill. In that budget they have arranged that these estimates, instead of coming from the Secretary of the Treasury, as formerly, shall come from the President of the United States.

Mr. POINDEXTER. That does not make any difference whatever in the status of those estimates when they come before Congress. They occupy exactly the same status that they have always occupied; and Congress ever since there has been a Congress, practically, has been engaged in the business of cutting down those estimates and appropriating millions of dollars less than was asked for in the estimates.

Mr. POINDEXTER. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. POINDEXTER. What attracted my attention was the reply of the Senator from Wyoming, the chairman of the great Appropriations Committee of the Senate, to the inquiry of the Senator from Arizona as to whether or not there was going to

be a deficiency appropriation bill introduced, to the effect that he was informed by the Director of the Budget that there would be one introduced.

Mr. WARREN. I will say to the Senator that in his serious objections to relinquishing any of the rights of the Senate, I join him; but I alluded to that as a matter of fact, that we used to frame those bills upon the wants of the various departments as they have been ascertained. The quickest way we can find out what the shortages are is to make it requisite of the departments that they shall all report and that they shall come through some one channel—formerly the Secretary of the Treasury, now the President—upon which reports the Congress can accept their statements, and then cut out or add to and pass or not pass as the Congress may conclude to do.

Mr. LODGE. The matter of estimates is governed by statute. The Constitution contains nothing about estimates. Our power is absolute.

Mr. ASHURST. Mr. President, I want to bring this debate to a close, and I do not mean to be offensive when I say that I shall see to it that this matter "is not a flash in the pan."

Too often when abuses are brought to the attention of Congress and an investigation held, on a promise that they will be corrected by the Congress the promise is not lived up to. I do not want a "flash in the pan" in this matter. If the chairman of the Committee on Appropriations will assure me here or elsewhere that an emergency bill or a deficiency bill will come before the Senate within a month or so, and that his committee will call the Director of the Veterans' Bureau and Dr. Grant and Dr. White, the latter the chairman of the board of consultants, and will give this important subject their attention, I will be content.

Mr. WALSH of Massachusetts. Mr. President, I would like to call the attention of the Senator from Arizona and other Senators as well to the report which was a few days ago placed on the desk of every Senator. Ten pages of that report are devoted to the question of hospitalization, and I am sure the Committee on Appropriations, after reading that part of this report, will lose no time in appropriating the money necessary to provide proper hospital facilities for every incapacitated veteran in this country.

Mr. ASHURST. I believe that.

Mr. WALSH of Massachusetts. Mr. President, the hospitalization of our soldiers is a story of procrastination, of delay, of neglect that is disgraceful to our national honor. The delay in the expenditure of the money appropriated, the delay in appropriating the money, the delay in appreciating the needs of hospitals for our soldiers is a sad and pathetic story of indifference and incompetency. This question forms the main portion of our report. It traces every effort made by our officials to get the money necessary for this purpose. Let me read extracts from this report, No. 233, which the able Senator from West Virginia [Mr. SUTHERLAND] made to the Senate from the committee investigating relief bureaus:

HOSPITALIZATION.

There is no doubt that there has been a lamentable failure on the part of the Government to provide adequate hospital facilities for the wounded, sick, and disabled veterans of the World War. The men have been cared for in many places in temporary, badly constructed, and nonfireproof buildings of the war-camp type, poorly located, which should never have been used for other than temporary purposes. Thousands of men are still receiving hospital treatment in such places. There has been a failure to provide adequately for the special problems of tuberculosis and neuropsychiatry, which together now constitute two-thirds of the load. On August 1, 1921, not a single new hospital had been completed (the Speedway Hospital at Chicago was opened shortly afterwards), although the first $9,000,000 appropriation was made in March, 1919, and although the need of new hospitals and sanatoria, particularly for tuberculosis and mental cases, has been evident for at least three years. The use of the miserable war-shack structures and the large use of contract hospitals has resulted in denying to thousands of men the careful, adequate, and efficient hospitalization to which they were and are entitled. There were delays in making the appropriation, delays in the Supervising Architect's Office, delays on the part of the Secretary of the Treasury in making the contracts, and delays in the construction of the hospitals. One of the locations was found to be impossible and had to be abandoned.

The location of the hospitals taken over by the Public Health Service, particularly the war-camp buildings of the War Department, and the lack of sufficient tubercular and mental hospitals properly located near the centers of population, has produced a system of transfers of patients which has been of great detriment and expense. The knowledge of the Government's failure has prevented men who required hospitalization from seeking it until too late, and a stream of dying patients beyond the possibility of cure is in part the result thereof. Moreover, the administration of such hospitals as were available has, in some respects, been defective. The lack of inspection for venereal disease, the failure to prevent the use of drugs and liquor in hospitals, and the lack of discipline have all had their evil effect.

The attempt to hospitalize disabled war veterans at a place like Fort McHenry, Md., with its lack of sanitary arrangements, its foul odors, its uninviting location, and its shack buildings, is a disgraceful incident.

The sad truth is that instead of receiving that tender and efficient care to which they were entitled, many unfortunate disabled veterans have been treated shabbily and abominably.

The total number of admissions of war-risk insurance patients in all Government and private hospitals amounted in July, 1919, to 10,000; in July, 1920, to 60,000; and in June, 1921, to nearly 150,000 (this includes many transients, duplications, and short-term cases); while the number in such hospitals on the three dates were, respectively, 5,000, 18,000, and 27,000. See Table G, attached, giving figures by months. Of the last number, over 10,000 were tuberculosis cases, about 7,000 mental cases, and the balance general and surgical. See Tables H and I, attached. Figures by branches of service, giving numbers in each hospital and totals by districts for private hospitals as of July 7, 1921, are given in Tables J and K, attached.

In order to avoid in the future the mistakes and injustices of the past, it is necessary to trace the development of hospitalization and to present the present situation, showing the necessity for the recommendations which the committee makes.

I shall not take the time of the Senate to read further from this report. I urge all Senators to read the further discussion of this subject on pages 8 to 18.

Mr. ASHURST. Mr. President, I thank the Senator, and now in withdrawing the amendment for the present, I ask leave at the appropriate time to-day to introduce a bill which will be exactly the same as the amendment I offered to this bill.

Mr. OVERMAN. I suggest that the Senator offer an amendment to the deficiency bill. That is the way to bring that up.

Mr. ASHURST. There is no deficiency bill pending.

Mr. OVERMAN. There will be.

Mr. ASHURST. I thank the Senator for the observation, but I believe I will introduce the bill.

If I may have that permission to so introduce the bill and withdraw this amendment I will yield the floor.

Mr. SMOOT obtained the floor.

Mr. McCUMBER. I call the Senator's attention to the fact that the amendment has not been withdrawn yet, and perhaps the Senator from Utah will yield for that purpose.

Mr. SMOOT. Certainly.

The VICE PRESIDENT. The Senator from Arizona withdraws his amendment, and the consent given for a vote upon his amendment is rescinded.

Mr. ASHURST. Have I permission to introduce the bill at my convenience this afternoon?

Mr. PENROSE. The Senator can introduce his bill at any time.

Mr. ASHURST. I thank the Senator.

Mr. SMOOT. Mr. President, I desire to offer certain amendments, and ask that the Chair be not required to put a request for unanimous consent to reconsider amendments which may have been already adopted. I will state my reason for the request. In the House text of the bill there appear in 22 places the words "foreign trader." In all the amendments offered by the Senate committee to the House text it was proposed to strike those words out; but in the House text there are 22 places, other than the one that was stricken out on the motion of the Senator from Wisconsin, where those exact words appear. Therefore, as to the amendments to which I have just referred, in order to perfect the bill by reason of changes made in the foreign-trade sections, which are amendments to portions of the bill already agreed to, I ask unanimous consent that such portion of the bill shall be reconsidered for the purpose only of offering such amendments, and that after action on those amendments such portions of the bill shall be considered as agreed to without a further vote.

Mr. SIMMONS. Mr. President, I have conferred with the official draftsman of Congress with reference to this matter, and he has furnished me a statement showing the twenty-odd instances in which the bill would have to be amended to meet the amendments offered a few days ago. I have examined some of those, and he assures me that he has made a thorough examination, that these amendments are merely perfunctory, and that they carry out the idea of the committee. I hope the request of the Senator from Utah will be granted.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, under the unanimous-consent agreement, I offer an amendment to strike out, on page 37, lines 13 and 14, the words "or foreign trader" and the comma, and the following amendments. I have sent a copy of the different amendments to the desk, and I ask the clerk to read each of the amendments and that the Senate act upon them.

The Assistant Secretary read as follows:

Page 37, lines 13 and 14, strike out "or a foreign trader" and the comma.
Page 39, line 18, strike out "or foreign trader."
Page 40, line 10, strike out "or foreign trader."
Page 44, line 12, strike out "or foreign trader."
Page 46, lines 1 and 2, strike out "or a foreign trader."

On page 46, at the end of line 11, insert a new sentence as follows: "In the case of a citizen entitled to the benefits of section 262, the deductions shall be the same and shall be determined in the same manner as in the case of a nonresident alien individual."

On page 48, line 4, after the word "corporation," insert the words "other than a corporation entitled to the benefits of section 262."

Page 49, line 14, strike out "foreign trader" and insert "of a citizen entitled to the benefits of section 262."

Page 50, line 10, strike out "foreign trader" and insert "of a citizen entitled to the benefits of section 262."

Page 51, line 11, after "corporation," insert "other than a corporation entitled to the benefits of section 262."

Page 56, lines 21 and 22, strike out "foreign trader" and insert "citizen entitled to the benefits of section 262."

Page 66, lines 7 and 8, strike out "(1) interest received from foreign traders or foreign trade corporations, and (2)."

Page 70, line 6, strike out "foreign trader" and insert "citizen entitled to the benefits of section 262."

Page 83, lines 13 and 14, strike out "or a foreign trade corporation."

Page 86, line 21, after "corporation," insert "other than a corporation entitled to the benefits of section 262."

Page 93, line 22, after "corporation," insert "or of a corporation entitled to the benefits of section 262."

Page 98, lines 15 and 16, strike out "foreign trade corporation" and insert "corporation entitled to the benefits of section 262."

Page 101, lines 8 and 9, strike out "foreign trade corporation" and insert "corporation entitled to the benefits of section 262."

Page 104, line 22, after "a," strike out "foreign trade corporation" and insert "corporation entitled to the benefits of section 262."

Page 135, line 10, after "corporation," insert "or a corporation entitled to the benefits of section 262."

Page 140, line 1, after "corporation," insert "or of a corporation entitled to the benefits of section 262."

Page 141, line 15, after "corporation," insert "or of a corporation entitled to the benefits of section 262."

The VICE PRESIDENT. Under the unanimous-consent agreement, the amendments just read by the Secretary are agreed to.

Mr. BROUSSARD. Mr. President, I send to the desk an amendment, which I would like to have the Secretary read.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 33, line 5, after the word "whatever," strike out all the remainder of said line 5 and all of lines 6, 7, and 8 and down to and including the word "spouse" in line 9, the following words being stricken out:

Income received by any marital community shall be included in the gross income of the spouse having the management and control of such community property and shall be taxed as the income of such spouse.

Mr. BROUSSARD obtained the floor.

Mr. JONES of New Mexico. Mr. President, this is a very important amendment, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harris	Nelson	Stanley
Borah	Heflin	New	Sterling
Brandegee	Hitchcock	Newberry	Sutherland
Broussard	Johnson	Nicholson	Swanson
Bursum	Jones, N. Mex.	Norbeck	Townsend
Cameron	Jones, Wash.	Oddie	Trammell
Capper	Kendrick	Overman	Underwood
Caraway	Kenyon	Penrose	Wadsworth
Curtis	Keyes	Phipps	Walsh, Mass.
Dial	King	Pittman	Walsh, Mont.
Ernst	La Follette	Poindexter	Warren
Fernald	Lenroot	Pomerene	Watson, Ga.
Fletcher	Lodge	Reed	Watson, Ind.
France	McCumber	Sheppard	Weller
Gerry	McKellar	Simmons	Williams
Gooding	McLean	Smoot	Willis
Hale	McNary	Spencer	

The PRESIDING OFFICER (Mr. GOODING in the chair). Sixty-seven Senators having answered to their names, a quorum is present.

Mr. PENROSE. Mr. President, I recognize that some 8 or 10 States are interested in this amendment. It is really not of sufficient general importance, in my opinion, to take up much of the time of the Senate. It is important in the States that have something to do with it, of course, so I am going to accept the amendment and have it given careful consideration in conference.

Mr. BROUSSARD. I beg the Senator's pardon. I was being addressed by another Senator at the moment and did not hear the Senator from Pennsylvania. I understand, however, that he accepts the amendment.

Mr. PENROSE. I stated that I recognize the fact that some 8 or 10 States are interested in the Senator's amendment and that perhaps undue importance, from the point of view of the States not interested, is given to the subject. In any event the interest is there and I recognize it and I am willing to take the responsibility of accepting the amendment with the view of having it given, in entire good faith, careful consideration in the conference in order to save the time of the Senate.

Mr. BROUSSARD. Then I do not care to address the Senate on the subject if it is to be accepted and made a subject of conference.

Mr. PENROSE. As far as I am concerned, there is not a Senator from a State affected who has not seen me personally and explained the matter to me from one end to the other, and if there is any further explaining to me it would merely lead to mental confusion on my part.

Mr. JONES of New Mexico. Mr. President, I just wish to call attention to the fact——

SEVERAL SENATORS. Vote! Vote!

Mr. JONES of New Mexico. Very well, let the vote be taken.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. BROUSSARD].

The amendment was agreed to.

Mr. JONES of New Mexico. Mr. President, in order that the conferees may have before them in very brief and concise form the point at issue, together with a very brief and enlightening discussion of the subject, instead of having any speeches made so as to take up the time of the Senate, I desire to state that a very able attorney from Louisiana, Mr. Dunbar, prepared a concise and short statement elucidating the whole subject. I should like to have that statement printed in the RECORD.

Mr. RANSDELL. Is that the one prepared by Mr. Dunbar?

Mr. JONES of New Mexico. It is.

Mr. RANSDELL. I will say to the Senator that it has already been printed in the RECORD.

Mr. JONES of New Mexico. Then I withdraw the request.

The PRESIDING OFFICER. The Chair is advised the article has already been printed in the RECORD, and the Senator from New Mexico therefore withdraws his request.

Mr. BROUSSARD. Mr. President, I ask unanimous consent to insert in the RECORD such short argument as I would have made if the amendment had not been accepted, in the hope that it may be of service to the conferees.

Mr. PENROSE. That is not necessary. Give me the argument and I will submit it to the conferees.

Mr. BROUSSARD. Very well.

Mr. HEFLIN. Mr. President, last fall I commenced the fight to have the Federal Reserve Board reduce the rediscount rate charged by the Federal reserve banks. Some time ago I introduced a resolution in the Senate requiring the Federal Reserve Board to reduce those rates. The average rediscount rate was fixed at 7 per cent. That high and burdensome rate made it impossible for the grain growers of the West, the cattlemen of the country, and the cotton producers of the South to obtain money when they needed money most. I was criticized by the chairman of the Committee on Banking and Currency of this body, Senator MCLEAN, for undertaking to bring that interest rate down. My resolution suggested that the rate be fixed at 4 per cent on loans secured by Liberty bonds and 4½ per cent on loans secured by farm paper.

In the Washington Post this morning there is an article showing that the Federal Reserve Board has reduced the rediscount rate at some of the Federal reserve banks to 5 per cent. This figure is within one-half per cent of what I asked in my resolution to be fixed on farm paper and 1 per cent of what it required on loans secured by Liberty bonds.

Mr. SIMMONS. Mr. President——

Mr. HEFLIN. I yield to the Senator from North Carolina.

Mr. SIMMONS. Is not the Senator incorrect in stating that they have reduced it to 5? I understood that some of the Federal reserve banks had reduced it to 4 and some to 4½ per cent.

Mr. HEFLIN. That is true, Mr. President. I was coming to that. The rate at St. Louis and San Francisco is 4½ per cent and the rate at Richmond and Atlanta is 5 per cent. I am glad that we have succeeded in compelling some reduction in the rediscount rate at the Atlanta and Richmond reserve banks. The rate at those two banks has been reduced from 7 per cent to 5. That will help some, but conditions to-day justify a further reduction of at least 1 per cent. There are $4,000,000,000 of unused lending power in the Federal reserve banks of the country, and I submit that when the farmers of the West are selling their potatoes, corn, and cattle below the cost of production and when the farmers of the South are selling their cotton below the cost of production that it is the duty of the Government to require this governmental banking institution to provide the money and credit necessary to enable those people to obtain for their produce a price that will yield a profit.

Money is the lifeblood of business and unless it is permitted to circulate freely and in sufficient quantity the body of business will become enfeebled and impaired. If this lifeblood or circulating medium is greatly reduced in quantity, as has been the

case, and its circulation weakened and hindered, business stagnation, such as we have witnessed, follows and business disaster is inevitable. To illustrate: If the cotton producer, the grain grower, and the cattleman can not obtain the money or credits necessary to handle their business in a profitable way, then financial losses and business failure are bound to come.

The higher the rediscount rate on loans at the Federal reserve banks, the higher the interest rate to the man borrowing through the local bank. It must be remembered that these loans are not made directly to the individual borrower, but they are made by the Federal reserve banks when the paper is indorsed by the local bank.

There have been many instances where the Federal Reserve Board's deflation policy would not permit the member banks of the Federal reserve banking system to have the money that they needed and desired for the purpose of supplying the local banks with the money necessary to prevent the distress and suffering that we have witnessed in the South and West. The raising of the rediscount rate which made it so hard for the South and West to obtain the money needed to save their business from ruin was a crime against legitimate business. Let me remind the Senate and the country that this same Federal Reserve Board has reduced the rediscount rate at the New York reserve bank to 4 per cent. Why is this Government banking system permitted to charge Dallas and Minneapolis in the agricultural sections 5½ per cent and the Atlanta bank in the cotton growing States 5 per cent? The speculator in New York can get all the money he wants for speculative purposes at 4 per cent, while the farmers and merchants of the cotton States are required to pay at Atlanta and Dallas 5 and 5½ per cent in order to get the money necessary to enable them to market their products so as to obtain a living profit. I do not intend that the legitimate business of agriculture, commerce, and industry in the South and West shall be oppressed by high rediscount rates, while unscrupulous market manipulators and speculators in New York are favored with all the money they want at 4 per cent. I believe in the fair and just treatment of all legitimate business and I intend to continue to demand it.

Mr. SMOOT. Mr. President, I send to the desk an amendment that was printed on November 1, 1921, known as the manufacturers' sales tax amendment. There have been some changes made in the bill by amendments which required me to make a few changes in the amendment which I had offered. I hope that Senators who have a copy of the amendment as it was originally printed will note the changes necessary to be made, as the amendment will now be read from the desk.

Mr. McCUMBER. Before the Senator sends his amendment to the desk, will he not allow me to offer two small amendments to the bill so that we shall have this part completed before he takes up his important matter?

Mr. SMOOT. I am glad to yield for that purpose.

Mr. McCUMBER. With the Senator's permission, I send to the desk the following amendment.

The READING CLERK. On page 16, lines 3, 4, and 5, it is proposed to strike out the words "the amount of deductible losses not sustained in such trade or business" and to insert in lieu thereof the following:

> The amount by which the deductible losses not sustained in such trade or business exceed the taxable gains or profits not derived from such trade or business.

Mr. McCUMBER. Mr. President, I can explain that amendment very briefly. The House bill requires gains which are made outside the regular business to be included in the gross income, but does not allow losses which are sustained from business outside to be so deducted. The purpose of the amendment is to allow a deduction for such outside losses to the extent they exceed outside gains; in other words, one has, we will say, his regular line of business and then has a little outside business, and he may incur some loss—for instance, his house may be burned. That would be a loss, of course, outside of his business. The taxpayer is not allowed under the House bill as it now stands to deduct for losses which are incurred outside of the business. This amendment proposes to allow him to deduct the difference between his gains outside his regular business and his losses outside his regular business. Suppose, for instance, the taxpayer may have had a loss of $1,000 in his regular business but may have had a gain of $500 outside. In that case he has to deduct that gain from his $1,000 loss. Suppose he also has a loss of $500 outside—for instance, that his house has burned up, thereby incurring a loss of $500. In that instance, this amendment proposes to allow him to deduct his losses outside from his gains outside, so that the loss may be reflected in the computation of his net income.

Mr. HITCHCOCK. Does the amendment refer only to individual incomes?

Mr. McCUMBER. That is all; it does not deal with corporations.

Mr. HITCHCOCK. Does it deal with partnerships?

Mr. McCUMBER. Of course a partnership is treated as an individual all the way through in the pending bill, but the amendment does not relate to corporations.

Mr. HITCHCOCK. If a corporation has any interest outside of its ordinary business, would that have any effect?

Mr. McCUMBER. No; because the corporation pays an entirely different kind of tax; it simply pays upon a certain amount of profits, and also upon the value of its stock.

Mr. HITCHCOCK. Under the bill as it now stands a corporation will pay 15 per cent tax on its profits. Suppose a corporation shall make a profit outside of its business in some way or another by some investment and shall also incur a loss?

Mr. McCUMBER. We are now considering a tax as applied to individuals.

Mr. HITCHCOCK. Then the Senator's amendment applies only to individuals?

Mr. McCUMBER. The amendment relates only to individual losses and gains.

Mr. HITCHCOCK. Do I understand the Senator to say that individual losses outside of the business could only be deducted in case they exceed the profits outside?

Mr. McCUMBER. Yes; that is all the amendment provides.

Mr. HITCHCOCK. That is to say, if an individual makes $1,000 outside of his business and has a loss of $1,000 outside he could not deduct the loss?

Mr. McCUMBER. If he makes a gain outside of $1,000 and loses $1,000 outside, then of course he will have neither a gain nor a loss. At present as the bill came from the other House, if a man had a gain outside he would deduct it from any loss incurred in his regular business, so as to decrease the amount of the loss, but if he had a loss outside he could not subtract that loss from his gain outside and deduct only the difference; but this amendment would allow him to do that.

Mr. KING. Mr. President, I apologize to the Senator from North Dakota, but I confess that I did not quite comprehend the significance of his explanation. Let me ask the Senator if the present law is satisfactory.

Mr. McCUMBER. The present law is not satisfactory, but what I am dealing with now is the House bill.

Mr. KING. I understand.

Mr. McCUMBER. And the House bill is so drawn—I am not certain whether or not it is the present law—that it does not allow the deduction of the losses outside or, what is equivalent, the adding of the losses outside to the losses inside and then deducting them from the gain outside to obtain the general balance.

Mr. KING. First, it seems to me, it would be important to find out whether or not the present law is satisfactory.

Mr. McCUMBER. It is admitted that it is not satisfactory nor just to the taxpayer.

Mr. KING. Because it does not permit him to deduct losses which he has sustained from gains which he has made in his business?

Mr. McCUMBER. The Senator will probably remember that when we had under consideration the original tax bill there was a great deal of feeling concerning what were called the gamblers in the stock market; we wanted all of the money we could get from the profits of their gambling; and we so provided; but we did not want them to deduct any of their losses in their gambling. That was the law as it then stood. Possibly that might be fair to a regular gambling establishment, but it is not fair to those who have outside of their business losses which are not gambling losses and have nothing to do with stock markets or investments in stocks for sale and resale.

Mr. KING. Of course, the amendment offered by the Senator from North Dakota would have no application to individuals who have no business from which they derive profits but some other business from which they sustain losses?

Mr. McCUMBER. No; not as I understand the Senator's statement.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. McCUMBER. Mr. President, there is one more amendment which I desire to offer, to come in upon the same page of the bill. I send the amendment to the desk.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 16, lines 2 and 3, it is proposed to strike out "any interest received free from taxation under this title," and to insert in lieu thereof the following:

The amount by which the interest received free from taxation under this title exceeds so much of the interest paid or accrued within the taxable year on indebtedness as is not permitted to be deducted by paragraph (2), subdivision (a), of section 214 or by paragraph (2) of subdivision (a) of section 234.

Mr. McCUMBER. The amendment just read is very much of the same nature as the amendment previously agreed to. I can explain it very briefly.

Mr. SIMMONS. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. McCUMBER. I yield.

Mr. SIMMONS. Does this amendment change in any way the amendment offered by the Senator from Florida [Mr. TRAMMELL], which the Senate adopted?

Mr. McCUMBER. In regard to what?

Mr. SIMMONS. In regard to the same subject.

Mr. McCUMBER. I do not recall exactly the amendment offered by the Senator from Florida.

Mr. SIMMONS. The amendment which the Senator from Florida offered and which was accepted by the Senate provided that the exemption on account of interest on tax-free securities should only be the extent of the difference between the interest paid in borrowing the money to buy the securities and the interest actually received on the securities or bonds.

Mr. McCUMBER. If such an amendment has been agreed to, I do not know exactly where it applies, but certainly not to the paragraph to which the amendment is now offered, although it appears to be exactly the same thing.

Mr. SIMMONS. I think it is very nearly the same thing.

Mr. McCUMBER. I think it is probably the same thing.

Mr. SIMMONS. That amendment has been adopted.

Mr. McCUMBER. If that be true, with the consent of the Senate I will withdraw the amendment.

Mr. SMOOT. The amendment of the Senator from Florida, which was agreed to, not only applied to individuals but to corporations as well.

Mr. McCUMBER. Very well, if that is true.

Mr. TRAMMELL. It might be that the paragraph proposed to be amended by the Senator from North Dakota does need amendment. I am not informed as to that, but the Senator from Utah no doubt is informed as to that particular point.

Mr. SIMMONS. I suggest to the Senator from Florida that he look into the matter and it can be taken up later.

Mr. McCUMBER. I think I will not withdraw the amendment, because I find upon inquiry that the amendment offered by the Senator from Florida does not touch the particular subject covered by the amendment offered by me.

Now, I will explain the amendment. Under the House provision a taxpayer is not allowed to deduct interest paid on money borrowed to carry tax-free securities, although under the old law such a deduction was allowed. Therefore, the taxpayer ought not to be required to include in his income interest received on such tax-free securities. The amendment I have offered makes the taxpayer include in his income only so much of such tax-free interest as exceeds the interest paid which is not deductible. I think that is perfectly fair.

Mr. KING. Mr. President, if I may make an inquiry of the Senator, could the amendment be construed in any way to refer to the interest paid by corporations upon funded indebtedness?

Mr. McCUMBER. Oh, no; not at all.

Mr. KING. Of course, I know the present bill permits a deduction for interest paid upon funded indebtedness, even though that funded indebtedness is a part of the capital.

Mr. McCUMBER. But the funded indebtedness of a corporation would not be a tax-free proposition.

Mr. KING. I understand.

Mr. McCUMBER. And, therefore, the amendment I have offered would not apply to corporations at all.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from North Dakota is agreed to.

The Secretary will now read the amendment offered by the Senator from Utah [Mr. SMOOT].

The READING CLERK. On page 78, lines 23 to 25, inclusive——

Mr. WALSH of Massachusetts. Mr. President, do I understand the Senator from Utah now has the floor and is going to address the Senate after the amendment has been read?

Mr. SMOOT. I have offered the amendment, and I expect to speak for a few moments following its reading.

Mr. WALSH of Massachusetts. This is a matter of such great importance, and there is so much interest in the subject in the Senate, that I suggest the absence of a quorum in order that as many Senators as possible may hear the Senator's argument.

The PRESIDING OFFICER. The Senator from Massachusetts suggests the absence of a quorum. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Brandegee	Jones, N. Mex.	New	Smoot
Broussard	Jones, Wash.	Newberry	Spencer
Cameron	Kendrick	Nicholson	Stanley
Capper	Kenyon	Norbeck	Sutherland
Caraway	Keyes	Norris	Swanson
Curtis	King	Oddie	Townsend
Dial	La Follette	Overman	Trammell
Fletcher	Lenroot	Penrose	Underwood
France	Lodge	Phipps	Wadsworth
Frelinghuysen	McCumber	Pittman	Walsh, Mass.
Gerry	McKellar	Pomerene	Warren
Gooding	McKinley	Ransdell	Watson, Ga.
Hale	McLean	Reed	Watson, Ind.
Harris	McNary	Sheppard	Weller
Heflin	Nelson	Simmons	Willis

The PRESIDING OFFICER. Sixty Senators having answered to their names, a quorum is present. The amendments offered by the Senator from Utah will be stated.

The reading clerk read as follows:

Strike out, on page 78, lines 23 to 25, inclusive, and on page 79, lines 1 to 7, inclusive, and insert in the place thereof the following:

"SEC. 230. That, in lieu of the tax imposed by section 230 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

"(a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and

"(b) For each calendar year thereafter, 15 per cent of such excess amount: *Provided, however*, That if the average income and war or excess-profits taxes paid by any corporation for the three years next preceding have amounted to 10 per cent or less of the average net income of the corporation for those years, the tax shall be 10 per cent of such excess amount."

Page 167, line 20, to page 175, inclusive, strike out said page 167, beginning with line 20, to and including page 175, and insert in place thereof the following:

"TITLE V.—TRANSPORTATION AND INSURANCE TAX REPEALS.

"SEC. 500. Title V of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 177, to and including page 180, line 7, strike out all of said pages 177 to 179, inclusive, and page 180, lines 1 to 7, inclusive, and insert in place thereof the following:

"SEC. 603. Sections 628 to 630, inclusive, of Title VI of the revenue act of 1918 are repealed, to take effect January 1, 1922."

Page 190, line 18, to and including page 196, line 7, strike out said page 190, beginning with line 18, to and including page 196, line 7, and insert in place thereof the following:

"TITLE VIII.—ADMISSION AND DUES TAX REPEAL.

"SEC. 800. Title VIII of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 196, line 8, to and including page 211, line 14, strike out said page 196, beginning with line 8, to and including page 211, line 14, and insert in place thereof the following:

"TITLE IX.—MANUFACTURERS' AND PRODUCERS' TAX.

"SEC. 900. That in addition to all other taxes there shall be levied, collected, and paid (a) upon every commodity manufactured or produced, when sold, leased, or licensed for consumption or use without further process of manufacture a tax equivalent to 1 per cent of the price for which such commodity is sold, leased, or licensed, such tax to be paid by the manufacturer or producer; and (b) upon every commodity manufactured or produced in a country other than the United States, when imported into the United States for consumption or use without further process of manufacture, a tax equivalent to 1 per cent of the value at port of entry of such commodity, such tax to be paid by the importer.

"SEC. 901. (a) That this title shall not apply to sales, leases, or licenses made during any year in which the total price for which the taxable sales, leases, or licenses are made does not exceed $6,000, nor to sales of refined gold or silver.

"(b) If any manufacturer, producer, or importer of any commodity taxable under this title customarily sells, leases, or licenses such commodity at wholesale at the place of manufacture, production, or importation and also at wholesale at another place, or at retail, the tax in the case of any commodity sold, leased, or licensed otherwise than at wholesale at the place of manufacture, production, or importation shall be computed on the price for which like commodities are sold, leased, or licensed at wholesale at the place of manufacture, production, or importation; or if sold by him at retail only, the tax shall be computed on the fair market price at which like commodities are customarily sold, leased, or licensed at wholesale at the place of manufacture, production, or importation.

"(c) If any person who manufacturers, produces, or imports any commodity taxable under this title (1) sells, leases, or licenses such commodity to a corporation affiliated with such person within the meaning of section 240 of this act, at less than the fair market price obtainable therefor, the tax thereon shall be computed on the basis of the price at which such commodity is sold, leased, or licensed by such affiliated corporation; and (2) if any such person sells, leases, or licenses such commodity whether through any agreement, arrangement, or understanding, or otherwise, at less than the fair market price obtainable therefor, either, first, in such manner as directly or indirectly to benefit such person or any person directly or indirectly interested in the business of such person, or second, with intent to cause such benefit, the amount for which such commodity is sold, leased, or licensed shall be taken to be the amount which would have been received from the sale, lease, or license of such commodity if sold, leased, or licensed at the fair market price obtainable therefor.

"(d) Every individual, firm, or corporation liable for any tax imposed under this title shall make monthly returns under oath in duplicate and pay the taxes imposed by such title to the collector for the district in which is located the principal place of business. Such

returns shall contain such information and be made in such time and place and in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

"(e) Taxes levied under this title shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month, from the time when the tax becomes due.

"SEC. 902. (a) That the taxes imposed by this title shall not apply to sales, leases, or licenses made by (1) the United States; (2) any foreign Government; (3) any State or Territory or political subdivision thereof or the District of Columbia; (4) any hospital; (5) Army or Navy commissaries and canteens; (6) any corporation organized and operated exclusively for religious, charitable, scientific, or educational purposes no part of the net earnings of which inures to the benefit of any private stockholder or individual; (7) any public utility; or (8) any farmer as to the product of his farm.

"(b) The tax imposed by this title shall not apply to sales, leases, or licenses of any article taxable under Title VI of the revenue act of 1918 (except sections 628 and 630) or Title VII of this act.

"(c) The taxes imposed by this title shall not apply with respect to articles sold, leased, or licensed for export and in due course so exported.

"SEC. 903. That in the case of any erroneous payment of any tax imposed by this act any person making such erroneous payment may take credit therefor against taxes due upon any subsequent return.

"SEC. 904. That the provisions of this title shall become effective on and after January 1, 1922.

"SEC. 905. Title IX of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 212, line 13, to and including page 222, line 2, strike out from page 212, beginning with line 13, to page 222, line 2, inclusive, and insert in place thereof the following:

"SEC. 1001. Sections 1001 to 1005, inclusive, of the revenue act of 1918 are repealed."

Page 222, line 3, strike out the words "SEC. 1004" and insert in place thereof the words "SEC. 1001."

Page 228, line 17, strike out the words "SEC. 1005" and insert in place thereof the words "SEC. 1002."

Page 230, line 16, strike out the words "SEC. 1006" and insert in place thereof the words "SEC. 1003."

Page 231, line 22, to and including page 249, line 2, strike out all of said page 231, line 22, to page 249, line 2, inclusive, and insert in place thereof the following:

"TITLE XI.—STAMP TAX REPEAL.

"SEC. 1100. Title XI of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 292, strike out lines 10 to 15, inclusive, 18, 19, and 21.

Page 292, strike out line 20 and insert in lieu thereof sections 1006, 1007, and 1008 of Title X (being the so-called narcotic taxes).

Mr. SMOOT. Mr. President, I picked up the Washington Post this morning, and I found in bold headlines the following statement:

FORDNEY puts ban on sales tax now. Plans to adopt it at regular session in connection with soldiers' bonus bill. Plan gains Senate votes. More amendments added to revision measure. Tax on community movies eliminated.

This is an Associated Press dispatch, and the substance of it is as follows:

Deploring the effort to put a sales tax through the Senate at this time, Chairman FORDNEY, of the House Ways and Means Committee, disclosed yesterday that it was his plan to bring in a sales tax in connection with the soldier bonus bill, which he said would be reported during the coming regular session of Congress.

"We want to reserve the sales tax for the bonus bill," Mr. FORDNEY said, "and we will pass that measure soon after Congress reconvenes."

Earlier in the day Mr. FORDNEY, Representative GREEN, of Iowa, and Representative LONGWORTH, of Ohio, ranking Republicans on the Ways and Means Committee, had informed Senate leaders that under no condition would the House agree to a sales tax at this time.

The Senate will remember that about three weeks ago Mr. MONDELL, the House leader, who is the Wyoming delegation, gave notice to the country that the House would not agree to a sales tax; that he was opposed to it. There was scarcely any interest taken in the sales tax when that announcement was made, but every day since that announcement was made by the Republican leader in the House the sales tax has grown more popular in the United States, not in any one section of the country but from East to West and from North to South. In my opinion, Mr. President, at least three-fourths of all the people of the United States are in favor of some form of a sales tax.

Representative LONGWORTH came to the Chamber a little while ago, and while here informed me that he, as one of the members of the Ways and Means Committee of the House, had not made any such statement as attributed to him. I can not say whether Mr. FORDNEY made the statement or not, but it makes no difference whether he did or whether he did not. I say it would come with bad grace from any Member of the House of Representatives to give notice that the Senate can not pass any legislation it pleases, and in any form.

On October 11 I discussed the manufacturers' sales tax, going into the details of it most carefully. At this time I do not propose to repeat what I said upon that occasion, but I have a short statement to make now outlining the changes that have been made in the amendment which has just been proposed by me, providing for a manufacturers' tax, which I discussed on October 11.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Missouri?

Mr. SMOOT. I yield.

Mr. REED. The Senator put into the RECORD this morning a statement of the chairman of the Ways and Means Committee of the House which appeared in this morning's paper. I wonder if his attention was called to the statement appearing yesterday or the day before? It is as follows:

Regardless of Senator REED'S motives, his amendment at a time when the legislative situation in the Senate smacks of a Democratic filibuster—and Senator REED is one of the chief long talkers—will undoubtedly create suspicion in the minds of the veterans of the Senator's sincerity—

FORDNEY stated:

Senator REED must know that his amendment can not, under parliamentary procedure of Congress, appropriate one penny to pay a bonus. Appropriations must emanate from the Appropriations Committees of Congress. The revenue bill, coming from the Ways and Means Committee of the House and the Finance Committee of the Senate, can not authorize appropriations. Very early in the coming regular session of Congress the House will undoubtedly pass an adjusted compensation bill. Senator REED'S action will hinder the passage of the revenue bills, which must be disposed of before the Ways and Means Committee can consistently take up the bonus bill. As author of the adjusted compensation bill, let me ask Senator REED to end his long talks and consequent delay of the business at hand. The sooner he does this, the sooner we can get at the bonus bill.

Mr. TOWNSEND. From what was the Senator reading?

Mr. REED. I am reading from a statement given out by Mr. FORDNEY to the newspapers and printed broadcast over the country. I am not asking the Senator from Utah for any opinion with reference to Mr. FORDNEY'S personal criticism or opinion of me, but I wanted to ask the Senator what he thinks of the declaration that we can not amend this bill under parliamentary law and provide that a portion of the funds shall be set aside and used for a particular purpose?

Mr. SMOOT. The best way for me to answer that, Mr. President, is to say that my opinion, offhand, was that there was no question but what it could be done, but I have asked a number of the attorneys connected with the Department of Justice whether it could be done, and their opinion is that it can not be under the terms of the Constitution. I do not intend to discuss that question, because one thing I never undertake to do in this body is to discuss a question I do not know anything about.

Mr. REED. It is their opinion that, a bill being before Congress, the Senate can not say how the funds which are provided for in an amendment to that bill can be used? If the Attorney General's office has rendered an opinion of that kind we had better get a new Attorney General's office.

Mr. SMOOT. I do think, however, that that was not a very courteous statement on the part of Mr. FORDNEY, if he made it for publication.

Mr. REED. I have the statement which he gave out for publication.

Mr. OVERMAN. Mr. President, I would like to ask the Senator from Utah if Mr. FORDNEY is not in favor of the imposition of a sales tax in order to raise the money to pay the soldiers' adjusted compensation?

Mr. SMOOT. He is in favor of the sales tax, but states that now is not the time to impose it. In other words, Mr. President, the opposition to this amendment has raised objections to it, to the number of four or five, I think, and as each objection is met, and it is proven that there is nothing in it, they shift to some other objection, and now the last point raised is that it must not be adopted now, but at some time in the near future.

Mr. President, now is the time to adopt this sales tax, and I state now that if this became a part of the pending bill, there would be a restoral of confidence for the future and a relief to the people of the United States from one end of the country to the other.

As I was saying, I have already spoken at length upon the details of a manufacturers' sales tax. Now, I shall make just a brief statement, and later in the day, perhaps, or this evening, I may want to refer to some of the criticisms which no doubt will be leveled against this amendment. But I want to assure every Senator who is in the Chamber that I have studied this question from every point of view possible, with the intelligence God has given me, be it little or much, and I say now, without a moment's hesitation, that there is no provision in this amendment which can not be administered, and which will not afford relief to all tax payers and the consumers of the United States.

This amendment will eliminate from our tax system the remaining miscellaneous forms of taxation, including the tax on telegraph and telephone messages, the tax on all the nonalcoholic beverages, the admission and dues tax, the excise taxes,

the stamp tax, and the many other forms of special taxes found in the pending bill.

This amendment also provides for the retention of a corporation tax reading, as follows:

SEC. 230. That in lieu of the tax imposed by section 230 of the revenue act of 1918 there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

(a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and

(b) For each calendar year thereafter, 15 per cent of such excess amount: *Provided, however,* That if the average income and war or excess-profits taxes paid by any corporation for the three years next preceding have amounted to 10 per cent or less of the average net income of the corporation for those years the tax shall be 10 per cent of such excess amount.

I can discuss that at this time if necessary, Mr. President, but I think it is plain enough for all to see that I am trying to take care of at least 160,000 corporations in the United States which did not make excess profits before the war; and if it is imposed, as this bill provides, that tax will be increased upon those corporations 50 per cent.

The necessary revenue which will be lost by these repeals I propose to make up by a 1 per cent tax on the sale of every commodity manufactured or produced when sold for consumption or used without further process of manufacture, provided the sales of any manufacturer or producer exceed $6,000 a year.

The substantive difference between this amendment and the one previously offered by me in which I suggested a 3 per cent manufacturers' tax is that whereas my earlier amendment provided for the repeal of the excess-profits tax as of January 1, 1921, I make no mention of that matter in the present amendment, but stand on the action of the Senate repealing the excess-profits tax beginning January 1, 1922.

The present amendment also differs from the earlier one, inasmuch as it provides for the retention of the capital stock tax I have just read to the Senate.

The general effect of this amendment will mean the enactment by Congress of a real revision and simplification of our tax system whereby there will be six main sources of revenue for the Government in contradistinction to the 57 varieties of taxation under which the country is now suffering.

The adoption of this amendment will mean that we will have individual and corporation income taxes, custom duties, tobacco taxes, the estate tax, and the manufacturers' tax instead of the great variety in forms of existing taxation.

In my speech on October 11 I fully covered the subject of raising the necessary revenue under a 3 per cent tax. The amendments which have since been adopted will permit merely a 1 per cent tax, which will raise the revenue to be lost through the various repeals.

I stand with the many other Senators on both sides of the Chamber, who have voiced their objections to increasing the corporation income tax to 15 per cent. There is absolutely no justification for a 50 per cent increase in taxation for the corporations which have not paid the excess-profits tax. We have acted with reference to the repeal of the excess-profits tax, and for reasons which can be fully justified, but the repeal of that tax does mean a reduction in the burden of taxation for those corporations which have earned more than 8 per cent on their invested capital, and the substitution of a flat 15 per cent tax will mean an increase in tax for all corporations which have earned less than 11 per cent upon their invested capital. In other words, the repeal of the excess-profits tax and the substitution of a straight 15 per cent tax with incorporate income means an added inequity and injustice on many corporations, which have not had profits in excess of 8 per cent.

I can see no justification whatever for removing the inequities of the excess-profits tax from one group of corporations and imposing a worse inequity upon another group of corporations in the form of a 50 per cent increase in their taxes. That is to merely transpose rather than to remove inequities. It is, therefore, my feeling that the only way that we can arrive at justice in the imposition of a corporation tax, in view of our previous action, is to retain that tax as I now propose. We certainly can not justify a 50 per cent increase for many corporations which have not enjoyed excessive profits merely for the purpose of making those corporations which have paid excess-profits tax now bear a 15 per cent tax instead of a 10 per cent tax. I am mindful also of the fact that in legislating for peace times that a flat 10 per cent tax upon corporations is about ten times the rate of taxation in the prewar period.

Further, I have no fear of the Government losing revenue by my corporation-tax proposal, since a corporation is merely the form by which individuals engage in business, and the stockholders will see to it that every cent of profits which can be withdrawn from the business will be paid over to them as individuals in the form of dividends, and so the Government will receive additional revenue through surtaxes.

Senators, I wish to say now that during the coming year, and for years to come, I predict there will be but few corporations in the United States which will make excess profits, and if they do the financial conditions will be such in the country and the demand for money such, incomes having dried up from other sources, that the stockholders of the institution or the corporation that does make a profit will require that the dividends be distributed. Where one will make more than 10 per cent, there will be a thousand that will not.

In reference to the manufacturers' and producers' tax, I went into this at considerable length in my speech on October 11. The present amendment is in substance similar to my former amendment, and what I said at that time is applicable to the present form. The present amendment provides for a 1 per cent tax instead of a 3 per cent. It exempts sales of less than $6,000 a year and it also exempts any sales by farmers as to the products of their farms. Other changes have been merely in form, as a matter of drafting.

The present amendment, both as to repeals and the operation of the manufacturers' tax, will be effective beginning January 1, 1922.

Mr. President, I felt it my duty at this time to make this brief statement to the Senate outlining the changes that were made in the manufacturers' tax since I spoke to the Senate on October 11, speaking at that time to a 3 per cent manufacturers' tax instead of as at present to a 1 per cent manufacturers' tax.

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER. Does the Seantor from Utah yield to the Senator from Ohio?

Mr. SMOOT. Certainly.

Mr. POMERENE. The Senator from Utah a moment ago referred to an argument that is constantly made, that the excess-profits tax interferes with business, that if it is not eliminated it will interfere with business, and at the same time he makes the statement that there will be little or no excess-profits tax collected because there will not be any excess profits.

Mr. SMOOT. For a few years to come there will be fewer corporations make excess profits than in the past. I am quite sure of that.

Mr. POMERENE. If there will be little or no excess profits earned or accumulated, how is the present law going to seriously interfere with those men?

Mr. SMOOT. I suppose the Senator was in the Chamber the other day when I discussed the question with the Senator from Arkansas [Mr. CARAWAY]. If the Senator will read my speech he will find that my remarks applied to the higher brackets of the income tax and not to excess-profits taxes.

Mr. POMERENE. I am discussing now the excess-profits tax, and that is what the Senator has been discussing, and that is what he referred to just a moment ago. I realize that this is a debatable question, but I think I could be better satisfied with the conclusions which some men state if they would not give the reasons for their conclusions, because when many of them give their reasons for their conclusions they defeat their own conclusions.

It seems to me that is just what we are up against here now. In one breath we say the excess-profits tax is destroying all the initiative and will ruin business if it is continued and in the next breath we say there is no use in keeping it, because there will be nothing collected under it. I can not understand that kind of logic.

Mr. SMOOT. I have never stated there would be nothing collected under it. Let me tell the Senator some of the businesses that I think are now deterred from active production on account of the excess-profits tax, and I think it is fair that I or anyone else should make the statement and tell the Senate that there are businesses of this kind in the United States.

As far as I am concerned, I wish to say to the Senator that all hazardous business of all kinds, if they do not make more than 10 per cent, will never be entered into. What would the Senator think of a man investing in a mining corporation or, as an individual, with nothing but a mining location, spending $500, $1,000, sometimes even $1,000,000, for the discovery of ore that he thinks may be in the ground, and after the expenditure of all that money never finds a trace of gold or silver or any other valuable metal?

Mr. POMERENE. Oh, Mr. President——

Mr. SMOOT. Just a moment, if the Senator will allow me. If such a corporation does discover the ore that they have long sought after, what is the result? The history of mines in the United States varies. There are some very low-grade

propositions that are mined to-day, such as the production of copper by the Utah Copper Co., the Verdis Copper Co. of Arizona, and some of the great companies of a similar character. Those companies take a whole mountain and transfer it from one place to another, and in the transfer extract enough copper through the handling of the ore in quantities, sometimes 30,000 tons a day, to make a profit even though the ore found is only 1.15 per cent of copper. Still, through the handling of it under the processes known to-day and in such enormous quantities there is a profit and in some cases an excess profit.

But the mines of the country, as history shows, scarcely profitably produce for longer than 10 years. I say that if there is a mine that produces uninterruptedly for 10 years, it is considered a splendid property. If they are simply to get 10 per cent, they would in the 10 years get their capital back and that is about all. The Senator from Ohio would not invest his money in such a proposition, and I do not know that he would under any circumstances, because he is a very conservative man; but there are many men who are perfectly willing to invest their money in such enterprises. Let me say to the Senator now that in my opinion if the cost of the discovery of all the precious metals in the United States was added together that cost of producing them would be $2 for every $1 that is taken from the ground. There is, however, in man that gambling spirit, as one may call it, which makes him willing to take chances, but if his profits shall be limited there will be very little prospecting in any of the western sections of the country. I am quite sure the Senator from New Mexico [Mr. JONES] will agree with me in that statement.

Mr. POMERENE. Mr. President, I do not think the argument of the Senator from Utah is quite fair either to himself or to me. I have not said anything about taking what corporations earn in excess of 10 per cent or 15 per cent. I recognize that there are hazardous employments; I recognize that in any legislation we may pass we ought to bear that fact in mind; but what I can not understand is this. Here an attempt is made to increase the normal corporation tax from 10 per cent to 15 per cent; in other words, we are proposing to add 50 per cent to that tax. By the addition of 50 per cent to that tax on all corporations, the Senator from Utah is bringing about the very condition of which he complains.

In my judgment, the tax on corporations ought to be graduated in proportion to the earnings. I am not saying that the old law was right, but it is a very shocking thing to me to have it said that when there is a vast number of corporations in the country which are earning less than 15 per cent we shall increase by 50 per cent the tax of corporations which are earning below 15 per cent.

Mr. SMOOT. My amendment does not provide for that, I will say to the Senator from Ohio.

Mr. POMERENE. There has been a slight modification of the Senator's amendment, which, however, came to my notice but a moment ago, and then to say that the corporations that earn the fabulous amount to which the Senator has referred shall yield no more to the Government than the poor corporation that it does its business for two or three years without profit. It may be that that is equitable, but I regret that I am unable to see it in that light.

At the same time allow me to say I wish business to prosper just as well as does any other Senator; I want to work to that end; but if we are proposing to distribute the blessings of reduced taxation to the people of the country let us distribute them equitably and let us not give all of the benefits to those corporations which are in the higher brackets.

Mr. SMOOT. Mr. President, I agree with the Senator as to that; but the Senator from Ohio was asking me about the excess-profits tax. This proposed tax is a normal tax on net incomes that every corporation in the United States will pay no matter whether the corporation be little or big. Under existing law the tax is 10 per cent on the amount of all of the profits of the corporation.

Mr. President, I cited simply one class of business, but I could point to others. They can, however, all be covered with this one designation, and that is as being hazardous. There are a great many such concerns in the United States. England has recognized that fact in every excess-profits tax she has imposed. She never imposed a tax upon any corporation unless their average of profits for five years exceeded 8 per cent.

I was curious to know, Mr. President, what the actual facts were in regard to the corporations in this country making excess profits. I wished to know whether every year the same companies made excess profits. On an examination I find from a report by the Internal Revenue Bureau of the Government that the corporations that made excess profits in 1918 in 1919 may have incurred an actual loss. The changes which take place are remarkable. I myself was surprised to find that state of facts existing. I thought that most of the companies which were making excess profits made such profits every year; but that is not so. One year a corporation will be exceedingly prosperous; for the goods which it makes there is a demand from all over the country; it will have little expense in selling its products; it runs 24 hours a day and the overhead expense to the company is no more than if it operated 8 hours or 10 hours. Its profits, therefore, are very large. The very next year the same company may make no profits whatever.

However, I was not discussing the question of the excess-profits tax until the Senator from Ohio [Mr. POMERENE] called that tax to my attention, for that matter has already been settled by the Senate, so far as the bill now stands, as in Committee of the Whole.

Mr. President, if there is any question as to what the pending bill, if my proposed amendment be adopted, will raise in revenue, after striking out all of the taxes upon soft drinks, the taxes upon every kind of insurance, as provided in the bill, the excise taxes, transportation taxes of every name and nature, including the taxes on telegrams and telephone messages, on all charges for admission, on all dues, and every stamp tax which is contained in the bill—if there is any question about the matter, I shall submit to the Senate the figures; and if there is any challenge of my figures, I ask any Senator here to refer the controversy to the experts of the Treasury Department. I have no more question in my mind that the sales tax will become a part of the revenue laws of our country than that I live.

Mr. JONES of New Mexico. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Mexico?

Mr. SMOOT. I yield.

Mr. JONES of New Mexico. Has the Senator a statement of the amount of revenue which he expects the taxes provided for in his amendment will raise?

Mr. SMOOT. Later on, when I take up the question in detail, I intend to see that the figures go into the RECORD; but I want first to see whether there is any question raised, and then I want to answer such questions as may develop, and I want to go into detail. I desire to set forth just how the proposed amendment will operate and where the money will come from. But, Senators, do not think for a moment that I would stand upon this floor and jeopardize my position as a man who has tried, at least, to study the tax system of this country and make a statement of which I was not positive.

Mr. WATSON of Indiana. Mr. President, I think the Senator ought now to go into the details which he says he is going to put into the RECORD. We want to vote on this question before the RECORD is printed.

Mr. SMOOT. I will say to the Senator that I am going to put them in, but at this time I simply rose to make a brief statement as to the changes which have been made in the proposed amendment. I am going to speak later upon it, and I am going to go into detail, and if there is any question raised in reference to it, then I will know just what to answer.

Mr. JONES of New Mexico. Will the Senator yield?

Mr. SMOOT. I yield.

Mr. JONES of New Mexico. I did not have in mind at all controverting any information which the Senator might give to us, but, for my own information at this time, and I am sure other Senators would like it also, I should be glad if the Senator would give us a statement as to the amount of revenue which he expects to raise by his amendment in lieu of the other tax provisions which were stricken out of the bill.

Mr. SMOOT. That information can be stated very quickly. In answer to the Senator I will state that for the fiscal year 1922—that is, the present fiscal year, beginning on July 1, 1921, and ending on June 30, 1922—my amendment in conjunction with the bill as it is now amended, eliminating of course those provisions which are stricken out and for which my amendment is substituted, will raise $4,033,593,000.

Mr. JONES of New Mexico. I should like to know how much the Senator estimates will be derived by his amendment.

Mr. SMOOT. For the last six months of the present fiscal year, because it would not go into effect until January 1, 1922, my amendment imposing a 1 per cent tax for six months would raise $126,500,000, and for the entire year, of course, it would raise just twice that amount, or $253,000,000.

Mr. POMERENE. Those figures are based upon an exemption from taxation of sales to the amount of $6,000?

Mr. SMOOT. They are based on the exemption of sales up to $6,000 and the exemption of all products of the farm of every name and nature, and with provision for only one tax and that upon the manufacturer. For the information of the Senate I

wish to say now that if there were a one-half of 1 per cent general turnover tax imposed it would raise at least $400,000,000 a year.

Mr. SIMMONS. Mr. President, will the Senator permit me to ask him a question?

Mr. SMOOT. Yes.

Mr. SIMMONS. Am I correct in saying that the Senator proposes by this amendment to reduce the corporation income tax as fixed in this bill now from 15 to 10 per cent?

Mr. SMOOT. No. I apprehend the Senator was out of the Chamber when the Secretary read the amendment; but for the Senate's information I will read it again.

Mr. SIMMONS. The amendment so provides, as I understand it.

Mr. LA FOLLETTE. The Senator from Utah has modified his amendment.

Mr. SMOOT. I will read the provision of the amendment which the Senator from North Carolina has in mind. It is as follows:

SEC. 230. That in lieu of the tax imposed by section 230 of the revenue act of 1918 there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

(a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and

(b) For each calendar year thereafter 15 per cent of such excess amount: *Provided, however*, That if the average income and war or excess-profits taxes paid by any corporation for the three years next preceding have amounted to 10 per cent or less of the average net income of the corporation for those years the tax shall be 10 per cent of such excess amount.

In other words, Mr. President, it is to take care of all of the one hundred and sixty or one hundred and seventy thousand corporations that have never made any excess profits. It provides that their tax shall be 10 per cent, and that whenever they make profits above that their tax shall be 15 per cent.

Mr. WALSH of Massachusetts. That is in keeping with the amendment proposed by me.

Mr. SMOOT. Yes.

Mr. President, for the fiscal year 1923 under my amendment there will be raised $3,421,343,000. The estimates of the Treasury Department, submitted to the Finance Committee, stated that for the fiscal year 1923—that is, the year beginning on July 1, 1922, and ending on June 30, 1923—the requirements of the Government would be $3,400,000,000. The amendment offered by me would not only raise the amount of money required for the present fiscal year but it would raise the amount required for the next fiscal year; and by that time I hope that we can reduce the rate from 1 per cent, because I am positive that the expenses of our Government will be at least a few hundred million dollars less than they will be for the fiscal year 1923.

Mr. EDGE. Mr. President——

Mr. FLETCHER. Mr. President, may I ask the Senator whether he means to say that under his amendment for the fiscal year 1923 the entire $3,000,000,000 would be raised?

Mr. SMOOT. Oh, no; I mean under the bill with my amendment.

Mr. FLETCHER. The statement was that under the Senator's amendment that amount would be raised.

Mr. SMOOT. Oh, no. Under my amendment for that year we would raise $253,000,000; that is all.

Mr. FLETCHER. And how much for 1922?

Mr. SMOOT. For the fiscal year 1922 we have only six months, because this amendment will take effect on January 1, 1922, and it is just half of that amount, or $126,500,000.

Mr. President, when I speak later upon this subject I want to call the attention of the Senate to the fact that it has been stated very often in this Chamber that the taxes should be collected from income and from profits of individuals and corporations doing business, and that only a fair proportion of the tax imposed upon the people should consist of what are known as consumption taxes.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. SMOOT. Just one moment. Under my amendment, if the bill passes with it, I think the amount collected from each one of the six sources of taxation will convince the Senate of the United States that the tax itself is just and reasonable and that the so-called consumption taxes constitute only a reasonable percentage of the total amount.

In other words, take, for instance, the individual income tax. Nobody is objecting to that or calling it a consumption tax.

Mr. WALSH of Massachusetts. The Senator means the normal tax on individuals?

Mr. SMOOT. Yes; and the surtax, too. That raises $900,000,000.

The corporation tax with this amendment will be at least $500,000,000.

The next source is the customs. I have estimated only $275,000,000 for customs, because Mr. McCoy wanted to make it low enough to be on the safe side. There is not any doubt but that we will collect a great deal more than that.

Then take the miscellaneous revenue, $287,643. That is from the sale of public lands and from the profits that we receive from the Federal reserve banks and that class of revenue. It can not possibly be called a consumption tax.

Take the estate tax. No one can call that a consumption tax, and I only provide here an estimate of $150,000,000.

Take the tobacco tax. Every country in the world imposes a high tax upon tobacco. In a way, it is a consumption tax, but only a limited number of the citizens of the United States pay it, and no one pays it that can not afford it.

Mr. LA FOLLETTE. How much is it?

Mr. SMOOT. Two hundred and fifty million dollars.

The corporation-stock tax will raise $75,000,000. That can not be called a consumption tax.

The alcohol tax will raise $105,000,000. Is not that a source from which every country in the world gets a great part of its revenue? And that, Mr. President, applies only to a very few people.

The amount that has been raised by the narcotic tax, on coca leaves and all sorts of narcotics, is $20,200,000. I cut out the most of it.

Proprietary medicines are not to be taxed in the bill; and even if the Senate had left them in, my amendment would have stricken them out.

Then the manufacturers' tax for the six months, as I say, is $126,500,000. For the year it is $253,000,000. I admit that that could be designated a consumption tax, but I stand here and say that with a tax of only 1 per cent I think over half of it will never be passed on to the consumer.

Mr. POMERENE. Mr. President——

Mr. SMOOT. Just let me finish this, and then I will yield.

Mr. President, I understand that Senators have been told that we are taking the tax off of brokers and putting it on sugar and tea and coffee. Let us see if that is so; and if it is so, let us see who pays the tax.

Sugar to-day is sold by the refiners for a little less than 5 cents a pound. Take it at 5 cents a pound. A tax of 1 per cent is 5 cents on 100 pounds of sugar, or one-twentieth of 1 cent a pound. That same sugar is retailing in Washington and throughout the country at 7 cents a pound. Does any sane man believe that that sugar is going to be sold for 7 cents and one-twentieth of a cent a pound if we impose a tax of 5 cents on 100 pounds of sugar?

We are to tax tea and coffee. If there are any two items that come into the United States on which there is so wide a difference between the cost of landing in the United States and the price the consumer pays, I do not know what they are. Do you think that a tax of one one-hundredth of 1 per cent is going to make any difference to the purchaser who buys tea and coffee from a retail store? I do not; and it is on just such items as that that this tax will never reach the ultimate consumer. There are many articles that I can enumerate on which it would, and I admit that it would.

Mr. POMERENE. Mr. President, will the Senator yield?

Mr. SMOOT. I yield to the Senator.

Mr. POMERENE. I am not advised as to this matter: Is there a record in any of the Government departments here showing the amount of sales of the country?

Mr. SMOOT. The manufacturers' sales?

Mr. POMERENE. Yes; the manufacturers' or producers' sales.

Mr. SMOOT. There is a report from every manufacturing concern in the United States showing the amount of sales of goods manufactured in the United States.

Mr. POMERENE. Oh, I understand that. Of course, we have reports showing what the profits are; but what I am trying to get at is whether or not these reports show the gross sales.

Mr. SMOOT. The census reports show the gross sales.

Mr. POMERENE. Of every manufacturer?

Mr. SMOOT. Of every manufacturer in the United States and every class of goods. Let me tell the Senator that I asked Prof. Bullock to come to Washington after the statement was made that we would not raise sufficient revenue, and with two of the best actuaries in the United States I went to the Department of Commerce. I took the man there who has these reports in hand, and we went over the reports in detail, and we all agreed as to what would be a finished product and what would not.

Mr. POMERENE. Mr. President, I have seen in the public prints so many statements as to the amount which could be raised in this behalf that I have about come to the conclusion that I can guess as well as some of these experts. We want some exact information.

But I want to ask the Senator a further question, developing this same thought. Up in the Northwest there are great lumber companies. They manufacture their lumber and wholesale it to jobbers and dealers throughout the country. Of course, some of that is called rough lumber. Some of it could be usable for fencing, for the making of sheds, and for other purposes, without being planed and dressed. Suppose they should sell a large amount of that lumber to a dealer in Chicago and that dealer should use a part of that lumber in building sheds, storehouses, and things of that sort, and should sell the rest of it in various forms; how are we to tell, under this amendment, on what lumber the lumberman in the forests is to keep his accounts so that he may know what is ultimately consumed by his vendee and what passes on to some one else?

Mr. SMOOT. Mr. President, if the Senator will read regulation 47, published by the Treasury Department, to which I referred in my speech of October 11, a copy of which I sent to the Senator, he will find exactly how it is done.

Mr. POMERENE. Can the Senator tell me in a few words how it will be done?

Mr. SMOOT. In simple words, it is done by credits; that is, the lumber that is sold from the mill is sold outright for further process of manufacture. Then there is no tax whatever upon it. But whenever it is sold to the consumer, and does not further enter into a process of manufacture, there is a tax upon that lumber. I suppose the most difficult case you could mention would be that of rubber used in the manufacture of automobile tires and automobile parts. There is no trouble at all in the administration of the tax, and Mr. Smith, the Assistant Commissioner of the Bureau of Internal Revenue, has said that they have not had any trouble at all with it; not only that, but that they collect 100 per cent of the tax, and the Senator knows that there is no other tax on a retailer under which they collect 100 per cent.

Mr. POMERENE. I am not so sure about collecting 100 per cent of any tax. I realize the difficulties. One of the objections to this amendment, it seems to me, is that we are introducing a new scheme, and I am in a very uncertain state of mind about it, although there are many things about it which appeal to me. However, I am afraid that when we get through with this legislation we shall have more legislation by a few experts in the department here, and we shall have taxation by experts rather than taxation by Congress.

Mr. SMOOT. I am very glad the Senator made that statement, because I want to say to the Senator that if we strike out all we have in this bill, and put this amendment in, and have just the six sources of revenue, we will not have any trouble, and every man in the United States and every corporation in the United States, when the returns are made out, will know that they are correct, and if they are not correct it will be because they do not want it to be correct.

Mr. POMERENE. I have a good deal of confidence in any statement or promise or prophecy the Senator may make; nevertheless, there are some things which make me almost a doubting Thomas about this amendment in its present form.

Mr. SMOOT. I do not blame the Senator for being a doubting Thomas. I say to the Senator now that I do not think there are two men in the Bureau of Internal Revenue who can be sent to any part of the United States, at different times, make an examination for the purpose of making a return under the existing law, and get the same result.

I know of one case in my State which I have had examined five times by five different men, and every examination has brought a different result.

Mr. POMERENE. Mr. President, will the Senator tell me in what respect the plan embodied in his amendment has simplified the administrative features?

Mr. SMOOT. Mr. President, the greatest trouble is with what is called the excess-profits tax, because every time that question comes up it involves the question of capital, it involves the question of reserve, it involves the question of good will, the question of patents, and the question of exemptions, based upon those very things, and it is almost impossible to make a return out under the existing law. I want to wipe out that difficulty. I want a simplification of the law. I want a law under which every individual and every corporation in the United States can make a return out without the assistance of an expert.

I do not believe there is a Senator in this Chamber who has made out his own return for the last two or three years. We have even gone so far as to have a man stationed here in the Capitol, not only one but for about three months before the time limit for the filing of returns there were two or three of them, and they prepared the returns for Senators. If Senators, the men who make the laws, can not make the returns out, what can we expect of the ordinary American citizen? What can we expect of the American business man?

Mr. POMERENE. I sympathize with what the Senator is stating; but next year, when I come to make out my return, I am going to ask the members of the Finance Committee to make it out for me.

Mr. SMOOT. I assure the Senator that if he will vote for my amendment, and it shall go into this law, I will make his return out on a piece of paper no bigger than a sheet of note paper. I will vouch for its correctness, and no expert in the world will change it.

Mr. POMERENE. Mr. President, I am not engaged in the manufacturing or mercantile business, so that I will not have any return to make out under the Senator's amendment.

Mr. SMOOT. Yes; the Senator will. He will have an income tax to pay.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. SMOOT. I yield.

Mr. EDGE. In the interest of a simplification of the subject which the Senator from Utah has just discussed, if he has not already done so, I suggest that he introduce into the RECORD a table—which I think will require but little space—demonstrating just the taxes which would be eliminated if his plan were adopted, the taxes that would then remain in force compared to the taxes now in force, and the incomes from the various sources still remaining in force in order to balance the budget. It would need to be only a short table, showing the eliminations of the numerous taxes the Senator is discussing, then showing as a result the few taxes left in force, with the income from those various forms of taxes, as compared to the expenditures of the Government. I think if the Senator would do that the Senate would get a very much clearer idea of what would be accomplished under the sales-tax system.

Mr. SMOOT. I will ask Senators to look at page 25 of the speech I delivered in the Senate on October 11, where they will find set out in detail those things which are to be cut out of the bill, and with which we will have no trouble in the future if this plan is adopted.

Mr. WATSON of Georgia. Mr. President, my mind is open to conviction on this subject, I will say to the Senator from Utah, and my own experience goes far toward inclining me to his position.

The experience to which I refer was this: That in 1919 I employed an expert to make out my income-tax return, because I did not know how to do it, although I had been practicing law 35 or 40 years, and I gave that expert $5 for making out my return. They passed it through the office O. K.; I paid the tax; the return came here to Washington, and I did not hear a word about it until three months ago, when they wrote me that it was wrong. I naturally inquired in what respect it was wrong, and yesterday I received a card from another expert, who came from the Bureau of Internal Revenue, and who tried to point out to me where there was an error of something over $2,000, and, roughly stated, the difference in the tax would be $350. If he is right, I still owe the Government $350, bearing 6 per cent interest.

Mr. SMOOT. Let me say to the Senator from Georgia that his case is only one of a hundred thousand or several hundred thousand; and if the institutions and individuals of this country met the demands for back taxes which have been made by the Treasury Department, many of them would be financially ruined.

Mr. JONES of New Mexico. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from New Mexico?

Mr. SMOOT. I yield.

Mr. JONES of New Mexico. I am inclined to believe that the Senator from Utah did not fully convey to the Senator from Ohio the information which he sought. The Senator from Ohio referred to a sawmill company, and wanted to know how you would determine and administer the law which would provide that if it were sold for further manufacturing purposes the lumber should be tax free but if sold for consumption it should pay a tax. The Senator from Utah referred to regulations of the department under one or two of the provisions of the existing law, which purports to be a manufacturer's tax, and particularly referred to regulation 47, published by the Treasury Department, and covering the administration of the present manufacturer's sale tax.

I call to the attention of the Senator from Ohio this provision in those regulations, which I am inclined to believe the Senator from Utah did not fully explain. Under those regulations that form 47 it is provided that—

Jobbers or dealers who are not manufacturers and users who are not manufacturing for resale are not entitled to purchase tax free under certificate.

Mr. POMERENE. Not entitled to?

Mr. JONES of New Mexico. Not entitled to purchase tax free under certificate, the effect being that wholesalers under this regulation are treated as purchasers for consumption.

Mr. SMOOT. Oh, no.

Mr. JONES of New Mexico. They are not entitled to purchase tax free; therefore, the wholesaler is put upon the same plane as the purchaser for immediate consumption.

Mr. SMOOT. That is hardly a fair statement. I would not want to mislead the Senator or anyone else.

Mr. POMERENE. I know the Senator would not intentionally mislead.

Mr. SMOOT. I took regulation 47, and selected it as an illustration of the automobile business. In the case to which the Senator refers he would give a certificate, and the form of the certificate, if the Senator will read it, is on the following page of my plan. That will apply to all concerns, and that certificate simply means that within six months, if the purchases are not made for further processes of manufacture, he is responsible for the tax, and the certificate says in just what form he has to give evidence. There is not any trouble about it. Mr. C. P. Smith, the man who stands at the head of the unit in the Treasury Department, has written a letter about it, and he assures Senators that there is none.

Mr. JONES of New Mexico. Mr. President, I do not believe the Senator wants to brush aside this very important provision of the regulation of the department. It must have been put in for a very definite purpose, and intended to have some effect, and it must be interpreted just as it reads. If that provision is not in other regulations, that is another fact to be ascertained, but the sample regulation presented here by the Senator from Utah in his speech contains this provision, that wholesalers and jobbers shall be considered the same as purchasers for consumption.

Mr. SMOOT. But this has reference entirely to the example shown where one manufacturer sells to another; and if the Senator will read that carefully, that is exactly what he will find. In that case, of course, this provision is to be made:

Jobbers or dealers who are not manufacturers and users, who are not manufacturing for resale, are not entitled to purchase tax free under certificates.

That is true in this case.

Mr. JONES of New Mexico. Then I will ask the Senator if that is true only in that case how would he handle the case of a sale by the refiner to a jobber of sugar? Would that jobber be able to purchase sugar tax free?

Mr. SMOOT. That jobber would say that he is purchasing so much of the sugar to sell into consumption, and it would not enter into any further process of manufacture. Then if he is tax free he gives a certificate. He has to prove that that sugar went to consumption and in no further process of manufacture, or else he is responsible for the tax.

Mr. JONES of New Mexico. The jobber is selling to wholesalers.

Mr. SMOOT. They are not doing that way with sugar to-day, but take anything else; it would make no difference. It is the same.

Mr. JONES of New Mexico. I am very glad to get the assurance of the Senator, but——

Mr. SMOOT. The Senator misunderstood me. Let us treat it just as though it were passing through different hands.

Mr. JONES of New Mexico. It strikes me there is not a jobber or a wholesaler in the country who, when he buys sugar from a refiner, has any advance information as to how much of that is going to be sold for consumption or how much of it for further manufacture. It would put the burden upon all that class of people to trace every bag of sugar to know whether it went to the consumer or whether it went to some one for further manufacture into candy or for use in canning or other kinds of manufacture.

Mr. SMOOT. The practice has demonstrated beyond question of doubt that there are at least 99 per cent of all the sales of which they know the ultimate destination. The manufacturer that sells knows. If it went to the jobber, he would know; and if it went to the merchant for consumption he would know.

Mr. JONES of New Mexico. That may be true under the existing law which involves only a comparatively few articles, but when we have such a law as proposed by the Senator's amendment, applying to practically every commodity consumed by the people of the United States and the various articles that enter in the consumption, then the difficulties multiply, and while we might after a sufficient length of time work out a plan for automobile accessories, still it might be very different when we come to some of the other commodities. When we spread that all over the entire field of consumptive articles, the difficulties magnify in geometrical progression.

Mr. SMOOT. The Senator really has not taken into consideration the number of people who have to go from one end of the country to the other to make all sorts of examinations which my proposed amendment will eliminate entirely. Let me call his attention to the large number of auditors who are now engaged in checking up the returns of the hundreds of thousands—probably millions—of theaters, moving-picture shows, cabarets, dance halls, railroad companies, telephone, telegraph and express companies, ice cream parlors, insurance companies, drug stores, sellers of soft driks, motor trucking companies, department stores, and all the others—the brokers, pawnbrokers, ship brokers, customhouse brokers, proprietors of theaters, museums, concert halls, circuses, other public exhibitions, bowling alleys, billiard rooms, shooting galleries, riding academies, persons renting automobiles, cigars, cigarettes, and tobacco manufacturers, those who issue bonds, capital stock issues and transfers, sales on produce exchanges, all the persons responsible for stamp taxes on certain drafts, checks, and promissory notes, entry of goods at customs, withdrawal of goods from bonded warehouses, passage tickets, proxies, power of attorney, playing cards, parcel-post packages, insurance policies, and many others which I am not going to mention at this time.

The Senator knows that when these are eliminated, as my amendment proposes to do, we will be able to do away with nearly 10,000 men who to-day are engaged in looking after tax returns. I do not know just the number, because I have not looked it up of late, but they are in every store, in every moving-picture house, in every business house in the Nation, not once in a year but making their rounds several times in that period. Talk about simplification! All this would be done by a few clerks in the department by rules and regulations, and if there is any change or anything that looks suspicious all they have to do is to investigate that particular one.

I wish that I had a copy of a return made in Canada. There was one sent to me the other day, and if there is any Senator who thinks the tax law is unpopular in Canada, just let him make an investigation.

Mr. McCUMBER. Mr. President——

Mr. SMOOT. I yield to the Senator from North Dakota.

Mr. McCUMBER. Let me put a case to the Senator and see what his suggestion is under those circumstances. Here is a manufacturer of steel billets. Of course, the billets would not be taxed, if I understand the Senator correctly, because they can not be used unless they are converted into something else. I am right in that, am I not?

Mr. SMOOT. The Senator is right.

Mr. McCUMBER. Suppose the manufacturer takes those billets and converts them into steel slabs of different dimensions and weights per foot, and a man who has taken a contract to build a bridge orders so many pieces so many inches wide and so many inches thick, and so many pieces of different lengths. They are cut accordingly, and in those dimensions are sent to him. He can not use them yet just as they are because if he uses them in the building of that bridge he must at least get some rivets and he must make the rivet holes, and that is a further process of manufacture.

Mr. SMOOT. Oh, no, Mr. President; it is not.

Mr. McCUMBER. Let me ask the Senator, if the manufacturer who converts them simply into slabs and sells them upon an order will pay the tax as upon a completed article, or would the bridge builder have to make a report of the amount that he received for those in connection with the gross sum which he received for constructing the bridge in case he had to drill the rivet holes and purchase the rivets and put them together.

Mr. SMOOT. Whenever a girder is made and ordered for a bridge the holes are already drilled.

Mr. McCUMBER. But suppose to avoid the tax they do not put the holes in?

Mr. SMOOT. That will make no difference. The order will show just what the length is to be and how wide it is to be and for what purpose it is to be used. That is a completed article. The manufacturer will have to pay the tax upon that article. It is a complete article just the same as steel rails. The Senator may say that a steel rail is not a completed article because they may have to cut the steel rail in two to fill in a certain gap in the road and have to bore two holes. That is not so.

The steel rail is completed when it is made into a steel rail, and the manufacturer will have to pay the tax.

Mr. McCUMBER. The Senator will remember that in our tariff bills we have had this same question come up as to a complete manufactured article, and we have had our tax laws avoided because certain parts were not assembled. Even the rivet holes were made in them, and yet they were not a completed article, and therefore they escaped the tariff upon a completely manufactured article. The same question, it seems to me, will arise in the matter of levying a tax upon a completed article such as I have spoken of.

Mr. SMOOT. I am quite sure that everybody knows that a girder is a completed article.

Mr. McCUMBER. A girder may be composed of several pieces of flat iron riveted together or it may be that pieces of steel slabs are sent, of which to make a girder.

Mr. SMOOT. That is not the way it is done in the trade.

Mr. FLETCHER. Mr. President, may I interrupt the Senator from Utah?

Mr. SMOOT. Certainly.

Mr. FLETCHER. The Senator has made some reference to the Canadian tax. I have before me a copy of Collier's Weekly of June 18, 1921. It contains a very interesting discussion of the sales-tax question and goes into some detail with regard to the result obtained in Canada. It is entitled: "A painless tax," by Stephen Leacock. Perhaps the Senator has seen it?

Mr. SMOOT. No; I have not seen it.

Mr. FLETCHER. It is a very excellent argument in support of the sales tax. Of course the author is reasonably correct perhaps in the statement which he makes that—

> The whole of the United States at the present moment buzzes like a beehive with tax discussion. Some think that the taxes ought to fall upon the rich. Others think that they should remain upon the poor. People who have no income claim that the income tax is the ideal method of taxation. People who do not smoke favor very strongly the levying of more taxes on tobacco. People who ride in street cars want to tax motors. Married people believe in taxing bachelors. The manufacturer wants to tax the farmer and the farmer says that he has nothing left. The only general agreement found is in the idea of taxing somebody else.

I think he sizes up the situation fairly well in that statement. He then proceeds to say that Canada has adopted the sales tax and—

> has had it in force now for a year, and has achieved such a remarkable success with it that in the new budget just introduced in the Canadian Parliament a large proportion of the public revenue of the Dominion will be raised by it.
>
> And the wonderful thing about the Canadian sales tax is that the consumer is practically unaware that it is there.

I shall not take up the Senator's time going with any detail into the article, but I call attention to just two of the statements by way of indicating that in Canada, at least according to this author, the plan is meeting with almost universal favor and the results have been most gratifying. They raised over $50,000,000 the first year of operation. Of course, $50,000,000 is a small item with us in this country; but they have extended the tax, I think, in the amended law; they have given it a broader scope than it formerly had. I do not know to just what extent that has gone, but the author says:

> It was not looked upon when it was introduced as a particular solution of anything. If the finance minister saw in it a revolution in the theory and practice of taxation, he did not say so. It came in for practically no discussion in Parliament; and the consumer, after a year of its operation, is still largely ignorant of its existence.

If a sales tax could operate in that way in this country it would be a very admirable scheme, it seems to me. This article continues:

> That, in fact, is the first thing to be noticed about the Canadian tax—it is not levied on or made payable by the consumer. It does not appear, as did the unpopular luxury tax, in the bill for goods bought in a departmental store or an obvious and explicit addition to the price of a pair of trousers.

Of course, that is true; there is no denial of the fact, I think. The Senator has considered that it really is a consumers' tax which will be passed on to the consumer.

Mr. SMOOT. In many cases it will be passed on to the consumer; there is no doubt about it. There are other cases, however, where it certainly will not be passed on, as I have stated to the Senate this afternoon. I presume the Senator from Florida was at lunch at the time I made the statement. I have always admitted that a sales tax was a consumption tax in a sense; that is, a part of it was passed on to the consumer.

Mr. FLETCHER. Why has the Senator changed his amendment? The first proposition of the Senator made the tax 3 per cent I think.

Mr. SMOOT. I have already stated my reason for having made the change.

Mr. FLETCHER. I must say that I was not then present.

Mr. SMOOT. The reason is this: In what I am doing I am not trying to interfere at the present time with the action of the Senate in changing the higher brackets of the income tax, or to relieve the corporations of their capital-stock tax, or of the tax upon their net profits. Taking those taxes into consideration allowed me to reduce the proposed rate from a 3 per cent to a 1 per cent tax.

Mr. FLETCHER. I understand. I desire to read just a little more from this article. It continues:

> The Canadian tax introduced in 1920 was payable, in its actual collection, on the sales and deliveries of manufacturers and wholesalers or jobbers.

That is very much like the proposal here, is it not?

Mr. SMOOT. The Canadian tax may be summed up in this way: If a manufacturer sells direct to a retailer, he pays a tax of 2 per cent; if he sells, however, to a jobber, he pays 1 per cent and the jobber also pays 1 per cent, making the tax 2 per cent when it reaches the retailer. That is how the tax is imposed, and it is twice as difficult to follow those sales in every case as it would be under my amendment.

Mr. FLETCHER. The article further says:

> If a manufacturer sold an article direct to the consumer, he, the manufacturer, had to pay, according to the scheme adopted for 1920, a tax of 2 per cent.

Mr. SMOOT. That is just as I have stated.

Mr. FLETCHER. The article continues:

> If he devoted the article to his own use, he paid a tax of 2 per cent; these cases represented, of course, only a small minority of the sales.

Further on the article refers to the recent extension of the sales tax and says:

> Under the recent extension of the sales tax this method of payment remains the same, although the rate of taxation, as will be seen, is considerably raised.

The rate must have been raised above 2 per cent.

Mr. SMOOT. It was so raised.

Mr. FLETCHER. Then the article continues:

> Let it be noted further that the Canadian sales tax as it now exists is very far from being a general tax on all sales, or a "turnover tax," so called. Its operation was made subject to a long list of exemptions, which fills an entire page in the statute book and contains 91 items. The list includes such varied commodities as ice, gas, magazines, and artificial limbs. Of these a man may consume as he will tax free. On further analysis by the eye of intelligence it becomes clear that the list of exempted articles is intended to cover all the plain necessaries of life—foodstuffs and clothing and shoes of the plainer grades. The tax does not apply to sales made by the farmer or by those engaged in the sale of material for the manufacture of heat and light and power, and it is not levied, as has already been said, in connection with retail sales to the consumer.

Mr. SMOOT. In that connection I wish to say to the Senator from Florida that gas or anything that is manufactured by a public utility would not be taxable under my proposed amendment.

Mr. FLETCHER. Nor are farm products.

Mr. SMOOT. All products of the farm, of every name and nature, are specifically exempted.

Mr. FLETCHER. I think that is a very good point in favor of the Senator's amendment. This article continues:

> When one considers the low rate of the tax, the long list of exemptions, and the apparent lightness of the burden on the consumer, it is little short of amazing that this tax already produces more than either the income tax or the business-profits tax.

The article is very strongly in support of the sale-tax theory.

Mr. SMOOT. Mr. President, the 1 per cent sales tax is very low. I can not, of course, say offhand, how much of that will be absorbed by the manufacturer; but as to every article which may be named, whether it be sugar or tea or coffee, or shoes or a pair of stockings, just think how small 1 per cent would be upon 100 such articles which may be taxed, and then consider whether the retailer is intending to make any increase in the price for which he is selling the article now, because he is selling it to-day for every dollar he can make the American people pay for it.

Mr. NORRIS. May I ask the Senator a question?

Mr. SMOOT. Yes.

Mr. NORRIS. Under the Senator's amendment would there be any possibility of the tax ever being pyramided so that it would be paid twice?

Mr. SMOOT. That would be impossible.

Mr. NORRIS. Mr. President, let me ask the Senator another question. Let us say that a man is selling candy; would he have to pay a tax?

Mr. SMOOT. Does the Senator mean if he sold it to a retailer?

Mr. NORRIS. Suppose he did sell it to a retailer; would he pay a tax?

Mr. SMOOT. Did he manufacture it?

Mr. NORRIS. Whether he manufactured it or not.

Mr. SMOOT. I would have to know whether he manufactured it.

Mr. NORRIS. Then, suppose he did manufacture it.

Mr. SMOOT. If he manufactured it and sold it to the retailer he would have to pay a tax.

Mr. NORRIS. But originally he bought sugar.

Mr. SMOOT. Then the man who sold the sugar would be exempt from the tax if the sugar was to go into the manufacture of candy.

Mr. NORRIS. Is there that kind of a provision in the amendment?

Mr. SMOOT. There is, absolutely.

Mr. NORRIS. Let us take, for example, a manufacturer of automobiles and find out what he would pay. Suppose the manufacturer of automobiles buys nuts and screws in their finished condition; would the man who sold him the nuts and screws have to pay a tax?

Mr. SMOOT. He would not. If a nut or a screw or a cog or a bolt or a part of an engine goes into the manufacture of the automobile and is used for the purpose of making the finished product no tax would be paid on them because of the fact that they are used in the further process of manufacture; but the automobile manufacturer when he finished his automobile and sold it would pay a tax upon his product. That is all there is to it.

Mr. NORRIS. Then, if the man who made screws and nuts sold some of them to go into the manufacture of automobiles, and sold others for purposes other than those incident to manufacturing, he would have to keep his books so as to show that he paid taxes on part of his product and on the other part that he did not pay taxes?

Mr. SMOOT. A certificate would be given, just as the regulations now provide, showing that the man who manufactured the nuts and screws had sold part of his product to be used in a further process of manufacture, and he would be credited for the amount so used.

Mr. NORRIS. In reading the amendment I notice it says, "For consumption or use without further process of manufacture."

Mr. SMOOT. Yes.

Mr. NORRIS. I have wondered whether there would not be a possibility of double taxes being imposed in that respect.

Mr. SMOOT. I can not imagine how.

Mr. NORRIS. It may be that the Senator is correct. I merely want to get it clear in my own mind, as I know the Senator does. Say, for instance, that an article is sold for consumption, under the Senator's amendment if would be liable to the tax?

Mr. SMOOT. It would.

Mr. NORRIS. The same article that is finally sold for consumption might be sold "for use without further process of manufacture" long before the consumer gets hold of it.

Mr. SMOOT. Does the Senator mean the transferring of goods from one to another when there is to be a further process of manufacture?

Mr. NORRIS. The idea can be illustrated, probably, by, say, a sugar company which manufactures sugar and sells it. I take it under the Senator's amendment it would have to pay the tax.

Mr. SMOOT. Provided the sugar is not going into the manufacture of, say, candy.

Mr. NORRIS. Suppose it should not go into the manufacture of candy, but that the company sold it to a jobber, and that it went from him to the wholesaler, and then to the retailer, and the retailer sold it for consumption; then he would have to pay a tax, would he not?

Mr. SMOOT. Oh, no; the retailer does not pay any kind of a tax; the amendment provides merely for the manufacturer's tax.

Mr. NORRIS. I know the Senator thinks that; but it seems to me there ought to be some proviso to make sure that that would not happen, because there is nothing in the amendment, as I read it, that would make it illegal or impossible for the tax to be paid twice on the same article.

Mr. SMOOT. That is impossible under the wording of the amendment.

Mr. NORRIS. The Senator may be right about that, but it seems to me that such a condition might arise——

Mr. SMOOT. It would be impossible.

Mr. NORRIS. Because the amendment does not state, as I read it, that the tax shall not be paid twice, and it might, I should think, be paid once when the article is sold for consumption and paid another time when it is sold for use.

Mr. SMOOT. The amendment provides, as I have said, only for a manufacturer's tax.

Mr. NORRIS. I understand that.

Mr. SMOOT. The manufacturer is responsible to the Government of the United States for the tax.

Mr. NORRIS. Yes; and I think he ought to be.

Mr. SMOOT. And he has either got to pay the tax or he has got to have a certificate to prove that the goods produced by him are going to enter into a further process of manufacture.

Mr. NORRIS. The amendment provides that the tax shall be paid when sold for consumption likewise, and it struck me when I read it that the Senator would accomplish the same thing and avoid any possibility of double taxation ever being paid if he omitted the words "consumption or"—I think those are the words; I do not have the amendment before me—so that it would provide for the imposition of the tax when it is sold for use without further process of manufacture. That would impose the tax the first time the finished article was sold.

Mr. SMOOT. It would apply only to articles that were not consumed, then, I will say to the Senator.

Mr. NORRIS. It would not make any difference what happened to them afterwards.

Mr. SMOOT. This is the very wording that has been used in the Canadian law, and which must be used, I think.

Mr. NORRIS. The Senator may be right, but I think there may be some difference of opinion about that.

Mr. LENROOT obtained the floor.

Mr. BROUSSARD. Mr. President——

The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. BROUSSARD. May I ask the Senator from Utah a question before he sits down?

Mr. LENROOT. I yield to the Senator from Louisiana.

Mr. BROUSSARD. I think I understood the Senator to say that nothing produced on a farm would be subject to the tax under his amendment. I should like to ask a question in regard to that. Suppose that a farmer grows a product and then finishes it so that it is ready for consumption; would a tax be imposed on that farmer on account of that product?

Mr. SMOOT. Does the Senator mean if he had manufactured it?

Mr. BROUSSARD. For instance, if the farmer takes his corn and grinds it and converts it into grits, would he be subject to the tax?

Mr. SMOOT. Does the Senator mean if he uses the grits for himself?

Mr. BROUSSARD. He grows the corn and then converts it into a finished product.

Mr. SMOOT. Then he is not only a grower but he is a manufacturer. He would not have to pay a tax upon his corn; there could be no question about that at all.

Mr. BROUSSARD. I merely wanted to know to what extent the farmer would be exempt.

Mr. SMOOT. Not only that, but even if he were a manufacturer he would have an exemption of $6,000.

Mr. BROUSSARD. I understand. On the other hand, the farmer is only exempt on the products of his farm when he does not finish them and put them in a state where they are sold for consumption. If he does put them in such condition, he is subject to the tax.

Mr. SMOOT. If there are such cases as that, he would be subject to the tax, but he would be exempt on $6,000.

Mr. BROUSSARD. For instance, take the man who grows sugar beets or sugar cane and then converts the beets or the cane into sugar and sells the product for consumption.

Mr. SMOOT. Does the Senator mean that he himself converts the beets or the cane into sugar?

Mr. BROUSSARD. Yes.

Mr. SMOOT. Then he is a manufacturer.

Mr. BROUSSARD. He is not exempt in that case?

Mr. SMOOT. No; because he is a manufacturer. If that were not the case, the Senator can plainly see that some of the big manufacturers of foodstuffs, for instance, could raise cattle and sheep and hogs and everything else and be practically free from taxation.

Mr. BROUSSARD. I merely wanted to know to what extent the exemption applies to the farmer who grows such products as those to which I have referred.

Mr. SMOOT. If he becomes a manufacturer, the tax applies.

Mr. TOWNSEND. Mr. President, I should like to ask the Senator from Utah a question before he sits down.

Mr. SMOOT. I yield.

Mr. TOWNSEND. Mr. President, one thing that bothers me a little bit is the same thing that bothered the Senator from North Dakota, as to what is a finished product. For instance, take the case of an ordinary hat, made up of wool cloth, we will say, a silk lining, and a ribbon band. When does the tax attach to the ribbon band or the silk lining?

Mr. SMOOT. Mr. President, all of the hat manufacturers in the country buy their bands from the manufacturers; they buy their silk from the manufacturers; and they make their felt. Therefore those materials would be exempt, because the manufacturers buy them, and the manufacturers would not pay a tax on them; but when the hat was finished the manufacturer of the hat would pay a tax.

Mr. TOWNSEND. That would be considered the finished product of the ribbon—when it was made into the hat?

Mr. SMOOT. When it was made into the hat. They all know just exactly what they are buying it for. There is not any question at all about it. The hat manufacturer knows just what he is buying it for, and the seller knows that it is going into the hat; and therefore the tax is not imposed upon that, but is imposed upon the manufactured hat that does not enter into any further process of manufacture.

Mr. SIMMONS. Mr. President——

Mr. LENROOT. I yield to the Senator from North Carolina?

Mr. SIMMONS. Before the Senator from Wisconsin begins his speech, I wish to put into the RECORD some estimates furnished me this morning by the actuary of the Treasury, Mr. McCoy, as to the loss of revenue, comparing the Senate bill with the amendment of the Senator from Utah; that is to say, the amount which the bill as now amended would produce, and the amount which the bill would produce if the amendment of the Senator from Utah is adopted.

The amendment with reference to corporations, fixing the rate beginning with the calendar year 1922 at 15 per cent upon certain corporations and 10 per cent upon other corporations, would result as follows, Mr. President:

Upon the 100,000 corporations to which the 10 per cent rate would apply, according to the estimate of Mr. McCoy, the income would be $268,000,000. Upon the 100,000 corporations to which the 15 per cent rate would apply, the income would be $258,000,000, making a total for the calendar year 1922 of $526,000,000, as against the total of $660,000,000 under the bill without the amendment of the Senator from Utah; making the net loss in revenue on account of the provisions of his bill changing the income-tax rates of corporations $134,000,000.

Mr. SMOOT. Then, Mr. President, that is not for this calendar year.

Mr. SIMMONS. I am talking about the first year it is in operation. I am not talking about this calendar year. I said "1922." This is the calendar year 1921.

Mr. SMOOT. Yes.

Mr. SIMMONS. I was talking about the calendar year 1922.

Mr. SMOOT. But the fiscal year, of course——

Mr. SIMMONS. I am not talking about the fiscal year. I am talking about the next calendar year. We are now, for the purposes of income tax, in the calendar year 1921. The Senator makes no change in the law with reference to that. He does, however, make a change for the calendar year 1921, fixing a 10 per cent rate for certain corporations and a 15 per cent rate for other corporations.

The actuary estimates that one half of the corporations, or 100,000 of them, will pay at the 10 per cent rate, and the other half will pay at the 15 per cent rate, and that that will result in a loss of $134,000,000 of revenue.

Mr. SMOOT. Mr. President, did not the Senator offer an amendment the other day virtually the same as this amendment that I have offered?

Mr. SIMMONS. No; I did not. The Senator is mistaken about that. I have offered no amendment at all about that.

Mr. SMOOT. I did not say that the Senator had. I understood that he had, as I remembered.

Mr. SIMMONS. I did not. The Senator is mistaken.

Mr. SMOOT. It may have been the Senator from Massachusetts [Mr. WALSH], then, who offered it.

Mr. SIMMONS. The Senator from Massachusetts offered an amendment with a graduated tax, but he graduated the tax up to 20 per cent. The Senator from Utah graduates it only up to 15 per cent.

The actuary advises me that the loss in revenue by the repeal of Titles V, IX, X, and XI will be $370,000,000, making a total loss of revenue as a result of the adoption of the amendment of the Senator from Utah of $504,000,000. The Senator himself estimates that his amendment will raise only $253,000,000, and the actuary, Mr. McCoy, advises me that that is probably considerably more than it will rise, so that, deducting the amount of revenue that the Senator from Utah says his amendment will yield from the losses which the actuary says will result, we have a net loss in revenue of $251,000,000.

I simply wished to put those figures into the RECORD. They are not mine; they are the figures of Mr. McCoy.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LENROOT. I yield to the Senator from Utah.

Mr. SMOOT. I want to say to the Senator that Mr. McCoy no doubt gave those estimates for the calendar year 1923. Here are his estimates, if the Senator wants to see them. That is quite a different matter, because there is $600,000 less revenue to be raised in the calendar year 1923 than there is in 1922.

Mr. SIMMONS. They are based upon 1922, as I understood.

Mr. SMOOT. Here is the estimate that Mr. McCoy gives, on page 7, of the internal revenue bill of 1921, and here are the very figures that he stated: Corporations, 15 per cent, $660,000,000, and for the fiscal year 1922 it was $540,000,000. Are those the figures the Senator gave?

Mr. SIMMONS. What were the figures for the fiscal year?

Mr. SMOOT. They are $540,000,000 and $660,000,000.

Mr. SIMMONS. The total?

Mr. SMOOT. The loss that there is going to be as the result of adopting my amendment.

Mr. SIMMONS. It would be $504,000,000.

Mr. SMOOT. Is it not $540,000,000?

Mr. SIMMONS. No; $504,000,000, and the Senator's amendment will produce $253,000,000, according to his own estimate. The actuary says that that estimate is too high.

Mr. SMOOT. The estimate of $126,000,000 is too high?

Mr. SIMMONS. I said that according to the Senator's own estimate his amendment will raise $253,000,000, as I understood him.

Mr. SMOOT. It will, in a year.

Mr. SIMMONS. In a year?

Mr. SMOOT. Yes.

Mr. SIMMONS. I stated that the actuary said he thought that was more than it would raise; but, figuring it at what the Senator states, it will raise, deducting that from the $504,000,000 that will be lost as a result of its adoption——

Mr. SMOOT. By what? How is it going to be lost, outside of the excess-profits tax?

Mr. SIMMONS. Why, the Senator loses $134,000,000 on account of his change in the rates on incomes of corporations.

Mr. SMOOT. Yes.

Mr. SIMMONS. And he loses $370,000,000 on account of the repeal of Titles V, IX, X, and XI, which amounts to $504,000,000 which we will lose from those two sources if the Senator's amendment is adopted, while his amendment will yield only $253,000,000.

Mr. SMOOT. Mr. President, I have the estimates here, and, as I stated, I shall put them in the RECORD, and I know that they are going to raise this amount of money. I have asked Mr. McCoy himself if they were not going to do so, and these were the figures that we agreed upon. The Senator from North Carolina comes in here now and takes calendar years and tries to figure out what the receipts will be in fiscal years. With the bill as it stands upon the table now, the calendar year is quite different from the fiscal year, because the excess-profits tax goes out in one case and it does not in the other. The Senator knows that there is quite a difference between estimating for a calendar year and estimating for a fiscal year. As I stated in the first place, the sales tax for this fiscal year will produce only $126,500,000, but for the next calendar year it will produce twice that amount.

Mr. SIMMONS. Mr. President, there is nothing in what the Senator is saying that militates in the slightest degree against the figures I have given. The income tax upon corporations, like the income tax upon individuals, is based upon the earnings of a calendar year. Upon the earnings of the calendar year of 1922 Mr. McCoy says that the change in the income-tax rates of corporations made by the Senator's amendment will result in a loss of revenue amounting to $134,000,000. The only way in which you can estimate what you are getting from corporations is to take the calendar year. He also estimates that for the whole calendar year 1923 the taxes that would be actually collected under the miscellaneous taxes which the Senator repeals amount to $370,000,000, and adding those two together makes the sum that I have just given. The only difference is that this calculation is made on the basis of a calendar year, and it shows that in a calendar year you would lose that much. If you should convert the calendar year into a fiscal year and assign one half of the amount to the previous fiscal year and the other half to the succeeding fiscal year you would not make any change as to the amount of it which was collected in the calendar year.

Mr. SMOOT. Mr. President, I say that if Mr. McCoy's figures are right, the 100,000 corporations paying 10 per cent would yield $268,000,000 and the 100,000 corporations paying 15 per cent would yield $258,000,000. That amounts to $526,-

000,000; there is no question about that; and here is Mr. McCoy's own estimate.

Mr. SIMMONS. Those are the same figures that I gave—$526,000,000—under the Senator's bill, and at the 15 per cent rate the estimate is that the tax would yield $660,000,000.

Mr. SMOOT. Mr. President, I have before me the estimate that was given by Mr. McCoy to the Finance Committee for the fiscal year 1923.

Mr. SIMMONS. The first estimate was made on the calendar year and the second was made on the calendar year.

Mr. SMOOT. Yes; but the fiscal year 1923 takes six months of the calendar year 1922, and the same law will be in force from the beginning of January, 1922, under my bill, and Mr. McCoy says here that there is $543,000,000 instead of $660,000,000. I ask the Senator to look at it and see it for himself.

Mr. SIMMONS. I do not doubt what the Senator is saying, but this calculation is based upon the calendar year, and the amounts to be collected hereafter will have to depend upon the amounts collected in the calendar year, when the rates of income proposed are in operation, and the Senator is estimating what they will be in effect if these rates are put into operation on the 1st day of January, 1922.

Mr. SMOOT. I do not think Mr. McCoy wanted to make any statement like that.

Mr. SIMMONS. I do not think he has made an inconsistent statement.

Mr. McCoy has just handed me this table, which shows that my statement was correct:

Loss of revenue as compared with Senate bill.

SENATOR SMOOT'S MANUFACTURES TAX.

	Calendar year 1922.	Fiscal year 1923.
Corporation income tax	$134,000,000	$134,000,000
Parts of Titles V, IX, X, and XI	370,000,000	370,000,000
Total loss	504,000,000	504,000,000
Estimated revenue from manufactures tax of Senator Smoot	253,000,000	253,000,000
Net loss	251,000,000	251,000,000

This table shows that the net loss of revenue for the calendar year 1922 would be $251,000,000, the same as I stated before, and the net loss for the fiscal year 1923 would be $251,000,000.

Mr. SMOOT. I have here the statement of Mr. McCoy himself, and I ask Senators not to take my word for it. Take the report and look at it. He says the returns from corporations for the fiscal year 1923, which is the period about which I asked the Senator in the first place, would be $540,000,000, and Mr. McCoy said that under my proposal they would raise $526,000,000.

Mr. JONES of New Mexico. Mr. President——

Mr. LENROOT. I decline to yield further.

Mr. JONES of New Mexico. I have no objection, if the Senator insists on going ahead.

Mr. LENROOT. Mr. President, in opening his remarks the Senator from Utah said he had discussed on another occasion the principle of his proposed tax and would not repeat to-day what he then said. Upon another occasion I discussed at some length my views in opposition to that tax, especially with reference to its administration, and I shall not take the time of the Senate to repeat those views to-day.

The Senator from Utah said that this sales tax is favored by 75 per cent of the people of the United States. In analyzing that statement we must first inquire who the people of the United States are, and I venture to say that that statement can not be substantiated if among the people of the United States are included the farmers, because I do not know of one farmers' organization which has declared itself in favor of the sales tax, and I do know that practically every leading farm organization of the country has declared against it. If that statement is to be substantiated, in addition to excluding the farmers of the United States we must exclude the labor organizations of the United States.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LENROOT. In just a moment. I do not know of any form of organized labor in this country which has declared in favor of the sales tax, but I do know of a very large part of organized labor that has declared against the sales tax.

Mr. President, I do not know of anyone who may be termed the "ultimate consumer" who has favored it, except some who think that through the sales tax they would get rid of some other taxes they are called upon to pay.

There are many conscientious men, of course, like the Senator from Utah, who favor the sales tax; but the great propaganda that is going on in this country, and has been for a considerable time, comes for the most part from people who think that by the sales tax they will escape taxes they are now called upon to pay. But there are many people who may not be termed ultimate consumers, who are manufacturers and business men, who have been misled by this sales-tax propaganda, and are only now beginning to realize that especially the proposition now pending before the Senate would be a direct injury to the manufacturers of this country instead of a benefit.

Within the last few minutes I have received a telegram which I am going to ask to have read from the desk. I do not know anything about the signers of the telegram, and I merely submit it to the Senate for what is may be worth. I ask unanimous consent that it may be read.

The PRESIDING OFFICER. The Secretary will read the telegram.

The reading clerk read the telegram, as follows:

[Telegram.]

CHICAGO, ILL., *November 3, 1921.*

Hon. IRVINE L. LENROOT,
Senate Chamber, Washington, D. C.:

Press reports say that you will speak to-day in opposition to sales tax. Please convey to the Senate the following: Speaking for 35,000 manufacturers, jobbers, and merchants composing our organization, I wish to protest against the adoption of any form of general sales tax. A sales tax will fall on business and industries, prevent prices from falling, and thus hinder a return to normal conditions.

OTTO CULLMAN,
Chairman Committee Manufacturers and Merchants on Federal Taxation (Inc.).

Mr. LENROOT. Mr. President, I have no doubt that the major part of the propaganda for a sales tax has come from the representation that if a sales tax were adopted the surtax upon incomes would be reduced; that the complicated returns would be abolished; that the tax upon corporations would be reduced; and that the complicated corporation-tax returns would be abolished; but under the pending proposal there is no simplification for the individual taxpayer; it does not affect him in the slightest degree. If this tax be adopted, his complicated returns will be continued in the future as they have been in the past.

So in the case of corporation returns, if the pending amendment be adopted, it will not simplify the corporation returns one single iota. They will be exactly the same, whether this amendment be adopted or whether it be defeated.

I am not one who will take the position of being opposed to a sales tax under all circumstances. In my judgment, a sales tax is justified only when we have reasonably exhausted all other sources of ability to pay, and until such sources are exhausted, a sales tax, whether it be a manufacturers' tax or a turnover tax, can not be justified, because it violates the principle of taxation according to ability to pay.

The time may come, Mr. President, when, having reasonably exhausted these other sources, and additional revenue is needed, a sales tax will be justified. I am not ready to say, for instance, that if in this bill we impose all taxes upon wealth which equitably ought to imposed, and impose all taxes upon corporations which equitably ought to be imposed, and impose all taxes upon special privileges which equitably ought to be imposed, and then we need more revenue, I should be inclined to favor a sales tax, and I think we are very likely to face that condition in the very near future.

Before this bill shall go from the Senate we are given to understand that a proposition will be made by the Senator from Missouri [Mr. REED] to attach an amendment to this bill providing for the soldiers' bonus, and a method of paying for it by a continuation of the excess-profits tax. I shall not impute any political motives to the Senator from Missouri, but I venture to say to those upon the other side of the aisle that while they may think they are securing a political advantage because of the fact that the soldiers' bonus will not be incorporated in this bill—and it will not be—their joy over that fact will not be very long lived, because the soldiers' bonus bill will pass the Senate, the soldiers' bonus bill will pass the next Congress, and the soldiers will have lost nothing by the delay, because under the provisions of the bill which is now sleeping in the committee not one dollar of payment would be made to any soldier before the 1st day of next July; and while I am not a prophet, and I know only how I myself shall vote, I venture to say that before the 1st day of July comes around the soldiers' bonus bill will have been passed by an overwhelming majority of both Houses of Congress, and it will be time enough then for those upon the other side to charge the Republican Party with ingratitude to

the soldier, but not until then will they have any foundation for doing so.

Mr. JONES of New Mexico. Mr. President, will the Senator then kindly inform us what advantage has accrued to the country from the recommitment of the bonus bill, which was before the Senate for consideration at the time the President came and asked that it be recommitted?

Mr. LENROOT. I can not, Mr. President; and I will say further that there is no disadvantage to the soldier in its recommitment, provided it is passed before the time that he would secure benefits under it.

I brought that matter up to state that if in this bill, when it is finally enacted, we have reasonably exhausted other sources of taxation, then I shall be willing to vote for some kind of a sales tax to raise the revenue necessary to pay that bonus.

Who would pay the sales tax? We will all agree that it must *either* be absorbed by the manufacturer, paid by the consumer, paid by the producer, or divided between two of the three or all three. That must be so. If it is paid by the consumer, it falls unequally upon the man with a low income, a man who is barely able to support his family with the necessaries of life, as against the man with a fifty thousand or hundred thousand dollar income.

A computation has been made upon this basis, showing the inequality of the burden imposed by a sales tax upon the man receiving $1,500 or $2,000 a year and the man having an income of $50,000 a year, and that computation shows that the man receiving $1,500 a year will pay twice as large a percentage on his net income on account of the sales tax as will the man with an income of $50,000 a year. That is bound to be true, because there is no sales tax on service provided for in this bill.

Mr. WATSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Indiana?

Mr. LENROOT. I yield.

Mr. WATSON of Indiana. The Department of Justice, after a very complete investigation, decided that the cost of living was increased by 23.2 per cent to the consumer because of the adoption of the excess-profits tax. Does the Senator think that either the manufacturers' tax as proposed by the Senator from Utah or the 1 per cent turnover tax on goods, wares, and merchandise would amount to anything like 23.2 per cent?

Mr. LENROOT. In the first place, I must beg to differ with the Senator from Indiana as to any such finding ever being made by the Department of Justice. On the contrary, I deny it.

Mr. SMOOT. The Senator does not deny that Mr. Figg, of the Department of Justice, made such an investigation?

Mr. LENROOT. Oh, we have some subordinate official in every department who may make an investigation; but the Senator from Indiana said that the Department of Justice had made such a finding. The Department of Justice never made any such finding.

Mr. WATSON of Indiana. Made in the Department of Justice and for the Department of Justice.

Mr. LENROOT. Oh, no. It might have been made, but it was never adopted by the Department of Justice and never concurred in by the Attorney General of the United States.

Mr. WATSON of Indiana. That is not my understanding. It was concurred in by him, and it was officially stated at the time, and I do not think there is any question about it in the world.

Mr. LENROOT. I would be very glad if that proof could be furnished, and I assume it would have been furnished long before this if it had existed.

Mr. WATSON of Indiana. Let me ask the Senator a question. Does the Senator deny that the excess-profits tax is passed on to the consumer?

Mr. LENROOT. In a rising market, no. In a market like we have to-day, yes. Does the Senator differ with me?

Mr. WATSON of Indiana. There is no excess-profits tax now, except, perhaps, $400,000,000.

Mr. LENROOT. That is a good deal of money to me.

Mr. WATSON of Indiana. Yes; but nothing as compared with $2,500,000,000 which it originally raised.

Mr. LENROOT. And I wish to say that I voted to repeal the excess-profits tax.

Mr. WATSON of Indiana. Yes; I know the Senator did.

Mr. LENROOT. But I have never agreed with a statement made by some subordinate official, whether he be clerk or otherwise, in the Department of Justice that has been bruited abroad in this country as being a finding of the Department of Justice, which it was not.

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. LENROOT. I yield.

Mr. POMERENE. I think we must all agree that when we try to figure out just what effect an excess-profits tax has upon the cost of living we are indulging in pure speculation. I would like to know by what process of mental gymnastics any man, whether he be a subordinate or the head of the Department of Justice, could figure to a nicety the increase in the cost of living due to the excess-profits tax. As the Senator from Mississippi [Mr. WILLIAMS] suggests, it is only one in a thousand. I grant it has had something to do with it; at least I think it did.

Mr. LENROOT. I think it had, but it must also be remembered that the increased cost of living began back in 1916 and kept going up constantly; and in 1918, of the entire income of the people, the excess-profits tax only constituted 5 per cent; and yet the cost of living kept increasing.

But this is not a proposition to substitute a sales tax for the excess-profits tax. If it was there would be some merit in the point which the Senator from Indiana [Mr. WATSON] makes. But, whatever be the fact with reference to the excess-profits tax, we are repealing that irrespective of the fact of this amendment and we are taking off, if the pending amendment is agreed to, as I shall show a little later, taxes where they can well be borne and putting them upon the general consumer.

I was speaking of the unequal burden of a sales tax on the man with the large income, as compared with the man with the small income. That is because the man with a very limited income has to expend almost all of his income upon commodities that are taxed by the amendment of the Senator from Utah, while the man with the large income, spending his income only upon a comparatively small portion of the commodities that are taxed by the Senator's amendment, is not taxed to such an extent.

Mr. SMOOT. But, Mr. President, the Senator knows that the man with a $1,500 income pays taxes only in proportion to that amount, while the man with an income of $50,000 has to pay an income tax on that amount. The Senator will admit that.

Mr. LENROOT. Does the Senator from Utah take the position that we are imposing too great a tax by way of surtaxes and therefore we should exempt the rich man through the means of his sales tax?

Mr. SMOOT. No; certainly not.

Mr. LENROOT. That is the result of the Senator's logic.

Mr. SMOOT. If the Senator's contention were true that it is all paid, that would be the only tax that he would pay toward the maintenance of the Government. I do not think there is any man or any woman in the United States with an income who ought not to pay a little toward the maintenance of the Government. I think they would be better citizens, and I think they would be more interested in how the taxes were spent than if they were exempt entirely.

Mr. LENROOT. The point I am making, and I see the Senator from Utah does not deny it, is that the man with the small income under the sales tax pays a very much larger percentage of his net income on account of the sales tax than does the man with the larger income. That is one point I desire to make in connection with it.

Mr. SMOOT. That would all depend upon how much of the income he spends. Some of them spend more than others.

Mr. LENROOT. I will take a moment to show what the average expenditure of a $50,000 income is and what is not taxed as compared with the income of a $2,000 or $3,000 man. Servants' salaries, no tax; gardeners' help of all kinds, no tax, and so on; saddle horses, no tax. I could go on with a list of some 20 items, only about one-half of which will pay any tax whatever, whereas when you turn to the man with a small income there are very few items of expenditure upon his part that will not be taxed by the Senator's amendment.

Mr. WADSWORTH. Mr. President——

Mr. LENROOT. I yield to the Senator from New York.

Mr. WADSWORTH. I have not seen the list which the Senator has before him, but does the Senator say that the household which employs servants pays no tax as a consumption tax by reason of the employment of servants?

Mr. LENROOT. No; I did not say that. I said the wages paid to servants.

Mr. WADSWORTH. The wages are not the only thing.

Mr. LENROOT. Oh, no; of course not.

Mr. WADSWORTH. There are various articles of equipment.

Mr. LENROOT. If I did not say wages, it was an omission on my part, but that is what I intended to say.

Mr. WADSWORTH. Of course, when a man buys a harness for his horse, if he is able to keep a horse in these days, he pays a tax on it.

Mr. LENROOT. Oh, yes. I asked who pays the tax? I have admitted that in a rising market it will be passed on to the

consumer. I showed the other day conclusively, I think, because the Senator from Utah did not question it in his speech, that the consumer pays not only the 1 per cent tax, but he pays on a fair computation of profits about 1.40 per cent. In the case of a falling market, in the case of such a market as we have to-day and as we have had during the past few months, it can not be passed on to the consumer, and the manufacturers of the country to-day, as has been repeatedly stated by the Senator from Utah, are, generally speaking, not making any excess profits. It has been repeatedly stated by the manufacturers of the country that many of them are doing business at a loss, are doing business in order to keep men employed and save as much as possible of the overhead expense.

Now, the Senator may say that a 1 per cent tax upon gross income, because that is what it means so far as the manufacturer is concerned, is not burdensome. Let us see whether it is burdensome or not. Let us see whether a tax of 1 per cent on the gross income under conditions as they exist to-day is not burdensome.

I hold in my hand figures from the Treasury Department showing the percentage of net income to gross income for the tax year 1917, the latest figures I could obtain, giving the different industries in detail. I think it is fair to say the income this year will not average more than one-half of the income in 1917, which was one of our most prosperous years, and so for the purpose of the statement I am about to make I am going to assume the incomes of those corporations and individuals are one-half to-day what they were in 1917.

Manufacturers of oils, vegetable and animal fat: Their percentage of net income to gross income was 5.64. Upon the assumption that their income is only one-half to-day what it was then, the sales tax proposed by the Senator from Utah, in addition to the other taxes proposed, will amount to 40 per cent of their net income, assuming that it can not be passed on.

Food and food products, 6.20. Assuming it is to-day 3.10, the Senator's tax will be 30 per cent of the net income of those corporations in addition to what they are compelled to pay under the other provisions of the bill.

Confectionery and flour and feed are 30 per cent.

Meat packers, 80 per cent. The figures show that their percentage of net income to gross income was 2.28. I have the whole range of articles and commodities, and there is not an article where it does not show that, if the tax can not be passed on to the consumer, a 1 per cent tax upon the gross income will impose a tax of from 30 to 50 or 60 per cent on the net income of those corporations in addition to the taxes they are now called upon to pay.

I would observe in passing that the Senator's amendment selects a class of our people for taxation, assuming that the tax can not be passed on, which can least afford to pay additional taxes.

Mr. WATSON of Indiana. Mr. President——

Mr. LENROOT. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. I have not any doubt, and have not had at any time, that the statement made by the Senator is correct; that is to say, that the tax on the net income will be ten times as great as the tax on the gross income. The gross income in 1918 ran about $86,000,000,000 and the net income about $8,000,000,000, so that it would amount to 10 to 1. I have not any doubt that it would be a great burden on a corporation if it were not passed on, but does not the Senator believe that it is passed on, and is not that the very purpose and object of this kind of a tax?

Mr. LENROOT. In a rising market, yes; but does the Senator from Indiana believe that all costs are passed on to the consumer to-day by the manufacturers of the country? Does not the Senator know that in his own State, as in mine, factories are running this very day without the thought of a single dollar of profit, hoping that they can keep even and continue to give employment to labor?

Mr. WATSON of Indiana. Does the Senator ask me that question?

Mr. LENROOT. Yes.

Mr. WATSON of Indiana. I have not any doubt that the statement which the Senator makes is partially true. That is to say, I do not now claim that all of the excess-profits taxes, for instance, are passed on. In a sellers' market they are all passed on. In a buyers' market they are only partially passed on. But we are not talking about that kind of a tax. I am assuming, and I think correctly, that if we have this kind of a tax it will be passed on in practically every instance throughout the whole country in all forms of business.

Mr. WILLIS. Passed on to whom?

Mr. WATSON of Indiana. To the ultimate consumer.

Mr. WILLIS. Is it the Senator's understanding that the sales tax in the last analysis is paid by the ultimate consumer?

Mr. WATSON of Indiana. By the consumer, and that is the very object of the sales tax, that it shall be paid by the ultimate consumer.

Mr. WILLIS. Is that the reason why everybody is seeking to get rid of taxes and is in favor of passing them on to somebody else?

Mr. WATSON of Indiana. I imagine so.

Mr. WILLIS. They want to pass it on to the other fellow. Is that the idea?

Mr. WATSON of Indiana. Partially that, of course. But I do not care to take the time of the Senator from Wisconsin. I shall answer that proposition a little bit in my own time.

Mr. SMOOT. Mr. President, I wish to call the Senator's attention to the fact that this proposed tax applies to all manufacturers alike. So where there is competition to-day if the 1 per cent is paid it will be paid by all alike and all will have the same obligation.

Mr. LENROOT. Let us see about that. The ability to sell depends upon the ability to buy. The higher the cost to the manufacturer is increased by the imposition of an additional tax or otherwise, that much more difficult is it made to buy. For instance, instead of a 1 per cent tax, suppose the tax were made 50 per cent. Does the Senator think the manufacturers could pass that tax on and sell the same amount of goods they could sell without the tax?

Mr. WATSON of Indiana. No; I do not.

Mr. SMOOT. Nobody ever claimed that.

Mr. LENROOT. I knew the Senator from Indiana did not claim that.

Mr. SMOOT. Nobody ever claimed it, and there is no need of bringing such an argument as that into this discussion.

I do not agree with the Senator from Indiana that all of this tax would be passed on to the ultimate consumer. I cited case after case to-day where that would not be so; but there is not any doubt that some of it would be passed on, particularly in the case of some businesses.

Of course I know, Mr. President, that the meat packers are against the imposition of this tax; there is not any doubt about that; but they are about the only manufacturers in the United States who are against it. Outside of the packing industry other manufacturers are willing to assume it.

Mr. NELSON. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LENROOT. I yield.

Mr. NELSON. I only desire to interrupt the Senator to say that I concur entirely in the statement of the Senator from Indiana [Mr. WATSON]. This tax will ultimately fall upon the consumers, rich and poor, throughout the country. The great vice of the proposed tax is that it is based not upon the ability to buy but upon the necessities of the people. It is based upon what they are obliged to buy in order to enable them to live, and not on their ability to pay, as other taxes are supposed to be imposed.

Mr. LENROOT. The Senator certainly is correct. I think it was the Senator from Utah [Mr. SMOOT] who the other day said this was a voluntary tax.

Mr. SMOOT. I never made any such statement.

Mr. LENROOT. I beg the Senator's pardon, but some Senator made that statement. However, I will not charge it to the Senator from Utah. Some Senator did upon the floor make the statement that it was a voluntary tax; that a man did not have to pay it unless he wanted to.

Mr. WATSON of Indiana. I did not suppose that anybody in the history of the world every paid a voluntary tax.

Mr. LENROOT. Some Senator—I can not remember who it was—said that a man could refrain from buying if he did not want to pay the tax.

Mr. President, men must eat, men must live, and under the amendment of the Senator from Utah every man who eats and every man who buys clothing or coal, in addition to all of the taxes imposed by this bill, will be compelled to pay the so-called sales tax. The Senator from Utah will not deny that.

Mr. SMOOT. Yes; I do.

Mr. LENROOT. If it is carried on to the consumer.

Mr. SMOOT. If the Senator puts it in that way the statement is true. Soft coal at the mouth of the mine to-day is selling for about $2.50. One per cent on $2.50 amounts to 2½ cents. Hard coal to-day at the mine is worth about $5.

Mr. LENROOT. Oh, no; it is worth $8.

Mr. SMOOT. No; not at the mine.

Mr. LENROOT. It is worth $8 at the mine.

Mr. SMOOT. I have not here the list of prices.

Mr. LENROOT. I saw the price on yesterday, and so I happen to know.

Mr. SMOOT. I have seen the lists of prices and have them in my office. The average of the prices which were given me when I first figured this out was $5 a ton.

Mr. LENROOT. No hard coal, I will say to the Senator, has been sold during this year at the mouth of the mine for $5 a ton.

Mr. SMOOT. I only take the report of the Bureau of Mines; that is where I got my information. One per cent on the price of $5 is 5 cents per ton; and even if the price were $8 a ton, as the Senator from Wisconsin says it is, 1 per cent would only be 8 cents a ton, and if the dealer who retails the coal to the consumer is not making enough to pay that amount of tax I am very much surprised.

Mr. LENROOT. Let us examine that statement for a moment, Mr. President. The opponents of the excess-profits tax, as indicated by the Senator from Indiana, says that not only was the tax being passed on to the consumer but because of the existence of that kind of tax those who paid it in the first instance were doubling it and trebling it and quadrupling it when the goods reached the consumer. But the Senator from Utah says that with a sales tax, which offers exactly the same opportunity, which offers the same inducement, that will not be done; that this kind of a tax will not be passed on to the consumer.

Mr. SMOOT. When the tax goes beyond 1 per cent and reaches 5 per cent or 50 per cent, of course the tax would be passed on; there is no doubt about that; but the tax proposed by me is so small that I do not see that the retailer who delivers his coal into the consumer's bin is going to add 2½ cents more a ton to the price.

Mr. WILLIS. The way they usually figure it, they would probably add about 50 cents. That is probably a little high, but they would add 25 cents anyway.

Mr. SMOOT. Then under existing law they would add about $3, because the taxes that are to be taken off are such that they would more than make up the difference.

Mr. LENROOT. The Senator in his argument argues against himself, because the higher the tax the more difficult it is to double or quadruple it, because there is a point that reaches beyond the line of ability to purchase. It is easy to double a 1 per cent tax; it is easy to quadruple it; yes, it is even easy to multiply it 10 times; and it will be used as an excuse for increasing prices. It will be very much easier to increase prices under this amendment than it is under the existing excess-profits tax law whenever we have a rising market.

Mr. POMERENE. Will the Senator yield to me?

Mr. LENROOT. I yield to the Senator from Ohio.

Mr. POMERENE. I think it was a common experience of every man who went to make a purchase at a drug store or other place where the little articles were purchased that the imposition of the stamp taxes was constantly being used as an excuse to increase the price. If a stamp tax was 1 cent, in many of the drug stores 5 cents was added to the price.

Mr. SMOOT. The stamp had to be put right on the article.

Mr. POMERENE. I know that, and the sales tax has to be put right on also.

Mr. SMOOT. That was a 4 per cent tax, whereas my amendment only proposes a tax of 1 per cent.

Mr. NELSON. One very serious question occurs to me in reference to the question of coal. When is the coal a finished product under this law—when it leaves the mine or when it is delivered to me?

Mr. LENROOT. Under the amendment of the Senator from Utah when it leaves the mine.

Mr. SMOOT. Absolutely; there is not any doubt about that.

Mr. LENROOT. What I have said about the tax being passed on multiplied many times is emphasized in a market where it is possible for them to do it. Of course, it can be done in case of coal, because people have to buy coal whether they want to buy it or not; but as to the general run of manufactured articles in a market such as we have now, with a depression such as at present exists, the tax must be borne by the manufacturer, and it is too great a tax for him to stand in addition to the other taxes.

Mr. President, I have discussed the tax paid by the manufacturer; I have discussed the tax paid by the consumer. We will assume now that it can not be passed on to the consumer because of market conditions. The manufacturer then, very naturally, in order to save himself from as much loss as possible, is going to take it out of the producer of the raw material which he uses. Can there be any doubt about that? Is not that going to lower the price of the products of the farm? If the tax can not be passed on to the consumer, is it not very likely that it will be taken out of the producers of the raw material and be used as an excuse for paying them lower prices?

We talk about the transportation rates. We have repealed the tax on transportation because it was constantly insisted that that was paid in large part by the farmers and producers of food. Freight rates are complained of by both the producer and the consumer upon the theory that they are not all passed on but are taken out of the producing end. If that is true of freight rates, if that is true of the transportation tax, it is just as true of a sales tax. There can not be any question about that, for if a tax can not be passed on to the consumer, if the manufacturer can take it out of the producer he is going to do it.

Now, Mr. President, I want to refer to another feature of the Senator's amendment. He says it is going to simplify the tax laws. I said a little while ago that instead of simplifying the tax laws it will complicate them. His amendment will make this tax measure far more complicated than the existing law, as I think I shall be able to demonstrate. I said a little while ago that the pending amendment has nothing to do with income-tax returns of individuals or corporations, which comprise the most complicated feature of the present law and which have given rise to the greatest criticism. The amendment does not affect that feature of the tax law in the slightest degree, but it does add another complication to the corporation tax. That is the first proposition to which I desire to call attention.

The Senator's amendment provides for a corporation tax, beginning next year, of 15 per cent—

Provided—

Now, let us see how simple it is—

Provided, however, That if the average income and war or excess-profits taxes paid by any corporation for the three years next preceding have amounted to 10 per cent or less of the average net income of the corporation for those years the tax shall be 10 per cent of such excess amount.

Now, I want to ask the Senator from Utah, because I desire to understand this amendment if I can, whether he means 10 per cent of the average net income after or before the credits have been deducted?

Mr. SMOOT. After the credits have been deducted.

Mr. LENROOT. Then, Mr. President, I should like to ask the Senator from Utah what he means by the use of the word "income"? Why did he not say "any corporation that has paid war or excess-profits taxes"? There can not be a corporation that paid, after credits are deducted, less than 10 per cent either on any year or an average of years. Does not the Senator agree with me?

Mr. SMOOT. No; I can not follow the Senator to save my soul.

Mr. LENROOT. A corporation pays 10 per cent upon its income next year, 10 per cent upon its income the second year, and 10 per cent upon its income the third year. Has it not got to pay 10 per cent on the average for those three years?

Mr. SMOOT. That is true; but if the corporation paid 100 per cent in a year——

Mr. LENROOT. I am not talking about the excess-profits tax now; I am talking about the income tax.

Mr. SMOOT. The amendment means all the taxes that are paid. Of course, the excess-profits tax will expire on the date fixed by the pending bill, and then, of course, the amendment will not apply to the excess-profits taxes, but will apply to all other taxes imposed under the law.

Mr. LENROOT. So that it can never pay less than 10 per cent. Could it ever pay less than 10 per cent under the Senator's own interpretation?

Mr. SMOOT. It would pay less than 10 per cent on the average.

Mr. LENROOT. How could that be?

Mr. SMOOT. Because it may not make 10 per cent at all.

Mr. LENROOT. It would pay 10 per cent on the average income, would it not?

Mr. SMOOT. On the average income for three years, which may make more than 10 per cent.

Mr. LENROOT. Is it the Senator's idea that if they make less one year, when naturally no income tax is to be paid, that that is to be deducted?

Mr. SMOOT. That will pay on the average of the three years. England used to have a period of five years; and there was not any question about that provision, and there should be no question about this one. The only reason I put those words in I will say to the Senator——

Mr. LENROOT. Does the Senator mean that he is providing in this amendment for a deduction of the losses in arriving at net income?

Mr. SMOOT. I did not say "losses."

Mr. LENROOT. I said losses.

Mr. SMOOT. The amendment does not so provide.

Mr. LENROOT. Very well. If a corporation has no net income for one year, it pays no tax, does it?

Mr. SMOOT. Certainly, if it has no income it pays no tax under existing law; but if it earned the next two years 50 per cent, then it would pay an income tax of 15 per cent, because the average would be 33⅓ per cent, and it would pay a tax of 15 per cent.

Mr. BRANDEGEE. Mr. President, the Senator from Utah just started a phrase which he did not complete.

Mr. SMOOT. Yes; the Senator interrupted me.

Mr. BRANDEGEE. The Senator from Wisconsin asked the Senator from Utah a question, and the Senator from Utah started to say that "the only reason why he put in those words was"—and then he did not give the reason. What is the reason?

Mr. SMOOT. I think what I was going to call the Senator's attention to was this: Will the Senator from Wisconsin yield? I do not want to take his time.

Mr. LENROOT. Yes; I yield.

Mr. SMOOT. Under the bill as it is now pending and as has been agreed to in the Senate the tax for this year will be 10 per cent, but after this year it will be 15 per cent flat. More than one hundred thousand corporations in the United States did not have any excess profits last year, and did not have during the war. Therefore, under the bill as agreed to here in the Senate their taxes would be raised, as far as the income of the corporation is concerned, 50 per cent at once; and I provide in my amendment that that shall not be done.

Mr. LENROOT. Yes; I am entirely in sympathy with what the Senator wants to do, but I do not think he is doing it in a proper way.

Mr. SMOOT. I think I am.

Mr. LENROOT. Then I want to ask the Senator this question: Under this amendment, if a corporation once gets on the 10 per cent basis, does it not forever stay on the 10 per cent basis?

Mr. SMOOT. No; it does not under the wording of the amendment.

Mr. LENROOT. Let us see.

Mr. SMOOT. It never will be so construed.

Mr. LENROOT. Let us see whether that is true:

> That if the average income and war or excess-profits taxes paid by any corporation for the three years next preceding have amounted to 10 per cent or less of the average net income of the corporation for those years, the tax shall be 10 per cent of such excess amount.

Under the Senator's amendment, if a corporation pays 10 per cent next year, that would be determined upon whether or not it had made excess profits during the three years preceding. If it was found that it had not, and belonged in the 10 per cent class, it would always stay in the 10 per cent class no matter what its earnings were, would it not?

Mr. SMOOT. The Senator read only a part of the amendment. If the Senator will read the full amendment he will see that that can not be:

> That, in lieu of the tax imposed by section 230 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax—

And then it states the amount of the tax. So it is the three years preceding the year in which the net income is determined, and for each taxable year thereafter. There is not any doubt at all about it.

Mr. LENROOT. Let us see whether or not there is any doubt about it. There is not any doubt about it, but not in the way the Senator states.

Mr. SMOOT. Does the Senator want to change it so as to make it that way?

Mr. LENROOT. I am just calling attention to what the Senator's proposition is. I am not talking about changing it. I have an amendment that will cure it, I think, but I choose to do that in my own way.

Mr. SMOOT. Certainly.

Mr. LENROOT. The Senator says there is no doubt about it.

Mr. SMOOT. There is not.

Mr. LENROOT. Under his proposition, if a corporation next year gets the benefit of the 10 per cent tax, will the Senator tell me how it ever could be raised, because it never would be paying more than 10 per cent?

Mr. SMOOT. Why, Mr. President, if the corporation paid 10 per cent this year, as the Senator says, and next year it paid 20 per cent, and the next year 20 per cent, that would be 50 per cent.

Mr. LENROOT. Oh, no; I have a right to ask the Senator to take my assumption that a given corporation under the Senator's amendment is entitled next year to a 10 per cent tax. Now, could it ever be raised?

Mr. SMOOT. It could if the rate of income of that company increased after the following three years.

Mr. LENROOT. No; if the tax has amounted to more than that, it can not ever pay more than 10 per cent. It might earn 100 per cent under this amendment, but if it once got into the 10 per cent class it never would pay any more.

Mr. SMOOT. No such construction can be put upon the amendment. I have had it drawn by as good attorneys as there are in the department, and I have not any doubt that the Senator's construction of it is wrong.

Mr. TOWNSEND. Anyway, Mr. President, that is not the intention?

Mr. SMOOT. Not at all, and if there is any question about it I will change it in any way that may be necessary. The Senator knows what I intended, and not only that, but I believe that the construction I have placed upon the amendment is the only construction that could be placed upon it.

Mr. LENROOT. I have had it examined by others than myself, advising the Senator's committee——

Mr. SMOOT. So have I.

Mr. LENROOT. And they inform me that my construction is correct. We will have to let it go at that.

Mr. SMOOT. Very well.

Mr. BRANDEGEE. Mr. President, if the Senator from Utah is willing to amend his amendment in any way that will suit the Senator from Wisconsin, I assume that the Senator from Wisconsin will be satisfied.

Mr. LENROOT. I am very frank to say that I have an amendment lying upon the table providing for a 10 per cent tax on all corporations earning less than 8 per cent.

Now, Mr. President, I want to go on a little further. I call attention to the "simplification" of this law in this amendment.

Mr. SMOOT. I want to say to the Senator that the objection I have to his amendment is that the Senator brings back into the question the elements of capital, reserve, and all of the matters that now make the excess-profits tax so impossible of administration.

Mr. LENROOT. Again must I disagree with the Senator. I do not bring into the law anything that is not there now. Under the law now, and as it is agreed it will remain, the Treasury Department must ascertain the average value of the capital stock, and that is what my amendment is based upon. There is no question of invested capital in it at all.

Mr. SMOOT. There will be.

Mr. LENROOT. Now, I want to go on a little further and refer in only a passing way to the impossibility of the administration of this law.

The Senator from Nebraska asked the Senator from Utah about a given case of sugar sold by the refiner to the wholesaler, and sold by the wholesaler to the retailer for consumption. The Senator said there would be but one tax. Let us see. Suppose the retailer sells the sugar to a baker. The baker uses that sugar in bread and cake. Is there not another tax? Can there be any question about it? There are a multitude of cases of that kind. If the Senator says it is going to be traced back to the manufacturer, and the check is to be made upon the manufacturer, could there be anything more vague or indefinite in a piece of legislation than such a provision as this?

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. STANLEY. Under the Senator's construction of the law, in which I concur, how would you manage to tax leather, for instance? That is a finished product.

Mr. SMOOT. It is to go into the manufacture of harness, and it is to go into the manufacture of shoes, and it goes into a further process of manufacture. You do not eat leather; you do not do anything with it, except to make it into something else.

Mr. STANLEY. Would there be no tax at the time the leather was sold for half soles?

Mr. SMOOT. Why, certainly not, because it is to go into a further process of manufacture.

Mr. LENROOT. No; there would not be, and if it is sold to a shoemaker who makes shoes to order in a little cobbler shop we will have to have a Government agent watching that cobbler to see that he pays his manufacturers' tax, under this amendment.

Mr. NELSON. Would not the baker have to pay it?

Mr. LENROOT. I have just referred to that. He would have to pay it, and there would be a double tax, without any question, if he bought from the retailer.

Mr. SMOOT. None whatever.

Mr. STANLEY. In the case of a paper manufacturer, it would be still worse.

Mr. LENROOT. Yes.

I referred the other day to the case of oil sold to the owner of a pipe line. The Senator, in his speech, thrust that aside. He said that is easy to determine. His amendment says that the producer or manufacturer shall pay the tax. He does not know whether that oil, sold by him going into the pipe line, is going to be sold to a refinery or is to be used for fuel. There is no way on earth for him to know. How is the tax going to be determined?

Mr. SMOOT. The Senator knows that the man who puts in the oil at one end of the pipe line does not take out at the other end of the pipe line that identical oil. If he puts in 10 barrels at one end, he takes out, perhaps before ever that oil gets there, 10 barrels of oil, and he is responsible for the 10 barrels of oil.

Mr. LENROOT. Who is going to pay the tax?

Mr. SMOOT. It all depends upon where it goes.

Mr. LENROOT. Under the Senator's amendment, who is going to pay the tax?

Mr. SMOOT. The producer will pay it.

Mr. LENROOT. How is the producer going to know?

Mr. SMOOT. He knows that he has put 10 barrels of oil in there, and he knows that he draws out at the other end 10 barrels, and that is what he pays the tax on.

Mr. LENROOT. No; that depends on the purpose for which it is used. If it goes to a refinery there is no tax. If it goes to be used as fuel it is taxed.

Mr. SMOOT. He knows where it goes. There is not any doubt about it at all.

Mr. LENROOT. Let us see. I own an oil well, and I sell the product of that oil well to a man who owns a pipe line. Do I know where that oil is going and what it is going to be used for? Can I find out?

Mr. SMOOT. You will take a certificate if you do not pay the tax, because you are responsible for it. You will always be responsible for it unless you hold that certificate, and somebody will pay that tax. If it goes into the refining of oil, as over 80 per cent of it does, we all know that there is no tax to be paid upon it, because the tax is paid upon the manufactured and refined oil.

Mr. LENROOT. I see. Then the Senator's position is that a producer or a manufacturer must pay the tax unless he can prove that it was used for a further process of manufacture.

Mr. McCUMBER. Mr. President——

Mr. LENROOT. I yield.

Mr. McCUMBER. Suppose that at the other end of the pipe line one-half of it goes to a refiner and one-half goes to a fuel consumer; which one of the two men who put it in at the beginning pays the tax?

Mr. SMOOT. It is very easily stated. In the case of the oil that goes to the refiner, the refiner pays the tax.

Mr. LENROOT. But suppose he sells to the pipe liner and the man who owns the pipe line sells half of it to one and half of it to the other?

Mr. SMOOT. Then he has credit for whatever he pays, and no more. In that case the tax is imposed only on one-half of the oil, and the certificate is given; and he has to prove, under the regulations of the department, just where it went before ever he is released of the responsibility for paying it.

Mr. LENROOT. Granting that the Senator's statement is true, how he simplifies the tax law by this process! Does he not? There is a multitude of regulations, granting that they can be administered in view of the uncertainty of the tax and the uncertainty of the use to which a commodity is put, to determine whether it is liable to a tax; and yet the Senator says he is "simplifying" the tax law.

Mr. President, I want to go on a little further.

Subdivision (c), on page 4 of the Senator's amendment, provides:

> If any person who manufactures, produces, or imports any commodity taxable under this title (1) sells, leases, or licenses such commodity to a corporation affiliated with such person within the meaning of section 240 of this act at less than the fair market price obtainable therefor, the tax thereon shall be computed on the basis of the price at which such commodity is sold, leased, or licensed by such affiliated corporation; and (2) if any such person sells, leases, or licenses such commodity, whether through any agreement, arrangement, or understanding, or otherwise, at less than the fair market price obtainable therefor, either, first, in such manner as directly or indirectly to benefit such person or any person directly or indirectly interested in the business of such person, or, second, with intent to cause such benefit, the amount for which such commodity is sold, leased, or licensed shall be taken to be the amount which would have been received from the sale, lease, or license of such commodity if sold, leased, or licensed at the fair market price obtainable therefor.

Mr. SMOOT. That is what we have in this bill.

Mr. LENROOT. Yes; that is true; but now you come to apply it to a sales tax, applying to every commodity, and right here I want to say that under this bill there are 15 commodities affected by the excise taxes. There will be 255, or seventeen times as many, under the Senator's amendment. We will have to have an army of inspectors in addition to those that we have to-day.

Mr. STANLEY. Mr. President, I should like to ask the Senator a question, as he seems to have gone thoroughly into this matter. What do you do with an industry, for instance, like a blast furnace, where you have by-product ovens that produce comparatively finished products, such as toluol, coal-tar products, and slag, as well as pig iron?

Mr. LENROOT. Under the Senator's amendment it will have to be determined whether it is to be used in a further process of manufacture or whether it is to be used in the condition in which it comes from the factory—another of the uncertainties of this "simplification" of the tax law.

Mr. President, I want to go just one step further and call attention to subdivision (d), which provides that—

> Every individual, firm, or corporation liable for any tax imposed under this title shall make monthly returns under oath in duplicate and pay the taxes imposed by such title to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made in such time and place and in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.
>
> (e) Taxes levied under this title shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return.

That is, under the Senator's amendment the manufacturer is to make a return every month of everything sold by him, and in that return he must show what has been sold for use or consumption and what has been sold for the purpose of manufacture. It exacts an impossibility for any manufacturer who sells products to a broker or to a wholesaler. He can not know the ultimate use to which his product is put, whether it is to be used or consumed or whether it is to go into another process of manufacture, yet he must know, under the Senator's amendment. Let us see what happens if he does not know. The amendment provides:

> If the tax is not paid when due, there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month, from the time when the tax becomes due.

In other words, if it is found that he entirely innocently has not included some sale because he thought the article sold was to be used for further process of manufacture, but it is determined by the department it was in fact used for consumption, a 5 per cent penalty is imposed upon him, together with 1 per cent interest per month.

If this should ever be adopted, Mr. President, when the manufacturers of this country came to realize what this amendment would do to them and the way it would complicate their returns I venture to say there would not be a manufacturer in the United States who would favor it.

I am going to take only a few moments more, although I might talk upon this all afternoon. In conclusion I want to say that some time ago some friends of mine taught me a new game called "Put and take." Some other Senators may be familiar with it.

I took but one lesson, because I found it so expensive that I could not afford any further education in that game; but this amendment of the Senator from Utah is very much a put-and-take proposition—put on the consumer, who is already burdened, and take taxes off of those who are well able to pay. Just to illustrate, the Senator's amendment would put a tax upon bread and take it off of corporations, in part; would put a tax upon butter and take it off stockbrokers; would put a tax upon sugar and take it off playing cards; would put a tax upon coffee and take it off sales of stock; would put a tax upon tea and take the tax off pawnbrokers; would put a tax on clothing and take it off billiard rooms; would put a tax on shoes and take it off the use of yachts and pleasure boats; would take it off club dues and put it on stockings. I might go on at great length showing the taxes the Senator from Utah proposes to take off those who are well able to pay and to put on the masses of the consumers of this country.

Mr. President, I have favored eliminating some of these so-called nuisance taxes. I would like to eliminate them all if we could; but I am not willing to take off a single one of those taxes and put the tax upon somebody else less able to pay, and that is what the amendment of the Senator from Utah would do. I hope, Mr. President, the amendment will be rejected.

Mr. SMOOT. Mr. President, I think that last statement is a very poor argument against the sales tax, when you take into consideration the fact that the Senator from Wisconsin was the leader of the bloc that brought in so many amendments removing the tax from certain articles, which amendments have been adopted. I will state some of the articles which will be nontaxable under the amendments the Senator supported.

Is there any difference between a billiard table and a pool table? Is there any difference between a billiard table and dice, or roulette wheels and things of that sort? The tax has been taken off those by the vote of the Senator.

Mr. LENROOT. I have just stated that in voting to take the tax off those things I did not vote to put it on a taxpayer who would be less able to pay, and the Senator does that in his amendment. That is the difference between the Senator from Utah and me.

Mr. SMOOT. The Senator voted to take the tax off those things and then to put the tax on the net earnings of a corporation, for instance, and all the other taxes that are imposed here, because it has to fall on them all alike, not on one alone. The tax on chewing gum went out. On what goods did it fall? On every item in the bill in proportion to the loss.

Mr. LENROOT. Is there an increase of tax upon an item in this bill other than in the tax proposed by the Senator from Utah?

Mr. SMOOT. Mr. President, I have stated my way of raising this revenue, and I am not going to repeat at this time all of the taxes which have been eliminated from this bill. I have stated that this afternoon, and I am not going to repeat it.

But photographic accessories and apparatus and films, and all expensive candies costing over 40 cents a pound, are freed from taxation, meaning a loss of $8,000,000. How is that $8,000,000 to be raised? Electric fans, thermos bottles, all sorts of smoking articles, are relieved of taxation. Guns for hunting and other purposes are relieved. Nine million dollars is lost by the removal of the tax on furs. Toilet articles and numerous other articles are relieved of taxation. I am not going to take the time of the Senate to mention them all.

Mr. JONES of New Mexico. Mr. President, the amendment of the Senator from Utah involves two special features. It is something more than a mere sales tax. The first part of the amendment is directed to a proposed change in the tax on corporations which has been adopted by the Senate. Under the provisions of the bill, as passed on by the Senate, corporations are to pay a flat tax of 15 per cent.

The Senator from Utah has pointed out a very grave injustice which would be done to many of the corporations of this country if the bill as now amended should become law. He has pointed out that all corporations which earn 11 per cent or less upon their invested capital will have their taxes increased. Those which will earn 10 per cent or less will have their taxes increased 50 per cent. Those corporations which earn more than those percentages will have their taxes reduced.

A few days ago I discussed somewhat in detail what I conceived to be the abominations of such a proposal. I thought it was unwise. I pointed out as best I could how unjust it was to reduce the taxes of those corporations which are making large percentages upon their invested capital, and to increase the taxes of those which were making a small percentage.

The Senator from Utah undertakes to somewhat relieve that situation by proposing an amendment which has nothing whatever to do with the sales tax provision, and which ought to be considered wholly apart from any consideration of the other features of the amendment.

Mr. SMOOT. That is an amendment of the bill as a whole, and it is to be treated as one amendment. That is the reason I offered it the way I did.

Mr. JONES of New Mexico. I can understand the reason why the Senator put it in here, because he was modifying the taxes under section 230 of this bill and proposing other amendments to the bill. I think perhaps the object which the Senator from Utah had in mind is not wholly without merit. I think he wanted to relieve a very vexatious situation and remove what I conceive to be an indefensible hardship which this bill, as it now stands, proposes to put upon corporations earning modest percentages of income upon their invested capital. I do not believe the bill as it now stands can be defended upon any theory of taxation.

The Senator from Utah seeks to meet the situation in a very peculiar way. I did not hear the whole of the colloquy which took place between the Senator from Utah and the Senator from Wisconsin [Mr. LENROOT] regarding this bill, but I wish to point out one factor which I did not hear the Senator from Wisconsin bring out. He may have done so, but I was called away regarding some other matters and did not hear the whole of that colloquy. I did hear some of the criticisms of the Senator from Wisconsin, which I thought were well taken. I thought the language of this proposed amendment justified those of his criticisms which I heard. I am not sure but that he made the further criticism which occurs to me. I will read that proviso again. It reads:

For each calendar year thereafter—

That is, after the year 1921, when the excess-profits tax is taken away—

15 per cent of such excess amount.

That is the language of the bill as it now stands approved by the Senate.

Then the Senator from Utah adds this proviso:

Provided, however, That if the average income and war or excess-profits taxes paid by any corporation for the three years next preceding have amounted to 10 per cent or less of the average net income of the corporation for those years, the tax shall be 10 per cent of such excess amount.

I recall the criticism which the Senator from Wisconsin made to this provision when he said that unless they paid an excess-profits tax the whole rate was bound to be 10 per cent on the average, and it could not be anything else. I shall not discuss that any further than to call attention to the fact that if one of these corporations ever falls in that class, ever reaches the time when during the preceding years it has not paid beyond an average of 10 per cent, and once gets in that class, then it is forever in that class, because if we find an average of 10 per cent at all for one period, then it only pays 10 per cent, and therefore in any subsequent year it could not be made to pay more than 10 per cent.

Mr. LENROOT. That was the whole point of my objection, that once in that class it never could get out of it.

Mr. JONES of New Mexico. I quite agree with the Senator's view.

Mr. SMOOT. As I said to the Senator from Wisconsin, this amendment was drawn for me by an attorney. I asked that the amendment be drawn to do just exactly what I stated it was to do. There is still a question about it. I am going to change the language so there can not be any question about it at all, and that I think can be very easily done. So far as discussion of this point is concerned, the Senator from New Mexico wants to do just what I want to do, and I want the wording of this so there will be no question between the Senator from New Mexico and myself on it.

Mr. JONES of New Mexico. If the idea of the Senator from Utah shall be clothed in language to carry out his purpose, it seems to me that he is drawing a line which is purely arbitrary. It is not based on what I think ought to be done. Suppose a corporation paid a little more than 10 per cent on the average, say 10.5, then you are going to make it pay thereafter 15 per cent because it happens to get over the line a little beyond the 10 per cent.

Mr. SMOOT. That may be for one year, and yet the next year it may not be over the line, and in the average of three years it may fall under the 10 per cent.

Mr. JONES of New Mexico. But in the case of the corporation which averages for the three years a little over 10 per cent, then the Senator at once increases its taxes by 50 per cent, simply because, through the excess-profits tax or the payment of 15 per cent for one year, it on the average would pay a tax of a little over 10 per cent. The Senator would at once increase the tax by 50 per cent simply because of the small increase in the tax paid.

Mr. LENROOT. There is the other side of it. The corporation, once in the 15 per cent class, never could get into the 10 per cent class, no matter how low it might fall.

Mr. JONES of New Mexico. I think the Senator is quite right, but I am assuming the Senator from Utah will change his amendment so as to carry out what he claims to be its intent.

Mr. LENROOT. What I mean is that it will have to be changed both ways.

Mr. JONES of New Mexico. Yes; it will have to be changed both ways in order to do that. But even if it operates precisely as the Senator from Utah thinks that it should operate, we still are left in a very peculiar predicament regarding the revenues to be derived from this measure. I listened to the colloquy between the Senator from Utah and the Senator from North Carolina [Mr. SIMMONS]. I must say I indorse everything stated by the Senator from North Carolina. I can not see how the result can be otherwise than as he stated.

I have here these estimates. Taking the bill just as it is now, just as the various titles have been amended to date by the Senate, we find this result.

Title V regarding transportation has been so amended by the Senate that it will produce even yet, with freight transportation and certain other matters eliminated, $27,000,000. That has been eliminated by the amendment of the Senator from Utah.

The title upon beverages, as it has been amended, would still produce $34,000,000.

The title on admissions and so on as at present amended would produce $90,000,000 of revenue.

Title IX, the one upon automobiles, as amended would produce $158,580,000.

The stamp-tax provision would still produce $48,500,000.

The special taxes in Title X would still produce $12,000,000.

These make a total of $370,080,000 that these titles as they have been amended would produce in revenue. Clearly, all that is wiped out by the amendment of the Senator from Utah.

Under the amendment of the Senator from Utah the corporation tax would amount to this: All those corporations which have paid 10 per cent or less of their capital stock for the three years would not pay any more than 10 per cent for the taxable year, although they should make greater earnings. They would only pay the 10 per cent even though other corporations were paying 15 per cent.

The flat tax of 5 per cent upon all those corporations amounts to $220,000,000 a year. That much revenue is lost, and the Senator from Utah leaves the 15 per cent tax only upon those corporations which do not come within his three-year period, but in that process of figuring there is a loss of a considerable amount. The amount that is lost is $134,000,000; that is, instead of the additional 5 per cent raising $220,000,000, as it would in the blanket or flat tax of 15 per cent, with the modification which the Senator from Utah proposes, there would be a loss from that $220,000,000 of $134,000,000. Adding all these losses together makes a total loss of revenue under this provision of the Senator from Utah of $504,000,000. That is the absolutely admitted and inescapable loss of revenue under the Senator's amendment.

The Senator proposes to levy this sales tax, and under his own statement it seems that he can only hope to raise $253,000,000 a year. In other words, there would be an absolute loss of revenue under his provision to the extent of about $250,000,000 a year. If we did not need that revenue and his substitute provision were advisable and did not meet with objection, we might be content to adopt it, but it is conceded by everybody that we are trying to raise revenue and as much revenue as is possible.

I come now to the operation of the amendment of the Senator from Utah. There are certain principles which should be controlling in the levying of all taxes. These are more important at this juncture, at this period of our history, than at any other time. As I said some days ago, the country at this time, so far as its business activities are concerned, is more depressed than perhaps it will be for years to come. We all hope that we are at the low ebb; that next year business will be a little better, the next year still a little bit better, and so on. We are not only at the low ebb in our prosperity, as I believe, but at this particular time the burdens of government are necessarily much heavier than they will be next year and the next year after that.

We have a number of extraordinary expenditures which we must meet, such as the rehabilitation of the soldiers, vocational education, and various other things to which I might refer, calling for extraordinary expenditures at this time. With those extraordinary expenditures, with the depression in business, it does seem to me that there should be left nothing undone which possibly can be done in order to equalize the burden of taxation and to put it upon those who are best able to pay. The amendment proposed by the Senator from Utah violates both of those fundamental principles.

Mr President, much has been said here upon the question of whether or not these taxes are passed on to the consumer. I do not know that it is advisable to make any extended argument upon that question, because it has been fully discussed, but evidently there are those of absolutely different minds upon the subject. I wish to make just a few statements regarding it to see if we can not clarify the situation to some extent at least.

Take the excess-profits tax paid by corporations, and let us see whether it is passed on to the consumer or not and whether the flat tax on net incomes is passed on.

Now, let us see. The manufacturer or the corporation pays the income tax. The manufacturer is dealing in a given commodity; if the price of that commodity is being lowered, it must be evident to everybody that he forgets about the tax and is going to get all that he can get, anyway. If he is selling in a declining market, there is no question that he is simply endeavoring to get all that he can, and he considers the excess-profits tax or other taxes no more than he considers any other cost. He is getting all that he can; he charges all that the trade will bear. In that case it can not be said that he is passing on anything to the consumer.

In another contingency, take any commodity where there is competition, it makes no difference that there is a tax paid. Several concerns are competing; it may be that one manufacturer does not pay the excess-profits tax at all, while another does; but they must sell at the same price. The excess-profits tax in that case is not considered at all, because they are each charging the consumer all that they can get in view of the demand and the severity of the competition. So in neither of those cases can it be said that the excess-profits tax or any other tax is passed on to the consumer or raises the price of the commodity to the consumer any higher than it would be if no tax at all were paid. The manufacturer is simply getting all that the trade or the traffic will bear; all that he can get. He is forced to do that in the one case because of the lack of demand and in the other case because of strong competition.

It has been suggested that in a rising market the situation is different, that the tax is passed on to the consumer. Mr. President, just imagine a rising market, where it is claimed that the tax is passed on. Let us see about that. When there is a rising market what does the seller do? Does he increase his price because he has more cost, because he has more taxes to pay, or does he increase his price because he can get a higher price?

It seems to me that in every case the price of the commodity is based upon the demand for it at the price which the seller is willing to take. It can not be said in any given instance that we know that the tax has been passed on to the consumer. The statistics upon that subject would seem to bear out that contention. I wish now to call attention to just a few facts:

During the war—

According to the "History of Prices During the War," published by the War Industries Board—

prices rose less in England and the United States, which imposed heavy excess-profits taxes, than in France, Germany, and other countries which used the tax with less vigor or not at all.

I may say that I am reading from a series of articles brought together in pamphlet form by Dr. Adams, who is the tax expert of the Treasury Department:

(2) In this country the movement of prices has borne no intelligible relation to the excess-profits tax. Prices rose more in the 12 months preceding the adoption of the excess-profits tax of October 3, 1917, than in the 12 months following its adoption. The same is true of uncontrolled prices—

The first figures relate to prices which were controlled by the Industries Board, but as to the uncontrolled prices—

the index number of which rose 31 per cent from October, 1916, to October, 1917, and only 20 per cent from October, 1917, to October, 1918. Prices rose less rapidly after the adoption of the excess-profits tax than they did before it was introduced.

3. Prices did not fall when the rates of the profits tax were reduced from the 30–65–80 per cent schedules of 1918 to the 20–40 per cent schedule of 1919.

There was a reduction of the excess-profits tax of more than one-half, and notwithstanding that reduction, the prices of commodities did not fall, but, on the contrary, prices were higher in 1919 than in 1918.

So statistics do not bear out the contention which has been made. It must be apparent that prices are governed by the law of supply and demand. I want to emphasize that point by this reference: If there is any such thing as a business conscience, if when prices are rising higher and higher and there comes a time when the business man says that he is getting all that he ought to take, it does seem to me that he would have been controlled by that conscience during the progress of the late World War. The people were all making sacrifices from one end of the country to the other; we were all trying to win the war; the Government was needing revenue; the Government in many ways was seeking to control prices; many commodities were put under absolute legal control, for the reason that if they had not been under control it was thought that the prices would have gone beyond the point of a reasonable profit.

Take all of the commodities that were put under control; the prices being fixed by the War Industries Board were fixed at such a high point that all producers were permitted to make at least a reasonable profit; even the high-cost concerns were permitted to charge such prices as would return to them a reasonable profit; but the commodities which were not controlled mounted higher and higher, showing that in the business world during that time of stress there was no conscience which would put a limit upon the price which manufacturers would charge for their commodities; that they would charge as high prices as they could get in order to dispose of the supply which they had. The law of supply and demand controlled. I submit that the excess-profits tax or other income tax had absolutely

nothing to do with the increased cost of living. The manufacturers would have charged the prices, anyway.

Mr. President, it may be said, if that is so, if these taxes are not passed on, that the people of the country do not suffer. I have argued that they are not passed on. There are many people in the country who believe they are passed on, but I do not believe that any economist in the country has ever justified the assertion made this afternoon by the Senator from Indiana [Mr. WATSON]—his statement being made upon information furnished him by some one else—that the excess-profits taxes raised prices 23 and a fraction per cent. I do not believe that any economist in the land can justify any such statement as that. The theory upon which that statement was made is absolutely unsound; it has no economic foundation. I should like to go into a discussion of that; but it seems to me that it is not necessary to do so, because I do not believe that anybody would undertake to reason out how the thing could be done; at least nobody on the floor of the Senate has undertaken to do so. A tax upon the price of a commodity may operate differently.

Let us assume that some of these taxes are passed on.

I believe that the general and accepted theory of most of the people of the country is that in a falling market or in a competitive market taxes are not passed on, but that in a rising market they are passed on. I suppose there are more people in the country who will accept that than perhaps any other general statement on the subject. Even, however, if the proposed sales tax should not be passed on, it would violate both of the fundamental principles of taxation to which I have referred; and, if it should be passed on, it would violate the same fundamental principles.

Now, let us for a moment consider that the tax is not passed on but that the manufacturer pays it. Then, we have the situation presented here this afternoon by the Senator from Wisconsin [Mr. LENROOT] that some concerns would be paying as much of a tax as 50 per cent or 60 per cent or more upon their total net income. Let me give an illustration of how that would work out, perhaps not in the degree the Senator stated to-day, but the principle which he announced is fully justified. Suppose there is a concern that upon a sale of $100,000 of its products has a net income of $20,000, and another concern selling $400,000 worth of a similar commodity has the same net income—$20,000. What is the tax? The first concern will pay only 1 per cent on the $100,000, or $1,000; the other concern will have to pay 4 per cent, or $4,000; in the one case one pays an income tax of $1,000 while the other, upon the same amount of income, pays $4,000. It is an absolute discrimination as between those concerns; it is unequal; it violates the very fundamental principle of equality which ought to underlie every tax which we place upon the people of the country. Moreover, in every case where the concern is making the smaller profit it has to pay the same percentage of tax as if it were making a large profit. That violates the principle of putting the tax upon those who are best able to pay.

When the other side of the question is considered, suppose we say that the tax is passed on; then we violate the fundamental principle in perhaps a higher degree than where it is not passed on. In that case you are taxing every consumer alike.

We have thought that in the levy of our income taxes there should be a graduation, and that the tax should be so graduated as to put the burden upon those who are best able to pay. In our income tax we have provided that certain individuals shall not pay any tax. If the individual is a single man with an income of only $1,000, we felt that he ought not to pay an income tax at all. If he is a married man with an income of $2,000, we felt that he ought not to pay any income tax; and why? Because it was thought that to put any tax upon people with those modest incomes would be a burden; it would be a greater burden than to put a much higher tax upon those with higher incomes. It was assumed that every dollar taken out of those amounts would be taken from the necessaries of life which the individual ought to have, and so we decided that we would not put any tax upon those people, that there should be an absolute exemption. When, however, we come to such a tax as this sales tax, if it is passed on, it is imposing a tax upon the necessities of life which enter into every household, no matter how humble.

Moreover, take the family where there are no children, and the families where there are different numbers of children. You find a different degree of taxation upon those families by reason of that fact. You do not want to do it. Another way in which the principle is violated is this: When we come to levy a tax upon the individual we say that those with an income of $5,000 shall pay so much surtax; those with an income of $10,000 shall pay at a higher rate; those with an income of $100,000 or $1,000,000 a year shall pay at a still higher rate; but this tax, if it is passed on, is borne at the same rate by everybody, regardless of ability to pay.

I submit, therefore, that this so-called sales tax is violative of every principle on which revenue legislation should be founded. It is absolutely indefensible from the standpoint of justice to the individual citizens of this country, and I am sure that the Congress does not want to do an injustice if it can find some other means of raising the revenue of the country That would be the effect of the amendment of the Senator from Utah, as I believe. He is proposing to substitute that sort of a thing for these other taxes. He proposes to supplant the taxes to which I am now going to refer by a general sales tax.

Here is a tax upon these so-called soft drinks, these cereal beverages, and that sort of thing, upon photographic films, the small tax of 3 per cent upon candy, a tax upon firearms and knives, and so forth, a tax upon cigarette holders and pipes, automatic slot vending machines, liveries, and so forth, hunting and shooting guns, yachts and motor boats, and other luxuries, jewelry, perfumes, and cosmetics. Those are the taxes which this bill levies now. They are either luxuries or nonessential articles. Bear that in mind. There is not an article mentioned there, on which the bill as it is now framed imposes a tax, which is essential to life. They are luxuries, or nonessentials of life. In order to avoid a tax upon such commodities as those, the Senator from Utah proposes to put a blanket tax upon practically all commodities, including the actual necessaries of life.

I do not intend to discuss at length at this time the administrative difficulties, although they are numerous. They have been discussed at length by the Senator from Wisconsin [Mr. LENROOT], and I have not the slightest doubt but that the Treasury Department would be absolutely swamped in the administration of this law.

If I may say just a few words upon that subject, the Treasury Department to-day, so far as income taxes are concerned, are still auditing the taxes of 1917. They have three years' taxes since then which are almost entirely unaudited, the reason being that it is impossible, it seems, to procure the help, the assistance, in order to make the audit. Those audits are bringing into the Treasury from $30,000,000 to $40,000,000 a month—such audits as they have been making—going back practically to the year 1917. When you go into the field of taxes of 1918 and 1919, when profits were higher than they had ever been, when the inducement was greater than ever before to try to hide these profits, I surmise that the revenue which will come in from month to month will be even greater than at the present time; but it is coming in now at the rate of $30,000,000 to $40,000,000 a month, and in the report upon this bill the committee estimates that for this year and for next year there will be not less than $300,000,000 coming in on readjustment of income taxes.

That is for 1917. Bringing it down to 1918 and 1919, you will get more revenue; but it means that if the Treasury Department were able to do it, it would be getting in all of that revenue now. It would not spread it out over a series of years. It would try to get it all now, because no official would be justified in deferring the audit of anybody's account simply because he wanted to put off the day of collection. They are doing all the work they can do. When you impose upon the Treasury Department this additional duty of checking up the accounts of every merchant and manufacturer in the land, I should like to know where you expect to come out.

Not only that, but this law provides for reports and payment of tax every month in the year. If we have all this other trouble with income taxes which are paid upon an adjustment only once a year, how much greater would the trouble be if the department had to audit and adjust accounts 12 times a year? It is inconceivable that the Treasury Department can do anything of the kind.

The result would be that there would be no checking system. You would have to leave it to the honesty of the individual taxpayer. You would find general tax evasion. One man would find that his competitor was not paying the tax; he would conclude that he could not pay it, and you would have general demoralization and violation of the law.

Assuming, however, that the administrative difficulties are not nearly so great as I have stated, it must be apparent to everybody that the administrative difficulties increase with every multiplication of items which are to be taxed. That must be self-evident to everybody. What should be done under these circumstances? I would not put any tax upon sales of commodities, even luxuries, if I could avoid it, but it is evident that we shall have to put a tax upon some kinds of commodities.

Then what is the thing to do? There is only one answer, and that is to put that tax upon nonessentials, upon luxuries, and, owing to the administrative difficulties, I would select as few of those commodities as I could, and I would put the tax high enough so that they would bring in the requisite amount of revenue.

As I said, I should like to see the tax on all these commodities taken off, but it is evident that if you are going to repeal the excess-profits tax, as the majority of the Senate have decided they will do, then you are forced to do this thing. You are forced to put a tax upon commodities, and, being so forced, it strikes me that there is only one logical and reasonable way in which to do it, and that is to tax as few commodities as possible, and let them be luxuries or nonessentials; but under no circumstances would I lay the heavy hand of taxation upon the bread which feeds the mouths of the indigent and the children of this country. I would not put it upon necessaries. I would not let anybody who has been reaping a profit during this war retain one dollar of it if I had to put a tax upon those necessaries of life. I would reach the other source. Under no circumstances would I say that this great, big, glorious country of ours has gotten so low in its resources and in its legislative ingenuity and intelligence as to make it necessary to tax the food and clothing that the poor must have.

TREATMENT OF SOLDIERS—KILLING OF PVT. FRANK W. FREY.

Mr. FRELINGHUYSEN. Mr. President, this morning the Senator from Georgia [Mr. WATSON] placed in the RECORD an article which described the bayoneting of a New Jersey soldier in France. Feeling that possibly there might be something inferred from the statement to the effect that I had not done my duty in investigating the matter, I desire to call the attention of the Senate to the fact that the first information I had of this regrettable occurrence was on July 29, 1919, when the Jersey Journal, a New Jersey paper, sent me a letter inquiring if I would make a statement in regard to the Frey case. The next day I received a letter from a prominent banker in the State, inclosing a copy of the article in the Jersey Journal, and asking me if an investigation would be made. I immediately wired the Jersey Journal that the case had just been brought to my attention and that I would take it up with the War Department.

I then addressed a letter to the Secretary of War, Mr. Baker, which read as follows:

Permit me to invite your attention to the inclosed article which has been sent to me by the Jersey Journal, the leading newspaper of Jersey City.

If this statement is a truthful and correct narrative, it certainly presents a shocking state of affairs. I beg to urge a prompt and drastic investigation with a view to determining what the exact facts are and to the end that proper punishment should be inflicted upon those guilty of the gross brutality charged.

I received a reply on August 7 from Frank B. Davis, of the office of the Secretary of War, in which the Secretary acknowledged the receipt of my letter.

Later I received a statement from the Inspector General, which had been predated August 4, 1919, which was a reply to a communication addressed to the Secretary of War by Mr. Tumulty, Secretary to the President. That communication was dated July 31, 1919, and asked for the facts regarding the death of Pvt. Frank W. Frey, including the Inspector General's report.

I will read only the concluding paragraphs, which are as follows:

A board of officers was at once convened to investigate the occurrence. Its finding were that the bayonet wound which caused the death of Pvt. Frey was inflicted by the sentry in discharge of his duty and that the death of the deceased was not in line of duty but as a result of his own misconduct.

Notwithstanding the findings of the board, the sentry was tried by general court-martial. During his trial the sentry testified that he did not intend to kill Pvt. Frey; that he only intended to wound him slightly; that his aim was spoiled on account of the pack he was carrying on his back and on account of the blouse which was folded under his belt on the right side. The finding of the court in the case of the sentry was "not guilty," and he was given a full and honorable acquittal, which was approved by the reviewing authority.

I sent that report to the Jersey Journal immediately upon its receipt. The report was not returned, and I to-day procured a copy from the War Department.

I desire to file these papers with the special committee authorized by the Senate to investigate this matter, and therefore will turn them over to that committee.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The papers will be referred as requested.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. McCUMBER. Mr. President, I suppose we shall vote in a short time upon the Smoot amendment, and I do not desire to take more than a very few minutes in expressing myself upon that amendment at this hour.

The Senator from Wisconsin [Mr. LENROOT] stated that the farm organizations throughout the country are opposed to this form of taxation. I believe his statement to be entirely accurate, but if I am to pass judgment upon whether it is a better method of taxation than those contained in the bill, I shall have to base it upon my own investigation of the matter irrespective of the views of any propagandists who are seeking it or of those who think it will impose a hardship upon them.

Mr. LENROOT. My only reference to that was in reply to the statement of the Senator from Utah that three-fourths of the people in the United States favor it.

Mr. McCUMBER. I think the Senator from Wisconsin is absolutely correct in his position. I am quite certain that the vast majority of the people of my State are opposed to this amendment.

I think those favoring the amendment lose sight of the fundamental proposition that is behind every tax scheme. If we want to raise a billion dollars from corporations or individuals engaged in the production or handling of anything that is consumed by the American public, that billion dollars will be attached to the final selling price of the commodity purchased, and the ultimate consumer will pay that tax no matter whether it is represented by an excess-profits tax or a tax upon corporate stock. In whatever form it is presented, it will be paid by the American consumer.

Of course, there may be times in a falling market when the producer or the dealer can not pass it on, but if he fails to pass it on this year, you may be pretty sure he will pass it on at the first opportunity, and make good his loss. So, year in and year out, under normal conditions, the ultimate consumer of every product handled by a corporation or an individual who pays a tax upon business will pay that tax to the person who conducts the business.

Mr. WILLIAMS. Mr. President, in reenforcement of what the Senator is saying, the only question really at issue is not whether the consumer should pay a tax which is a burden levied upon commerce on its way from the producer to the consumer but whether he should pay it once or twice or three times, and the chief objection to indirect taxation is that it gives an opportunity not only to add the tax in the first instance, but to add the tax plus the profit in the second instance, and then the tax plus the profit in the third instance, and so on.

Mr. McCUMBER. I think the Senator is probably right, but I think all these taxes, as they originate at the source, are pyramided, no matter in what form we levy them, and the only question the ultimate consumer is interested in is not so much the amount of the tax but how it will affect him individually, whether he will pay the most tax under this form or under the other form. So I think that the people of my State will pay the tax no matter in what form it is levied. If we levy a tax of a billion dollars on the railroads which carry the products of the farm and the products which the farmer consumes, no matter in what way the tax is imposed, those who consume the articles which are transported are bound to pay that tax.

But, Mr. President, without going too deeply into the merits of this particular method of taxation, I think it is inappropriate at the present time. I do not think it ought to be attached to this bill. We have spent months, through long days and into the night hours, discussing the bill, before the committee and before the Senate. We have evolved a certain method of taxation which will take care of our obligations for the next fiscal year, we believe.

It is proposed by this amendment to cut out of the bill three-fourths, we will say, of the things we have so long labored upon, and cover them by a single proposition known as the sales tax, or the manufacturers' tax.

Suppose the House should fail to adopt this amendment? Suppose we should not get an agreement on the part of the House to accept this proposition? Then in what situation would we be? We would have discarded all those things which have taken months, working day and night, to agree to and include in the bill; and therefore we would have to go to the House upon the simplified proposition which the Senator offers, and if the House refused to accept that, then we would have to reattach those things which we must detach in order to adopt the amendment of the Senator from Utah. Then we would have to bring the matter before the Senate again and we would have to go all over it again. I believe that if we should adopt the amendment of the Senator from Utah it would not pass through the House, and we would have to go over this proposition again.

Mr. SMOOT. Mr. President, if my amendment were agreed to the whole question would go into conference. The only thing the Senate will have done would be to strike out some of the items which were in the bill as it passed the House. So, if the amendment were agreed to as I have offered it, everything would go to conference, if the bill were passed as it is now amended.

Mr. McCUMBER. Yes; but we would have to go into conference upon the subject matter of each of these matters which have been stricken out, and which we have once put into the bill and have adopted in Committee of the Whole, and it would bring that matter back into the Senate, and the whole thing would be reargued over and over again upon a motion to concur in any amendment suggested by the conferees.

Mr. SMOOT. I think if the Senator would consider that again he would not make that statement, because my amendment does not interfere with any of the amendments made by the Senate other than those items which are stricken out.

Mr. McCUMBER. Those are the ones I am speaking of.

Mr. SMOOT. All there is in that is that the Senate has stricken out the House amendments. So all the House provisions and all the amendments the Senate has acted upon will be in conference.

Mr. McCUMBER. Except those stricken out by the amendment of the Senator from Utah.

Mr. SMOOT. I do not want to be captious in the matter, but if my amendment is accepted all amendments to every other title of the bill will be exactly the same as in the bill as it passed the House, and the amendments which are stricken out will be in conference, providing for the same rates as when the bill passed the House, except in one or two cases. They will be in conference, because it will be the bill as it passed the House.

Mr. McCUMBER. Mr. President, I think the whole subject will be reopened in conference and in the Senate itself.

There is another reason why I think it is improper at this time. The Senator from Utah may disagree with me upon it, but the experts of the department say that there will be a loss of at least $251,000,000 if his amendment is agreed to; that is, by making allowance for these things which are cut out by the Senator's amendment and then giving the Senator credit for everything that he claims by his amendment. They do not believe that we will receive the amount which he thinks he will get from his amendment, and therefore that the deficit will be more than $251,000,000. Again, if it goes into conference with that deficit, we have got to find some other method outside of those which have been stricken out or include them again to take care of this deficit.

Mr. McCORMICK. Mr. President, will the Senator let me ask him how much the experts whom he has consulted estimate will be brought in under the so-called manufacturers' tax of 1 per cent?

Mr. McCUMBER. I think the Senator from North Carolina [Mr. SIMMONS] gave it in the figures a short time ago. I do not have it accurately, but the difference left a deficit of about $251,000,000.

Mr. SMOOT. But there is no deficit when we take all the other items into consideration as to raising the amount of money. That is only one statement and does not take into consideration the revenues to be raised from other sources. I will say to the Senator that the manufacturers' tax of 1 per cent, together with the taxes that are imposed elsewhere in the bill, will raise $4,033,000,000. If it was a turnover tax of one-half of 1 per cent, then it would raise $150,000,000 more.

Mr. McCUMBER. The actuary of the Treasury Department gave me his estimates, and at the time he gave me the figures on which he made the estimates I put it to him squarely, and he stated that there would be a loss of at least $251,000,000 if we adopted the amendment offered by the Senator from Utah.

Mr. McCORMICK. Mr. President, the Senator has been courteous enough to permit me to interrupt him. Will the Senator give me a little more light on that?

Mr. McCUMBER. Certainly.

Mr. McCORMICK. If I understand it correctly, the actuaries hold that although $250,000,000 will be brought in annually by the Smoot manufacturers' tax, the items eliminated will result in a gross loss of $500,000,000, and that therefore the total of revenue to be produced by the bill will be short $250,000,000.

Mr. McCUMBER. Something along about that figure.

Mr. SMOOT. I wish to say to the Senate, if the Senator from North Dakota will yield——

Mr. McCUMBER. They were given to me in a little different order. They first took the amount which will be lost by cutting out these things which are cut out and repealed by the amendments. Then they made allowance for the amount that would be received from the Smoot amendment on a 1 per cent tax. There would be a difference of $251,000,000 which would amount to a deficit that must be made up in some other way. If they are in error about that, it is up to the Senator to explain that error, but the Senator's amendment has not been modified since I put that question directly to the actuary.

I wish to say, in conclusion, that while I think the time is not far distant when, for purposes which I need not now discuss, it may become necessary to have a sales tax, I do not think and do not believe that this is just the time to put it into effect.

Mr. SMOOT. Mr. President, I am going to take the opportunity now of putting into the RECORD the exact estimate that raises the $4,033,593,000. I will say that every one of these figures has been agreed to between myself and Mr. McCoy, not only the estimates that are made on H. R. 8245 as the bill was reported, but the estimates made under the Smoot plan.

Mr. McCORMICK. Mr. President, I hope the Senator from Utah will make it clear, in conjunction with that table, that the revenue accruing from his proposed tax is estimated at $126,000,000 for the half year, at $250,000,000 for the whole year—that the mountain has labored and brought forth a mouse. The Smoot bill was to revolutionize the revenue system under which we have been living, to bring in $1,250,000,000, and now it seems it is to bring in $250,000,000.

Mr. SMOOT. Of course, the Senator may state what he cares to about the bill, and I am not going to object to anything that he does say about it.

Mr. McCORMICK. If I have stated what is not true of it, I should welcome correction.

Mr. SMOOT. I am going to put the figures in the RECORD that have been agreed upon without a question of doubt. What I am fearful of is that they have taken the calendar year of 1922, and not the fiscal year 1922, and it will make a great difference, as I stated before. What we have to do is to raise sufficient money for the fiscal year 1922 to pay the running expenses of the Government. The estimate for that purpose was $4,032,000, if I remember the exact figures.

How is it going to be raised? Individual income tax, $800,000,000. Corporation taxes, even at a flat 10 per cent rate, $460,000,000, and if it is raised above that by any amendment that may be offered, then there will be more than the amount which I state will be raised.

Profits taxes, $150,000,000. There are two profits taxes paid upon the business of 1920, one of them being September 15, 1921, and the other December 15, 1921, and the two will be for the calendar year January 15, 1922, and April 15, 1922. This amounts to $150,000,000, as agreed to by Mr. McCoy.

The back taxes would be $320,000,000. The customs tax will be $400,000,000.

Sales of surplus war supplies, $150,000,000. Miscellaneous revenue, $287,643,000. Estate taxes, $150,000,000. Tobacco tax, $250,000,000. Corporation stock, 10 per cent, $75,000,000, and that is all I have estimated. Alcohol tax as amended, $105,000,000. Narcotic tax, $20,200,000.

The six months from July 1, 1921, to January 1, 1922, will operate under existing law and we will collect $354,250,000. In addition to that we will have a manufacturers' sale tax for six months from January 1, 1922, to June 30, 1922, of $126,500,000.

If it were one-half of 1 per cent general turnover tax, the taxes on the nonintegrated companies, so as to equalize them with the integrated companies, would now be, as estimated, $450,000,000 a year.

The figures I have quoted total $4,033,593,000. If there was not an increase in those figures of any kind, there would be enough to pay the expenses estimated by the Treasury Department for the fiscal year of 1922.

Mr. HEFLIN. Mr. President, as an excuse for placing this burdensome and inexcusable sales tax upon everything that the producer has to buy, we are told that the producer passes on the cost of production to the consumer. If he can not do that, his business is a failure. He must do that if his business is to survive. But let me remind you that under your Republican administration the producer is now selling his produce in the market places of the country below the cost of production. He is utterly helpless and powerless to compel the manufacturer to pay him a price that will yield a profit. He can not obtain the money necessary to enable him to hold his produce off the market until the price will yield a profit. But after the producer is forced to throw his produce upon a low and unprofitable market the manufacturer gets it, and he can get all the money he needs to enable him to keep the finished product off the market until the price yields a satisfactory profit.

Under this process the producer is denied a profitable price and the finished product is frequently sold to the consumer at a price that is not at all justified by the price paid to the producer.

The Senator from New Mexico [Mr. JONES] made a speech that I wish could be heard by every man, woman, and child in the Republic. Mr. President, the American people furnished their sons and furnished the means to win the war. They borrowed money with which to buy bonds. Under the deflation policy of your Federal Reserve Board thousands and thousands of those bonds have been driven out of the hands of the original purchasers. Many of our people mortgaged their homes in order to obtain money to buy Government bonds. I wish to remind Senators of a time in the Holy Land when the people cried out against tax burdens grievous to be borne. There are conditions in this country under Republican rule that resemble the distressing conditions that existed in the Holy Land several centuries ago. We are told in the fifth chapter of Nehemiah that at that time the people said: "We have mortgaged our land, vineyards, and houses that we might buy corn. We have borrowed money for the king's tribute, and that upon our lands and vineyards."

To-day the farmers of the West have mortgaged their homes and their farms and their vineyards. Thousands of farmers in the South have done the same thing. Six millions of men are out of employment. They are having a hard time to live. The cotton price for the 1920 crop would not pay the fertilizer bill and the farmers' taxes. The farmers of the South are losing money on the present crop, and here you are seeking to impose a sales-tax burden upon them which will compel them to pay taxes on every necessity that they have to buy. I beg you, Senators, not to do that.

I beg the Republican leaders to abandon this unfair and unjust scheme of taxation. Do not take all that they have, but leave, I beg you, something for the rank and file of the American people to live upon.

Ill does it become you to vote to exempt from taxation the profiteers of the country and then place a tax upon the poor man's table and all the necessities of life.

Mr. SIMMONS. Mr. President, at the suggestion of certain Senators I wish again to state the facts with regard to the loss of revenue which would be involved by the adoption of the Smoot amendment.

I have said that the actuary of the Treasury had advised me that under the Smoot amendment we would lose from the corporation tax for the calendar year 1922 the sum of $134,000,000; that we would lose by the repeal of Titles V, IX, X, and XII the sum of $370,000,000, making a total loss of $504,000,000.

The Senator from Utah estimated that his amendment would raise $253,000,000. The actuary expressed the opinion that that was probably a little more than it would raise; but, taking that estimate to be correct, he estimates that the net loss in revenue for the calendar year 1922 would be $251,000,000.

Of course, the corporation tax, from which we sustain a loss of $134,000,000, is always based upon the earnings of the calendar year, and the taxes realized from the titles which are repealed would also be collected in the calendar year. However, the Senator from Utah said that the losses for the fiscal year would be different. He then expressed the opinion that I was speaking about the calendar year 1923, as distinguished from the fiscal year 1923. I requested the actuary to make an estimate of the effect upon the revenues for the fiscal year 1923.

This bill is intended to raise revenue for the fiscal year 1923 as well as for the fiscal year 1922. He estimates that for the fiscal year 1923 we would lose, as I previously contended, identically the same sum that we would lose for the calendar year 1922; in other words, he says we would lose on account of the change in the corporation income tax for the fiscal year 1923 the sum of $134,000,000, and that we should lose by the repeal of the four titles mentioned $370,000,000, making $504,000,000 that we would lose for the fiscal year 1923. Estimating that the income from the amendment would amount to what the Senator from Utah estimates it would amount to—that is, $253,000,000—the result would be a loss in revenue during the fiscal year 1923 of $251,000,000, the same estimates which were made based upon the calendar year 1923.

Mr. SMOOT. Mr. President, for the RECORD I wish to put in at this time the exact estimate that has been agreed to by myself and the actuary, Mr. McCoy. We have not gone over the figures merely once, but we have gone over them several times. This statement is for the fiscal year 1923. The Treasury Department estimates that it will need a revenue of $3,400,000,000 for that fiscal year. Under the amendment this is how it will be raised, and there can be no doubt about it at all——

Mr. SIMMONS. How can that revenue be realized if we lose, according to the estimates, for the fiscal year the sum of $251,000,000?

Mr. SMOOT. If the Senator will be patient, I will tell him just how the necessary revenue will be raised; and I say that no Senator in the Chamber will say that we will not raise it under my amendment for that fiscal year. I am not talking about the calendar year 1923; I am talking about the fiscal year, and the estimate we have from the Treasury Department is for that year.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Massachusetts.

Mr. SMOOT. I will yield just as soon as I get through with the presentation of these figures, which I desire to complete my statement.

The income from surtaxes, instead of being $900,000,000, will be $800,000,000; the corporation tax, even at 10 per cent, will yield $460,000,000. That is all I have estimated, although the amendment which I have proposed will raise over $100,000,000 more, according to the statement made by Mr. McCoy. Yet he is charging it up as a loss against the estimates that I have made.

Mr. POMERENE. Will the Senator please again give the amount to be derived from the corporation tax?

Mr. SMOOT. The amount I estimate is $460,000,000, and from the profits tax $150,000,000. That amount will embrace the two last payments in the year 1922, which will be made on September 15, 1922, and December 15, 1922. The revenue derived from that source will be more than that, but I am not estimating to take one single cent more than the actuary allowed.

From customs duties the revenue will be $400,000,000; from the sale of surplus war materials, $150,000,000; miscellaneous revenue, $287,643,000; estate taxes $150,000,000; tobacco taxes, $250,000,000; the corporation tax only $75,000,000—that is, a straight 10 per cent tax—the alcohol tax, $105,000,000; miscellaneous taxes, narcotic taxes, and so forth, $20,200,000; the 1 per cent sales manufacturers' tax, $253,500,000. All those taxes total $3,411,343,000; and the Treasury Department say that they will need $3,400,000,000 for the fiscal year 1923.

I want these figures to stand in the RECORD alongside of those which have been put there by the Senator from North Carolina. I say these figures are right, and, if that is all the money the Government requires, that is all it ought to have. The amendment will raise the amount of revenue which it is estimated will be needed.

Mr. POMERENE, Mr. McCORMICK, and Mr. SIMMONS addressed the Chair.

The PRESIDING OFFICER. The Chair understands the Senator from Utah yields the floor, and recognizes the Senator from Ohio.

Mr. POMERENE. Mr. President, I merely wish to ask a question. Is the amount of revenue which the Senator from Utah gives as being raised from customs duties based upon the present law or upon the tariff bill which is now in the Finance Committee?

Mr. SMOOT. Under the present law, on the basis of the preceding year, the revenue from customs duties would be $275,000,000, and under the proposed new tariff law it would be $400,000,000, or $125,000,000 more under the proposed new law than under the present law.

Mr. FLETCHER. How much would be raised by the income tax?

Mr. SMOOT. From the income tax $100,000,000 less than now, or $800,000,000 in all.

Mr. McCORMICK. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

Mr. McCORMICK. Before the Senator from Utah finishes what he has to say in connection with the proposal which has been under discussion, let me ask him, since the proposed manufacturers' tax will bring in but $253,000,000, as against the estimated losses, does he concede therefore that it will be impossible materially to reduce the proposed surtaxes on incomes by reason of any revenue accruing from the manufacturers' tax?

Mr. SMOOT. There has been no effort to reduce the amount of tax on incomes.

Mr. McCORMICK. Precisely. I asked the question, Mr. President, because, judging by the telegrams received by Senators, it is still widely believed in the country that the manufacturers' tax, or the sales tax, as it is called, mistakenly, I think, will be productive of a billion dollars a year or thereabouts, and that as the result of its adoption by the Senate and by the

other House the surtaxes adopted in the Senate will be wiped out in conference. Other Senators have received telegrams similar to those which I have received, and I think it important that the Senator from Utah should make his opinion pretty clear on that point.

Mr. SMOOT. Mr. President, no man can ever say that I contended that a 1 per cent manufacturers' tax would do what the Senator from Illinois suggests. I have stated previously upon the floor of the Senate and I state again that a 3 per cent manufacturers' tax would probably enable us to do what the Senator from Illinois suggests. That is what the manufacturers of this country were perfectly willing to pay rather than to pay the existing taxes; but when other taxes were retained in the pending bill, then it became possible to reduce the tax under the amendment imposed by me from 3 per cent to 1 per cent.

If the Senator will read my statement to the Senate on October 11 he will find that there I estimated that there would be $759,000,000 raised from the manufacturers' tax at 3 per cent, and one-third of that amount, which is the rate now proposed in my amendment, would, of course, raise $253,000,000.

Mr. President, I do not want this matter to be clouded by a confusion of estimates. In every estimate that I have made, every figure that I have given, I have agreed, outside of the sales tax itself, with Dr. McCoy.

Mr. LENROOT. Mr. President, will the Senator allow me to ask one question of him?

Mr. McCORMICK. I think I have the floor, but I yield to the Senator from Wisconsin.

Mr. LENROOT. I should like to ask the Senator from Utah what his estimate is as to the losses under his amendment as compared with the committee bill as it stands?

Mr. SMOOT. Mr. President, the only answer to that is that if the committee bill as it now stands will raise more money, with all of the changes made by my amendment, then the committee bill will raise too much money. There is no question about that at all.

Mr. LENROOT. I should like the Senator's figures as to what the losses will amount to under his amendment as compared with the committee bill as it stands.

Mr. SMOOT. I have not figured them up, for I was interested not so much in what we were going to lose as in what we were going to receive by way of taxes; and all I want to raise is a sufficient amount to pay the running expenses of the Government.

Mr. LENROOT. The Senator, then, does not question Mr. McCoy's accuracy in the statement that as compared with the committee bill as it stands his amendment would mean a net loss of $251,000,000?

Mr. SMOOT. I have not gone into details of that estimate, and I am not going to make any statement here until I do. All I say is that I know that this will raise the amount of money estimated by the Treasury Department as required to pay the expenses of the Government, not only for the fiscal year 1922 but for the fiscal year 1923. That I do know.

Mr. McCORMICK. Mr. President, I think it is important that it should be made perfectly clear, not for the information of the Senate perhaps—because the Senator from Utah has made every effort to clarify the terms of his amendment for the benefit of his colleagues—but for the information of taxpayers, who are telegraphing and writing to Senators, that the proposed Smoot manufacturers' tax would bring in but $250,000,000, and that the Senator himself contemplated no reduction in the surtaxes upon incomes by reason of the adoption of his amendment.

The great majority of the telegrams and letters received during the last few days have been sent, I am very clear, upon the assumption that the manufacturers' tax would bring in so considerable a sum of money that its adoption would lead to a sharp reduction of the surtaxes in the higher brackets.

Mr. SMOOT. If the Senator was here when I made the statement this morning, he will recall that I simply stated that the Senate had passed upon that question, and they had decided it, and I would take the decision of the Senate upon it, and that is what I have done. I have made the manufacturers' tax, to begin with, to conform to the action of the Senate. It does not mean that it will remain the action of the Senate. Nobody knows what conditions are going to happen in the world or in the United States, and therefore the revenues of the United States may change considerably. In fact, if there is an agreement as to disarmament, the Senator knows that our expenses will be greatly reduced, not by $100,000,000, but by over half a billion dollars a year.

Mr. McCORMICK. Mr. President, nobody would gainsay the candor, the amenability, the courtesy, the forbearance of the Senator from Utah. I only reiterate that those who have recently besought Senators to support the manufacturers' tax have done so under a misapprehension, believing that it stood to-day as it did when the Senator made his speech in October. It happens that the columns of the press are crowded with other matters very much less important than the consideration of this bill, and that taxpayers do not know what has been done here or what is proposed to be done.

Not only that, Mr. President, but I believe there is a widespread opinion that the amendment proposed by the Senator from Utah embodies, not the principle of the manufacturers' tax which he has now submitted before the Senate but the principle of a business sales tax which he has given form in a contemplated amendment.

It is common knowledge that this Congress, before it adjourns next spring or next summer, will pass an adjusted compensation bill. The Senator from North Dakota alluded to that which is equally well known—the purpose of the leaders of the majority at the other end of the Capitol to find the sums necessary to pay that adjusted compensation in a sales tax. Before Senators who have been disposed to vote for the amendment proposed by the Senator from Utah finally do so, I trust they will consider not only the proposal before the Senate but that prepared as an alternative by the Senator.

The business men have supposed that we were first to consider a tax upon sales, whereas before us we have a proposal to tax manufacturers. Even to-day we are in receipt of telegrams and letters from manufacturers advising us that they had utterly misunderstood the nature of the tax proposed; that in the present state of business, and with a falling market, they can not bear the contemplated tax.

Mr. SMOOT. Mr. President, how could they have borne the 3 per cent tax if they can not bear the 1 per cent tax?

Mr. McCORMICK. I may say that the tax has been bared to them, and therefore they see that they can not bear it.

Mr. SMOOT. Oh, well, they knew what the 3 per cent manufacturers' tax was, and we had before us representatives from all over the United States.

Mr. McCORMICK. Mr. President, several of them, at least, certainly did not realize that it was a manufacturers' tax that was proposed to be levied.

Mr. SMOOT. Mr. President, I want to say that a meeting was held in my committee room where there were present representatives of manufacturers who employed over 5,000,000 men, and you can not tell me that they did not know what a 3 per cent manufacturers' tax was. They agreed to it unanimously, and I have never heard a word from a manufacturing concern in the United States so far to the effect that they are opposed to this manufacturers' tax. They are perfectly willing to take the load, if it is a fact that it is a load. They realize, of course, the advantage it would be, not only to the consumer but to themselves, to have such a tax that they know what it is and that there is no question as to what their obligations are and they can pay them monthly.

Mr. McCORMICK. Mr. President, the United States, after all, is a considerable community; and it is not possible that even such a representative gathering as met in the office of the Senator from Utah could speak for all the manufacturers in the country. I allude to those whose messages I have seen or of which I have heard.

If a 1 per cent tax upon manufacturers be established, what will be the tax upon manufacturers when it is necessary to find revenue for the adjusted compensation act? Men whose annual turnover produces a profit of 3 per cent on the turnover—and there are many businesses which produce no more—will see their profit wiped out, or must immediately add the total sum of the tax to the price of their products.

Mr. WILLIAMS. Or else, if the Senator will pardon me, reduce their wages. They must do one of the two.

Mr. McCORMICK. Yes; or reduce the price paid for the wholesale material—live stock, for example.

The plain truth is that the larger as well as the smaller taxpayers who will have to meet this tax, if it be imposed, do not know what is before the Senate and they do not appreciate that it is contemplated to find the revenue to finance the adjusted compensation act in this way. They have believed, many of them, that surtaxes would be sharply reduced by reason of the adoption of the amendment proposed by the Senator from Utah, and we know now that they are mistaken.

SEVERAL SENATORS. Vote!

Mr. SIMMONS. Mr. President, I shall not detain the Senate two minutes.

The Senator from Utah [Mr. SMOOT] spoke of my statement here as being a statement formulated and promulgated by myself. As a matter of fact, the statement that I made a little

while ago I sent to the clerk in the handwriting of Mr. McCoy. Marked at the top of it is the heading:

Loss of revenue as compared with the Senate bill—Senator SMOOT's manufacturers' tax.

He estimates that the loss for the fiscal year 1923 will be $251,000,000, and for the fiscal year 1922 the same. If the committee feels and the Senate feels that we have a margin of $250,000,000 for 1922 and 1923, of course these figures have no particular significance; but I understood the chairman of the committee to say yesterday that we had a margin as the bill now stands of only $10,000,000. If that be true, then the bill will raise $241,000,000 less than is required.

Mr. McCUMBER. Mr. President, I just have the figures again from the experts; and the figures that they give me, if the Senator will allow me to put them right in now—they conform to what the Senator has stated—are that the bill as it now stands, as it is amended up to date——

Mr. SIMMONS. That is the basis of Mr. McCoy's figures.

Mr. McCUMBER. Will bring in $3,252,000,000. In round numbers, we will call it $3,250,000,000. By striking out certain parts of it we will lose, under Title IX, $158,870,000; under the stamp taxes, $48,500,000; under Title X, special taxes, $12,000,000; under Title V, telegraphs and telephones, $27,000,000; under the corporation tax, $134,000,000; under beverages, $34,000,000; under admissions and dues, $90,000,000; making in all a loss of $504,000,000.

There will be obtained under the amendment as it is now drawn, according to their estimates, and I believe according to the claim of the Senator from Utah, $253,000,000. That would leave a loss of $251,000,000; and deducting this $251,000,000 from $3,250,000,000—or call them both $250,000,000—would leave $3,000,000,000, or $250,000,000 less than the bill as it now stands. In other words, there would be a deficit of something over $250,000,000 in the amount necessary for the ensuing year.

Mr. SMOOT. Mr. President——

Mr. SIMMONS. I have the floor, Mr. President.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. SMOOT. Will the Senator yield for just a minute?

Mr. SIMMONS. I yield to the Senator.

Mr. SMOOT. Mr. President, that is for the fiscal year 1923, and the Treasury Department says that we do not want $4,000,000,000 for 1923; we want three billion four hundred and some odd million dollars. My amendment, therefore, provides just enough money for that fiscal year, and that is why the difference occurs in these figures. I am not trying to raise under the bill any more than $3,400,000,000 for the fiscal year 1923. The figures quoted by the Senator were for the fiscal year 1923, and what he says there is true; but I do not want that much money; we do not need it for 1923.

Mr. SIMMONS. I have understood the Senator to contend up to this time that the bill would not raise nearly as much money as we would need and that there would be a deficit.

Mr. SMOOT. The Senator has not heard me make such a statement or intimate it.

Mr. SIMMONS. I think Senators on the committee will verify my statement that the Senator repeatedly said in the committee that we would not collect enough money under this bill. But I withdraw the statement if the Senator says I am mistaken about it.

Mr. SMOOT. I am sure the Senator is mistaken, because I never said that.

Mr. SIMMONS. I withdraw it. I want to say just one thing more: The Senator from Illinois [Mr. McCORMICK] is entirely correct when he says that telegrams are coming from manufacturers stating that they do not understand the amendment. I am absolutely certain that the impression has existed that this amendment would raise sufficient revenue to justify not only a reduction in the corporation income tax, but a large reduction in the surtaxes as now fixed in the bill. In fact, I think nine-tenths of the manufacturers of the country who have been in favor of this sales tax have been in favor of it because they thought that the large sum of money which would be raised by it would be sufficient to justify a reduction in the corporation taxes, and also justify cutting down the surtaxes probably to 25 or 30 per cent.

Senators who are members of the committee will remember that when we were having the hearings scores of witnesses came before us advocating the sales tax, and practically every one of them said that at the same time he was advocating it he was advocating a radical reduction in the surtaxes and the elimination of the excess-profits taxes. I am satisfied that if they could understand the situation, and could be convinced of the fact that the adoption of this amendment would not permit any further reduction in the surtaxes, and would not permit a reduction of 5 per cent in the corporation income taxes, they would not favor it. I think their belief that those taxes would be reduced is the ground upon which they favor it.

Mr. President, the amendment as now proposed will not only not allow any further reduction in the surtaxes or in the corporate income taxes, but if it is adopted it will become necessary either to increase the surtax of 50 per cent and the corporate income tax of 15 per cent above the rates provided in the bill as amended up to this time, or we shall have to go out and find additional sources of taxation on which to raise the $250,000,000 we would lose by the adoption of the Senator's amendment.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Utah [Mr. SMOOT].

Mr. SIMMONS. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. I transfer that pair to the senior Senator from Arkansas [Mr. ROBINSON] and vote "nay."

Mr. HARRIS (when his name was called). I have a general pair with the junior Senator from New York [Mr. CALDER], which I transfer to the junior Senator from South Carolina [Mr. DIAL], who is unavoidably absent from the Senate, and vote "nay."

Mr. CURTIS (when Mr. LODGE's name was called). I was requested to announce the absence of the senior Senator from Massachusetts [Mr. LODGE] on official business. He is paired with the senior Senator from Alabama [Mr. UNDERWOOD]. If present, the Senator from Massachusetts would vote "yea," and the Senator from Alabama [Mr. UNDERWOOD] would vote "nay."

Mr. McLEAN (when his name was called). On this amendment I am paired with the junior Senator from Nebraska [Mr. NORRIS]. In his absence I withhold my vote. If I were at liberty to vote, I would vote "yea."

Mr. LA FOLLETTE (when Mr. NORRIS's name was called). I wish to announce that if the junior Senator from Nebraska [Mr. NORRIS] were able to be present he would vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. STERLING (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. I understand that that Senator if present would vote the same as I would vote, and I am therefore at liberty to vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I understand that if present he would vote as I expect to vote, and I therefore feel at liberty to vote. I vote "nay."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. On this ballot I feel at liberty to vote, and I vote "nay."

The roll call was concluded.

Mr. EDGE. I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD], and vote "yea."

Mr. GLASS. I transfer my general pair with the senior Senator from Vermont [Mr. DILLINGHAM] to the senior Senator from Texas [Mr. CULBERSON]. The Senator from Texas would vote "nay" if he were present, and I would vote "nay."

Mr. JONES of New Mexico. I desire to announce that the junior Senator from Mississippi [Mr. HARRISON] is necessarily absent. He is paired with the Senator from West Virginia [Mr. ELKINS]. If the Senator from Mississippi were present and permitted to vote, he would vote "nay."

Mr. HALE. I have a general pair with the senior Senator from Tennessee [Mr. SHIELDS], and being unable to obtain a transfer I am not at liberty to vote. If permitted to vote I would vote "yea."

Mr. CURTIS. On this vote the Senator from Iowa [Mr. CUMMINS] is paired with the Senator from Pennsylvania [Mr. CROW]. If the Senator from Iowa were present and not paired he would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 25, nays 43, as follows:

YEAS—25.

Bursum	Gooding	Nicholson	Wadsworth
Cameron	Jones, Wash.	Oddie	Warren
Edge	Keyes	Phipps	Watson, Ind.
Ernst	McKinley	Poindexter	Weller
Fernald	Moses	Shortridge	
France	New	Smoot	
Frelinghuysen	Newberry	Spencer	

NAYS—43.

Ashurst	Jones, N. Mex.	Nelson	Sterling
Borah	Kendrick	Norbeck	Sutherland
Broussard	Kenyon	Overman	Swanson
Capper	King	Penrose	Townsend
Caraway	La Follette	Pittman	Trammell
Curtis	Lenroot	Pomerene	Walsh, Mass.
Fletcher	McCormick	Reed	Walsh, Mont.
Gerry	McCumber	Sheppard	Watson, Ga.
Glass	McKellar	Simmons	Williams
Harris	McNary	Stanfield	Willis
Heflin	Myers	Stanley	

NOT VOTING—28.

Ball	Dial	Hitchcock	Owen
Brandegee	Dillingham	Johnson	Page
Calder	du Pont	Kellogg	Ransdell
Colt	Elkins	Ladd	Robinson
Crow	Hale	Lodge	Shields
Culberson	Harreld	McLean	Smith
Cummins	Harrison	Norris	Underwood

So Mr. SMOOT's amendment was rejected.

Mr. SMOOT. I offer the following amendment, which I ask to have read.

The VICE PRESIDENT. The Secretary will read the amendment.

The reading clerk read as follows:

Amendments intended to be proposed by Mr. SMOOT to the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, viz:

On page 79, at the end of line 7, strike out the period and insert in lieu thereof a colon and the following:

"*Provided*, That the tax imposed by this subdivision shall be 10 per cent of such excess amount in the case of any corporation the net income of which for the taxable year is less than 8 per cent of the fair average value of its capital stock for the year ending on June 30 of such taxable year, as determined for the purposes of section 1000 of the revenue acts of 1918 and 1921."

Page 167, line 20, to page 175, inclusive, strike out said page 167, beginning with line 20, to and including page 175, and insert in place thereof the following:

"TITLE V.—TRANSPORTATION AND INSURANCE TAX REPEALS.

"SEC. 500. Title V of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 177, to and including page 180, line 7, strike out all of said pages 177 to 179, inclusive, and page 180, lines 1 to 7, inclusive, and insert in place thereof the following:

"SEC. 603. Sections 628 to 630, inclusive of Title VI of the revenue act of 1918 are repealed, to take effect January 1, 1922."

Page 190, line 18, to and including page 196, line 7, strike out said pages 190, beginning with line 18, to and including page 196, line 7, and insert in place thereof the following:

TITLE VIII.—ADMISSION AND DUES TAX REPEAL.

SEC. 800. Title VIII of the revenue act of 1918 is repealed, to take effect January 1, 1922.

Page 196, line 8, to and including page 211, line 14, strike out said pages 196, beginning with line 8, to and including page 211, line 14, and insert in place thereof the following:

TITLE IX.—BUSINESS SALES TAX.

SEC. 900. That in addition to all other taxes there shall be levied upon every person carrying on a business involving the sale of any goods, wares, or merchandise, manufactured or purchased by such person for sale, a tax equal to one-half of 1 per cent of the amount by which the gross sales of such goods, wares, and merchandise exceed the sum of $6,000 in any calendar year. The term sale in this title includes lease and license. The production of coal, fuel oil, or other mineral shall constitute manufacture under this act.

SEC. 901. (a) Every person liable for any tax imposed under this title shall make monthly returns under oath in duplicate and pay the taxes imposed by such title to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made in such time and place and in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

(b) In any case where the full amount of $6,000 yearly exemption is not claimed in computing the tax due for any month, the part not so claimed shall be deducted in computing the tax due for any succeeding month until the total exemption for any calendar year shall equal $6,000.

(c) Taxes levied under this title shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month from the time when the tax becomes due.

(d) Sales of articles taxable under Title VI of the revenue act of 1918 or Titles VII and X of this act, of articles for export and in due course so exported, and of refined gold and silver, and sales to the United States, shall not be included in gross sales under this title.

SEC. 902. That in the case of any erroneous payment of any tax imposed by this title any person making such erroneous payment may take credit therefor against taxes due upon any subsequent return.

SEC. 903. That the provisions of this title shall become effective on and after January 1, 1922.

SEC. 904. Title IX of the revenue act of 1918 is repealed, to take effect January 1, 1922.

Page 212, line 13, to and including page 222, line 2, strike out from page 212, beginning with line 13, to page 222, line 2, inclusive, and insert in place thereof the following:

SEC. 1001. Sections 1001 to 1005, inclusive, of the revenue act of 1918 are repealed.

Page 222, line 3, strike out the words "SEC. 1004" and insert in place thereof the words "SEC. 1002."

Page 228, line 17, strike out the words "SEC. 1005" and insert in place thereof the words "SEC. 1003."

Page 230, line 16, strike out the words "SEC. 1006" and insert in place thereof the words "SEC. 1004."

Page 231, line 22, to and including page 249, line 2, strike out all of said pages 231, line 22, to page 249, line 2, inclusive, and insert in place thereof the following:

"TITLE XI.—STAMP TAX REPEAL.

"SEC. 1100. Title XI of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 292, strike out lines 10 to 15, inclusive, 18, 19, and 21.

Page 292, strike out line 20 and insert in lieu thereof: Sections 1006, 1007, and 1008 of Title X (being the so-called "narcotic taxes").

Mr. SMOOT. Mr. President, I ask the Senator from Pennsylvania if we can not allow this amendment to be the pending amendment to be taken up when the bill is taken up to-morrow. It is not going to lead to very much discussion. I would very much prefer to have that course pursued.

Mr. PENROSE. Mr. President, it would be very gratifying to me and I think to most of the committee if the amendment could be voted on to-night, but in deference to the request of the Senator from Utah I have no alternative, as I see it, but to agree to have the amendment go over. I sincerely hope his prediction will turn out to be correct, that it will not lead to any extended debate.

Mr. SMOOT. I will say to the Senator that this is what may be designated as the turnover tax of one-half of 1 per cent upon all sales. It will raise more money than the manufacturers' tax. Many Members of the Senate feel that they would like to vote for it, and I feel that way myself.

Mr. PENROSE. The Senator does not think it will lead to any prolonged debate?

Mr. SMOOT. I do not. I will assure the Senator that so far as I am concerned I can state what I have to say in five minutes.

Mr. PENROSE. Then let it go over.

Mr. REED. I do not know who has the floor.

Mr. SMOOT. I have the floor. I yield to the Senator from Missouri.

Mr. REED. Mr. President, let me make the statement, as coming from our side, that the Senator from Pennsylvania [Mr. PENROSE], in charge of the bill, has from the first made every effort to get the bill pushed forward as rapidly as possible. I think the Senator has been diligent; I think if the Senator consents to the Senate adjourning now, everybody will understand that he has not done anything tending toward delay. The Senate has proceeded almost to the point of exhaustion, and the Senator from Pennsylvania has been as industrious in pushing the matter as any man could be. It is a great question and requires reasonable consideration. If I have any complaint at all to make about the Senator from Pennsylvania it is that he has been inclined to drive us a little too hard.

I think if we adjourn until to-morrow and then take up this matter and let the Senator from Utah present his views we will have reached a point where we can get rid of the bill pretty soon. All the fundamental questions have been discussed.

I only take the time of the Senate now for the purpose of saying what I have said because it seemed to me that the Senator from Pennsylvania might be a little oversensitive about the matter. I am willing to certify to the country that he has pushed the bill with all the force that was justifiable. I think we should adjourn to-night and resume the consideration of the bill to-morrow after a good night's rest.

Mr. FRELINGHUYSEN. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

INTERSTATE HIGHWAY SYSTEM—CONFERENCE REPORT.

Mr. TOWNSEND. Mr. President, before the Senate adjourns I would like to call up the conference report on the good roads bill. I understand there will be no discussion upon it, and I would like to have it disposed of if it can be done in that way. I ask unanimous consent to present the conference report.

The VICE PRESIDENT. Is there objection to the presentation of the conference report?

Mr. ASHURST. Mr. President, I feel like apologizing for delaying the Senate even two minutes at this hour, yet this conference report on the good roads bill is an enormously important matter——

Mr. PENROSE. Mr. President, will the Senator from Arizona permit me? It is quite obvious that it will lead to discussion, so I object to the consideration of the report.

Mr. ASHURST. I believe I have the floor.

Mr. PENROSE. To what is the Senator speaking?

Mr. ASHURST. On the request of the Senator from Michigan.

Mr. PENROSE. I have objected to its consideration, and it has disappeared.

Mr. ASHURST. Then I am going to be recognized in my own right for two minutes because this is an important matter. I have had a dozen telegrams and a hundred letters within two weeks—but I am not going to encumber the RECORD with them—asking if in the bill there is an appropriation for the construction of roads on Indian reservations. Senators must not be impatient when I lay such inquiries before the Senate then.

Mr. TOWNSEND. Mr. President, let me make this statement.

Mr. ASHURST. I yield to the Senator from Michigan.

Mr. TOWNSEND. The Senate and the House have been working upon the bill in conference. The House has accepted the conference report and sent it to the Senate. There is no change that could now be made in the conference report. It must either be voted up or voted down. We have practically agreed to the bill as it passed the Senate. Very few changes were made by the conference committee, and no change but what I think will be adopted without debate.

The Senator, of course, could hold it up and make a speech in reference to the Indian reservations. They are not included in the bill, and never have been included in any good roads bill. Neither House had any provision for them; the conference therefore could not write it in.

The question with me was, and I suppose it was the desire of everybody, to get the bill enacted into law. There is no objection to it, I think. I believe it will meet fairly well the views of all the Senators and Members of the House.

Mr. CARAWAY. Mr. President——

Mr. ASHURST. I yield to the Senator from Arkansas.

Mr. CARAWAY. I do not intend to occupy more than half a minute. I understand there is to follow legislation correcting one section in the bill. Otherwise I think the bill would not be very acceptable to the people in my State, but with the assurance I have that such legislation is coming after, I have no dispostion to object to the conference report.

Mr. ASHURST. I apologize for my short side remark a moment ago to the Senator from Tennessee [Mr. MCKELLAR], but I hope Senators will not be impatient.

Mr. MCKELLAR. Mr. President, I desire to say to the Senator that my purpose in speaking to him a moment ago was to explain just exactly what the chairman of the committee has so well explained, that there was no possible chance for anything to be done at this time in the matter which he has at heart. The matter did not come before our committee at all.

Mr. TOWNSEND. Mr. President, I ask unanimous consent that the conference may be laid before the Senate and voted upon.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the report of the committee of conference, and it was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House of Representatives to the bill (S. 1072) entitled "An act to amend the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, as amended and supplemented, and for other purposes," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House of Representatives, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment insert the following:

"That this act may be cited as the Federal highway act.

"SEC. 2. That, when used in this act, unless the context indicates otherwise—

"The term 'Federal aid act' means the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, as amended by sections 5 and 6 of an act entitled 'An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes,' approved February 28, 1919, and all other acts amendatory thereof or supplementary thereto.

"The term 'highway' includes rights of way, bridges, drainage structures, signs, guardrails, and protective structures in connection with highways, but shall not include any highway or street in a municipality having a population of 2,500 or more as shown by the last available census, except that portion of any such highway or street along which within a distance of 1 mile the houses average more than 200 feet apart.

"The term 'State highway department' includes any State department, commission, board, or official having adequate powers and suitably equipped and organized to discharge to the satisfaction of the Secretary of Agriculture the duties herein required.

"The term 'maintenance' means the constant making of needed repairs to preserve a smooth-surfaced highway.

"The term 'construction' means the supervising, inspecting, actual building, and all expenses incidental to the construction of a highway, except locating, surveying, mapping, and costs of right of way.

"The term 'reconstruction' means a widening or a rebuilding of the highway or any portion thereof to make it a continuous road, and of sufficient width and strength to care adequately for traffic needs.

"The term 'forest roads' means roads wholly or partly within or adjacent to and serving the national forests.

"The term 'State funds' includes for the purposes of this act funds raised under the authority of the State, or any political or other subdivisions thereof, and made available for expenditure under the direct control of the State highway department.

"SEC. 3. All powers and duties of the Council of National Defense under the act entitled 'An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes,' approved August 29, 1916, in relation to highway or highway transport, are hereby transferred to the Secretary of Agriculture, and the Council of National Defense is directed to turn over to the Secretary of Agriculture the equipment, material, supplies, papers, maps, and documents utilized in the exercise of such powers. The powers and duties of agencies dealing with highways in the national parks or in military or naval reservations under the control of the United States Army or Navy, or with highways used principally for military or naval purposes, shall not be taken over by the Secretary of Agriculture, but such highways shall remain under the control and jurisdiction of such agencies.

"The Secretary of Agriculture is authorized to cooperate with the State highway departments, and with the Department of the Interior in the construction of public highways within Indian reservations, and to pay the amount assumed therefor from the funds allotted or apportioned under this act to the State wherein the reservation is located.

"SEC. 4. That the Secretary of Agriculture shall establish an accounting division which shall devise and install a proper method of keeping the accounts.

"SEC. 5. That the Secretary of War be, and he is hereby, authorized and directed to transfer to the Secretary of Agriculture, upon his request, all war material, equipment, and supplies now or hereafter declared surplus from stock now on hand and not needed for the purposes of the War Department but suitable for use in the improvement of highways, and that the same shall be distributed among the highway departments of the several States to be used in the construction, reconstruction, and maintenance of highways, such distribution to be upon the same basis as that hereinafter provided for in this act in the distribution of Federal-aid fund: *Provided*, That the Secretary of Agriculture, in his discretion, may reserve from such distribution not to exceed 10 per cent of such material, equipment, and supplies for use in the construction, reconstruction, and maintenance of national forest roads or other roads constructed, reconstructed, or maintained under his direct supervision.

"SEC. 6. That in approving projects to receive Federal aid under the provisions of this act the Secretary of Agriculture shall give preference to such projects as will expedite the completion of an adequate and connected system of highways, interstate in character.

"Before any projects are approved in any State, such State, through its State highway department, shall select or designate a system of highways not to exceed 7 per cent of the total highway mileage of such State as shown by the records of the State highway department at the time of the passage of this act.

"Upon this system all Federal-aid apportionments shall be expended.

"Highways which may receive Federal aid shall be divided into two classes, one of which shall be known as primary or interstate highways, and shall not exceed three-sevenths of the total mileage which may receive Federal aid, and the other which shall connect or correlate therewith and be known as secondary or intercounty highways, and shall consist of the remainder of the mileage which may receive Federal aid.

"The Secretary of Agriculture shall have authority to approve in whole or in part the systems as designated or to require

modifications or revisions thereof: *Provided*, That the State shall submit to the Secretary of Agriculture for his approval any proposed revisions of the designated systems of highways above provided for.

"Not more than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways until provision has been made for the improvement of the entire system of such highways: *Provided*, That with the approval of any State highway department the Secretary of Agriculture may approve the expenditure of more than 60 per cent of the Federal aid apportioned to such State upon the primary or interstate highways in such State.

"The Secretary of Agriculture may approve projects submitted by the State highway departments prior to the selection, designation, and approval of the system of Federal-aid highways herein provided for if he may reasonably anticipate that such projects will become a part of such system.

"Whenever provision has been made by any State for the completion and maintenance of a system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to add to the mileage of primary or interstate and secondary or intercounty systems as funds become available for the construction and maintenance of such additional mileage.

"SEC. 7. That before any project shall be approved by the Secretary of Agriculture for any State such State shall make provisions for State funds required each year of such States by this act for construction, reconstruction, and maintenance of all Federal-aid highways within the State, which funds shall be under the direct control of the State highway department.

"SEC. 8. That only such durable types of surface and kinds of materials shall be adopted for the construction and reconstruction of any highway which is a part of the primary or interstate and secondary or intercounty systems as will adequately meet the existing and probable traffic future needs and conditions thereon. The Secretary of Agriculture shall approve the types and width of construction and reconstruction and the character of improvement, repair, and maintenance in each case, consideration being given to the type and character which shall be best suited for each locality and to the probable character and extent of the future traffic.

"SEC. 9. That all highways constructed or reconstructed under the provisions of this act shall be free from tolls of all kinds.

"That all highways in the primary or interstate system constructed after the passage of this act shall have a right of way of ample width and a wearing surface of an adequate width which shall not be less than 18 feet, unless, in the opinion of the Secretary of Agriculture, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles.

"SEC. 10. That when any State shall have met the requirements of this act, the Secretary of the Treasury, upon receipt of certification from the governor of such State to such effect, approved by the Secretary of Agriculture, shall immediately make available to such State, for the purpose set forth in this act, the sum apportioned to such State as herein provided.

"SEC. 11. That any State having complied with the provisions of this act, and desiring to avail itself of the benefits thereof, shall by its State highway department submit to the Secretary of Agriculture project statements setting forth proposed construction or reconstruction of any primary or interstate, or secondary or intercounty highway therein. If the Secretary of Agriculture approve the project, the State highway department shall furnish to him such surveys, plans, specifications, and estimates therefor as he may require; items included for engineering, inspection, and unforeseen contingencies shall not exceed 10 per cent of the total estimated cost of its construction. That when the Secretary of Agriculture approves such surveys, plans, specifications, and estimates, he shall notify the State highway department and immediately certify the fact to the Secretary of the Treasury. The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on account of such projects, which shall not exceed 50 per cent of the total estimated cost thereof, except that in the case of any State containing unappropriated public lands exceeding 5 per cent of the total area of all lands in the State, the share of the United States payable under this act on account of such projects shall not exceed 50 per cent of the total estimated cost thereof plus a percentage of such estimated cost equal to one-half of the percentage which the area of the unappropriated public lands in such State bears to the total area of such State: *Provided*, That the limitation of payments not to exceed $20,000 per mile, under existing law, which the Secretary of Agriculture may make be, and the same is hereby, increased in proportion to the increased percentage of Federal aid authorized by this section: *Provided further*, That these provisions relative to the public-land States shall apply to all unobligated or unmatched funds appropriated by the Federal aid act and payment for approved projects upon which actual building construction work had not begun on the 30th day of June, 1921.

"SEC. 12. That the construction and reconstruction of the highways or parts of highways under the provisions of this act, and all contracts, plans, specifications, and estimates relating thereto, shall be undertaken by the State highway departments subject to the approval of the Secretary of Agriculture. The construction and reconstruction work and labor in each State shall be done in accordance with its laws and under the direct supervision of the State highway department, subject to the inspection and approval of the Secretary of Agriculture and in accordance with the rules and regulations pursuant to this act.

"SEC. 13. That when the Secretary of Agriculture shall find that any project approved by him has been constructed or reconstructed in compliance with said plans and specifications, he shall cause to be paid to the proper authorities of said State the amount set aside for said project.

"That the Secretary of Agriculture may, in his discretion, from time to time, make payments on such construction or reconstruction as the work progresses, but these payments, including previous payments, if any, shall not be more than the United States' pro rata of the value of the labor and materials which have been actually put into such construction or reconstruction in conformity to said plans and specifications. The Secretary of Agriculture and the State highway department of each State may jointly determine at what time and in what amounts payments as work progresses shall be made under this act.

"Such payments shall be made by the Secretary of the Treasury, on warrants drawn by the Secretary of Agriculture, to such official or officials or depository as may be designated by the State highway department and authorized under the laws of the State to receive public funds of the State.

"SEC. 14. That should any State fail to maintain any highway within its boundaries after construction or reconstruction under the provisions of this act, the Secretary of Agriculture shall then serve notice upon the State highway department of that fact, and if within 90 days after receipt of such notice said highway has not been placed in proper condition of maintenance, the Secretary of Agriculture shall proceed immediately to have such highway placed in a proper condition of maintenance and charge the cost thereof against the Federal funds allotted to such State, and shall refuse to approve any other project in such State, except as hereinafter provided.

"Upon the reimbursement by the State of the amount expended by the Federal Government for such maintenance, said amount shall be paid into the Federal highway fund for reapportionment among all the States for the construction of roads under this act, and the Secretary of Agriculture shall then approve further projects submitted by the State as in this act provided.

"Whenever it shall become necessary for the Secretary of Agriculture under the provisions of this act to place any highway in a proper condition of maintenance the Secretary of Agriculture shall contract with some responsible party or parties for doing such work: *Provided, however*, That in case he is not able to secure a satisfactory contract he may purchase, lease, hire, or otherwise obtain all necessary supplies, equipment, and labor, and may operate and maintain such motor and other equipment and facilities as in his judgment are necessary for the proper and efficient performance of his functions.

"SEC. 15. That within two years after this act takes effect the Secretary of Agriculture shall prepare, publish, and distribute a map showing the highways and forest roads that have been selected and approved as a part of the primary or interstate and the secondary or intercounty systems, and at least annually thereafter shall publish supplementary maps showing his program and the progress made in selection, construction, and reconstruction.

"SEC. 16. That for the purpose of this act the consent of the United States is hereby given to any railroad or canal company to convey to the highway department of any State any part of its right of way or other property in that State acquired by grant from the United States.

"SEC. 17. That if the Secretary of Agriculture determines that any part of the public lands or reservations of the United States is reasonably necessary for the right of way of any highway or forest road or as a source of materials for the

construction or maintenance of any such highway or forest road adjacent to such lands or reservations, the Secretary of Agriculture shall file with the Secretary of the department supervising the administration of such land or reservation a map showing the portion of such lands or reservations which it is desired to appropriate.

"If within a period of four months after such filing the said Secretary shall not have certified to the Secretary of Agriculture that the proposed appropriation of such land or material is contrary to the public interest or inconsistent with the purposes for which such land or materials have been reserved, or shall have agreed to the appropriation and transfer under conditions which he deems necessary for the adequate protection and utilization of the reserve, then such land and materials may be appropriated and transferred to the State highway department for such purposes and subject to the conditions so specified.

"If at any time the need for such lands or materials for such purposes shall no longer exist, notice of the fact shall be given by the State highway department to the Secretary of Agriculture, and such lands or materials shall immediately revert to the control of the Secretary of the department from which they had been appropriated.

"SEC. 18. That the Secretary of Agriculture shall prescribe and promulgate all needful rules and regulations for the carrying out of the provisions of this act, including such recommendations to the Congress and the State highway departments as he may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon.

"SEC. 19. That on and before the first Monday in December of each year the Secretary of Agriculture shall make a report to Congress, which shall include a detailed statement of the work done, the status of each project undertaken, the allocation of appropriations, an itemized statement of the expenditures and receipts during the preceding fiscal year under this act, an itemized statement of the traveling and other expenses, including a list of employees, their duties, salaries, and traveling expenses, if any, and his recommendations, if any, for new legislation amending or supplementing this act. The Secretary of Agriculture shall also make such special reports as Congress may request.

"SEC. 20. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of the moneys in the Treasury not otherwise appropriated, $75,000,000 for the fiscal year ending June 30, 1922, $25,000,000 of which shall become immediately available, and $50,000,000 of which shall become available January 1, 1922.

"SEC. 21. That so much, not to exceed 2½ per cent, of all moneys hereby or hereafter appropriated for expenditure under the provisions of this act, as the Secretary of Agriculture may deem necessary for administering the provisions of this act and for carrying on necessary highway research and investigational studies independently or in cooperation with the State highway departments and other research agencies, and for publishing the results thereof, shall be deducted for such purposes, available until expended.

"Within 60 days after the close of each fiscal year the Secretary of Agriculture shall determine what part, if any, of the sums theretofore deducted for such purposes will not be needed and apportion such part, if any, for the fiscal year then current in the same manner and on the same basis as are other amounts authorized by this act apportioned among all the States, and shall certify such apportionment to the Secretary of the Treasury and to the State highway departments.

"The Secretary of Agriculture, after making the deduction authorized by this section, shall apportion the remainder of the appropriation made for expenditure under the provision of the act for the fiscal year among the several States in the following manner: One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of each State bears to the total population of all the States, as shown by the latest available Federal census; one-third in the ratio which the mileage of rural delivery routes and star routes in each State bears to the total mileage of rural delivery and star routes in all the States at the close of the next preceding fiscal year, as shown by certificate of the Postmaster General, which he is directed to make and furnish annually to the Secretary of Agriculture: *Provided*, That no State shall receive less than one-half of 1 per cent of each year's allotment. All moneys herein or hereafter appropriated for expenditure under the provisions of this act shall be available until the close of the second succeeding fiscal year for which apportionment was made: *Provided further*, That any sums apportioned to any State under the provisions of the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, and all acts amendatory thereof and supplemental thereto, shall be available for expenditure in that State for the purpose set forth in such acts until two years after the close of the respective fiscal years for which any such sums become available, and any amount so apportioned remaining unexpended at the end of the period during which it is available for expenditure under the terms of such acts shall be reapportioned according to the provisions of the act entitled 'An act to provide that the United Staes shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916: *And provided further*, That any amount apportioned under the provisions of this act unexpended at the end of the period during which it is available for expenditure under the terms of this section shall be reapportioned within 60 days thereafter to all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and the State highway departments in the same way as if it were being apportioned under this act for the first time.

"SEC. 22. That within 60 days after the approval of this act the Secretary of Agriculture shall certify to the Secretary of the Treasury and to each of the State highway departments the sum he has estimated to be deducted for administering the provisions of this act and the sums which he has apportioned to each State for the fiscal year ending June 30, 1922, and on or before January 20 next preceding the commencement of each succeeding fiscal year, and shall make like certificates for each fiscal year.

"SEC. 23. That out of the moneys in the Treasury not otherwise appropriated, there is hereby appropriated for the survey, construction, reconstruction, and maintenance of forest roads and trails, the sum of $5,000,000 for the fiscal year ending June 30, 1922, available immediately and until expended, and $10,000,000 for the fiscal year ending June 30, 1923, available until expended.

"(a) Fifty per cent, but not to exceed $3,000,000 for any one fiscal year, of the appropriation made or that may hereafter be made for expenditure under the provisions of this section shall be expended under the direct supervision of the Secretary of Agriculture in the survey, construction, reconstruction, and maintenance of roads and trails of primary importance for the protection, administration, and utilization of the national forests, or when necessary, for the use and development of resources upon which communities within or adjacent to the national forests are dependent, and shall be apportioned among the several States, Alaska, and Porto Rico by the Secretary of Agriculture, according to the relative needs of the various national forests, taking into consideration the existing transportation facilities, value of timber, or other resources served, relative fire danger, and comparative difficulties of road and trail construction.

"The balance of such appropriations shall be expended by the Secretary of Agriculture in the survey, construction, reconstruction, and maintenance of forest roads of primary importance to the State, counties, or communities within, adjoining, or adjacent to the national forests, and shall be prorated and apportioned by the Secretary of Agriculture for expenditures in the several States, Alaska, and Porto Rico, according to the area and value of the land owned by the Government within the national forests therein as determined by the Secretary of Agriculture from such information, investigation, sources, and departments as the Secretary of Agriculture may deem most accurate.

"(b) Cooperation of Territories, States, and civil subdivisions thereof may be accepted but shall not be required by the Secretary of Agriculture.

"(c) The Secretary of Agriculture may enter into contracts with any Territory, State, or civil subdivision thereof, for the construction, reconstruction, or maintenance of any forest road or trail or part thereof.

"(d) Construction work on forest roads or trails estimated to cost $5,000 or more per mile, exclusive of bridges, shall be advertised and let to contract.

"If such estimated cost is less than $5,000 per mile, or if after proper advertising no acceptable bid is received, or the bids are deemed excessive, the work may be done by the Secretary of Agriculture on his own account; and for such purpose the Secretary of Agriculture may purchase, lease, hire, rent, or otherwise obtain all necessary supplies, materials, tools, equipment, and facilities required to perform the work.

"The appropriation made in this section or that may hereafter be made for expenditure under the provisions of this

section may be expended for the purpose herein authorized and for the payment of wages, salaries, and other expenses for help employed in connection with such work.

"SEC. 24. That in any State where the existing constitution or laws will not permit the State to provide revenues for the construction, reconstruction, or maintenance of highways, the Secretary of Agriculture shall continue to approve projects for said State until three years after the passage of this act, if he shall find that said State has complied with the provisions of this act in so far as its existing constitution and laws will permit.

"SEC. 25. That if any provision of this act, or the application thereof to any person or circumstances, shall be held invalid, the validity of the remainder of the act and of the application of such provision to other persons or circumstances shall not be affected thereby.

"SEC. 26. That all acts or parts of acts in any way inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on its passage."

And the Senate agree to the same.

CHAS. E. TOWNSEND,
THOMAS STERLING,
TASKER L. ODDIE,
KENNETH MCKELLAR,
DAVID I. WALSH,
Managers on the part of the Senate.

J. M. ROBSION,
ROY O. WOODRUFF,
R. L. DOUGHTON,
ED. B. ALMON,
Managers on the part of the House.

Mr. TOWNSEND. Mr. President, this is practically the bill as it passed the Senate, with two or three verbal changes made as we went through the bill. I ask the Secretary to read the statement which I submitted with it. It will tell exactly what has been done.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The reading clerk read as follows:

STATEMENT ON THE PART OF THE SENATE CONFEREES.

The only important departures from the original Senate amendment agreed upon in conference are as follows:

1. In section 2 the size of municipalities through which Federal highway fund can be used for the construction of roads is a reduction from 5,000 inhabitants to 2,500; the latter figure is a provision in the present law.

Also in section 2 there is a change in the definition of "construction," which excludes locating, surveying, mapping, and costs of rights of way from any participation in Federal-aid funds.

To the Senate amendment definition of "State funds" is added "and made available for expenditure under the direct control of the State highway department."

2. Under section 7 of the amendment agreed to in conference it is provided that funds for construction, reconstruction, and maintenance of all Federal-aid highways within the State shall be under the direct control of the State highway department.

3. Under section 11 the conferees agree to the increase of the limit of $20,000 per mile under changed law as to the public-land States in proportion to the Federal-aid increase in such States.

4. In section 14 the conferees have agreed that the Senate amendment relative to the disposition of funds paid by the States in case of default in the maintenance of roads shall be apportioned according to the original House amendment.

5. Other changes in the Senate amendment as adopted August 19, 1921, are made merely for the purposes of clarity and to avoid the possibility of misconstruction of the act in its administration. The conference report as presented is practically in accordance with the provisions of the Senate amendment passed August 19, 1921.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The conference report was agreed to.

ADJOURNMENT.

Mr. PENROSE. Mr. President, I move that the Senate adjourn until to-morrow morning at 10 o'clock.

The motion was agreed to, and (at 7 o'clock and 15 minutes p. m.) the Senate adjourned until to-morrow, Friday, November 4, 1921, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES.

THURSDAY, *November 3, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in heaven, vouchsafe unto us the blessing of Thy guidance that our daily walk may be acceptable unto Thee. Give, O give us the repose of mind that believes that all things work together for good to them that love Thee and keep Thy commandments. Provide a way of happiness and peace for the discouraged, the wounded, and the sick. Bless us with hunger for righteousness, wisdom, and all those other virtues that lift us to the highest service for our country. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

FLORAL WREATH FOR THE UNKNOWN SOLDIER.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate concurrent resolution No. 14 and consider the same.

The SPEAKER. The gentleman from Wyoming asks unanimous consent to take from the Speaker's table Senate concurrent resolution No. 14, which the Clerk will report.

The Clerk read as follows:

Senate concurrent resolution 14.

Resolved by the Senate (the House of Representatives concurring), That the Sergeant at Arms of the Senate and Sergeant at Arms of the House of Representatives be, and they are hereby, authorized and directed to purchase a floral wreath to be placed upon the caisson bearing the remains of the unknown soldier which are to lie in state in the Rotunda of the Capitol of the United States from November 9 to November 11, 1921, the expense of same to be paid in equal proportions from the contingent funds of the Senate and House of Representatives.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

AGRICULTURAL ENTRIES ON COAL LANDS IN ALASKA.

Mr. SINNOTT. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska.

The motion was agreed to.

The SPEAKER. The gentleman from Wisconsin [Mr. STAFFORD] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8842, with Mr. STAFFORD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8842, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska.

The CHAIRMAN. On the general debate the gentleman from California [Mr. RAKER] has 32½ minutes remaining and the gentleman from Oregon [Mr. SINNOTT] has 11½ minutes remaining.

Mr. RAKER. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. WALSH].

Mr. WALSH. Mr. Chairman, I am a little in doubt, after the discussion of yesterday with reference to the great advantage to be derived from the completion of this Alaskan railway by reason of the presence in that Territory of unknown quantities of national resources—coal and iron and gold and various other metals and minerals—whether we ought to throw open for promiscuous entry for agricultural purposes—and that is what this bill does, notwithstanding some of the provisions in the nature of restrictions and conditions—all this vast Territory. There are 55,036 people up there, according to the 1920 census, and it is claimed that it is going to be of great advantage to the rest of the United States to permit them to enter upon these lands for agricultural purposes. I doubt the wisdom of opening up that entire Territory, because of the desire of the people down in the vicinity of Cook Inlet to get agricultural entries, to homestead settlers under the requirements of this law and the general homestead law. It seems to me, if we are going to enter upon the development of the Territory of Alaska, that we should establish some policy under which its other resources

can be mined or taken advantage of and developed, so that not only the few people who are inhabiting that Territory should be benefited but that the entire country should receive the benefit.

Alaska is rather a costly proposition, notwithstanding the great wealth that it contains by reason of these deposits of coal and gold and other minerals and metals. It is a very expensive Territory to maintain, and now we come in and say that we are going to open up coal lands for agricultural development, but will reserve the coal that is there, provided the farmer can mine it for domestic use.

It might be that in mining it for domestic use the farmer would practically destroy its possibilities for mining for industrial purposes. It might also be that in attempting to mine it for domestic use he would discover other metals or minerals in there, the rights to which, as I read this measure, are not reserved. It might be that in developing the acres which would come to him under his patent for agricultural purposes he would destroy future possibilities for water power, and under the reservations of this bill as I read them there is no safeguard thrown around those possibilities.

It seems to me if we are going to pass a general bill for the benefit of a few settlers and would-be settlers at Cook's Inlet it would be better to describe the tracts or areas up there or provide for a survey where these desirable agricultural sections are and to permit them to be developed for agricultural purposes and have some plan or policy. As I understand it, under this bill discretion is left to somebody here in the department to permit agricultural entries here and there throughout the Territory. As I understand, there are many chances of developing water power in Alaska, and many minerals or metals may yet be discovered there in vast quantities, traces of which have already been found. It seems to me we ought not to adopt a policy which is going to be in conflict with that which we have heretofore followed in that Territory.

Mr. RAKER. Mr. Chairman, I yield two minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

The CHAIRMAN. The gentleman from South Dakota is recognized for two minutes.

Mr. WILLIAMSON. Mr. Chairman, I desire to ask a question with reference to the first section of this bill, where it is provided that—

and any settler who has prior to the passage of this act initiated a homestead claim in good faith on lands containing workable deposits of coal, oil, gas, or that may be valuable for the coal, oil, or gas contained therein and not otherwise reserved or withdrawn, may perfect the same under the provisions of the laws under which the claim was initiated, but shall receive the limited patent provided for in this act: *Provided, however*, That should it be discovered at any time prior to the issuance of a final certificate on any claim initiated for unreserved lands in Alaska that the lands are coal, oil, or gas in character the patent issued on such entry shall contain the reservation required by this act.

The point I want to get at is whether, as to those patents which may issue upon lands already homesteaded, there will be a reservation that will protect the coal, oil, and other minerals so that prospectors may go upon land so patented and utilize it for the purpose of mining?

Mr. SINNOTT. Yes; there will be a reservation.

Mr. WILLIAMSON. That is, in the "limited patent" referred to in this bill there is such a limitation?

Mr. SINNOTT. The reservation is in the patent.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. JONES of Texas. Will the gentleman yield?

Mr. SINNOTT. I have no time to yield.

Mr. RAKER. I yield 15 minutes to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I want to tell you and the Members of the House a story. I hope its tragic features will not escape you. I hope that the President of this country and every Member of Congress and the Public Health Service officials will read it.

About two years ago a man named William Centlivre walked into the office of the Surgeon General and startled those that were present by a declaration containing four short words, "I am a leper." The newspapers of this city informed the people how quickly Centlivre found himself alone—for a while at least. That night he occupied a building on the outskirts of the city some distance from the old city jail. He was monarch of all he surveyed. There was none to dispute his possession of the house in which he found himself. From there he gave out a statement to the reporters who from a distance interviewed him. That statement was a new story. It was published and commented upon in some form or another from ocean to ocean. Centlivre said that he was the avant courier of 500 lepers who were coming from all parts of the country to Washington, and that it was their purpose to march up Pennsylvania Avenue to the White House and petition the President of the United States of America for the relief which they thought should have been given them. He also gave out a statement with reference to the manner in which he had been treated while he had been a soldier in our World War army, which caused an investigation to be made by the then Secretary of War.

The commission which was appointed to look into the charges of this unfortunate victim of nature and chance found them to be substantially true. But that is another story, and some day I am going to relate that chapter of a leper's history to this House, "lest we forget" the miseries suffered and endured by obscure and unknown lads while in the service of their country and in order that Congress might understand the complexities that sometimes confront a poor devil in securing justice from the upper ten of the military service.

"God moves in mysterious ways His wonders to perform," and every day one may see what insignificant factors are selected by Him to carry out His will. For years the National Government had been urged to establish a national leprosarium where the shunned of mankind might find, if not nepenthe, a sanctuary and asylum, and be freed from the abhorrence of those who fled in terror at the mere suggestion that a leper was near. For, my friends, the fear of this awful malady has been with men and women from almost the twilight of history. It was known as the scourge and curse of the human race 1,500 years before Christ, in India; and in the Orient and Palestine, and the countries immediately east of it, leprosy existed in almost pestilential degree until the first century of the Christian era. As the power of the Roman Empire declined in the west of Europe a strong tide of immigration from the Levant set in and leprosy spread until no country in Europe was free from it, and the returning Crusaders spread and aggravated the disease in the eleventh and twelfth centuries. Between the sixth and the fifteenth centuries leprosy was by far the most dangerous and dreaded disease of which any account has come down to us through history or tradition. For the leper there was no hope at all on this earth. The convicted felon undergoing a life sentence stood a chance of securing a pardon and the condemned man might not give up hope altogether even while standing on the scaffold; but for the "accursed of mankind" there was nothing but the grave. All of the large cities and towns had a place especially set apart for lepers. This reservation was shunned as if it were the mouth of a burning hell filled with the shrieking souls of the damned and lost. A line was drawn beyond which no leper could cross except at the risk of being immediately stoned to death. If a healthy stranger unwittingly wandered too near the leper's camp he was remorselessly thrust into it and made to share the lot of those previously afflicted. Food was furnished to these leper camps by the town authorities. It was deposited about midway in a sort of No Man's Land, and after the carriers had withdrawn for some time the lepers could crawl from their kennels, secure the food, and then crawl back whence they came. Sometimes the provisions were left on an exposed hill selected for the purpose in the daytime and the inmates of the camps came forth at night and removed it.

It was woe to the afflicted, for no social status, no official position, however exalted, no religious attachment, however sacred, served to keep the leprosy sufferer from universal ostracism. Solitary lepers abounded in the sparsely settled districts of the country, and each one wandered about by himself in the infrequented woods and uninhabited waste places. He had to wrap himself in a sheet so that only his eyes were exposed, and by night and by day travel his lonely way in places so lonely that God Himself seemed not to be there. The ringing of the bell which he carried in his hand to warn any wayfarer of his approach was hardly necessary, for he was far, far from the maddening crowd's ignoble strife. But the dismal tinkling of the leper's bell was heard occasionally, and then men, women, and children fled in terror indescribable until physical exhaustion precluded their going farther. An effort was made to alleviate the sufferings of these afflicted nomads at an early period in the history of the Christian Church. The Order of St. Lazarus, taking its name from Lazarus, the beggar who ate the crumbs that fell from the rich man's table, was founded as early as 72 A. D. More than a thousand years after, the military order of Lazarus was founded by the Knights Hospitalers. Numerous lazarettos were established in the principal cities of Europe by these knights after they were driven out of Palestine. The leper was treated as one dead from the civil-law standpoint. His property passed to his heirs. His wife was free to marry

again, and on his departure for the lazaretto prayers for the dead were repeated over him and a shovelful of earth was thrown after him to make the ceremony complete.

Let us see the difference in their treatment in the barbarous past and the civilized and enlightened now. The most widely known settlement for lepers to-day is on the island of Molokai in Hawaii. There is one in the United States of America. It is situated or located in a place called Carville, La. It is a national leprosarium in name. I say in name advisedly, for it does not function as a national institution should. For years and years medical authorities of the various States and the Surgeons General of the Public Health Service have urged the establishment of a national leper home under the United States Public Health Service for the care and treatment of those who are doomed to pass the remainder of their life as outcasts, dead to the world but still in its midst. Poor unfortunate, wretched, obscure, and lonely Centlivre, you have done more for the afflicted than all of the medical authorities in this country had done up to your time, for by your story you have aroused the national conscience and forced the action which resulted in the taking over by the United States Government of the Carville Institution, which had been operated and conducted by the State of Louisiana.

Of course, there were no rivalries on the part of cities or States to secure this institution. Of course, there were no petitions from chambers of commerce and boards of trade or exchanges and marts for the privilege of succoring and aiding the most desolate human beings on earth or giving shelter and sanctuary to those who after incarceration once must give up all hope of ever looking again upon mother, brother, or sister, and forever afterwards eat their bread in tears and loneliness and sorrow. But poor Centlivre could only begin a work which in its present state is no credit to the United States of America. His voice is now still, for he is immured within the walls of Carville and he can not by his reproaches to his American countrymen secure their attention to the needs of himself and his fellows, as well as to the anguished and tortured souls who are all over this country in hospitals and in other establishments, segregated, it is true, from other patients, but where they are nevertheless a menace to the American people. Centlivre said that there were 500 men who would soon be on their way to Washington. Willard Centlivre knows almost as much about leprosy as the doctors who treat it, and apparently more about lepers, the number of them, who they are, and where they are located than any person who is not within "the inner circle" of that hapless fraternity, of which he is a prominent member. From what he told me, because I, too, interviewed him, the lepers that are abroad among us, and who are unsuspected by the people, generally know each other, and their fear of exposure has driven them into a brotherhood whose bonds are sympathy for each other and the terror of being exposed to the horror and dread that is as great on the part of humanity to-day as it was in the long-ago centuries that have fled into eternity, when the white spot on the forehead at once caused the shout, "To the desert with the leper."

Mr. Speaker, I trust my story up till this time, however doleful, has been somewhat interesting, if not entertaining. I have no great delight in it myself, though I believe I am, like most people, sympathetically disposed to the afflicted. I would rather a thousand times talk to you about the great and brave spirits of high and low degree that followed Andrew Jackson on the fields of Chalmette and there won for themselves imperishable fame and glory when they mowed down the veterans of the peninsular wars under the command of Packenham, the brother-in-law of the Iron Duke Wellington; of great and splendid John McDonogh, whose name is written over 31 schoolhouses in New Orleans and is inscribed in the hearts of the school boys and girls of New Orleans; of old Push-ma-ta-ha, the celebrated Indian chieftain and rival of the great Tecumseh; and of Lafitte and Dominick You and the Corsairs and pirates of the Spanish Main, all of whom fought by the side of the well-beloved philanthropist and mingled their shouts with his on the streets of New Orleans in the great joy of the victory that had been won by the prowess and dauntless courage of the great Americans that are no more.

But I told you in the beginning of my story of the lepers that it had a tragic chapter. Now to that chapter.

The housing facilities at our national leprosarium are so miserably inadequate that more than 150 lepers are held all over this country and can not be sent to this institution. One hundred and fifty men and women all in different hospitals and other establishments throughout the United States, where they are a menace to their fellows, however segregated they may be, and all because the United States Government has been so frugal, so economical, so cheap and parsimonious, niggardly, and miserly that it has not made the appropriations to build the houses necessary to accommodate those that are, after all, however penalized by nature, of our blood, our kith, and our kin may be, who are American men and women and whose path we have at least once crossed. Let me read you a letter which, in cold official phraseology, sets forth this disgraceful and damnable condition more eloquently than the words of any poet or editor could blazon them to the world:

OCTOBER 20, 1921.

Hon. JAMES O'CONNOR,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Receipt is acknowledged of your communication dated October 17, 1921, inclosing a letter from Stanley W. Ray, commissioner of public safety, New Orleans, La.

It is desired to advise you that no further information has been received relative to the releasing of the restriction from the expenditure of the appropriations made for the leprosarium, Carville, La.

It is hoped that some favorable word will be received in the very near future at which time it will be possible to accept a few of the lepers now under the jurisdiction of the State of Louisiana.

Respectfully,

C. C. PIERCE, *Acting Surgeon General.*

I understand that a resolution will shortly be introduced in Congress releasing from restriction the expenditures of the appropriation made for the leprosarium at Carville. That resolution should be adopted without delay and the Committee on Appropriations ought at once make the appropriation which will meet the crying demands and the needs of this so-called national institution and thereby in a measure cancel half a line of the disgrace and the shame that attaches to the administration of an institution which as it stands to-day is a stigma and a reproach to this Republic. I can not resist the temptation to read a short news article from the Washington Post:

ASK GIFTS FOR LEPERS—WASHINGTON AUXILIARY TO HAVE GATHERING NEXT FRIDAY.

The Washington Auxiliary Mission to Lepers will hold its semi-annual ingathering of gifts for outcast lepers in foreign countries Friday afternoon, November 4, in the Mount Vernon Methodist Episcopal Church South, Ninth Street and Massachusetts Avenue NW.

Lepers are supported in India, Burma, China, Korea, Japan, Siam, South America, and Africa. All gifts should be sent to the auxiliary treasurer, Mrs. Washington Topham, 43 U Street NW.

What a blistering indictment of the United States Government—gifts are being collected by good men and women for those who are "in the depths" in China, Korea, Japan, Siam, South America, and Africa on the assumption, of course, that those of our own country men and women who are in the "valley of death," whose only hymn is De Profundis, are well taken care of by the National Government and need not individual assistance, care, and gift.

Mr. MADDEN. Will the gentleman yield?

Mr. O'CONNOR. I will.

Mr. MADDEN. I think there is no occasion for this outburst of complaint. To begin with, in the last appropriation bill there were about $4,080,000 provided for the Public Health Service for certain activities, $80,000 of which, at their own suggestion, was allotted to the cases referred to by the gentleman from Louisiana. Complaints have been made in certain sections of the country that the facilities were not adequate for the needs of these unfortunates, and some of these complaints have been addressed to me as the chairman of the Committee on Appropriations. In every instance I have communicated with the Public Health Service and asked them to suggest what remedy could be applied. They finally have suggested a remedy, which is before us.

Mr. O'CONNOR. What is that remedy?

Mr. MADDEN. That remedy is to take an additional sum out of the $4,000,000 and add it to the $80,000 already available to meet the emergency. That has only been suggested yesterday, or within the last 24 hours.

Mr. O'CONNOR. Then my indictment goes to the Public Health Service and not to the Committee on Appropriations.

Mr. MADDEN. We have already provided for beginning hearings on this subject and other important subjects on next Monday.

Mr. O'CONNOR. Is not the gentleman from Illinois acquainted with the fact that there are 150 of these unfortunates who can not secure treatment in the leprosarium on account of poor housing facilities?

Mr. MADDEN. I do not think there are 150. I have heard of five or six that they have not been able to provide for. But that does not matter; if there is only one, provision should be made for him. The Committee on Appropriations has already referred the matter to a subcommittee, and that subcommittee is to take the question up next Monday.

Mr. O'CONNOR. Do I understand from the gentleman that these complaints, based on not being able to secure proper provision, will be remedied by an adequate appropriation?

Mr. MADDEN. In the way they suggest, by taking from what money is already available for other purposes and adding it to this fund.

Mr. DUPRÉ. Do I not understand that the $80,000 was for maintenance only?

Mr. CANNON. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CANNON. The newspapers say, and, of course, they never lie, that they have found a remedy for leprosy, complete and efficient, in Honolulu.

Mr. MADDEN. They have a good many cases in this country and they ought to be provided for, and as far as any recommendation that may come from the Committee on Appropriations, it will be adequate.

Mr. O'CONNOR. There are 150 cases throughout the country, and because we of Louisiana have transferred the institution to the United States Government we now find ourselves in a condition where we can not get our own lepers provided for. I am not complaining on behalf of those alone, but generally, and I am glad that the gentleman from Illinois assures me that these intolerable conditions will be remedied.

Mr. MADDEN. As far as I am concerned, and I am sure the Committee on Appropriations, all necessary provision will be made. [Applause.]

[By unanimous consent Mr. O'CONNOR was given leave to extend his remarks.]

Mr. RAKER. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 10½ minutes.

Mr. RAKER. Mr. Chairman and gentlemen of the committee, this is a unanimous report from the Committee on the Public Lands of the House. The committee has given a great deal of thought, investigation, and consideration to this kind and character of legislation. For the United States we have passed an act entitled "An act to provide for agricultural entries on coal lands," approved June 22, 1910 (36 Stat., 583), and "An act to provide for agricultural entry of lands withdrawn, classified, or reported as containing phosphate, nitrate, potash, oil, gas, or asphaltic minerals," approved July 17, 1914 (38 Stat., 509), which provides for the homestead entries on coal land, oil and gas land in the United States, which is intended by this bill for the lands in Alaska. Following that, after a great deal of consideration by the committee and very extensive hearings and full consideration by the House, the House passed what is known as an act to provide for stock raising, homesteads, and other purposes, August 29, 1916, Thirty-ninth Statutes, page 671, which provides for the reservation of minerals, coal, gas, and oil under the stock raising, homestead act because of the extensiveness of the entries.

Mr. JONES of Texas. Will the gentleman yield?

Mr. RAKER. Yes.

Mr. JONES of Texas. I see that the pending bill provides that the owner may mine this coal for domestic purposes. Does the domestic purpose embrace his own personal use, or can he mine it and sell it anywhere?

Mr. RAKER. It is for his own personal use, like the man may cut timber off his homestead for his own personal use for the purpose of improving his homestead. That has been the rule from the beginning as a public-land policy to the present time.

Mr. JONES of Texas. Under that provision would he not be permitted to sell the coal anywhere in Alaska for domestic use?

Mr. RAKER. I do not think so.

Mr. JONES of Texas. For domestic use?

Mr. RAKER. I do not think so. I think the construction of that term means the same as when a man has taken out a homestead and filed upon it, that he may use the land before final proof, may cut the timber on it for improvement and for his own use, but he may not speculate and use it as a market in disposing of the timber on that land.

Mr. JONES of Texas. Would the gentleman object to an amendment which would say "for his own personal use?"

Mr. RAKER. I would have no objection to that. I think that is what it means. It would be adding a few more words which are already in the proposed bill. It is not necessary.

Mr. WALSH. The gentleman says that before final proof he may use that land.

Mr. RAKER. Yes.

Mr. WALSH. What is the restriction after final proof?

Mr. SINNOTT. Mr. Chairman, if the gentleman will yield, it is prior to the disposal by the United States of the coal deposits that he may use the coal.

Mr. RAKER. Yes.

Mr. SINNOTT. Not thereafter.

Mr. RAKER. That is in this bill. The gentleman asked me what is meant by before final proof?

Mr. SINNOTT. The use must be on the land.

Mr. RAKER. Yes.

Mr. WALSH. What about the use of the coal for domestic use after the final proof is made? There is no limitation there that it shall be for his own domestic use.

Mr. RAKER. After final proof, after a man has complied with all of the necessary conditions and he has obtained a title, the Government can not take it from him once that final patent has been issued. In this case it provides for the use of the land for domestic purposes. That means for his own domestic purposes and not for sale to other people for their domestic purposes. This bill provides for three classes: First, those who desire to make homesteads on land containing the various minerals, coal, oil, and gas; second, it provides a second class, composed of those who have heretofore and who now have homestead filings for which they can not make final proof or obtain patent because the land does contain coal, oil, or gas. He is permitted to make his final proof by reserving those minerals to the Government. The third class is provided for in the bill on page 2, lines 5 to 10. That is, the land is not conclusive as to the matter of mineral land, and it is believed to be all nonmineral, but before he makes his final proof should the minerals named be discovered, in that event he can, nevertheless, make final proof by virtue of relinquishing or saving to the Government the coal, gas, or oil that is in the land. There are the three classes provided for. All of the minerals, coal, oil, and gas are reserved to the Government and to the three classes specified. Answering the suggestion made by the gentleman from Massachusetts [Mr. WALSH] that it may affect the water power, permit me to say that under all of the water-power withdrawals today in Alaska, under this bill, no homestead can ever be initiated. So, if there are any water powers withdrawn, and they have withdrawn all they thought were possible, under the bill no homesteader can initiate homestead claims.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. WALSH. Suppose they have not been withdrawn?

Mr. RAKER. Oh, my dear friend from Massachusetts, they have withdrawn so infernally much land and figured and speculated so much, that wherever there is a canyon or a possibility of a reservoir site or a reservoir it is withdrawn.

Mr. WALSH. That is up in Alaska?

Mr. RAKER. In Alaska it is pretty nearly all withdrawn. Do give these people an opportunity to develop their country as we are trying to develop the country in the West.

Mr. SMITH of Idaho. Is it not true that every power site on the public domain, including Alaska, was withdrawn under Mr. Taft's administration and is still withdrawn?

Mr. RAKER. Yes; and then some. Everyone knows from experience in the Eastern States and elsewhere, where they have had mines for a century, where the coal mines are still in operation—and the same is true in England—that the mining of the coal or the taking out of the oil does not detract from the continued and prosperous development of the country for agricultural purposes.

Last week I had occasion to go through Pennsylvania, and I saw coal mines and oil wells on agricultural land. Are you going to say that you will prohibit the agricultural development of that land when at the same time you can develop it to its highest extent for agricultural purposes and develop all of the mineral that is in the land without interference with either one? That is the purpose of this bill.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Sometimes it kind of hurts a little, although we do not complain. We think that some of you good eastern friends of ours are a little bit penurious in respect to this matter. You received all of the land and the minerals within the land and the coal and everything else, up to the blue heavens above, but within the last few years you have asked us to yield every character of minerals in the land out West. We began to see that you had the votes and that we could not do anything. We had to do something, so what have we done? We have passed laws, so far as the United States is concerned, reserving the minerals, the coal, oil, and gas, and the oil shale to the Government of the United States. I yield to the gentleman.

Mr. WALSH. What minerals and metals are reserved in this bill outside of coal, oil, and gas?

Mr. RAKER. Not any.

Mr. WALSH. In this instance you have not passed such a law, have you?

Mr. RAKER. Yes; and I am very glad the gentleman asked me that, because I was afraid I was about to forget it. That has been the history of this country. We have yielded our lands for the purpose of leasing, to give you something in return. Ought you not to be satisfied?

Mr. WALSH. Whose land?

Mr. RAKER. The land that rightfully belongs to the people who settle there. The people who go into that country and are willing to settle there ought to have the land, if they comply with proper regulations and make it productive, and in that way it will return a revenue to the Government in the way of taxation and will serve to build up the citizenry of the country. To answer the suggestion of the gentleman, not in Alaska, not in the United States, at any place, to-day can any man file a homestead on mineral lands containing gold, silver, cinnabar, or otherwise, because all mineral lands are withdrawn from homestead entry.

Mr. WALSH. Are there any mineral lands in Alaska?

Mr. RAKER. I say it without fear of contradiction that none of the mineral lands, mark the words, none of the mineral lands——

Mr. PARKER of New Jersey. None?

Mr. RAKER. Well, Jehoshaphat! You can find something on some lands for some benefit 100 years after it has been discovered. Ought you to say to a man that he can not build a factory on his land if it becomes necessary after 100 years, and he can find some new enterprise to develop there? So will all of the known minerals, gold and silver, cinnabar, or any other mineral of that character. You say we can not homestead there? You can take it up under the mineral law in Alaska and in this country. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAKER. When a man gets interested, just at that point he is shut off. I ask that I may extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. SINNOTT. Mr. Chairman, after the very able exposition of this bill by the Delegate from Alaska [Mr. SUTHERLAND] last Tuesday and after the very able and luminous explanation by the gentleman from California [Mr. RAKER] I feel that it is not necessary to take further time in discussing the bill. I just wish to advert to one comment of the gentleman from Massachusetts [Mr. WALSH] regarding the water-power sites. The gentleman from California [Mr. RAKER] covered that very fully, but I wish to add that I spoke to Judge Finney, of the Interior Department, this morning regarding the water-power sites, and he told me that all the water-power sites in Alaska have been withdrawn, so the water-power sites would not be open to entry under this act.

Mr. WALSH. Will the gentleman yield?

Mr. SINNOTT. For a question.

Mr. WALSH. Is that a blanket law that includes water-power sites which may not have been discovered?

Mr. SINNOTT. Well, they have gone up there and investigated and surveyed all the water-power sites and they have been withdrawn.

Mr. WALSH. So there are no water-power sites in the Territory of Alaska now that have not been withdrawn?

Mr. SINNOTT. That have not been withdrawn. They have all been withdrawn.

Mr. WALSH. Well, I doubt it. They may think they have withdrawn them all, but I doubt it was possible to make a sufficient exploration of that country to say, in view of the future development of water power and the utilization of water as a source of power, that they have withdrawn all these water-power sites.

Mr. SINNOTT. Well, if the gentleman is at all familiar or has investigated or will investigate the matter of water-power withdrawals throughout the country, he will know or find out that those interested in the water-power sites on behalf of the Government have gone over the whole country with a fine-tooth comb. You will find water-power withdrawals covering land 2,000 feet above the Deschutes River in Oregon on land that will never be needed in connection with power development. They overwithdraw, as a matter of fact, water-power sites. Then I want to get this point clearly fixed in the minds of the committee, that at no time under this bill or under a patent issued by virtue of this bill can anyone acquire any coal, oil, or gas rights. No homestead settler under this bill can acquire any rights to the coal except a limited right for his domestic purposes upon the land. Now, under a similar act that applies to the United States proper, there is the same provision, and the department found it to be a reasonable provision. There have been no abuses or violations of the provisions. The Secretary of the Interior or the Assistant Secretary, Judge Finney, who reported on this bill, calls attention to the fact that it is similar to a law which has been in vogue in the United States since 1910 as far as coal is concerned, and since 1914 as far as oil and gas are concerned, and it has proven satisfactory.

Mr. Chairman, I ask for a reading of the bill.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That from and after the passage of this act homestead claims may be initiated by actual settlers on public lands of the United States in Alaska known to contain workable coal, oil, or gas deposits, or that may be valuable for the coal, oil, or gas contained therein, and which are not otherwise reserved or withdrawn, whenever such claim shall be initiated with a view of obtaining or passing title with a reservation to the United States of the coal, oil, or gas in such lands, and of the right to prospect for, mine, and remove the same; and any settler who has prior to the passage of this act initiated a homestead claim in good faith on lands containing workable deposits of coal, oil, or gas, or that may be valuable for the coal, oil, or gas contained therein and not otherwise reserved or withdrawn, may perfect the same under the provisions of the laws under which the claim was initiated, but shall receive the limited patent provided for in this act: *Provided, however*, That should it be discovered at any time prior to the issuance of a final certificate on any claim initiated for unreserved lands in Alaska that the lands are coal, oil, or gas in character, the patent issued on such entry shall contain the reservation required by this act.

Mr. PARKER of New Jersey. Mr. Chairman, I desire to offer an amendment.

Mr. MONDELL. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I did not ask for time in general debate and would not unduly ask time of the committee now, but I should like to discuss some features of this bill at some length, and I ask unanimous consent to continue for 15 minutes.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent that he may proceed for 15 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Chairman, the legislation now before us is almost identical in its terms with the act applying to the States and the public lands within the States which became a law on July 17, 1914. I have taken a great deal of interest in this legislation because I introduced the first bill which was introduced in the Congress to save for the homestead settlers, lands that after entry were proven to contain coal, their rights to the land that they so entered with the reservation to the Government of the coal deposit. Following that I introduced the bill that became the act to which I have referred, the act of July 17, 1914. It is highly important legislation for many reasons. First, because it for the first time made possible the acquisition of title to lands valuable for certain classes of minerals under the homestead act. Second, because it provided for a new form of title, a form of title new to American statutes, a title carrying practically all the rights and privileges of a fee title with the reservation to the Government of the body of a mineral or of certain minerals named in the law.

The act of 1914 applies not only to coal and oil but to certain other nonmetalliferous minerals. This act is confined to coal, oil, and gas. The Committee on the Public Lands had the original act under consideration for a long time. The bill as finally enacted differed considerably from the bill as originally introduced, for at the time the bill was originally introduced I did not have—no one on the committee had—a very clear idea as to just the phraseology that should be employed to protect the homestead settler or the land entrymen, and he who was to become the owner, in his legitimate rights, and at the same time not interfere with legitimate mining development. But the law as drawn was intended and purposed to protect the owner. Some people, including some in the land office, have fallen into the unhappy and unfortunate error of referring to the title under these laws as surface titles. That is not an accurate designation of the title. It is much more than a surface title. It gives the entryman the ownership of the land from the surface as far down as he can ever reach, and everything in it save and alone the body of the reserved minerals; nothing above them, nothing below them is reserved.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. MONDELL. In just a moment.

That is a new form of title under our laws. It does another thing. Starting in with those provisions which protect the owner of the land, it then protects the prospector or he who becomes the owner of the mineral by granting him the right of reentry, the right of reentering the tract and securing as much of the tract as it is necessary for him to have in order to properly conduct his mining operations.

I have sometimes said that if there is any one piece of legislation above another that I feel I have the right to take special pride in this is the act, because it settled what had been a long-continuing controversy, it made possible a class of owner-

ship and settlement that had been impossible under our laws, and, as finally enacted, it fully protects not only the homesteader and the agriculturist but the miner as well. At the time this bill was before the House there was in Congress, from the State of California, a gentleman by the name of Smith. Mr. Smith, in my opinion—I am sorry he is not on earth to hear again the statement that I now make and that I have made before—was entitled to more credit than anyone of us for the final working out of the theory under which this new class of title was evolved and this new policy of joint use was finally crystallized into law.

Mr. SUTHERLAND. I would like to know if it was the 1914 law that you were speaking of?

Mr. MONDELL. Yes. There was an act which I introduced prior to that which took care of the entrymen who were then on the public lands.

Mr. SUTHERLAND. The act of 1910?

Mr. MONDELL. The act of 1914 followed and was supplemental to that act. The law of 1910 did not fully provide for the theory of limited titles which was finally fully developed and enacted in the statute of 1914.

Mr. SINNOTT. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. SINNOTT. The law of 1910 just covered the coal lands.

Mr. MONDELL. Just covered coal; that is true. The necessity for its enactment grew out of the fact that in the Dakotas, in Colorado and Wyoming, and in various other Western States, homestead entrymen had settled upon vast areas of land that were known to contain coal at varying depths, but coal that at that particular time had no commercial value.

It should be remembered—and I think some gentlemen have not had it very clearly in mind, judging by some of the questions asked—that the homesteader, the entryman, under any agricultural land statute, makes a nonmineral affidavit before he can acquire any standing as an entryman. He must swear that he has examined the land he proposes to acquire and that it is more valuable for agricultural purposes than for mineral of any sort or kind. And if it shall be proven at any time up to the date when his patent is issued that the land does, in fact, contain minerals of any sort or kind, rendering it more valuable for mineral than for agricultural purposes, his claim falls and his title is extinguished.

Now, this statute of 1914, following the statute of 1910, was the first modification of that general rule. It modified the rule only with regard to certain nonmetalliferous minerals, and in the case of this act modifies the rule only with regard to coal, oil, and gas. It is, in my opinion, a most excellent statute. It has stood the test of use and administration now for about six years, and I think there have been very few cases where any question has arisen as to the wisdom of the provisions of this act.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. GRAHAM of Illinois. I do not know anything about the land laws that amounts to much, and therefore I want some information. I would gather from the first section of this bill, lines 12 and 13 on the first page, and the first five lines on page 2, that if a homesteader had settled on a homestead claim in good faith and proceeded, thinking that he could finally get a patent to a fee of the land, if it were found out afterwards that there was coal, oil, or gas on the land, his patent would be limited.

Now, the question, in my mind, is this, Whether that is treating the settler just exactly fairly when he assumed all along that the patent he would get would be a patent to the fee of the land?

Mr. MONDELL. Whether that is treating him fairly or not, the Members from the public land States have traveled that road many times and in connection with many proposals of legislation for years, and have agreed to the proposition that the entryman is chargeable with knowledge of the fact that his land is valuable for mineral, and that inasmuch as he is not seeking the mineral, but the agricultural values of the land, he is treated fairly, if there shall be a discovery prior to his making final proof, if he receives the land with the reservation to the Government of minerals. That has been settled. It was settled in the act of 1910, and in the act of 1914, and that is not in question here. The question here is whether you shall give the settler his land at all, because under the present law his title fails if mineral shall be discovered in paying quantities before he has earned his title.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MONDELL. This is a good law. It is a necessary statute. It has worked well. All laws relating to the acquisition of public lands are necessarily to a greater or less extent subject to abuse; this law is perhaps as little subject to abuse as any statute of this sort can be. I do not imagine that anyone in Alaska, in the Matanuska and Bering field, where the land is of no value for agricultural purposes, will endeavor to acquire one of these limited rights. I am sure that under a proper administration of the land laws no homestead settler in Alaska would be allowed to make a filing on land that was clearly, beyond all question, of no real or considerable value for agricultural or grazing purposes. There are some coal lands in Alaska that are of that character. You can not well define in this statute the limitation of agricultural entries. That is defined in the homestead statutes, and in future modifications of the homestead statutes in Alaska it will be necessary to have in mind the fact of the passage of this bill, so that it shall not be legal, as it is now, in my opinion, under proper administration, to file a homestead on barren rocks in the hope of securing some benefit out of the development of mineral.

That is the only possible danger under a statute like this.

But there is one provision of this act that has not always worked altogether satisfactorily in our continental area, and yet up to this time I have not been able to suggest any certain remedy. The bill provides, among other things, that after the entry has been made the prospector may enter upon the land only upon the approval by the Secretary of the Interior of a bond or undertaking to be filed with him as security for the payment of all damages to the crops or improvements on such land by reason of such prospecting. In practical administration that provision protects the owner sometimes to the detriment of the prospector, because of the period of time required to file with the Secretary the bond and to secure from him the prospecting permission. However, the department has by its methods of administration largely, and perhaps wholly, cured that situation in our continental area. But Alaska is a long way from the seat of government, and I think the gentleman from Alaska and others directly charged with the responsibility there——

The CHAIRMAN. The time of the gentleman from Wyoming has again expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MONDELL. We may very properly consider the advisability of some modification of that provision. What happens in practice in cases of this kind very frequently is this: The prospector, believing that there is coal or oil upon the land, does not go to the trouble of securing a permit from the Secretary; he simply makes an arrangement with the owner. I am not sure whether the department has ever recognized those agreements as valid. So long as neither party raises a question, no third party can. It is a matter between the owner of the title and the prospector. But some time some serious damage will occur under an agreement of that kind, and then the question will have to be decided as to whether or not we really contemplated an agreement with the settler.

That could be very easily settled by an amendment after the word "therein" on page 3, line 2, by the addition of these words, "under agreement with the entryman or owner under the limited patent provided for by this act." That would make it clear that that kind of an agreement, which is common, could be entered into legally. If the Secretary himself must pass upon these cases—I can imagine conditions under which in Alaska that would involve considerable delay—whether it is safe to provide that the register or receiver, under certain conditions, could do that I do not know.

Mr. PARKER of New Jersey. Or the judge of the court——

Mr. MONDELL. No; I would not favor vesting that power in officials who are in no wise connected with or familiar with the land machinery. It should be left with an official who is acquainted with the practices of the land office, and the register and receiver naturally would be the ones who should be authorized to do that. But whether we authorize that provision or not, I am inclined to believe it would be well to place in the statute the language I have referred to. That makes it clear beyond question that if the owner of the title enters into an agreement with the prospector the prospector need not file a bond and secure the permission provided for.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield there?

Mr. MONDELL. Certainly.

Mr. STEPHENS. I wanted to ask about the prospector, whether anyone would have the privilege of going on the owner's land without first getting permission from the Government?

Mr. MONDELL. Under the bill they must first get permission from the Secretary of the Interior and file a bond.

Mr. WYANT. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. WYANT. In mining coal in Pennsylvania it frequently happens that property and buildings are destroyed, very valuable property. What protection is given here against that?

Mr. MONDELL. This bill protects the owner of the property fully. There is no doubt about that. It is a well-drawn statute on that point.

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. RAKER. The suggestion that the gentleman made in regard to the owner of the surface consenting would be quite applicable if the law of Alaska provided that the land should be under lease. You can not get mineral title in Alaska except under lease.

Mr. MONDELL. Title to what?

Mr. RAKER. To coal, oil, and gas.

Mr. MONDELL. That is true as far as the public lands of the United States are concerned. The question is merely this: They do make these arrangements. They make arrangements with the owner of the surface rather than apply to the Secretary. The question is whether the law contemplates these things.

Mr. RAKER. What I mean is, before the man can mine, in any event he must get some permission from the Secretary of the Interior?

Mr. MONDELL. Under this law the only permission that he has to get is the permission of the Secretary protecting the entryman, because the other provision of the law is that he may enter the land if he is qualified to secure the title. Of course, he would make the application for a prospector's permit, and all that sort of thing, but that does not necessarily carry him to Washington. This other thing does.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SINNOTT. I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. The gentleman is recognized in opposition to the pro forma amendment.

Mr. SINNOTT. I desire to submit this to the gentleman from Wyoming: Has he thought of this feature of that? Under an act passed in the last Congress covering Alaska coal lands, and also under the oil leasing act, the Secretary of the Interior may grant a prospecting permit, and if oil or coal is discovered then the prospector has a preference right for a lease. Now, if you leave this matter in the hands of the homesteader, the landowner, we might be giving him the right to grant a permit that would ripen into a lease, and he may not know whether the applicant is qualified under the law to receive a lease.

Mr. MONDELL. If the gentleman will allow me; in other days I had a very considerable amount of experience in prospecting for minerals, particularly oil and coal. There is a certain amount of preliminary prospecting or examination that needs to be done before the prospector can have a very definite opinion as to whether he wants to go to the expense and trouble of pressing for a permit and a lease. Query: In that condition of affairs relative to exploration work, shall we leave the entryman in the position where he may feel that he must deny to the prospector the opportunity even to pass over his land? He has a perfect right to do that under the law. He may warn off all trespassers. Query: Should we not make it clear that he has an opportunity to allow this preliminary prospecting? I simply make that suggestion. I am not sure that it will meet with the approval of the committee. It is intended to meet partially the only difficulty that I know of with regard to the administration of the law at present.

Mr. SINNOTT. There is nothing in this law or in the law as it relates to the United States, as far as I know, that would prohibit the settler from permitting the prospector to go over his land.

Mr. MONDELL. There is not?

Mr. SINNOTT. No.

Mr. PARRISH. Will the gentleman from Oregon yield?

Mr. SINNOTT. Yes.

Mr. PARRISH. I want to ask the gentleman if he thinks that the reservation as to coal, oil, and gas is sufficient to protect the Government? Ought there not to be a reservation as to other minerals?

Mr. SINNOTT. This same law applies to the United States. It has been on the statute books for 10 years as far as coal is concerned, and since 1914 as far as oil is concerned, and it has proven satisfactory.

Mr. PARRISH. Other minerals are not specified in this bill.

Mr. SINNOTT. If there are metalliferous minerals the man could not get his title.

Mr. PARKER of New Jersey. If it were known.

Mr. PARRISH. How about gold?

Mr. SINNOTT. He could not get title at all. There is an absolute prohibition against giving title to any land containing gold.

Mr. PARRISH. That is under another act of Congress. Does that same protection obtain as to any other minerals?

Mr. SINNOTT. Oh, yes.

Mr. PARRISH. Silver and gold?

Mr. SINNOTT. Silver and gold, and all those minerals.

Mr. JONES of Texas. If it were unknown that the gold was there and a man went ahead and got title, would the subsequent discovery of the gold forfeit his title?

Mr. SINNOTT. Not unless it could be proven that he knew the gold was there at the time he made his final proof.

Mr. JONES of Texas. What objection is there to reserving other minerals?

Mr. SINNOTT. There are many objections to that. It has not been our policy.

Mr. PARKER of New Jersey. I am going to offer an amendment now as to metals and minerals.

The CHAIRMAN. The time of the gentleman from Oregon has expired. Without objection the pro forma amendment will be withdrawn. The gentleman from New Jersey offers an amendment, which the clerk will report.

The clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey to section 1: Insert the words "metal or mineral" after the word "gas" in line 6, page 1, and in line 8, page 2; and insert the words "metals or minerals" after the word "gas" in lines 7 and 10 of page 1, and lines 1 and 2 of page 2.

Mr. PARKER of New Jersey. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from New Jersey asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. SINNOTT. I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Oregon reserves the point of order against the amendment.

Mr. PARKER of New Jersey. Mr. Chairman, I thoroughly sympathize with the purpose of this bill. Any man who can find farming land in Alaska—there is only a little of it there—ought to be able to settle on it wherever it may be, subject to the mining of the ores, metals, coal, oil, and gas.

This is not a new thing, as suggested by the leader of the House. It is new in statute, but it is not new in practice. In my State almost all the mines are worked, not by the owner of the soil, but under reservations contained in old deeds "reserving all mines, metals, and minerals in said tract, with the right to explore for, search, and mine the same, paying all damage to the owner of the soil"; and we have never had any difficulty in carrying that out. If a man were going to cause great damage, a court of equity would enjoin his going beyond mere exploration until he gave proper security. That method works.

Mr. MONDELL. Will the gentleman yield?

Mr. PARKER of New Jersey. I yield to the gentleman from Wyoming.

Mr. MONDELL. The gentleman misunderstood me. I said this is the first legislation of this kind in the way of a Federal statute making this separation.

Mr. PARKER of New Jersey. I have said that it is the first statute, but it is an old practice under title by deed in my State. Now, I think the facts with reference to metal, mineral, coal, and oil lands are mighty uncertain. You can not tell where they are. A gold vein may be 1,000 feet deep. An iron vein I heard of in Prince of Wales Island is 60 feet wide, running from one side of the island to the other. It has not been a valuable mine to work, the iron being mixed with copper, which they do not know how to get out. It will be valuable. It is not mineral land now, but it will be. In the north, near Fairbanks, stream after stream has been worked by placer miners for gold in the bed of the stream, mined by the stream from the mother veins. It is said that one vein has been discovered that yielded

a lot of ore averaging $200 in gold per ton. But the working of these veins or mines must be preserved from being broken up by putting a homestead over the land at the top. You may want to mine 1,000 feet deep under the surface of the soil, and it will do no harm whatever to the farm. In my State we run a shaft down, and there are only a few acres around the shaft that are occupied by buildings. The farmer carries on his farm and he is glad to have the mine there, because people come there and use his crops. They put up buildings and improve the place. We want to see that the mining works of all kinds are carried on without interference with the soil, and that the soil may be cultivated without interference with the mine. It is simple and practical. It ought to have existed always in all the United States as it did in the Eastern States under reservations in the deeds.

Now, I want to point out what there is here. The whole northern part of Alaska is an absolute blank. Not a river has been surveyed, and there are rivers there. The central part of Alaska contains a blank 200 or 300 miles in extent, and so in the southwestern part. We only know of the placer mining in the beds of the river, where untold richness existed.

Now we shall want to go to the mines themselves, the mother veins, which mostly have not been discovered. I understood from the chairman of the committee that very few lands in Alaska have been reserved for coal, oil, and minerals.

Mr. SINNOTT. The law reserves them.

Mr. PARKER of New Jersey. The law reserves them when they are known. If not known they are not reserved. We are dealing with the unknown, and title ought not to be given to a homestead on a most important vein that would block that development. Mining is different from the operations on the surface. The farmer should be protected, and the Government should be protected also in seeing that the great resources of this Territory are developed. There are some few places in favored spots in the valleys where farms could be placed, and there may be other parts—I have no doubt there are some in the southeastern part where there is coal and iron. There are gold mines at Juneau, and there is copper on the Copper River, and there may be a great deal more.

Mr. BOX. Will the gentleman yield?

Mr. PARKER of New Jersey. Certainly.

Mr. BOX. Does the gentleman construe the act as reserving the minerals in lands not known to contain minerals?

Mr. PARKER of New Jersey. It reserves the coal but it does not reserve the minerals. My amendment reserves the minerals.

Mr. BOX. I call the gentleman's attention to the language in line 5, page 1, "lands of the United States in Alaska known to contain workable coal, oil, or gas deposits." I want to ask the gentleman, Is this reservation of coal, oil, and gas on land not known at the time of the entry?

Mr. PARKER of New Jersey. I do not know whether it does or not. If it does not, it ought to be made to do so. My purpose is to reserve all of the mineral rights. You can mine under the farm and pay the damages for the injury to the surface. It is the sensible way of doing. What I argue is that the act should be universal. I should very much have preferred to introduce an act like our reservations in our deeds, simply saying that homestead entries may be made everywhere, except in forest reserves or on the banks of streams, as already provided in the statutes in respect to Alaska, or in other places excepted by the statutes, but that metals—gold, coal, oil, or gas—under the land shall be reserved to the United States and its grantees, always with the right to search for, explore, mine, and acquire the same, subject to the payment to the owner of the soil of all damage done to his estate. It would have been a short act and be complete and a great deal broader than this one.

Mr. SINNOTT. Mr. Chairman, I rise to oppose this amendment. I do not think the gentleman from New Jersey [Mr. PARKER] fully appreciates the situation and the conditions in a placer mining country. No one who is looking for metalliferous minerals like gold or silver is going to try to get that gold or silver under the provisions of this act. This is a homestead law. A man would have to live upon that land for three years and cultivate 20 acres. As a rule, it takes them about five years to secure a patent. If at any time during those five years it is shown that there are metalliferous minerals, gold or silver, upon the land, the homestead claimant absolutely loses his title, and his rights fall. If at any time after he secures his patent it is shown that he knew when he took up the land, or at any time prior to his final proof, that the land contained those minerals, then again he loses his right. It is much cheaper to take up the land under the placer mining law than to take it up under the homestead law. No mining man who knows anything about the homestead law or about the provisions of the mineral laws would ever undertake to secure a gold claim or a silver claim through the instrumentality of this bill if it becomes a law, because he can take it up much more cheaply under the mineral laws as they relate to Alaska. So far for the objection that this law might be used for that purpose.

Let us go to the other proposition. I do not think the gentleman from New Jersey [Mr. PARKER] has ever been in a mining section where placer mining is carried on. Placer mining and homesteading and farming are absolutely incompatible. You ought to see some of these placer mines. I have seen farms purchased for the placer mining upon them. The whole farm is torn up; it is made an absolute ruin; it is made a havoc. Where formerly there were beautiful fields of wheat, hay, clover, or alfalfa, as there were in my district, they come along with a great, big dredge—and some of those dredges are almost as large as this room—and the whole surface of the country is torn up and gouged out, and when they get through there is nothing left upon the surface but a great big mass of rocks and bowlders.

The gentleman from New Jersey wants to reserve to some mineral claimants coming along after the man secures his patent the right to practically take his farm away from him, and that is what would happen if the amendment offered by the gentleman should be agreed to. The two propositions are absolutely incompatible. He may have had some metalliferous mining in his State where they put down a shaft that would not inconvenience the farmer, but the situation in a placer country like Alaska is absolutely different. You would absolutely ruin and destroy a man's homestead.

Mr. SUTHERLAND. As a matter of fact, would it not mean that eight individuals would be able to come along and occupy the man's homestead under the mineral laws.

Mr. SINNOTT. One individual could do it.

Mr. SUTHERLAND. Not under the laws of Alaska.

Mr. SINNOTT. Oh, yes; he could cover that homestead with eight placer claims.

Mr. SUTHERLAND. One individual?

Mr. SINNOTT. Yes; one individual.

Mr. SUTHERLAND. Not under the law of Alaska.

Mr. SINNOTT. Yes; he can. He can take up only two claims a month, and during the year he can take up eight placer claims and clap those eight placer claims upon the land of the homesteader.

Mr. SUTHERLAND. Yes; but the gentleman would not say that one individual would be able to do that.

Mr. SINNOTT. Yes.

Mr. SUTHERLAND. If he had located it. But suppose other individuals had come along.

Mr. SINNOTT. Oh, somebody else could come along and help to plaster the farm with claims.

Mr. SUTHERLAND. And that means that eight men would preempt the surface rights of this homesteader.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. SINNOTT. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. WALSH. What would be the situation if a homesteader made final proof, occupied the land for three years after his final proof and did not know anything about certain minerals other than gold or silver being beneath the surface, and they were then discovered in large quantities. To whom would that belong?

Mr. SINNOTT. That would belong just the same as it does in the United States—to the man who receives the patent, and why should he not have it? For whom are you going to reserve it? Who is going to have it unless he has it? Some rich mining man will come along and get it—is that the idea? Is not the homesteader as much entitled to that as somebody else? The United States does not reserve it for itself. All these lands are now open for mineral claimants, and why not give it to the homesteader as well as to some mining promoter?

Mr. WALSH. To whom would it belong if it happened before final proof?

Mr. SINNOTT. If that man discovered mineral upon his land before final proof, if he had any sagacity he would immediately file a claim.

Mr. WALSH. To whom would it belong if it was discovered before final proof and he did not file a claim?

Mr. SINNOTT. It would belong to the United States and would belong to the first man that clapped a claim on it.

Mr. EVANS. What is the size of a placer claim?

Mr. SINNOTT. Twenty acres.
Mr. EVANS. What is the size of a homestead?
Mr. SINNOTT. In Alaska, 160 acres.
Mr. EVANS. If one wished to get up a scheme by which he could take up and cover the whole country, what better way would he have than the gentleman's bill?
Mr. SINNOTT. He can take up eight placer claims.
Mr. EVANS. And you would have to take up each separately and make the proof in the ordinary way, would you not?
Mr. SINNOTT. Oh, no; I could take up eight placer claims——
The CHAIRMAN. The time of the gentleman from Oregon has again expired.
Mr. SINNOTT. Mr. Chairman, I ask unanimous consent to proceed for five minutes.
The CHAIRMAN. Is there objection?
There was no objection.
Mr. SINNOTT. I could take up eight placer claims and that would entirely cover the homestead, or I could get eight friends of mine and have each take up a claim and work it.
We will do our work upon one claim, provided that work would develop all the claims; but why take this away from the homesteader and give it to somebody else?
Mr. EVANS. Why not require him, in order to secure the mineral rights, to do just what he would have had to do under the law if he was not a homesteader?
Mr. SINNOTT. If he discovered it before final proof he will have to comply with the law; after final proof he is not going to get that mineral unless he puts his muscle and his money into going into the bowels of the earth.
Mr. EVANS. Would he get it at all without putting his muscle into it?
Mr. SINNOTT. Not at all. This gold does not lie on the surface of the earth——
Mr. EVANS. I know——
Mr. SINNOTT. And somebody has got to work.
Mr. EVANS. Suppose the lead ran through that; would he be entitled to it after getting a patent under the homestead right?
Mr. SINNOTT. No; he would not; because the apex of the lead is on the adjoining claim, and the owner of that apex can follow it, under the mineral laws.
Mr. EVANS. Not if he has a patent to it.
Mr. SINNOTT. Certainly he would. I hope the committee will not adopt the proposition submitted by the gentleman from New Jersey. The homesteader is as well entitled to this as some mineral claimant. What sanctity surrounds the mineral claimant?
Mr. WALSH. Will the gentleman yield?
Mr. SINNOTT. I will yield to the gentleman.
Mr. WALSH. Well, as a matter of fact this bill is presented to take care of a relatively small number of settlers in the vicinity of Cook Inlet, but it is made general in its application, is it not?
Mr. SINNOTT. Of course, the bill is general in its application, and so is the homestead law general in its application.
Mr. WALSH. But the homestead law does not apply to Alaska.
Mr. SINNOTT. Yes.
Mr. WALSH. To these coal lands?
Mr. SINNOTT. The homestead law applies to Alaska.
Mr. WALSH. To these coal lands?
Mr. SINNOTT. It does not apply to the coal lands. Now, in Alaska there have been withdrawn, or been classified, rather, 600,000 acres of coal lands. The Geological Survey reports that there is a possibility of 10,000,000 acres of coal, oil, and gas lands in Alaska, and unless we pass this bill, why, anyone that happens to uncover a vein of coal on his homestead will lose his five years' work on that farm. The amendment suggested by the gentleman from New Jersey is absolutely incompatible with the purposes of this act. Alaska is a great placer-mining country, and I do not think any farmer or any homesteader would take up land with the possibility of the danger staring him in the face that some big mining company is going to come along and scrape or dredge from the surface of his farm all the soil there is and leave it a heaping mass of rocks and bowlders, an eyesore for all time.
Mr. RAKER. Mr. Chairman, I move to strike out the last word, and so that I may properly explain it and the matter involved, I ask that I may proceed for five minutes without interruption.
Mr. WALSH. The gentleman can proceed for five minutes without interruption without any unanimous consent.
Mr. RAKER. I mean 10 minutes. I ask unanimous consent to proceed for 10 minutes.
The CHAIRMAN. Is there objection to the request of the gentleman from California? [After a pause.] The Chair hears none.
Mr. PARRISH. Will the gentleman yield so as to answer my question as he goes along?
Mr. RAKER. I yield and will try to do so if I can.
Mr. PARRISH. As I understand this bill, if a certificate was issued, and then the coal, oil, or gas and other minerals be known, the man filing will get the coal, oil, gas, or minerals under that piece of land that he files upon?
Mr. RAKER. I will try to answer that as I go along; do not let me forget it.
Mr. PARRISH. It is on that point that I would like to have some light.
Mr. RAKER. Oh, I want to present this in a consecutive way if I can. Now, without any egotism, and I trust the committee will pardon me, there is no district in the United States or in the world that has the extended or has had the extended placer mining as in the now second congressional district of California. At one time a greater part of it was under placer mining. We originated the developing of gold in the West by placer mining. It developed from a man having a claim 5 feet wide and 20 feet long, was extended to 150 feet wide and 100 feet long, until finally, after they worked out the better part of the placer claims they fixed it by law under the system of mining in California at 300 feet on either side and 1,500 feet long, making 20 acres, so that a man can get eight of them, get 160 acres on as much placer ground as there is undeveloped public land. There is no limit. It has worked well, successfully, and properly. The only question that has ever been raised about it is the adding of the placer mining law to gas and oil, and we have eliminated that now by virtue of the leasing bills. In placer mining the purpose is to wash away and tear the ground to pieces. That ought to be understood, and that is what they have done in California; that is what they will do in every place where there is placer mining.
Some of the country comes back and some does not and never will. Of course, quartz mining is different. It may be understood, as asked by the gentleman from Kansas, that if you find an apex on the tract of land you may run it out, if it runs a thousand feet or more. You can run to the end of the quartz itself.
Mr. EVANS. If you stay within your walls?
Mr. VAILE. Within the lines.
Mr. EVANS. The side lines.
Mr. VAILE. You can run the side lines to any distance.
Mr. RAKER. That is a law peculiar to the West, first, as to placer mining, and then, next, as to quartz mining, separate and distinct regulations, and they have been passed upon by all the western courts and the courts of the United States. Now, the amendment which has been offered here is, of course, offered in good faith, but by people who do not understand the situation and do not know what is on the statutes. Now, I say that in all sincerity, and I am going to prove it.
Mr. EVANS. Will the gentleman yield?
Mr. RAKER. For a question.
Mr. EVANS. Under the terms of this bill as it is now presented if coal or oil are not discovered until after final proof are they reserved?
Mr. RAKER. Yes; and I will demonstrate it. I am going to answer the first part first and then if you will give me sufficient time I will answer the other.
Now, let us get down to the question of the amendment to place upon this the metalliferous minerals. They are mined under different conditions and handled under different conditions, and different rules and regulations govern. As the gentleman from Arkansas has well said, you want to destroy a man's farm if it becomes necessary.
I do not know whether or not you appreciate that 99 per cent of all the placer mining claims have been discovered by reason of washing the soil to determine whether there are any traces of mineral there, and they have never found any placer mining claims except upon the surface. What is the use of trying to camouflage the business?
Second, if they find a placer mining claim by virtue of washing the soil, and they run out a tunnel, and they find the tunnel runs under a mountain 20 or 30 miles, and 5,000 feet below the top of the mountain, they know if they follow the tunnel they will find the gold. That is the placer feature of it. That is discovered in advance. Now, as to the question of the quartz mining, most of it has been discovered, and will be discovered, by virtue of some indication of the placer by washing out the

earth and determining whether there are traces of gold in it; and, second, by the float that is found upon the side hills that the old prospector has developed and has given his lifetime to. And they begin to seek to find some outcropping. It may not be at the place, but at another place. And then they will dig down and run into the veins of quartz containing gold. That is the way the placer and quartz mines have been discovered in the West and also in Alaska.

Mr. COLTON. Is it not a fact that the difference between coal and oil and gas and other minerals is this: That the only way you can acquire title to coal and oil is by lease, while under other minerals a man can keep his title by filing locations under it, under which he would get a fee-simple title? So that if a man filed a homestead claim the title would be constantly clouded, and he could not get a title for coal, oil, and gas. So there is a difference between the two classes of minerals.

Mr. RAKER. Under the laws of the United States in Alaska all the coal and gas lands are handled by leases and not by filing upon them, as in former days. And in the United States the land is open in all the reserves, except military reserves, and possibly in the public parks, and only a few of those. In all these great territories you merely graze the land of the forest reserve. We have left them open to the prospector so that he may determine whether or not there is gold or silver in those lands, for the benefit of the country, as it ought to be.

Now, under the law, since 1872, and it is made applicable to Alaska, you can not obtain title. I hope the Members will bear that in mind, as also my friend from Nebraska. It has been the law from the beginning that you can not obtain title to mineral lands, lands containing gold or silver, that contain sufficient of that metal to be commercial, by homestead, desert claims, timber claims, or otherwise. You can only acquire under the law provided for the acquiring of mineral lands. And the books are full, the statutes are full, and the authorities are clear, and all the regulations of the Department of the Interior lay down the rule that until the final proof is made, if there are traces of gold of any kind, or of silver, upon the land that might lead to a commercial product from that land, you can not obtain a patent to the land as a homestead.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. RAKER. Let me have five minutes, and then I will have finished.

The CHAIRMAN. The gentleman from California asks unanimous consent to proceed for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. RAKER. Now, we have the case of a man in Alaska, under the present law, where he has the right to go and obtain a title to mineral lands, not by lease but by discovery and in compliance with the law in regard to it. And the same is true in the United States. The purpose of this bill now is to turn over the metalliferous deposits of the country, the mining interests, that have amounted in the past to a condition where a man's property interest will be torn up and destroyed, when there is not one case in a thousand up to the present time where a man has obtained a patent to Government land that there has been gold and silver found upon the land that was not known before the patent was issued. Now, that is the situation.

Mr. WALSH. Is it not true that Alaska is more rich in mineral and metal resources than any other section?

Mr. RAKER. I do not think so.

Mr. WALSH. Does not the Geological Survey say so?

Mr. RAKER. It says this, like in California, on 500 acres that were immensely rich because they took out from $3,000,000 to $5,000,000——

Mr. WALSH. That is gold. I mean other metals.

Mr. RAKER. That is provided for. They have their coal, oil, and gas, a few wells. That is provided for in this bill. The balance of it is all reserved now, and the real placer mining in Alaska to a great extent has been worked over.

Let me tell you, those old prospectors and miners know how to get the gold placers out of the country. The remaining part is in the quartz, and the other part is in these old channels of the river which are covered up, which they will have to work out. If there is a reasonable amount of gold there now they know where it is. If a man files on it, an official from the Geological Survey immediately appears and says, "It is mineral land," and the man can get no patent as a homesteader.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. RAKER. I will.

Mr. WALSH. Is the report true that we have seen in the press that in the gentleman's own State of California they have made recent discoveries of gold by new processes in mines or locations that had previously been worked and abandoned?

Mr. RAKER. Well, yes. It is all right. A man ought to have it. We find a change in the district represented by the gentleman from Nevada [Mr. ARENTZ] where the old trail crossed and where the pioneers went over it, and where all the scientists in the world had inspected it for 50 years and had said there was no mineral in the land. The man who still kept his land there discovered on it two of the best mines in the world.

Mr. WALSH. Was that a gold mine?

Mr. RAKER. Yes. He was watching it for 50 years, the grandfather and the father and the boys after him. He was entitled to it. But here you are trying to change the entire laws of the United States and of Alaska as to the mining of metalliferous ores, putting it in with coal, oil, and gas. You have protected the people; you have protected the Government. The gentleman from New Jersey [Mr. PARKER] is very keen in watching every little tract of land in the West. I am afraid he has not been over it. He says, "We just go and rent a piece of land up in New Jersey and reserve all the minerals." The original grantor got it all and is still trying to hog everything in sight. Do you know that notwithstanding this reservation of minerals in Kansas and Missouri and in Wisconsin and Minnesota they did not even reserve these minerals to the Government in the way they did in the far Western States?

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CURRY, Mr. VAILE, and Mr. WALSH rose.

The CHAIRMAN. The gentleman from California [Mr. CURRY] will be recognized in opposition to the pro forma amendment.

Mr. CURRY. Mr. Chairman, I do not see what justice or equity there is in having one land law for Alaska and another law for the rest of the United States. Under the bill the gas and the coal and the oil and the timber are reserved. What reason is there to reserve the other minerals in Alaska any more than in California, Nevada, or Montana? We have an immense unoccupied territory in Alaska, one-fifth of the size of the United States, occupied by only 27,000 white people, 10,000 less than there were 10 years ago. The reason there are less people there now is because of the laws enacted by Congress to discourage its development.

Now, when we wish to pass a law to give a man a title to 160 acres of land so that we can induce the right kind of men and women to go to Alaska and develop it, why should we not give them the same right to the minerals in that land that they have in any other part of the United States? If you wish to reserve all the minerals in all of the United States introduce a bill to that effect and refer it to the committee and let the committee consider it. I do not think it is right to make fish of one and fowl of another. I do not think the pending amendment is a good amendment. I do not think it ought to pass, and I would request Members of the House to do justice to Alaska and not to try to tie up the resources of that country any more than they have been tied up.

The bill as reported from the committee without amendment is a bill that ought to pass this House if you wish to do anything for the settlement of Alaska. [Applause.]

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bills of the following titles:

H. R. 6152. An act to authorize the construction of drawless bridges across a certain portion of the Charles River, in the State of Massachusetts; and

H. R. 8477. An act to extend the time for the construction of a bridge across the Choctawhatchee River near Caryville, Fla.

AGRICULTURAL ENTRIES ON COAL LANDS IN ALASKA.

The committee resumed its session.

Mr. WALSH and Mr. PARRISH rose.

The CHAIRMAN. The gentleman from Massachusetts [Mr. WALSH] is recognized. Without objection, the pro forma amendment striking out the last word will be withdrawn.

There was no objection.

Mr. WALSH. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the last two words.

Mr. WALSH. Mr. Chairman, I have listened carefully to the argument of the gentleman from California [Mr. CURRY], a member of the committee and the chairman of the committee,

in answering some of the contentions that have been made with reference to the pending bill. I am willing to concede that the gentlemen who have charge of this measure come from sections of the country which give them an intimate knowledge of this problem. But that was true years ago when they had charge of legislation under which abuses cropped out and scandals followed. The legislation in those days was conducted through this House by people who were supposed to have an intimate knowledge of the problems involved.

Here is a bill to permit agricultural entry of coal lands, and I think anybody who will give any consideration to the question at all will admit that that vast Territory of Alaska is not going to be developed by entrymen upon coal lands for agricultural purposes.

The chief value of that Territory is its natural resources, its minerals and metals, its coal and oil, and the Geological Survey has made the statement that Alaska is one of the richest sections of any country in the world for some of the rare metals and some of the rare minerals. Talk about protecting the man who takes title! Why, the only people whom it is pretended that it will now protect are some 40 or 50 settlers down in the vicinity of Cook Inlet in the glacial section of the Territory.

Mr. SUTHERLAND. If the gentleman will allow me, he is mistaken about that.

Mr. WALSH. That was the statement of the gentleman on the floor here.

Mr. SUTHERLAND. The gentleman's statement is an exaggeration of anything that I said.

Mr. WALSH. The gentleman has not yet stated where else it is that there are any settlers waiting to enter upon coal lands. He described the scenic beauties along this 400-mile $56,000,000 railway and the beautiful valleys it went through. Whom are the settlers going to feed with the agricultural products that are raised in that fertile soil? Are their products going to be shipped to the United States, thousands of miles away?

Mr. SUTHERLAND. If the gentleman will yield, I will answer that question.

Mr. WALSH. I yield to the gentleman.

Mr. SUTHERLAND. They are going to supply the oil operators and the miners, as they have, and the agricultural resources of that Territory will be developed just exactly as the agricultural resources of California, Oregon, and other Western States have been developed, by the sale of produce to the mining population.

Mr. WALSH. There are 55,000 people in the Territory of Alaska, and the gentleman refers to the great market for these agricultural products that will be raised in these beautiful, rich, fertile valleys. If Alaska is to be developed, it will be developed by people who are going in there to get out of its soil the great deposits of minerals and metals, the coal and the oil. We might just as well make up our minds to that now. It will not be developed by people who will go there to plant wheat and corn and other agricultural products, because they can not send them to the markets of the United States, and the people who are there will take a very small amount, because it will take a very small crop to furnish them with the necessary agricultural products to supply the demands of the local market.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. WALSH. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Do I understand the gentleman's position to be that we ought to allow the homesteading of lands of this kind without any reservation at all?

Mr. WALSH. That is not my position. My position is that in allowing these agricultural entries upon these coal lands we should specify the areas and the sections of Alaska where they should be permitted, and we ought not to pass a law so broad in its scope as to take in the entire Territory of Alaska in order to accommodate the relatively small number of people who want to go upon these lands now and who later will say they never knew that there were rich mineral or metal deposits in those lands, and who when those deposits are discovered will be in a position to claim them as their own. Nothing will be lost by being a little careful in safeguarding this measure. We are not going to retard the development of Alaska. We have owned it for years, and the chief development that has come came in consequence of the discovery of gold up in that region.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. JONES of Texas. Mr. Chairman, I offer a substitute for the amendment of the gentleman from New Jersey [Mr. PARKER].

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas as a substitute for the amendment offered by Mr. PARKER of New Jersey: Page 2, line 6, after the word "that," strike out the remainder of the paragraph and insert the following:

"The patent shall in all instances contain a reservation to the United States of all coal, oil, gas, and other minerals, and of the right to prospect for and remove the same."

Mr. SINNOTT. Mr. Chairman, I make the point of order that that is not a substitute, and the further point of order that it is not germane to the language proposed to be stricken out.

The CHAIRMAN. The Chair sustains the point of order on the ground that it is not a substitute.

Mr. JONES of Texas. It covers exactly the same thing as the other amendment covers.

The CHAIRMAN. The Chair will direct the attention of the gentleman from Texas to the fact that the amendment of the gentleman from New Jersey [Mr. PARKER] provides for the insertion of words in various places in the section.

Mr. JONES of Texas. But only the places in this paragraph.

The CHAIRMAN. No; the amendment inserts words in three different places not affected by the gentleman's amendment. The amendment of the gentleman from Texas as read from the Clerk's desk does not provide that in lieu of the matter proposed to be inserted by the amendment of the gentleman from New Jersey the following shall be substituted, but it merely provides as a substitute to strike out the proviso found on page 2.

Mr. JONES of Texas. To strike out the proviso and insert the same words and put them in the same paragraph and accomplish the same purpose.

The CHAIRMAN. The Chair directs the attention of the gentleman from Texas to the fact that if the committee should vote up his substitute there would still be pending before the committee all the various amendments save one proposed by the gentleman from New Jersey. His amendment may be a substitute to the paragraph sought to be stricken out but not to the various proposals of the gentleman from New Jersey embodied in his amendment.

Mr. JONES of Texas. I will ask the Chair to recognize me in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Texas is recognized in opposition to the pro forma amendment.

Mr. SINNOTT. I understand that the substitute is out of the way.

The CHAIRMAN. The point of order has been sustained.

Mr. JONES of Texas. The substitute is out of the way, at least for the time being.

Mr. Clairman, I want to speak in favor of the amendment offered by the gentleman from New Jersey [Mr. PARKER]. To me it is a remarkable thing that it should be contended that we should not reserve to the United States Government the minerals in the lands simply because the minerals are not known to exist. For the last two or three years in every instance where this House has authorized the disposition of lands in the United States it has reserved the oil, gas, and other mineral rights.

Mr. SINNOTT. Oh, no.

Mr. JONES of Texas. Perhaps not in every instance, but in every instance which has come to my attention, and I know several other Members have watched for these bills. I have offered amendments to 8 or 10 bills and the House has always accepted them reserving in every instance the rights to gas and minerals where they are not known to exist, but, of course, may be discovered later.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. JONES of Texas. I yield for a question.

Mr. SMITH of Idaho. The reason the reservation is made with reference to coal, oil, and gas in this bill——

Mr. JONES of Texas. I decline to yield for a statement.

Mr. SMITH of Idaho. I will put a direct question——

The CHAIRMAN. The gentleman declines to yield.

Mr. JONES of Texas. I yield for a question.

Mr. SMITH of Idaho. The gentleman must be under the impression that the Government of the United States receives some benefit as a result of the development of the gold and silver resources. Under existing law a portion of the receipts from coal, oil, and gas leases goes into the Treasury, but nothing is received from the proceeds of gold or silver that is mined, and the Government would not be benefited by making any reservation of these minerals as proposed by the amendment of the gentleman from New Jersey, which the gentleman from Texas [Mr. JONES] so strongly advocates. The Government desires to encourage the development of the precious metals, and not hamper their development which this amendment would do.

Mr. JONES of Texas. Oh, I do not yield for a speech, but only for a question. Probably if we turned it over to the bunch that has been handling it we would not get any benefit from it, but assuredly if the United States Government would reserve all mineral rights in that great, rich country we would get some benefit from it. That would not interfere with the present mining operations. On the other hand, it might save the Government from the manipulation of future fields by a favored few. If my own State had reserved all of the gas, oil, and mineral rights in the land, we would to-day be getting in royalties enough to pay all the expenses of the State government many times over, and at the same time give the driller and the developer the same rights that he now has. The driller or leaseholder must give to the owner of the land where he operates one-eighth royalty and the owner of the wells gets seven-eighths. The Government can retain all of the gas, oil, and mineral rights not only in Alaska but in all the United States and at the same time secure all the development that will be needed. I am not in favor of the United States Government parting with the title to any land without a reservation permanently of all rights in oil, gas, and mineral rights.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. JONES of Texas. I will, for a question.

Mr. SMITH of Idaho. Would the gentleman favor the passage of a law which would provide that the development of the gold and silver resources of the country should contribute to the support of the Government, as is the case with coal, oil, and gas development?

Mr. JONES of Texas. I am not going into that phase of the situation. There are many instances in which, I think, improvement might be made, but I am trying to discuss the issue. Regardless of what the present law may be, I am talking about the proposed law, and as to that I am in favor of reserving all the rights that we have. If we do not have any rights, there will be no harm done. If we have no right to the gold and silver mines, there will be no harm done by the reservation.

Mr. SMITH of Idaho. The people of the United States want the gold and silver resources of the country developed, and lends every possible encouragement to prospectors and miners.

Mr. JONES of Texas. I do not agree to all this slush about development. I am in favor of conserving the natural resources of the country and not exhausting them. [Applause.] Of course, we want development, but we want it in favor of the whole people, and not for the special benefit of a favored few.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES of Texas. Mr. Chairman, I ask for four minutes more.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that his time be extended four minutes. Is there objection?

There was no objection.

Mr. JONES of Texas. Now, I would like to say especially with reference to some of these projects that instead of this eternal preachment about development we have a little more discussion as to conservation and an orderly and substantial development with the public rights safeguarded. When you once exhaust the natural resources of a country you are indeed in a pitiable condition.

Mr. CURRY. Will the gentleman yield?

Mr. JONES of Texas. For a question.

Mr. CURRY. The Federal Government has no right——

Mr. JONES of Texas. Oh, I decline to yield; I have only four minutes. I decline to yield for a speech. That is the way this legislation is sought to be put through—ask to yield for a question and then make a speech. Now, Mr. Chairman, I do not yield for anything whatever.

Mr. SINNOTT. Will the gentleman yield?

Mr. JONES of Texas. No. I want to be courteous, but I can not yield for a question and have speeches made. Now, what is the proposition? All over this country is to be found land that was deeded by the Government for a song. At the time of the conveyance no oil or minerals were in contemplation. The purchasers had no idea that there was any oil in those lands. And yet some of them have become millionaires without any effort on their part. They took the lands for agricultural or speculative purposes, and these millions that they have realized ought to belong to the Commonwealth and not to the individual. If these people go on the land for agricultural purposes, take up the land for the purpose of tilling the soil, or if the land is held simply for speculation, they ought not to have the mineral rights.

Mr. SINNOTT. Will the gentleman yield?

Mr. JONES of Texas. No; I can not. If they go out there to till the soil for agricultural or speculative purposes, the millions under the ground should not of right belong to those men. It would not be so bad if the actual homesteader were to profit, but I fear the big companies will arrange through dummies to get hold of these rich properties.

Mr. SINNOTT. It does not under the bill.

Mr. JONES of Texas. Oh, the gentleman says it does not. He has got the word "known" in the first part of the bill. It does not belong to him when he goes out there and it is known that the mineral is there, but he may slip out and find out and he knows it is there; but if it is not known generally and officially as classified land that there is gold there or minerals there, he gets full and final title to it.

Mr. SINNOTT. The gentleman is mistaken.

Mr. JONES of Texas. Oh, no; I am not. I talked with a Member who is familiar with it, and he tells me, and I do not think anyone who reads the bill can escape the conclusion, that if the man files on the land and he does not know that the minerals, gas, or oil, or gold is there, under this bill, if it becomes a law, he would have title to all the oil, gas, and coal, and minerals.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. JONES of Texas. I ask for one minute more.

The CHAIRMAN. The gentleman from Texas asks for one minute more. Is there objection?

Mr. SINNOTT. I object. Mr. Chairman, I move that all debate upon this section and all amendments thereto be now closed.

Mr. SUTHERLAND. Mr. Chairman, I hope the gentleman will yield me a few minutes.

Mr. SINNOTT. Mr. Chairman, I insist upon my motion.

The CHAIRMAN. The question is on the motion of the gentleman from Oregon that all debate upon this section and all amendments thereto be now closed.

The question was taken; and on a division (demanded by Mr. PARRISH) there were—ayes 35, noes 13.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER], to which a point of order was reserved by the gentleman from Oregon. Does the gentleman from Oregon withdraw his point of order or make it?

Mr. SINNOTT. Mr. Chairman, I do not insist upon the point of order.

The CHAIRMAN. The point of order is withdrawn. The question is on the amendment offered by the gentleman from New Jersey.

The question was taken; and on a division (demanded by Mr. PARKER of New Jersey) there were—ayes 15, noes 24.

So the amendment was rejected.

Mr. JONES of Texas. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: Page 2, line 5, after the word "act," strike out all of the proviso and insert the following:

"*Provided*, The patent shall in all instances contain a reservation to the United States of all coal, oil, and gas, together with the right to prospect for and remove the same."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

Mr. JONES of Texas. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. JONES of Texas) there were—ayes 18, noes 33.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. That upon satisfactory proof of full compliance with the provisions of the laws under which the entry is made and of this act the entryman shall be entitled to a patent to the lands entered by him, which patent shall contain a reservation to the United States of all the coal, oil, or gas in the land so patented, together with the right to prospect for, mine, and remove the same. The coal, oil, or gas deposits so reserved shall be subject to disposal by the United States in accordance with the provisions of the laws applicable to coal, oil, or gas deposits or coal, oil, or gas lands in Alaska in force at the time of such disposal. Any person qualified to acquire coal, oil, or gas deposits, or the right to mine and remove the coal or to drill for and remove the oil or gas under said laws as applicable to Alaska, shall have the right at all times to enter upon the lands entered or patented, as provided by the provisions of this act, for the purpose of prospecting for coal, oil, or gas therein, upon the approval by the Secretary of the Interior of a bond or undertaking to be filed with him as security for the payment of all damages to the crops and improvements on such lands by reason of such prospecting. Any person who has acquired from the United States the coal, oil, or gas deposits in any such land, or the right to mine, drill for, or remove the same, may reenter and occupy so much of the surface thereof as may be required for all purposes reasonably incident to the mining and removal of the coal, oil, or gas therefrom, and mine and remove the

coal or drill for and remove the oil or gas upon payment of the damages caused thereby to the owner thereof, or upon giving a good and sufficient bond or undertaking in an action instituted in any competent court to ascertain and fix said damages: *Provided*, That the owner under such limited patent shall have the right to mine the coal for use on the land for domestic purposes at any time prior to the disposal by the United States of the coal deposits: *Provided further*, That nothing in this act shall be construed as authorizing the exploration upon or entry of any coal deposits withdrawn from such exploration and purchase: *And provided further*, That nothing herein contained shall be held or construed to authorize the entry or disposition of withdrawn or classified coal lands or lands valuable for coal, oil, or gas under section 2306, United States Revised Statutes, or acts amendatory thereof or supplemental thereto, commonly known as soldiers' homestead law.

Mr. PARRISH. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee his understanding with respect to this law. I am trying to understand it and see what it does really mean. On page 2, line 5, there is a proviso:

Provided, however, That should it be discovered that any time prior to the issuance of a final certificate on any claim initiated for unreserved lands in Alaska that the lands are coal, oil, or gas in character the patent issued on such entry shall contain the reservation required by this act.

It is there provided that before the issuance of final certificate if it be discovered that coal, oil, or gas exists on the land there shall be a reservation, and that would imply that unless it is discovered at the time of issuance of final certificate there would not be a reservation even for coal, oil, or gas. Does the chairman interpret this law to mean that in any event there will be a reservation in favor of the Government for coal, oil, and gas?

Mr. SINNOTT. No; it is this, and the committee should keep this thing clear in its mind: This is not a homestead law; this bill is not making a homestead law for Alaska. There is already a homestead law which applies to Alaska. This act merely permits a surface entry upon these coal lands, these lands that are classified as coal lands. Keep in mind that separate and distinct and apart from this bill there is at present a law giving homestead rights in Alaska, but that law does not permit one to make a surface entry upon coal lands. The object of the provision that the gentleman calls to my attention is this: Under the present homestead law in Alaska if at any time prior to final proof coal is discovered upon the land the man's title falls, he loses all rights that he had by virtue of his former entry, by virtue of his 5-year residence upon this land, and this provision, therefore, steps in and protects that homesteader under the present law. That is the object of this provision.

Mr. PARRISH. Then, under paragraph 2, regardless of whether coal, oil, or gas are known to exist on the land, there is going to be in any event a reservation in favor of the United States Government for the coal, oil, or gas upon any land for which a patent is hereafter granted in the Territory of Alaska?

Mr. SINNOTT. Upon any land filed upon under this act.

Mr. PARRISH. Hereafter?

Mr. SINNOTT. Yes; or heretofore.

Mr. PARKER of New Jersey. The gentleman means if discovered before complete?

Mr. SINNOTT. No; whether discovered or not, so far as this act is concerned.

Mr. PARRISH. There has been so much doubt about it on this side that I want to have the chairman's understanding of it in the RECORD, so that if the court has to interpret this law at any time it will know what the understanding of the chairman and of the Congress was at the time of its passage.

Mr. SINNOTT. The confusion arises from losing sight of the fact that there is already a homestead law which applies to Alaska.

Mr. PARRISH. I am glad that is the situation. I wish the bill went further and made the reservation of other minerals.

Mr. JONES of Texas. Does the gentleman mean to say that if coal, oil, or gas be discovered on the land after patent is issued and after the time for residing on the land has lapsed it does not belong to the entryman?

Mr. SINNOTT. It does not belong to the entryman under this bill.

Mr. RAKER. It belongs to the Government.

Mr. SINNOTT. It belongs to the Government.

Mr. JONES of Texas. The gentleman from California [Mr. CURRY] a while ago, as I understood him, was justifying the entryman having the title to oil, gas, and mineral rights.

Mr. CLOUSE. Mr. Chairman, will the gentleman yield?

Mr. SINNOTT. Yes.

Mr. CLOUSE. My mind is not exactly clear on the construction of the language used. I understand what the chairman says about it, but would it not be wise in the enactment of a law so far-reaching as this to strike out the language immediately following the word "discovered," or to strike out the words "prior to the issuance of a final certificate," so that the act would then read:

That should it be discovered at any time on any claim initiated for unreserved lands in Alaska that the lands are coal, oil, or gas in character, the patent issued on such entry shall contain the reservation required by this act.

We would then know the meaning of the act, and it would be clear of any ambiguity. Does the gentleman not think it wise to enact legislation in this House which the courts can construe in accordance with what the Members of the House really intended in its enactment?

Mr. SINNOTT. Well, under this provision, the last proviso of section 1, we are merely giving the entrymen a right he has not now. Under the present Alaska homestead law, and, as far as that is concerned, the law obtaining to the United States, if coal is discovered prior to the final proof, he loses all his rights, and this merely permits him to retain the surface entry with the reservation in the United States of the coal, oil, and gas.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. CLOUSE. Mr. Chairman, I ask unanimous consent that I may proceed for one minute.

The CHAIRMAN. The gentleman is entitled to five minutes in opposition.

Mr. CLOUSE. I move to strike out the last two words. Mr. Chairman and gentlemen of the committee, I think that this bill we now have under consideration is one that deserves the most careful consideration at our hands. I dislike very much to disagree with the committee on a proposition of this sort, but when I have carefully analyzed the language used in this act in connection with the homestead law as it now exists in Alaska, I am constrained to believe that if this act is passed and the rights and privileges given as provided by this act that we have conferred upon every entryman of Alaskan lands an absolute right to the coal, to the gas, to the oil and all minerals that may be found on the land after his patent is perfected. Now, if I can understand the language used——

Mr. SINNOTT. Will the gentleman yield?

Mr. CLOUSE. Very gladly.

Mr. SINNOTT. This bill is not the law that confers a homestead right in Alaska. There is an existing statute that gives that right; a statute that has been upon the books for some 20 years. This is separate and apart from that, and there is absolutely no coal, oil, or gas rights conveyed to the entryman by virtue of this bill, except a limited right for domestic purposes.

Mr. CLOUSE. I will ask the chairman of the committee this question: If under the homestead laws of Alaska to-day, when coal, oil, gas, or minerals are found, does not the mineral and oil immediately revert to the United States, whether perfected or otherwise?

Mr. SINNOTT. Under the present law relating to Alaska?

Mr. CLOUSE. Yes.

Mr. SINNOTT. There may be some question about the effect of the Alaska coal leasing act passed in 1914, and of the oil leasing act of 1920. The departments have not fully agreed upon that, but whether that is true or not, that has nothing to do with this bill.

Mr. CLOUSE. Mr. Chairman, that very language, I think, gives the importance to the bill we now have under consideration, the fact that the department is not certain as to the purport and intent of the laws now relating to homestead rights in the Alaskan Territory, but I do know, however, that may be, from a reading of this bill that we find a proviso in section 1, beginning in line 5, page 2, which reads like this:

Provided, however, That should it be discovered at any time prior to the issuance of a final certificate on any claim initiated for unreserved lands in Alaska that the land if coal, oil, or gas in character, the patent issued on such entry shall contain the reservation required by this act.

Mr. RAKER. Will the gentleman yield right there?

Mr. CLOUSE. In just a moment. What I consider this language to mean is that if the fact is known before the certificate is perfected, then the reservation is made to the Government, but if he initiates his patent——

Mr. SINNOTT. Just a moment; will the gentleman yield?

Mr. CLOUSE. And continues to perfect it, and the fact is not known that it contains coal, oil, or minerals, then the reservation of this act does not apply.

Mr. RAKER. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. CLOUSE. I am very sorry.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

Mr. JONES of Texas. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. JONES of Texas. To move to strike out the last two words.

The CHAIRMAN. The gentleman is recognized.

Mr. JONES of Texas. Mr. Chairman, I have no desire to be captious about this thing, but I have read and reread this, and I think, if I read this language correctly, the gentleman from Tennessee has given the correct interpretation of it. It seems to me that the very first paragraph here, the first part of it, applies to lands that are known to contain workable coal, oil, or gas deposits. That is reserved. Then in the latter part of the same paragraph it is provided:

Any settler who has prior to the passage of this act initiated a homestead claim in good faith on lands containing workable deposits of coal, oil, or gas, or that may be valuable for the coal, oil, or gas contained therein, and not otherwise reserved or withdrawn, may perfect the same under the provisions of the laws under which the claim was initiated, but shall receive the limited patent provided for by this act: *Provided, however,* That should it be discovered at any time prior to the issuance of a final certificate on any claim initiated for unreserved claims in Alaska that the lands are coal, oil, or gas in character, the patent issued on such entry shall contain the reservation required by this act.

Now, if the gentleman from Oregon is correct in his construction that it makes no difference whether it was known at the time that the oil, gas, or coal was in the land, why put that proviso on? Why put on a useless thing here?

Mr. SINNOTT. If the gentleman will yield, when a person applies for a homestead entry under this act he will apply under rules and regulations laid down by the Secretary of the Interior.

Mr. JONES of Texas. Yes.

Mr. SINNOTT. Under a similar act relating to the United States the man in his application shows that he is applying for lands known or classified as coal or oil lands. That is in his application. He would not use this bill to apply for a homestead entry on lands other than some of the 600,000 acres of land that are now classified in Alaska as coal lands.

Mr. JONES of Texas. I do not know as to that. But here are two classes that are covered. If you read it you can not reach any other conclusion. It is as clear as the English language can make it. There are two classes that come within the purview of the first section of this bill; that is, the first part down to the semicolon, in line 11, applies to lands that are known to contain workable coal, oil, or gas deposits. That is one class. The second part of the paragraph defines another class. That is:

Any settler who has prior to the passage of this act initiated a homestead claim in good faith on lands containing workable deposits of coal, oil, or gas—

That paragraph covers both of those classes. It provides for a reservation in the United States Government of all oil, gas, and coal rights when they come within these classifications. But let us have the classification where the man filed before the coal, oil, or gas was known to be on the land. Or, better still, let us assume he comes within the second classification of paragraph 1—that is, he filed in good faith, except that he did not discover the oil, coal, or gas until after the patent was issued. Of course, it is provided that if he files in good faith and the discovery is made before he secures his patent the reservation shall be put in his patent; but suppose the discovery is made after he gets a full patent.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES of Texas. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. SINNOTT. Will the gentleman yield for a question?

Mr. JONES of Texas. Yes.

Mr. SINNOTT. The gentleman wants to remember that under this act every patent issued under it contains a reservation. He does not get any patent under this act unless the reservation is inserted therein.

Mr. JONES of Texas. I have a great deal of confidence in the judgment of the gentleman, but I am convinced that after this act is passed a man will be able to secure absolute rights in Alaskan lands, in such a way that coal, gas, and other minerals would not be reserved to the United States Government. Now, if the gentleman is right in his construction, why do you object to the last amendment that I offered, which said in so many terms that the patent shall in each instance contain a reservation to the United States of all oil, gas, and coal rights? The first amendment which I offered contained a reservation to the Government of all coal, oil, and other minerals. Practically that same reservation was voted down in the amendment of the gentleman from New Jersey, and in order to obviate that objection, I made the second amendment in so many words what the gentleman construed the proposed law to mean—in other words, I made his declared meaning certain—and yet he lined up his following and voted the proposition down. Now, I believe, as I am standing here, that if a man under this bill files in good faith on this agricultural land and secures his patent and it is later discovered it contains oil, coal, or gas he will have full title to the oil, coal, and gas rights.

Mr. COLTON. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. COLTON. I think there will be no objection, if I understand the proposition, to your last amendment, but you sought to strike out a provision that cared for rights initiated prior to the passage of this act.

Mr. JONES of Texas. That would all be covered. I struck out the language the gentleman refers to and simply made it broader, so that it would include all patents covered by this bill, whether contained in the pending proviso or not.

Mr. COLTON. Would not your amendment limit it only to those rights that are initiated?

Mr. JONES of Texas. Oh, no. I put in a proviso which specified that in each instance a reservation of all coal, oil, and gas rights should be made to the United States Government.

Mr. SMITH of Idaho. If the gentleman's amendment should be adopted, it would be impossible for an entryman on the public domain to ever get a clear, unvitiated title.

Mr. JONES of Texas. Oh, he would get a clear title to everything except the oil, gas, or mineral rights, and there are many men in the United States accepting title with that reservation. I have frequently offered that reservation upon bills on the floor of this House, and they have been carried. In the fervor of the oil excitement in the United States there has been that reservation, where there were great natural resources that the Government is interested in conserving.

Mr. CLOUSE. If it is the agricultural advantages that are inducing settlers to go to Alaska and settle that Territory, I will ask you if those advantages themselves would not be sufficient under this statute with that proviso stricken out, because they do perfect their title to the surface of the choice agricultural rights?

Mr. JONES of Texas. Most assuredly. They would get all the surface rights. But it seems to me, from the way in which these provisions are being guarded, that there are some people interested in the specific wording of this measure. I fear that under the guise of agricultural settlements some interests will through their employees or through dummies secure control of the vast and rich mineral rights. Who wants to farm amid the ice and snow of Alaska when there are rich undeveloped farm lands in Iowa, Texas, Oklahoma, and, in fact, every State in the Union. The amendment I offer is just as clear as can be, and makes clear just what the gentleman from Oregon says he wants to do.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SINNOTT. Mr. Chairman, is there an amendment pending?

The CHAIRMAN. There is a pro forma amendment pending.

Mr. SINNOTT. What is the amendment?

Mr. RAKER. There is nothing but a pro forma amendment.

Mr. SINNOTT. Will the gentleman withdraw his pro forma amendment?

Mr. JONES of Texas. Yes.

Mr. LAYTON. Mr. Chairman, I move to strike out the last two words. I want to ask the chairman of the committee to give me a plain answer to the question I am going to ask him. On page 2, line 5, there are these words:

Provided, however, That should it be discovered at any time prior to the issuance of a final certificate on any claim initiated for unreserved lands in Alaska that the lands are coal, oil, or gas in character, the patent issued on such entry shall contain the reservation required by this act.

Now, what becomes of the patent issued when it is not known until after the issuance?

Mr. SINNOTT. When it is not known?

Mr. LAYTON. What becomes of the mineral rights under the patent issued before it is known the mineral rights existed?

Mr. SINNOTT. We are not undertaking in this bill to amend the general laws.

Mr. LAYTON. You think that is provided for?

Mr. SINNOTT. It is already provided for.

Mr. PARKER of New Jersey. Do you not mention in the bill all unreserved lands so as to cover the former entries?

Mr. SINNOTT. Lands taken up at the present time are not reserved.

Mr. Chairman, I move the committee do now rise and report the bill to the House, with the recommendation that it do pass.

The CHAIRMAN. Is there objection to the withdrawal of the pro forma amendment? [After a pause.] The Chair hears none.

The gentleman from Oregon [Mr. SINNOTT] moves that the committee do now rise and report the bill to the House, with the recommendation that it do pass.

The question was taken, and the chairman announced that the ayes seemed to have it.

Mr. PARKER of New Jersey. A division, Mr. Chairman.

The CHAIRMAN. The gentleman from New Jersey calls for a division.

The committee divided; and there were—ayes 45, noes 7.

So the motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. STAFFORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska, had directed him to report the same back to the House, with the recommendation that it do pass.

Mr. SINNOTT. Mr. Speaker, I move the previous question on the bill to final passage.

The SPEAKER. The gentleman from Oregon moves the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. JONES of Texas. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Texas offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. JONES of Texas moves to recommit the bill to the Committee on the Public Lands with instructions to report the same back to the House forthwith, with the following amendment: Page 2, line 10, insert a new paragraph as follows:

"SECTION 1a. The patent shall in each instance contain a reservation to the United States of all coal, oil, and gas, together with the right to prospect for and remove the same."

Mr. SINNOTT. Mr. Speaker, I move the previous question on the motion to recommit.

The SPEAKER. The gentleman from Oregon moves the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Texas [Mr. JONES] to recommit the bill.

The question was taken, and the Speaker announced that the "noes" seemed to have it.

Mr. JONES of Texas. A division, Mr. Speaker.

The SPEAKER. The gentleman from Texas demands a division.

The House divided; and there were—ayes 35, noes 53.

Mr. JONES of Texas. Mr. Speaker, I object to the vote because it shows there is no quorum.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll. Those in favor of the motion to recommit the bill will, when their names are called, answer "yea," those opposed will answer "nay."

The question was taken; and there were—yeas 78, nays 172, answered "present" 2, not voting 180, as follows:

YEAS—78.

Ackerman	Davis, Tenn.	Logan	Sisson
Appleby	Dominick	London	Smithwick
Aswell	Fisher	Lowrey	Stafford
Bacharach	Fulmer	Lyon	Steagall
Bankhead	Gallivan	McClintic	Stedman
Beck	Garrett, Tenn.	McSwain	Stevenson
Bell	Gorman	Moores, Ind.	Stoll
Black	Graham, Ill.	Oldfield	Sumners, Tex.
Bland, Va.	Hammer	Park, Ga.	Swank
Blanton	Hardy, Tex.	Parker, N. J.	Tillman
Bowling	Huddleston	Parrish	Tyson
Box	Hudspeth	Pou	Ward, N. C.
Briggs	Jacoway	Quin	Weaver
Brinson	Johnson, Ky.	Rankin	Williamson
Bulwinkle	Jones, Tex.	Rayburn	Wingo
Byrnes, S. C.	Kunz	Rouse	Woods, Va.
Byrns, Tenn.	Lanham	Sanders, Tex.	Wright
Clouse	Lankford	Sandlin	Yates
Connally, Tex.	Layton	Schall	
Crisp	Linthicum	Sears	

NAYS—172.

Andrew, Mass.	Dyer	Kraus	Rhodes
Andrews, Nebr.	Edmonds	Lampert	Ricketts
Anthony	Elliott	Larsen, Ga.	Roach
Arentz	Ellis	Lawrence	Robertson
Atkeson	Evans	Lea, Calif.	Robsion
Barbour	Fairfield	Leatherwood	Rodenberg
Begg	Faust	Lehlbach	Rogers
Benham	Favrot	Little	Sanders, Ind.
Bird	Fenn	Longworth	Scott, Tenn.
Bixler	Fish	Luce	Shaw
Blakeney	Fitzgerald	McCormick	Shelton
Bland, Ind.	Foster	McDuffie	Shreve
Boies	Frear	McFadden	Sinnott
Brennan	Free	McLaughlin, Mich.	Smith, Idaho
Brooks, Ill.	Freeman	McLaughlin, Nebr.	Smith, Mich.
Browne, Wis.	Frothingham	McPherson	Speaks
Burdick	Gensman	MacGregor	Steenerson
Burroughs	Gernerd	Madden	Stephens
Burtness	Glynn	Mapes	Summers, Wash.
Burton	Green, Iowa	Martin	Sweet
Cable	Hadley	Michener	Swing
Cannon	Hardy, Colo.	Millspaugh	Taylor, Tenn.
Chalmers	Haugen	Mondell	Temple
Chandler, N. Y.	Hawley	Montoya	Thompson
Chandler, Okla.	Hayden	Moore, Ill.	Tilson
Chindblom	Hersey	Moore, Ohio	Tincher
Christopherson	Hickey	Morgan	Tinkham
Clague	Hoch	Nelson, A. P.	Treadway
Codd	Humphreys	Nelson, J. M.	Underhill
Cole, Iowa	Husted	Norton	Vaile
Cole, Ohio	Hutchinson	O'Connor	Vestal
Collins	Jefferis, Nebr.	Olpp	Voigt
Colton	Johnson, Miss.	Osborne	Volstead
Cooper, Wis.	Johnson, S. Dak.	Patterson, Mo.	Walsh
Cramton	Jones, Pa.	Petersen	Walters
Curry	Kearns	Porter	Wheeler
Dallinger	Kelly, Pa.	Pringey	White, Kans.
Darrow	Ketcham	Raker	Wilson
Denison	Kissel	Ramseyer	Wood, Ind.
Dickinson	Kleczka	Ransley	Woodruff
Driver	Kline, N. Y.	Reece	Wurzbach
Dunbar	Kline, Pa.	Reed, N. Y.	Wyant
Dupré	Knutson	Reed, W. Va.	Young

ANSWERED "PRESENT"—2.

Dowell	Goodykoontz

NOT VOTING—180.

Almon	Flood	Kopp	Rainey, Ill.
Anderson	Focht	Kreider	Reavis
Ansorge	Fordney	Langley	Reber
Barkley	French	Larson, Minn.	Riddick
Beedy	Fuller	Lazaro	Riordan
Bond	Funk	Lee, Ga.	Rose
Bowers	Gahn	Lee, N. Y.	Rosenbloom
Brand	Garner	Lineberger	Rossdale
Britten	Garrett, Tex.	Luhring	Rucker
Brooks, Pa.	Gilbert	McArthur	Ryan
Brown, Tenn.	Goldsborough	McKenzie	Sabath
Buchanan	Gould	McLaughlin, Pa.	Sanders, N. Y.
Burke	Graham, Pa.	Magee	Scott, Mich.
Butler	Greene, Mass.	Maloney	Siegel
Campbell, Kans.	Greene, Vt.	Mann	Sinclair
Campbell, Pa.	Griest	Mansfield	Slemp
Cantrill	Griffin	Mead	Snell
Carew	Harrison	Merritt	Snyder
Carter	Hawes	Michaelson	Sproul
Clark, Fla	Hays	Miller	Stiness
Clarke, N. Y.	Herrick	Mills	Strong, Kans.
Classon	Hicks	Montague	Strong, Pa.
Cockran	Hill	Moore, Va.	Sullivan
Collier	Himes	Morin	Tague
Connell	Hogan	Mott	Taylor, Ark.
Connolly, Pa.	Houghton	Mudd	Taylor, Colo.
Cooper, Ohio	Hukriede	Murphy	Taylor, N. J.
Copley	Hull	Newton, Minn.	Ten Eyck
Coughlin	Ireland	Newton, Mo.	Thomas
Crago	James	Nolan	Timberlake
Crowther	Jeffers, Ala.	O'Brien	Towner
Cullen	Johnson, Wash.	Ogden	Upshaw
Dale	Kahn	Oliver	Vare
Davis, Minn.	Keller	Overstreet	Vinson
Deal	Kelley, Mich.	Padgett	Volk
Dempsey	Kendall	Paige	Ward, N. Y.
Doughton	Kennedy	Parker, N. Y.	Wason
Drane	Kiess	Parks, Ark.	Watson
Drewry	Kincheloe	Patterson, N. J.	Webster
Dunn	Kindred	Perkins	White, Me.
Echols	King	Perlman	Williams
Elston	Kinkaid	Peters	Winslow
Fairchild	Kirkpatrick	Purnell	Wise
Fess	Kitchin	Radcliffe	Woodyard
Fields	Knight	Rainey, Ala.	Zihlman

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. GRIEST with Mr. KITCHIN.

Mr. LINEBERGER with Mr. RUCKER.

Mr. BUTLER with Mr. GARRETT of Texas.

Mr. SNYDER with Mr. ALMON.

Mr. CONNELL with Mr. PARKS of Arkansas.

Mr. KREIDER with Mr. BRAND.

Mr. BEEDY with Mr. O'BRIEN.

Mr. KIRKPATRICK with Mr. DRANE.

Mr. COOPER of Ohio with Mr. SULLIVAN.

Mr. ANSORGE with Mr. MANSFIELD.

Mr. CONNOLLY of Pennsylvania with Mr. PADGETT.
Mr. HOGAN with Mr. CULLEN.
Mr. IRELAND with Mr. MONTAGUE.
Mr. KAHN with Mr. FLOOD.
Mr. MAGEE with Mr. RAINEY of Illinois.
Mr. VOLK with Mr. CANTRILL.
Mr. TAYLOR of New Jersey with Mr. BUCHANAN.
Mr. WILLIAMS with Mr. GARNER.
Mr. REBER with Mr. TAYLOR of Colorado.
Mr. PERLMAN with Mr. UPSHAW.
Mr. NOLAN with Mr. COCKRAN.
Mr. PAIGE with Mr. LAZARO.
Mr. KELLER with Mr. TAYLOR of Arkansas.
Mr. VARE with Mr. CARTER.
Mr. WINSLOW with Mr. DREWRY.
Mr. COUGHLIN with Mr. MEAD.
Mr. FULLER with Mr. OVERSTREET.
Mr. KIESS with Mr. TEN EYCK.
Mr. MUDD with Mr. BARKLEY.
Mr. NEWTON of Missouri with Mr. CAREW.
Mr. STRONG of Pennsylvania with Mr. DOUGHTON.
Mr. ROSE with Mr. CAMPBELL of Pennsylvania.
Mr. PURNELL with Mr. MOORE of Virginia.
Mr. GRAHAM of Pennsylvania with Mr. LEE of Georgia.
Mr. FRENCH with Mr. KINDRED.
Mr. DAVIS of Minnesota with Mr. HARRISON.
Mr. HUKRIEDE with Mr. RAINEY of Alabama.
Mr. LANGLEY with Mr. CLARK of Florida.
Mr. PATTERSON of New Jersey with Mr. HAWES.
Mr. REAVIS with Mr. FIELDS.
Mr. GAHN with Mr. OLIVER.
Mr. STINESS with Mr. TAGUE.
Mr. ROSENBLOOM with Mr. DEAL.
Mr. SIEGEL with Mr. GOLDSBOROUGH.
Mr. DUNN with Mr. COLLIER.
Mr. HAYS with Mr. SABATH.
Mr. DOWELL with Mr. RIORDAN.
Mr. SINCLAIR with Mr. GILBERT.
Mr. MORIN with Mr. VINSON.
Mr. SNELL with Mr. KINCHELOE.
Mr. GREENE of Massachusetts with Mr. WISE.
Mr. RADCLIFFE with Mr. GRIFFIN.
Mr. JOHNSON of Washington with Mr. THOMAS.
Mr. PERKINS with Mr. JEFFERS of Alabama.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote by which the bill was passed was laid on the table.

BASKETS FOR FRUITS AND VEGETABLES.

Mr. SCHALL. Mr. Speaker, I offer a privileged resolution from the Committee on Rules.

The SPEAKER. The gentleman from Minnesota offers a privileged resolution from the Committee on Rules, which the Clerk will report.

The Clerk read as follows:

House resolution 222.

Resolved, That immediately upon the adoption of this resolution it shall be in order to consider under the general rules of the House the bill (H. R. 7102) entitled "A bill to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes.

Mr. SCHALL. Mr. Speaker, this rule merely provides for bringing before the House the bill for standard measures of fruits and vegetables. The bill has been carefully considered by the committee and there is ar imperative need for it.

I move the previous question.

Mr. GARRETT of Tennessee. Mr. Speaker, before the gentleman moves the previous question will he yield to me three minutes?

Mr. SCHALL. Gladly.

Mr. GARRETT of Tennessee. Mr. Speaker, if I may have the attention of the gentleman from Indiana [Mr. VESTAL], this bill is on the Union Calendar. What is the thought of the gentleman about the time for debate on it? Is there any agreement about it between him and other Members?

Mr. VESTAL. I will state to the gentleman from Tennessee that no agreement has been made as to time. I asked the gentleman from California how much time was desired on that side. I hope we may agree upon time for general debate.

Mr. GARRETT of Tennessee. What I wish to know is whether the bill will be reached under the five-minute rule this afternoon?

Mr. VESTAL. I think not.

Mr. GARRETT of Tennessee. I yield back the remainder of my time.

The SPEAKER. The gentleman from Minnesota [Mr. SCHALL] moves the previous question on the resolution.

The previous question was agreed to.

The resolution was agreed to.

ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for three minutes on a matter of procedure.

The SPEAKER. The gentleman from Wyoming asks unanimous consent to address the House for three minutes. Is there objection?

There was no objection.

Mr. MONDELL. Mr. Speaker, to-morrow is private calendar day, the Committee on Claims having preference for their legislation. There are a good many bills on the private calendar. I think it would be well if possible to go through the private calendar when we reach it, and with a view to doing that, to give an additional day at this time for the consideration of the private calendar. Should we spend Friday and Saturday on the private calendar, in view of the fact that there are important elections in a number of the States on Tuesday, it is my present purpose, probably this evening or to-morrow, to ask unanimous consent that when the House adjourns on Saturday it adjourn to meet on Wednesday next. I shall not make that request if I find on consultation with gentlemen on both sides that the suggestion does not meet with their approval.

I now ask unanimous consent that business on the private calendar may be in order on Saturday, taking up unobjected-to bills. I do not make that request with regard to Friday, because the chairman of the committee is not here, and I should not want to make that request without his approval. I am inclined to think that he will make that request to-morrow when the private calendar is taken up, but I make the request only with regard to the business of Saturday.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that on Saturday business on the private calendar be in order, unobjected-to bills to have the preference. Is there objection?

Mr. WALSH. Reserving the right to object, Mr. Speaker, unless it is going to apply to Friday as well as Saturday I think we ought to go along in the usual way. Last week we used up practically the whole day on one bill, and I think if the gentleman can make the request for Saturday in the absence of the chairman of the Committee on Claims, it can be arranged for Friday as well. I think we will make more headway if we take up the private calendar in that way on both days.

Mr. MONDELL. I think that is true, and I have advised the gentleman from Pennsylvania [Mr. EDMONDS] to make that request to-morrow. I think likely he will do that; but the committee may conclude that on the regular day they should consider the bills in order as they come, and if they do, I am sure the gentleman from Massachusetts will have no objection, because he is always favorable to those measures and helps them along. [Laughter.] I am sure if he makes that request of the chairman of the committee it will be very persuasive, but I do not think he should ask me at this time to make that request with regard to to-morrow's business. I think it should be with regard to Saturday, and I hope the gentleman, who is a friend of the private calendar and of claims bills, will not object.

Mr. WALSH. Unless we are to have the same procedure on both days, I shall object.

Mr. MONDELL. I hope the gentleman will be reasonable about it.

Mr. WALSH. I withdraw the objection.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire of the gentleman whether it is the purpose to consider to-morrow only bills reported from the Committee on Claims?

Mr. MONDELL. I think the chairman of the committee is disposed to consider the bills in their order on the calendar, although the Committee on Claims has the right to demand that bills reported from that committee shall be considered first.

Mr. STAFFORD. To-morrow, of course, preference is given to bills reported from the Committee on Claims?

Mr. MONDELL. Yes; but my understanding is that the chairman of the committee does not intend to insist on that preference right.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming [Mr. MONDELL]?

There was no objection.

BASKETS FOR FRUIT AND VEGETABLES.

Mr. VESTAL. Mr. Speaker, I move that the House resolves itself into the Committee of the Whole House on the state of the Union for the immediate consideration of H. R. 7102. Before that motion is put I want to ask if we may agree upon the time for general debate on this bill.

Mr. BRINSON. What time would the gentleman suggest?

Mr. VESTAL. An hour and a half, half of the time to be controlled by the gentleman from North Carolina and half by myself. That would bring it up to 5 o'clock.

Mr. BRINSON. I think we will need more time than that on this side.

Mr. WINGO. Mr. Speaker, I am disposed to think that the opposition wants some time.

The SPEAKER. Gentlemen opposed to the bill are entitled to proper consideration.

Mr. WINGO. I think there is a faint suspicion around here that I am opposed to this bill. [Laughter.]

Mr. VESTAL. It is my idea that one-half of the time would be given to those opposed to the bill.

Mr. WINGO. Is there any member of the committee opposed to the bill?

The SPEAKER. The Chair thinks that if members of the committee are all in favor of the bill and anyone outside of it demands recognition, he has the prior right.

Mr. VESTAL. No member of the committee, I think, is opposed to the bill.

Mr. WINGO. Let the debate proceed, and the time to be fixed later.

The SPEAKER. The question is on the motion of the gentleman from Indiana, that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7102.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. LONGWORTH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7102) to fix standards for hampers, round-stave baskets, and splint baskets for fruits and vegetables, and for other purposes.

Mr. VESTAL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. WALSH. Well, Mr. Chairman, in my judgment, the bill should be read.

The Clerk read the bill.

Mr. VESTAL. Mr. Chairman, this bill (H. R. 7102) is practically the same bill that was finally recommended by the Committee of the Whole House on the state of the Union in the Sixty-sixth Congress and failed of passage because it was crowded out by other legislation, no vote being taken on it in the House.

The purpose of the bill is to do away with the confusion and deception which now exists in the marketing of fruits and vegetables, due to the great number of different sizes of baskets employed. The bill seeks to accomplish this by standardizing three types of baskets—hampers, round stave baskets, and splint baskets. The bill, if it should become a law, will affect the manufacturers of baskets, the growers who ship their products in them, and the consumer. In the judgment of the committee it will benefit all three.

It will benefit the grower who produces things sold in these containers, for the reason that they may be assured they will not come in competition with a dishonest container and a dishonest statement of what may be a bushel or any other measure in which articles may be sold or placed upon the market. It will be of great benefit to the consumer, because when he buys a bushel of potatoes, apples, or any vegetables sold in baskets he will know he is getting a bushel and will know just how much they are being sold for per bushel and not be deceived by a dishonest measure that may be placed upon the market by some designing person. It will also benefit the manufacturer, for the reason it will reduce the number of forms which it will be necessary for him to keep on hand, and will enable him to extend the territory in which he sells his goods, since all sections using these types of baskets will use the same sizes.

The general principle for standardizing containers for fruits and vegetables is not a new one. We have passed the standard barrel act and the standard container act and provided standards for grape baskets, berry boxes, and other small boxes for fruits and vegetables. To give you an idea of what standardization has already meant in the packages already dealt with in the standard container act: Before that act was passed and went into effect the trade was using a large number of containers of various and deceptive sizes, the purchaser never knowing, when he purchased what he supposed was a quart of berries whether he was actually receiving a quart or less, and the tendency on the part of the unscrupulous dealer was to use berry boxes which would be readily mistaken for a full quart or pint, as the case might be, but which were in reality smaller.

Mr. Chairman, I have some photographs here of the small boxes formerly used in the selling of strawberries and small fruits before the passage of the standard container act. I think the strongest argument in favor of standardizing these baskets is to state what has been accomplished by the passage of the standard container act for small fruit containers. This is a photograph showing the size of small fruit and vegetable baskets in use before the standard container act was passed. Here are a number of baskets that were then used. These baskets [indicating] were all eliminated by the passage of that act save five. These [indicating] are now in use, and the only sizes that are in use. No one of the manufacturers of boxes would under any consideration go back to the old method of manufacturing so many different sizes. These are the only boxes now manufactured for small fruits.

Mr. COOPER of Wisconsin. How many were there before the passage of the act?

Mr. VESTAL. Thirty-nine, as the hearings showed. Now as to climax grape basket. Here is a photograph showing the number of different sizes of baskets that were used before that act was passed.

Mr. COOPER of Wisconsin. How many were there?

Mr. VESTAL. About thirty. By the passage of that act they were standardized eliminating all but three sizes, and there has been no complaint anywhere that I have ever heard of.

Mr. HUDSPETH. Were they all of different sizes?

Mr. VESTAL. No; not all different sizes, but all sorts of sizes, not standard; one would hold a little less than another, or a little more. They were standardized into 2, 4, and 12 quarts.

Mr. WINGO. Will the gentleman yield?

Mr. VESTAL. Yes.

Mr. WINGO. And the housewife has got to be a 2, 4, and 12 quart housewife. If she wants to get 10 quarts it would be unlawful for anybody to sell it to her.

Mr. COOPER of Wisconsin. Five 2-quart baskets would make 10 quarts.

Mr. WINGO. Yes; but if she wanted 10 quarts she would have to get two 4-quart and one 2-quart.

Mr. VESTAL. In answer to the gentleman I would say this——

Mr. WINGO. That is true, is it not?

Mr. VESTAL. If the housewife desires to buy 10 quarts of berries, she would not be compelled to buy a certain number of boxes to make up the 10 quarts if she desires to carry the berries home in a bag or in a different sort of a box. They could be transferred into those boxes, but it would be unlawful for the seller or the manufacturer to manufacture a different-sized basket for grapes than the ones standardized.

Mr. WINGO. This is true, is it not? If she wanted 10 quarts she could not buy a 10-quart basket in the market to take it home, because it is unlawful to manufacture a container that will take care of her wants. That is true, is it not?

Mr. LAYTON. If the gentleman will permit, as a matter of fact she could buy 10 quarts or 5 quarts or 6½ quarts or any other amount and put them in a bag.

Mr. VESTAL. That is correct.

Mr. WINGO. Oh, yes. She could not have a box that would be full.

Mr. LAYTON. Yes; she could have a box.

Mr. WINGO. She could not have a basket. She has to take a certain kind of basket of a certain size.

Mr. VESTAL. The gentleman is absolutely wrong.

Mr. WINGO. If she wants it in a hamper basket, she has to.

Mr. VESTAL. If she buys a basket of grapes put up in these baskets, she knows that she is getting 12 quarts, and when she buys one of these other baskets it may be put up for 12 quarts and contain only 10.

Mr. WINGO. But why should she not be permitted to be able to purchase in 10-quart quantities?

Mr. VESTAL. She can purchase in that quantity.

Mr. WINGO. Why should she not be permitted to find a basket manufactured of a 10-quart size?

Mr. VESTAL. The gentleman is getting away from the proposition.

Mr. WINGO. I am getting to it. That is the trouble.

Mr. VESTAL. The purpose of standardizing these baskets is so that these women will not be deceived by having a dishonest basket on the market.

Mr. WINGO. If the basket is correctly marked, that is the point. It is unlawful to sell her a basket marked one thing when it is another.

Mr. LAYTON. But it is being done every day.

Mr. WINGO. Then, why not prosecute those who do it? Will this law be any better than the present law?

Mr. LAYTON. Yes.

Mr. WINGO. The thing that deceives the women is not the size of the basket, but it is the deceptive practice of misbranding, of false bottoms and things like that.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. LAYTON. As a matter of fact, the evolution of packages leads to the very thing that the gentleman is trying to do here in an unconscious way. Is not that true?

Mr. VESTAL. Yes.

Mr. LAYTON. In the purchase of flour, for instance. Without any law the manufacturer of flour puts it up in bags of so many pounds, and if the housewife wants more flour than there is in one bag, she buys two bags, or if that is not enough she buys three. It is the same way with your grape proposition to-day. Most of the grapes in my State come in a certain uniform package, but that is not the only size there is. They have other sizes. What the gentleman is trying to do is to prevent the manufacture of a fraudulent basket.

Mr. VESTAL. That is exactly it, so that when it goes onto the market the person who purchases it will be sure to get the quantity.

Mr. LAYTON. For instance, you have a seven-eighths bushel basket on the market, and by that the consumer is cheated out of one-eighth of a bushel. In my State we have a five-eighths bushel basket for the sale of tomatoes. Nobody gets cheated there, because if they buy five-eighths of a bushel they get one-eighth of a bushel more than a half bushel; but they are irregular, and that ought not to be. There is just as much necessity for a standard package as there is for a standard dollar or for a standard bushel basket or a standard pound weight. We ought to have standard packages.

Mr. VESTAL. Mr. Chairman, I now want to go on with my statement.

The situation prevailing to-day in the case of the containers mentioned in this bill is not different from that which prevailed in the case of smaller packages, and it is to remedy this situation that this legislation is sought to be enacted. The bill will not injure any producer, shipper, manufacturer, or consumer, but it seeks to place upon the market only honest containers for the benefit of all alike.

There are three types of baskets affected by this bill: The hamper, which is especially popular in the Eastern and Southern States, almost 30,000,000 of them being used annually; the round-stave basket, most commonly made in the bushel size and known as the bushel basket, which is popular in practically all sections of the country except in the Southern and Middle Atlantic States and on the Pacific coast, between 18,000,000 and 20,000,000 of these being manufactured annually; the splint baskets, better known to the public as market baskets, which are properly divided into three classes—the overhandle, drop-handle, and square-cornered. I desire to say at this time that none of these baskets are patented and none are patentable, anyone being free to make them without the payment of royalty to any person.

This bill does not provide that fruits and vegetables must be packed and shipped in these types of baskets or in any other, but simply requires that if fruits and vegetables be shipped in this type of container certain standard sizes shall be used. Consequently, the shipment of apples or cranberries in barrels, the shipment of apples or citrus fruits in boxes, and the shipment of any type of fruits or vegetables in crates, boxes, or barrels is not curtailed in any way by this bill. Neither is the manufacture or sale of what is known in the trade as commercial baskets, clothes hampers, lunch hampers, auto baskets, shopping baskets, and various designs of fancy baskets affected in any way.

The sizes which are sought to be standardized by this legislation are as follows: Hampers—8-quart, 16-quart, 20-quart, 1-bushel—32-quart—and two types of 48-quart; the round-stave basket—16-quart, 20-quart, 32-quart, 48-quart, and 62-quart; and splint baskets—4-quart, 8-quart, 12-quart, 16-quart, and 24-quart. The capacities in cubic inches given in the bill are figured on the basis of the proportionate part of the capacity of a barrel. The bill also makes a definite statement as to the capacity of the dry quart, placing it at one thirty-second of a United States standard bushel, or 67.2 cubic inches.

The lack of standardization of baskets gives rise to two abuses, first, the making of a great number of short baskets, and, second, the making of baskets of the same capacity content, in a variety of dimensions. The standardizing of baskets in certain capacities will result in cutting out such abuses as the use of 6 and 7 quart baskets for 8 quarts, the use of 10-quart baskets for 12 quarts; the use of 13, 13½, 14, 14½, and 15 quart baskets for 16 quarts; the use of 27, 27½, 28, 28½, 30, 30½, and 31 quart baskets for 32-quart baskets; and the use of 44, 45, and 46 quart baskets as 48-quart baskets. It will also do away with the 5-peck, or 40-quart, basket which is frequently so made as to be easily mistaken for a 48-quart basket. The use of these short packages was undoubtedly brought about in the first place by the desire of some one shipper to take advantage of his competitors or to endeavor to put something over on the receiver. The two most common short sizes which were developed as a result of this idea were the 14-quart basket to take the place of the 16, and the 28-quart basket to masquerade as a bushel. It is probable that the short one-half bushel was first a 15-quart basket, that it later became a 14½ quart and then a 14 quart. Not satisfied with a cut in capacity of 2 quarts, some one discovered that by making a basket of the same height with practically the same top diameter but with a smaller bottom and with the center hoop drawn in, a basket could be made holding but 13 or 13½ quarts, which would still closely resemble and pass for a 16-quart basket. Much the same thing has happened in the case of the 28-quart basket, and we now find manufacturers advertising 27 and 30 quart baskets and even 29½-quart baskets. There are also on the market other baskets which actually hold about 26, 26½, and 27 quarts.

It developed in the hearings that in certain sections the 14-quart basket was used extensively, and one of the users of the 14-quart basket made objection to it being eliminated by this measure. Finally, after a series of questions as to why the 16-quart basket would not fill all the needs of the 14 quart, he truthfully answered that he could get just as much money for 14 quarts as for 16 quarts. In other words, the consumer was buying the 14-quart basket believing, in a great many instances at least, that he was buying a half bushel.

Mr. COOPER of Wisconsin. The gentleman speaks of a 14-quart basket. What does it sell for?

Mr. VESTAL. It sells for a package of 16 quarts.

Mr. CLOUSE. Mr. Chairman, will the gentleman yield for a question?

Mr. VESTAL. Yes.

Mr. CLOUSE. I was wondering if there is anything in this act that prohibits the manufacturing of these sized baskets where they are properly branded; that is to say, plainly marked showing the contents of the basket.

Mr. VESTAL. That could be done under the pure food and drug act now, but this bill eliminates the baskets entirely, and makes it absolutely unlawful to manufacture a 14-quart basket.

Mr. CLOUSE. Having some of those manufacturers in my district, I am interested. Would it not result in a complete change of machinery that is now being used in the manufacture of just such hampers?

Mr. VESTAL. No; and I shall discuss that in a moment.

Mr. LAYTON. I have a good many of these manufacturers in my district, and every manufacturer on the eastern shore of Maryland and in Delaware is in favor of the passage of this bill.

Mr. VESTAL. The gentleman from Tennessee [Mr. CLOUSE] will be very much interested in what I am about to say right now. I started out to say that in the hearings in certain sections it was shown that they were using a 14-quart basket very extensively. That section happened to be around Baltimore, Md.

There appeared before the committee two Members of Congress, together with two or three of the men—merchants, or growers or shippers—I do not remember; anyhow, persons interested in the 14-quart basket, and asked that we put into this bill the 14-quart basket. The Members of Congress made speeches and then the committee said they wanted to hear from those men who were using those baskets, and so one gentleman made a speech before the committee insisting that we place in this bill the 14-quart basket. Well, after he had talked a little while I stopped him and asked him this question myself. I said, "My friend, the committee does not want to hurt anybody. We want to get up a bill here that will standardize these baskets so that the public will not be deceived. Will you be

frank and tell this committee why you need the 14-quart basket when the bill provides a 16-quart basket," and without any hesitation, and probably without thinking very much, he said, "Why, because I can get just as much money for a 14-quart basket as for a 16-quart basket." That is the whole proposition, gentlemen, in this bill.

That is the whole proposition behind it. We want to try to protect the consumer. I want to say to you that all over the country the manufacturers are not opposed to this bill; they are all for it, except, and I want to be perfectly frank, except some manufacturers in the State of Mississippi, in the State of Alabama, and in the State of Florida. They are opposed to it because we eliminate the seven-eighths bushel basket, and that is the only reason that they are opposed to it. They were represented at the National Basket Manufacturers' Association at Cleveland last year, and all voted for standardization, but they said you ought to let us have our seven-eighths bushel basket. Now, it is not with any personal feeling against anybody in Alabama or in Mississippi or in Florida——

Mr. McDUFFIE. Will the gentleman yield?

Mr. VESTAL. I will.

Mr. McDUFFIE. The gentleman has eliminated the seven-eighths basket; why not eliminate the five-eighths basket if it is right to eliminate the seven-eighths?

Mr. VESTAL. In just a minute I will answer the gentleman. I will come to it in a minute. I was going to say that our manufacturers of baskets in Alabama, Mississippi, and Florida made that same argument at the meeting of the National Basket Manufacturers' Association. They said that they would be perfectly satisfied to cut out the seven-eighths basket if they would cut out the five-eighths basket, and it showed they really were in favor of standard baskets, but because we had left in the bill the five-eighths basket and eliminated the seven-eighths basket they were opposed to it. Now, the seven-eighths basket is a short-bushel basket. Nobody can contend anything different but that it is a short basket. Nobody can contend but what it masquerades as a bushel. There is not any question about it, and it has become so that three States in the Union have absolutely passed laws prohibiting the seven-eighths basket from coming into those States. Texas is one. Texas will not permit the seven-eighths basket to come into that State. New Jersey is another. Ohio is another. The seven-eighths can not come into these States at all; it is a short basket. Now, as to the five-eighths basket.

The seven-eighths-bushel basket goes on the market. The consumer buys it. The five-eighths-bushel basket does not go into the market for the consumer to buy. It is a field basket, made much stronger than any of these other hampers. They are picking baskets. Nobody can be deceived by a five-eighths basket for a bushel basket. You could not be deceived. Nobody would take a five-eighths-bushel basket for a bushel, and if it were sold as a half bushel the consumer would get the benefit of it. The hearings showed that this five-eighths basket was used as a field basket and did not go into the market and is built much stronger than any of these other hampers for picking use, comes on the market and goes back.

Mr. McDUFFIE. Why could not they use the half-bushel basket for field use as well as the five-eighths?

Mr. VESTAL. Well, answering that question from the hearings——

Mr. McDUFFIE. Is it because they want to give credit for picking half a bushel when they pick five-eighths?

Mr. VESTAL. No; I do not think so.

Mr. LAYTON. Will the gentleman allow me to answer that question?

Mr. VESTAL. I will yield to the gentleman to answer that question.

Mr. LAYTON. I think I know something about the five-eighths-bushel basket and the reason for it. There is a substantial reason for the five-eighths basket which is dependent upon the evolution in the field picking. A great industry in my State is the tomato industry, as everybody knows in New Jersey and the eastern shore of Maryland. It is found that the five-eighths basket obviates the expense, for instance, of weighing. You put just exactly 60 of the five-eighths baskets piled full upon a picking cart with two horses and it will weigh just a ton, and you do not have to weigh it at all. If the baskets are evenly full 60 baskets make a ton. There is another reason, and that is in the picking and in the handling they have found that the five-eighths basket comes nearer being the maximum amount of fruit that can be put in a basket without crushing. If you go over the five-eighths basket in picking in the field and transporting to the factory you are going to have juice flowing out on account of the superabundant weight, and that is the maximum amount that would go in a basket out of the field without crushing itself by its own weight.

Mr. McDUFFIE. Will not the juice flow more freely from a bushel basket?

Mr. LAYTON. Certainly. We do not use them.

Mr. McDUFFIE. You standardize the bushel basket?

Mr. LAYTON. We do not use it in the tomato business.

Mr. VESTAL. Now, gentlemen, I want to show you a photograph here of two hampers, one holding 27 quarts and the other 32 quarts. They are made in such a manner that no one, not even an expert, can tell which is the larger of the two, whether the one on the right or the one on the left. And I have some of the hampers themselves here that I want to show in a moment. Now, here are six types of 28-quart baskets. [Exhibiting]. All of those baskets hold 28 quarts, and these are the different types of 28-quart baskets that are made.

Mr. COOPER of Wisconsin. Sold for what?

Mr. VESTAL. They masquerade for a bushel.

Mr. COOPER of Wisconsin. Thirty-two quarts?

Mr. VESTAL. Thirty-two quarts. For instance, here is a 32-quart basket and here is a 27-quart basket. [Exhibiting.] They are filled with beans. This represents the pile of beans the consumer loses in buying a 28-quart basket. This basket on the left holds 32 quarts; this one 27 quarts. What Member of Congress could tell the difference in the size of those baskets if they were not marked? And suppose the marking had worn off. Stamps that are placed upon the hampers now are usually placed on the cover, which in most cases is lost, leaving no stamp on the basket at all.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

Mr. VESTAL. I will.

Mr. COOPER of Wisconsin. Did I understand the gentleman to say that the pile of beans outside of that basket represents what the consumer loses who purchases that basket?

Mr. VESTAL. That is correct. Here is another photograph of the 48-quart and the 40-quart hamper [indicating]. This pile of vegetables here shows what the consumer loses in buying a 40-quart basket for a 48-quart basket.

Mr. LAYTON. That is lettuce?

Mr. VESTAL. It is lettuce.

Mr. LAYTON. That difference would ruin a man in a year if he had a large family.

Mr. VESTAL. I brought these photographs over so that you might see exactly what has been going on throughout the United States.

Here is a 13½-quart hamper and a 16-quart hamper [indicating]. They are not marked. Which hamper will the gentleman on this side say is the larger of the two?

SEVERAL MEMBERS. On the right.

Mr. VESTAL. Here is a man who tells me it is on the left. Nobody can tell, unless you have read this line. These baskets appear to be about the same size, but the standard half-bushel hamper on the right holds eight apples more than the 13½-quart hamper on the left. These are apples. What do they sell for? Five cents apiece.

I have here a number of hampers. I will put that hamper up here on the table now. Which one of those hampers would the gentleman say is the larger?

SEVERAL MEMBERS. On the left; the one on the left.

Mr. VESTAL. I simply wanted to show the kind of hampers that are being placed on the market by which the consumer is being deceived every day of the year.

Just a few weeks ago we passed a bill here, a bottle bill, showing that certain kinds of bottles that were manufactured deceived the public. There is just as much reason, and more reason, for passing a bill that will protect the consumer in the buying of fruits and vegetables as in passing the other sort of a measure.

Now, on the table there is a 27, a 28, and a 32 quart basket. Now, then, we propose by this bill to eliminate the short baskets and permit the use of the five sizes heretofore mentioned.

Mr. COOPER of Wisconsin. What are the dimensions of that higher one?

Mr. VESTAL. Here is 27 [indicating]. Here is 48. This one is 32.

Mr. HUDSPETH. I understood my friend from Indiana to state that those smaller baskets are sold to represent the same quantity of fruits and vegetables as the 32-quart basket?

Mr. VESTAL. I mean to say that they are sold. I do not mean to make the assertion that the man goes out and sells them and represents them to be 32-quart baskets. But the public is deceived in thinking it is buying a 32-quart basket.

Mr. HUDSPETH. The purchaser believes he is buying a 32-quart basket?

Mr. VESTAL. That is the idea. The bill also provides for the standardization along the line of dimensions as well as the line of capacity.

The hearings brought out the fact that standard bushel hampers have been found varying in height from 17 to 22½ inches. It is obvious, of course, that under such conditions efficient car loading of mixed hampers is impossible.

Section 4 of the bill provides that the Secretary of Agriculture in his regulations shall prescribe certain tolerances as he may find necessary to allow in capacity and specification in order to provide for reasonable variations occurring in the manufacturing and handling of these containers. This section also provides that the manufacturer shall mark the container with its standard capacity content as his guaranty to the purchaser that it is within the limits prescribed in this bill.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. VESTAL. Yes.

Mr. BANKHEAD. The gentleman from Indiana said in reply to a question of the gentleman from Texas that the public was deceived without actual representation, by those four baskets there, on the assumption, in the case of one holding 27 or 28 quarts, that they were buying 32 quarts of contents?

Mr. VESTAL. Yes.

Mr. BANKHEAD. Why should they assume that?

Mr. VESTAL. Because you do not have a 27-quart basket and a 32-quart basket sitting side by side. Many unscrupulous dealers selling commodities in a basket of that kind do not expressly state that the basket contains a bushel, but when a lady comes in, for example, and says, "I want to buy a bushel of potatoes," or a bushel or pears, or a bushel of this or that, here will be a lot of containers holding 27 quarts or 28 quarts, and the dealer will sell them by the basket and convey the impression to the purchaser that she is buying a bushel. The Bureau of Markets under the Department of Agriculture says that is being done every day all over the country.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. WINGO. Have they prosecuted anybody for doing it? If the merchants violate the law in doing it, why do they not prosecute them?

Mr. VESTAL. They do not violate any Federal statute.

Mr. WINGO. They violate the statutes of every State in the Union. You can not do it in the District of Columbia. Why does not the Federal bureau prosecute them?

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. COOPER of Wisconsin. Consider the thousands and even millions of people who have not the money with which to prosecute.

Mr. WINGO. The gentleman misunderstood me. I say, Why do not the authorities see to it? You have men whose duty it is to enforce the law. If public officials know it, and it is done every day, as is stated, why do not the Government officials prosecute them?

Mr. COOPER of Wisconsin. Great numbers of people do not have the means with which to institute the prosecution.

Mr. WINGO. If anyone sells by false weights in my State he will be prosecuted.

Mr. VESTAL. There is not a man in this House who has done any marketing at all who does not recall that when he has gone to different markets and asked for pears or peaches or baskets of vegetables of some kind or another the merchant or dealer will point to a basket and say, "That basket is so much."

Mr. BANKHEAD. I do not think that is a fair illustration, so far as Congressmen are concerned, because none of us can buy that much produce at one time. [Laughter.]

Mr. VESTAL. They make the statement that the basket contains so much. What housewife would know whether the basket contained a bushel or 27 quarts?

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. KEARNS. I am under the impression that the merchant does not represent the basket to contain a bushel of the produce. If the purchaser asks for a bushel of potatoes the dealer says, "I have a basket here that we sell for so much money." He does not make a false representation at all.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. LAYTON. What objection is there to having an honest standard of packages to protect the consumer?

Mr. VESTAL. I do not think there is any.

Now, I want to make this statement:

Section 5 was placed in the bill at the urgent request of manufacturers and shippers. It provides that the Secretary of Agriculture, when he finds it necessary, may in his regulations prescribe specifications and tolerances with respect to the strength of the material used or the dimensions thereof, but not departing from the respective capacities herein prescribed, and this is done in order to provide for more economical use of space in packing or transportation. In other words, if the Secretary of Agriculture should find that some manufacturer was putting out a basket that in every way complied with the law as to capacity and dimension but that it was made out of material that was so light and flimsy as not to carry safely the fruits and vegetables packed therein, he would have a right under this section to prescribe specifications to that manufacturer with respect to the strength of the material that should be used in the construction of the baskets, the same to be made effective not earlier than six months after public notice had been given, following an opportunity afforded the interested party to be heard.

Section 6 provides for the prosecution of persons violating this act.

Section 7 provides that baskets, hampers, and so forth, may be proceeded against if they are not within the provisions of the law.

Section 8 permits the manufacture for sale or shipment of baskets different from those mentioned in the act if the same are to be shipped to a foreign country, in accordance with specifications of the foreign consignee or customer, not contrary to the law of such foreign country, and also that the act shall not prevent the manufacture and use of banana hampers of the shape and character now in commercial use for bananas.

The enforcement of the act can be secured most easily by inspecting the containers at the factories where they are made, since this law is desired by the manufacturers and their hearty cooperation in its enforcement may be expected. This has been the case in the enforcement of the standard container act, the barrel act, and so forth.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. HUDSPETH. I want to ask my friend if there is any organization of farmers or consumers that is favoring the measure?

Mr. VESTAL. This bill has had quite a good deal of publicity and——

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. VESTAL. Yes.

Mr. MORGAN. When the hearings were had, when the bill was up at the previous session of Congress, representatives of the farm bureau of the State of New York, and I believe of one other State, appeared and indorsed the bill.

Mr. VESTAL. Yes. The representatives of farm organizations have indorsed the bill. I may say, at the suggestion of the gentleman from Texas [Mr. BRIGGS], that there was placed in this bill the provision making it compulsory upon the manufacturer to mark his baskets with their true capacity content. No; not their true capacity content, but their standard capacity content, I should say, so that it can not work a hardship upon any consumer or any shipper or any grower. The burden is all upon the manufacturers, and the manufacturers of the country are all for the bill except as I stated in my remark concerning those in the Southern States. So that if the shipper should sell a basket that is a short basket, all that he has to do is to show that he bought that basket of a certain manufacturer, and the manufacturer is the man who has to suffer. Now, the manufacturers are all for the bill. They want this standardization, and you can see the reason why, because where there are 40 sizes of hampers now this bill cuts the number down to 5. It does away with over 30 forms, and it provides that every State in the Union must use the same sized basket, and the manufacturer in Michigan can sell them in Texas and the manufacturer in Texas can sell them in Maine or anywhere in the United States, so it enlarges their territory for selling the baskets.

Mr. STAFFORD. Will the gentleman yield?

Mr. VESTAL. I am glad to yield to the gentleman from Wisconsin.

Mr. STAFFORD. In those States where by their legislatures they have fixed standard containers, how do the standards prescribed by this act compare with those fixed by the State legislatures?

Mr. VESTAL. I am not able to state that to the gentleman. I have had no representative from any State make any complaint as to this bill.

Mr. MORGAN. Will the gentleman yield?

Mr. VESTAL. Yes.

Mr. MORGAN. I wish to state to the gentleman that in Ohio they have a law standardizing measures and that the director of measures in the State of Ohio wrote me a letter indorsing this bill.

Mr. STAFFORD. My inquiry was whether in the States where they have legislated on this subject the sizes are the same as those provided in this bill.

Mr. VESTAL. The only States that I know of that have legislated on the sizes of standard containers are the State of Texas and the State of Indiana, which I think last year passed a bill. A bill was introduced in Indiana, and I am not sure whether it was passed or not, following the sizes mentioned in this bill. I understand that Texas passed such a law. I will ask the gentleman from Texas [Mr. BRIGGS] if I am right about that.

Mr. BRIGGS. I so understand.

Mr. VESTAL. Texas has passed a law following this bill. Just one other word. The date fixed for the law to become effective is one year from the 1st of November first succeeding the passage of the act. This is done for the reason that the 1st of November, as we were informed by the Bureau of Markets, is as near a between-seasons date as it was possible to find in the basket business. At that time manufacture for the current season has practically stopped, and the demand for containers for southern-grown winter vegetables has not commenced. It is, therefore, a convenient time to have such a law become effective. The manufacturer would make any necessary changes in his machinery between seasons. I desire to say further that the hearings disclosed that the changes required in basket-making machinery will be comparatively inexpensive. In the long run the manufacturer will benefit, because the number of forms which he will be required to keep in stock will be very much smaller, and there will therefore be a saving on this point. [Applause.]

Mr. LEATHERWOOD. Will the gentleman yield?

Mr. VESTAL. Yes.

Mr. LEATHERWOOD. What is the necessity for including the provisions of section 9 in this particular act with reference to the metric system?

Mr. VESTAL. I will say to my friend that I do not think there is any particular reason for it. That section has been placed in all of these standardization bills. We have a law upon the statute books permitting the use of the metric system.

Mr. LEATHERWOOD. Would it be possible to use the metric quart under the provisions of this act?

Mr. VESTAL. I do not think so. That is my judgment about it. We have fixed the standard dry quart as the basis of measure.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. VESTAL. I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. The gentleman will recall that this was inserted in order not to give the impression that we were cutting out the metric system.

Mr. VESTAL. I think that is true.

Mr. Chairman, I reserve the remainder of my time.

Mr. WINGO. Mr. Chairman——

The CHAIRMAN. Ordinarily the Chair would recognize the ranking member of the committee, but with the understanding that all the members of the committee are in favor of the bill, the Chair recognizes the gentleman from Arkansas [Mr. WINGO], opposing the bill.

Mr. WINGO. Mr. Chairman——

Mr. WALSH. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. VESTAL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LONGWORTH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 7102) to fix standards for hampers, round-stave baskets, and splint baskets for fruits and vegetables, and for other purposes, had come to no resolution thereon.

ENROLLED BILL AND JOINT RESOLUTION SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled joint resolution of the following title, when the Speaker signed the same:

H. J. Res. 215. Joint resolution to declare November 11, 1921, a legal public holiday.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2447. An act to authorize the construction of a bridge across Pearl River, between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss.

ADJOURNMENT.

Mr. VESTAL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 45 minutes p. m.) the House adjourned until Friday, November 4, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. LEHLBACH, from the Committee on Reform in the Civil Service, to which was referred the bill (H. R. 8928) to provide for the classification of civilian positions within the District of Columbia and in the field services, reported the same with an amendment, accompanied by a report (No. 461), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. GLYNN, from the Committee on Claims, to which was referred the bill (S. 1283) for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co., reported the same without amendment, accompanied by a report (No. 462), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 3026) granting a pension to Joseph Bauer; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 8896) granting an increase of pension to Louis D. Argo; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GERNERD: A bill (H. R. 8995) granting relief to soldiers, sailors, and marines of the War with Spain, Philippine insurrection, and the Chinese Boxer rebellion campaign; to the Committee on Pensions.

By Mr. LAWRENCE: A bill (H. R. 8996) to amend paragraph 440, section 5211, act of June 3, 1864; to the Committee on Banking and Currency.

By Mr. MORIN: A bill (H. R. 8997) to promote the public welfare by improving public highways, roads, rivers, and harbors, and reclaiming idle, arid, waste, or unimproved lands in the United States and its Territories by irrigation and otherwise, and for other purposes; to the Committee on Ways and Means.

By Mr. HADLEY: A bill (H. R. 8998) making an appropriation for the construction of a road on the Lummi Indian Reservation, Wash.; to the Committee on Appropriations.

Also, a bill (H. R. 8999) to authorize exchanges of lands within Snoqualmie National Forest, in the State of Washington; to the Committee on the Public Lands.

By Mr. KLECZKA: A bill (H. R. 9000) to provide for the appointment of three veterans of the World War to the Board of Managers of the National Home for Disabled Volunteer Soldiers; to the Committee on Military Affairs.

Also, a joint resolution (H. J. Res. 219) for the appointment of a member of the Board of Managers of the National Home for Disabled Volunteer Soldiers; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. APPLEBY: A bill (H. R. 9001) granting a pension to William Price; to the Committee on Pensions.

By Mr. BLAND of Indiana: A bill (H. R. 9002) to provide for the issuance of medals of honor to Jesse F. Snow and other volunteer soldiers of the Civil War; to the Committee on Military Affairs.

By Mr. BUTLER: A bill (H. R. 9003) granting a pension to Mary Bach; to the Committee on Invalid Pensions.

By Mr. DEAL: A bill (H. R. 9004) for the relief of Flitner Atwood Co.; to the Committee on Claims.

By Mr. GRAHAM of Illinois: A bill (H. R. 9005) granting a pension to Mary F. Carlisle; to the Committee on Invalid Pensions.

By Mr. HOCH: A bill (H. R. 9006) granting a pension to Abbie McCabe; to the Committee on Invalid Pensions.

By Mr. KIESS: A bill (H. R. 9007) granting a pension to John Webster Haynes; to the Committee on Invalid Pensions.

By Mr. MERRITT: A bill (H. R. 9008) granting a pension to Philemon Walker; to the Committee on Invalid Pensions.

By Mr. MICHAELSON: A bill (H. R. 9009) authorizing the Secretary of War to donate to Independence Park, Chicago, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 9010) authorizing the Secretary of War to donate to Portage Park, Chicago, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. MORGAN: A bill (H. R. 9011) granting a pension to Fannie Veach; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 9012) granting a pension to Benjamin Hall, alias John Riley, alias William H. Grace; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9013) granting a pension to Raymond C. Ide; to the Committee on Pensions.

Also, a bill (H. R. 9014) for the relief of Elsie McDowell Bunting; to the Committee on Invalid Pensions.

By Mr. SHELTON: A bill (H. R. 9015) granting an increase of pension to George W. Burk; to the Committee on Invalid Pensions.

By Mr. SMITHWICK: A bill (H. R. 9016) granting a pension to J. E. Price; to the Committee on Pensions.

By Mr. VAILE: A bill (H. R. 9017) granting a pension to Ben K. Duffy; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2935. By Mr. APPLEBY: Resolution adopted at the thirty-third annual convention of the New Brunswick district of the New Jersey conference of the Methodist Episcopal Church, held in Keyport, N. J., October 27, 1921, protesting against the ruling of Secretary Mellon permitting the sale of beer and wines for medicinal use; to the Committee on the Judiciary.

2936. By Mr. COLE of Ohio: Petition of retail jewelers of Marion, Ohio, urging the adoption of the Smoot tax plan; to the Committee on Ways and Means.

2937. By Mr. KISSEL: Petition of Arthur S. Bean, D. O., M. D., and Dr. J. William Bohrer, Brooklyn, N. Y., relating to Senate bill 2283; to the Committee on the District of Columbia.

2938. Also, petition of Marshall Field & Co., Chicago, Ill.; to the Committee on Ways and Means.

2939. Also, petition of the adjutant general, State of New York, relative to the New York National Guard; to the Committee on Military Affairs.

2940. By Mr. STEENERSON: Resolution adopted by the board of governors of the State Agricultural Society of Minnesota, supporting the Great Lakes-St. Lawrence tidewater project; to the Committee on Rivers and Harbors.

2941. By Mr. WATSON: Resolution passed by the Jenkintown Improvement Association, in favor of a reduction of armaments; to the Committee on Military Affairs.

SENATE.

FRIDAY, *November 4, 1921.*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father and our God, we bless Thee for the morning light and for all that it brings to us of cheer and hope. We humbly beseech of Thee for the guidance of Thy spirit through the duties of this day. Help us always to have righteousness, truth, and uprightness in our minds, in the conviction that we are doing things under "the great Task Master's eye." Hear and help us through Jesus Christ our Lord. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Thursday, October 20, 1921, when, on request of Mr. LODGE and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

Mr. LODGE. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McKinley	Shortridge
Borah	Harreld	McNary	Simmons
Brandegee	Harris	Moses	Smoot
Bursum	Harrison	Myers	Spencer
Calder	Heflin	Nelson	Stanfield
Cameron	Hitchcock	New	Stanley
Capper	Johnson	Newberry	Sterling
Caraway	Jones, N. Mex.	Nicholson	Sutherland
Culberson	Jones, Wash.	Oddie	Swanson
Cummins	Kenyon	Overman	Townsend
Curtis	Keyes	Page	Trammell
Edge	King	Penrose	Wadsworth
Ernst	Ladd	Phipps	Walsh, Mass.
Fernald	La Follette	Pittman	Warren
Fletcher	Lenroot	Poindexter	Watson, Ga.
France	Lodge	Pomerene	Watson, Ind.
Frelinghuysen	McCormick	Ransdell	Willis
Gerry	McCumber	Reed	
Gooding	McKellar	Sheppard	

The VICE PRESIDENT. Seventy-four Senators having answered to their names, there is a quorum present. Petitions and memorials are in order.

TREATMENT OF SOLDIERS.

Mr. EDGE. Mr. President, at yesterday's session, rising to a question of personal privilege, the Senator from Georgia [Mr. WATSON] requested permission to publish in the RECORD the reproduction of a photograph of a gallows purporting to have been used in the execution of soldiers abroad. In making this request the Senator from Georgia saw fit in his remarks to bring in the Senators from New Jersey and to infer at least that they should familiarize themselves with the situation as presented in a newspaper published in New Jersey. The Senator from Georgia did not request the publication of the article which appears in the same edition of the New Jersey newspaper, but asked only that the photograph of the gallows without further explanation be reproduced.

In order that the facts may be made clear to the country, I have investigated and secured from the War Department the record of executions abroad, but particularly of those two which were described to some extent in the article in the newspaper which the Senator from Georgia failed, as stated, to introduce for publication in the RECORD.

The newspaper is the Passaic Daily Herald, printed at Passaic, N. J., the edition of Wednesday, November 2, 1921. The article goes on to state that these executions were witnessed by various soldiers and occurred at or near Issurtille, France. The records of the War Department show that two executions took place in the vicinity of Issurtille, France. I shall not use the names of the soldiers for obvious reasons. The records disclose that those two soldiers were tried for the crime of murder and attempt to rape; tried before a court-martial in the regular form as provided for by military regulations, the final order of conviction and sentence to be hanged being given in the first case on February 12, 1919, and in the second case on March 27, 1919. The execution took place in the first case on April 4, 1919, and in the second case on April 25, 1919. The first man was a Negro and the second a white man.

Permit me to read again from the article which was not offered for the RECORD by the Senator from Georgia when he offered the accompanying pictures:

> The real story of the crime he committed is probably on file in the records of the War Department—

It is, as I have just stated—

> Perhaps for the sake of his family they never were and never will be known in connection with his name. So far as the enlisted men who saw the hanging were permitted to know, he had committed a criminal assault upon a 7-year-old French girl, who died following the attack.

Does the Senator from Georgia wish to try to justify his charge of the execution of American soldiers without trial by producing a photograph of the gallows on which a brute paid the penalty for assault and murder of a 7-year-old child?

Does the Senator mean to contend that the sentence was unjust?

Somewhere in France, Mr. President, lies all that remains of the soul and body of a 7-year-old child, murdered in the most brutal fashion, and the Senator from Georgia requests that the photograph of the gallows upon which this man paid the penalty for that dastardly crime be reproduced in the RECORD, apparently assuming in some way that that is a justification of the charge he has made that soldiers were executed abroad without trial.

How can we assume anything else?

The history of the case which this newspaper produces is clear, and the records of the War Department are certainly positive and will not be disputed.

The Senator speaks of the honor of the American Army. The honor of the American Army, Mr. President, in my judgment, demands the punishment of those who are guilty of such crimes.

No one has claimed that there were not executions abroad. When this controversy first arose the Senator from Indiana [Mr. NEW] introduced into the RECORD the fact that the War Department records demonstrated that in some 9 or 10 cases, I think it was, soldiers were tried by court-martial, convicted in the regular manner, and were executed abroad.

Mr. President, the issue in this case can not be camouflaged. No one questions that men were tried and convicted and executed for dastardly and brutal crimes abroad; but the Senator from Georgia, in language that is unmistakable, has asserted that men were executed without trial. It is the evidence of that that the American people demand—no more and no less. The pictures of a gallows used to mete punishment to a brute is certainly no justification and no defense for the charge made by the Senator from Georgia.

So long as the Senator has seen fit to bring the Senators from New Jersey into this, I again insist that he owes it to himself, committee or no committee, he owes it to his honorable position as a Senator to produce the evidence. Since he has made these charges he can not justify them with clippings and reproductions such as those offered yesterday. The American people honor their Army; they are proud of their Army; and they will demand by the production of facts that can not be disputed and by competent evidence that can not be controverted to know if it be true or otherwise that men were executed abroad without having a trial by court-martial. Again I repeat that is the issue—no more and no less.

Mr. WATSON of Georgia. Mr. President, when the Senator from New Jersey stated that I had assailed the two Senators from his State on yesterday, I was astonished, and I wondered if I had lost my memory. I turned to the official report of what I did say, and I find there is not a word of my remarks that applies to either one of those Senators. Let the Senator look at the RECORD himself. The only time either one of the Senators got into my brief address was when the Senator's colleague [Mr. FRELINGHUYSEN] sought to interrupt me just at a time when I could not be broken into, and I declined to be interrupted; but, as that seemed to be discourteous, I not only struck it out of the RECORD but I went to the Senator's colleague and tendered to him the apology of a gentleman for having seemed to be rude to him.

If any attack was made upon the Senators from New Jersey it was made in the New Jersey newspapers, and those Senators ought to have answered it at that time, in the paper. I made no attack upon them, and I make none now.

The Senator from New Jersey says there is a little white girl in France whose dust lies beneath the soil, because of the crime of a Negro brute. The picture I presented showed that he was hanged in the uniform of the United States Army. Since when did it become legal to disgrace the uniform by hanging it at the end of a halter on a gallows? Do not hide behind "the honor of the Army," as the French did in the Dreyfus case. I have not attacked the Army. I have said that two or three times, and I repeat it. Having in my possession the evidence I had, I would have been recreant to my sense of duty, to my country, and to the Army if I had not brought it to the attention of the Senate, to the attention of the Army, and to the attention of the country, in order that these abuses might be removed from the service.

The little white girl lies beneath the soil of France because of the crime of a Negro brute. How many little white girls in Dixie land lie beneath the soil because of the crimes of Negro brutes? I challenge you to talk about that. This Negro man who was hanged in the uniform of the United States Army was not hanged because of the uncontrollable excitement of those who saw a white girl, lying pallid in death, bleeding, with her throat cut, and her eyes, with a look of unutterable horror, gazing toward the heavens which had no relief for her. We have seen that in the South. Let the Senator remember that the next time he talks about the little French girls. We love our white girls quite as much as the French love theirs.

Mr. President, there is a strange discrepancy in the statements that are being made about these hangings in France. Whoever knew that there were any hangings in France, so far as the official reports went? Nobody knew it. The casualty lists came out, showing so many killed, so many badly wounded, so many slightly wounded, so many sick, so many missing, so many deserters, and so many "dead from other causes"—what other causes? Nobody ever explained. It is now being explained. They were shot or they were hanged; and the Senator from New Jersey, who has now twice taken his feet and spoken so eloquently about these hangings, did not mention the case where the officer had a soldier's heart penetrated with a bayonet, and the facts are not those which his colleague supposes them to be. I have a constituent in Georgia who saw that bloody murder; that foul, atrocious crime, than which no German ever committed a greater atrocity, and I will have that affidavit here as soon as it can be made and sent.

The Senator from New York [Mr. WADSWORTH] said, holding up his hands, "I can count on the fingers of one hand the number of American soldiers executed in France." Did he not say that? Is it not in the RECORD? I do not doubt that he believed just what he said. It is not my purpose to impugn the honor or the motives of any of my colleagues on this floor. I have not intentionally done so; and if I should do so, I would apologize like a gentleman as publicly as I gave the affront.

The very next morning after the chairman of the Committee on Military Affairs said that there were 5 such executions, the Secretary of War stated that there were 10. Who was right? Who knew most about it? The Senator from New York [Mr. WADSWORTH] is a stickler for accuracy; that is a favorite word of his, and it is a very good word, too, in dealing with facts—"accuracy."

Now, who was accurate, himself or the Secretary of War? He said "5"; the Secretary said "10." Who was accurate?

In the New York Herald of yesterday appears a statement from ex-Secretary of War Newton D. Baker. Little "Newt" had to get in. Poor little Newt! Poor little Newt had to get in. Poor little Newt! It seems that we are all going to get in before we quit, if they do not pull us into some committee room and lock the doors. The statement of the ex-Secretary of War is in a box, as we journalists call it; they put it in a box. Of course, nobody could put Newt in a box. I am going to make a feeble effort to do it; but I have no idea that I can squeeze him into it; no box would be small enough to hold him. The statement is dated, "Cleveland, November 2," and says:

Charges of Senator THOMAS WATSON that American soldiers in France were hanged without trial and were subjected to barbarous treatment were declared to be preposterous and incredible by Newton D. Baker, former Secretary of War, to-night. France was not a howling wilderness, but a civilized country—

Yes; very civilized! She charged us for the very roadbed upon which our boys built the iron highways that carried our soldiers to her salvation. That is civilization! She charged us for the very trenches upon which they stood knee-deep in mud and water to fight her battles; and yet she is civilized! Her citizens charged them for the playgrounds upon which, on Sunday, they played baseball or tennis or golf. Oh, yes; France was not a howling wilderness, but a civilized country, from which Lafayette came, upon a written contract made with Silas Dean, pledging this country to make him a major general before he would leave France and come to America; and he did not have sense enough to drill a company of soldiers, besides which he sniffled. Some of these days when somebody gets up here and blows off about Lafayette, I mean to take him down a peg or two. I know Lafayette, and Washington knew him, and it was not Washington who had him released from that Austrian prison into which he was put when the French Army chased him with the intent to kill him. It was Napoleon Bonaparte, in the treaty of Campo-Formio. Yes; I know Lafayette. He betrayed every French Government that trusted him; and the only independent command he ever had in America came very near getting bagged by Benedict Arnold; and it was only the James River that saved Lafayette and his command from being captured.

Let us continue with little Newt. Mr. Baker says:

It was pretty well crowded with American men and women—

That is, France—

It was pretty well crowded with American men and women, who would have been quick to report anything of this kind.

Report to whom? What gantlet would that report have had to run? What officers would have allowed that report to come to this country?

If any report of that sort had been made, Mr. President, everyone here knows that it would have been stopped by the first officer, and the writer of it would have been punished. Talk about barbed-wire entanglements! No letter of that sort could have gotten through them to this country.

Now, listen. Here is little Newt, who was Secretary of War:

If a single American soldier had been hanged without trial, word of it would have come to this country and proper measures would have been taken. The Senator's entire charges are preposterous and incredible.

Mr. President, substantially the same charge was made here upon the floor of the Senate on December 30, 1918, by Senator Chamberlain, and nobody answered it. Nobody denied what he

said. What did he say? Senators can refer to the RECORD. I will not weary them.

Mr. MYERS. Mr. President, will the Senator permit me to ask him a question?

Mr. WATSON of Georgia. Certainly.

Mr. MYERS. Mr. Chamberlain, who was then Senator from Oregon, never charged, did he, that soldiers were hanged or executed without court-martial? I know that Senator Chamberlain was quite severe in some of his criticisms of some of the operations of the War Department, and he made some criticisms with which I did not at all agree; but I am quite a warm friend of Mr. Chamberlain, and I do not like even by inference to have it go out that he made a charge that soldiers were hung or otherwise executed without trial of any kind whatever. The Senator does not charge that Mr. Chamberlain made that statement, does he?

Mr. WATSON of Georgia. Mr. President, the RECORD will show that I made it a point to state that the one thing that the Senator from Oregon did not know was that soldiers had been hanged. That is in the RECORD.

Mr. MYERS. If the Senator will pardon me, I was not present when the Senator said that.

Mr. WATSON of Georgia. Wait a minute, now, and then I will yield to the Senator with great pleasure. I did state this, and there is the RECORD; the Senator can see it:

Mr. Chamberlain stated here on the floor that the officers would set aside the findings of courts-martial and would tell them to inflict a more severe penalty, and under his orders to those young lieutenants of the courts-martial men were given 15 years, 20 years, 25 years in the penitentiary for a trivial offense. There it is in the RECORD.

Are there any other questions?

Mr. MYERS. No; none other at present. I know that Senator Chamberlain made some of those charges, but I did not want it to go out by inference or implication, or even a misunderstanding of the Senator's remarks, that Senator Chamberlain had ever charged that men were executed without trial. If the Senator stated on another day that Senator Chamberlain never made that charge, if he exculpated him from making that charge, I was not present when he made that statement and did not hear it. I am glad the Senator says that he does not charge Senator Chamberlain with making that charge.

Mr. WATSON of Georgia. Mr. President, I am glad to state again, and the Senator will find the statement in the RECORD, that the one thing that even the Senator from Oregon, with all of his research and investigation and inquiry at the War Department, which was then under Newton D. Baker, did not seem to know was that our soldiers were being hanged in France.

Yesterday, Mr. President, while we were in session a card came from the reception room, and I went out to meet a young man who seemed to be very much of a gentleman. He had the manners of one. He wore the dress of one. He spoke the speech of an educated man. He gave me a photograph of a gallows at a different place, upon which he himself had seen two men hanged. I gave the photograph to Mr. Bart Campbell, who requested it, and when I asked him for it this morning he said it was on its way back from New York, where it had been used for journalistic purposes and will appear in the papers in due course; but, fortunately, there came to me this morning by mail a copy of another one. There it is.

A certain magazine—which I will not name at present, because it might be debarred from the mails, as was mine, destroying 11 years of hard work and $75,000 of my property, debarred by an autocratic order from the Post Office Department here when it was being run by A. S. Burleson—pretends to quote from an official order of an officer. Now, listen. This has gone to all the world. Let him deny it who can. The officer says:

> I am informed that the Red Cross built a gallows for the A. E. F. to hang their criminals on. Will you kindly at once take all records of this transaction from your files and see that they are burned; also break up the gallows, so that there is nothing left of them. The salvage section will keep no records of them. Be absolutely certain that there are no records, photographs, or other papers extant in regard to this transaction. We wish it entirely wiped off the books.

It was wiped off the books.

Yesterday, Mr. President, I stated that the young man who slipped in there and took a snapshot of that gallows before it could be destroyed was on his way here. He told me over the long-distance telephone that he was on his way here. Therefore I made my statement in good faith. This morning I received this telegram from him:

> Dead broke. Owe money. Now, could not testify to anything except—

Here is a man who served under your flag and in your Army four years and has an honorable discharge. He is an ex-service man. He is dead broke. How many ex-service men are dead broke?

Let me recapitulate a little before I read this telegram in full. A few days ago the Senator from Missouri [Mr. REED] renewed the proposition of the Senator from North Dakota [Mr. MCCUMBER] for adjusted compensation for these men who are dead broke and out of employment, as this boy is.

On that motion I made a speech in support of it, as I did on that of the Senator from North Dakota [Mr. MCCUMBER]. In that speech I endeavored to point out the extraordinary claims which those men had on the Government. Then came the attack upon me by the Senator from New York [Mr. WADSWORTH]. Then came the motion of the Senator from Wisconsin [Mr. LENROOT], which reads as follows:

> I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia [Mr. WATSON] to appear before it and to investigate the charges he makes.

An invitation implies that it may be declined. The Senator for the moment may have forgotten what I know he is familiar with, this clause of our supreme law, that a Senator "shall in all cases, except treason, felony, and breach of the peace, be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same; and for any speech or debate in either House they shall not be questioned in any other place."

Mr. LENROOT. Will the Senator yield?

Mr. WATSON of Georgia. With pleasure.

Mr. LENROOT. The Senator observes the language "any other place." The Senator certainly does not contend that a Senator upon this floor can not be questioned concerning a speech which he makes here.

Mr. WATSON of Georgia. Right here he can, but not in any other place; and a committee room is some other place.

Mr. LENROOT. That matter will be determined, no doubt, later on.

Mr. WATSON of Georgia. It certainly will. I know what you think you are going to bring me up against. You have made a good many mistakes; you can make some more, if you want to. You have the attention of the country at last, and when you try to do unto me what the John Adams Congress did to Matthew Lyon, of Vermont, your administration will do just what John Adams's administration did, it will go out of the White House by an overwhelming condemnation of the voters of this country.

Let me resume the reading of the telegram:

> Dead broke. Owe money. Now, could not testify to anything except that saw scaffold at Gievres and informed by scaffold guard that 21 soldiers already hung and many more to be hanged.

That is the number I stated. That boy's statement to me, repeated in this telegram, was my authority for having made it. I will send him the money to come here, and he will face you as fearlessly as he faced the Germans in France, and if the Senator from Wisconsin [Mr. LENROOT] wants to ask him some questions, he can do so.

I have already alluded to the conflict between the statement of the Senator from New York [Mr. WADSWORTH] and the Secretary of War [Mr. WEEKS]. In yesterday evening's Star there is a statement from another official, Capt. W. M. Larner, Quartermaster Corps, Fort Thomas, Ky., who was camp quartermaster at Gievres, and Capt. Larner says only one man was hanged.

Mr. WADSWORTH. At Gievres?

Mr. WATSON of Georgia. At Gievres.

Mr. WADSWORTH. Yes; only one.

Mr. WATSON of Georgia. This ex-soldier, who had no motive on earth to tell a falsehood in that telegram, or to me at my house, said the guard told him that 21 had already been hanged, and many more were waiting to be hanged. Who was the guard? The records ought to show. They are accessible to the Senator from New York as chairman of the Committee on Military Affairs. Will he inspect those records? Will he give us the name of that gallows guard? Will he have him come here?

Mr. WADSWORTH. Does the Senator put the question to me now for an answer?

Mr. WATSON of Georgia. Yes.

Mr. WADSWORTH. Mr. President, the Senator from Georgia the other day indicated very clearly to the Senate that he could not trust the Senator from New York to make a fair investigation of this matter, nor the Committee on Military Affairs of the Senate. Therefore the Senate has appointed a special committee to investigate the matter of the

execution of soldiers without court-martial. I have no doubt whatsoever, although I am not authorized to speak for the committee, that the committee will endeavor to find out the source of the information given by the soldier to whom the Senator has referred. That is why the committee was appointed, to find out the truth of this matter, and if I can aid them in finding the truth, I shall be more than glad.

Mr. WATSON of Georgia. Mr. President, what I said, and what the RECORD will show I said, was, that I would not go before the Senator's committee. The grand jury which accuses does not try the accused. The Senator accused me, and I naturally refused to go before his committee and face the accuser, and expect an unbiased trial; and I may say here now, I am not going to answer before any committee for anything I said here on this floor in the debate. The Constitution guarantees me that right, and if I were to abdicate that right, or basely surrender it, the very women in Georgia would beat me with their house brooms for cowardice, when I return to Georgia. Expel me if you will. You can do it. You have the votes. Go ahead and do it.

Is the Republican majority scared? Why not debate the thing here in the open, where the charges were made? Why not meet me face to face, where the whole country, in practice and in fact, is hearing? Why not meet me face to face here? Why try to trap me and cage me and silence me in a committee room? If there is anything on earth cheaper in America than human life, it is the whitewash report of a committee. Nobody reads committee reports. Nobody has any confidence in them.

Mr. President, I read a committee report before being elected to the Senate. It was a coal investigation, after the troops had been called out by Gov. Sproul of Pennsylvania. Soldiers had ridden down men, women, and children with cavalry horses, and shot into their houses; and one member of that committee, after having heard that a steel-jacket bullet went through one side of a laborer's cabin, crashed through the little cheap stove, and buried itself in the wall beyond, naively asked, "Do you think a bullet could do all that?" Mr. President, he did not seem to know that a steel-jacketed bullet is warranted to pierce 2 inches of solid steel.

What is the matter with the General Staff? Is it frightened? Does it want to hide in the committee room? Why not give the facts to some Senator, and let the Senator face me here on the floor, and face others who are going to support me here on the floor? You need not think for a moment that I stand alone, nor need you doubt that I realize what I am up against when I fight this military clique which wants to Prussianize our country with compulsory universal military service. Why not have a public and speedy trial, as the Constitution guarantees? Virtually, now, this case has assumed the aspect of an indictment against me. Mr. President, I am against the policy of the General Staff, which wants to put over on our people universal compulsory military training. Militarism does not teach men to think; it teaches them to obey. The Great Spirit that gave us our minds to think with occasionally puts great thoughts into those minds, and democracy dies when men cease to think.

No captive of Prussian militarism ever wrote a line that lived or spoke a word that burned. It takes free men to do that, and they have been doing it ever since the days of Plato. The hemlock was never distilled that could put into eternal sleep the thoughts of Socrates; and Cicero, not in the Roman Forum, but in all other forums, is still thundering against wrong, because his spoken word has never died.

Have I committed a misdeed in the Senate or elsewhere? If so, try me for it, convict me, expel me. If I only dare to speak my honest convictions, and can base them on facts, respect those facts, if you do not respect the speaker.

Is it a crime to criticize the General Staff, or the officers of the Army? It is no crime to criticize the President. It is no crime for him to criticize the Senate. Presidents have often done so. We have often criticized the President. We have now reached the point which militarism reached in Germany. There no civilian could criticize the army. It was a crime to do so. Even in the Reichstag a member did not dare speak against a measure if the chancellor said "The Kaiser wants this passed." Have we reached that point? If so, tell the people.

Now, Mr. President, with that overture I come to the production of further evidence fresh from the mails, the sacred United States mails, just as sacred as the United States Army.

November 3, 1921—

As usual, addressed to myself—

You contend that you have a photo of a gallows used in France, but if you will call on me I shall gladly loan you two photos of the deed being done at Issurtille, France. Should you be interested in obtaining these and will call on me—

Giving the street number—

I shall be glad to cooperate with you. Respectfully—

That letter comes from Anacostia. There is no request for secrecy, so I give the name—Johnson M. Fitts.

Here is a letter, Mr. President, with the Red Cross on top of it, and the writer says that he saw a boy hanged at still another place, Boucille, not Issurtille, nor Gievres, nor the place on the Meuse alluded to by the New Jersey paper. We have long since passed the number of fingers on the one hand of the Senator from New York [Mr. WADSWORTH]. We are now passing the figures of Secretary Weeks. We will soon reach the figures that I gave if we do not go beyond them. The name of this writer is Ernest M. Jeffery, Great Lakes, Ill.

Mr. LODGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Massachusetts?

Mr. WATSON of Georgia. For a question; yes.

Mr. LODGE. It is not a question I am going to ask. It is a mere matter of order of business. We have the morning hour, and a great many Senators have morning business which has collected.

Mr. WATSON of Georgia. I decline to yield for that purpose.

Mr. LODGE. Then the Senator forces me to demand the regular order.

Mr. WATSON of Georgia. You can demand it if you are afraid of what I am going to read.

Mr. LODGE. I have no objection to the Senator reading anything. I say with hesitation——

Mr. WATSON of Georgia. No; you do not want to get the information.

Mr. LODGE. I think other Senators also have rights.

Mr. WATSON of Georgia. The Senator from Massachusetts does not want the Senate to get the facts as I am giving them. That is all there is to it.

Mr. LODGE. If the Senator forces me to do it, I ask for the regular order.

The PRESIDENT pro tempore. The Senator from Massachusetts demands the regular order. The regular order is the presentation of petitions and memorials.

PETITIONS AND MEMORIALS.

Mr. SHEPPARD. Mr. President, I present a resolution in the nature of a petition from the First Baptist Church of Washington, D. C., Dr. Henry Allen Tupper, pastor, asking that each session of the disarmament conference be opened with prayer. I ask that the resolution be referred to the Committee on Foreign Relations and printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

The First Baptist Church, Sixteenth and O Streets NW., Washington, D. C., Dr. Henry Allen Tupper, pastor, unanimously passed the following resolution at a regular meeting of the church on the evening of October 30, 1921:

Whereas on the 12th of November, 1921, an international conference for the discussion of the limitation of armament is to assemble in Washington, D. C.:

Resolved, That the First Baptist Church of Washington, D. C., in meeting assembled on this 30th day of October, 1921, do hereby respectfully and earnestly request that the Senate of the United States and the House of Representatives of the United States petition the President of the United States and the Secretary of State to use their good offices with the conference on the limitation of armament to assemble in Washington with the view of having each session of the conference opened with prayer to the God of Nations and the Prince of Peace for their divine guidance during the supremely important deliberations of the conference.

By order of the church.

J. D. KIEFER, *Church Clerk.*

Mr. SHEPPARD presented a resolution adopted by the congregation of the Vermont Avenue Christian Church, of Washington, D. C., favoring the adoption of a form of cloture in the Senate so as to expedite the enactment of the so-called antibeer bill, which was referred to the Committee on Rules.

Mr. WILLIS presented a petition of the prohibition board of the Five Years' Meeting of the Society of Friends, of Richmond, Ind., praying for the enactment of the so-called Willis-Campbell antibeer bill, which was ordered to lie on the table.

He also presented a petition of students of the Junior High School, of Salem, Ohio, praying for the enactment of legislation making armistice day a legal holiday, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Cincinnati (Ohio) Unemployment Committee, favoring repeal of the excess profits tax law as of January 1, 1921, and modification of the income tax laws, which was ordered to lie on the table.

Mr. WARREN presented a memorial of the Women's Community Club, of Frannie, Wyo., remonstrating against the imposition of a special tax on musical instruments, which was ordered to lie on the table.

He also presented a petition of the Search Light Club, of Cheyenne, Wyo. (connected with the State Federation of Women's Clubs of Colorado and Wyoming), Mrs. H. C. Jefferson, president of the local branch, N. A. A. C. P., and sundry members of that organization, favoring the enactment of the so-called Dyer antilynching bill, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Laramie (Wyo.) Rotary Club, favoring inclusion in the permanent tariff bill for a limited period of a selected embargo on synthetic organic chemicals, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Purchasing Agents' Association, of Baltimore, Md., favoring the enactment of a national paint and oil law similar to that enacted by the Legislature of the State of Wyoming, which was referred to the Committee on Manufactures.

Mr. LODGE presented letters and telegrams in the nature of petitions from the First Free Baptist Church, of Boston; Onset Church, of Onset; Baptist Church, of Westminster; West Congregational Church, of Somerville; North Congregational Church, of Cambridge; Appleton Methodist Episcopal and Trinity Congregational Church, of Neponset; Swedish Baptist Church, of Cambridge; First Baptist Church, of Agawam; Greenwood Union Church, of Wakefield; Methodist Episcopal Church, of Hudson; Methodist Episcopal Church, of Newton Lower Falls; Old First Church, of Upton; three churches of Leverett; First Baptist Church, of Weston; Methodist Episcopal Church, of Marlboro; Highlands Methodist Episcopal Church, of Holyoke; Wesley Men's Bible Class, of Newton; Advent Christian Sunday School, of Springfield; Baptist Church, of Sharon; Second Baptist Church, of Fall River; First Church of Christ, of Worcester; Temple Baptist Church, of Dorchester; Jesse Lee Church of the Evangelical Association, of Boston; First Congregational and First Methodist Episcopal Churches, of Everett; Methodist Episcopal Church, of Webster; First Baptist Church, of West Boylston; Immanuel Methodist Episcopal Church, of Waltham; Massachusetts Sunday School Association; Broadway Methodist Episcopal Church, of Somerville; Brotherhood of the First Baptist Church, of Hyde Park; Hall Place Methodist Episcopal Church, of West Quincy; Riverside Memorial Church, of Haverhill; Methodist Episcopal Community Church, of East Saugus; West Congregational Church, of Haverhill; First Congregational Church, of Chicopee; First Baptist Church, of North Adams; Men's Club of the First Methodist Episcopal Church, of Medford; Men's Bible Class of the Presbyterian Church, of Worcester; First Baptist Church, of Greenfield; Berkeley Church, of Taunton; Methodist Episcopal Church, of Roslindale; First Baptist Church, of Malden; Grace Methodist Episcopal Church, of Worcester; A. W. Colburn, of Dracut; First Baptist Church, of Holyoke; First Baptist Church, of Salem; First Baptist Church, of Worcester; Interdenominational Conference, of Worcester; Young Men's Baraca Bible Class, of Sharon; Bethany Congregational Church, of Quincy; South Christian Church, of Haverhill; Methodist Episcopal Church, of West Medway; Congregational Church, of Rutland; Second Congregational Church, of Dorchester; Quincy Point Congregational Church, of Quincy; Winter Street Baptist Church, of Haverhill; Second Congregational Church, of Attleboro; Emanuel Methodist Church, of Mansfield; First Congregational Church, of East Longmeadow; Methodist Episcopal Church, of Middleboro; Baptist Church, of Bolton; Brotherhood of Congregational Church, of Reading; Church of All Nations, of Boston; East Baptist Church, of Lynn; Methodist Episcopal Church, of Uxbridge; Congregational Church, of Hopkinton; Methodist Church, of Spencer; First Congregational Church, of Reading; North Congregational Church, of Petersham; First Congregational Church, of Greenfield; County Street Methodist Episcopal Church, of New Bedford; Men's Class of Congregational Church, of West Medford; First and Second Congregational Churches, of East Douglas; Congregational Church, of Sheffield; the John Nelson Memorial Church, of Leicester; Advent Christian Church, of Springfield; First Orthodox Church, of Billerica; Oak Square Methodist Episcopal Church, of Boston; Congregational Church, of Sharon; Sunday School of the First Church of Christ, of Bradford; and the Congregational Ministers, of Boston; all in the State of Massachusetts, praying for the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. TOWNSEND presented a petition of sundry citizens of Laingsburg, Mich., praying for the enactment of the so-called Willis-Campbell antibeer bill, which was ordered to lie on the table.

He also presented a memorial of sundry citizens of Memphis, Mich., remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. WALSH of Montana presented seven memorials of sundry citizens of Clinton, Marsh, Mildred, Three Forks, Victor, and Jordan, all in the State of Montana, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. NEWBERRY presented 15 telegrams, letters, and communications in the nature of petitions of sundry citizens of Bay City, Alden, Stanton, Vassar, Detroit, Dearborn, Alma, Manistee, Cadillac, Muskegon, Cheboygan, Frankfort, St. Ignace, and the Presbyterian Church of the Redeemer, of Detroit, all in the State of Michigan, praying for the enactment of the so-called Willis-Campbell antibeer bill, which was ordered to lie on the table.

INVESTIGATION OF TREATMENT OF SOLDIERS.

Mr. CALDER. Mr. President, I am directed by the Committee to Audit and Control the Contingent Expenses of the Senate to report back favorably without amendment the resolution (S. Res. 165) authorizing the special committee to investigate the charges affecting the conduct of the officers of the Army in inflicting punishment upon enlisted men of the Expeditionary Forces to hold hearings.

The PRESIDENT pro tempore. The resolution will go to the calendar.

INVESTIGATING OF LOBBYING CHARGES.

Mr. CALDER. I also report back favorably with an amendment, from the Committee to Audit and Control the Contingent Expenses of the Senate, the resolution (S. Res. 77) creating a special committee to investigate the expenditures made in behalf of various propaganda and in the maintenance of lobbies in Washington.

The PRESIDENT pro tempore. The resolution will go to the calendar.

MEDICAL SOCIETY OF THE DISTRICT OF COLUMBIA.

Mr. SHORTRIDGE, from the Committee on the Judiciary, to which was referred the bill (S. 1591) to amend an act entitled "An act to revive, with amendments, an act to incorporate the Medical Society of the District of Columbia," approved July 7, 1838, as amended, reported it with an amendment and submitted a report (No. 310) thereon.

EXTENSION OF EMERGENCY TARIFF ACT.

Mr. PENROSE. From the Committee on Finance I report back favorably without amendment the bill (H. R. 8643) to extend the tariff act approved May 27, 1921, better known as the emergency tariff act, and I submit a report (No. 311) thereon.

I desire to state that at an early suitable opportunity and in ample time for the purposes of the bill I shall call it up for consideration and passage, I hope, by the Senate.

The PRESIDENT pro tempore. The bill will be placed on the calendar.

ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on the 3d instant they had presented to the President of the United States the enrolled bill (S. 2425) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes.

CONTINUANCE OF CERTAIN GOVERNMENT PUBLICATIONS.

Mr. MOSES. Mr. President, from the Committee on Printing I report without amendment the following Senate joint resolution and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The Secretary will report the joint resolution.

The Assistant Secretary read the joint resolution (S. J. Res. 132), as follows:

Resolved, etc., That section 3 of the sundry civil appropriation act for 1922, approved March 4, 1921, be, and is hereby, amended to read as follows:

"That hereafter no journal, magazine, periodical, or similar Government publication shall be published, issued, or discontinued by any branch or officer of the Government service unless the same shall have

been authorized under such rules and regulations as shall be prescribed by the Joint Committee on Printing, and such publication shall not contain any commercial advertisements."

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. KING. May I inquire whether it is a unanimous report?

Mr. MOSES. It is a unanimous report of all the members of the committee who were in town. Two of the members of the committee were not in town.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WARREN:

A bill (S. 2671) for the relief of St. Michael's Mission, Ethete, Wyo.; to the Committee on Indian Affairs.

Mr. BORAH. Mr. President, I introduce a bill which relates to and has to do with the question of the transfer of some property belonging to the Government at a military post. I presume it should go to the Committee on Military Affairs. I ask that it be referred to that committee.

The PRESIDENT pro tempore. The bill will be received and so referred.

By Mr. BORAH:

A bill (S. 2672) granting a certain parcel of land to the city of Boise, Idaho, for park purposes; to the Committee on Military Affairs.

By Mr. JONES of Washington:

A bill (S. 2673) making provision for the irrigation of Indian lands within the limits of the Curlew irrigation district in the State of Washington; to the Committee on Indian Affairs.

A bill (S. 2674) to amend the act authorizing the Secretary of the Navy to settle claims for damages to private property arising from collisions with naval vessels; to the Committee on Naval Affairs.

A bill (S. 2675) to provide for the construction of safe and sanitary dwellings, to be leased at a moderate rental to persons residing in buildings erected in alleys in the District of Columbia and to other persons, and to aid in carrying out the provisions of an act of Congress approved September 25, 1914, entitled "An act to provide, in the interest of public health, morals, and safety, for the discontinuance of the use as dwellings of buildings situated in the alleys in the District of Columbia," and for other purposes; to the Committee on the District of Columbia.

A bill (S. 2676) to create the Yakima National Park in the State of Washington; and

A bill (S. 2677) to establish the Grand Coulee National Park in the State of Washington; to the Committee on Public Lands and Surveys.

A bill (S. 2678) requiring all ships sailing under a foreign flag and entering the ports of the United States or clearing therefrom to have a permit from the United States Shipping Board;

A bill (S. 2679) to distribute the commissioned line and engineer officers of the Coast Guard in grades in the same proportions as provided by law for the distribution in grades of commissioned line officers of the Navy, and for other purposes;

A bill (S. 2680) to amend section 4404 of the Revised Statutes of the United States as amended by the act approved July 2, 1918, providing that the supervising inspectors of the Steamboat-Inspection Service be included under the classified civil service; and

A bill (S. 2681) permitting the master of a ship to assert his claim against the vessel for wages and disbursements under certain circumstances; to the Committee on Commerce.

By Mr. CAMERON:

A bill (S. 2682) to amend the act entitled "An act to establish a code of law for the District of Columbia, approved March 3, 1901," and the acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

AMENDMENTS OF TAX-REVISION BILL.

Mr. JONES of New Mexico and Mr. WADSWORTH submitted amendments intended to be proposed by them to House bill 8245, the tax-revision bill, which were ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

S. 1072. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

H. R. 6152. An act to authorize the construction of drawless bridges across a certain portion of Charles River in the State of Massachusetts; and

H. R. 8477. An act to extend the time for the construction of a bridge across the Choctawhatchee River, near Caryville, Fla.

HOUSE BILL REFERRED.

The bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska was read twice by its title and referred to the Committee on Public Lands and Surveys.

INVESTIGATION OF TREATMENT OF SOLDIERS.

Mr. SIMMONS. Mr. President, I have just read the resolution of inquiry with reference to the charges made by the Senator from Georgia [Mr. WATSON], as contained in the motion made by the Senator from Wisconsin [Mr. LENROOT]. It reads as follows:

Mr. President, I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia to appear before them and to investigate the charges which he makes.

In that form the motion might be construed as meaning an investigation of the accuser as well as the accused. I therefore wish to move to amend the resolution or motion so that it shall read:

That the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON].

The PRESIDENT pro tempore. The resolution is not now before the Senate.

Mr. SIMMONS. I am asking unanimous consent for the consideration of the amendment.

The PRESIDENT pro tempore. The Senator from Massachusetts [Mr. LODGE] demanded the regular order.

Mr. LODGE. No; I do not ask for the regular order. On the contrary, I hope the request of the Senator from North Carolina will be acceded to.

Mr. SIMMONS. I ask unanimous consent for the consideration of the amendment.

The PRESIDENT pro tempore. It is impossible for the Chair to lay the resolution before the Senate for amendment until it is brought before the Senate by motion.

Mr. LODGE. The resolution in question has just been reported. Under the rule, of course, it would have to go over one day, but by unanimous consent, which the Senator from North Carolina asks, the resolution just reported can be laid before the Senate.

The PRESIDENT pro tempore. The Senator from North Carolina, as the Chair now understands it, asks unanimous consent that the resolution be laid before the Senate.

Mr. SIMMONS. I make that request.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The Senate has under consideration Senate resolution 165.

Mr. BRANDEGEE. Mr. President, I wish to ask the Senator from North Carolina to look at the vote of the Senate at the bottom of page 7174.

Mr. SIMMONS. I do not have it before me.

Mr. BRANDEGEE. I have it here, and will hand it to the Senator.

Mr. FLETCHER. Read it. What is it?

Mr. SIMMONS. I have just read that.

Mr. LODGE. Yes; that is what the Senator from North Carolina just read.

Mr. BRANDEGEE. There is now before the Senate the resolution authorizing the special committee to conduct the investigation. I wish to suggest to the Senator that while I have no objection to the amendment which he suggests to the resolution, yet what about the vote of the Senate, which still stands, even if we should amend the resolution?

Mr. HEFLIN. We can reconsider the motion and then amend it.

Mr. BRANDEGEE. Would not the Senate have in some way to reconsider the action of the Senate taken in adopting the motion made by the Senator from Wisconsin [Mr. LENROOT], which is as follows:

I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia to appear before them and to investigate the charges which he makes.

Would we not have to reconsider that vote?

Mr. McCORMICK. Mr. President, the colloquy between Senators in the center of the Chamber may be instructive to Senators who sit there, but we at the end of the aisle can hear nothing and know nothing of the matter that is being discussed.

The PRESIDENT pro tempore. The request of the Senator from Illinois is that those Senators engaged in the discussion speak so that they may be heard throughout the Chamber.

Mr. SIMMONS. What the Senator from Connecticut [Mr. BRANDEGEE] suggests is exactly what I did. I asked unanimous consent for the reconsideration of the motion of the Senator from Wisconsin [Mr. LENROOT], which I read, and then I moved that it be amended so as to read as I stated.

Mr. BRANDEGEE. If the Senator did that, that is what I think should be done.

Mr. SIMMONS. That is exactly what I did.

Mr. BRANDEGEE. I thought the Senator merely offered an amendment to the motion.

Mr. SIMMONS. I did not.

Mr. LODGE. The Senator was going to offer the amendment when the vote had been reconsidered.

Mr. BRANDEGEE. Very well.

The PRESIDENT pro tempore. The Senator from North Carolina asks unanimous consent that the vote by which the motion was adopted may be reconsidered. Is there objection? The Chair hears none, and the vote is reconsidered. The Senator from North Carolina now offers an amendment to the motion.

Mr. SIMMONS. I move that the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON].

Mr. LENROOT. Will the Senator from North Carolina yield?

Mr. SIMMONS. Yes.

Mr. LENROOT. In order to avoid the question of the reappointment of the committee, will not the Senator merely move to amend the motion by striking out the part in reference to the invitation, and then allow the remainder to stand?

Mr. SIMMONS. I will do that, Mr. President. That will reach the same point. I move, then, to strike out of the original motion the words "to invite the Senator from Georgia to appear before them and"; after the words "investigate the charges" to strike out "which he makes" and in lieu to insert the words "made by the Senator from Georgia [Mr. WATSON]."

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from North Carolina to the motion.

Mr. BRANDEGEE. I ask that the motion be stated to the Senate as it would read as proposed to be modified if the amendment proposed by the Senator from North Carolina were adopted.

Mr. SIMMONS. I can state to the Senator from Connecticut how it will then read, and then we can determine if we have got it right.

Mr. BRANDEGEE. Very well.

Mr. SIMMONS. As proposed to be amended the motion would read:

That the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON].

Mr. McCUMBER. What charges? The motion does not mention them.

Mr. SIMMONS. The charges are not specified in the original motion, except by the statement "the charges which he makes."

Mr. LENROOT. They were specified in the debate, which just preceded, and they were stated.

Mr. SIMMONS. They were stated. I am simply modifying the motion as it appears in the RECORD. Now, will the Secretary state the motion as it would read?

The PRESIDENT pro tempore. The Secretary will state the motion as amended.

The ASSISTANT SECRETARY. It is proposed to modify the motion so that it will read as follows:

That the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON].

Mr. WILLIS. Mr. President, I desire to inquire of the Senator from North Carolina what he means by that language? Does he mean that the committee shall investigate the charges made theretofore, or charges made theretofore and also charges subsequently made and to be made? I should like to know what the motion includes.

Mr. SIMMONS. I will state to the Senator from Ohio that the motion was made in the midst of a debate in the Senate growing out of certain charges made by the Senator from Georgia [Mr. WATSON]. The Senator from Wisconsin [Mr. LENROOT] made a motion, and in that motion he simply referred to "the charges." I am merely proposing to amend that motion as it appears in the RECORD, adopting the same language which the Senator from Wisconsin used and which has its explanation in the context that accompanies it.

Mr. BRANDEGEE. Mr. President, as the Senator from Ohio [Mr. WILLIS], who is a member of the committee, has suggested, the charges to be investigated, of course, ought to be definitely understood, because the form of the motion will affect the jurisdiction of the committee.

Mr. SIMMONS rose.

Mr. BRANDEGEE. If the Senator will pardon me a moment until I complete my thought.

Mr. SIMMONS. I beg the Senator's pardon.

Mr. BRANDEGEE. Does the Senator understand that under the language of his amendment to the motion of the Senator from Wisconsin [Mr. LENROOT] which was adopted by the Senate on November 1 the charges referred to in that motion, if adopted by the Senate as the Senator wishes to have it modified, are the charges which were made by the Senator from Georgia at the time the Lenroot motion was adopted by the Senate?

Mr. SIMMONS. That is exactly what it refers to.

Mr. BRANDEGEE. Very well.

Mr. JONES of Washington. Mr. President, I rise to a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Washington will state his parliamentary inquiry.

Mr. JONES of Washington. As I understand, the matter before the Senate now is the original motion made by the Senator from Wisconsin?

The PRESIDENT pro tempore. That is correct.

Mr. JONES of Washington. Is it too late now to demand that that motion shall be reduced to writing?

Mr. SIMMONS. It has been reduced to writing.

Mr. LODGE. And it has been printed and is in the RECORD.

Mr. JONES of Washington. I do not think it was ever reduced to writing. The resolution providing for the expenses of the special committee has been reduced to writing and has been printed.

Mr. SIMMONS. I have just read the motion.

Mr. LODGE. The Senator from North Carolina has just read the motion.

Mr. JONES of Washington. It is in the RECORD; that is all there was of it.

Mr. BRANDEGEE. The vote by which the motion was agreed to has been reconsidered.

Mr. JONES of Washington. I understand that the vote of the Senate has been reconsidered, and that the motion is now before the Senate. I want the motion before the Senate reduced to writing.

Mr. LODGE. If the request of the Senator is that the motion of the Senator from North Carolina shall be reduced to writing, that is proper enough; but if his request is that the original motion of the Senator from Wisconsin [Mr. LENROOT] and made a day or two ago and printed in the RECORD shall be so presented, that seems to me wholly unnecessary.

Mr. JONES of Washington. I think, under the rules, upon the demand of a Senator a motion or a resolution presented has to be reduced to writing.

Mr. SIMMONS. Mr. President——

Mr. HEFLIN. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senate will be in order. There will be no recognitions until the Senate is in order.

Mr. HEFLIN. I rise to a parliamentary inquiry.

The PRESIDENT pro tempore. There is a parliamentary inquiry pending. The Chair understands that the motion has been reduced to writing. When it was made it was taken down by the reporters, and it has been reduced to writing.

Mr. HEFLIN. That was the point I was going to make, Mr. President.

Mr. JONES of Washington. I should like to have the original motion read.

The PRESIDENT pro tempore. The Secretary will read the original motion.

Mr. SIMMONS. I can read it to the Senator.

Mr. JONES of Washington. I should like to know if the Secretary has it. If it has been reduced to writing, the Secretary certainly must have it.

Mr. LODGE. It was reduced to writing and appears printed in the proceedings of the Senate.

Mr. McCUMBER. Mr. President, I should like the attention of the Senate for just a moment, if I can have the floor. The Senator from Georgia made a great many charges on the floor. I do not agree that the motion as proposed to be amended provides merely for an investigation of the particular charge which we, perhaps, all have in mind, and that is the charge of the misconduct of the officers in the American Expeditionary Force in France. Among the charges made by the Senator from Georgia was the unfairness of the Committee on Military Affairs as a tribunal to ascertain the facts. I do not think we need to investigate that; but under the proposed amendment of the motion every charge made by the Senator from Georgia would be subject to investigation. I simply suggest to the Senator that I certainly think it would be broad enough if he would add at the end of the motion the words "concerning the misconduct of officers of the Expeditionary Force in France during the late war."

Mr. LENROOT. No, Mr. President; that is not the charge.

Mr. LODGE. That is not the charge.

Mr. McCUMBER. If it is simply desired to investigate the charge of hanging men and killing men without court-martial, then the motion ought to be limited to that; but if we are to adopt the motion as now amended by the Senator from North Carolina we certainly shall have the whole field wide open for investigation; and I do not think that such action should be taken.

Mr. SIMMONS. No, Mr. President; the Senator from North Dakota makes a mistake. My amendment does not enlarge or abridge the scope of the investigation as provided for in the original motion of the Senator from Wisconsin. It adopts the very language of the Senator from Wisconsin with reference to the charges. It does not change that at all.

Mr. McCUMBER. I think the Senator is mistaken, if he will allow me.

Mr. LODGE. The Senator is not mistaken; I have just looked over that with great care with him.

Mr. SIMMONS. The charges were definite. We had been discussing those charges, and toward the conclusion of that discussion the Senator from Wisconsin offered his motion to invite the Senator from Georgia to appear before the committee and to investigate the charges which he had made.

Mr. LODGE. That is the language.

Mr. SIMMONS. That is the language. I have not enlarged that language.

Mr. LODGE. And the Senate adopted that language.

Mr. SIMMONS. The Senate adopted it. That is what we are doing now; that is the only authority proposed to be conferred upon the committee now.

Mr. McCUMBER. Before the vote upon the amendment is taken will the Senator inform me what the charges are?

Mr. SIMMONS. The charges are those referred to in the RECORD of which the motion is a part.

Mr. McCUMBER. That is a pretty broad proposition. I think we ought to know definitely what we are to investigate.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. McCUMBER. I yield.

Mr. LENROOT. In the remarks which I made, at the conclusion of which I made the motion, I stated the charge made by the Senator from Georgia as follows:

> How many Senators know that a private soldier was frequently shot by his officers because of some complaint against officers' insolence; and that they had gallows upon which men were hanged, day after day, without court-martial or any other form of trial? How many Senators know that? I had and have the photograph of one of those gallows upon which 21 white boys had already been executed at sunrise when the photograph was taken.

I stated that that was the charge made by the Senator from Georgia, and I moved that a special committee be appointed to investigate that charge.

Mr. WILLIS. The Senator omitted to state the last sentence at the end of the paragraph. The entire paragraph is as follows:

> How many Senators know that a private soldier was frequently shot by his officers because of some complaint against officers' insolence; and that they had gallows upon which men were hanged, day after day, without court-martial or any other form of trial? How many Senators know that? I had and have the photograph of one of those gallows, upon which 21 white boys had already been executed at sunrise when the photograph was taken; and there were others waiting in the camp jails to be hanged morning after morning.

I call especial attention to the words:

> And there were others waiting in the camp jails to be hanged morning after morning.

The PRESIDENT pro tempore. The Secretary will read as requested the proposed amendment and the motion as it would read if it were adopted.

The ASSISTANT SECRETARY. The motion made by the Senator from Wisconsin on November 1, as it appears on page 7070 of the CONGRESSIONAL RECORD, reads:

> I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia to appear before them and to investigate the charges which he makes.

Mr. WILLIS. Mr. President——

The PRESIDENT pro tempore. Let the Secretary, please, read the motion as it would be if the amendment were adopted.

The ASSISTANT SECRETARY. The Senator from North Carolina proposes to substitute for that motion the following:

> That the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON].

Mr. WILLIS. Mr. President, as one member of that committee, I am very desirous that there be no misunderstanding as to the jurisdiction of the committee. This matter arose out of remarks made by the Senator from Georgia [Mr. WATSON] appearing in the CONGRESSIONAL RECORD at page 7021. One paragraph, which has just now been read by the Senator from Wisconsin, was quoted by the Senator from New York in his remarks at page 7068 of the RECORD. It is my understanding that the charges therein contained are the charges that are to be investigated by this committee.

Mr. BORAH. Mr. President, as I understand the charges made by the Senator from Georgia and referred to by the Senator from Wisconsin in his motion, there is practically no limit to the investigation. You are going into the entire question of the conduct of the officers of the Expeditionary Forces. It is true that he made a specific charge, but he also charged that these things were going on from day to day, and how are you going to investigate it without going through the entire conduct of all the officers?

It seems to me, Mr. President, that we have been proceeding on this matter considerably in the town-meeting style from the beginning. If we are going to investigate this matter so that if the American Army has been slandered the slander may be lifted, there ought to be some care exercised in drawing this resolution, and there ought to be an investigation to which the American people will give some consideration after the report is made. It will be very difficult to lift the entire charge and the entire slander, if it be such, from the American officers in Europe unless the investigation is wide-reaching and thorough and searching, and I do not think there is a Senator upon the floor who now knows to what extent this committee is authorized to go.

I merely make that suggestion. It seems to me that the matter is a very serious one, and that the resolution ought to be drawn with deliberation and care, and we ought to know precisely the jurisdiction of the committee before it enters upon its duties. I think an investigation limited to the mere question as to whether men were hung upon a particular gallows, and whether or not they were tried by court-martial in one particular instance, would have very little effect in removing the almost universal charges which have come against the American officers from ex-service men since they have returned home.

Mr. ASHURST. Mr. President, I rise to a question of high privilege. A messenger from the House has been waiting 15 minutes.

Mr. LENROOT. Mr. President, the Senator from Idaho loses entirely the point of this matter. If men have been hanged without trial, the men who are responsible for it ought to be hanged. It is not a question of general misconduct of the Army. If these charges are true, some action must be taken. That is the purpose of this committee—to ascertain the fact of the matter.

Mr. BORAH. Mr. President, I agree thoroughly with the Senator from Wisconsin that the officers ought to be hanged. We all agree to that, but, Mr. President, the proposition is to find out the officers. It is said that there was a particular gallows situated in a particular group of willows in a particular place in France to which the Senator from Georgia may have had reference; but if you clean out that particular group of willows and ignore the charges which are floating through the country as to other misconduct equally reprehensible, you have no exculpation of the Army at all.

Mr. JOHNSON. Mr. President, will the Senator permit a question that may elucidate the idea he is suggesting?

Mr. BORAH. I yield.

Mr. JOHNSON. Assume that the witnesses were not able to show anything in respect to a gallows or as to hanging, but assume that the proof were plenary that men were convicted by court-martial of trivial offenses and given excessive and outrageous sentences, or that others were punished—not by hanging, but in other fashions—for trivial offenses, without trial.

Under the resolution would it be said that testimony of the nature that I have thus tentatively presented could not be heard? Is it the purpose of the resolution to confine this investigation to a mere question of a specific number of hangings under specific circumstances?

Mr. LENROOT. Mr. President, the purpose of this inquiry is not to ascertain whether officers have been guilty of negligence, whether there has been dereliction of duty in the respect of which the Senator from California speaks, but whether officers have been guilty of crimes, of murder, in the respect charged by the Senator from Georgia. If they have, of course action should be had.

Mr. JOHNSON. That is my inquiry. If that is the purpose of the resolution——

Mr. LENROOT. That is the purpose.

Mr. JOHNSON. Merely to inquire concerning these specific hangings, then the findings of the committee are going to be exactly of the sort that the Senator from Idaho suggests. They are not going to be the kind that any of us would desire, were we interested in the particular transaction.

For instance, suppose testimony comes to this committee that officers have punished men with excessive and outrageous sentences for trivial offenses. The committee says: "We decline to consider that kind of testimony, because the culprit was not hanged." Is it not obvious to you that then whatever finding your committee makes will be met not in the fashion in which we desire to meet charges of this sort, but that your finding will be considered upon a specific matter and will be wholly unsatisfactory, while other matters will go without investigation?

The reason why I make this suggestion is in line with what has been stated. If an investigation is to be made, let that investigation find the one thing or the other.

Mr. LODGE. Mr. President, if the Senator will allow me one moment——

Mr. JOHNSON. Surely.

Mr. LODGE. There has been a most elaborate investigation of all the cases that the Senator mentions—most elaborate. Thousands of pages of testimony have been taken. It was known at the Ansell investigation. All the things that the Senator has been referring to have been investigated.

Mr. JOHNSON. I realize that. I am not enamored of investigations. In fact, in this particular case, were it not for the peculiar circumstances, I would not favor an investigation at all.

Mr. LODGE. But do we need to reinvestigate them?

Mr. JOHNSON. But if you are going to have an investigation, it ought to be a full investigation.

Mr. LODGE. A large part of it has been done already.

Mr. BORAH. Mr. President, the Senator says a large part of it has been done already. As a matter of fact, it has all been done. That investigation was supposed to be thorough and sweeping, and did not exclude from its consideration the hanging of men if it had taken place.

Mr. WADSWORTH. No such charge had ever been made before.

Mr. BORAH. Precisely so; but Mr. Ansell ransacked the entire history of the Army across the sea and brought forth everything he could find that was in the nature of misconduct.

Mr. WADSWORTH. But the Senator from Georgia says he has testimony to back his charges.

Mr. BORAH. Precisely; but if it is true, in other words, that the investigation overlooked a hanging, then it was no investigation at all.

Mr. WADSWORTH. Then, does the Senator say that we should not investigate the charges of murder, just because they have not been made before?

Mr. BORAH. No; I do not say so; but I say that we ought to know what we are going to investigate. Are you going to investigate the one single proposition that was referred to by the Senator from Georgia?

Mr. SIMMONS. That is what the resolution we are acting under now does.

Mr. WADSWORTH. That was the understanding of the Senate.

Mr. SIMMONS. Mr. President, I want to say that the motion on its face shows that it was intended to create a committee to investigate certain specific charges made by the Senator from Georgia. That motion followed shortly after—on the next page, I believe—a statement made by the Senator from New York [Mr. WADSWORTH], the chairman of the Military Affairs Committee.

The Senator from New York said:

> Mr. President, I desire very briefly, but with all the emphasis I can command, to call the attention of the Senate, and especially may I say of the Senator from Georgia [Mr. WATSON], to a passage in the remarks of the Senator from Georgia delivered yesterday upon the floor of the Senate, having to do with the Army of the United States and making a charge against the Army such as I have never heard made before.
>
> I am going to read those paragraphs from the Senator's speech, which will be found on page 7021 of the RECORD. In referring to our soldiers abroad the Senator from Georgia spoke, in part, as follows:
>
> "How many Senators know that a private soldier was frequently shot by his officers because of some complaint against officers' insolence; and that they had gallows upon which men were hanged, day after day, without court-martial or any other form of trial? How many Senators know that? I had and have the photograph of one of those gallows, upon which 21 white boys had already been executed at sunrise when the photograph was taken; and there were others waiting in the camp jails to be hanged morning after morning."

The Senator in his additional remarks probably referred to other charges made by the Senator from Georgia. Following that, the Senator from Wisconsin [Mr. LENROOT] again read the charges made by the Senator from Georgia, and made this motion, which, upon its face, shows that it was directed to the charges then under discussion made by the Senator from Georgia, and only those charges——

Mr. MYERS. Mr. President——

Mr. SIMMONS. Because it is provided in the motion that the Senator from Georgia shall be invited to come before the special committee, and the committee is directed to investigate the charges made by him.

Mr. McCUMBER. Will the Senator yield to me?

Mr. MYERS. Will the Senator yield?

The PRESIDENT pro tempore. The Senate will not proceed until it is in order.

Mr. McCUMBER. Mr. President——

The PRESIDENT pro tempore. Does the Senator yield; and if so, to whom?

Mr. SIMMONS. I will yield in just one minute, if the Senator will pardon me, if he will let me finish this statement.

Mr. McCUMBER. I wanted to ask the Senator—he had finished that statement—whether or not the words used by the Senator from Wisconsin exactly follow all that is in the words used by the Senator from New York? As they were read, I thought they left out the statement concerning the punishment of men for trivial offenses.

Mr. SIMMONS. That was not in the statement.

Mr. McCUMBER. It was in the statement made by the Senator from New York, which the Senator has just read.

Mr. WADSWORTH. I never mentioned trivial offenses.

Mr. MYERS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Montana?

Mr. SIMMONS. I yield.

Mr. MYERS. I think it would entirely simplify the matter and make it perfectly plain if the Senator would add to his amendment, right at the end of it, after the words "Mr. WATSON," the words "made by him this day on the floor of the Senate."

Mr. LENROOT. Mr. President, if the Senator will yield, when the Senator's amendment shall have been disposed of I shall offer an amendment adding at the end of the motion "to wit," stating exactly the words that the Senator has just read.

Mr. SIMMONS. Mr. President, I want it distinctly understood that the Senator from Georgia does not want to limit this investigation. I think the Senator from Georgia rather courts an investigation of other charges than those made at that time. I think he proposes to supplement those charges with others, and he can have no motive in desiring to limit it. I was simply amending the motion under which the committee is now proceeding. I shall be very glad if you will so broaden it that it will embrace any other charges that may be made by the Senator from Georgia or anybody else.

Mr. LENROOT. I want simply to make it clear by adopting words covering all the charges which gave rise to this question.

Mr. LODGE. The Senator from North Carolina is very properly trying to amend the original motion in what I conceive to be a proper and desirable manner. If that is done, then there will come before us the resolution reported by the Committee to Audit and Control the Contingent Expenses of the Senate, and we can put in the amendment suggested by the Senator from Wisconsin to broaden and define the jurisdiction of the committee. That resolution is before us. It is here in print.

Mr. JONES of New Mexico. Mr. President, it must be apparent to all of us that this body should proceed with some deliberation and in due form. I do not believe anyone here has in mind clearly the charges which the motion of the Senator from Wisconsin [Mr. LENROOT] would have investigated. There is no reason for this informal procedure. If we limit the investigation to the precise language used by the Senator from Georgia, I submit that that would not cover the field we all desire to have covered. Then why should not the motion now before the Senate for disposition be referred to some committee,

so that that committee may change the form of the motion and put it in some regular form?

I see no reason why it should not be referred to the Committee on Military Affairs, or even to the special committee which the Senate appointed to investigate the charges, to put the motion in language which will clearly express the things to be investigated, so that the Senate may know what they are. I have taken no special interest in this matter, but it seems to me that the Senator from Wisconsin, who made the motion, ought to be content, and doubtless he would be content, to have the motion now referred to a committee, so that that committee may revise the motion and put it in such form that it would be authorized to investigate the things we think ought to be investigated. I do not care to make a motion to that effect, but I suggest that the Senator from North Carolina [Mr. SIMMONS] or the Senator from Wisconsin [Mr. LENROOT] move that the motion be referred to the Committee on Military Affairs, or to the special committee which has been appointed to make this investigation, for the purpose of having the motion itself put in such form as that committee deems to be proper, and let that committee broaden its scope or limit its scope, as the committee might feel the exigencies of the occasion require.

The PRESIDENT pro tempore. The Chair desires to suggest that at the present time there is no special committee. That committee is no longer in existence, because the vote by which its appointment was authorized has been reconsidered.

Mr. JONES of New Mexico. Then I think it would very properly go to the Committee on Military Affairs.

Mr. REED. Mr. President, the Senator would not make that suggestion if he had been here during these colloquies. This whole matter arose partly because the Senator from Georgia challenged the Military Affairs Committee.

Mr. JONES of New Mexico. My suggestion is, not to have the Committee on Military Affairs make the investigation, but merely to formulate the motion or resolution which would limit the scope of the investigation.

Mr. SIMMONS. I think the Senator from Wisconsin, who made the original motion, will now offer an amendment to his motion; it will sufficiently specify and enlarge the scope of the original motion.

Mr. STERLING. Mr. President, I rose to offer an amendment to the amendment of the Senator from North Carolina, which perhaps will be agreed to by the Senator from Wisconsin and the Senator from North Carolina.

Mr. LENROOT. I hope the Senator will not offer that at this time. We can consider that when we come to take up the resolution. I hope the Senator will not complicate this matter now.

Mr. STERLING. I hoped to simplify, rather than complicate, Mr. President, by the amendment; but I am not offering it just now. The whole proposition comes down to one paragraph of the speech made by the Senator from Georgia on October 31. Our attention was first called to it by the Senator from New York [Mr. WADSWORTH], and he quoted a particular paragraph, and that is all he quoted. The attention of the Senate has been directed to the charges, expressed or implied, in that one paragraph from the speech of the Senator from Georgia, and it seems to me that that is a field broad enough for the investigating committee to attempt to cover.

A suggestion has been made that the investigation take a wider scope. The charges in that one paragraph are very serious indeed, and if it is found that the jurisdiction of the committee ought to be enlarged or extended for the purpose of investigating other things mentioned by Senators, it can be done; but that surely is enough for the present time.

Mr. LENROOT. Mr. President, there is no disagreement. That can be taken care of in the resolution, and I sincerely hope the Senator will not press his amendment.

Mr. STERLING. I do not offer it now, I will say to the Senator, in view of his statement.

Mr. SIMMONS. I ask for a vote on my amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the Senator from North Carolina [Mr. SIMMONS].

Mr. JONES of Washington. Mr. President, nobody knows what we are acting on. Nobody knows what the jurisdiction of this committee would be. If 12 o'clock comes without this being acted on, I suppose under the rule it would go to the calendar; but what would go to the calendar, what sort of a resolution?

Mr. LODGE. At 12 o'clock we will lay the tax bill aside temporarily and finish this matter.

Mr. JONES of Washington. The Senator from Massachusetts need not manifest so much feeling with reference to the matter.

Mr. LODGE. It is not a matter of feeling; it is a matter of getting the business of the Senate done; that is all.

Mr. JONES of Washington. It seems to me the more we go into this matter the more we muddle it. The Senate does not know what it is trying to do; as a matter of fact, it does not know what it is doing. Under the rules of the Senate, at 12 o'clock this resolution would go to the calendar; and yet what would the RECORD to-morrow show had gone to the calendar? What would the calendar show? As a matter of fact, there is no resolution properly before the Senate.

It is suggested that this paragraph on page 7068, which has been read, contains all the charges that were made by the Senator from Georgia. Before the Senator from Wisconsin made his motion, the Senator from Georgia had said this in the Senate, referring to the soldiers:

> I can prove that they were made to go on useless hikes and unnecessarily exposed and sacrificed and left on the road to die.

Is that charge to be investigated under this motion? It was made on the floor of the Senate by the Senator from Georgia before the Senator from Wisconsin made his motion.

Mr. LENROOT. Mr. President, if the Senator will read the RECORD he will find that the Senator from New York read the specific charge which he was calling to the attention of the Senate. I read the same thing in my remarks, and upon that alone I based my motion.

Mr. JONES of Washington. But the motion was to investigate the charges made by the Senator from Georgia, and what I have just read is one of the charges made by the Senator from Georgia before the Senator from Wisconsin offered his motion. The mere statement by the Senator from Wisconsin of certain things which the Senator had charged does not limit the special committee within the language of the motion. I simply wanted to know whether that charge is to be investigated or whether the committee which will be appointed will have jurisdiction to investigate that charge.

Then, again, before the Senator from Wisconsin made his motion, the Senator from Georgia said this, referring to the soldiers:

> In the hospitals they were neglected. The officers made courtesans of too many of the nurses—not all of them, but too many of them. In the hospitals, on the roadside, wounded, suffering, and dying, those men were treated inhumanly.

Will the committee investigate that charge? Will it have authority to investigate that charge? Is it intended that the committee shall investigate that charge? It seems to me that under the motion, made as it was after the charges were made, it would have authority to investigate them. Yet the sponsors of the motion apparently think those charges would not be investigated; that the only jurisdiction the committee would have would be to investigate the statements made in the paragraph quoted by the Senator from New York when he brought this matter up.

Then again, the Senator from Georgia, before the Senator from Wisconsin made his motion, said:

> One of the leading doctors, perhaps the leading doctor of the State Sanitarium of Georgia, told me at my house when he was attending me that a head nurse of one of the hospital wards told him that in one night 65 of these young men died of pneumonia because they were not sufficiently covered with blankets and did not have sufficient attention.

Is it intended that the committee shall investigate the truth of that statement made by the Senator from Georgia? Of course, it is not the purpose to investigate as to whether or not the Senator from Georgia stated the truth when he said he had been told this, but I take it that it is a question as to whether or not the committee shall investigate the truth of the statement made to him, that 65 of these young men died in one night. That is a very serious matter.

Then the Senator from Georgia made this charge which, while of course it does not refer to the men, makes a serious charge against the officers of the Army:

> Why were 8,000 automobiles parked at Lyons, within the forks of those two rivers, in that narrow valley where a flood comes every year, in order that they might be ruined by the spring overflow?

Is it the intention that the committee shall investigate that charge? It was made before the motion to investigate the charges was made.

Mr. REED. Mr. President, just before the language last quoted by the Senator is this statement, which the Senator's eye probably did not catch, a statement after a colloquy:

> I mean exactly that; and, Mr. President, I here say that this country never has learned one-half of what our soldiers suffered. I have had the private soldier tell me that he would march on the wet, cold, half-frozen ground, barefooted, begging for shoes, when, as we all know, we had mountains of shoes ready to give away to France, apparently.

Of course, the matter of giving things away to France is immaterial, but the absence of shoes is material.

The PRESIDENT pro tempore. The Chair desires to say that it believes it was in error in a reply to a parliamentary inquiry made by the Senator from Washington, and it is of the opinion that any Senator can now demand or insist that the motion shall be reduced to writing.

Mr. JONES of Washington. I insist upon that, Mr. President.

Mr. REED. What motion?

The PRESIDENT pro tempore. The motion of the Senator from Wisconsin.

Mr. REED. The Senator from Wisconsin made a motion which was referred to a committee after a long debate.

Mr. JONES of Washington. No.

Mr. REED. What motion was it?

Mr. JONES of Washington. The motion was debated——

Mr. REED. Certainly it was.

Mr. JONES of Washington (continuing). Without being referred to a committee.

Mr. REED. What is the motion which must be reduced to writing?

Mr. JONES of Washington. The amendment offered by the Senator from North Carolina to the motion which the Senator from Wisconsin [Mr. LENROOT] made two or three days ago. That is before the Senate, and I ask that that matter be reduced to writing.

The PRESIDENT pro tempore. The rule governing this matter is Rule XXI, which reads:

All motions shall be reduced to writing, if desired by the presiding officer or by any Senator, and shall be read before the same shall be debated.

The vote by which the motion of the Senator from Wisconsin was adopted has been reconsidered, and, in the judgment of the Chair, on the request or demand of any Senator it must be reduced to writing.

Mr. REED. Perhaps I do not understand the situation, and I desire to understand it. The Senator from Wisconsin made a motion for the appointment of a committee and an investigation, which was referred to the committee.

The PRESIDENT pro tempore. No.

Mr. WADSWORTH. It was adopted immediately.

Mr. LODGE. It was adopted immediately and unanimously.

Mr. WATSON of Indiana. It was adopted immediately, and not referred to a committee.

Mr. REED. Very well. Subsequent to that a resolution was offered to authorize the committee to compel the production of books and papers, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which resolution was reported back, and we had some debate on it.

Mr. LODGE. No; if the Senator will pardon me, it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which reported this morning favorably, and the resolution has gone to the calendar.

Mr. REED. Now, I understand the Senator from North Carolina moved to reconsider the vote by which the original motion was adopted, and it was reconsidered. Thereupon the Senator from North Carolina moved to amend the motion by striking out certain words.

Mr. SIMMONS. And inserting.

Mr. REED. Is that the motion which the Chair holds must be written out?

The PRESIDENT pro tempore. It is the motion of the Senator from Wisconsin which the Chair rules must be reduced to writing upon the request of any Senator or of the Presiding Officer.

Mr. REED. What became of the motion of the Senator from North Carolina?

Mr. WADSWORTH. It has not been adopted yet.

Mr. LODGE. It is pending.

Mr. REED. Then we have nothing to do with anybody else's motion except the pending motion of the Senator from North Carolina. Why can we not dispose of that?

Mr. LODGE. That is what I would like to see done.

The PRESIDENT pro tempore. The morning hour having expired, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. McCUMBER. I ask unanimous consent that the unfinished business may be temporarily laid aside for the further discussion of the matter now before the Senate.

The PRESIDENT pro tempore. The Senator from North Dakota asks unanimous consent that the unfinished business be temporarily laid aside. Is there objection? The Chair hears none.

Mr. LENROOT. Mr. President, I submit, in writing, the motion in the original form so that the amendment of the Senator from North Carolina may apply to it.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. The Secretary will report the original motion, which has now been reduced to writing.

The READING CLERK. Motion made by the junior Senator from Wisconsin [Mr. LENROOT]:

I move that the Chair appoint a special committee of five Senators to invite the Senator from Georgia to appear before them and to investigate the charges which he makes.

The PRESIDENT pro tempore. The question now is upon the amendment proposed by the Senator from North Carolina.

Mr. SIMMONS. I ask that the Secretary may read the amendment which I offered.

The PRESIDENT pro tempore. The amendment offered by the Senator from North Carolina will be read.

The ASSISTANT SECRETARY. Offered in the form of a resolution:

Senate resolution 166.

Resolved, That the motion made by the Senator from Wisconsin [Mr. LENROOT] on November 1, 1921, be amended to read as follows: "That the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON]."

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from North Carolina to the motion made by the Senator from Wisconsin.

The amendment to the motion was agreed to.

The motion as amended was agreed to.

The PRESIDENT pro tempore. The Chair now reappoints the Senators formerly named as members of the special committee.

Mr. BRANDEGEE. If the Chair will pardon me, the Senator from Ohio [Mr. POMERENE] was originally named and then a change was made. I think the Chair had better state the names of the Senators, so that their names will appear in the RECORD?

The PRESIDENT pro tempore. The Senators named and who will now constitute the committee are the Senator from Connecticut [Mr. BRANDEGEE], the Senator from Kentucky [Mr. ERNST], the Senator from Ohio [Mr. WILLIS], the Senator from North Carolina [Mr. OVERMAN], and the Senator from Tennessee [Mr. SHIELDS].

The PRESIDENT pro tempore. The Chair now lays before the Senate the unfinished business.

Mr. LODGE. Mr. President, I hope, now that an agreement has been reached on the motion, the Senate will be willing to dispose of the report of the Committee to Audit and Control the Contingent Expenses of the Senate, otherwise the committee just named can not act.

The PRESIDENT pro tempore. The Senator from Massachusetts, as the Chair understands it, asks unanimous consent to take up for consideration Senate resolution 165. Is there objection? The Chair hears none.

Mr. BRANDEGEE. Mr. President, I ask that the resolution may be read by the Secretary. Then I wish to call the attention of the Senator from Wisconsin to the fact that in view of the modification made in the vote of the Senate appointing the committee and the language employed some changes should be made in the resolution, if the Senator will offer an amendment to effectuate it.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed.

Mr. BRANDEGEE. Let the resolution be read as it is first, and then the Senator from Wisconsin will move a modification.

The PRESIDENT pro tempore. The Secretary will report the resolution.

The Assistant Secretary read Senate resolution 165, submitted by Mr. BRANDEGEE November 2 and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and this day reported favorably without amendment by Mr. CALDER from that committee, as follows:

Resolved, That the special committee appointed by the Chair to invite the junior Senator from Georgia to appear before them and to investigate the charges made by him affecting the conduct of officers of the Army in inflicting punishment upon enlisted men of the Expeditionary Forces in the late war is hereby authorized, until it finishes said investigation and reports, to send for persons, books, and papers, to administer oaths and employ a stenographer, at a cost not to exceed $1.25 per printed page, to report such hearings as may be had in connection with the subject pending before said committee, the expenses thereof to be paid out of the contingent fund of the Senate upon authorization of the chairman, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate at any place.

Mr. LENROOT. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Secretary will report the amendment proposed by the Senator from Wisconsin.

The ASSISTANT SECRETARY. Amend by striking out of lines 2 and 3 the following words: "invite the junior Senator from Georgia to appear before them and to."

Mr. HEFLIN. Mr. President, before the question is put I wish to ask if the powers are sufficiently stated in the resolution to authorize the payment of witnesses and the procuring of such documents as the Senator from Georgia may desire to bring to the attention of the committee?

Mr. LODGE. Certainly.

Mr. BRANDEGEE. The language of the resolution is that the expenses thereof shall be paid out of the contingent fund. I assume that the expenses of the investigation are authorized to be paid out of the contingent fund. It has always been customary to pay witnesses their mileage and their other expenses. However, I wish to call the attention of the Senator from Wisconsin to the fact that, as he has hurriedly made his motion to strike out certain words, he has left in the words "made by him."

Mr. LENROOT. I have a further amendment to offer.

Mr. WILLIAMS. Before the motion is voted upon I should like to hear it read as it would read if amended.

Mr. LENROOT. Then I will offer the other amendment so that it may be also presented. I move to strike out the word "him," in line 4, and to insert "the junior Senator from Georgia."

Mr. SIMMONS. Striking out the invitation clause?

Mr. LENROOT. Yes.

The PRESIDENT pro tempore. The Secretary will report the resolution as it will read if the amendments proposed by the Senator from Wisconsin are adopted.

The Assistant Secretary read as follows:

Resolved, That the special committee appointed by the Chair to investigate the charges made by the junior Senator from Georgia affecting the conduct of officers of the Army in inflicting punishment upon enlisted men of the Expeditionary Forces in the late war is hereby authorized, etc.

Mr. JONES of Washington. Mr. President, I wish to ask the Senator from Wisconsin if that is all the amendment he expects to offer?

Mr. LENROOT. No; I have another amendment to offer, when the pending amendment is agreed to, that will incorporate the charges referred to.

Mr. JONES of Washington. I do not think we ought, in this resolution, merely providing for the payment of money, to try to limit the jurisdiction of the committee as given to it by the original motion. The original motion as adopted by the Senate to-day is just as broad as it can be so far as any charges made by the Senator from Georgia are concerned. Any attempt to limit them upon this resolution, it seems to me, would not be proper. The resolution as now worded does limit the jurisdiction of the committee compared to what we just voted a few moments ago.

Mr. LENROOT. I do not know whether the Senator from Washington was on the floor when this arose or not——

Mr. JONES of Washington. I was.

Mr. LENROOT. But if he did not understand what was contemplated by every Member of the Senate to be investigated by the committee, all other Senators understood it; and I propose now, when the time comes, merely to offer an interpretative amendment construing the original motion as every Senator must have understood it.

Mr. JONES of Washington. The Senator can, of course, give his judgment, but he can not construe what was in the minds of various Senators. I know that Senators have come to me and wanted to know just what would be the jurisdiction of the committee. Some of them thought it was broad and other Senators thought it was narrow.

I thought it meant the investigation of all the charges made by the Senator from Georgia. That is what I supposed we were voting upon. That is exactly what we have done to-day. We have authorized this committee to investigate the charges made by the Senator from Georgia. The Senator from Georgia made the charges that I read to the Senate and which the Senator from Missouri read to the Senate. Now, by confining it to the language read by the Senator from New York it would limit the jurisdiction of the committee.

Mr. LENROOT. Does the Senator object to that?

Mr. JONES of Washington. I do object to it after we have just adopted a motion giving them the broadest authority to investigate charges.

Mr. LENROOT. The Senator from Washington is speaking of technicalities and nothing else.

Mr. JONES of Washington. I am not speaking of technicalities; I am speaking about the substance. It is the Senator from Wisconsin who tries to inject technicalities into the matter. The Senate less than 10 minutes ago voted a resolution giving the committee the broadest possible authority so far as concerns any charges made by the Senator from Georgia. The Senator from Wisconsin now desires to limit that jurisdiction by specifying certain things. It seems to me the Senate is putting itself in a very awkward attitude if it adopts any such amendment.

I wanted to call attention to the language of the resolution that is now pending and the way it will stand unless it is proposed to make it broader. It reads:

Investigate the charges made by the junior Senator from Georgia affecting the conduct of officers of the Army in inflicting punishment upon enlisted men.

Now, the Senator from Georgia has made charges not only that the acts were done to inflict punishment upon the men but charges that certainly are just as serious as any of the charges that officers were doing things for the purpose of inflicting punishment. Yet, under the language of the resolution as now proposed, it would probably limit the jurisdiction of the committee, or at any rate it would certainly make it doubtful whether the committee could use any of the money authorized by the resolution to investigate charges that were made on this floor by the Senator from Georgia.

The Senator from Wisconsin said that he is going to quote from the RECORD, specifying certain charges made. Then the question will come before the committee whether or not under the resolution they can use any of the money authorized by Congress to investigate other charges specified. It seems to me that in the resolution authorizing the expenditure of money we ought to follow the language the Senate has adopted. I think these are very serious charges and that they should be investigated.

Mr. WATSON of Indiana. Mr. President——

Mr. JONES of Washington. But we ought not to make doubtful the authority of the committee either in the expenditure of the money or in investigating the charges.

I yield to the Senator from Indiana.

Mr. WATSON of Indiana. The Senate a few moments ago adopted a motion in certain language. The Senator from Washington construes the language to mean one thing. The Senator from Wisconsin construes it to mean another thing. The Senator from Wisconsin now says that he proposes to offer an amendment which will construe and limit the language already adopted. It may be that it ought to have been done on the other question, but he certainly has the right to offer an amendment to the resolution that will construe the original proposition and limit the authority of the committee. Does not the Senator think that is right?

Mr. JONES of Washington. No. I ask that the original resolution now be read.

Mr. WATSON of Indiana. But will not the Senator from Washington permit the Senator from Wisconsin to offer his amendment by which he intends to construe the original resolution?

Mr. JONES of Washington. No; I will not. He can offer that in a moment.

Mr. WATSON of Indiana. Then we could understand what he has in view.

Mr. JONES of Washington. I wish the Senator from Indiana would listen to the resolution which the Senate has just adopted. There is no room for construction with reference to the language of that resolution.

The PRESIDENT pro tempore. The Secretary will read as requested.

The ASSISTANT SECRETARY. The resolution as agreed to reads as follows:

Resolved, That the motion made by the Senator from Wisconsin [Mr. LENROOT] on November 1, 1921, be amended to read as follows: "That the Chair appoint a special committee of five Senators to investigate the charges made by the Senator from Georgia [Mr. WATSON]."

Mr. JONES of Washington. Where is there any room for a construction of the language, "investigate the charges made"? Why, in the resolution providing for the expenditure of money should you try to limit those charges? Why did you not limit it in the original resolution and state just what charges the committee is authorized to investigate? I think in this resolution authorizing the committee to expend the money of the Senate we ought to follow the language of the resolution creating it. That is all I have to say in reference to the matter.

Mr. BRANDEGEE. Mr. President, I wish to ask the Secretary to repeat the reading of the resolution which he just read. It struck me that certain words must be omitted. If he read the wrong one, I would like to have the right one read.

The Assistant Secretary read as follows:

Resolved, That the motion made by the Senator from Wisconsin (Mr. LENROOT) on November 1, 1921, be amended to read as follows:

"That the Chair appoint a special committee consisting of five Senators to investigate the charges made by the Senator from Georgia (Mr. WATSON)."

Mr. BRANDEGEE. That appears to be correct.

The vote of the Senate adopting the resolution will give the committee its jurisdiction. There is now a resolution to pay the expenses of the committee. The language of the resolution, which the Senator from Washington [Mr. JONES] has been criticizing in that resolution, is language simply to identify the committee. It does not confer any power or jurisdiction as to what shall be investigated. I will ask the Secretary to read the language of the resolution just reported from the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. LODGE. I suggest to the Senator from Connecticut that the amendments which are suggested also be read.

Mr. BRANDEGEE. I ask that the resolution be read, together with the amendments which have been so far agreed to up to this point.

The VICE PRESIDENT. The Secretary will read as requested.

The Assistant Secretary read as follows:

Resolved, That the special committee appointed by the Chair to investigate the charges made by the junior Senator from Georgia affecting the conduct of officers of the Army in inflicting punishment upon enlisted men of the Expeditionary Forces in the late war is hereby authorized——

Mr. BRANDEGEE. At that point, the recital about inflicting punishment upon enlisted men is simply descriptive of the committee; it does not confer power on the committee.

Mr. JONES of Washington. We have heretofore passed no resolution of which that is descriptive.

Mr. BRANDEGEE. It may be an incorrect description of the committee; but my point is it does not affect the jurisdiction of the committee or limit or extend it. The jurisdiction of the committee must be that conveyed by the vote of the Senate.

Mr. JONES of Washington. Why not follow the language of the resolution providing for the investigation?

Mr. BRANDEGEE. I have no objection to following it.

Mr. JONES of Washington. Does not the Senator think we ought to follow it?

Mr. BRANDEGEE. I think we ought to follow it. Inasmuch as we have changed the jurisdiction of the committee by reconsidering the motion made by the Senator from Wisconsin, I would use other language to describe what that committee was, but I do not think the language of the pending resolution enlarges or limits the jurisdiction of the committee.

The VICE PRESIDENT. The question is on the amendment of the Senator from Wisconsin.

Mr. REED. The amendment had better be stated.

Mr. LENROOT. Before the resolution is adopted, I merely wish to say that I stated that I would offer another amendment to the resolution construing the original motion, but inasmuch as it has been generally agreed that it is not necessary to do so, and there is a very general understanding as to what the jurisdiction of the committee is, notwithstanding the statements of the Senator from Washington [Mr. JONES], I shall not offer the amendment.

Mr. REED. Mr. President, I do not want any misapprehension to be created because of the statement of the Senator from Wisconsin [Mr. LENROOT] that "there is a very general understanding" as to what these charges are. The resolution speaks for itself; it is as broad as its language, and must not be limited by any "understanding" that some individual Senator may have in his mind. I am making that statement so that it may not hereafter be said that by common consent we agreed to some sort of construction which the Senator from Wisconsin might have in his mind.

Mr. LODGE. Mr. President, if the Senator will allow me, of course the committee will act under the resolution of the Senate.

Mr. REED. Certainly.

The VICE PRESIDENT. The question is on the amendment of the Senator from Wisconsin to the resolution.

The amendment was agreed to.

Mr. BRANDEGEE and Mr. JONES of Washington addressed the Chair.

The VICE PRESIDENT. The Senator from Connecticut.

Mr. BRANDEGEE. Mr. President, I ask unanimous consent for the reading of a letter which I have received this morning, in connection with the punishment of American soldiers. It is from an Army officer who was in charge and who claims to speak by authority, and I think it is pertinent to the charges.

The writer of the letter is a lawyer living in Tennessee. He is unknown to me.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The Assistant Secretary read as follows:

NASHVILLE, TENN., *November 2, 1921.*

Hon. K. D. MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Was greatly surprised at the absurd statement of Senator WATSON, reported in the press on yesterday, to the effect that 21 men had been executed in France.

I was assigned to duty in the "office of the Acting Judge Advocate General for the American Expeditonary Forces in Europe," and was directed by Col. H. A. White (who succeeded Gen. E. A. Kreger) to carefully prepare a statistical report of the cases reviewed in our office. With the assistance of two field clerks, I prepared this report, the writer checking death sentences, life sentences, and the action of the reviewing authority and the action of the Judge Advocate General's office thereon.

The writer knows of his own knowledge, from an examination of the records covering a period of several weeks, that the total number of cases in which the accused was sentenced to death was 28. Of this number 9 were carried into effect, 7 for rape, and 2 for murder. In 12 cases the death sentence was modified, and in 7 cases the conviction was set aside and disapproved.

Life sentence was imposed in 78 cases. It was carried out in 56 cases, modified in 19 cases, and disapproved in 3 cases.

The Articles of War carrying a death sentence were as follows: Fifty-eighth. Desertion: Four hundred and forty-six men were charged with a violation of this article, 168 of whom were found guilty as charged, 207 were found guilty of a lesser included offense, 67 were acquitted, and the sentence in 4 cases was suspended or remitted. Seventy-fifth: Running in the face of the enemy. Four hundred and sixty men were charged, 228 found guilty, 17 guilty of a lesser included offense, and 215 were acquitted or their conviction disapproved. Under the ninety-second article—murder and rape—the number were as follows: Rape and assault with intent to rape, 106 men were charged with this offense, 62 found guilty, 5 guilty of a lesser included offense, and 39 were acquitted or the sentence disapproved. On a charge of murder, 109 men were charged, 43 found guilty as charged, 31 found guilty of a lesser included offense, and 35 were acquitted or their conviction disapproved.

Senator NEW'S statement that the death sentence was carried out in nine cases is correct, and not in a single instance for a military offense. His figures were based upon the report made by me and submitted to the Judge Advocate General's Office at Washington, or was checked by that office and found to be correct.

Am taking the liberty of writing you because I resent Senator WATSON'S effort to mislead and prejudice the people, when he does not know the facts. Of course, as to his charge that soldiers were executed with trial, I know nothing.

Yours, very truly,

JOHN H. LECHLEITER.

Mr. BRANDEGEE. I have no doubt that in the last sentence the writer of the letter which has just been read by the Secretary meant to use the word "without" instead of "with," so that the language should read "without trial."

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

Mr. JONES of Washington. Mr. President, I desire to amend the resolution further. In lines 4, 5, and 6 I move to strike out the words "affecting the conduct of the officers of the Army in inflicting punishment upon enlisted men of the American Expeditionary Forces in the late war." Then I want to follow that by another amendment, which is practically part of it, by inserting after the word "Chair," in line 2, the words "pursuant to the resolution adopted November 4"; in other words, that would make the resolution now pending comply exactly with the resolution which the Senate has to-day adopted.

Mr. BRANDEGEE. Now, will the Senator read it as it would read as amended?

Mr. JONES of Washington. Then, as I understand, the resolution would read in this way:

Resolved, That the special committee appointed by the Chair pursuant to the resolution adopted November 4 to investigate the charges made by the junior Senator from Georgia is hereby authorized, until it finishes the said investigation and reports—

And so forth. If the two sugestions may be offered as one amendment, I make that motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington to strike out and insert.

The amendment was agreed to.

Mr. MCKELLAR. Mr. President, I should like to ask the Senator from Connecticut [Mr. BRANDEGEE] if he received a copy of a letter from Mr. Lechleiter, of Nashville. The letter which has just been read, I suppose, is a copy of a letter which has been written to me by Mr. Lechleiter and received by me this morning. I did not bring the letter over with me, and I am wondering if the letter read at the desk is a copy of the letter written me.

Mr. BRANDEGEE. No. The Secretary has it in his possession and he can state what it is; but my recollection of it is that it is a letter which I received. It was addressed to me by this gentleman in Tennessee. I repeat, the Secretary has the letter at the desk.

Mr. MCKELLAR. Evidently it is addressed to the Senator from Connecticut as an inclosure of a copy of a letter which had been addressed to me.

Mr. BRANDEGEE. No.

The McKELLAR. The letter on its face so indicates.

Mr. BRANDEGEE. Mr. President, all I know about it is that the letter was in the envelope in which my secretary brings my letters to me. The envelope was not with it. I read the letter on the floor, and had it sent to the desk.

Mr. McKELLAR. I merely wanted to know how it came into the Senator's possession. It did not come from my office. I received the original of the letter, of which a copy has been read at the desk. I wish to state that Mr. Lechleiter is one of our very best citizens, a lawyer of excellent ability, at one time a member of the State legislature, and a gentleman of high character. He was a major in the judge advocate's office in the American Expeditionary Forces in France. He made a fine record while there, and his statements can be absolutely relied on. They do not seem to bear upon the specific charges made by the Senator from Georgia [Mr. WATSON] which, as I understand them, assert that private soldiers were executed without trial by court-martial.

Mr. WATSON of Georgia. Mr. President, it will be remembered that I was proceeding to read various letters and telegrams, a pile of which I had on my desk, when I was taken off my feet by a call for the regular order, of which I do not complain.

Mr. BRANDEGEE. Mr. President, will the Senator yield to me to make a parliamentary inquiry, to ascertain whether or not the resolution has been agreed to, before he proceeds?

Mr. WATSON of Georgia. Certainly.

The VICE PRESIDENT. It has not been agreed to.

Mr. BRANDEGEE. Will the Senator allow the Senate to vote on the resolution before he proceeds?

Mr. WATSON of Georgia. Certainly.

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

Mr. WATSON of Georgia. Mr. President, I shall not fatigue the Senate by reading the remainder of the letters. At some other time I shall do so. I know that Senators want to get the right of way for their great revenue bill, and I have no desire to obstruct it; but I call attention to the fact that the letter which has just been read contradicts the Senator from New York [Mr. WADSWORTH], and contradicts the Secretary of War. That makes three official witnesses contradicting one another.

Mr. HEFLIN. Mr. President, the Washington Post of this morning contains an article headed as follows:

Probe of hangings meets opposition.—Democrats in Senate will try to have inquiry stopped at session to-day.

Mr. President, this statement is misleading. It does not state the fact. The Democrats have not tried to stop the inquiry. The Senator from Georgia [Mr. WATSON] has not tried to stop it. He has invited it. The Senator from Georgia was resenting efforts to take him into a committee room and question him about the speech that he made upon this floor. If the charges made by the Senator from Georgia are true, he has done the American people and the Army a great service. If American soldiers have been brutally treated in France, the American people are entitled to know it. If the ex-service men who told the Senator from Georgia of these things have not told the truth, then the Army officers whose conduct is in question will be exonerated. But I submit to the Senate and to the country that these boys who wore the American uniform and went to the battle front and offered their lives for their country are entitled to be heard by the Senator from Georgia or by any other Senator in this Chamber. I do not care whether a man is a humble private or an officer; when he comes to a Senator and tells him of some outrageous and brutal treatment imposed upon a soldier in the service, the Senator ought to have courage and Americanism enough to stand here and demand that the matter be investigated and the truth made known. Shall the Senator whose heart is touched and stirred by things told him by boys who offered their lives for their country be mistreated and intimidated because he dares to suggest an investigation?

When did it become a crime for a Senator to get up here and question some officer's treatment of a private in the United States Army? I happen to know about one case where an officer is seeking promotion, and that officer's treatment of three boys who had been gassed was brutally inhuman.

They were suffering; they were weak and too feeble to walk and he cursed them and ordered them to get out of an army truck that was carrying them to the hospital. That officer's conduct was cruel and barbarous. If an army officer recommended for promotion by a committee of the majority of this Senate can get by with a thing like that, I do not know but that other things of a reprehensible character have been done to privates in France. It is necessary to have order and discipline in the army and authority must be given to certain officers to see that army rules and regulations are obeyed, but the people are entitled to know all about the conduct of the army. Human life is a very precious thing. The rights of an American citizen are very precious and when he puts on the uniform of his country he does not surrender those rights. He is entitled to have every protection and consideration thrown about him. If any officer has been brutal—and we know that some of them do become brutal—if any one has been brutal to American soldiers in France we are entitled to know it.

The Senator from Georgia has stood here and offered to give you the facts given to him by the ex-service men of his country. He has invited those who refute them to meet him in the open Senate. Does that look as though he wants to shut the investigation up, or as though he is dodging an investigation? I do not blame him for wanting to avoid going into a committee room over in the Senate Office Building, where, as he said, the facts will be entombed. Let this thing be conducted in the open. The American people are entitled to know if a soldier has been mistreated and outraged, and if executed how and for what offense. Let the facts be known. We know that in a mass of 4,000,000 of men there are bound to be some questionable characters and tough individuals. It may be that those who were executed should have been executed; I do not know; but it is a very serious thing to snuff out the life of a man, so let us go into this thing in an orderly fashion, and let the facts be known. Of course, the Negro who committed rape on the little French girl deserved the death penalty.

Mr. MOSES. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from New Hampshire?

Mr. HEFLIN. I yield.

Mr. MOSES. Will the Senator of his own knowledge insert in the RECORD at this point the name of the commander in chief and the name of the Secretary of War under whose administration these atrocities took place?

Mr. HEFLIN. Mr. President, I am always glad to enlighten the Senator. I do not know of a Senator in this Chamber who needs enlightenment on so many subjects as does the genial and astute Senator from New Hampshire; but his memory seems to be exceedingly short. He knows, I am sure, who was President just preceding President Harding, but if he does not remember that far back, I will tell him his name; and I believe that he knows the name of the Secretary of War that was succeeded by ex-Senator Weeks, but if it has escaped his memory, I will furnish his name also. But, Mr. President, I do not care whether it was a Democrat or a Republican who was President or Secretary of War at that time. He did not know, probably, that these things were being done. It seems now that a great many people over here, both Republicans and Democrats, and Republican officials, too, did not know about some of these things. What I want is to get at the truth, and to do it without trying to browbeat and offend a Senator who dares, in the name of fair and just treatment of the American soldier, to make charges that affect the welfare of the men who wore the uniform of their country.

Mr. SIMMONS. Mr. President, I simply want to say that any suggestion that the Senator from Georgia [Mr. WATSON] or any other Senator upon this side of the Chamber did not desire an investigation of these charges is without any foundation whatever.

The Senator from Georgia made certain very serious charges upon the floor of the Senate. The Senator made those charges because he wanted them investigated. He never has had any objection to an investigating committee. I take it that that was his object in bringing these matters before the Senate, just as it would be the object of any other Senator in bringing before the Senate charges with reference to some officer of the Government or some department of the Government; but the Senator from Georgia and some of his friends, of whom I am one, objected very seriously to the character of the motion for an investigation as originally agreed to. That motion as originally agreed to seemed to him and seemed to me to convey, by implication at least, the impression that the investigation was in part to investigate the accuser as well as the accused.

I suppose the error that has brought about the confusion concerning this matter has grown out of the fact that it was known that I was going to offer this morning a resolution or a motion with reference to the matter, without the character of that motion being distinctly and definitely known. The purpose of my motion was simply to eliminate the objectionable language in the original motion and to make it responsive to the charges made by the Senator from Georgia and to secure an investigation such as he doubtless had in mind at the time he made the charges.

Mr. President, the Senate has now done with respect to this matter exactly what the Senator from Georgia desired. With the changes that have been made in this motion for an investigation the Senator from Georgia, as I understand, is entirely satisfied with it. I trust the investigation will be made, and will be made very thoroughly, and that the facts in this matter may be ascertained. I have no doubt the Senator from Georgia will lay before the committee in a proper and dignified way all the facts within his possession, and I am sure the committee will consider those facts and reach a conclusion satisfactory to itself and possibly to the Senate with reference to the charges.

Mr. REED. Mr. President, I happen to be the Senator who first called attention to the form of this motion, and raised the point that it seemed to be a motion to investigate a Senator's speech, and against that I protested. I am very glad that the motion has been changed now so that the investigation is to be carried on to ascertain facts and not for the purpose of investigating a Senator's speech. That may not have been the intent of the Senator who made the motion originally, but it was susceptible of that construction. It was for that reason that I made the protest I did make. The motion is in proper form now, and so far as I am concerned I want to see the investigation proceed.

Perhaps we would all have been wiser if we had not acted so very hastily and impetuously about this matter. We may all think that before we are through; but the motion is now in proper form, and I have no objection to it.

RECOMMENDATIONS OF UNEMPLOYMENT CONFERENCE.

The VICE PRESIDENT laid before the Senate a communication, with accompanying reports, from the Secretary of the President's Conference on Unemployment, setting forth recommendations bearing upon Federal action for the relief of unemployment, revival of private industry, etc., which, with the accompanying papers, was referred to the Committee on Education and Labor.

TAX REVISION.

Mr. McCUMBER. Mr. President, I ask that the unfinished business be laid before the Senate.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The VICE PRESIDENT. The question is on the pending amendment, proposed by the Senator from Utah [Mr. SMOOT], which has been read.

Mr. JOHNSON. Mr. President, I desire in a word to express my attitude upon this bill. A tax scheme which requires one army of experts to teach honest people how to pay what is due the Government, and which creates another army of experts to teach the dishonest how to cheat the Government, is an abominable thing; and when in addition this scheme is unequal, inequitable, unjust, and discriminatory it becomes not only abominable, but intolerable; and it is because I think the pending bill is of that kind that I listen sympathetically to any alternative. I am prepared, therefore, to attempt almost any alternative which may be offered to this bill, which has met with such universal condemnation.

Mr. SMOOT. Mr. President, I think the Members of the Senate have made up their minds as to just how they want to vote on a proposition for a turnover tax or a manufacturers' tax, and I shall not at this time go into the details of the difference between the pending amendment and the one that was voted upon last evening, but I will simply say that this amendment is similar to the one of which I have previously spoken, except that it provides for a business sales tax instead of a manufacturers' and producers' tax.

The business sales tax would be levied at the rate of one-half of 1 per cent of the amount by which the gross sales of any goods, wares, or merchandise, manufactured or purchased for sale, exceed the sum of $6,000 in any calendar year. Sales by farmers will be exempt under the definition.

The amendment also provides for the exemption of sales to the United States, of sales for export, and of sales of refined gold and silver.

This amendment provides for what is commonly known as a turnover tax on the sale of goods, wares, and merchandise, and would apply to every business coming within the definition, whether of a manufacturer, a wholesaler, or a retailer.

Mr. REED. Mr. President, I am not sure that I understood the Senator. Does the Senator by his amendment propose to exempt from taxation goods sent abroad and to levy a tax on exactly the same character of goods if sold for domestic consumption?

Mr. SMOOT. That has been a principle which has always been incorporated into sales-tax bills.

Mr. REED. I just wanted to know if that was what the effect of the amendment would be.

Mr. SMOOT. If a sales tax is imposed on goods manufactured in the United States for exportation, then just that much expense is added to the cost of merchandise which will be exported and come in competition with merchandise made in foreign countries, and it is for that reason that all sales tax or manufacturers' tax or general turnover-tax measures which I have known anything about incorporate such a provision as this. In addition to that, it is unconstitutional to tax goods exported to a foreign country.

Mr. POMERENE. How much money does the Senator anticipate would be raised by this tax?

Mr. SMOOT. A tax of one-half of 1 per cent would raise $450,000,000, at the least; but in my opinion it would raise more money than that.

From the discussion yesterday, it is quite evident that a sales tax will be imposed in the very near future, and every criticism that has been offered to the administration of the manufacturers' tax, or which will be offered to the pending amendment, will apply next year, when it is said we will adopt a sales-tax bill, as much as it would apply to-day.

In my opinion, if the sales tax is to be imposed for the purpose of paying the soldiers' bonus, it ought to be put in operation as early as possible, so that there would be six months or three months or two months, if you please, to demonstrate the amount of money such a tax would bring into the Treasury of the United States monthly, and then, when the soldiers' bonus bill comes before this body, we would have, not an estimate, but a basis of calculation to determine what rate ought to be imposed in order to meet the payments which will be required if the bonus bill passes.

I have not a doubt in my mind, as I said some months ago, but that a bonus bill will be enacted into law. The junior Senator from Mississippi [Mr. HARRISON] asked me in the Senate some months ago if I thought it would, and I told him then that I had no idea but that a bonus bill would be passed, and I have not changed my mind in that regard.

Mr. HARRISON. Mr. President, has the change of front come about because of the resolution passed day before yesterday by the American Legion, condemning the President for asking for its recommitment and the majority party for their delay in passing it?

Mr. SMOOT. Mr. President, I have not changed my position or from my position when I made the statement months ago. I have said to everybody that there was not a question of doubt but that the bonus bill would be enacted into law.

Mr. REED. Mr. President, the distinguished chairman of the Ways and Means Committee of the House has, as was stated upon this floor, given out a statement that at the next session of Congress, before the month of July, the soldiers' bonus bill will be passed, as well as a bill imposing a sales tax to raise money to pay the bonus. At least, that is the import of his statement, and I put the exact statement in the RECORD yesterday. If that is true, why should we wait until next July? Why should not the soldiers' bonus bill be attached as an amendment to the Senator's provision for a sales tax and passed now?

I am not for the sales tax. I prefer paying the soldiers' bonus out of the profits of the profiteer to paying the soldiers' bonus out of a tax which he will have largely to pay himself, for he will largely have to pay the sales tax; but I do not care to argue that for the moment. If that is the purpose of the chairman of the Ways and Means Committee of the House, who is now engaged in telling the Senate how to conduct its business, and who is criticizing Senators for their conduct on the floor, why does he not suggest that the purpose be carried out now, while we are engaged in enacting this legislation?

Mr. SMOOT. Mr. President, I am not in the confidence of Representative FORDNEY. He has never mentioned this subject to me in any way, shape, or form. All I know is what I saw in the paper, and I called the attention of the Senate to it yesterday in my remarks upon the manufacturers' sales tax.

The Senator from California [Mr. JOHNSON] has just made a succinct statement of the tax situation, and I believe that the American people from one end of this country to the other expected this Congress to relieve them of all the discriminatory, unjust, nagging taxes imposed by existing law. I believe that all the special war taxes ought to be repealed at the earliest date possible. That is the reason I ask that a sales tax be adopted. This amendment is simply to impose a tax of a half of 1 per cent upon goods, wares, and merchandise sold in the

United States by the manufacturer, the wholesaler, or the retailer, and, as I stated, it will bring more money to the Treasury of the United States than the 1 per cent manufacturers' tax imposed.

I do not believe that there will be any change of sentiment in the Senate on account of anything I or others may say, and, as we have already voted upon the manufacturers' tax, I am perfectly willing to now take a vote upon the pending amendment.

I am quite sure, however, there are Senators who are in favor of this proposition in preference to the manufacturers' tax, and others favor the manufacturers' tax. I know also that the retailers of the country prefer this tax to the manufacturers' tax; but be that as it may, I shall ask for a yea-and-nay vote upon this pending amendment.

I will have the satisfaction of having the different forms of a sales tax in the RECORD. I have no doubt, as I said before, that a sales tax will be incorporated into our revenue laws, and the results of the labor I have put upon these amendments may be of use in the future, and I shall be content. I shall feel paid for all the hours of labor I have given to this subject when that happens.

Mr. POMERENE. Mr. President, I am not sure I understand how comprehensive the provisions of this amendment are and I desire to ask the Senator if this means that every time a sale is made by the manufacturer to the jobber, by the jobber to the retailer, and by the retailer to the consumer each of those sales will be subject to a tax?

Mr. SMOOT. That is the plan as outlined in the pending amendment.

Mr. POMERENE. Then that would mean, for instance, that if the product of the United States Steel Corporation which passes from the virgin ore to its finished product as sold by the United States Steel Corporation there would be one sale or one tax; but if there were a number of sales by independent manufacturers passing from the owner of the mines to the furnace, from the furnace to the steel maker, and so on down, there might be three or four or five different taxes on the same product. Am I right?

Mr. SMOOT. The rate of tax is so small that the result——

Mr. POMERENE. It is one-half of 1 per cent.

Mr. SMOOT. The result, I will say to the Senator, would not be so great, particularly in the great bulk of the goods made and sold in the United States.

Mr. POMERENE. A tax of one-half of 1 per cent on the gross sales might spell the difference between prosperity and ruin. I will not state it that way. It might do away with the entire net profits of a concern.

Mr. SMOOT. I did not answer that charge made by the Senator from Wisconsin [Mr. LENROOT] yesterday, but I will say to the Senator that it can be successfully answered. Where every manufacturer is treated alike, no matter whether it is 1 per cent or 2 per cent, no one manufacturer would have an advantage over another, and there will be no advantage under a sales tax imposed. The price of goods is regulated by competition, and as this would be a tax upon all alike it would be a part of the cost of all goods produced.

Mr. POMERENE. I do not think the Senator's statement meets the situation. Assuming that each of the two manufacturers put the product through the same processes, and so forth, then the Senator is right.

Mr. SMOOT. The Senator had, no doubt, in mind the integrated and nonintegrated companies?

Mr. POMERENE. Yes; that is one of the classes of taxpayers that I have in mind.

Mr. SMOOT. There is something in that, and I have an amendment to offer to take care of just such cases, and I intend to offer it when I have a chance. This is the amendment:

Every person taxable under this title shall be allowed as a credit in his monthly return the amount of taxes reimbursed by him to any other person with respect to the purchase of any goods, wares, or merchandise sold by the person claiming such credit, whether or not after further process of manufacture.

That will equalize the taxes to be paid by an integrated company and a nonintegrated company. The Senator, of course, points it out now, as I understand him. I had intended before I took my seat at this time to offer the amendment.

Mr. POMERENE. I have not had an opportunity to consider the amendment which the Senator has now read and which he intends to propose. That in part, at least as I grasp it, would meet the situation; but I wish to see how comprehensive the proposition is, so let me ask another question or two. I assume that it is not intended to cover sales of insurance.

Mr. SMOOT. It is not. Insurance is not goods, wares, or merchandise.

Mr. POMERENE. Loosely speaking, they sometimes refer to it as selling goods.

Mr. SMOOT. I will say to the Senator it does not include insurance.

Mr. POMERENE. I assumed that was the construction the Senator placed upon it. At the same time, while all dealers in merchandise are taxed under the bill, it is not intended to tax the professional man, such as the lawyer or the doctor.

Mr. SMOOT. Not at all. There is no imposition of a tax on service. It is the simpliest tax that could be levied, because it applies only to goods, wares, and merchandise.

Mr. POMERENE. It is simple, and therein, in my mind, lies one of the objections. The doctor or lawyer who renders his service and makes a charge for it is in fact charging for his goods. I realize that the one is technically called service and the other technically called goods or merchandise, yet both are interested and both ought to bear as nearly equitable as possible the same burden.

Mr. SMOOT. The Senator is correct in that statement, but we already tax personal services by way of taxing the incomes of all the professional men in the United States.

Mr. President, in order to perfect my amendment I send to the desk a modification thereof which I ask may be stated.

The PRESIDING OFFICER (Mr. SPENCER in the chair). The Secretary will report the proposed modification of the amendment offered by the Senator from Utah.

The ASSISTANT SECRETARY. On page 4, line 7, after the word "Title" and "(d)," insert the following:

(e) Every person taxable under this title shall be allowed as a credit in his monthly return the amount of taxes reimbursed by him to any other person with respect to the purchase of any goods, wares, or merchandise sold by the person claiming such credit, whether or not after further process of manufacture.

Mr. WALSH of Massachusetts. Mr. President, I wish very briefly to remove, if possible, a misapprehension that is prevalent throughout the country about the manufacturers' sales tax and the business sales tax, the latter tax plan being now before the Senate. I am sure many of us have been surprised at the flood of petitions and the persistent requests of many business men for the Congress to impose a tax upon their sales. In all my experience in public life I never before knew of men petitioning, arguing, contending, and demanding that an extra tax be placed upon themselves and their business. Mark what I say, an extra or additional tax, for that is what I contend this plan contemplates.

The business interests of the country and the manufacturing interests have been so annoyed and troubled and put to so much expense in hiring and retaining experts and lawyers to make out their tax returns under the present law, and are so uncertain as to their tax obligation that they have longed, hoped, and prayed for some new system of taxation which would be simple and direct. The advocates throughout the country of the sales tax are expecting and believe that the adoption of a sales tax law means the abolition of all other taxes and a simplification of our present complex tax system.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. Certainly.

Mr. SMOOT. That same statement was made upon the floor of the Senate yesterday by several Senators. Since yesterday I have seen representatives of manufacturers, at least those representatives who are located in the District of Columbia, claiming to represent concerns employing probably 5,000,000 men. They understand the bill as it was before this body yesterday as well as I understand it. They desire, as the Senator has said, to get rid of all forms of taxation that are discriminatory, one manufacturer being taxed upon what he makes and another manufacturer not taxed upon what he makes. They want all of that class of taxes to be eliminated from the revenue bill.

Mr. WALSH of Massachusetts. There may be some business men in the country who are content and willing to accept another tax, but I repeat that the great body of the manufacturing and business interests in America have assumed that the sales tax was a simple and direct substitute tax for the existing taxation system on business. The strength of the movement which has been led so ably and so intelligently by the Senator from Utah has been due to the fact that at last we were to get away from the complications of the present tax law and to have a simple sales tax; that the business men would no longer find it necessary to employ expert accountants to make out their tax returns and would no longer have to retain expert revenue lawyers to interpret the tax law; but that they would have a simple sales tax which would be a substitute for all other taxes.

Mr. SMOOT. And apply to all alike.

Mr. WALSH of Massachusetts. There is no question about that. If a sales tax system could be devised which would eliminate from business the corporation taxes and all income taxes, it would have powerful support among many people throughout the country. But what are the facts? Not a single tax which is burdensome, complicated, or involved is eliminated by the amendment offered yesterday or by the amendment offered to-day by the Senator from Utah except a very few so-called nuisance taxes.

Every corporation tax which is provided for in the pending bill is retained. The normal tax upon personal incomes and the surtaxes on large incomes are both retained. All the expenses and inconveniences which business men have had to meet in the past in order to make their returns are retained. Business will still be subject to inspection of its books; there will still be an uncertainty as to whether or not individuals and corporations have settled in full with the Government; revenue inspectors will continue to call and make examinations of the books of business concerns and individuals, and the review and revision of tax returns will continue.

Mr. President, this sales amendment, stripped of all coloring, means simply this to the business men of this country: "In addition to your normal individual tax, in addition to your surtax, in addition to your corporation net income tax and your capital stock tax, in addition to every existing general tax, you are to have another tax; you are to make out another return, and you are to make it out each month. You are to be taxed on the gross sales in your business, and that business is to be further inspected, for the records of all your sales must be examined in order to ascertain whether or not your return has been correctly made out." I do not think for one moment that the business interests of this country realize that this is a move to impose one more tax upon business.

I repeat, every single general tax which now hangs over the individual, every burdensome and annoying tax which now hangs over corporations, and the business interests of this country is retained; and now in addition there is to be imposed a more sweeping tax than all of them, one under which every sale that a business house makes in this country is to be recorded, is to be subject to inspection, is to be subject to examination, and is to be subject to tax. That such tax proposal should be asked for by business is almost inconceivable.

The Senator from California pointed out the hope of the business men of this country, namely, that there would come a tax law out of this session of Congress which would simplify the present tax system; that there would be an end of the hiring of experts to make out returns; that there would be an end to the retaining of lawyers to interpret the law; that there would be an end to the never-ending discussion as to what are capital assets and what are capital gains and losses; as to what constitutes net income; as to what are taxable dividends; as to what are proper deductions and provable credits. The business men have expected that there would come out of this session of Congress a tax law which would be so simple that it could be easily interpreted, and that when the tax levied under it was paid they would know it to be a final termination of their tax obligation. Our business people have been disgusted and discouraged in finding that years after their taxes had been paid inspectors called at their places of business and examined their accounts for the purpose of trying to levy additional tax upon them. No man knows under the present law whether or not he is ever to be square with the Government.

Business men have hoped, I repeat, that there would come a simple tax system out of this Congress, and they seized upon this sales tax in the belief that it would accomplish it. Does the sales-tax amendment before us remove the complications of the present system and give to the country a simple and direct tax? I challenge the Senator from Utah or any other Senator who is in favor of the sales tax to point out one single general tax other than the so-called nuisance taxes which is eliminated from business under the amendment proposed by the Senator from Utah.

What individual is going to be relieved? Who is going to be spared from paying a surtax? What corporation is to be excused from making returns for the purpose of taxing their net income? All the complications, all the intricacies, all the legal difficulties of the present law are retained, plus what? Plus, Mr. Business Man, another tax—one more tax, one more return—oh, no; 12 more returns, for a return of sales must be made each month. No longer will the Government be content to ascertain what you have received, what you have paid out, what your expenses have been, what your net income has been, but now it must know what your sales have been, and there will be another demand to "Let us see your books."

Mr. President, if the business interests of this country knew to just what this amendment would lead, their clamor for a sales tax would disappear like snow before the summer sun. The whole propaganda for a sales tax, I repeat, has been based upon the assumption that it would be a substitute for the burdensome taxes under the present law; but, in addition to being another tax, which, in truth, it is, it is the nuisance tax multiplied; it is the nuisance tax applied to every single business concern and in every purchase of merchandise. In a word, it is an amendment to reduce the nuisance taxes on certain luxuries from 3 and 5 per cent to one-half of 1 per cent, and to put a nuisance tax on every single business sale transaction in America. If a few luxury taxes at 3 or 5 per cent have been a nuisance, what are we to call and what language shall we use to describe a tax upon every sale made by every manufacturer, wholesaler, and retailer in America?

Mr. SMOOT. Does the Senator from Massachusetts think that taxes on insurance companies are nuisance taxes? Such taxes by my amendment are repealed. Does the Senator think that the American people want to continue the payment of the stamp taxes of every name and nature? They are repealed by the amendment.

Mr. WALSH of Massachusetts. I will say to the Senator from Utah that the American people prefer to endure stamp taxes and luxury taxes rather than have a tax put upon every single article which they buy, instead of the business man paying a tax on the sale of the luxuries in which he alone deals. I am not in sympathy with the so-called nuisance tax. I wish they could be all abolished; but if we are to have nuisance taxes, bad as they are, let us confine them to the sales of those articles of trade which are known as luxuries and which are used and purchased by those best able to pay a tax.

Mr. SMOOT. The luxury taxes of which the Senator from Massachusetts speaks which remain in the bill are simply insignificant. They are not the taxes which have been burdensome to the people. They are discriminatory taxes; there is no doubt about that, for there is a line of manufactured articles that pays a tax of from 5 to 10 per cent while other lines do not pay any tax; but the bulk of the taxes, of course, comes from other sources, as the Senator from Massachusetts knows.

Mr. WALSH of Massachusetts. Mr. President, I think these taxes were called nuisance taxes because when a man went into a store to buy a pair of shoes or a suit of clothes the clerk informed him that there was a tax in addition to the regular price; and he was obliged to pay the regular price charged by the retailer plus the tax.

They were frequently called "nuisance" taxes because the small and large retail merchant had to keep books and make constant and regular reports to the Government as to what taxable goods he sold, what price was paid, and how much he owed the Government in taxes upon the sales which he made of these certain goods that bore a tax. They were called "nuisance" taxes because they involve a tax on small transactions and were a nuisance to the purchasing public as well as a nuisance to the retailer and the wholesaler, who had to keep records of the sales. I repeat that the sales tax, if adopted, will multiply the "nuisance" taxes, for it will impose a tax upon every sale, instead of upon a certain few sales that are covered by the present law, and it will compel every single business man in America to maintain another set of books for the inspection of Government tax officials in order to see if he is taxed fully and if he is making an honest tax return. The last amendment proposed by the Senator from Utah will require business men to hire another set of lawyers, because it involves complications that are so technical from the legal standpoint that it will be very difficult for the business man to know what deductions he is permitted to make.

Mr. SMOOT rose.

Mr. WALSH of Massachusetts. I will yield in a few moments. I want to give full measure of credit to the Senator from Utah for his able efforts in this matter. He has in a very valuable and very helpful way contributed to the discussion of the tax question in this session of Congress. I appreciate as much as any Senator on this floor the time and attention, the thought and study, the Senator from Utah has given to this subject; but the whole proposition which he presents so ably and so well is based, so far as any support for it is concerned from the country at large, upon the assumption that other objectionable taxes were to be eliminated, that the tax burdens on business would be relieved, and we would have a simple, direct system of taxation, so that the individual or corporation would have only one tax bill, would have only one account with the Government, which would be upon sales, which everybody would

accept in lieu of the present taxes which the corporations and business interests of the country have to pay.

Some one has described the popular notion of this sales tax as a tax to enable business to make a tax return on a single sheet of paper. What an awakening would come if this amendment should be adopted. Instead of single tax return this amendment proposed multiplies and increases tax returns, legal intricacies, and more accounting. It is not a substitute tax but a straight-out additional tax upon business.

Mr. SMOOT. Mr. President, as the Senator knows, if I had had my way we would have repealed the excess-profits tax as of January 1, 1921. The Senator knows further that the complications involved in the tax returns come about by reason of the excess-profits taxes more than any other tax imposed by the law. I waited as I had to wait under the rules of the Senate until the committee amendments had been agreed to, and in the meantime the Senate decided that they would not repeal the excess-profits tax until January 1, 1922, so that that tax will remain in existence one year longer than I should like to see it remain.

In reference to the Senator's suggestion in regard to the objectionable feature involved in making returns as to sales monthly, I desire to say that there is not a business institution in America that does not know at the end of the month, without any further bookkeeping, just what its sales have been for that month. Anybody can simply compute one-half of 1 per cent on the amount thus shown and return it, the same as is done in Canada and other countries in which a sales tax is imposed. I understand that the Governments of nearly all of the leading European countries are adopting this means of raising revenue.

Mr. POMERENE. Mr. President, will the Senator from Massachusetts yield, in order that I may ask a question of the Senator from Utah?

Mr. WALSH of Massachusetts. I gladly yield to the Senator from Ohio.

Mr. POMERENE. As I understand, the amendment which is offered to the amendment of the Senator from Utah authorizes the ultimate seller to ask for a credit for such sales taxes as may have been paid theretofore by his vendor and others. Am I right about that?

Mr. SMOOT. That is true, in case the commodities enter into a further process of manufacture. The provision which the Senator has in mind only applies to a case like this, if the Senator from Massachusetts will excuse the interruption.

Mr. WALSH of Massachusetts. Certainly, if it is not too long.

Mr. SMOOT. Take the United States Steel Corporation, which owns the mines from which it makes pig iron, and then makes billets and from the billets makes steel. It produces a finished product, which goes into the hands of its customers, no matter whether wholesalers, commission merchants, or retailers, or what not; and it would only have to pay one tax, because only one sale has occurred in connection with the goods, wares, and merchandise handled by it, because that corporation engages in all the processes of manufacture from the mines to the finished product.

Mr. POMERENE. Let us take the case of an independent company.

Mr. SMOOT. An independent company making the same goods would be taxed upon the ore; then the man who takes that ore and makes it into pig iron is to receive credit for whatever tax was charged to him by the concern producing the ore. Then, when he sells that pig iron to a steel manufacturer, the steel manufacturer is credited with whatever tax was paid by the man who manufactured the pig iron; so that in the end exactly the same taxes are imposed upon the nonintegrated company as are imposed upon the integrated company.

Mr. WALSH of Massachusetts. The inquiry is not only a very important one, but also a very interesting one, but evidently it will be of long duration. I want to finish my observations and will then yield the floor, to permit the very pertinent colloquy to continue.

Mr. POMERENE. I will not interrupt. I was going to ask another question, but I shall not do so.

Mr. WALSH of Massachusetts. Mr. President, I think really our consciences ought to trouble us concerning this vote, because when men go about begging for taxes they should be given them. I never have seen such propaganda and such insistent demand of a people to be taxed as I have in the petitions which have come to me from some of the most sound business interests of this country. What is the explanation? They do not know what this proposition is. They believe that it is a substitute for existing tax laws. That is the whole support of this sales-tax proposition—that their business will get rid of the present burdensome and annoying taxes, that they will have a simple sales tax.

I repeat, Mr. President, our consciences ought to trouble us. If men want, in addition to the personal income tax and surtaxes and all the different taxes upon corporations, a business tax on sales, it should be given them; but I fear they know not whereof they speak.

Mr. SIMMONS. Mr. President, if the Senator will pardon me——

Mr. WALSH of Massachusetts. Certainly.

Mr. SIMMONS. The Senator means that if they could understand that this tax is in addition to those other taxes they would not ask for it?

Mr. WALSH of Massachusetts. They would flood us with petitions of protest; and let me say to the Senator from North Carolina that when the proposition comes here, as was suggested yesterday, to levy a sales tax to pay the bonus due our soldiers these very petitioners for a sales tax will denounce it, denounce the principle of a sales tax, and denounce it bitterly and severely, on the ground that it is another burden on business. I suggest, Mr. President, that we watch the votes which will be recorded in the Senate on this question, and we will find some of the very men who now most loudly advocate the sales tax voting against the sales tax amendment when it is to be used for the purpose of creating a fund to pay a bonus to the soldiers who so well deserve it. When such a proposition is before us some of the Senators now advocating a sales tax will be making the very speech I am now making against its adoption.

Mr. President, it is preposterous. I recognize that there is merit in this proposition if there could be devised a sales tax which would eliminate the present burdensome taxes of this country; but the trouble with this proposition is that you do not relieve at all the present burdensome and annoying taxes. You are simply adding to them, and you are asking the business interests of the country to pay another tax, to make out more tax returns, to retain more lawyers, and to hire more expert accountants. The present amendment is even more objectionable than the one offered yesterday by the Senator, because it reaches out and taxes not only manufacturers' sales but every sale.

Mr. SIMMONS. Mr. President, I want to say to the Senator that the amendment of the Senator from Utah will reduce the taxes of the corporations of this country $140,000,000 and put them on somebody else.

Mr. WALSH of Massachusetts. If the Senator had come into the Chamber a little earlier, he would have heard me say that I was not developing the question of whether the amendment reduced taxes or not. My claim was that the same complicated and intricate provisions of the present law still remain, and that a corporation, whether it was paying 10 or 15 per cent, would have to make out its returns in the same manner that they are made out under the present law, because the present questions of net gain and net loss and of capital gain and capital loss and of taxable dividends—all those entangling questions that have raised so many legal questions are still presented and still retained, and there has been no simplification whatever of the war tax law that has been in operation since the war.

Mr. President, I am not going to say more except to point out the fact that this amendment is more objectionable than the other one, because it reaches out and taxes every single transaction, and it embraces a larger number of business concerns than the amendment offered by the Senator on yesterday.

Mr. SIMMONS. Mr. President, I am sure the Senator has called attention to the fact that the average turnover in the United States—and this is a turnover tax—is three, and this, therefore, would be practically a tax of 1½ per cent.

Mr. WALSH of Massachusetts. I thank the Senator from North Carolina for his suggestion. The amendment of yesterday had at least the merit of not being a turnover tax; it was a direct manufacturers' sales tax.

Mr. SIMMONS. Yes.

Mr. WALSH of Massachusetts. It was a manufacturers' sales tax; but this amendment is a pure and simple turnover tax, and means just what the Senator from North Carolina has pointed out—that in the average merchandise transaction it will amount to a tax of 1½ per cent—in many cases the turnover will be six or seven times. It is a tax that can be passed on and a tax that will be a nuisance to everybody who buys any "goods, wares, or merchandise" in the country. It will prove an added nuisance to the business interests of this country, which must keep new accounts, meet new tax obligations, and pay a tax bill in addition to the tax bills that they have to meet at present.

Mr. President, I have not attempted to develop the objections to this sales tax from the consumer's standpoint, as that was discussed fully in the debate of yesterday. I leave the ques-

tion to the Senate, with merely the presentation of the burden and hardship the sales tax will impose upon the business and manufacturing interests of the country.

The PRESIDING OFFICER (Mr. SPENCER in the chair). The question is upon the adoption of the amendment offered by the Senator from Utah [Mr. SMOOT].

Mr. SMOOT. I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. I have not been able to get a transfer for the moment, so for the present I will withhold my vote. If at liberty to vote, I should vote "yea."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. STERLING (when his name was called). I am paired with the Senator from South Carolina [Mr. SMITH], but I am informed that if present that Senator would vote the same way that I shall vote, and I therefore am at liberty to vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], but I understand that if he were present he would vote as I shall vote, and therefore I feel at liberty to vote. I vote "nay."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. He is absent, but upon this amendment I feel at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. FLETCHER. I have a general pair with the Senator from Delaware [Mr. BALL], which I transfer to the Senator from South Carolina [Mr. DIAL], and will vote. I vote "nay."

Mr. PITTMAN. I have been requested to announce the necessary absence of the junior Senator from Rhode Island [Mr. GERRY]. If he were present he would vote "nay."

Mr. UNDERWOOD (after having voted in the negative). I observe from the announcement of the roll call that the senior Senator from Massachusetts [Mr. LODGE] is absent. I have a general pair with that Senator, which I transfer to the senior Senator from Texas [Mr. CULBERSON] and will allow my vote to stand.

Mr. NELSON. I desire to announce that my colleague [Mr. KELLOGG] is necessarily absent.

Mr. HARRISON. I am paired with the Senator from West Virginia [Mr. ELKINS], who is absent. I therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. CURTIS. I have been requested to announce the following general pairs:

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS];

The Senator from Kentucky [Mr. ERNST] with the Senator from Kentucky [Mr. STANLEY];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON]; and

The Senator from Connecticut [Mr. MCLEAN] with the Senator from Montana [Mr. MYERS].

The result was announced—yeas 25, nays 46, as follows:

YEAS—25.

Brandegee	Hale	Newberry	Spencer
Bursum	Harreld	Nicholson	Wadsworth
Calder	Johnson	Oddie	Watson, Ind.
Cameron	Jones, Wash.	Phipps	Weller
Dillingham	McKinley	Poindexter	
France	Moses	Shortridge	
Frelinghuysen	New	Smoot	

NAYS—46.

Borah	Hitchcock	McNary	Sterling
Broussard	Jones, N. Mex.	Nelson	Sutherland
Capper	Kendrick	Norbeck	Swanson
Caraway	Kenyon	Overman	Townsend
Cummins	Keyes	Page	Trammell
Curtis	King	Pittman	Underwood
Fernald	Ladd	Pomerene	Walsh, Mass.
Fletcher	La Follette	Reed	Walsh, Mont.
Glass	Lenroot	Sheppard	Watson, Ga.
Gooding	McCormick	Shields	Willis
Harris	McCumber	Simmons	
Heflin	McKellar	Stanfield	

NOT VOTING—25.

Ashurst	Edge	McLean	Smith
Ball	Elkins	Myers	Stanley
Colt	Ernst	Norris	Warren
Crow	Gerry	Owen	Williams
Culberson	Harrison	Penrose	
Dial	Kellogg	Ransdell	
du Pont	Lodge	Robinson	

So Mr. SMOOT's amendment was rejected.

Mr. JONES of New Mexico. Mr. President, I offer two amendments to the pending bill, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. It is so ordered.

Mr. MCCUMBER. Mr. President, on page 76, line 13, after the word "included" I move to strike out the balance of the paragraph down to and including the word "months," on line 17. This amendment is offered because of the fact that the same matter is provided for in the succeeding paragraph, and if both provisions are left in there will be a double credit allowed.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 76, line 13, after the word "included," strike out the semicolon and all down to and including the words "twelve months" on line 17.

The amendment was agreed to.

Mr. LENROOT. Mr. President, I offer the following amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 7, line 18, after the period insert the following:

If any such tax free distribution has been made—

(1) The distributee shall not be allowed as a deduction from gross income any loss sustained from the sale or other disposition of his stock or shares acquired prior to March 1, 1913, unless, and then only to the extent that, the basis provided in section 202 exceeds the sum of (a) the amount realized from the sale or other disposition of such stock or shares, and (b) the aggregate amount of such distributions received by him thereon; and

(2) Where the distributee has acquired his stock or shares since February 28, 1913, the amount so distributed to him shall be applied against and reduce the basis provided in section 202 for ascertaining the gain derived or loss sustained from the sale or other disposition of such stock or shares.

Mr. SMOOT. Mr. President, I have not examined the amendment, and I would like to have the Senator explain just what its effect would be.

Mr. LENROOT. Mr. President, there are two purposes to be served by this amendment. It relates to the question of the distribution of earnings acquired or which accrued prior to March 1, 1913. It involves in a different way the question which was disposed of early in the consideration of the bill, when the committee amendment was defeated which proposed to tax as gains, or to be included under the gain and loss account, distributions made subsequent to March 1, 1913, of earnings accumulated prior to that time.

That amendment was defeated. I voted for its rejection, but I stated at that time that under existing law there were two serious leaks in the present law which it seemed to me no one could defend. One of them is that if there is stock valued on March 1, 1913, at $200, we will say, $100 of which is made up of earnings accumulated prior to that time, $100 being the principal, if after that time the stockholder who owned it on March 1, 1913, receives a distribution of $100 and then sells his stock for $100, it is clear that he has every dollar there was in that stock; but under existing law he is permitted to deduct a loss of $100, when, as a matter of fact, there is not a loss of a single penny. The Government is losing millions of revenue because of that situation.

Mr. SMOOT. Mr. President, I think the amendment as agreed to by the Senate goes even further than the Senator states in the case just recited. I think that if the stock was worth $100 on March 1, 1913, and they had accumulated earnings upon the stock of $100, until it was worth $200, and then they declared a dividend of $100, under the provision adopted by the Senate the owner would not pay even a cent of tax upon the $100 he had received in addition to what he had on March 1, 1913.

Mr. LENROOT. That is true. So far as I have been able to learn no one questions that the situation is as I have presented it, and, as far as I know, no one has objected to this part of the amendment, which will cure that, because if this amendment is adopted, when the stockholder comes to sell his stock he will not be permitted to deduct a loss unless the price which he receives for the stock, plus the distribution of earnings prior to March 1, 1913, shall indeed show a loss. Certainly no one can object to that part of the amendment.

To the other part of the amendment I understand there is some objection. The second subdivision provides that where the distributee acquired his stock or shares since February 28, 1913, and afterwards sells it, if in the meantime he has received a distribution of earnings which accrued prior to March 1, 1913, not only is he not permitted to deduct a loss where none exists but he is compelled to account for that distribution, which is really capital, for gain as well as loss.

I can not see how anyone can object to this proposition. The objection to the original committee proposition, which I think was well taken, was this, that if a man owned stock on March 1, 1913, he may have been absolutely convinced that it was worth $200, he may have had a better knowledge of its value than anybody else, and yet, because of some forced sale of small portions of stock, or because of a valuation placed on the stock by some official of the Treasury Department of $100 on March 1, 1913, under the committee amendment he would have been compelled to count as a gain the difference between the $100 and the $200, when, as a matter of fact, there was no gain at all. But in the case of the man who has bought his stock since March 1, 1913, there is no theoretical gain so far as he is concerned. He knows what he paid for his stock. He received the current dividends from year to year, which have been distributed to him since his purchase, and if he received a distribution of earnings prior to March 1, 1913, he has received a distribution of an element of value of the stock he purchased, and which he paid for.

Mr. SMOOT. I have not had time to look closely into the amendment, but would not the first provision take care of a case like that, so that the Government would not lose any revenue? If on March 1, 1913, the stock was worth $100, and the original owner of the stock, after March 1, 1913, sold it for $200, $100 a share would be taxable under the first provision of the Senator's amendment?

Mr. LENROOT. Yes; but he might in fact have made a gain, and the gain would not be taxable.

Mr. SMOOT. Not under the first provision of the Senator's amendment.

Mr. LENROOT. Because that relates only to the deduction of losses.

Mr. McCUMBER. If the Senator will allow me, I think on account of the defeat of the committee amendment, some such amendment as is suggested by the Senator from Wisconsin should go in the bill. The experts have examined his amendment, and approve it as a very proper amendment.

Mr. SMOOT. I say frankly that I want it to go in. I was wondering whether it was quite broad enough.

Mr. LENROOT. If I may just proceed a moment further, the Senator will see what its effect would be.

If one who purchased stock since March 1, 1913, sells that stock, and has received a distribution of earnings accrued prior to March 1, 1913, under my amendment, in accounting for gain and loss, he must add to the price he receives for his stock the amount of the distribution, which he is not compelled to do under the existing law.

Mr. SMOOT. Mr. President, I do not believe Senators understood fully the effect of the committee amendment when they voted on it as they did. But I will say that if we keep in the bill the provision as agreed to in the Senate, then the amendment of the Senator from Wisconsin goes as far as we could go. But I would like to go further than that. I would like to have a reconsideration of the vote by which the committee amendment was adopted, and I say that the Treasury of the United States is protected as the committee originally undertook to have the bill read.

Mr. MOSES. Mr. President, the logic of the Senator from Wisconsin is incontrovertible; but there is a question of equity which would arise which he apparently has overlooked. So long as the distributee holds the stock, of course, he is perfectly protected; but in the event that for any reason he has to sell he has a property right in the accumulated surplus of the company which he can not pass on, and a loss must take place.

It seems to me that the provision as it stands at the moment in the printed form submitted by the Senator from Wisconsin is in violation of certain contracts entered into through statutory means with the holders of the stock; that is to say, here is a situation which has been existing ever since the 1st of March, 1913, and we now purpose by statute to overturn it and to deprive the owners of this stock and of this property and the owners of their proper share of this accumulative property of the company, of their interest in it. In other words, we are going back to make a tax in effect upon capital accumulated prior to March 1, 1913, and it seems to me that in all fairness and equity that should be done away with.

I understand perfectly that individuals have to submit to the law, but I think there is a great element of inequity in changing the law so as to make it retroactive in its effect. If the Senator from Wisconsin could find it in his way to agree to a perfection of his amendment by saying, on the eleventh line of page 1, the words "since February 28, 1913," should be stricken out and there should be inserted in their place the words "subsequent to the passage of this act," no inequity whatever could take place, because every holder of this stock would then be put upon notice, and that is not the fact now. I ask the Senator if he will not accept that change in the language?

Mr. LENROOT. I can not accept it, but if the Senator chooses to offer it as an amendment to my amendment I certainly shall have no objection to its being so offered. I will say in that connection that the Senator has now presented the only possible objection that can be made, but to my mind I do not see, I am frank to say, the force of the objection. As the amendment now stands, we are not taking any capital or income accrued prior to March 1, 1913. Why, again using the same illustration, here is stock for which a man pays $200, $100 of which comprises value made up of accumulated earnings, and then he gets the distribution of $100 of those accumulated earnings and then sells the stock for $100. There is not one penny of tax on that at all.

Mr. BROUSSARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LENROOT. I yield.

Mr. BROUSSARD. I have here Bulletin No. 43–21 with reference to this particular matter, issued October 26, 1921, by the Bureau of Internal Revenue. This applies to the existing law. If the Senator will permit me, I think we might save a little time by presenting this matter now.

Mr. LENROOT. I yield for that purpose.

Mr. BROUSSARD. Here is the case upon which the decision was argued. I read two brief paragraphs:

> To illustrate the point, the M corporation purchased capital assets in 1910 for $10,000. On March 1, 1913, these assets had a value of $20,000. In the year 1918, or a subsequent year, the M corporation sells these assets for $20,000 and distributes the $10,000 realized gain to its stockholders as dividends. The question asked is whether the $10,000 thus distributed is taxable as income to the stockholders.

The decision answers that, and before I read it I wish to go over the figures again. These stocks were purchased for $10,000 in 1910 and on March 1, 1913, the assets had a value of $20,000.

In the year 1918 this party sells the identical stock for $20,000. This is a case, by the way, submitted under the existing law. Here is the decision rendered under such a state of facts:

> For the reasons above stated it is concluded that profit made by a corporation in 1918 or subsequent years from the realization of appreciation of corporate assets accrued before March 1, 1913, is taxable income to the stockholder when distributed as a dividend in 1918 or subsequent years.

Now, it would appear to me that that is a clear misinterpretation of the existing statute. The property was acquired in 1910 for $10,000. On March 1, 1913, its value was $20,000, and in 1918 the stock was sold for $20,000, and still under the existing statute, as I interpret this, because the decision was rendered in October, 1921.

Mr. HARRISON. That is the opinion of the Treasury Department? It is not the opinion of any court?

Mr. BROUSSARD. No; it comes from the Treasury Department. It would seem to me that the interpretation of existing law is very much broader even than the amendment which the Senator from Wisconsin proposes. I have no doubt that when this opinion is taken to court it will not stand, because under the facts admitted, as I understand the amendment of the Senator from Wisconsin, there would be no tax due in such a case under the Senator's amendment. Is not that correct?

Mr. LENROOT. There would be no tax paid at all.

Mr. BROUSSARD. Therefore, it would seem that if the intention of the Senator from Wisconsin is to set at rest the meaning of the existing statute, the Senator should first insert something in his amendment in order to make it known to the Treasury Department that the amendment offered by him is merely for the purpose of interpreting the existing law; otherwise, if that were not stated, the Treasury Department might take the position that any distribution of funds or transaction in stock made prior to the enactment of the amendment which is proposed by the Senator from Wisconsin is taxable under the decision to which I have just referred. I think no one before this decision ever believed such a case would present a just claim on the part of the Government to ask for a tax on income.

I would like to have the Senator from Wisconsin discuss that if he sees fit to do so.

Mr. LENROOT. I am familiar with that decision. The decision is one that relates wholly to appreciation of assets. It has nothing to do with actual earnings or profits accumulated. The department does hold that under existing law the appreciation of assets not realized prior to March 1, 1913, is not covered by exemption, but my amendment has nothing to do with that question. I apprehend that before the bill leaves the Senate there will be an amendment offered to cover the point made by the decision, so that the law clearly will cover any question of earnings actually accumulated or gain actually arising out of

appreciation of assets, so that there will be no distribution taxable where it was distributed subsequent to March 1, 1913, in any case where the appreciation or earnings have been accumulated prior to that date.

But my amendment has nothing to do with that question because, entirely irrespective of that question, the deduction of losses will continue in the law even if that particular point is amended to cover or meet the decision made by the solicitor.

As I said, there are two purposes in the amendment, one to prevent a deduction of loss where there is no loss and the other to permit the taxation of a gain where there is actually a gain. That is all.

Mr. KING. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. KING. If the provision reported from the Finance Committee were to obtain, or were to be restored, as I understand we have stricken it out, to what extent then would the amendment just tendered by the Senator from Wisconsin be needed in order to effectuate his object?

Mr. LENROOT. Not at all. If the original committee amendment should be adopted, then mine should be rejected, because the committee amendment goes so much further than mine does. In other words, it covers all the ground of this amendment and a great deal more besides.

Mr. KING. Is the Senator satisfied with the committee amendment? Does the Senator think it goes too far?

Mr. LENROOT. I think it goes too far. I think it compels a man who owned stock on March 1, 1913, to accept the valuation of somebody else when he had a better knowledge of its value and wanted to keep it, because his judgment of what those accumulated profits and earnings were was better than that of somebody else. He ought not to be compelled to be taxed upon a theoretical gain, based upon the judgment of somebody else, when he was willing to retain his stock and run the chance himself of it being a gain. That is my objection to the committee amendment.

Mr. BROUSSARD. If the Senator will permit me, it would be the judgment of somebody else arrived at many years after the transaction, when subsequent events may justify a different conclusion.

Mr. LENROOT. That is true. But no such objection can be made to the amendment I have now offered—no question of valuation, no question of theoretical gain. It is a question of how much a man pays for his stock, how much he sells it for, and how much he has received in the meantime of accumulated earnings.

Mr. FLETCHER. Mr. President, the Senator does not hold that it is necessary to offer both of his proposals at the same time or that one is a necessary part of the other, does he? Would not the Senator be willing to separate the amendment and vote upon paragraph 1 and paragraph 2 separately?

Mr. LENROOT. One is dependent upon the other to this extent: They deal, of course, with the same state of facts. The first part of the amendment covers all stockholders who owned their stock on March 1, 1913, and continue to own it. The second part of the amendment covers only stockholders who acquired their stock subsequent to March 1, 1913; but if the second part of the amendment should be rejected and the first part adopted, it would leave those losses to be deducted by the men who acquired their stock subsequent to March 1, 1913, and would not permit the man who owned his stock on March 1, 1913, to make a similar deduction.

Mr. MOSES. He would still have to go back to the same state of facts.

Mr. LENROOT. Yes.

Mr. UNDERWOOD. Mr. President, I discussed this question rather briefly the other day and I do not intend to take much of the time of the Senate for further discussion. By a very decisive vote the Senate, in Committee of the Whole, decided the question some days ago, and I thought conclusively, fixing the time for the operation of the income tax on gains and profits as the 1st day of March, 1913. But for some reason the question continues to arise; and the reason evidently is that there are gentlemen in the Treasury Department and gentlemen in the Senate who believe that the taxing power of the Government ought to reach behind the 1st day of March, 1913, to accumulate income taxes for the benefit of the Government. That is evident from the decision to which the Senator from Louisiana [Mr. BROUSSARD] just referred, and which I hold in my hand.

Mr. President, I had personally something to do with this legislation in its initial stages. There is no doubt in the world that the men who wrote the original bill and the Congress when they enacted it—at least a majority of the Congress—were attempting to fix the status of the property throughout the United States so that the power to tax the increase—no matter what it was, earnings, profits on unearned increment—should begin on March 1, 1913, and that before that time it should be exempt. I do not think that there is a doubt in the world that that was the original intention. Of course, the recent decision of the Treasury Department puts a different interpretation on the case; but, to my mind, it is clearly not the interpretation which is proper if the viewpoint of the men who passed the legislation has any weight in the decision of the question.

Mr. LENROOT. Will the Senator yield?

Mr. UNDERWOOD. I will.

Mr. LENROOT. I wish to say that I entirely agree with the Senator as to the intent that all accumulated earnings prior to March 1, 1913, should be free the same as capital.

Mr. UNDERWOOD. Does the Senator include in that statement what the Treasury Department in its decision calls the "unearned increment"?

Mr. LENROOT. I should suppose so. I was very much surprised at the decision, I will say to the Senator.

Mr. UNDERWOOD. I am glad the Senator from Wisconsin agrees with me about it.

Mr. McCUMBER. I will say, if the Senator from Alabama will allow me, that there is an amendment which has been prepared, and which the chairman of the Ways and Means Committee of the other House has asked me to offer, which is intended to cure what he regards and what many Senators regard as a defect in the law as to unearned increment.

Mr. UNDERWOOD. I shall be obliged, if the Senator from North Dakota does not object, if he will send the amendment to the desk and let it be read now before I finish my remarks, as I should like to know the committee's view.

Mr. McCUMBER. The amendment which has been handed to me is as follows:

On page 7, line 14, after the word "accumulated," to insert "or increase in value of property accrued."

Mr. UNDERWOOD. I think that language covers it—"or increase in value of property accrued."

Mr. McCUMBER. Yes.

Mr. UNDERWOOD. That undoubtedly would cover the unearned increment. I should be very glad to support the amendment when the opportunity comes, and hope that it will be adopted. I shall not detain the Senate longer, as the acting chairman of the committee proposes to offer the amendment, which I think goes to the real merit of the case, except to say that if the Congress should accept the decision of the Treasury Department in this matter, taking the viewpoint that when we used the words "earnings or profits accumulated prior to March 1, 1913," we did not mean the unearned increment, and it should not be included in this legislation, we would thereby harass the American people almost as greatly as they would be harassed by a war.

Just visualize the situation for a moment. Here is a man who bought a piece of city property, say in 1900, for $100,000. In 1913 it had increased in value to $200,000. Now, eight or nine years have run by and the time comes for him to sell that property. He sells it for $200,000. The entire increase in value occurred before the income tax amendment to the Constitution was adopted by the people of the United States; and yet it is proposed to go back and apply the heavy and severe taxes growing out of the recent war to the accumulations which came to him by the increased value of his property. Such action might halfway destroy an estate.

Of course, I realize that there are those who believe in the theory of government and the theory of taxation that no man is entitled to the unearned increment of his property; that if he was fortunate enough to buy a lot close to a growing town and it becomes a city and he finds himself in his old age with a piece of city property in his possession instead of a country town lot, the increased value of the property does not belong to him because he did not earn it. Of course, he earned it by paying taxes on it, by holding it, by using it. I will not go into that theory; it is not a theory to which I subscribe; but if the Congress of the United States is going to adopt the theory that the unearned increment does not belong to the citizen, let us do so as a matter of legislative policy and not by backing up an ill-considered decision of the Treasury Department.

Mr. MOSES. Mr. President, inasmuch as I have stated the sole objection which could be offered against the amendment which has been proposed by the Senator from Wisconsin [Mr. LENROOT], and since that Senator has intimated that he will make a feebler resistance than he ordinarily displays on a proposition which he opposes on the floor to the amendment which I am about to offer to his amendment, I now move to amend the amendment of the Senator from Wisconsin in line 11, on the first page, by striking out the words "since February

28, 1913," and inserting in lieu thereof the words "subsequent to the passage of this act."

Mr. BROUSSARD. Mr. President, I discussed very briefly this matter when it was under consideration in connection with the amendment offered by the majority of the committee. I stated at that time—and I wish to repeat very briefly what I then said—that I can not distinguish between the original investment and the accrued and undivided profits which were on hand on March 1, 1913. If there was $100 invested originally on that date and the assets would justify a value of $200 per share, all of that, in my opinion, is necessarily capital, because the Congress can not take the position because on February 28, 1913, the $100 was not distributed and thereby would escape future taxation except when reinvested that that would distinguish it from the undivided profits. I think that all of it is capital. Under what theory does the Congress pretend that it is just to reach back of March 1, 1913, and to apply the income tax principle to one of the hundred dollars, when both of them are capital? If no tax may be levied against the original investment, as that investment and the accretion are not distinguishable one from the other, and both are capital, both of them should be exempt and be tax free from any subsequent tax.

The $100 of undivided profits has remained in the corporation; it has produced revenue, and that revenue produced from that $100 of undivided profits had to pay a tax the same as the other and original investment of $100, and there is no period when you can stop and say, "This is the $100 that must be taxed and this is the $100 that should be exempted because it was the original investment." That is absolutely impossible, so that, Mr. President, it would appear to me that when the Congress decided that for the purpose of assessing the income tax the value of the property as of March 1, 1913, was absolutely correct, and any attempt to go back of that under any excuse or theory is a violation of that correct principle.

Let us see how we are treating people who have accepted the decision of Congress with reference to the date named as the basis for the imposition of this tax.

Mr. KING. Mr. President, before proceeding to that, will the Senator yield for a question?

Mr. BROUSSARD. Yes.

Mr. KING. As I understand, the Senator's position is that any of the earnings which are undistributed and were undistributed on the 28th of February, 1913, are to be treated as capital. Suppose the corporation and the stockholders refused to consider them as capital for the purpose of the business or of the activities of the business and carried them along as undivided profits and later distributed them as a dividend or as undivided profits. I am not clear as to what the Senator's position is, as to whether any part of it should be exempt from taxation.

Mr. BROUSSARD. The statement of the Senator is inconsistent with the position taken by the Congress, because on March 1, 1913, all the undivided profits became capital and thereafter it was as much capital as the original investment. That is my theory of it. Everything that was there and belonged to the assets of the corporation was capital.

Mr. KING. The Senator misunderstands me. I am taking no position. I understood the Senator to take the position that it was capital.

Mr. BROUSSARD. Yes.

Mr. KING. Then, I said supposing—and I am inclined to think the Senator's position is right—that the corporation and the stockholders persistently refused to regard it as capital, but treated it as undivided profits held in the treasury for distribution and subsequently distributed it, I was not sure what the Senator's position then was.

Mr. BROUSSARD. If I understand the Senator from Utah on this proposition, the question would lead one to believe that after March 1, 1913, there was still undistributed profits and capital, although he admits that everything on that date was capital. It is not earnings acquired since March 1; it is the distribution of the capital of the corporation.

Mr. LENROOT. Mr. President, if the Senator will yield, that is practically the theory of this amendment; that it is a distribution of capital in such cases; but if a corporation reduces its capital by a dividend of one-half of the amount, should not the stockholder be compelled to account for that distribution when he wants to sell his stock, because then he has received for his capital the amount he sells plus the distribution of the capital? That is all the amendment does.

Mr. REED. Mr. President, let me ask a question. Is not this substantially the amendment that was defeated the other day?

Mr. LENROOT. Not at all.

Mr. REED. What is the difference?

Mr. LENROOT. If the Senator from Louisiana will yield——

Mr. BROUSSARD. Yes.

Mr. LENROOT. As I have tried to explain two or three times, in the first place the amendment defeated the other day compelled a man who held stock on March 1, 1913, to accept a theoretical valuation of that stock made by the Treasury Department, either through perhaps a forced sale of a few shares or their own judgment of the value, when the stockholder may have known, because of his better knowledge that the value of that stock was very much greater than that; yet, under the committee amendment, he would be compelled to accept the Treasury valuation and account for a gain when he sold his stock when in fact there was no gain at all. Under my amendment, that can not happen.

Mr. REED. Mr. President, if the Senator will pardon me——

Mr. BROUSSARD. I yield.

Mr. REED. I think perhaps we can get to the point of this matter in this way more quickly than we can by making long speeches. Under the amendment which was defeated, if A owned stock in a company, and it had accumulated a surplus before March, 1913, and he continued to hold his stock and received his distributive dividends upon it, and then sold his stock, he was entitled to sell it and get whatever he could for it in the market, and there was no tax put upon him for that transaction, as I understand.

Mr. LENROOT. That is true.

Mr. REED. But if he bought his stock subsequently to March, 1913, when they came to fix his taxes or his gains they deducted from the price he had paid any dividends he had received, and then taxed him for the gains in the price of the stock. That, it seems to me, is the very thing that is done under the last clause of the Senator's amendment.

Mr. LENROOT. No.

Mr. MOSES. Mr. President, if the Senator will permit me——

Mr. BROUSSARD. I yield.

Mr. MOSES. That probably would be so; and the defect I have been trying to cure by the amendment which I have offered and which is now pending is to make that applicable from the date of the passage of this act, if we are to adopt the principle that accumulations made prior to the 1st of March, 1913, and which I regard as capital, are now to be taxable. Of course, generally speaking, I do not agree to that theory.

Mr. UNDERWOOD. Mr. President, if the Senator will let me butt into this general conversation, I shall be obliged.

Mr. BROUSSARD. Yes; everybody seems to be having a say, and I yield to the Senator.

Mr. UNDERWOOD. I think the difficulty in the situation is that in the amendments that have been proposed by the committee, which go further than the amendment proposed by the Senator from Wisconsin and enforce his amendment, they are trying to fix the status of the property on the ownership of the individual, whereas the ownership of the individual ought to have nothing whatever to do with it. The status of the property on the 1st day of March, 1913, ought to establish the whole situation.

Mr. BROUSSARD. Absolutely.

Mr. UNDERWOOD. Therefore, we ought not to consider these amendments.

Mr. MOSES. The attempt, if I get the Senator's point, is to change the policy which was established by the statute which the Senator had a part in framing eight years ago, and to set up now the doctrine that this accumulated capital may be taxed—a doctrine to which I do not subscribe.

Mr. FLETCHER. To make the law retroactive, in other words.

Mr. MOSES. Yes.

Mr. BROUSSARD. Mr. President, I desire to conclude my remarks, and I refuse to yield further.

It would appear to me that the situation that is presented here by the explanation of the Senator from Wisconsin in justification for offering this amendment is already covered under the present law, because if we accept as a basis the valuation of the property on March 1, 1913, then we may treat any transaction dealing with these stocks just as though we were buying any other sort of property, such as real estate or any other property which might be bought one day and sold the next day. The Government, under the present law, reserves the right upon the making of that return to investigate the true value, and it does that very thing, so that there is no reason to go back of March 1, 1913, in any instance; but here is the injustice that I desire to call to the minds of Senators:

It has been established by the Congress under this income tax law that the valuation of property as of date March 1, 1913, was

to be the basis, and that everything belonging to a corporation on that date was capital. People have been buying stocks ever since, and they have acquired these stocks under the assumption that the Congress had decided something permanently, and there was no discount to cover this tax in these transactions up to this time. If a man wanted to buy stock he acquired it, say, at $300 a share, and if he sold it for $400 he made a return for a profit of $100, never taking into consideration any of the earnings which had accrued prior to March 1, 1913, because the Congress had very equitably decided that everything was to be valued as of date March 1, 1913. If the Congress is about to change its mind now, after all these transactions have been taking place since March 1, 1913, and people in good faith have acquired these stocks, and then they are about to dispose of them, and there is a question as to whether or not the Government will go back so as to find out what the undivided profits were before March 1, 1913, my opinion is that we are going to interfere with transactions which have been made under the law in good faith, and for that reason I think we should permit the law to remain as it is.

There is just one other fact that I want to call the attention of Senators to before I conclude.

We find that a decision was rendered here on October 26, 1921, with reference to this very subject under the existing law, so that we are convinced now that it takes years for the Treasury Department to get at a correct interpretation of a law. Everybody on this floor, I think, will dissent from that opinion. I do not think any Senator on this floor would hold that that is a correct opinion, and still the Treasury Department has been working on this very subject now for several years, and the business people of this country are not yet acquainted with what the Treasury Department will hold to be the meaning and the intent of Congress with reference to this particular question. Therefore, when the question is on its way for a definite settlement—because I am certain that this decision will be taken into the courts and will be reversed—why should we reopen it by changing it, and, by inference, indicating that the Congress has some desire to go back of the principle which it has established as the basis for the computation of income-tax returns as of March 1, 1913?

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. BROUSSARD. Yes.

Mr. LENROOT. If there is one principle that is found in the present law that everyone admits is wrong—and I want to say to the Senator that I have not heard any of the interested parties who are about this Capitol who do not admit that it is wrong—does the Senator say that such a wrong should not be corrected?

Mr. BROUSSARD. What wrong is that?

Mr. LENROOT. The deduction of so-called losses that is permitted now, where everyone admits there is no loss.

Mr. BROUSSARD. If the Senator wants to cure that, as I have said before, and as the Senator himself has stated, there is very little objection to that feature of it; but the second matter, which is coupled with that, is very objectionable.

Mr. LENROOT. But the Senator has just said that we must not disturb this.

Mr. BROUSSARD. I think that the Treasury Department, in interpreting the very law which the Senator seeks to correct, has taken a view which is decidedly beyond anything that the Senator has in mind, and when the question comes up before the courts the courts will establish what the intention of the Congress was, and in those cases will most probably decide as the Senator is providing in this very amendment.

Mr. LENROOT. Yes; but that has nothing to do with this case, and I am going to vote for an amendment that will cure the situation with respect to this case at another place in the bill.

Mr. REED. Mr. President, I confess that this is a troublesome and somewhat puzzling thing to follow; but, if I see it aright, the second part of the Senator's amendment puts us back just where we were with the amendment which was offered and defeated.

I shall be very brief about this if I can have the attention of the Senate. To state the matter it is necessary to go back just a little.

First, we all seem to agree that property in the treasury of a corporation in the form of a surplus or in any other form on March 1, 1913, was capital; and it is agreed that, being capital, it should not be taxed now. It is therefore proposed that if A owned stock in that corporation before March 1, 1913, and continues to hold it, if there is a distributive dividend declared, he receives the distributive dividend; and if he afterwards sells his stock, the fact that he received the distributive dividend has nothing to do with the transaction. Whatever he sells his stock for he is entitled to take and keep, and he does not account for it at all. I think I am correct about that.

We come now to a second proposition. B buys this stock before the dividend has been declared, but buys it after March 1, 1913. He receives the same dividend that A received; but when he comes to sell his stock they ascertain the price he paid, they subtract from that the dividend he received, and if, then, he has made a profit between the price he paid, as reduced by the dividend received and the price for which he sold, they charge him a tax upon that profit.

Let us make that a very simple illustration.

A owned 10 shares of the par value of $1,000 in a corporation. It had a surplus on hand of 100 per cent on March 1, 1913. Subsequent to March 1 a thousand dollars dividend is handed to A, and subsequent to that he sells his share of stock for $1,500. He pays no taxes.

But B made a good bargain subsequent to March 1, 1913. He bought his share of stock for a thousand dollars, its face value. He receives the same dividend on that stock that A received. He sells his stock for $1,500. He has back his thousand dollars, and he pays a tax on $500, which represents his gain over the price he paid.

Do not Senators see what the effect of that is when we trace it clear back? It applies to the man who purchases the stock subsequent to March 1, 1913, an entirely different basis of taxation from that which it applies to the man who held the stock throughout, because the man who held it throughout pays no taxes whatsoever on his transaction, but the man who purchased pays a tax measured by the distributive dividend being subtracted from the price he paid, and the profit ascertained in that way.

Mr. LENROOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. REED. I will yield in a moment; but let me follow that through. I would yield now, but I think I can add to the clarity of my statement.

Senators ask why is not that just. It is not just because it deprives the purchaser of this stock of the thing he purchased. If he got a thousand dollars' worth of stock, and the institution was capitalized at $10,000, the thing he purchased was one-tenth of the assets of that concern. If the assets instead of being $10,000, the face of the stock, are by reason of an accumulation $20,000, then he acquired $2,000 worth of property, although he paid only a thousand dollars for it. So you propose to tax him because he made a good bargain, but what are you in fact doing? You are taxing just the same in the case of B as in the case of A the accumulations of the corporation made prior to March 1, 1913, and which are distributed to him exactly as they are to A.

You may say that is all right as to this purchaser, but what is the effect upon the owner of the stock who owned it on March 1, 1913, and who is compelled to sell it? He is entitled to sell that stock and to get for it as near the value as he possibly can. But when he sells it the purchaser knows that if he dies and there is a dividend declared that will be subtracted from the purchase price and his estate will be taxed on any profit which may be made. Accordingly, he simply refuses to buy that stock, or he cuts the price so that he can recoup for the taxes which he pays. So in fact you are taxing the stockholder who can not hold his stock, because you are attaching a handicap to his stock when he sells it, but the man who can hold throughout the entire transaction does not pay any tax at all.

If I am a very wealthy individual and able to hold my stock, I pay no tax, but if you are pressed for money and must sell, when you go to sell your stock is handicapped by the fact that it will be taxed when it is sold upon the profits which you make, and those profits are ascertained by deducting the proportion of capital which had been accumulated prior to March 1, 1913, which was distributed to you. It is in fact taxing that capital. So I think the second clause of this amendment brings us exactly to where we were with the amendment which was defeated the other day by an overwhelming vote.

Take this case: A is able to hold his stock; B dies and his stock goes into his estate. In the liquidation of the estate the stock must be sold. The Senator from Wisconsin is in the market for some of that stock, but when he goes to buy it he says to the executor, "If I buy this stock and pay you $1,000 or $1,500 for it, and there is a dividend declared, they will take that distributed dividend and subtract it from the price paid you. I have to take that into account, and I can not pay you as much for that stock as I would pay if there were no such condition attached."

Mr. SWANSON. Would the dividends accumulated prior to March 1, 1913, be subtracted?

Mr. LENROOT. That is the very dividend I am talking about.

Mr. SWANSON. Would they not be segregated from dividends subsequently accumulated? As I understand it, it has been uniformly held by the courts that accumulations distributed prior to March 1, 1913, are not subject to the income tax.

Mr. LENROOT. They are not subject to taxation at all.

Mr. SWANSON. This is an amendment providing that where a purchase of stock was made after 1913, and accumulations prior to 1913 are distributed, they are subject to taxation?

Mr. LENROOT. No; they must be included when the man again sells his stock to ascertain his loss or gain.

Mr. REED. The thing he bought was an interest in the accumulated capital.

Mr. LENROOT. It was capital.

Mr. REED. It was capital.

Mr. LENROOT. I will not interrupt the Senator further at this time.

Mr. REED. I am perfectly willing to have the Senator interrupt me now. I only want to get this question straight. I am sure none of us has any interest in it except to have the matter straightened out. But this is the very question we fought over the other day. The first clause of the Senator's amendment is a modification of one phase, but this question is just the question that we discussed.

Mr. LENROOT. If the Senator will permit me, it is not the question at all. The question we discussed the other day was that of compelling a man who owned stock on March 1, 1913, to include a gain which was only a gain because some official of the Treasury Department valued his stock on March 1, 1913, at a certain figure, when in fact there was no gain at all. That is what we discussed the other day. The pending proposition is one which cuts out any possibility of theoretical gain, treats every dollar of earnings prior to March 1, 1913, as capital, as it is, but merely compels the man who has bought since March 1, 1913, to account for it as loss or gain upon capital. I have not yet heard anyone give upon this floor any reason why it should be treated as loss or gain upon capital.

The Senator from Missouri gives an illustration in which he says that A owns his stock on March 1, 1913, he receives a distribution, he sells, and he is not taxed; B buys his stock subsequent to March 1, 1913, he receives a distribution, he sells, and he is taxed upon his profits. He says there is a discrimination. A is not freed from any taxes. A has not made any gain. He owns his stock on March 1, 1913. He was entitled to all it was worth, and there could not be any gain accruing. When A sells his stock on March 1, 1913, of which the full value of the accumulated profits was a part, there would not be any gain to him. But how about B? He gets a good bargain, just as the Senator says. He buys stock for $1,000 which actually is worth $1,500. A part of that value is made up of the accumulated earnings made prior to March 1, 1913, which are treated as capital. He sells, after getting a distribution of $500, for $1,500. Has he not made a clear profit of $500 on that transaction? There is nothing theoretical about it. It is exactly the same as if, instead of accumulated profits, it had all been capital, and the capital of the company had been reduced by that amount, and that amount of capital distributed. Will the Senator from Missouri say that in such a case a man should not account for gain, where he has received a distribution of a part of the capital? I would like to have the Senator from Missouri answer that. I can not see any difference.

Mr. REED. As soon as the Senator has concluded, I will answer.

Mr. LENROOT. That is all there is to this proposition. It is a question as to whether a man who has made an actual profit on a transaction, not a theoretical one, by acquiring capital and treating it all as capital, but not income, shall be called upon to account for gain upon a capital transaction.

As I said in the beginning of the discussion, the only possible point of objection that could be made to this is that made by the Senator from New Hampshire, that a man may have heretofore purchased stock relying upon this exemption. Therefore he proposes an amendment, that the second provision of my amendment shall apply only after the passage of this act. Yet, Mr. President, while I see that there is some force to that, after all, no man is taxed under this amendment unless he has made an actual profit out of a capital transaction. Presumably when a man receives a distribution the value of the stock is reduced by the amount of the dividend he receives, speaking of dividends accruing prior to March 1, 1913, and if he sells the stock for just that much less, he is not taxed a penny upon the distribution that has been made; but where men actually make money by such transactions, there is no more reason why that class of stockholders should be taxed upon actual gain any more than that a man who gets a bargain in Pennsylvania Railroad stock, buying it for half what it is worth, must account for whatever gains he makes upon the sale of that stock.

Mr. REED. My purpose a little while ago was to point out the distinction. I may not have done so. This is not a question of taxing the individual upon his gain. It is a question as to whether or not we propose in fact to exempt from taxation the capital accumulated prior to March, 1913—that is, I mean the distribution of the capital, the transaction of distribution. The minute you tax distribution of that capital you take part of the capital itself. When you say that if part of it is distributed that part shall be deducted from the price the man paid, and then tax him upon what he received for his stock less the amount which you distributed to him, you simply tax the distribution. That is all. You tax the distribution of his property which he bought and owns and which was capital assets.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. LENROOT. Does the Senator say in the case of a corporation reducing its capital by one-half with a distribution of one-half, that when we come to require an accounting of gain we are taxing a distribution of the capital? The Senator knows we can not tax capital.

Mr. REED. I know that is what the Senator is doing by the second clause of his amendment.

Mr. LENROOT. We are not. We are taxing gain upon capital.

Mr. REED. Oh, no. Suppose it is a partnership with 10 partners and they have 20 horses, and they were owned before March, 1913, and they concluded to distribute those horses after March, 1913. They divide them among themselves and each man takes a horse. There is no tax to be levied there, is there? Suppose that instead of having a partnership they had a corporation composed of 10 men and each man owned a certificate for one-tenth of the assets, and when they declared their dividend they declared it in horses instead of in money and each man got a horse. There would not be any tax there, would there?

Now, suppose that you owned one of those shares and you sold it to me, I would then own two of those horses and they would be mine. No matter what I paid you for the stock I would own two horses. They then come along and give me one of the horses. I only paid $50 for the stock and I sell the horse for $100. I have sold my horse, my share of the distributed capital, which I bought and owned. After a while I sell my certificate in the other horse for $250. You take from that the price I got for my first horse and tax me on the difference. You are simply taxing me on that horse that I got in distribution, and when you put that sort of a condition to that horse you handicap it. Everywhere he goes he has to bear the handicap of the fact that if you buy him you have to subtract the price that you afterwards sell him for from the price that you paid.

You attach to every one of these shares of stock that is to be sold this provision: "If you purchase this share of stock you do it with knowledge of the fact that when the capital distribution dividend is paid it will be subtracted from the price you paid, and when you sell it in the future you will be obliged to account for your profits and be taxed upon your profits, and those profits are ascertained by in fact adding them to the distribution of that capital." There is no escape from that proposition.

Mr. LENROOT. It does not tax any distribution of capital. The sale of the thing ought to be accounted for and the capital that has been distributed should be included in this accounting.

Mr. REED. It does not make any difference how loud the Senator may say it, he does not add any force to the logic.

Mr. LENROOT. But the Senator has been busily engaged with other matters, and while he is usually very clear, yet he can not, I am sure, convince any Senator by the illustration he has been trying to make for the last 10 minutes.

Mr. REED. I may have been so busy in other matters that I can not make this clear to the Senator from Wisconsin, and I regret it very much if I can not; but this is exactly what Dr. Adams has been trying to put over on the committee since the time he brought the question before the committee. It is the exact question. It is the same question he tried to put over before the House committee when he was turned down, because they realized it was in fact the taxation of the capital assets, and after it was defeated here once it is brought up again. I say, as a member of the committee, that I not only think but I know it is the same question.

Mr. LENROOT. The Senator may say it is the same question, but it is not the same question at all. The Senator from Missouri ought to know that it is not. Dr. Adams's proposition

involved a taxation of the man who owned the stock on March 1, 1913, and subsequently sold it. This proposition has nothing to do with the man who owned the stock on March 1, 1913.

Mr. REED. I never saw a man who was not present at a committee hearing who knew as much about what took place as my friend from Wisconsin. I was present at those hearings and engaged in the discussion. This part of the question was involved absolutely in the discussions with Dr. Adams. He did have a question that was broader than this. This is one phase of it. It was discussed before the committee, reported in here, and it has been defeated once, and we ought not to have to discuss it more than fifteen or twenty times.

Mr. LENROOT. The Senator from Missouri again misrepresents. This proposition has never been defeated. It has never been voted upon by the Senate.

Mr. REED. I think it is exactly the same question.

Mr. McCUMBER. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. McCUMBER. I am not making the point of order to cut off any legitimate debate, but I do wish a vote. We desire to clean this matter up between now and to-morrow night. I do not wish to invoke the rule that a Senator shall not speak more than twice upon the same subject in one day, but after it has been made clear and both sides have made their proposition clear, it seems as if we ought to bring the discussion to a close. I am not making the point of order now, but simply offer it as a suggestion to Senators with the request that we close the argument on this as soon as possible.

Mr. REED. I wonder against whom the Senator is making the point of order? I had the floor and yielded to the Senator from Wisconsin to interrogate me, and I have had the floor ever since, and I intend to keep it long enough to say to the Senator from Wisconsin, and I say it moderately and deliberately, that I think the time has about arrived on the floor of the Senate for Senators to begin to use ordinarily polite language. A Senator who states that another Senator is misrepresenting a thing is indulging in pretty grave language. The Senator repeated that several times. The Senator has a right to believe that I am mistaken, but he has no right to charge me with misrepresentation.

Mr. LENROOT. Mr. President, I did not mean that the Senator intentionally misrepresented. I referred to the effect of his statement, and, of course, I am ready to repeat that. Of course, I would not charge the Senator with intentionally misrepresenting to the Senate.

Mr. REED. I hope not. I agree with the Senator from North Dakota that the question has been discussed and discussed many times. I think the point is very clear. I do not wish to take any more of the time of the Senate. I was going to yield the floor anyway, and I shall do so now.

Mr. HARRISON. Mr. President, may I ask the Senator from Wisconsin if he will not allow the Senator from North Dakota to offer his amendment first and let us vote on it?

Mr. LENROOT. I have no objection to that. I am in favor of that amendment.

Mr. HARRISON. I understood that. That would simplify matters, it would seem to me, if we could adopt the amendment of the Senator from North Dakota first.

Mr. LENROOT. I do not know of any reason why that can not be done.

Mr. McCUMBER. I do not understand that the vote relates to the same proposition. I can not see why one should be dependent upon the other, but if the Senator from Wisconsin withdraws his amendment for the moment——

Mr. MOSES. It is only collateral and very distantly relating to the other. May I inquire of the Chair whose amendment is now pending?

The VICE PRESIDENT. The amendment of the Senator from New Hampshire [Mr. MOSES] to the amendment offered by the Senator from Wisconsin [Mr. LENROOT] is now pending.

Mr. MOSES. May I ask that the amendment to the amendment be stated?

The VICE PRESIDENT. It will be stated.

The ASSISTANT SECRETARY. It is proposed to amend the amendment offered by the Senator from Wisconsin, as follows: On line 11 of the printed amendment of the Senator from Wisconsin strike out the words "since February 28, 1913," and insert in lieu "subsequent to the passage of this act," so that if amended it will read:

2. Where the distributee has acquired his stock or shares subsequent to the passage of this act, the amount so distributed to him shall be applied against and reduce the basis provided in section 202 for ascertaining the gain derived or loss sustained from the sale or other disposition of such stock or shares.

Mr. REED. On that I call for the yeas and nays.

The yeas and nays were not ordered.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harris	McNary	Shortridge
Broussard	Harrison	Moses	Simmons
Bursum	Heflin	Nelson	Smoot
Cameron	Johnson	New	Spencer
Capper	Jones, N. Mex.	Newberry	Stanfield
Culberson	Jones, Wash.	Nicholson	Sutherland
Cummins	Kendrick	Norris	Swanson
Curtis	Kenyon	Oddie	Townsend
Edge	Keyes	Overman	Trammell
Fernald	King	Page	Underwood
Fletcher	Ladd	Pittman	Wadsworth
France	La Follette	Pomerene	Warren
Frelinghuysen	Lenroot	Ransdell	Watson, Ga.
Gerry	Lodge	Reed	Watson, Ind.
Glass	McCumber	Sheppard	Willis
Hale	McKellar	Shields	

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present. The question is on the amendment offered by the Senator from New Hampshire [Mr. MOSES] to the amendment of the Senator from Wisconsin [Mr. LENROOT].

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on the amendment of the Senator from Wisconsin as amended.

Mr. LENROOT. In view of the amendment which has just been adopted to my amendment, it is necessary to modify the amendment. I modify the amendment, on page 1, in lines 4 and 5, by striking out the words "acquired prior to March 1, 1913," and inserting in lieu thereof the words "acquired prior to the passage of this act."

Mr. McCUMBER. I desire to say that the statement which I made a short time ago that the amendment proposed by the Senator from Wisconsin would be satisfactory in the form in which it was then proposed does not apply to it as amended by the amendment of the Senator from New Hampshire. I do not think we should change our policy and make this legislation simply apply in the future.

Mr. SMOOT. Mr. President, I simply wish to add to what the Senator from North Dakota has stated that, in my opinion, the proposed amendment will take from the Treasury of the United States not merely for the future, but by way of refund of what has already been paid in to the United States, I can not tell how much, and I do not think that anyone else can. I want Senators to understand, however, that many claims for refund will have to be paid as the result of the adoption of this amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LENROOT] as amended.

Mr. UNDERWOOD. I ask for the yeas and nays on that question.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I transfer my general pair with the Senator from Delaware [Mr. BALL] to the Senator from South Carolina [Mr. DIAL] and vote "nay."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS] and therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. If that Senator were present, I know that he would vote as I am about to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT], but on this question I am at liberty to vote, and vote "nay."

Mr. WILLIAMS (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is unavoidably absent. In his absence, I am not at liberty to vote. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MYERS. I have a pair with the Senator from Connecticut [Mr. McLEAN], who is necessarily absent. In his absence, I withhold my vote.

Mr. RANSDELL. I have a general pair with the senior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. FERNALD. I have a general pair with the senior Senator from New Mexico [Mr. JONES], but I understand on this question he would vote as I am about to vote. I therefore feel at liberty to vote, and vote "nay."

Mr. STERLING. I have a general pair with the Senator from South Carolina [Mr. SMITH]. Not knowing how that Senator would vote, and being unable to secure a transfer of the pair, I withhold my vote.

Mr. GLASS (after having voted in the negative). I note the absence from the Chamber of the senior Senator from Vermont [Mr. DILLINGHAM], with whom I have a general pair. I transfer that pair to the Senator from New Mexico [Mr. JONES] and allow my vote to stand.

Mr. SUTHERLAND. I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. CURTIS. I desire to announce that the junior Senator from Kentucky [Mr. ERNST] is paired with the senior Senator from Kentucky [Mr. STANLEY].

The result was announced—yeas 4, nays 62, as follows:

YEAS—4.

Borah	Jones, Wash.	Lenroot	Norbeck

NAYS—62.

Ashurst	Harris	Nelson	Spencer
Broussard	Heflin	New	Stanfield
Bursum	Hitchcock	Newberry	Sutherland
Calder	Johnson	Nicholson	Swanson
Cameron	Kendrick	Norris	Townsend
Capper	Kenyon	Oddie	Trammell
Caraway	Keyes	Overman	Underwood
Culberson	King	Page	Wadsworth
Curtis	Ladd	Phipps	Walsh, Mass.
Fernald	La Follette	Pittman	Walsh, Mont.
Fletcher	Lodge	Pomerene	Warren
France	McCumber	Reed	Watson, Ga.
Frelinghuysen	McKellar	Sheppard	Watson, Ind.
Gerry	McKinley	Shields	Willis
Glass	McNary	Simmons	
Hale	Moses	Smoot	

NOT VOTING—30.

Ball	Edge	McCormick	Shortridge
Brandegee	Elkins	McLean	Smith
Colt	Ernst	Myers	Stanley
Crow	Gooding	Owen	Sterling
Cummins	Harreld	Penrose	Weller
Dial	Harrison	Poindexter	Williams
Dillingham	Jones, N. Mex.	Ransdell	
du Pont	Kellogg	Robinson	

So Mr. LENROOT's amendment as amended was rejected.

Mr. McCUMBER obtained the floor.

Mr. LENROOT. Mr. President, will the Senator yield to me? I should like to offer a part of the amendment just voted on. I do not think there will be any objection to it.

Mr. McCUMBER. I yield.

The VICE PRESIDENT. The Senator from Wisconsin offers an amendment, which the Secretary will state.

The ASSISTANT SECRETARY. On page 7, line 18, after the period, it is proposed to insert the following:

If any such tax-free distribution has been made, the distributee shall not be allowed as a deduction from gross income any loss sustained from the sale or other disposition of his stock or shares unless, and then only to the extent that, the basis provided in section 202 exceeds the sum of (a) the amount realized from the sale or other disposition of such stock or shares, and (b) the aggregate amount of such distributions received by him thereon.

Mr. LENROOT. Mr. President, this is the first part of the amendment that has just been defeated. I hope this one will not be "perfected" as the other one was by my friend from New Hampshire, resulting in such slaughter of that amendment. I do not think there can be any possible objection to this amendment, which, as I say, is the first part of that amendment, because I do not believe anyone can defend the present law that permits a stockholder to receive a distribution and then sell his stock and account for a loss equal to the amount of the distribution. No one can defend that, and the matter is so plain that I am not going to argue it. I am willing to submit it to a vote of the Senate.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. McCUMBER. Mr. President, I now move to amend subdivision (b) of section 201, page 7, line 14, by inserting, after the word "accumulated," the following:

Or increase in value of property accrued.

This will need only slight explanation. The Senator from Alabama has already alluded to it. The old law reads about as follows:

For the purposes of this act every distribution is made out of earnings or profits, and from the most recently accumulated earnings or profits, to the extent of such earnings or profits accumulated since February 28, 1913; but any earnings or profits accumulated prior to March 1, 1913, may be distributed exempt from the tax, after the earnings and profits accumulated since February 28, 1913, have been distributed.

It was understood, I think, by all of us and by the country generally that the mere increase in the increment value of the property prior to March, 1913, was really a part of the undistributed earnings prior to March, 1913; but lately a decision has been rendered by the Treasury Department which was made as late as October 26, 1921. I need only quote from this decision the following:

The express exemption—

That is, applying to the old law, which I have just read—

The express exemption applies to "earnings and profits" accumulated prior to March 1, 1913; and, as has already been demonstrated, these terms do not include unearned increment.

We have always supposed that they did.

A distribution like that under consideration in this case is not, therefore, within the exemption. For the reason above stated, it is concluded that profit made by a corporation in 1918 or subsequent years from the realization of appreciation of corporate assets accrued before March 1, 1913, is taxable income to the stockholders when distributed as a dividend in 1918 or subsequent years.

As that clearly was not the intent of Congress, and to make it clear that, no matter how distributed, if the distributee does not receive any more than his stock was worth on the 1st day of March, 1913, all of that sum will be free from taxation, no matter what he may have paid for that stock any number of years prior to 1913, I propose to amend this provision by inserting the words I have given after the word "accumulated," on page 7, line 14. It will then read:

But any earnings or profits accumulated or increase in value of property accrued prior to March 1, 1913, may be distributed free of taxation.

That is practically all there is in the proposition.

Mr. SIMMONS. Mr. President, I wish to say that this decision or ruling of the department was brought to my attention, and it was my purpose to introduce the amendment which the Senator has just introduced, and I trust that it will be agreed to. It is clearly the meaning that we had in mind at the time we adopted the original provision which we have reenacted in this section.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. McCUMBER].

The amendment was agreed to.

Mr. SPENCER. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 176, at the end of the amendment already agreed to, following subdivision (k), it is proposed to insert the following:

(l) Subject to regulations, distilled spirits may, upon application of the distiller or owner and order of the Commissioner of Internal Revenue, be removed from any internal-revenue bonded warehouse to any other such warehouse at the expense of the applicant. The commissioner may likewise on his own initiative order the proprietor of any warehouse which, in his opinion, is unfit or unsafe for use, to remove the spirits therein to any other warehouse which the commissioner may designate, and in case of neglect or refusal of the proprietor of the warehouse to do so the commissioner may have the spirits removed, and the expense of the compulsory removal shall be paid by the owner of and be a charge against the spirits.

(m) Subject to regulations, spirits may remain in bonded warehouse without payment of tax indefinitely under the conditions prescribed by section 600 (b) of the revenue act of 1918, but the allowances for losses in warehouse, therein or elsewhere prescribed, shall not be dependent upon application for regauge within any specified time, and shall be applicable to spirits withdrawn at any time. The penal sum of any bond required shall be such as is by the commissioner deemed appropriate.

(n) Subject to regulations, distilled spirits may, under the provisions of the act of March 3, 1897, in so far as applicable, be bottled in bond, after or prior to payment of tax, at any internal-revenue bonded warehouse. Spirits bottled prior to payment of tax shall remain in Government bonded warehouse until the tax is paid and shall be removable as provided by subdivision (l).

Mr. SPENCER. Mr. President, all three of these amendments were prepared in the department. I presume the reason why they happened to be sent to me was because the counsel who prepared them has the good fortune to be a Missouri man. The Secretary of the Treasury writes a letter to me in connection with them, which I ask leave to have printed in the RECORD, stating that in his opinion they are most necessary in the administration of the law. Here is what they do:

The first amendment provides that liquor in a bonded warehouse can be moved into another bonded warehouse. The necessity for it arises from the fact that in many of the Government bonded warehouses there is now but a very small amount of liquor remaining, and yet under the existing law the Government must maintain those warehouses, with all the guards and watchmen and upkeep necessary to maintain the entire warehouse. This provision allows the transfer of liquor in one warehouse to another.

Mr. SIMMONS. Mr. President, may I ask the Senator how many times it allows it to be transferred?

Mr. SPENCER. I should say indefinitely.

Mr. SIMMONS. May I ask the Senator if he will guarantee that there will be no bootleggers along the line to interrupt the transportation?

Mr. SPENCER. There are no such persons in Missouri. I can not speak for other States.

The second amendment simply provides——

Mr. WILLIS. Mr. President, will the Senator yield at that point?

Mr. SPENCER. Certainly.

Mr. WILLIS. I desire to ask the Senator a question about the first section. I did not understand the reason that he assigned, if he assigned any, as to why it was desirable to remove these spirits. What is the point?

Mr. SPENCER. The point that the Secretary of the Treasury makes, which appeals to me as a good one, is this: At present in many bonded warehouses the amount of liquor has so far diminished that there is very little of it left there, and yet under the existing law those bonded warehouses must be maintained, with all the guards and custodians and upkeep, because, the tax not having been paid and the liquor not having been sold, it can not now be removed.

Mr. WILLIS. In other words, it is thought that this liquor could be moved to other bonded warehouses and some of those now in operation could be closed up, and thus save expense?

Mr. SPENCER. Exactly. The second amendment extends the time within which the payment of taxes can be made upon liquor in the warehouse. Under the present law it is eight years.

Under the existing law the tax on liquors automatically becomes payable at the end of eight years from the time when the liquors are put into the warehouse, and there is no power to extend that time. The tax must be paid, even though the liquor is not sold, and the Treasury Department felt that there was a great hardship being imposed upon those whose liquor had been in store for eight years, but who, under the present condition of the law, could not sell profitably or did not want to sell. Therefore the second provision merely allows the liquors to remain in the warehouse indefinitely, until they are sold, before the tax is collected upon them.

The third and last proposition is that the provision of the present law which limits the bottling of barreled liquor to that liquor upon which the tax has been paid shall be so extended that liquor in bonded warehouses can be bottled even before the tax is paid, and then the bottled goods substituted for the barreled goods and allowed to remain in the warehouse.

Mr. NELSON. Mr. President, that last paragraph is palpably and clearly in favor of the bootlegger.

Mr. SPENCER. I do not know how the bootleggers look upon it, whether they are in favor of it or not, but it is manifestly fair, because everyone knows there is a certain amount of leakage and a certain amount of evaporation in the case of the barreled liquor, and if there is no opportunity under the law for the owner of a barrel of liquor to bottle it in a bonded warehouse under the care of the Government, but he is compelled to suffer the leakage and evaporation which is incident to keeping liquor in a barrel, it is unfair to the owner of that liquor. The bottles are guarded as carefully as the barrels are, and they are not freed until the tax is paid. This provision gives that privilege.

Mr. CALDER. Mr. President, the Senator's amendment would apparently permit the moving of liquor from one State to another. Am I correct in that?

Mr. SPENCER. It would under the first provision.

Mr. CALDER. I understand that under recent rulings of the prohibition commissioner it is impossible for individuals who own liquor to remove that liquor from one State to another, although it was purchased lawfully. Does the Senator take care of that in his amendment?

Mr. SPENCER. I do not know whether that was in the mind of the Treasury Department, but the amendment does provide for the transfer from one bonded warehouse to another, and the location of the bonded warehouse is not referred to.

Mr. CALDER. Would it permit the movement of liquor from the Senator's house in St. Louis to his home here in Washington?

Mr. SPENCER. I can not inform the Senator from New York whether that could be done under my amendment or not.

Mr. CALDER. I ask that in all fairness, because under the interpretation of the law by the Prohibition Commissioner an individual was allowed to move liquor from his home to another place to which he may have removed, even if it were in another State.

A recent ruling of the prohibition department forbids that, and it seems to me if the Senator proposes to permit an owner of liquor in a warehouse to move it from one warehouse to another, one should have the privilege of moving lawfully purchased liquor from any place of storage to any other place.

Mr. SPENCER. This does not permit what the Senator has in mind.

Mr. CALDER. Would the Senator object to an amendment embodying that idea?

Mr. SPENCER. I would much prefer that the Senator should offer a separate amendment, inasmuch as these are Treasury Department amendments and ought to be acted on one way or another by themselves.

Mr. CALDER. I shall vote against them if that is the Senator's point of view, because if the Treasury Department wants to move liquor from one warehouse to another, I do not see why an individual should not have the same right.

Mr. McCUMBER. Does not the law prohibit the transportation of liquors from one point to another?

Mr. CALDER. The so-called Reed amendment, which Congress adopted several years ago, prohibits that. But the prohibition bureau actually gave permits for the removal of liquor, legally owned, from one part of the country to another, until the 31st of October last, a week ago. No one can legally move liquor now.

Mr. WADSWORTH. Would the Senator from North Dakota say that the proposal contained in the amendment offered by the Senator from Missouri is any less a transportation of liquor than the incidents described by my colleague?

Mr. McCUMBER. I suppose the one simply relates to a transportation from one point to another for the purpose of holding the liquor intact. The proposition made by the junior Senator from New York is for the removal of liquor for its consumption. Of course, if it is transported from one house to another, I suppose it would be for that particular purpose. I was not speaking in opposition to it at all, but merely asked whether the law itself, as it now stands, does not prohibit transportation of liquor from one point to another for beverage purposes.

Mr. WADSWORTH. I am not familiar enough with the details of the law to state, but I have never heard of any such provision as to legally held liquor.

Mr. BROUSSARD. I understand that the courts have held that liquor placed in a private warehouse for private use can not be moved from the warehouse to the home or to another warehouse for storage. The decision did not involve any liquor stored in a public warehouse. I think the amendment would well be in order. In line with the law as construed by the courts, that where a man establishes the fact that he has liquor for his private use stored in a private warehouse, he has the right to transport it upon securing a permit from the Prohibition Bureau.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Missouri [Mr. SPENCER].

The amendment was agreed to.

Mr. SPENCER. If there is no objection, I ask that the letter of the Secretary of the Treasury be printed in the RECORD.

There being no objection, the letter referred to was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, November 3, 1921.

Hon. SELDEN P. SPENCER,
United States Senate.

MY DEAR SENATOR: It has been brought to my attention that you have been requested to introduce certain amendments as subdivisions (l), (m), and (n) of section 602 of the pending revenue bill. You desire to be informed whether the proposed amendments meet with my approval. (Copy of such amendments is inclosed.)

The proposed amendments do meet with my approval, and it seems to me quite important that they should, if possible, be adopted.

The purpose of subdivision (l) is to liberalize the laws relating to the storage of spirits in bonded warehouses and the transfer of spirits from one warehouse to another. Section 3271, R. S., provides that each distiller must establish a bonded warehouse, to be used solely for the storage of spirits by him until the tax is paid. The law further provides for the establishment of general bonded warehouses, to which liquor may be removed from the distillery warehouses prior to payment of tax upon application of the distiller. The production of potable spirits having practically stopped, many of the distillery warehouses now contain very little liquor. However, no matter how small may be the quantity of spirits remaining in a warehouse, it must be guarded by the Government to prevent violation of the national prohibition act and frauds upon the revenue. It is advisable, therefore, to facilitate the transfer of spirits from one warehouse to another under proper supervision, in order to afford every opportunity for the emptying of the warehouses containing only small quantities.

This is sought to be accomplished by subdivision (l) by making liquor removable from one warehouse to another without regard to the class to which it belongs under existing internal revenue laws upon application of the owner as well as the distiller, and the Commissioner of Internal Revenue is likewise given authority to have liquor removed from unsafe warehouses without application of either the owner or distiller. To facilitate the removal from one warehouse to another will also tend to give relief to owners of warehouse receipts for liquor in bond who are now being mulcted by the proprietors of the ware-

houses for excessive storage and other charges. Where the prevailing rate of storage used to be 5 cents to 10 cents per barrel per month charges of $1 per barrel per month are now quite common. Under existing law the tax on spirits is due at the end of eight years from the date of entry into the distillery warehouse. Owing to the restriction upon the sale of spirits produced by prohibition, it is impossible for the tax on all the liquor to be paid within the eight-year period. It is imperative, therefore, to extend the time within which the tax may be paid. Existing law makes the tax on spirits attach as soon as the spirits come into existence, but certain allowances are granted covering losses by leakage and evaporation while the spirits remain in bonded warehouses. Subdivision (m) allows the spirits to remain in bond without payment of tax indefinitely and gives relief from taxation covering losses occurring throughout the time the spirits may remain in bond prior to tax payment.

The existing law allows spirits to be bottled in bond at distillery warehouses after tax payment only. There is no substantial reason why spirits should not be similarly bottled at general bonded warehouses, and to permit such bottling at general bonded warehouses would facilitate the enforcement of prohibition and tend to reduce the possibility of adulteration. To permit bottling at general bonded warehouses as well as distillery warehouses would also facilitate the object sought to be accomplished by subdivision (l). The aging of spirits in wood improves them up to a certain point, but spirits in barrels begin to deteriorate after a certain length of time. While the spirits remain in the barrels loss by leakage and evaporation is continuous. Subdivision (n) would tend to prevent unnecessary loss and deterioration by permitting bottling prior to tax payment.

Sincerely, yours,

A. W. MELLON, *Secretary.*

Mr. JONES of New Mexico. Mr. President, I send an amendment to the desk and ask to have it read.

The VICE PRESIDENT. The Secretary will read the amendment.

The ASSISTANT SECRETARY. On page 99, after line 22, insert a new subdivision to read as follows:

(c) There shall be included in the return a statement of the amount of dividends paid or declared since the making of the last return, and of the amount of such dividends which have been paid or declared out of the earnings or profits accumulated during the taxable year for which the return is made.

Mr. JONES of New Mexico. Mr. President, it seems to me that there ought to be no opposition to this amendment. Its purpose really is only to require the furnishing of information in the returns. There has been much discussion regarding the undistributed incomes of corporations. We have often speculated as to the amount of them and how they should be dealt with. Under the existing law and the regulations of the department no definite information upon that subject is obtainable. We have been proposing legislation bearing upon the question, because we have been dealing wholly in surmises or estimates as to the amount of the undistributed incomes of corporations, and this amendment simply provides that when the corporations shall make their returns, in addition to what the law now requires, namely, a statement of their net income, each corporation shall make a statement regarding the dividends paid out of the incomes for the year for which the return is made, and that will enable the Treasury Department to ascertain the difference. We will then have accurate information upon which we can base our legislation for the future. It is merely for the purpose of getting statistical information for the Congress.

Mr. McCUMBER. Mr. President, I have examined the amendment offered by the Senator, and I certainly can see nothing against it, and I think it will give us some useful information.

The amendment was agreed to.

Mr. WADSWORTH. Mr. President, I want to bring to the attention of the Senate a comparatively small matter, but one which I think is worthy of some little discussion, although I myself shall be very brief. In order to bring it up, I move to amend the bill by striking out on page 191, from line 11 to line 24, inclusive, and on page 192, from line 1 to line 8, inclusive.

This language has to do with the tax now imposed upon theater ticket brokers. I realize perfectly well the prejudice which exists here and in many other places toward the alleged excessive prices charged to the public for theater tickets, and the disposition of many people to assert that those excessive prices are due to the brokerage business. I shall not discuss the pros and cons of that public conception of the business.

Suffice it to say that in 1918, I think it was, the former Senator from Colorado, Mr. Thomas, introduced an amendment to the revenue bill then pending upon the floor of the Senate, inserting these taxes on the sale of theater tickets to this effect, that if the ticket was sold in excess of the box office price by a broker or other concern except the theater itself there should be paid a tax of 2½ per cent on the first 50 cents excess charge over the box office price, and that if more than 50 cents were charged in excess of the box office price the tax should be 50 per cent of that excess.

The attempt, of course, was to keep down the price of theater tickets by this tax. In a sense it was an attempt to fix prices, to restrict prices, and in many respects I have sympathy with that attempt, and I think the Senate at that time adopted the amendment, which I think was rather hastily prepared, by an overwhelming vote. It has not reduced the prices of theater tickets. It has had exactly the opposite effect; it has increased them, and the revenue derived is next to nothing as compared with the totals of this bill.

Perhaps I am justified in stating just what this system is, against which so many people have made complaint.

Mr. GERRY. What amount of revenue is derived from this tax?

Mr. WADSWORTH. The estimates of the department are, in a sense, misleading; but as I gather them as contained on page 76 of the annual report of the Commissioner of Internal Revenue for 1920, and as they are displayed in two columns under two categories, the 2½ per cent tax and the 50 per cent tax on the excess over a 50 per cent addition to box-office prices, the total revenue would seem to be about $190,000. No tax is paid in Alabama, none in Arizona, none in Arkansas, something like $91,000 in California, and there is quite a little paid in New York, although I have no doubt whatsoever that there is a tremendous evasion of this tax; but no disposition to fail to take advantage of it in raising the price of the tickets just the same. Under one category $59,000 is collected in the country, and under the other $135,000 is collected in the country.

Some of the States show remarkable results. For instance, in the first district of Ohio $70 is collected. In the tenth district of Ohio $13 is collected. What the cost of collection is I am going to comment upon a little later.

The thing is somewhat complicated. The people who know most about it, of course, are the theater ticket brokers. Here is the way it works in actual practice. We will say that the box-office price of a theater ticket is $2. The Government puts an admission tax upon that ticket of 20 cents, so that the price to the customer who purchases that ticket is $2.20. But if the customer purchases that ticket through a broker, the broker who generally has his office in one of the great hotels, charges 50 cents for the service he renders to the customer. The brokers generally have have their offices in the great hotels. A tax of 7½ cents is thereupon collected. The customer then pays $2.75 for the ticket.

We will assume that a visitor to New York, for example, coming from some other place and reaching a hotel late in the afternoon, makes up his mind that he wants to go to the theater and he wants to go to a particular theater. He goes to the theater ticket agency in the lobby of the hotel and asks for a ticket, we will say, for the play going on at the Century Theater. He wants that, and that is what he wants. The broker may not have that ticket, but he will endeavor to get it for the customer. So through an elaborate system of telephone communication he calls up other brokers around the city until he finds one who has a ticket for that particular theater on that particular night. When he finds it the other broker sells it to the first broker at a 50 cent advance, charging for the service which he performs.

The price at that point reaches the neighborhood of $3 to the customer. Then the Government steps in and puts a 30-cent tax on that, making the price $3.30. But it is apparent that there is no particular profit in that for the first broker, especially when a profit tax of 50 cents is added, so $1 is added to the price, and the ticket is finally presented to the customer at the rate of about $4.40.

Let us make it a little more simple. The Government receives 20 cents on the original sale. It receives 5 cents on the sale to broker No. 1, plus a tax of 5 per cent on that broker's profit of 50 cents, or 2½ cents, making a tax of 7½ cents on the sale to broker No. 1. Broker No. 2 is requested to furnish a ticket for the entertainment, and informs the customer that he will have to procure such a ticket from another broker, and that the price to the customer will be $3.30. Broker No. 2 pays broker No. 1 $2.75 and broker No. 2 sells it to the customer for $3.30. Thirty cents goes to the Government as the original tax. The original price of the ticket was $2 without any tax. The profit upon the original price was $1, exclusive of the tax, one-half of which is taken by the Government as excess-profits tax. Broker No. 1 received the remaining 50 cents and broker No. 2 has made nothing on the transaction and has lost his overhead charge for maintaining his establishment.

In order for broker No. 2 to accommodate his customer and to make any profit at all, it is necessary to increase the cost of the ticket to the consumer. He therefore raises the price of the ticket to $4, plus 40 cents war tax, or $4.40 to the purchaser. The figures remain the same as in transaction No. 1, which I related when I first started to discuss the situation, except that the Government still takes one-half of the excess, which in this case is $1. Therefore broker No. 2 has paid broker No. 1 $2.75 for the ticket, he has paid the Government $1 for the profit tax

on the $2.75 paid. Twenty-five cents is the fixed theater tax paid by the consumer, so this leaves broker No. 1 a profit of 50 cents and broker No. 2 a profit of 50 cents, from which, however, the aforesaid overhead charges should be deducted, leaving a net profit to broker No. 2 on the sale of the ticket at the price of $4.40 of only 5 cents.

The thing has utterly failed of the original intention of the law. Its sole effect has been to raise the price of tickets to the public.

One can get some idea of what a nuisance tax is when one examines the blank return which is required to be filled out by a ticket broker. I have one of them in my hand. It has a long list of instructions of a rather complicated nature, and then follow, printed upon the return, three and one-half pages of blocked blank tables. Each table when filled out is supposed to reflect the tickets sold by the broker, who fills out the return for each theater at which the tickets are good. This blank makes it possible for the broker to fill out for 20 theaters. It is filled out in triplicate. Most of the big brokers serve 60 theaters, so it requires two more of these blanks, making a total of 60 theaters, and therefore he fills out nine of these blanks each month.

What does each block on the blank require? Under each theater heading there must be contained what might be termed the calendar of the month, day by day, and for each day a separate square is reserved. In those squares there must be accounted for every ticket sold or resold by the broker under different headings. He has to state what the established price of admission was excluding the war tax; second, what the broker's selling price was excluding the war tax; third, whether it was an evening or matinee performance. I know of a concern that sells annually 800,000 tickets. Every ticket has to be accounted for on that blank form day by day in any one of 60 theaters.

In order that the collector of internal revenue in the district involved may keep this thing checked up every day, it requires constant visits from the internal-revenue inspectors or agents who four or five times every month examine the records of the sale of every ticket that is made to see if they are trying to evade the tax. Some of the concerns I believe do evade it by not doing it at all. The cost to the Government must be tremendous comparatively in the time spent in trying to trace the history of hundreds of thousands of tickets, with the sole result that the public pays more for the tickets than they did before the tax was imposed.

The revenue, as I said, is next to nothing. I think it was never regarded as a real revenue producer. Our friend, the former Senator from Colorado, Mr. Thomas, as I recollect his remarks upon the floor of the Senate, introduced it in an attempt to keep down the price of theater tickets. I think he cited an instance in his remarks upon that occasion of how he was charged what he deemed an excessive price for theater tickets in New York. It has had exactly the opposite effect. It does no good to anyone. It is a perfect nuisance to everybody concerned, and the revenue is not worth figuring. In many of these places it must be true that the tax is not collected at all.

I am not authorized to speak for him and he has never mentioned the subject to me, but I have heard from fairly reliable sources that the collector of internal revenue in whose district there are any number of theaters has said that the thing is a nuisance, that there is nothing in it, that it is simply a waste of time, and no public good is accomplished.

Therefore my motion to strike it out.

Mr. McCUMBER. Mr. President, I do not think that there was any prejudice against the broker in inserting this provision into our previous laws and continuing it in the pending bill. It may be a nuisance tax like practically all of that character of taxes, but it deals with that which has become a scandal and a nuisance.

I will admit that there is some prejudice against the system that has grown up. If, for instance, the regular railway charges between Washington and New York were $5 the railroad could hardly make excuse to say, "That is the price, but we have only 500 tickets, and we have already sold to a broker 400 of those tickets, and you will have to buy your ticket from the broker and pay him a larger price."

What is the system that has grown up in the large cities in the matter of the sale of theater tickets?

Take the city of New York. Here is a theater which has a seating capacity of so many. It can sell so many tickets for that day. It finds that there is a big demand for the tickets and that it can not very well increase its price, which is $2 per ticket, and does not wish to do it, so what does it do? It will sell at the box office, say, one half of the tickets. Then it will sell a block of the other half to each of two or three brokers for 50 per cent advance over the regular price of the ticket, and then allow the brokers to hold up the public for still a further advance.

If a man is at a hotel and wants a ticket he telephones down to the box office. They have no more seats, but he may possibly find an opportunity to purchase them at this broker or another broker. He calls up the broker and finds that he can purchase a ticket there, but he will have to pay 50 per cent more for it.

Every theater has a box office at which to sell tickets. What on earth is the necessity for selling any blocks of tickets out to brokers except for the sole and only purpose of securing a price for the tickets over and above the ordinary charges? Why not allow any man to telephone down to the box office and buy a ticket if they have any left, and as long as they have any left, at the regular ticket price?

As this system has been adopted for the very purpose of mulcting the public, it was thought very proper that the Government, if it could not meet it in any other way, should at least share in the profits thus obtained, and that was the purpose of the provision of the law.

Mr. CALDER. Mr. President, I am sure that my colleague realizes that there is not a good deal of sympathy for his amendment on the theory that the broker is entitled to very much at our hands. But my colleague pointed out, I thought quite clearly, that this tax is levied finally on the purchaser of the ticket. I think, too, he made it quite clear that the Government gets very little profit out of it. If there were some way to make every ticket broker pay all the tax the Government is entitled to collect from this sort of business, then there would be less reason for us to suggest that the legislation be repealed.

Mr. WADSWORTH. Mr. President, will my colleague yield for a moment?

Mr. CALDER. Certainly.

Mr. WADSWORTH. It occurs to me that the Congressman who went at this went at it in the wrong way. The committee has attempted, by putting this curiously devised tax, to keep down the price of the tickets. Of course, it has failed utterly, and has had the opposite effect. If the Government could share, as the Senator from North Dakota has said, in the profits of the broker, it might have been a better way to tax their gross business. A small tax imposed against their gross business, or a license tax, we will say, would not have the same effect, at least not so great an effect, in raising the prices of tickets which the public in an emergency demands. The Government could collect the tax with infinitely greater ease, and it would not be an attempt at price fixing, which is always a failure.

Mr. CALDER. I have been approached in this matter by men who are engaged in legitimate business of this kind in New York City, who pay the taxes. They point out that the city of New York pays the greater portion of the taxes; Boston pays a great deal, and Philadelphia a considerable sum, as does also San Francisco, but with the exception of those four cities little or no tax is collected. None to speak of is collected in Chicago; none in Pittsburgh or Cincinnati or Cleveland. Perhaps there is no such system of charging brokerage in those cities. In the four cities of which I speak some tax is collected, but I venture to say not one-tenth of what ought to be collected if the law were strictly enforced.

Mr. McCUMBER. Mr. President, I think the Senator from New York is mistaken in assuming that the purpose of the law was to keep down the price of theater tickets. I do not think any law that we can pass would so operate. When people get the theater craze and all want to go to a certain play, they will go no matter how much they have to pay; but what we did want to get at in this case was the theater that took this method of mulcting the public by selling out great blocks of its space to an advantage over and above its regular charges and what it advertises to be its charges, thereby securing perhaps from 50 per cent to 100 per cent above the regular selling price. Under those circumstances it ought to pay a tax upon that profit.

Mr. CALDER. Mr. President, in reply to what the Senator from North Dakota has stated, let me say to him that I very much doubt the truth of the statement that the theaters sell great blocks of their tickets for the purpose of dividing the profits with the brokers. I have talked to some theater owners on the subject. What happens is this: The broker, realizing the demand upon the theater because of some specially attractive play, himself gets the tickets and makes a profit; but what I complain of in connection with this provision of the law is that it is not enforceable; that we do not get the money out of it. The honest broker pays the tax; and then everybody who buys a ticket has to pay the additional price to the honest as well as the dishonest broker. The amount of revenue collected

is small. It seems to me if we take the tax off, the Government would lose very little and the public would be much benefited.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from New York [Mr. WADSWORTH]. [Putting the question.] By the sound the noes seem to have it.

Mr. WADSWORTH. I call for a division, Mr. President; but before the question is put on the division may I have unanimous consent to modify the form of my amendment? I think I made an error in it. I moved to strike out the language in line 11, at the bottom of page 191, and the language of the first eight lines at the top of page 192. I think I should not have included in my motion to strike out the eight lines at the top of page 192. I modify my amendment in that respect, and move to strike out from line 11 to line 24, inclusive, on page 191.

The VICE PRESIDENT. Without objection, the amendment of the Senator from New York will be so modified. On this question the Senator from New York asks a division.

Mr. KING. A parliamentary inquiry, Mr. President. Is the Senator asking for a division upon the amendment offered by himself?

The VICE PRESIDENT. He has asked for a division on his amendment.

Mr. WADSWORTH. I have asked for a division on my amendment.

The question being put on a division, the amendment was rejected.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole. If there be no further amendments, the bill will be reported to the Senate.

Mr. KING. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

Mr. SIMMONS. I call the attention of the Senator from Wisconsin [Mr. LENROOT] to the fact that the bill is about to be reported to the Senate, and unless there is some other amendment to be offered, I think the Senator from Wisconsin has an amendment to propose.

Mr. LENROOT. The amendment of which I spoke is an amendment to a committee amendment which has already been adopted. It will, therefore, be necessary to wait until we get the bill into the Senate to offer the amendment.

Mr. KING. I renew my call for a quorum, Mr. President.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Jones, Wash.	Nicholson	Spencer
Brandegee	Kendrick	Norris	Sterling
Broussard	Kenyon	Overman	Sutherland
Calder	Keyes	Owen	Swanson
Capper	King	Page	Townsend
Caraway	Ladd	Penrose	Trammell
Cummins	La Follette	Phipps	Underwood
Curtis	Lenroot	Poindexter	Wadsworth
Fernald	Lodge	Pomerene	Walsh, Mass.
Fletcher	McCumber	Ransdell	Walsh, Mont.
Gerry	McKellar	Reed	Warren
Gooding	McKinley	Sheppard	Watson, Ga.
Harris	Moses	Shields	Willis
Heflin	New	Simmons	
Jones, N. Mex.	Newberry	Smoot	

Mr. CURTIS. I desire to announce that the Senator from Nevada [Mr. ODDIE], the senior Senator from Oregon [Mr. MCNARY], the junior Senator from Oregon [Mr. STANFIELD], and the Senator from Arizona [Mr. CAMERON] are detained from the Senate on official business.

The VICE PRESIDENT. Fifty-eight Senators have answered to their names. A quorum is present.

Mr. TOWNSEND. Mr. President, I desire to ask unanimous consent to reconsider the vote by which paragraph 1, on page 196, was adopted. I made a similar request the other night, but there were only a very few Senators present in the Chamber and I did not insist upon it. I desire, however, at least to secure a vote on that proposition.

The VICE PRESIDENT. Is there objection to reconsidering the vote by which the Senate agreed to paragraph 1, on page 196, relating to automobile trucks, automobile wagons, and so forth?

Mr. KING. May I inquire of the Senator to what extent his amendment goes?

Mr. TOWNSEND. I desire to strike out subdivision 1 of Title IX.

The VICE PRESIDENT. Is there objection to the request for the reconsideration of the vote by which the subdivision was agreed to?

Mr. McCUMBER. Mr. President, I object.

The VICE PRESIDENT. There is objection.

Mr. TOWNSEND. I move to reconsider the vote by which the amendment was agreed to.

The VICE PRESIDENT. The question is on the motion of the Senator from Michigan to reconsider the vote by which the amendment was agreed to.

Mr. McCUMBER. Mr. President, I make the point of order that the Senator from Michigan voted against the prevailing side and is therefore not in a position to move a reconsideration.

Mr. TOWNSEND. If the Senator objects, of course I can take it up in the Senate; but I thought that we could dispose of it in a very few minutes. That was the only reason I had for making the request; but if the Senator objects, of course the matter will go over until the bill reaches the Senate.

The VICE PRESIDENT. The point of order is well taken.

Mr. REED. Mr. President, I feel very certain that I voted in favor of that clause, and I do not want to see a Senator denied the opportunity to present an important proposition. I will make the motion to reconsider paragraph (1) of Title IX.

The VICE PRESIDENT. The question is on the motion of the Senator from Missouri.

Mr. McCUMBER. Mr. President, my understanding is that a motion to reconsider is subject to debate.

The VICE PRESIDENT. It is subject to debate.

Mr. McCUMBER. Mr. President, we voted upon that proposition at one time. It was voted down because it meant that it would take off from this bill $30,000,000, and we are seeking every possible way to hang on to a little revenue, so as to make the bill square in its amount with the amount of the demands upon the Treasury during the next fiscal year. If now we knock out this $30,000,000, it means that we shall have to find some other place to raise the $30,000,000. We have thrashed out nearly every other possible feature of the bill and every other means of raising revenue, and one after another has been voted down, and one provision after another has been cut out, until we are now running close to the line, with perhaps not more than a million or so to spare. For that reason it seems to me that we ought not to cut into this proposition for the purpose of relieving from taxation the autotrucks or, I might say, anything else contained in the bill.

Mr. PENROSE. Mr. President, if there is one feature of the tax bill that is not complained of, it is this. The tax furnishes a very substantial revenue; and if the Senate is going to begin to throw overboard taxes to this amount and of this character, we might as well stop entirely attempting to raise sufficient money for the requirements of the Government.

Mr. TOWNSEND. Mr. President, in answer to the Senator from North Dakota I wish to say that the other night, when I called up this matter, he and all other Senators understood the situation; there were only four or five votes cast, and it was late, and I did not call for a quorum or for a yea-and-nay vote. I simply wanted to get an expression of the Senate upon this particular proposition.

I believe that automobile trucks and automobile wagons are two of the things that ought not to pay a tax, any more than any other vehicle of transportation should pay a tax. I think the prosperity of the country to a great extent depends upon these vehicles. They are already paying a heavy tax. The automobiles and automobile trucks pay, perhaps, a heavier tax than is paid by the various implements that are used by the people. They are practically supporting the roads; they are maintaining the roads, and in some of the States they are building the roads by the taxes that are put upon them.

I realize that we need revenue. I am satisfied from the discussion I heard yesterday and this morning between the Senator from Utah and other Senators that this bill is going to raise more revenue than is estimated. I am very anxious at least to get a vote of the Senate upon this proposition.

I do not care to argue the question any longer; but I thought it was but proper that we should have a vote on it. All I have asked is that we shall have a vote on this proposition, and I thought that when I requested a reconsideration it would be granted, as it is usually granted to every Senator who asks for that privilege.

Mr. McCUMBER. Mr. President, may I ask the Senator a question? Why should he simply relieve the trucks, used generally in the cities for heavy hauling, and so forth, and so far as I know used by those who make a decent profit in the business, and yet leave a tax upon the little Fords and other cheap automobiles that the farmer has to buy now to keep up with the times for rapid transit between his farm and his home? There are perhaps 100 automobiles held upon the farm in the country—where they are just as necessary as the trucks—where there is a single automobile truck held on the farm.

I can see no difference between the two. If anything, I should have felt that the exemption, if it applied at all, ought

to apply to the automobile that is used for business as well as for pleasure; but the amount involved in relieving them all would mean from $130,000,000 to $140,000,000, and if you make the division anywhere, I do not think it has been made in the right place by applying it simply to trucks.

Mr. TOWNSEND. Mr. President, if we could get along without the revenue I would remove the tax on all of these vehicles, but I can see a difference between trucks and truck wagons and the ordinary automobile. Every truck or truck wagon is used for a useful purpose, and not for pleasure. It is used in the business of the country and contributes very largely to the carrying on of the business of the country. It was for that reason that I made the motion, and made the distinction as between those vehicles and other motor vehicles.

Mr. McCUMBER. May I ask the Senator another question?

Mr. TOWNSEND. Certainly.

Mr. McCUMBER. I assume that the definition of trucks would undoubtedly cover most of the delivery wagons if they are truck wagons. Therefore the Boston Store down here would have to pay no tax upon the wagons that it purchases, but the farmer who drives a Ford out in the country to bring his small amount of milk in and get it delivered before 4 o'clock in the morning would have to pay a tax upon his vehicle.

Mr. TOWNSEND. My information is that there are hundreds of thousands, probably at least 200,000, of these trucks owned by farmers, and they are going to be more and more extensively owned and used by them for farm work. I repeat, there is no more reason why the farmer should be taxed upon an autotruck than there is why he should be taxed upon a wagon drawn in any other way. At any rate, I should like to have the matter submitted to the Senate for a vote.

Mr. LODGE. Mr. President——

The VICE PRESIDENT. Senators in favor of the motion will say "aye." [A pause.] Those opposed will say "no." [A pause.]

Mr. LODGE. Mr. President, I wanted to make an inquiry before the question was put. Has not this matter been reconsidered once?

The VICE PRESIDENT. It has.

Mr. LODGE. If it has been reconsidered once it can not be reconsidered again.

Mr. TOWNSEND. But there have already been several instances of reconsideration a second time in the bill before us.

Mr. HEFLIN. Mr. President, what was the result of that vote?

The VICE PRESIDENT. The motion was put, and the motion prevailed.

Mr. McCUMBER. Mr. President, I do not think Senators understood that there was to be a vote. The Senator from Massachusetts had risen and was addressing the Chair, and I supposed therefore that there would not be a final vote; that the "No" vote would not be put until after he had been recognized. I did not vote at all, and yet I desired to vote "No." I ask the Chair to put the question again.

Mr. TOWNSEND. I ask unanimous consent to reconsider the vote which was just carried.

Mr. PENROSE. I object, Mr. President.

Mr. TOWNSEND. Then it stands. That is all right.

Mr. McCUMBER. Mr. President, I ask for a division upon the question, because there was no actual vote cast.

The VICE PRESIDENT. Senators in favor of reconsideration will stand.

Mr. LODGE. Mr. President, I thought unanimous consent had been asked for a reconsideration and that had been refused.

Mr. HEFLIN. Mr. President, if the Senator from Massachusetts will permit me, I gave notice the other day when this very provision was defeated that I should ask for a separate vote on it when the bill came into the Senate.

Mr. LODGE. That is all right, of course.

Mr. HEFLIN. I gave that notice the other day.

Mr. LODGE. This is a request for a second reconsideration.

Mr. McCUMBER. Mr. President, a point of order: What is the real question before the Senate now?

The VICE PRESIDENT. The request of the Senator from North Dakota for a division.

Mr. McCUMBER. A division on what subject?

The VICE PRESIDENT. On whether there is to be a reconsideration.

Mr. McCUMBER. A reconsideration of what? That is what I am trying to get at.

The VICE PRESIDENT. A reconsideration of the vote on paragraph (1), Title IX, page 196, automobile trucks and automobile wagons.

On a division, the motion to reconsider was agreed to.

Mr. TOWNSEND. Now, Mr. President, I move to strike out subdivision (1) of section 900 on page 196, and upon that I ask for the yeas and nays.

Mr. McCUMBER. Mr. President, I rise to a point of order. The question is simply whether we shall agree or disagree to the committee amendment. It can not be stricken out.

The VICE PRESIDENT. The point of order is well taken.

Mr. TOWNSEND. I have no objection to that. It will amount to the same thing. Upon that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HEFLIN. Just how would it read if the motion of the Senator from Michigan should prevail? What part of the section is he moving to strike out?

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 196, lines 16 to 19, read as follows:

(1) Automobile trucks and automobile wagons (including tires, inner tubes, parts, and accessories therefor, sold on, or in connection therewith, or with the sale thereof), 3 per cent.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. TOWNSEND. Mr. President, a parliamentary inquiry. The Senator from North Dakota states that this is a committee amendment. I should like to ask if it is a committee amendment or whether this is a provision of the House bill.

The VICE PRESIDENT. It is a committee amendment.

Mr. SIMMONS. Mr. President, I want to say to the Senator that it is a committee amendment only in the sense that the committee reenacts the provision of the old law.

Mr. TOWNSEND. Was it carried in the House bill?

Mr. SIMMONS. I do not think it was. I am not sure about that, however.

Mr. McCUMBER. I will state to the Senator that it is the same as the present law, 3 per cent.

Mr. TOWNSEND. Then, if we strike it out, we will not have agreed with the House.

Mr. McCUMBER. No; if we strike it out, of course we will have stricken out the old law as it now stands, and we will have no tax.

Mr. TOWNSEND. That is what I want, and I want to be sure what our action will mean. If the rejection of that amendment means the elimination of the tax on automobiles, that is the thing I am trying to accomplish by my motion. If that will be the result, then a vote in the negative means striking it out and removing the tax.

Mr. MOSES. That is not the form in which the amendment is stated.

The VICE PRESIDENT. The question is on agreeing to the amendment on which the yeas and nays have been ordered.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum.

Mr. MOSES. I make the point of order that no business has been transacted since the last quorum call.

The VICE PRESIDENT. There has been business transacted. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harris	New	Simmons
Brandegee	Heflin	Newberry	Smoot
Broussard	Jones, Wash.	Nicholson	Spencer
Calder	Kendrick	Norris	Sterling
Capper	Kenyon	Overman	Sutherland
Caraway	Keyes	Owen	Swanson
Cummins	King	Penrose	Townsend
Curtis	Ladd	Phipps	Trammell
Fernald	La Follette	Pittman	Wadsworth
Fletcher	Lenroot	Poindexter	Walsh, Mass.
France	Lodge	Pomerene	Walsh, Mont.
Frelinghuysen	McCumber	Ransdell	Watson, Ga.
Gerry	McKellar	Reed	Willis
Gooding	Moses	Sheppard	
Hale	Nelson	Shields	

The VICE PRESIDENT. Fifty-eight Senators having answered to their names, a quorum is present.

Mr. KING. Mr. President, from the attitude of Senators, it would appear that any opposition to the motion of the Senator from Michigan [Mr. TOWNSEND] will prove unavailing. The Senator represents the popular view—apparently the popular view in the Senate, and unquestionably the popular view throughout the country. Those who have the responsibility of providing tax bills have a heavy burden placed upon them, and in periods of depression, such as exist at the present time, the burden becomes more oppressive. The Republicans are in power, and the responsibility of providing a tax measure rests upon them. If an unwise and improvident revenue bill is enacted, they must bear the blame. If an insufficient amount of

revenue is provided under the tax bill framed by them, as a result of which bonds have to be issued in peace times in order to raise sufficient revenue to meet the expenses of the Government, the party in power must bear the obloquy resulting from such an unwise and impolitic course.

As a member of the minority in this Chamber, if I desired to play politics, I should vote for every motion to reduce taxes upon individuals and all commodities entering into the life and activities of the people. I am unwilling, however, to take that course. I have been anxious to secure a wise and just revenue bill and have supported the majority when I believed they were right and the interests of the public and the Government required. I should be glad if it were possible to remove all taxes from auto trucks and automobiles and from various commodities and articles which are taxed by this bill. It is no pleasure for me to vote for taxes, but the necessities of the Government are such that a very large revenue must be raised. In the consideration of this bill I have proceeded upon the theory that it was my duty as well as the duty of the minority to aid the majority in every fair and legitimate way to secure a revenue law that will provide the Government with needed revenue. I have attacked provisions that I thought were improper and have opposed efforts to free corporations from what I conceived to be fair and just burdens. I appreciate the difficulties encountered by the committee in preparing a revenue bill under existing conditions, and sympathize with them in their efforts to find sources from which to obtain needed revenue. The bill before us is defective in many particulars, and as reported it failed, in my opinion, to reach sources from which revenues should be obtained. I have supported propositions to increase the surtaxes, and I have felt that it was a mistake to entirely relieve the enormous profits of business from taxation.

I was not willing to support a general sales tax or a turnover tax, because such taxes would, in my opinion, bear oppressively upon the great masses of the people. I have stated that certain commodities should be taxed, or, rather, that a form of sales tax should be applied to various commodities.

All Senators would be glad to extend exemptions in every possible way to agriculturists and to all classes of people, but it is impossible to extend exemptions and deductions to everybody and to everything.

It is apparent that $4,000,000,000 can not be raised under the bill in its present form and that that amount or more will be needed to meet the expenses of the Government. If further reductions are made and additional provisions of the bill are successfully attacked the deficit that will result will be increasingly great. It would be a most unwise and, indeed, an unpatriotic thing for the minority or any group in the Senate to so mutilate and amend this bill so that it would utterly fail to yield revenues imperatively needed to run the Government.

In Europe we see the spectacle of legislative bodies refusing to impose sufficient taxes to meet current expenses. There can be but one result from such an unwise, not to say cowardly, course. It would be most unfortunate if we were to refuse to raise sufficient revenue to meet the operating expenses of the Government and be compelled to resort to further bond issues. In war times it is justifiable to issue bonds. Indeed, in the recent war we were compelled to borrow billions of dollars in order to prosecute the war, but now that peace has come the duty rests upon Congress, and it is one which can not be shirked, to enact tax measures that will be not only sufficient to meet current expenses but to provide an adequate sinking fund to care for maturing obligations of the Government. It would be discreditable in the highest degree if Congress should refuse to deal with the subject of taxation in a courageous manner and enact a tax measure that will produce adequate revenue.

Mr. President, these observations may not be regarded as entirely pertinent to the question, but I have submitted them in order that my position might be understood and with the desire to bring, if possible, support to every legitimate and proper effort to frame a just and suitable tax bill. This bill possesses enough defects now to justify an indictment against it. It is imperfect and contains many sins both of omission and commission, but, imperfect as it is, it is our duty, I submit, to not further mar it or to rob it of proper provisions which are necessary for the production of revenue. I sincerely hope the bill may be so perfected that upon its final passage I may give it my support.

The provision under consideration will yield $30,000,000. As stated, I should be glad to see the automobile industry or the users of trucks relieved from the payment of this tax; but if this sum is taken from the bill, it must be raised from some other source. The proponents of this motion do not offer any other avenue for exploration in order to obtain a similar amount of revenue. As stated, taxes must be obtained from some source, and this item is an important part of the bill. As I am advised, the greater part of this $30,000,000 will be paid by the automobile trucks and accessories used in the cities and for transportation purposes.

The agriculturalists will pay but a small part of this sum. Hundreds of millions of dollars are being expended upon the highways of the Nation. The cities are heavily taxed to maintain their system of streets and highways. The same is true of counties and States; and but yesterday we adopted the report of the committee, of which the Senator from Michigan is chairman, by the terms of which $90,000,000 were appropriated by the Federal Government in aid of good roads.

Undoubtedly the millions spent for highways are of immense advantage to the manufacturers of automobile trucks and to the purchasers of the same. Undoubtedly the use of trucks upon the highways of our country calls for larger appropriations to keep them in repair. More and more trucks are being employed by the people, not only for their personal use but in transportation of an interstate character. The highways between Washington and New York and between other great cities of the land are literally filled with trucks conveying all kinds of commodities and products. Those who employ them for transportation purposes obtain suitable revenues for the services rendered. They are not required to purchase rights of way or to construct tracks, as railroad transportation companies are compelled to do. I make this statement not by way of criticism but merely for the purpose of putting before the Senators matters with which they are familiar but which should be considered in passing upon the motion before us.

It is true that the States and many municipalities impose licenses and taxes upon automobiles or upon their use, and undoubtedly large revenues are obtained therefrom. I submit, however, that the Federal Government, in view of the present situation and the imperative need for large revenues, is justified in imposing this moderate tax upon automobile trucks and accessories. In my opinion, the agriculturists and those who are using the trucks, as well as the manufacturers, will not object to this tax. They appreciate the needs of the Government and will patriotically meet every legitimate demand that may be made.

I sincerely hope that the natural desire to relieve the people from taxation—and it is an entirely proper one—will not deter Senators from the duty of imposing taxes which must be raised in order to meet the expenses for the coming year. I wish we could reduce our appropriations to $2,000,000,000 for the fiscal year 1923, but that is impossible. In all probability the appropriations will exceed $4,000,000,000. We can not justify our constant support of all appropriation bills and then oppose every form of taxation. If we spend money we must raise money and it is not courageous, nor is it statesmanlike, to support schemes to take money from the Treasury and then refuse support to measures which will replenish the Treasury.

I shall support the committee, Republican as it is, whenever and wherever I believe it is seeking the path of justice and right. While I am in sympathy with the proposition of the Senator from Michigan, I feel constrained to support the committee on this matter. I repeat, that with the changes being made in the bill before us, there will be a deficit to be met.

Mr. CURTIS. May I interrupt the Senator?

Mr. KING. Certainly.

Mr. CURTIS. I understand that under the bill as it is now prepared there will be a shortage of $20,000,000 in the revenues, and that if this amendment is agreed to the shortage will be $50,000,000.

Mr. KING. Mr. President, I have studied this bill with some care, as well as the recommendations and demands made by the various departments, and I make the prediction to my friend from Kansas that the revenue collected under this bill will fall short by more than $250,000,000.

With this situation before us we can not follow our desires or inclinations. We are compelled to act for the general good and in the interest of the Government. Of course, it would be popular to eliminate many of the taxes provided in this bill, but it is clear that if we intend to afford to the Government sufficient revenue to meet current expenses we must impose taxes not only upon corporations but upon individuals.

Mr. TOWNSEND. Just a word, Mr. President. I stated a while ago that while it is true that we are building expensive roads and appropriating money for them, we are maintaining those roads practically throughout the United States by the revenue derived from the taxes on automobiles and automobile trucks. One of the commissioners of public roads of Missouri stated before the committee that they were expecting to raise all of the money for matching the Federal-aid money by a tax upon motor cars which passed over the roads.

Mr. REED. Mr. President, it is immaterial; but there must be some mistake. The State just voted a bond issue of $60,000,000 to build roads.

Mr. TOWNSEND. There was testimony taken before the Committee on Roads in the House, and one of Missouri's commissioners did testify that that is the way they were to raise the money to match the Federal-aid money we are to put up.

I do not want to repeat all I have said on this question. All I ask for is a vote. I have heard the argument made every time this question has been up that we will lose so many million dollars. I do not know whether the Senators who make those statements know what they are talking about or not. I know it is a good argument to advance, that we are going to lose so much revenue. I do know, from statements made on the floor of the Senate, that some Senators expect more money to be raised under this bill than has been estimated.

This matter can go to conference, and it ought to go to conference. If there is a tax on automobiles now, it could not be raised above this amount anyway, and I think it might be less; and, as far as I am concerned, as I view the prosperity of the country and the needs of the country, I think we are justified in asking that these vehicles be exempted from this 3 per cent tax. Anyway, I would like to have a vote on it.

Mr. HEFLIN. Mr. President, I rise for the purpose of indorsing what the Senator from Michigan [Mr. TOWNSEND] has so well said. I insisted when we had this provision up a few days ago that this tax should be taken off of these autotrucks. I think the Senate should vote to-day to exempt these trucks from the tax provisions of this bill. Surely if the great holding companies of the country can have their millions exempt and the profiteers can have $450,000,000 handed over to them the Senate can well afford to take the taxes off the autotrucks. The automobiles that are used over the country generally should be exempt from the tax provisions of this bill.

The VICE PRESIDENT. The question is on agreeing to the committee amendment. The yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). Transferring my general pair with the Senator from Delaware [Mr. BALL] to the Senator from South Carolina [Mr. DIAL], I vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I do not see that Senator present. I transfer my pair to the junior Senator from Oregon [Mr. STANFIELD] and vote "yea."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent. In his absence, I withhold my vote.

Mr. STERLING (when his name was called). I transfer my general pair with the Senator from South Carolina [Mr. SMITH] to the junior Senator from Arizona [Mr. CAMERON] and vote "yea."

Mr. SUTHERLAND (when his name was called). I transfer my general pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Nevada [Mr. ODDIE] and vote "yea."

The roll call was concluded.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. MYERS. I have a general pair with the Senator from Connecticut [Mr. MCLEAN], who is necessarily absent. In his absence I withhold my vote.

Mr. TRAMMELL. I have a general pair with the Senator from Rhode Island [Mr. COLT]. My understanding is that if present that Senator would vote as I am about to vote on this amendment. I therefore vote. I vote "nay."

Mr. PENROSE (after having voted in the affirmative). I observe that the senior Senator from Mississippi [Mr. WILLIAMS], with whom I have a general pair, has not voted and appears to be absent. I transfer the pair which I have with that Senator to my colleague [Mr. CROW], who is absent from the city, and permit my vote to stand.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The junior Senator from Kentucky [Mr. ERNST] with the senior Senator from Kentucky [Mr. STANLEY]; and

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS].

I also wish to announce that the senior Senator from Oregon [Mr. MCNARY] and the junior Senator from Oregon [Mr. STANFIELD] are absent on official business.

The result was announced—yeas 36, nays 27, as follows:

YEAS—36.

Ashurst	Hale	Lodge	Spencer
Broussard	Hitchcock	McCumber	Sterling
Bursum	Jones, N. Mex.	Moses	Sutherland
Calder	Jones, Wash.	New	Wadsworth
Capper	Kendrick	Nicholson	Walsh, Mass.
Curtis	Keyes	Penrose	Walsh, Mont.
Fernald	King	Phipps	Warren
France	Ladd	Poindexter	Watson, Ind.
Gerry	Lenroot	Smoot	Willis

NAYS—27.

Brandegee	Harris	Nelson	Sheppard
Caraway	Harrison	Norbeck	Swanson
Cummins	Heflin	Norris	Townsend
Fletcher	Johnson	Overman	Trammell
Frelinghuysen	Kenyon	Pittman	Watson, Ga.
Gooding	La Follette	Pomerene	Weller
Harreld	McKellar	Reed	

NOT VOTING—33.

Ball	Edge	Myers	Simmons
Borah	Elkins	Newberry	Smith
Cameron	Ernst	Oddie	Stanfield
Colt	Glass	Owen	Stanley
Crow	Kellogg	Page	Underwood
Culberson	McCormick	Ransdell	Williams
Dial	McKinley	Robinson	
Dillingham	McLean	Shields	
du Pont	McNary	Shortridge	

So the amendment of the committee was agreed to.

Mr. TOWNSEND. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The amendment will be reported.

The ASSISTANT SECRETARY. On page 196, after line 19, insert the following:

Provided, That this subdivision shall not be in effect after December 31, 1922.

Mr. KING. Mr. President, I rise to a point of order against the amendment.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. KING. The point of order is that this matter has been before the Senate twice in different forms, and that this is but a different way of submitting the same question which has been decided by preceding votes.

Mr. MCCUMBER. Mr. President, I make the further point of order that it is an amendment to the committee amendment which has just been agreed to.

The VICE PRESIDENT. The point of order of the Senator from North Dakota is well taken.

Mr. TOWNSEND. I reserve the right to offer the amendment when the bill is in the Senate.

Mr. JONES of New Mexico. Mr. President, I present an amendment, which I ask may be stated.

The VICE PRESIDENT. The Secretary will report the amendment.

The ASSISTANT SECRETARY. On page 16, line 15, strike out the semicolon and the remainder of the line and all of lines 16, 17, 18, 19, and 20, and insert in lieu thereof a period and the following:

If such net loss is in excess of the net income for such two succeeding taxable years, the amount of such excess shall be deducted from the net income of the taxpayer for the taxable year preceding the taxable year in which the net loss occurred, and the taxes imposed by titles 2 and 3 of the revenue act of 1918 or this act for such preceding taxable year shall be redetermined accordingly. Any amount found to be due to the taxpayer upon the basis of such redetermination shall be credited or refunded to the taxpayer in accordance with the provisions of section 252. The deduction in all cases shall be made under regulations prescribed by the commissioner, with the approval of the Secretary.

Mr. JONES of New Mexico. Mr. President, the amendment simply brings into force a provision of the law which applies only to the year 1919. In the present revenue law provision was made whereby if a taxpayer had a loss in any one year he could deduct that loss from his net income of the succeeding year, and if the profits or net income of the succeeding year were not sufficient to equalize that loss, that then he could go into the preceding year and have the taxes which he had paid adjusted so as to compensate for the loss. That is in the revenue law now, but owing to the peculiar circumstances under which that provision was put into the law it was limited only to losses which might occur in the year 1919. That came about in this way. When that law was first framed it was the idea that we would have another revenue law for the next year, but changes were made in it, and it became a continuing law, and that provision was limited to the one year.

The committee has reported an amendment to the present law which makes the provision that if in any year the taxpayer suffers a loss he shall have a right to deduct that loss from

his net income in the succeeding year; and if that is not sufficient that he may deduct it for the next succeeding year; or, in other words, he may continue the deduction of the loss for any one year through the two succeeding years. My amendment proposes to strike out the second succeeding year and to insert in lieu thereof an adjustment of taxes for the preceding year.

Mr. PENROSE. Will the Senator permit an inquiry?

Mr. JONES of New Mexico. Yes.

Mr. PENROSE. I want to say to the Senator, Mr. President, that I admit a very great amount of equity and justice and mercy to the taxpayer in his amendment; but I am curious to know why the Senator has waited until the last days of the consideration of the bill to bring it up? I do not recall that the Finance Committee was given an opportunity to pass upon the proposal; and I am informed on the floor here that the loss of revenue by the adoption of the amendment would be some $70,000,000. I want to tell the Senator that this amendment appeals to me very strongly, and my only regret is its lateness in being presented and submitted.

Mr. JONES of New Mexico. Mr. President, I am myself sorry that the committee did not consider this matter. Of course I understand that the Senator from Pennsylvania is undertaking to put that responsibility upon me.

Mr. PENROSE. The committee could not go roving around the domain of human knowledge to find relief for taxpayers. It is the duty of the members of the committee, of other Senators, and of the taxpayers themselves to bring matters before the committee. The particular relief now proposed, apparently just and small but large in its results, was never presented to the committee or to the department, as I am informed.

Mr. JONES of New Mexico. Once before the Senator from Pennsylvania has made the same criticism of amendments which I have offered here, and on a former occasion I explained my action to the Senate. I am glad that everyone who may be interested in the subject may know the reason for the course I have pursued; but I have no apology to make now for presenting the amendment to the Senate.

Mr. PENROSE. I did not want any apology from the Senator or expect it. I was prompted in rising in my seat by a kindly spirit, to convey to the Senator my sympathy with his good intentions and my regret that the amendment had not been pressed earlier. I never thought of inquiring why or wherefore in that connection.

Mr. JONES of New Mexico. I am, of course, very glad to know that the distinguished Senator from Pennsylvania realizes the merit of the amendment, and, regardless of the manner in which the amendment comes before the Senate, I certainly feel that the Senate should consider it upon its merits.

As I have heretofore stated, the amendment is designed practically to put into operation the same provision which the Senate deliberately put into the existing law, but unfortunately that provision was confined to one year; its operation ceased at the end of the year. The purpose of the amendment is to continue what was then considered, without objection from any source, to be a meritorious measure.

The Finance Committee did consider the question of the readjustment of incomes for purposes of taxation.

Mr. PENROSE. Will the Senator permit a statement?

Mr. JONES of New Mexico. I shall be glad to do so.

Mr. PENROSE. In that respect, I think I ought to correct the Senator. It is true that such a provision was suggested, but it was to cover the anticipated rapidly falling values of inventories on account of the cessation of the World War. No such provision, however, was then contemplated or suggested as a permanent feature of a revenue bill. It was merely intended to meet a special emergency due to a world-wide war, and it ceased when that war had permitted readjustment.

Mr. JONES of New Mexico. The Senator from Pennsylvania, I am sure, did not quite grasp what I intended to convey. The committee considered the question in the reforming of the pending bill, but instead of adopting the provision which went into the existing law it proposed something new. The existing law provides for an adjustment with respect to the succeeding year as well as the preceding year. Now, the committee proposes to change that method and make it apply to the two succeeding years only.

It may be that a man who is engaged in business will have a net loss; he may have such a loss that he is forced out of business or is so crippled in his business that he will have no net income for the succeeding year; but if he has paid an income tax for the preceding year, why should he not have a readjustment? It is nothing but fair that income taxes shall be based, in a measure, upon the average gains of business. If one concern happens to have a large income one year and then suffers an absolute loss the next year there ought to be some adjustment of that condition. Then, in the subsequent year, if a man makes an income he perhaps is using that income in paying off the mortgage which he had to put upon his farm or his ranch by reason of the loss in the year in which he incurred a loss. If he is not making sufficient income the next succeeding year to compensate for that loss, it seems to me he ought not to wait until a second succeeding year to know whether or not he can recoup his losses. If he has paid an income tax the preceding year, it seems to me that that ought to be considered and the whole matter adjusted over that period.

The greatest criticism against the income tax law arises from that very situation so far as business is concerned. Business is vacillating as to its prosperity. Take the cattle business, for instance, or the sheep business, or the manufacturing business, or a mercantile business, or any other class of business. It will be found that gains and losses go up and down; there may be a big income one year and a heavy loss the next year and some little income recovery in a succeeding year, and, perhaps, some further slight recovery the following year; but why should the business man wait until the second succeeding year to have an adjustment of his income taxes? So it seems to me that the committee in framing the existing law which limits the readjustment to one year acted wisely in providing that the losses should be deducted from the income of the succeeding year, and that if that is not sufficient the taxpayer should have a readjustment of his income taxes for the preceding year.

The Senator from Pennsylvania recognizes the merits of the amendment and I submit that everyone ought to recognize its merit. The poor unfortunate who suffers a loss in any one year, and is not successful in recouping that loss in the succeeding year, ought to have a readjustment of his income tax before the succeeding year, and have his income tax refunded upon the basis of the income for the three years in order at least to give him an opportunity to recoup in his business, to go on in his business and to have some assistance, with the hope that he may make an income for the succeeding years and after a while pay an additional income tax.

Mr. McCUMBER. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator.

Mr. McCUMBER. If I pay an income tax this year upon a good income, and next year I have a loss so that I have no income, does the Senator think that I should have a right to go back to the income tax paid this year and ask the Treasury to reimburse me for what I have paid in to the extent of what I have earned in the two years so as to deduct my losses in the succeeding year for the past year?

Mr. JONES of New Mexico. The amendment which I propose is not just that, although it embodies the idea of the Senator's suggestion to some extent. It provides that the taxpayer shall deduct that loss from the net income of a succeeding year; but if that is not sufficient, then he may go back to the preceding year, and have a readjustment of his taxes for that period.

Mr. McCUMBER. And, of course, he would thereby call upon the Treasury for the difference between what he has paid in any one year and what he would have paid had the subsequent year's losses been credited.

Mr. JONES of New Mexico. That is precisely the situation. I am sure the Senator understands it.

Mr. McCUMBER. I am going to say to the Senator, if he will allow me, that many people were clamoring during the month of December last who saw that they were having heavy losses during the last half of the year 1920 for a provision of that kind by which the losses of that year might be recouped as against what they had paid in taxes the previous year. The committee made an investigation and realized what would be lost by it, and so it was entirely out of the question to take the desired action.

We can enact legislation which will anticipate to some extent the future, and allow people to take advantage in the future of something that is going to happen in the future, but when we say that the taxpayer can not only do that but in addition can take his chances in a line of business and, if he loses, can recoup his losses against previous payments made to the Government, it seems to me that we are treading upon very dangerous ground; and it means, as has been suggested by the chairman of the committee, from $70,000,000 to $100,000,000 loss to the Government.

Mr. JONES of New Mexico. Mr. President, the committee in its proposal limits this whole matter of adjustment for any taxable year beginning after December 31, 1920; so that it will only apply to losses occurring subsequent to that date. It would not permit anybody suffering losses in 1920 to recoup those losses by the adjustment of taxes paid in 1919. The committee limits that; and even if we adopt the provision which the committee proposes there are those two years for

which there will be no adjustment—the year 1919 and the year 1920.

I should like to get at the real reason why the committee is disposed to oppose this amendment. They are willing that the taxpayer's losses shall be recouped, and that he shall deduct them from the net income of the two succeeding years. That recognizes the fact that he is entitled to have a readjustment of those taxes; but when the Senate committee considered the law of 1918 it contained a provision which would operate precisely as the amendment which I now propose.

Here is another reason for that: Taxes upon individual business operate in a very peculiar way. It is proposed by the bill as it now stands that there shall be a flat tax upon corporations. Upon the individual in business there is only the normal tax and then the surtaxes. That means that if the individual business or partnership makes a large income in any one year, it must pay surtaxes upon that. If it makes no income the next year or a small income, it still has no average income. There remain the high surtaxes on the income of the prosperous year, at a rate much higher than that levied upon corporations. By reason of that discrimination the individual in his prosperous years must pay a penalty. He must pay the high taxes. They may run to 25 or 50 per cent. He pays them. The next year he makes no profit, or but little profit, and he pays no tax, but when he does have an income he is paying a tax higher than the corporation would pay. In that respect, therefore, there should be an equalization; but why should not these income taxes be distributed or estimated with respect to a period of years? It is the average income, it is the average prosperity of business, which ought to pay the tax; but if you make a man pay a high tax in one year, and he makes losses in the next year, he is still out of that money. He may never recoup that loss, and he has paid the Government this revenue, and if you are going to adjust it with respect to the two succeeding years, there is no reason why it should not be adjusted with respect to the year of the loss and the year succeeding and the year preceding the loss.

It is an equitable adjustment. If it were not equitable it would not have been presented to the Senate in the existing law for the year 1918. At that time everybody recognized that it was a just provision, and now unquestionably there are some cases which have induced the Treasury Department to insist upon this modification. It must be that there is somebody who is going to suffer a loss in 1921 who paid a high tax in 1920. That is what it means, and they do not want him to recoup that loss or have an adjustment of his taxes with respect to his income of 1920, 1921, and 1922. Under my provision he will have first to see whether he has any income for the taxable year 1922. If he has, then he deducts his loss from that under the bill as presented by the committee and as proposed by them; and if that is not sufficient, then he has an adjustment of the income tax which he paid for the preceding year.

Mr. McCUMBER. Mr. President, there is quite a little difference between allowing a deduction next year for losses that are incurred this year and those of subsequent years, because in either of those two instances the Government then will get only so much money into the Treasury as it is entitled to; but after the money has been paid into the Treasury for one year, and probably has been expended during that year, and then, because of general depression throughout the country, a great many taxpayers have suffered loss, it seems to me to say that they can come back and recoup a part of that loss against the Government which has received the money, would be putting the Government in a dangerous position.

It might not be so dangerous in a time when prices were soaring and everyone was prosperous, but when you come to a condition in which we do not know what 1922 may be and we have collected our money for 1921, and every dollar is necessary to meet the obligations of the Government, and then in 1922 we may have such a further depression that we scarcely get more than half of the former income tax into the Treasury of the United States, the Treasury would lose not only what it had intended to secure, but in addition to that it would have to provide means to meet the demands upon it because of the losses of the succeeding year. That seems to me to be a very dangerous position to be left in; and it is doubly so when the first effect of it is to take from $75,000,000 to $100,000,000 out of the Treasury or out of the contemplated revenues, every dollar of which we must have.

Mr. SIMMONS. Mr. President, it is with the utmost reluctance that I have to disagree with my friend and colleague upon the committee, the Senator from New Mexico.

It is true, as stated by the Senator from New Mexico, that in framing the act of 1918 we adopted a provision similar to that proposed by the Senator now; but the Senator will recall, as I do with some vividness, the conditions under which we did that and the reluctance with which we did it at the time. The act of 1918 was passed immediately after the signing of the armistice. There was great apprehension throughout the business world that there was going to be a sudden and great and ruinous slump in the prices of commodities. Merchants were especially apprehensive that as a result of this slump they were going to face bankruptcy, because they had purchased their stocks upon which their inventories were based at the high-peak prices of the war.

After hearing a great many witnesses who insisted that it was imperative that relief be given to them against the high income tax that would have to be paid based upon the high-cost price of the goods that they had on hand the committee decided that in order to relieve that situation, to avert a possible danger that would be of nation-wide application, they would permit the taxpayer who might sustain great losses as the result of a fall in his inventories to have a rebate on his income tax for the previous year, and, if necessary, we provided for a refund out of the Public Treasury for the excess of the tax over the losses. However, we confined the provision to that year for the reason that it was anticipated that that result could occur only once, and that if it occurred at all it would be in the year immediately preceding the close of hostilities.

The amendment of the Senator from New Mexico, if it is adopted, will put its hands into the Treasury, take out money that was paid to the Government last year on incomes, and refund it to the taxpayer in order to make up his losses of this year. I think that would be a very dangerous thing to do in these times. Senators on the other side say that probably there would be a loss of revenue to the amount of $70,000,000. I do not know whether the experts have given them those figures or not, but I am under the impression that the loss would probably exceed that amount.

I think all that a taxpayer who loses money this year has a right to ask of the Government is that if next year he shall make a profit these losses shall be deducted from that profit. This bill provides that if next year's income is less than the losses he may have his losses made up out of the income of the next succeeding year; so that we give him that great protection against losses of this year. However great those losses are, he is entitled to offset them against his entire earnings for the next two years; but the Senator proposes that in addition to that, if that is not enough, we shall allow him to go back and take out of the Treasury the money that he paid into it last year on his gains of that year.

I think that is doing a little too much for the taxpayer, Mr. President. While we did it once, we did it under the most remarkable circumstances. We did it reluctantly, and we did it because it appeared to us that the apprehensions of the business world at that time were justified by the conditions.

Mr. JONES of New Mexico. Mr. President, I want to say just one further word.

There are going to be during this year considerable losses in a number of industries—in the live-stock business, especially—and there is no probability that those losses will be recovered during the next two succeeding years. Some of them may have paid a high income tax last year, other businesses just the same, but I submit that there should be a readjustment of the taxes; and if you are going to readjust, if you have any expectation that during the next two years there will come a time when the income will meet the losses of the current year, why let the taxpayer wait? If you adjust it out of his taxes paid last year, if he does make the income in the second succeeding year, he will then pay a tax on it, but you readjust the matter at the time when he needs it the most; and I do not believe that the Government ought to work this hardship upon the business interests of the country. Let us adjust these taxes as they should be adjusted, in a way which is equal for people who have their ups and downs in business and those who have their permanent, fixed-income investments.

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. JONES].

Mr. JONES of New Mexico. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair and transfer as before, I vote "nay."

Mr. LODGE (when his name was called). I transfer my general pair with the senior Senator from Alabama [Mr. UN-

DERWOOD] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. PENROSE (when his name was called). I have a general pair with the Senator from Mississippi [Mr. WILLIAMS]. I transfer that pair, as he seems to be absent, to the junior Senator from Pennsylvania [Mr. CROW]. I ask that this announcement stand unless the senior Senator from Mississippi shall return to the Chamber for the balance of to-day. On this question I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. I transfer that pair to the senior Senator from Tennessee [Mr. SHIELDS], and vote "nay."

The roll call was concluded.

Mr. HALE. I transfer my general pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Rhode Island [Mr. COLT], and vote "nay."

Mr. SUTHERLAND (after having voted in the negative). I transfer my general pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Maryland [Mr. WELLER], and allow my vote to stand.

Mr. STERLING (after having voted in the negative). I transfer my general pair with the senior Senator from South Carolina [Mr. SMITH] to the junior Senator from California [Mr. SHORTRIDGE] and allow my vote to stand.

Mr. KENDRICK. I have a general pair with the senior Senator from Illinois [Mr. MCCORMICK]. He is absent and I withhold my vote.

Mr. HEFLIN. My colleague [Mr. UNDERWOOD] is paired with the senior Senator from Massachusetts [Mr. LODGE].

Mr. SIMMONS (after having voted in the negative). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and allow my vote to stand.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. He is absent, and I withhold my vote.

Mr. STANLEY. I have a general pair with my colleague [Mr. ERNST], and in his absence I withhold my vote.

Mr. CURTIS. I desire to announce the following pairs:

The senior Senator from Vermont [Mr. DILLINGHAM] with the junior Senator from Virginia [Mr. GLASS]; and

The junior Senator from New Jersey [Mr. EDGE] with the senior Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 5, nays 59, as follows:

YEAS—5.

Ashurst	Gerry	Jones, N. Mex.	Pittman
Broussard			

NAYS—59.

Borah	Harris	Nelson	Spencer
Brandegee	Heflin	New	Stanfield
Calder	Hitchcock	Newberry	Sterling
Cameron	Johnson	Nicholson	Sutherland
Capper	Jones, Wash.	Norbeck	Swanson
Caraway	Kenyon	Oddie	Townsend
Cummins	Keyes	Overman	Trammell
Curtis	King	Penrose	Wadsworth
Fernald	Lenroot	Phipps	Walsh, Mass.
Fletcher	Lodge	Poindexter	Walsh, Mont.
France	McCumber	Pomerene	Warren
Frelinghuysen	McKellar	Reed	Watson, Ga.
Gooding	McKinley	Sheppard	Watson, Ind.
Hale	McNary	Simmons	Willis
Harreld	Moses	Smoot	

NOT VOTING—32.

Ball	Edge	La Follette	Robinson
Bursum	Elkins	McCormick	Shields
Colt	Ernst	McLean	Shortridge
Crow	Glass	Myers	Smith
Culberson	Harrison	Norris	Stanley
Dial	Kellogg	Owen	Underwood
Dillingham	Kendrick	Page	Weller
du Pont	Ladd	Ransdell	Williams

So the amendment of Mr. JONES of New Mexico was rejected.

Mr. FRELINGHUYSEN. Mr. President, I offer the following amendment, and ask that it be read.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). The Secretary will read the amendment.

The READING CLERK. On page 78, after line 20, insert a new section, to read as follows:

SEC. 229. That in the case of the organization as a corporation within four months from the passage of this act of any trade or business in which capital is a material income-producing factor, and which was previously owned by a partnership or individual, the net income of such trade or business from January 1, 1921, to the date of such organization may at the option of the individual or partnership be taxed as the net income of a corporation is taxed under Titles II and III; in which event the net income and invested capital of such trade or business shall be computed as if such corporation had been in existence on and after January 1, 1921, and the undistributed profits or earnings of such trade or business shall not be subject to the surtaxes imposed in section 211, but amounts distributed on and after January 1, 1921, from the earnings or profits of such trade or business accumulated after December 31, 1920, shall be taxed to the recipients as dividends; and all the provisions of Titles II and III relating to corporations shall, so far as practicable, apply to such trade or business: *Provided*, That this paragraph shall not apply to any trade or business the net income of which for the taxable year 1921 was less than 20 per cent of its invested capital for such year: *Provided further*, That any taxpayer who takes advantage of this paragraph shall pay the tax imposed by section 1000 of the revenue act of 1918 as if such taxpayer had been a corporation on and after January 1, 1921.

Mr. FRELINGHUYSEN. Mr. President, this simply provides that where a partnership or business desires to incorporate, and does so within four months after the passage of this act, they shall be taxed as to net income as if the corporation had been in existence on January 1, 1921; that is, they shall be taxed as a corporation and not as a partnership or incorporated business.

An equalization of this character was put into the act of 1918 in reference to the excess-profits tax, and I think the amendment is perfectly fair and just. I have talked with the experts regarding it, and they say that the amount of loss of revenue is exceptionally small, less than $100,000, and that it is a perfectly just and fair request.

Mr. MCCUMBER. I think, however, it will bear a little inspection for the purpose of determining just what its operation would be. Gentlemen forming a partnership may have been in business 10 years, or 20 years, or only 1 year; but we will assume that they were in business as a partnership during the year 1921.

At the end of that year, or within four months beyond that, they ascertain that if they had been a corporation they would not pay as much tax; that the individuals owning the stock in that corporation would not pay as much had they conducted the business as a corporation. Therefore they ask, after ascertaining that they could save taxes by incorporating, to change their partnership to a corporation and have it react back as a corporation during the year 1921. Let us see what the reverse of that would be.

If we grant them that privilege, can we give any good reason why, if a corporation has been running during the year 1921 and at the end of the year the stockholders of that corporation ascertain that if they had been doing business as a partnership they would not have had to pay out in taxes as they are compelled to pay as a corporation, so they should not therefore be permitted to dissolve from a corporation within four months and organize as a partnership and get the benefit of the lesser tax by reason of being considered as a partnership when they were not a partnership.

The thing is just as long as it is broad. I know a good many partnerships; I know one myself in which I have an interest that would have been a great deal better off with the tax bill that we now have if we had incorporated a year or so ago, but I do not think it is just to wait until the end of the year, until we find out what the tax law is going to be, and then say we will change a partnership to a corporation or a corporation to a partnership, whichever may be the most advantageous to us, and ask that it be retroactive and apply to our income and our taxes for the preceding year.

Mr. FRELINGHUYSEN. Was there not a similar provision in the act of 1918?

Mr. MCCUMBER. There was for a few months; I think it lasted six months; but I believe it was hardly fair then.

Mr. FRELINGHUYSEN. Does the Senator believe it was unfair then?

Mr. MCCUMBER. Oh, yes; it was unfair then, and doubly unfair now in a time of peace.

Mr. FRELINGHUYSEN. Mr. President, I have no desire whatsoever to ask the Senate Finance Committee to accept an amendment which in any way reduces the amount of revenue or is unfair to the Government. However, the bill is particularly harsh in relation to business and to corporations and partnerships. The surtaxes have been increased, the corporation tax has been increased, and there does not seem to be a disposition in the Senate to treat fairly corporations or partnerships, or business. It seems that every proposition which tends to equalize and which is fair is rejected. The experts who have guided and advised the committee during the entire debate on the bill have stated to me that this proposition is perfectly fair and just, and that it should be enacted into law; that a partnership which has been running for the year, expecting that surtaxes would be reduced, not being allowed by reason of this uncertainty to reorganize their business, suddenly finding that the declared policy of both parties has been changed, should at least be afforded this relief in order to reorganize their business affairs.

M . HITCHCOCK. Mr. President——

Mr. FRELINGHUYSEN. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. When did either party announce that it proposed to reduce surtaxes?

Mr. FRELINGHUYSEN. I have read in both platforms that a simpler form of taxes and reduced taxation was to be had, and that there would be a repeal of the excess profits law. I have heard that recited on the floor of the Senate time and again.

Mr. HITCHCOCK. I asked the Senator when either party declared for a reduction of surtaxes.

Mr. FRELINGHUYSEN. I do not know when they declared for a reduction of surtaxes, but it was understood that there would be a simpler and more uniform tax, and that practically meant a sales tax and a reduction of the surtaxes and excess-profits taxes. However, that has nothing to do with this proposition. This proposition is perfectly fair and is the adopted policy of the 1918 law. I ask that it be incorporated now in the pending bill.

Mr. SIMMONS. Mr. President, this amendment has one feature that may be regarded by some as a merit. The Senator from New Jersey has just said that the bill is unfair to corporations and to partnerships. The Senator is in error. It is exceedingly unfair to individuals and copartnerships and it is more than fair to corporations. The bill is discriminatory against the partnerships and in favor of the corporations. I gave some data furnished to me by the actuary of the Treasury Department a few days ago showing that under the bill as now amended by the Senate a corporation will not pay as much as two-thirds of the taxes that a partnership doing the same business and earning the same amount of income will be required to pay.

Now, in that condition it would not be very unjust to permit a partnership to protect itself against that discrimination by incorporating. But for that situation I would not think of supporting the amendment. However, in view of the conditions that have been created by the bill, I feel that it would not be an inequity to permit copartnerships for this one year to meet this injustice by organizing themselves into corporations. I think that next year practically all the copartnerships in the country which are made aware of this discrimination against them will become corporations, and individuals will have the same incentive to organize their business into corporations, because under the terms of the pending bill and according to the estimate of the Secretary of the Treasury, individuals will pay income taxes twice as great as those of corporations, though doing no more business and engaged in the same kind of business.

Mr. CALDER. Mr. President, may I ask the Senator from North Carolina a question?

Mr. SIMMONS. I yield to the Senator from New York.

Mr. CALDER. I wish to inquire of the Senator if the amendment is agreed to and a partnership is incorporated under it as of January 1, 1922, will that corporation be required to pay excess-profits taxes for this year?

Mr. SIMMONS. Of course.

Mr. CALDER. What tax would the corporation have to pay this year?

Mr. SIMMONS. If it does not incorporate, it will not have to pay excess-profits tax, and if it does it will have to pay the excess-profits tax. So will individuals have to pay the excess-profits tax. However, that did not enter into my discussion.

Mr. McCUMBER. Will the Senator from North Carolina answer another question?

Mr. SIMMONS. Certainly.

Mr. McCUMBER. Of course, we are not through with the bill yet and do not know what we will have when we get through with it, in view of the changes that have been made. Suppose before we get through with it somebody comes to the conclusion that the way it is finally framed is more favorable to partners than it would be to a corporation, would the Senator then be in favor of an amendment which would provide that the corporation might then dissolve and convert itself into a partnership and be allowed the benefits of the law as applied to partnerships for the whole of the previous year?

Mr. SIMMONS. If we make the corporation pay twice as much as we make the other taxpayers pay, I would say yes. I believe in equality of taxation, and I have so urged in every speech I have made in this body upon the subject. The three great groups of taxpayers are individuals, partnerships, and corporations. I believe it is an outrage upon the principle of equality of burdens to lay a tax of 20 per cent upon corporations and 40 per cent upon individuals and to lay a tax of 20 per cent upon corporations and a tax of 30-odd per cent upon partnerships.

Mr. LENROOT. Mr. President, will the Senator yield again?

Mr. SIMMONS. Certainly.

Mr. LENROOT. The Senator speaks of injustice. If there be any, it does not apply to this year, because the existing law continues for this year. What the Senator speaks of will begin only on the 1st of January of next year.

Mr. SIMMONS. The injustice will be very much greater next year.

Mr. LENROOT. Is the Senator's position, then, that under his own law a great injustice has been practiced against individuals and in favor of corporations?

Mr. SIMMONS. No; I do not undertake to say that, where they are paying the excess-profits tax.

Mr. LENROOT. They will pay the excess-profits tax until the 1st of January.

Mr. SIMMONS. That is true.

Mr. LENROOT. Therefore there is no injustice existing that the Senator now speaks of?

Mr. SIMMONS. Not the great injustice that will exist hereafter.

Mr. WADSWORTH. Mr. President, the subject matter which has just been brought before the Senate is one which I think involves a very important matter of public policy. As the Senator from North Carolina has well said, if this situation continues much longer every business in the United States that can possibly do so will incorporate. There is no getting away from it. I do not know whether it would be possible for a firm of lawyers to incorporate, and yet it might. Certainly it is possible for firms of architects, engineers, and other professional men of that type to do so. Merchants and merchandizing firms will certainly incorporate.

I am wondering whether, from the broad standpoint of public policy, it is going to be a healthy condition of affairs to have finally eliminated from our industrial and business and professional life the element of partnership, containing as it does that very valuable element of individual initiative. We all know that the corporation serves a great purpose in the industrial and economic structure of the country, and that probably modern economic structures could not live without the existence of the device known as the corporation; but there is such a thing as driving that evolution along too fast and ending up with a state of affairs in which every business undertaking shall be incorporated.

May I just illustrate this difficulty which the Senator from North Carolina has mentioned with, I think, proper emphasis?

Let us take a partnership whose income, we will say, is $66,000. Under the revenue bill as passed by the other House, with the 32 per cent maximum surtax on incomes, that partnership would pay a tax of $15,000, which is a tax of 23 per cent. If it were a corporation, however, making the same amount of income, $66,000, the corporation would pay at the rate of 15 per cent, under the Senate bill, only $9,900—$5,100 less than a partnership making the same profit.

It grows worse as we go up in the scale of surtaxes. Supposing the partnership made $100,000, and 32 per cent was still the maximum surtax, that partnership would pay $29,000 in taxes, which is 29 per cent. If it were a corporation with the same income of $100,000, it would only pay $15,000 in taxes—$13,800 less than the partnership. If the Senate bill shall prevail with a 50 per cent maximum surtax on incomes, the situation becomes worse and worse in the way it treats a partnership.

Under those circumstances a partnership simply can not compete with a corporation doing exactly the same kind of business and making exactly the same amount of money. Sooner or later, Senators, something has got to be done about this; it can not go on in this way for two or three years more without transforming the business of the country from individual and partnership form into corporate form. Do we want that done as a matter of public policy?

The amendment of the Senator from New Jersey [Mr. FRELINGHUYSEN] offers a certain kind of relief by making it possible for the partnership to transform itself, though it is a left-handed way of getting at it.

Mr. SIMMONS. If the Senator from New York will permit me, I wish to say with reference to the year 1921, I think that the disparity is not so great as it will be for the year 1922; it will be great for 1922. When we exempted corporations from the excess-profits tax for the purpose of bringing about a parity between corporations which were subject to that tax, while partnerships were exempted from it, the excess-profits tax was very high, and nearly every partnership would have paid a considerable excess-profits tax at that time; but as the excess-profits tax has dwindled until it is by comparison relatively insignificant but few corporations and few partnerships, if they are organized into corporations, would have to pay it.

The excess-profits tax now would not remove the disparity that it did remove in 1918 when we adopted that difference in favor of corporations.

Mr. WADSWORTH. That is perfectly true. In 1918 the situation was abnormal. Even if we should retain the excess-profits tax, which we will not, we will never have the conditions of 1918 and 1919 repeated, except in the event of another tremendous world war, with the abnormal conditions which accompany such a war. So, as the Senator from North Carolina says, now that we have gotten back to some degree of normal conditions——

Mr. BRANDEGEE. Mr. President, I ask for order in the Senate Chamber.

Mr. ASHURST. Mr. President, for some time I have been trying to hear the debate, but a group has been gathered around the Senator from Pennsylvania [Mr. PENROSE] and we can not hear a word of the debate that goes on because of that group. I share the resentment which the Senator from New York must feel. I am interested in this debate, and I want to hear it.

Mr. WADSWORTH. I do not feel any resentment.

Mr. SIMMONS. Why could we not make some arrangement whereby the private conferences would not interfere with the discussion in the Senate?

Mr. BRANDEGEE. Why could not arrangements amongst Senators be made in the cloakroom or somewhere else without interrupting the proceedings of the Senate? There are some proceedings on the floor of the Senate that ought to be gone through with in spite of the private conversation in which Senators may engage.

Mr. REED. Mr. President, I think I ought to say, out of courtesy to Senators who have been endeavoring to address the Senate, that we have been trying to agree on a unanimous consent for the disposition of the bill.

Mr. PENROSE. Mr. President, if the Senator from New York, to whom an apology is due, will allow me, we were trying to get a unanimous consent to put us out of our misery. [Laughter.] Will he allow me to present it? If I can be permitted to submit the request for unanimous consent, and if it is acceded to, the debate can go on in the quiet that surrounds a cemetery. [Laughter.] If there is no objection, I present the request for unanimous consent, which I send to the desk.

Mr. WADSWORTH. I yield for that purpose.

The VICE PRESIDENT. The Senator from Pennsylvania presents a request for unanimous consent, which the Secretary will read.

The reading clerk read as follows:

When the Senate recess to-night, recess at 6.30 to meet at 10 o'clock a. m. Saturday; recess to meet 10 a. m. Monday; Monday after 3 p. m. limit speeches by any Senator to a total of 30 minutes; above to apply to everything except the bonus amendments. Vote on bill and all amendments not later than Tuesday 3 p. m.

Mr. CALDER. Mr. President, Tuesday is election day in my State.

Mr. FRELINGHUYSEN. It is also election day in my State.

Mr. PENROSE. Very well; make it Wednesday.

Mr. WATSON of Indiana. No.

SEVERAL SENATORS. Make it Monday!

Mr. PENROSE. Very well, make it Monday.

Mr. REED. Oh, no; we could not get through on Monday.

Mr. SIMMONS. Tuesday has been agreed to, I understand.

Mr. HEFLIN. I suggest that most of the Senators who go home to vote can get back here in the afternoon in time enough to vote if we should make it Tuesday night.

Mr. BRANDEGEE. Senators who desire to do so can go home to vote; they are paired. I will ask that the Secretary state the request for unanimous consent again.

The VICE PRESIDENT. The Secretary will read as requested.

The reading clerk read as follows:

When the Senate recess to-night, recess at 6.30 to meet at 10 a. m. Saturday; recess to meet 10 a. m. Monday; Monday after 3 p. m. limit speeches by any Senator to a total of 30 minutes; above to apply to everything except bonus amendments. Vote on bill and all amendments not later than Tuesday 3 p. m.

Mr. WATSON of Indiana. That fixes no time for taking a recess to-morrow night, and we can run along as long as we want to or as the occasion may require. The same statement applies to Monday.

Mr. TOWNSEND. I notice under the form of the agreement a Senator can have as long as he desires to speak on the bonus amendments.

Mr. WATSON of Indiana. Yes; that exception is made as to the bonus amendments.

Mr. MOSES. But we must vote by Tuesday at 3 o'clock.

Mr. WATSON of Indiana. We must vote by Tuesday at 3 o'clock on the bill and all amendments.

Mr. SIMMONS. Without further debate?

Mr. WATSON of Indiana. Without any further debate after that time.

Mr. JONES of Washington. Could we not vote on the bill to-morrow, if that should develop to be possible?

Mr. WATSON of Indiana. We concluded that we could not secure a vote earlier than at 3 o'clock on Tuesday afternoon.

Mr. WADSWORTH. May I ask what really serious objection there is to continuing the session to-night?

Mr. WATSON of Indiana. It involves various explanations.

Mr. MOSES. Well, let us have them.

Mr. WATSON of Indiana. One was that the Senator from Missouri [Mr. REED] had an understanding with some other Senator that the other Senator was to go on with various and sundry amendments to-night. The other Senator was not willing or not able to go on, and so it was arranged as a matter of courtesy all around.

Mr. REED. I have no objection to running as late to-night as Senators may desire, provided the bill is not reported to the Senate to-night. I have no objection to going on with other amendments. Personally I should like to get away, but I will forego my engagement; and if the Senator from New York or any other Senator has an important matter that he fears might be cut off if we should recess to-night at 6.30, I am willing to go on. That provision in the request for unanimous consent may be changed, so far as I am concerned, but it should provide that when the Senate takes a recess to-night it shall be to meet to-morrow at the time stated.

Mr. WATSON of Indiana. Senators, permit me to say that we thought, in the interest of time, that the best thing to do was to come to some final conclusion and fix a definite time upon which a final vote should be taken; otherwise, if we should run over Sunday there is no telling when we will vote on this measure, for Sunday always breeds amendments on big bills of this kind. The only thing to do is to fix a definite time or else just to go on. We wanted to put it up to the Senate as to what they wanted to do. If the Senate wants to vote down this whole proposition and go on, running the risk of going on to-morrow and to-morrow night, grinding the thing through, well and good. We are making the best effort we can to come to a final conclusion respecting the bill.

Mr. TOWNSEND. Do I understand that we are to vote on Monday at 3 o'clock or on Tuesday?

Mr. WATSON of Indiana. On Tuesday afternoon at 3 o'clock; but after Monday afternoon at 3 o'clock speeches are to be limited to 30 minutes, except on the bonus amendment.

Mr. LODGE. After 3 o'clock on Monday the debate is to be limited to 30 minutes.

Mr. WATSON of Indiana. Except as to the bonus amendments.

Mr. TOWNSEND. Why is an exception made in that respect?

Mr. LODGE. Because we want to get an agreement.

Mr. WATSON of Indiana. Because we could not get an agreement otherwise.

Mr. PENROSE. It is a subject affording an opportunity for too much eloquence to admit of limitation; that is the reason.

Mr. ASHURST. Mr. President, before I consent to the agreement, I desire to suggest that there are a number of Senators who wish to speak on the bonus proposal.

Mr. PENROSE. They will have a chance.

Mr. ASHURST. They will not have a chance, if the Senator will pardon me, under the arrangement proposed.

Mr. PENROSE. We will sit all night for them.

Mr. ASHURST. I ask that all speeches on the bonus amendments be limited to three hours to each Senator.

Mr. PENROSE. That is too short a time.

Mr. ASHURST. Unless they are limited to that time some Senators will never be heard.

Mr. PENROSE. Three hours will be too short a time for each Senator.

Mr. ASHURST. I ask that the limitation be placed on the speeches on the bonus, because otherwise there will be some of us who will never have a chance to speak on the subject; one Senator will get the floor and speak until the gavel falls. In the interest of fairness, I ask that there be incorporated in the agreement the provision that no Senator shall speak over three hours on the bonus.

Mr. PENROSE. We can stay here until the gray dawn creeps in the window, and still some Senator will be speaking on the bonus.

Mr. ASHURST. That is the reason I want the time limited.

Mr. PENROSE. It will be a magnificent sight. There is no need of limiting it; let the debate on the bonus go on.

SEVERAL SENATORS. Question!

Mr. LODGE. Mr. President, the roll will have to be called to ascertain the presence of a quorum.

Mr. CALDER. Mr. President, do I understand the request is that we shall recess to-night at 6.30 until 10 o'clock to-morrow morning?

Mr. WATSON of Indiana. Until 10 to-morrow morning; yes.

Mr. CALDER. I do not see why any limit should be placed on the session to-night.

Mr. PENROSE. That provision has been stricken out of the request for unanimous consent.

Mr. CALDER. I want it to appear in the RECORD that I will not be able to be here on Tuesday, and I have not as yet been able to arrange a pair for that day. I shall not object if an agreement can be obtained without my objection, but I do not like the idea of arranging for a vote on election day, when many Senators have important elections in their States and must be absent on that account.

Mr. PENROSE. Let us put statesmanship above politics, Mr. President. [Laughter.]

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harreld	Moses	Stanley
Brandegee	Harris	Myers	Sterling
Bursum	Heflin	Nelson	Sutherland
Calder	Jones, N. Mex.	New	Swanson
Cameron	Jones, Wash.	Newberry	Townsend
Capper	Kendrick	Oddie	Trammell
Caraway	Kenyon	Overman	Wadsworth
Cummins	Keyes	Penrose	Walsh, Mass.
Curtis	King	Phipps	Warren
Fernald	La Follette	Pomerene	Watson, Ga.
France	Lenroot	Reed	Watson, Ind.
Frelinghuysen	Lodge	Sheppard	Weller
Gerry	McCumber	Simmons	Willis
Glass	McKellar	Smoot	
Gooding	McKinley	Spencer	
Hale	McNary	Stanfield	

The VICE PRESIDENT. Sixty-one Senators have answered to their names. There is a quorum present.

Mr. BRANDEGEE. Mr. President, if I may have the attention of the Senator from Pennsylvania for a minute, this is a very important proposed unanimous-consent agreement. It is stated, as it was read by the Secretary, in a very fragmentary fashion. I should like to have the agreement—to which I have no objection myself—reduced to a form of English that will be proper for such occasions, so that it may be understood and stated in the English language.

Mr. PENROSE. The document may be remarkable because it is unusually terse and free from extra words and surplusage and repetition and prolixity. I ask that the Secretary read it again.

The VICE PRESIDENT. The Secretary will read the proposed unanimous-consent agreement.

The reading clerk read as follows:

When Senate recess to-night, recess to meet 10 a. m. Saturday; recess to meet 10 a. m. Monday; Monday after 3 p. m. limit speeches by any Senator to a total of 30 minutes in the aggregate. Above to apply to everything except bonus amendments. Vote on bill and all amendments not later than Tuesday 3 p. m.

Mr. WADSWORTH. Mr. President, may I ask, for information, whether we are to understand that after 3 o'clock on Monday, if a Senator desires to discuss some amendment other than the bonus amendment, he may speak only 30 minutes?

Mr. LODGE. In the aggregate, on the bill and amendments.

Mr. WADSWORTH. But if he desires to discuss the bonus amendment he may speak all day?

Mr. LODGE. Yes. The object, of course, is to reduce debate and promote a vote.

Mr. PENROSE. But all debate ends on Tuesday at 3 o'clock.

Mr. WADSWORTH. Then, as I understand, if a Senator secures the floor at 3 o'clock on Monday to speak on the bonus question, and desires to do so, he can take the rest of the time, and no other Senator can speak on anything else in that interval.

Mr. WATSON of Indiana. Nobody else could get the floor if he had it and wanted to keep it and talk on that subject.

Mr. WADSWORTH. I have been wondering why the bonus amendment is a preferred amendment in an oratorical sense.

Mr. PENROSE. It is a fertile field, and I think it ought to be given every show.

Mr. WATSON of Indiana. Mr. President, I will be very frank with the Senator from New York, and make this statement: In order to get any kind of an agreement we had to agree to that. If we did not agree to that we could not get an agreement at all.

Mr. PENROSE. And the Senator from New York can realize that he may have the virtues of the excess-profits tax uppermost in his mind, and he can apply his remarks to the bonus.

Mr. TRAMMELL and Mr. LENROOT addressed the Chair.

The VICE PRESIDENT. The Senator from Florida.

Mr. TRAMMELL. Mr. President, I suggest that the unanimous-consent agreement be amended so as to provide that no Senator shall occupy more than one hour on the amendment relative to the bonus. If we do not have a limitation of that kind on it, with the exception of two or three Senators who speak on the question of the bonus, no Senator will have an opportunity to say one word in regard to any amendment that he offers, regardless of the importance of that amendment. That is what it means. You might just as well say you are going to surrender all the time to the discussion of the bonus. While I want to expedite this measure, I do not like to expedite it by giving two or three Senators the opportunity to occupy all the time for debate from now until the vote is taken. That is what it means.

SEVERAL SENATORS. Make it two hours.

Mr. TRAMMELL. I said one hour. One hour is enough.

Mr. ASHURST. Mr. President, experience has taught us that two or three Senators will get the floor, and, regardless of the rights of other Senators, will speak until the last minute, when the gavel falls. A large number of Senators want to be heard on this bonus matter. A large number of Senators here believe it ought to be agreed to; and it is unfair to us to arrange this unanimous-consent agreement so that others who secure the floor, and whose reputations for long-winded speeches are well established, will crowd out other Senators who are more modest in their speech making.

SEVERAL SENATORS. Question!

Mr. TRAMMELL. I suggest that qualification in regard to speeches on the bonus.

Mr. BRANDEGEE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. I do.

Mr. BRANDEGEE. I want to suggest to the Senator from Florida that this agreement, as I understand it, proposes that a vote shall be taken not later than 3 o'clock on Tuesday afternoon. There are 96 Senators. If each Senator is to occupy an hour on the bonus, will that be consistent with the agreement to vote on Tuesday?

Mr. TRAMMELL. Mr. President, I did not make any such suggestion or intimation as that. I suggested that until 3 o'clock on Tuesday the speeches on the bonus should be limited to not exceeding one hour—I mean after 3 o'clock on Monday—and the vote is to be taken on Tuesday. That would not in any wise do away with the idea of expediting the final consideration of the bill.

Mr. LODGE. Mr. President——

Mr. HEFLIN. Mr. President, if the Senator from Florida will permit me, it would not keep a Senator from speaking three hours to-morrow?

Mr. LODGE. Not at all.

Mr. BRANDEGEE. It simply means that the Senators who had the good fortune to be recognized by the Chair would get in one-hour speeches.

Mr. LODGE. Mr. President the limitation to which the exception is made in favor of the bonus amendment does not begin until 3 o'clock on Monday. Anybody can speak on anything between now and Monday—all night to-night, and all day to-morrow, and all to-morrow evening, and all Monday until 3 o'clock, before any limitation takes effect.

Mr. BRANDEGEE. I want to ask if under that proposed unanimous-consent agreement a day is fixed for the taking of a final vote?

Mr. LODGE. Yes; 3 o'clock on Tuesday.

Mr. BRANDEGEE. And any Senator can speak until that time?

Mr. TRAMMELL. If the Senator will yield, after 3 o'clock on Monday, however, there is unlimited debate up to the time of the vote on Tuesday on the question of the bonus.

Mr. LODGE. There is.

Mr. TRAMMELL. Therefore, two or three Senators can talk three or four hours each, and no other Senator will have an opportunity to explain an amendment that he might introduce after Monday.

Mr. REED. That was not the purpose.

Mr. LODGE. That is not the purpose, certainly.

Mr. REED Mr President, the proposition we were discussing—and this was an informal memorandum that was made—was to allow ample time to discuss the bonus amendment, and to save enough time for other amendments of importance. There was no thought that after 3 o'clock on Monday a Senator could speak on the bonus any longer than he could on anything else. It was my understanding that up to 3 o'clock on Monday the speeches on everything would be unlimited—I am willing to put it in that way—and that beginning at 3 o'clock on Mon-

day the speeches from then on should be limited to 30 minutes in all.

Mr. McCUMBER. Mr. President, we do not quite understand on this side what the proposal of the Senator from Missouri was.

Mr. REED. I think Senators have raised a point which is valid as to this agreement—that it is susceptible of a construction which nobody had in mind. I am perfectly willing that the unanimous-consent agreement shall be so drawn that beginning at 3 o'clock on Monday all speeches on all subjects are to be limited to——

Mr. TOWNSEND. Thirty minutes.

Mr. WILLIS. Thirty minutes.

Mr. WATSON of Indiana. Make it 30 minutes.

Mr. WADSWORTH. That will give us all a chance.

Mr. WATSON of Indiana. That will give everybody a chance. A Senator can make a long speech in 30 minutes.

Mr. TRAMMELL. Mr. President, I should like to make an inquiry. Why not make that 30-minute restriction to-morrow morning at 10 o'clock? Is it the idea that a few Senators who want to speak more than 30 minutes will have the opportunity to speak more than 30 minutes prior to 3 o'clock on Monday, and that all other Senators who might want to occupy over 30 minutes on all of the amendments, the bonus and everything else, will be precluded from that privilege after 3 o'clock?

Mr. SIMMONS. Mr. President, I think if we could agree to limit speeches on the bonus to an hour each, the difficulties that we are laboring under now would disappear. The Senator from Massachusetts [Mr. WALSH] and I have introduced a bonus amendment. No speeches have been made on that yet, and none will be made until after the bonus amendment of the Senator from Missouri has been acted upon; but neither the Senator from Massachusetts nor I will want more than an hour. I shall not want more than 20 minutes myself, and I think the Senator from Massachusetts will not want more than an hour. Am I right about that?

Mr. WALSH of Massachusetts. One-half hour.

Mr. SIMMONS. I think if we can limit speeches on the bonus to an hour, the objection to this unanimous-consent agreement will disappear. The apprehension is that the bonus will take up most of this time.

Mr. McCUMBER. I think that could be done, and I believe Senators would not abuse their privileges, by taking up the time which many Senators fear they will take, if speeches are limited to an hour.

Mr. HEFLIN. That is all right.

Mr. REED. Just a moment. Is it proposed to limit speeches on the bonus to an hour?

Mr. SIMMONS. It is proposed that no Senator shall speak longer than an hour on the bonus.

Mr. REED. Well, Mr. President——

Mr. HEFLIN. After 3 o'clock on Monday.

Mr. REED. That is all right.

The VICE PRESIDENT. The Secretary will read the proposed unanimous-consent agreement.

The reading clerk read as follows:

It is agreed that when the Senate shall take a recess to-night it will recess to meet at 10 a. m. on Saturday, and take a recess on Saturday to meet at 10 a. m., Monday; that on Monday, after 3 p. m., speeches by any Senator shall be limited to a total of 30 minutes in the aggregate, and this is to apply to everything except bonus amendments. On bonus amendments no Senator shall speak longer than one hour. The Senate will vote on the bill and all amendments not later than Wednesday at 3 p. m.

Mr. LODGE. Mr. President, I think it would be well to make the usual formal statement at the end, that at not later than 3 o'clock on Tuesday, November 8, 1921, the Senate will vote upon any amendment which may be pending and any amendment which may be offered, and upon the bill, H. R. 8245, through the regular parliamentary stages, to its final disposition.

The VICE PRESIDENT. That will be inserted in the unanimous-consent agreement.

Mr. CALDER. I ask that the unanimous-consent agreement be modified so as to fix the time for voting at 3 p. m. on Wednesday.

Mr. LODGE. Of course, the Senator can kill this unanimous-consent agreement by objecting.

Mr. CALDER. I would be glad to have it made 10 o'clock Monday night. I shall not be here Tuesday.

Mr. WATSON of Indiana. How many Senators are to be away on Tuesday to vote? I observe seven on this side.

Mr. KING. And two on this side.

Mr. WATSON of Indiana. I want to ask the Senator from Missouri if he would be willing to make the time for voting Monday night at 11 o'clock?

Mr. REED. I do not think it is possible to get through. I have tried to help as much as I can, and in agreeing to this I am going counter to a rule I thought I had established for myself, that when important bills were pending I would object to entering into unanimous-consent agreements. The situation is this: The bonus question will be brought up, and there are a number of Senators who want to speak on it. There is an amendment to be offered which the Senators presenting it want time to properly discuss. So much for that.

The Senator from Wisconsin [Mr. LA FOLLETTE] has some seven or eight amendments to present, and the Senator from New York [Mr. WADSWORTH], who just had the floor, was discussing a question of very great importance. Whether or not he has an amendment to offer I do not know. I think that under the circumstances it would be impossible to get through Monday night; and one of the hopes I had was that we could avoid night sessions. If we can not reach an agreement that is satisfactory, we had better go on to-night and fight it out.

Mr. SIMMONS. I hope we can reach a vote before Wednesday; I think that is too late. I think we ought to get through with this measure. Does not the Senator from Missouri think we might get through if we stayed here to-night until about 10 o'clock and to-morrow night until 8 or 9 o'clock?

Mr. REED. Yes; if we could go on to-night until 10. I think we are all trying to get through.

Mr. SIMMONS. I know that is true, and I want to have an adjournment myself; but for the purpose of getting a vote on the bill on Monday instead of waiting until Wednesday I would be willing to stay here to-night until 10 o'clock and stay here to-morrow night until 10 o'clock and stay here Monday night until 12 o'clock, if necessary.

Mr. McKELLAR. Why can we not vote on Wednesday at 12 o'clock noon? Why will there be such a tremendous difference between voting on Tuesday at 3 and voting on Wednesday at 12? That would allow Senators who are going away to vote in their States ample opportunity to get back and vote on the bill. It would not be fair to them to deprive them of a chance to cast their votes. We know they feel it necessary that they should vote in their State elections, and it is a patriotic duty for them to vote. I ask the Senator from Pennsylvania if he will not modify his unanimous-consent agreement so that it will read to vote at 12 o'clock on Wednesday?

Mr. PENROSE. I will do that.

Mr. LENROOT. That would mean that we would take the entire day Wednesday. There will be a large number of roll calls.

Mr. McKELLAR. That may be true, but one day's difference is a great deal better than going on in this way.

Mr. LENROOT. I am unwilling to postpone it until Wednesday. I see no reason why we can not go on until a late hour to-night and vote on the calendar day of Monday. I am willing to do that.

Mr. KENYON. I suggest making it 10 o'clock Wednesday morning. Senators who care to vote can all be back by that time.

Mr. McKELLAR. That is entirely satisfactory. Let us make it 10 o'clock on Wednesday.

Mr. WATSON of Indiana. I ask unanimous consent that the agreement be modified so as to fix the time for the final vote on Wednesday morning at 10 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. REED. If we are going to run on all day Tuesday, there is no use putting the time limit of 30 minutes on speeches.

Mr. McKELLAR. We do not change that.

Mr. REED. Senators who have anything important to say will find that a very short time, if 8 or 10 amendments come up.

Mr. LODGE. We are extending the time until Wednesday.

Mr. McKELLAR. Until Wednesday at 10 o'clock.

Mr. REED. And the limit on speeches begins on Monday at 3 o'clock.

Mr. LODGE. This extends the time from Tuesday to Wednesday.

Mr. REED. But the limitation of time still is to begin on Monday at 3 o'clock.

Mr. WATSON of Indiana. Let us go on.

Mr. McKELLAR. Let the bill be voted on Wednesday at 10 o'clock.

Mr. WATSON of Indiana. We have made concessions in the interest of securing harmony and reaching a finality.

Mr. McKELLAR. Wednesday will afford Senators time to get here to vote, and they have that right.

Mr. JONES of New Mexico. Mr. President, there are a number of amendments pending. It is my opinion that we have been making reasonable progress upon this bill and the amendments. This is one of the most important measures which this

Congress will have to pass upon, and I am satisfied the discussion has resulted in much good. I do not believe anyone at this time can anticipate just what should be done. I do not know how many amendments are pending, but there are a number, and they ought to be discussed.

There is no evidence here of filibustering from any quarter. There are a number of questions reserved for action when the bill reaches the Senate, and there are a number of amendments which will be presented in the Senate. Under unanimous-consent agreements which we have entered into heretofore we have cut off debate, we have cut off the offering of additional amendments, so they could be discussed in the Committee of the Whole, making it necessary to bring them up in the Senate for presentation and discussion.

Mr. WATSON of Indiana. Will the Senator yield?

Mr. JONES of New Mexico. I do.

Mr. WATSON of Indiana. Does the Senator from New Mexico intend to object to the unanimous-consent agreement?

Mr. JONES of New Mexico. I do.

Mr. WATSON of Indiana. Then that ends it, and there is no use wasting time with a long speech. Objection is made, and I suggest that we go right on.

Mr. MOSES. Mr. President, a parliamentary inquiry. What is the pending amendment.

The VICE PRESIDENT. The amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN]. The question is on that amendment.

Mr. WADSWORTH obtained the floor.

Mr. WATSON of Indiana. Will the Senator yield?

Mr. WADSWORTH. For a brief statement, Mr. President.

Mr. WATSON of Indiana. Mr. President, we have made an honest effort to reach an agreement to vote on the pending bill. Objection has been made, and there is nothing for us to do now but to go on with the business in hand. I trust that Senators will remain here and we will go on as long as we can keep a quorum to-night and finish this bill at the earliest possible moment. It may be that some agreement can be reached to-morrow, but probably not to-night; at all events, I trust that Senators will remain.

There were many Senators on this side who objected to entering into this agreement, although they did not intend to object on the floor. They thought we ought to go on with the session to-night, and now that the unanimous-consent agreement has been denied, the only thing for us to do is to remain here and go on with the business in hand and finish it as soon as we can.

Mr. KING. Mr. President, may an humble Democrat add his support to the position of the Senator from Indiana? I would like to see this bill passed to-morrow night, and see the Senate get through with it and get it out of the way, and I am willing to stay here all night if necessary.

Mr. WADSWORTH. Mr. President, I shall not detain the Senate long on this particular amendment, offered by the Senator from New Jersey.

When the unanimous-consent agreement was presented, I was endeavoring to discuss the matter of public policy in connection with this taxation of partnerships and individual concerns, as contrasted with taxation of corporations, and I had read to the Senate certain figures showing the exceedingly heavy burden carried by a partnership as contrasted with a corporation engaged in exactly the same business and making exactly the same net income.

One of the difficulties with arranging a scientific scheme of taxation on partnerships is the fact that the income tax assessed against a partnership under the law and under the regulations of the Treasury Department must take into account certain inventory values, and the most astounding injustices are inflicted from time to time by reason of that element in computing the tax that is to be paid. Apparently in corporate form business does not suffer that handicap.

A partnership may make a $100,000 in one year. The next year it may make only $10,000. In the year in which it makes the $10,000 it has to pay a tax on the $100,000. The third year it may lose money, and in the year in which it loses money it may have to pay a high tax on the profit which it made the year before. In other words, one of the most important elements in this difficult problem is this, that the profits of corporations and individuals engaged in business will vary tremendously from year to year, and if there were some way of arranging in the law for an averaging of the profits over a term of years, the individual or the partnership would not suffer so much.

For example, we will take a partnership engaged in a merchandising business of some kind. It may acquire a stock of goods during a taxable year a large portion of which is to be used in the business in the succeeding year. If it happens that during that taxable year the value of those goods has gone up on the market, as I understand the situation, the partnership will be charged, when it comes to pay its income tax, with the increase in the value of those goods. But when there comes a year in which a tax is paid several months later, the actual value of those goods may have gone down tremendously and be worth perhaps only 50 per cent of what they were in the year previous, which is the year for which the tax was to be paid. As a matter of fact, there are partnerships to-day facing bankruptcy by reason of the fact that the inventory values upon which the taxes are to be paid do not reflect and can not reflect in the slightest degree the actual values as of to-day, and when a partnership is faced with a condition of that kind, what is it compelled to do, if it can do so under the law, but to climb under the shelter of corporate form?

It has to do it. It may be able to stand the staggering tax once, but it can not take the chance of doing it again. Meantime, the same business in corporate form moves on smoothly and quietly and under the highest proposals of the bill can never be called upon to pay more than a tax of 15 per cent upon its income.

The amendment offered by the Senator from New Jersey goes a little way, at least, in the matter of providing relief, and yet it is a form of relief which, frankly speaking, I do not like, because it is a legislative recognition of the necessity of partnerships to incorporate. I believe the whole situation created by the revenue bill in this regard is wrong. We ought to go back somewhere and find some method of equalizing the burden of taxation placed upon the partnership on one side and the corporation on the other, when they are doing the same kind of business and making the same profit.

The amendment of the Senator from New Jersey is a recognition by Congress, if the amendment shall be adopted, of the necessity of every partnership in this country incorporating. Should we compel partnerships to cease to exist as an important element in the business life of the United States? I may be a little bit old-fashioned, but——

Mr. GERRY. Mr. President——

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from New York yield to the Senator from Rhode Island?

Mr. WADSWORTH. I yield.

Mr. GERRY. In other words, the Senator from New York feels that in this bill there is no parity between the individual, the copartnership, and the corporation?

Mr. WADSWORTH. Why, of course not.

Mr. GERRY. And that the whole advantage is in favor of the corporation?

Mr. WADSWORTH. Certainly; and everybody will be driven into that form of business and the Government is going to lose the revenue, and we might as well make up our minds to it. I discussed this matter on the broad ground with several Senators here, and have proposed a rather rough-hewn method of equalizing the discrepancy. The answer has been, and it is a perfectly legitimate answer so far as it goes, that if we are making some special provision in the bill for the equalization of burdens by, for example, authorizing a credit to be given to partnerships in the matter of the imposition of surtaxes or income taxes upon them, that the Government would thereby lose this next year a tremendous revenue. I have had that figure stated to me to be as high as $150,000,000.

I do not know what it would be. It may be that we would lose that amount or $100,000,000, or some very substantial amount, but we are going to lose it eventually, anyway, because these people will incorporate sooner or later, and we will lose that revenue from them no matter what we do here. There is no way that the Congress can forbid and prevent their incorporating. Certainly there is no constitutional or legal way of doing it, and from the moral standpoint it would be insufferable.

To-day individuals and partnerships are about the only elements left in our business life which are paying the full rates on income, and they are the ones, what there are left of them, who will have to carry three-fourths at least of the burden of that kind of taxation. I think the Senator from North Carolina [Mr. SIMMONS], in protest against this situation, is absolutely right. I am not satisfied that the amendment of the Senator from New Jersey presents the proper kind of remedy, because it is not a remedy looking in the direction of the fundamental difficulty. It merely opens the door for these people to go to corporate form. In other words, as I said a little while ago, it is recognition of the fact that we are compelling them to do it, and if we are going to compel them

to do it, let us let them do it right away and make it somewhat retroactive.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER (Mr. ASHURST in the chair). Does the Senator from New York yield to the Senator from New Mexico?

Mr. WADSWORTH. I yield.

Mr. JONES of New Mexico. I am very much in sympathy with the argument which the Senator from New York is making. This afternoon I introduced an amendment, which is now being printed, which provides for a plan whereby the individual in business and the copartnership in business may make a return as a corporation, and by another amendment, by simply changing the word "such" to "any," I have provided that the corporation may make a return as a partnership. In other words, what we are all seeking—and I know it is in the mind of the Senator from New York—is to bring about equality of taxation——

Mr. WADSWORTH. It is.

Mr. JONES of New Mexico. So far as it can be done. That is the purpose of my amendment. The Senator from New York deprecates the idea of forcing individuals and copartnerships to incorporate, and unquestionably he would deprecate the idea of forcing corporations to disincorporate if the form of business which they have built up meets with the wishes and desires of the people who are conducting the business. The amendment which I proposed this afternoon meets just that situation. It provides for a method whereby the individual or partnership may make a return as a corporation, suffer only the burdens of the taxation which is imposed upon the corporation, and that the corporation, composed of a few individuals, if they find that the burden is greater upon them as such, may make a return as a partnership.

What we are all after—and I must say I express my supreme gratification for the argument which the Senator from New York has been making—is equality of taxation. I have not heard the amendment proposed by the Senator from New Jersey, but it just occurs to me that perhaps this matter might be deferred until the amendment which I have proposed this afternoon may be printed, and that we may all consider it on its merits.

The suggestion has been made to me that if partnerships and individuals are overtaxed we should let them incorporate. That is not the solution in my judgment. I am much gratified that the Senator from New York is making the argument which he is making.

Mr. KING. Mr. President, I merely wish to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. WADSWORTH. I will yield the floor in just a moment.

The PRESIDING OFFICER. The Senator from New York declines to yield for that purpose at this time.

Mr. WADSWORTH. I am very much interested in the amendment which the Senator from New Mexico has offered. It may be that it presents the best-balanced automatically working solution. It is susceptible of such a result. I also offered an amendment this afternoon, which is being printed, but is not yet printed, which may be regarded as somewhat roughhewn, as I said a little while ago. It is an effort, perhaps desperate, to equalize the situation, and it reads as follows. I have not yet offered it formally in the Senate to be considered and voted upon because I want it printed first. It reads as follows:

For the purpose of the taxes imposed by this section the taxpayer shall for the calendar year 1922—

It is not applicable to this year at all—

and each calendar year thereafter be allowed a credit equal to 30 per cent of the net income from a trade, business, or profession carried on by him, or from salaries, commissions, fees, or other compensation for his personal services. Such net income shall be separately computed for the purposes of this section under regulations prescribed by the commissioner, with the approval of the Secretary.

That 30 per cent is sort of a rough estimate.

Mr. WALSH of Massachusetts. How did the Senator arrive at 30 per cent?

Mr. WADSWORTH. In figuring the way the different taxes run on copartnerships on the one side and corporations on the other side, when we pass incomes of $66,000 the differentials seem to run about 30 per cent. It gets worse as it gets higher.

I am rather taken with the suggestion of the Senator from New Mexico. I am not at all prepared to say that mine is good or anywhere nearly as good as his proposal, but I bring the matter up in connection with the amendment of the Senator from New Jersey, because the Senator from North Carolina opened the door to one of the most interesting topics I have heard presented in the Senate since the bill was under consideration, and I thought, while we had started the discussion on it, that at least there would be a few Senators willing to give consideration to the very point to which I have called attention.

Mr. GERRY. Mr. President——

Mr. WADSWORTH. Are we going to compel the incorporation of practically all the business enterprises and nearly all the professional enterprises of the United States?

Mr. WALSH of Massachusetts. That is just what it does.

Mr. WADSWORTH. I yield now to the Senator from Rhode Island.

Mr. GERRY. I simply wish to say that I have been very much interested in the discussion of the Senator from New York. This matter had been under consideration by the Senator from Massachusetts [Mr. WALSH] and myself when we suggested certain amendments. The Senator from Massachusett brought in his amendment which would tax corporations on their net earnings on a graduated scale. That amendment was rejected. One of the reasons for that amendment was that it would have evened up in some slight degree this inequality between the individuals, the copartnerships, and the corporations. Undoubtedly this inequality exists, and it exists a great deal more since the Senate has adopted the higher scale of income tax.

It seems to me that there is a great deal of merit in what the Senator from New York has said. A difficulty, however, in the rectifying of the injustice in the way he proposes is in regard to the loss of revenue.

Mr. WADSWORTH. It is revenue we are going to lose within a year anyway.

Mr. GERRY. Yes; but we would not lose it so soon.

Mr. WADSWORTH. My amendment does not let it take effect until next year.

Mr. GERRY. The Senator's amendment does not apply until 1922. Is that the calendar year or the fiscal year?

Mr. WADSWORTH. The calendar year.

Mr. SIMMONS. Mr. President, the Senator from Rhode Island is mistaken. The amendment to which he refers as offered by the Senator from Massachusetts would not correct the inequality between corporations and partnerships and individuals. I did not understand that was the purpose of it. The purpose of that amendment was to correct inequalities between corporations which are paying excess-profits taxes and corporations which are paying no excess-profits taxes, the corporation of small earnings as compared with the corporation of large earnings. That was the purpose of the amendment of the Senator from Massachusetts.

Mr. GERRY. Yes; that was the main purpose, but I am not mistaken.

Mr. SIMMONS. It would not correct this other difficulty.

Mr. GERRY. It would correct it in a slight degree. It would not equalize it.

Mr. SIMMONS. I do not understand that the amendment of the Senator from Massachusetts would impose in the aggregate any heavier taxes upon corporations than the committee amendment. The amount of revenue from that amendment would be about the same, as I understand it, as from the committee amendment, but the inequality between weak corporations and strong corporations would in a degree be corrected.

Mr. GERRY. I think the Senator from North Carolina missed my point. It would not, as far as raising an increased amount of revenue, equalize the difference, but it would have the effect of placing a tax of 20 per cent on very large profit-making corporations, which would in a small way tend to equalize the surtaxes paid by individuals.

Mr. McCUMBER. Mr. President, a few moments ago upon a call for a quorum we had in the Chamber nearly all the Senators who are in the city. In five minutes the Chamber was practically empty. The Senators are away to their dinners, which is a very proper thing. Now we are asked to vote upon an important proposition of this kind with a dozen Senators or less in the Chamber. We are asked to discuss it when we have nothing but empty seats to discuss the matter with, and then Senators will come in and vote according to some preconceived idea they may have or accordingly as they have their confidence in this Senator or that or as they wish to please this one or that one, instead of voting upon anything they know anything about. I am not going to let the matter go to a vote at least without some explanation of the argument that has been made by the Senator from New York [Mr. WADSWORTH]. There is no such thing, Mr. President, as equalizing the taxes which are paid by a corporation and those paid by a partnership. It is an impossibility, for the reason that the individuals composing the partnership must pay their taxes, normal and surtaxes. When we attempt to equalize what shall be paid by a corporation, we have got to take into consideration what the stockholders are going to pay. The corporation does not spend

the money for pleasure or for anything of that character; it does not spend it for family uses. Take the case that the Senator from New York has presented to the Senate of a partnership earning $66,000. Now, I presume the Senator based his calculation on what they would pay upon such a division that each one would earn $66,000. Is that correct?

Mr. WADSWORTH. No; that was the total amount.

Mr. McCUMBER. Then there would be $33,000 for each partner, if there were but two of them. They pay their surtaxes upon that if they have earned it all, and it is divided.

Now, let us take the corporation. Let us take a case where two men, with a dummy to represent the third man, owning the same amount of property, conducting the same kind of business, make the same amount of money as a corporation. What do they pay? First, they pay the corporate tax of 15 per cent upon their net income. The Senator from New York did not mention that in his argument.

Mr. WADSWORTH. Oh, yes; I did.

Mr. McCUMBER. Very well.

Secondly, the Senator did not mention the fact that the members of the corporation pay in addition to that a tax upon their corporate stock.

Mr. WADSWORTH. That is small.

Mr. McCUMBER. That depends entirely upon what their stock is. It may be small or it may be large, but they have got to pay it. Suppose they distribute the money that they have earned, then each individual would pay relatively upon the distributed share. In the particular case cited if a corporation composed of individuals distribute its earnings, when the individual interest is considered it has paid a great deal more to the Government than would a partnership. But, Mr. President, that seems to me not to be reaching the real case after all, because in the corporation there may be a good many stockholders.

If there be a great many stockholders, the individual holders having to divide the $66,000, perhaps none of them would pay more than a very small amount to the Government of the United States. They are not the kind who will want to convert themselves from a corporation into a partnership or from a partnership into a corporation. This proposed legislation will affect those cases, in my opinion, where there are one or two partners or where there are two or three holders of stock.

The whole thing hinges, to my mind, upon whether we ought to say that at the end of a year a partnership may incorporate in order to escape partnership taxes or, on the other hand, if it be a corporation, that it may dissolve and thereby escape paying corporate taxes and pay only as a partnership. My insistence is that such a provision as that now before us ought not to be retroactive.

I agree with the Senator's statement that there should be allowed both to the corporation and to partnerships the right to retain a reasonable amount of their earnings in the business. I have always favored that and would vote for it, but the proposition of making such a provision retroactive and allowing either a partnership or a corporation to determine at the end of the year whether they will escape the taxes by incorporating or by dissolving, as the case may be, seems to me to be inconsistent with good legislation.

Mr. JONES of New Mexico and Mr. WADSWORTH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Dakota yield and, if so, to whom?

Mr. McCUMBER. I yield the floor to all Senators.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. JONES of New Mexico. Mr. President, I did not intend to discuss this matter at this time, but I desire to say that what I believe we all want is equality of taxation. The Senator from North Dakota in his statement has evidently kept that idea in mind. However, so long as we have a different plan for taxing corporations from the plan for taxing individuals and partnerships who are engaged in business, we are bound to have inequalities in a very large number of cases; there is no question about that; and in some instances it reaches up to hundreds of thousands and even into millions of dollars.

We do not want to disturb the forms of business which the people have adopted. If they think that it is better for their interests to operate as individuals or as partnerships or as corporations, we do not want to interfere with that. We do not want to force a reorganization of the business interests of the country. We want the people to transact their business just as they have chosen to do, and legislation ought to be so arranged that they can do that without suffering any additional burdens of taxation.

The Senator from North Dakota has said that it will not do at the end of the year for a partnership to determine whether or not it will make a return for that year as a partnership or a corporation; that it will not do at the end of the year to allow a corporation to make a return as a partnership if that would be better for it at that time. I think I agree with the Senator about that, and the amendment which I proposed takes care of that situation; but it does provide that the partnership may elect as to whether it wants to continue its business as a parnership, as a corporation, or as an individual; and it gives the corporation the right to elect whether it will continue its business as a corporation or as a partnership for the purposes of taxation.,

This question was presented by me to the experts of the Treasury Department, who have been rendering most admirable assistance to the Finance Committee, and after considering it they concluded that if it would be better for the individual or partnership to incorporate let him do it; that if it would be better for the corporated stockholders to disincorporate, let them disincorporate.

Mr. McCUMBER. But the Senator would not have it retroactive, would he?

Mr. JONES of New Mexico. That is a question I have not considered. My amendment does not contemplate any retroactive feature.

Mr. McCUMBER. Suppose two men in a partnership have a million dollars of income each; the Senator would not allow them to form themselves into a corporation and pay 15 per cent on that, would he?

Mr. JONES of New Mexico. I am inclined to agree with the Senator from North Dakota upon that proposition. The question of making it retroactive has not been considered by me, and the suggestion of the difficulty presented by the Senator from North Dakota appeals to me very much. I should like to hear the Senator from New Jersey or some one upon the question of making it retroactive.

Mr. CALDER. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. Gladly.

Mr. CALDER. Does the Senator's amendment give the taxpayer, whether an individual or a copartnership, the right at the end of any given year to make his return as a corporation?

Mr JONES of New Mexico. It gives him the right whenever he makes his return to elect at that time so that he will make his return——

Mr. CALDER. As of that year?

Mr. JONES of New Mexico. As of the year for which the return is to be made.

Mr. CALDER. Is not that retroactive?

Mr. JONES of New Mexico. It is retroactive to that extent; yes.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. KING. I should like to ask the Senator from New Mexico if in his consideration of this question he has taken into account the advantages and the disadvantages that may result from corporate or partnership or individual conduct of a given business? Let me put the matter in this form: A corporation is subject to State laws and subject to State exactions, for, as the Senator knows, many States impose very heavy taxes upon corporations, first upon incorporation, then a franchise tax, a capital stock tax, etc. Then consider the 15 per cent tax imposed by this bill upon corporations on profits and the corporation stock tax. Then take a partnership conducting the same kind of a business, and assume that the profits of the corporation at the end of the year are $100,000 and that the profits of the partnership are $100,000; has the Senator figured whether the corporation or the partnership would pay the most taxes to the Government and to the State, and whether it would be more profitable, the partnership making a hundred thousand dollars and the corporation making a hundred thousand dollars, to operate the business as a partnership or as a corporation, taking into account the State taxes, the State corporation taxes, the Federal corporate taxes, and all taxes imposed by this bill?

Mr. JONES of New Mexico. I have made no investigation with respect to the State obligations of corporations, because they vary in the different States; but I have investigated the subject with respect to the Federal laws only and to the proposals of this bill as they bear upon individuals, partnerships, and corporations, and this is the necessary result: This bill proposes to put a flat tax of only 15 per cent upon corporate income, in addition to the capital-stock tax, of course, which is comparatively immaterial.

Mr. FRELINGHUYSEN. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from New Jersey?

Mr. JONES of New Mexico. I yield.

Mr. FRELINGHUYSEN. Mr. President, I am compelled to leave the Chamber, and inasmuch as this is my amendment, and a very important amendment, and as there has been so much interest taken in it, I shall ask, or request the Senator from New York to ask, unanimous consent that it go over until to-morrow. I shall not make that request until after the Senator from New Mexico concludes his remarks, for, of course, I do not want to interrupt the Senator in his argument on the amendment.

Mr. JONES of New Mexico. I presume we are all perfectly willing that it may go over. I shall join in the request, because at that time we may have the other amendments ready.

Mr. FRELINGHUYSEN. I desire to have the merits of the amendment considered carefully by the Senate, and I think it is better, in view of its importance, that a full attendance be here when the matter is voted upon.

Mr. McCUMBER. I might say to the Senator that if by any possibility we should get through with the bill as in Committee of the Whole to-night, he would still have an opportunity of presenting the amendment in the Senate.

Mr. FRELINGHUYSEN. I ask unanimous consent that the amendment may be passed over.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey, which is that the amendment be passed over for the present?

Mr. JONES of Washington. Mr. President, does not the Senator think we could obtain a quorum here to-night?

Mr. FRELINGHUYSEN. Possibly.

Mr. JONES of Washington. Then why not consider and act upon the amendment?

Mr. McCUMBER. The Senator from New Jersey desires that it go over until to-morrow.

Mr. JONES of Washington. But why can we not dispose of it to-night? I had understood that the Senator from North Dakota was going to keep the Senate in session to-night.

Mr. McCUMBER. The Senator from New Jersey has an immediate engagement that he desires to keep, and if he is delayed until we get a quorum here he will be greatly inconvenienced.

Mr. FRELINGHUYSEN. Mr. President, I am perfectly willing to say that if this were an engagement that could be broken I should feel that it was my duty to stay here. I know that the Senator from Washington is smiling because I have stated to the Senate that I am compelled to leave, but it is an engagement which I do not feel at liberty to break, in view of its importance. Therefore, as I introduced the amendment, I ask that the matter may go over until to-morrow. If there is objection, the Senate can vote upon it.

Mr. JONES of Washington. Mr. President, the suggestion of the Senator as to why I was smiling is not correct. I was not smiling on that account at all. Of course I should not expect to have the Senator break the engagement of which he speaks for an opportunity to vote on his amendment; but I was rather glad of the opportunity to suggest that we were informed that we were to be kept here to dispose of amendments, and that it might be well to try to get a quorum here to dispose at least of the other amendments. I am glad to have the amendment of the Senator go over.

Mr. FRELINGHUYSEN. I did not suggest that we stay here to-night.

Mr. JONES of Washington. Oh, no; I was not referring to the Senator at all.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. JONES of New Mexico. Mr. President, I think I will proceed with my remarks.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. JONES of New Mexico. I yield to the Senator from Tennessee.

Mr. McKELLAR. I understood that the Senator from New Mexico had completed his remarks.

Mr. JONES of New Mexico. No; I have not.

Mr. McKELLAR. I will ask the Senator, then, to yield to me. I was going to say that if the present amendment goes over I should like to offer one myself.

Mr. JONES of New Mexico. I yield.

Mr. McKELLAR. I offer the amendment which I send to the desk and ask to have it stated.

The PRESIDING OFFICER. Does the Senator from New Mexico yield for that purpose?

Mr. JONES of New Mexico. I will ask the Senator to withhold it for a moment, until I conclude the answer which I was making to the interrogatory of the Senator from Utah.

The PRESIDING OFFICER. The Senator declines to yield at this point.

Mr. JONES of New Mexico. The interrogatory of the Senator presents a question which is the crux of this whole proposition. Here is what will be the operation of the bill as it is now presented to the Senate.

Take an individual engaged in business. He must pay not only the normal tax but the surtaxes upon his income for the year, whether that income is represented by goods upon the shelf or wheat in the bin, or what not. That is all considered as income. The corporation pays a flat tax of 15 per cent upon its income. Whenever the income of the individual engaged in business reaches a point where his normal tax and his surtaxes will exceed 15 per cent and the capital stock tax, whatever that may be, he will have an inducement to incorporate. That point is reached under this bill whenever the income of the individual is as much as $20,000 a year. When you reach the point of $20,000, from $18,000 to $20,000, the surtaxes are 7 per cent. He pays a normal tax of 8 per cent; so when he reaches an income of $20,000 a year he then is put upon a parity with the corporation, ignoring the small tax upon the stock issue of the corporation. That is the point where he will have an inducement to incorporate. As the Senator from New York has said, they may talk about the loss of revenue by permitting that individual to return his income as a corporation, but the loss will occur, as the Senator very correctly points out, because these people are not going to suffer this great injustice. Whenever you reach the point where the tax upon the individual doing business as an individual is greater than he would pay if he organized as a corporation, he is going to do it, and they are going to suffer this loss in revenue whether they want it suffered or not.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. JONES of New Mexico. I yield.

Mr. KING. I think the Senator in his presentation has omitted one or two factors, one of which I alluded to and which he states he did not take into account, namely, the impositions of the States; and let me say to the Senator that they are very great. May I further add that some of the States now are imposing a tax upon alleged intangible assets of corporations which are becoming almost confiscatory. They have not, so far as I know, applied that rule of taxation to individuals or to partnerships, and yet they may in the future extend that principle of taxation, which is so nebulous as to work, in my opinion, very serious hardships upon the taxpayer. However, there is that factor which must be imported into the equation in order to reach rational and just conclusions.

There is another factor not mentioned by my distinguished friend, namely, that the individuals, if they should incorporate and distribute to themselves as dividends the profits made, would be compelled to pay perhaps surtaxes and certainly the normal taxes upon the distributions made by the corporation. That would have to be taken into account, because that would detract from the amount which ultimately would be left in the pockets of the individuals.

Then there is another factor which must be taken into account, namely, that after the corporation pays all of its taxes to the States for intangible assets and good will, and what not, and then 15 per cent to the Government, and its capital-stock tax, then when it distributes as dividends the profits made the various stockholders of the corporation will have to pay an income tax to the Government. So that a corporation operating will be compelled to pay very large sums to the Government; and if a complete computation were made of a business conducted by a partnership, with profits of a million dollars per annum, and a business conducted by a corporation with profits of a million dollars per annum, when you take into account all of the advantages and the disadvantages upon each side of the line, I am not so sure where you are going to get off, and I am not so sure that the corporation would have any advantage over the partnership.

Mr. JONES of New Mexico. Mr. President, I have made note of everything the Senator from Utah has just stated. The difficulties of changing from a partnership or an individual business to a corporation have been pointed out by the Senator from Utah. They vary with the legislation of the different States. That will affect only the point reached in income where

the inducement will arise to change from the individual form of business or the partnership form of business to the corporation. It may be that in the Senator's State there are so many taxes on corporations—stock taxes and franchise taxes and various kinds of taxes—that they would deter individuals and partnerships in his State from incorporating; but the point will be reached, even in his State, assuming it to be the one which surrounds corporate forms of business with the greatest difficulties, where there is greater advantage in operating as a corporation than as a partnership; and if the Senator will just take the other side of the proposition, if there are so many difficulties surrounding the doing of business as a corporation in his State, coupled with this flat 15 per cent tax upon all of the net income of corporations, the corporation may find it to its benefit to disincorporate and do business as a partnership.

The point which I present is, Why disturb these forms of business which the taxpayers of the country have selected as the forms of business most appropriate to their surrounding circumstances? Why force them to change from one to the other in either direction because of Federal taxation? Why can we not provide that Federal taxation at least may be permitted upon either basis, according to the selection of the taxpayers of the country?

Mr. KING. Mr. President, if the Senator propounds that as a question, I want to assert that in my opinion it would be not only an injudicious but a most unjust assertion of Federal authority to compel business enterprises to adopt forms different from those which have been followed in the past and which business prefers to follow in the future. It would be reprehensible—indeed, it would be infamous—for us to use the taxing power of the Federal Government to compel business to change from legitimate paths which have been walked in for years and years to follow some avenue which we indicate that they should walk in.

Mr. JONES of New Mexico. Mr. President, I felt that I would touch a responsive chord in the heart and intellect of the Senator from Utah, because I know that he does not want to disturb business and that he does not want to discriminate, so far as Federal taxation is concerned; and that is precisely what this bill does as it is now proposed. You make individuals and partners engaged in business pay a normal tax of 8 per cent, and you levy your surtaxes. The higher their net incomes, the greater the rate of taxation is, and when they reach the point where they are making incomes in excess of $20,000 a year, you are putting a penalty upon anybody who is undertaking to do business as an individual.

I say that it is indefensible, and no one has undertaken to defend the proposition on the floor. It can not be done. The thing that has been suggested is that the exigencies of the situation demand that these taxes shall be levied, but no one has undertaken to justify this gross discrimination.

Take a corporation, which is earning modest dividends, composed of two or three stockholders. Assume that there are three stockholders engaged in a moderate business. They are making modest incomes, incomes amounting to only 5 or 10 per cent upon their invested capital. If they were to disincorporate they would pay taxes only at the rate probably of 5 or 6 per cent upon the net income which would be the property of each individual stockholder; but if you require them to remain as a corporation, you tax them a flat 15 per cent, and you will force the corporation composed of a reasonable number of individuals to disincorporate and do business as a partnership.

Do you want to disarrange the business of this country through a mere system of taxation? Is that the purpose of this legislation? Of course, no one wants to do that; but they undertake to build up a system of taxation. They have one system for individuals and partnerships and another system for corporations. If you do not want to do injustice to the business of this country, then why should you not provide a plan whereby the individuals or the partners may make a return as a corporation and whereby the corporation, through the unanimous consent of its stockholders, may make a return as a partnership?

I submit that there is no substantial argument against that proposition. That was embodied in the amendment which I introduced this afternoon. I did not expect the matter to come up for discussion to-night, but the amendment of the Senator from New Jersey necessarily raised the general proposition. I am glad that it has gone over until to-morrow.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey.

Mr. KENYON. Mr. President, I am not willing that an amendment so important as this shall be voted on with less than 10 Senators in the Chamber.

Mr. CURTIS. It was the understanding that the amendment should go over.

Mr. KENYON. I understood that agreement was not entered into.

Mr. CURTIS. That is so, because the Senator from New Mexico did not yield for the purpose, but the understanding with the acting chairman was that the amendment would be withdrawn.

Mr. KENYON. I did not understand that that was the arrangement.

The PRESIDING OFFICER. The bill is as in Committee of the Whole and open to amendment.

Mr. CURTIS. The Senator from Tennessee [Mr. MCKELLAR] offered an amendment, which might be stated.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from Tennessee.

Mr. KENYON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Jones, N. Mex.	McNary	Sutherland
Brandegee	Jones, Wash.	Moses	Townsend
Calder	Kenyon	Myers	Trammell
Cameron	Keyes	Oddie	Wadsworth
Capper	King	Overman	Walsh, Mass.
Caraway	Ladd	Phipps	Warren
Curtis	Lenroot	Sheppard	Watson, Ga.
Fernald	McCumber	Shortridge	Watson, Ind.
France	McKellar	Simmons	Willis
Harreld	McKinley	Spencer	

The PRESIDING OFFICER. Only 39 Senators having answered to their names, a quorum is not present. The Secretary will call the names of absent Senators.

The principal legislative clerk called the names of the absent Senators, and Mr. NICHOLSON answered to his name when called.

Mr. CUMMINS and Mr. BURSUM entered the Chamber and answered to their names.

The PRESIDING OFFICER. Only 42 Senators have answered to their names, and a quorum is not present.

Mr. CURTIS. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Mr. NORBECK, Mr. REED, Mr. KENDRICK, Mr. HITCHCOCK, Mr. NEWBERRY, Mr. RANSDELL, Mr. GOODING, Mr. BROUSSARD, Mr. GLASS, Mr. POINDEXTER, and Mr. HARRIS entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-three Senators have answered to their names. There is a quorum present.

Mr. CURTIS. I ask unanimous consent to vacate the order by which the Sergeant at Arms was directed to request the attendance of absent Senators.

Mr. ASHURST. To vacate the order?

Mr. CURTIS. At present. We will issue another order later, if it is necessary. We want to go on with the amendment to be proposed by the Senator from Tennessee [Mr. MCKELLAR].

The VICE PRESIDENT. Without objection, the order will be vacated.

Mr. MCKELLAR. Mr. President, I offer the amendment which the Secretary has at the desk, and ask that it be read.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. The Senator from Tennessee offers the following amendment:

On page 171, after line 25, insert:

"Section 22 of the interstate commerce act is amended by inserting "(1)" after the section number at the beginning of such section and by striking out all after the first proviso of such section and inserting at the end of such section two new paragraphs to read as follows:

"(2) Each common carrier by railroad, or partly by railroad and partly by water, within the continental United States subject to this act, shall issue interchangeable nontransferable 2,000-mile tickets (including the privilege of carrying baggage free to the amount of 100 pounds), to be sold at the rate of 2½ cents a mile, for transportation of persons on any lines of such carrier or any other such carrier, without regard as to whether the points of origin and destination for any single journey are within the same State, provided such carrier is engaged in interstate commerce. The commission, by order, (a) may initiate and establish such classifications, regulations, and practices relating to such tickets, (b) may make such regulation as it deems necessary for the enforcement of the provisions of this paragraph, and (c) shall modify the rate established by this paragraph whenever in its opinion there is, after this paragraph takes effect, a substantial alteration in the average rate level for the transportation of persons by such carriers throughout the country as a whole, so as to increase or decrease such rate directly in proportion, as nearly as the commission deems practicable, to such alteration in such average rate level and without regard to section 15a of the interstate commerce act, as

amended by section 422 of the transportation act approved February 28, 1920. Any ticket unused in whole or in part at the time of any such modification may be redeemed at the same rate per mile as that for which it was purchased. No common carrier shall demand, collect, or receive greater or less compensation for the transportation of persons or baggage under any such 2,000-mile ticket than that required by the provisions of this paragraph or any order of the commission issued thereunder or refuse to accept any such ticket for the transportation of persons as provided in this paragraph.

"(3) If any provision of paragraph (2) or the application thereof to any person or circumstance is held invalid, the validity of the remainder of such paragraph and the application of such provision to other persons and circumstance shall not be affected thereby, and no tax shall be imposed upon mileage tickets issued under this paragraph."

Mr. McKELLAR. Mr. President, I offer the amendment which the Secretary has at the desk, and ask that it be read.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. The Senator from Tennessee offers the following amendment:

On page 171, after line 25, insert:

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"'(3) If any provision of paragraph (2) or the application thereof to any person or circumstance is held invalid, the validity of the remainder of such paragraph and the application of such provision to other persons and circumstance shall not be affected thereby, and no tax shall be imposed upon mileage tickets issued under this paragraph.'"

Mr. McKELLAR. Mr. President, under subsection (i), on page 171, there is a provision in the present tax law governing the redemption of mileage tickets. The amendment now offered is almost in the identical words of a bill that was introduced several months ago by the senior Senator from Indiana [Mr. WATSON], with only very small differences, to which differences I shall call the attention of the Senate in a moment.

It has been about a year since I introduced in this body a bill to provide for the issuance of mileage tickets. The traveling men all over the country have asked for the issuance of such mileage tickets. Business men all over the country have asked for such a provision of law; and it seems to me that it would be of the greatest importance not only to the traveling public, not only to the business public, not only to that part of the public that is known as traveling men, but it would be of the greatest interest and value to the railroads themselves. I believe that it would mean largely increased passenger revenues to the railroads, a matter in their present state of vital importance; and one of my reasons for saying this is that prior to the taking over of the railroads by the Government and prior to the passage of the act known as the Esch-Cummins bill, the railroads of their own accord issued this kind of a mileage ticket. They have been in common use ever since I can recall, and that is some time now; and if they had not been of value to the railroads, if they had not been to the financial interest of the railroads, they never would have been issued. So, I believe that it is intensely desirable not only for the good of the public that may buy these railroad mileage tickets but of the utmost benefit to the railroads themselves, because with the same amount of rolling stock they will have a very largely increased number of passengers in the country and a largely increased revenue. The commercial travelers are a unit in demanding this legislation. Each one of these traveling men is also a business getter for the railroads. Every time one goes out and sells a bill of goods he makes additional business for the railroads. Every one of them is in reality a drummer for business for the railroads. Before the war and before the Esch-Cummins law the railroads recognized this fact and gave them reduced mileage tickets. This system, if reestablished, would manifestly benefit the railroads.

Now, going back just a moment over the history of this measure, as I say, I introduced it about a year ago, the first one—I believe it was the first—to be introduced. Last spring I reintroduced my bill at the opening of the special session of Congress, and immediately asked the distinguished chairman of the Interstate Commerce Committee [Mr. CUMMINS] for a hearing, and he appointed a subcommittee, at my request, so that a hearing might be had. He said he favored legislation of this kind. He was exceedingly sympathetic in regard to the matter. The subcommittee appointed consisted of the Senator from Indiana [Mr. WATSON], the Senator from Maine [Mr. FERNALD], and the Senator from South Carolina [Mr. SMITH]. I tried on several occasions to get the subcommittee together, and did succeed finally in getting them together on the floor here once. In the meanwhile the Senator from Indiana [Mr. WATSON] had introduced his own bill on the subject and the Senator from Missouri [Mr. SPENCER] had also introduced a bill on the subject; but when I found that the Senator from Indiana had introduced a like bill, it seemed to me to be of the utmost importance that we consider his bill. He was on the Interstate Commerce Committee—he was a member of the majority party—and I urged the subcommittee to consider this particular bill of the Senator from Indiana, which I think is a most excellent measure. I immediately expressed myself as being just as much in favor of Senator WATSON's bill as I was in favor of my own. Of course, I knew the political situation, and knew the committee would want to report a bill introduced by a member of the majority party. I wanted the legislation. I therefore supported the Watson bill. The only differences between that bill and the present amendments are three, which I will point out in a moment.

As I understand, the subcommittee did report the Watson bill favorably to the full Committee on Interstate Commerce. I will not be positive about that, but I so understood. Whether or not the full committee has acted upon it, I do not know; but from what I heard from the various members of the committee, a large majority of that committee favored the Watson bill. I think I at one time or another urged every member of the committee to support the Watson bill. It just happened that the distinguished Senator from Indiana is not only a member of the Interstate Commerce Committee but he is a member of the Finance Committee, and if this amendment is added to the pending bill it will be virtually in his hands when it comes to conference, because I understand that he will be a member of the conference committee; so any small differences about it can be ironed out in conference, and I hope the committee will accept the amendment. I want to say to him in all frankness that it looks to me like a mighty good way for him to get his bill passed at a very early date. The commercial travelers and the traveling public in Indiana are just as much in favor of it as those in Tennessee and in the remainder of the country are in favor of it. It is not my bill I am urging; it is the bill of the Senator from Indiana. There never was such an opportunity for him to get his bill enacted into law. Will the Senator help me with his own bill? I see the chairman of the Interstate Commerce Committee here also. I am going to point out the changes, the very minor changes, I have made in the Watson bill, and I believe they will meet his approval.

The Watson bill, which I have before me, provides for the issuance of 5,000-mile tickets. My amendment provides for the issuance of 2,000-mile tickets. I think the 2,000-mile ticket is very greatly preferable to the other, and my reason for saying so is this: The public is used to buying a 2,000-mile ticket or even a 1,000-mile ticket. It is not used to buying a 5,000-mile ticket.

The great body of commercial travelers are not men of large means, and it would mean a greater imposition upon them to be compelled to buy a 5,000-mile ticket rather than a 2,000-mile ticket, or a 1,000-mile ticket; and I hope that change in the amendment which I have offered will be satisfactory to the chairman of the committee and to the members of the committee and to the Senate. The 2,000-mile book is a compromise between the 5,000-mile book and the former plan of the railroad companies by which they issued 1,000-mile books. If it is preferred by the Senate to make 1,000-mile books that would be entirely acceptable to me.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Florida.

Mr. TRAMMELL. Why should the Senator prescribe the sale of 2,000-mile tickets alone? Why not make it 1,000 miles, so that people who do not travel constantly may get some benefit of this provision and not be discriminated against?

Mr. McKELLAR. I should be perfectly willing if a 1,000-mile ticket could be issued, and, in fact, I would rather have it; and I will say that the railroads themselves felt that a thousand-mile ticket was better, because that was the ticket usually sold prior to their being taken over by the Government following the declaration of war.

Mr. SPENCER. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. SPENCER. I am thoroughly in sympathy with the purpose of the amendment which the Senator is describing, and I believe in the wisdom of it thoroughly. In fact, as the Senator has already said, I have introduced a bill along this same line.

Mr. McKELLAR. Yes; I have it here before me. It is an excellent bill, too, and I hope to have the Senator's aid in enacting the policy into law while we have a real chance.

Mr. SPENCER. What I should be very glad to have the Senator tell me is in the discussion of a bill to reduce and equalize taxation and to amend and simplify the revenue act of 1918, where does general legislation in regard to interchangeable mileage tickets have its place? I like what the Senator has in mind, precisely as I am in favor of added appropriations for the inland waterways; but where is the application of either one of them on the bill now before the Senate?

Mr. McKELLAR. I shall be delighted to tell the Senator. It is a very simple matter. I read from subsection (1) of the present bill:

(1) Subdivisions (a), (c), and (d) shall not be in effect after December 31, 1922. Under regulations prescribed by the commissioner with the approval of the Secretary, refund shall be made (1) of the proportionate part of the difference between the tax collected under subdivisions (c) or (d) of the revenue act of 1918 on tickets or mileage books purchased and only partially used before January 1, 1922, and the tax imposed on and after such date by subdivisions (c) or (d) of this act; and (2) of the proportionate part of tax collected on tickets or mileage books purchased and only partially used before January 1, 1923.

At the present time there is a tax on mileage books or any other kind of railroad transportation which will be in force till January 1, 1922, at any rate. This amendment of mine repeals the present tax law in so far as mileage books are concerned. It is perfectly appropriate to this bill. If we declare that mileage books are a class of railroad transportation and repeal the tax on them beginning with the approval of the bill, such a provision has a perfectly legitimate place on this bill. There can not be any possible doubt about that. Besides, this is not an appropriation bill, and general legislation can be adopted on such a bill as this. No point of order can lie to this amendment. It is purely a question of whether it is desired by the Senate to vote for this amendment or not. It is up to you Senators on the other side of the aisle. You have the opportunity to adopt it or defeat it. I hope you will vote to adopt it.

Mr. CUMMINS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Iowa?

Mr. McKELLAR. Certainly.

Mr. CUMMINS. A question only. What amendment does the Senator propose? Is it the one that bears his name? Is it some modification of that amendment?

Mr. McKELLAR. The amendment which the Senator has is the pending amendment. It is my amendment proposed to this bill, but it is Senator WATSON's bill, not mine. It provides at the end that no tax shall be imposed upon this kind of railroad transportation. There is now a tax on this kind of railroad transportation, and there is no reason why it may not be added to this bill.

If the Senate will bear with me just a few minutes, I shall take only a short time before I ask for a vote; and I will now point out the other differences.

Mr. SPENCER. Does the Senator think that because in the pending bill there is a provision in regard to the revenue as it is affected by the evaporation which occurs in the case of stored liquor that perhaps we might work in the inland waterways appropriation?

Mr. McKELLAR. Not at all; I think that the Senator's illustration has no bearing at all, if the Senator will excuse me for differing with him.

Mr. SPENCER. I am inclined to agree with the Senator.

Mr. McKELLAR. Incidentally, I might agree, as suggested here by a distinguished Senator by my side, that in these days no liquor evaporates; it is all consumed. I am afraid this is unhappily so, though I am not an expert on that subject.

The second change I will call to the attention of the author of the bill [Mr. WATSON of Indiana] and the chairman of the Committee on Interstate Commerce [Mr. CUMMINS] is found in line 4 of the amendment which the Senator has before him. This proviso reads:

Provided, That such carrier is engaged in interstate commerce.

Mr. President, I understood from what I heard in the committee room of the Committee on Interstate Commerce one morning while I was in attendance upon it about this matter, and from what some member of the committee told me afterwards, that there was some question about whether there was a constitutional right to deal with this matter, as it affects railroads entirely within a State. Of course, we all understand that that is a legal question, and for that reason I put a proviso in this amendment that such carrier must be engaged in interstate commerce. In other words, I think the amendment, regardless of what might have occurred in the committee, ought to provide in terms only for mileage tickets in interstate commerce.

Mr. CUMMINS. Every railroad in the United States, so far as I know, is engaged in interstate commerce. No matter how short it may be, it carries or originates carriage which may terminate outside the State. That is true of both passengers and freight, and of all such carriers the Interstate Commerce Commission has jurisdiction. The question in dispute is a very grave one, and is a question upon which we are now, and have been for more than 10 days, holding hearings, in view of an effort being made in certain bills which have been introduced to repeal certain parts of the transportation act which are claimed to have extended the jurisdiction of the Interstate Commerce Commission over intrastate commerce. I take it that it can not be claimed that Congress has any power to give the Interstate Commerce Commission or any power to exercise for itself the authority to regulate a purely intrastate rate. There must be some association of the State rate with an interstate rate in order to bring it within the authority of Congress, and very plainly one part of the amendment proposed by the Senator from Tennessee would attempt, at least, to assume Federal jurisdiction over State passenger rates, no matter how disconnected they might be with interstate commerce.

Mr. McKELLAR. I know of no greater expert in the United States on these rates than the Senator from Iowa [Mr. CUMMINS], the chairman of the Committee on Interstate Commerce; and if he would sit down at his desk and draw an amendment to this amendment I would ask leave to perfect my amendment by incorporating his words in it, because I agree with him that we ought to be careful not to take any more jurisdiction in this bill than we should. However, judging from the opinions of the Supreme Court, I have not a particle of doubt that the provision in this amendment, which is, as I have said, practically the bill introduced by the Senator from Indiana [Mr. WATSON], will be upheld by the Supreme Court.

Mr. CUMMINS. I have very grave doubt about it.

Mr. McKELLAR. If the Senator will just indicate the language which he thinks will remove the doubt, I shall gladly accept his language.

Mr. CUMMINS. I can not conceive of circumstances under which a rate between two towns 10 miles apart in the State of Tennessee would affect interstate commerce, unless we are willing to go to the length of saying—and this is one of the very questions now being considered by the Supreme Court in a case yet to be decided—that State rates, no matter whether they are connected with or whether they affect interstate commerce in any way at all or not, can be controlled by the Federal Government in order to insure that purely intrastate commerce or transportation shall raise its proper, fair share of the burden which must be borne by the carriers who do an interstate business. I have never been willing, myself, to say that the Interstate Commerce Commission or Congress should attempt to fix State rates simply because it was alleged that State rates did not raise the revenue which that part of the traffic should raise; and the Senator from Tennessee can see at once that this amendment puts all State passenger traffic entirely in the hands of Congress first, and afterwards in the hands of the Interstate Commerce Commission.

Mr. McKELLAR. I will say to the Senator that I should be delighted to accept any amendment which will effect the purpose he has just explained. I will strike out any language he thinks might interfere with the State rates or I will insert any other language he thinks will safeguard the matter. My only desire is to see enacted into law this bill introduced by the able Senator from Indiana [Mr. WATSON]. I think this legislation is greatly needed.

Mr. CUMMINS. It would not be difficult to make the change suggested by the Senator from Tennessee; but I do not think we can include that class, for the reason that while I am in favor of giving to the Interstate Commerce Commission the authority to require railroads to issue interchangeable mileage tickets, which may be used without destination upon the various interstate carriers of the country, I could not and do not favor the establishment of a uniform rate throughout the

United States by Congress. I think it would be fatal, not only to the best interest of the traveling public, but to the carriers as well. As the Senator from Indiana knows and as the Senator from Tennessee knows, I am in favor of conferring authority upon the commission to require railroad companies, so far as interstate travel is concerned, to issue interchangeable mileage tickets upon application, but I am not willing to say that they shall be issued at 2½ cents per mile. The Senator from Tennessee can easily perceive the difference between those two propositions, and, therefore, if I were to attempt to write an amendment to his amendment I would have to rewrite the amendment entirely. That I can not do at this time. Moreover, while I recognize that the committee of which I am chairman has more work to do than has been possible to accomplish on account of the engagements of Senators elsewhere, I think this is a matter which should be settled by an amendment to the interstate commerce law through an independent measure, so that it can receive the consideration in the Senate which its importance demands. I do not think this legislation should be made a part of a revenue bill, and for that reason, while I am always at the service of the Senator from Tennessee, I can not do what he has so kindly suggested that I might do.

Mr. McKELLAR. Mr. President, I do not know that I subscribe to the position the Senator from Iowa takes about the 2½-cent mileage. There is a proviso in the Esch-Cummins bill, of which he was one of the coauthors, which provides that all railroads shall earn 5½ per cent, and it directs the rates to be so fixed and established by the Interstate Commerce Commission as to bring about that result in the various rate districts.

Mr. CUMMINS. There is no such provision in the law.

Mr. McKELLAR. That is substantially it.

Mr. CUMMINS. It will not bear the construction which the Senator from Tennessee has just put upon it; and I may say, in regard to that, that the hearings which we are now conducting, and which we have been conducting for 10 days, upon the bill introduced by the Senator from Kansas and the bill introduced by the Senator from Colorado relate to that very subject, and it may very well be that within a very short time a bill will be reported and passed which will eliminate that provision in the law.

Mr. McKELLAR. It strikes me that under the provisions of the Esch-Cummins law, which provides, among other things, that if railroads make more than a certain percentage the excess is to be set aside and used for the benefit of other railroads which do not make so much, a provision of 2½ cents per mile straight throughout the country would not be a hardship on any railroad. I do not see how it could be.

There is another proposition about this. The Senator says for us to wait. We have been waiting a year to get action on this proposition. I introduced a bill embodying this subject last fall. I have constantly, in season and out of season, asked that the bill be given a hearing, and that we might have a report on it. When I found that Senators on the other side of the Chamber had introduced similar measures, realizing the situation and knowing bills by majority Senators would naturally receive preference, I at once put mine aside, having no pride of authorship, and urged the passage or the favorable report of the bill offered either by the Senator from Missouri or the Senator from Indiana, particularly that offered by the Senator from Indiana, because he was a member of the Interstate Commerce Committee. I have tried in every way to get meetings of the committee and of the subcommittee in order to get the bill favorably reported. My friends on the other side of the aisle will bear me out in this.

The Senator says wait. How long is the traveling public to wait? It has been waiting and suffering a long time already. Passenger rates, as well as freight rates, are enormously high. They are an enormous burden upon the business of this country. They are an enormous burden upon the traveling public, and some action ought to be taken to reduce them. Are we going to wait until another session and another session?

Are we to wait until the next session, and then the next, and when that session comes then the next? Are we to wait indefinitely for something which I believe nine-tenths of the people of the United States think we ought to have now? As far as I know, no Senator contends that these mileage tickets should not be authorized. I have not found a Senator who differed with me on that proposition. Yet we are just procrastinating day after day, the public is suffering, and business is falling off. The merchants of the country can not send out the usual number of traveling men. The traveling men are not able to pay the enormous rates which are asked of them for traveling. The railroads are not only losing a large increase in their passenger traffic, but they are also losing an enormous increase in their freight business which would naturally come from having a greater number of traveling salesmen getting increased business for them.

As an illustration of what their high rates are doing, I came up not long ago on a train, and there were three people in the sleeping car between Memphis and Washington on what is known as the Memphis special. I asked the Pullman conductor, whom I know very well, why it was that there were so few in the car, which is ordinarily crowded in both lower and upper berths. He said, "You people in Congress are to blame for it." I said, "How are we to blame for it?" He said, "You have raised the rates so high that the people can not travel on the Pullman as heretofore; we get no drummers now; they can not afford to ride with us any more." They are charging Congress with it, you see. I said, "You can not charge me, because I have done everything in the world I can to get rates reduced, and voted against the Esch-Cummins law, under which they were raised, thereby damaging both the railroads and the public."

I know the Senator from Iowa will bear me out about the reduction of passenger rates, because I have talked with him about it time and time again, and he has the same general views on the subject that I have. Immediately after I introduced the bill he told me that he agreed that something of this sort ought to be done, and that these mileage tickets providing for lower rates of travel should be issued.

Mr. CUMMINS. I do not question that.

Mr. McKELLAR. Everybody says it ought to be done, but nobody does it. Here is an opportunity for it to be done right away. There is no real reason why it should not be done immediately. It is the same plan formerly adopted and used by the railroads themselves. It is a large increase on former mileage-book rates. The cost of labor is coming down. It has already been materially reduced. The cost of materials is being greatly reduced. It will bring a large increase in the volume of business with a consequent increase of income to the railroads. The railroads need this increased revenue. I do not know of anything that would cause a greater increase of passenger business than the reduction of rates provided for in this proposed sale of mileage books.

Mr. CUMMINS. I was very much interested in it, and the Senator from Tennessee knows that when his bill was introduced I asked him to name a subcommittee to consider the bill which he had introduced. The Senator from Tennessee suggested the names to me, and I as chairman appointed them.

Mr. McKELLAR. That is entirely true. The Senator has acted with the utmost courtesy and consideration, and I am absolutely sure is conscientiously in favor of proper remedial legislation. The only thing I complain of is that we are not getting anywhere. That was nearly a year ago, and now the whole country is demanding cheaper passenger rates, and still neither the committee nor the Senate acts. This we all know is a good way to get them, and it seems to me that here is a means in a bill that has been considered. If it is not exactly right, the conferees can arrange it after it goes to conference.

Here is a bill that was certainly carefully prepared, otherwise the Senator from Indiana would not have introduced it. It is most carefully prepared. I do not say that because it is my amendment, because it is not my amendment. I am, as I said before, introducing as an amendment the bill of the Senator from Indiana precisely as he introduced it, with the few exceptions I have mentioned which are immaterial. I wish to call the Senate's attention to one of these inconsiderable changes, because it will come up before the Interstate Commerce Committee unless the Senate should adopt my amendment. In line 17, on page 2, I have added these words, after directing the Interstate Commerce Commission to issue the mileage under regulations:

> And without regard to section 15a of the interstate commerce act, as amended by section 422 of the transportation act, approved February 28, 1920.

That is important for this reason: The Interstate Commerce Commission, as long as the provision exists about raising the rates to a point where they will produce a certain income to the railroads, will regard it as mandatory unless we provide by law that they shall do this without regard to section 15a, which directs the Interstate Commerce Commission to raise the rates so that the income of the railroads shall be not less than 5½ per cent in groups. I think this is quite important as an amendment.

The other difference between the Watson bill and the amendment which I have offered is the tax provision exempting these mileage tickets from taxation. Of course, it is proper that we should do that. We have exempted from taxation all transportation after the 1st of January. If it is proper in this bill to

exempt it after the 1st of January, it is entirely proper to exempt it at the present time.

Mr. President and Senators, I have said about all I care to say about this amendment. I merely wish to add that to my mind this is one of the most important steps toward bringing about normal business conditions in the country. The rates of travel are so high that they are stopping the business of the country. They are drying up the business of the country. It seems to me it is our duty, while we are in session and while the matter is properly before us, to take that step which we all realize right now, and which all know ought to be taken.

We all know that lowering the mileage rates and thus increasing the issuance of mileage books is a wise thing to do, because it is not only to the interest of the public but it will be to the interest of the railroads themselves, and their interests ought to be looked after. We know that they are having a serious time. They need every dollar they can earn. They adopted this method of handling their passenger traffic. It is a system established by them. From time immemorial they have issued these mileage books at less than their regular rate. So we are not attempting anything new or revolutionary. We are attempting to do by my amendment what the public wants done and what the railroads by habit and experience for many years have declared is the proper way of handling it. We all believe in it. I doubt if there is a single Senator who does not believe that we ought to have a lesser rate for mileage books, that we ought to provide for a system of mileage books at lesser rates. If that is the case, why do we insist upon technicalities? Why do we insist upon presenting it to a certain committee, or why do we want to do anything else about it other than to accept what the Senator from Indiana has himself said ought to be the law? He is on this committee, and if there are any amendments to my amendment, after it goes into conference they could be suggested and looked after there. Will he help us pass his own proposal?

Why should we delay it? It would be a very popular provision in the bill to include this very amendment which I have offered. It will be one of the most popular things about the bill, and, by the way, I think Senators on the other side will need some popular provisions in the bill.

There are a world of provisions in the bill that you are going to find will be excessively unpopular with the American people. Why not put in a few things that will serve the people? The people will feel that they are getting something direct when they are able to go and get mileage books at reduced rates. We have taken the taxes off of transportation after January 1, 1922. This will undoubtedly help some. The cost of labor has been reduced. The cost of materials has been reduced. Why not a reasonable reduction in freight and passenger rates?

Mr. WATSON of Georgia and Mr. CUMMINS addressed the Chair.

Mr. McKELLAR. I will yield to the Senator from Georgia because he rose first, but I will ask him to let me finish this statement first.

Mr. WATSON of Georgia. Certainly.

Mr. McKELLAR. When they find that the provisions of the bill have been changed, that where they formerly paid, as they do now in many instances, about 5 cents a mile all told, they can now buy mileage tickets at reduced rates, they will feel that it is a very excellent piece of legislation. I say it is not my legislation and it is not legislation that comes from this side of the Senate. It is the proposal of Senator WATSON of Indiana. I am only asking Senators on the other side to incorporate this in the bill at an appropriate place under appropriate circumstances, side by side with appropriate provisions, it being the very law that some of your most distinguished Members have said ought to be on the statute books. It is a proposal of one of your most distinguished leaders.

Will you do it or will you postpone it? Did you mean what you said when you stated you thought these rates ought to be reduced, or are you just side-stepping the proposition? Let us have a show-down about it. Give a yea-and-nay vote on it. I do not know whether I shall be able to get a yea-and-nay vote. I know that when you do not want to do anything, you do not give us a yea-and-nay vote. I do not know that we have enough Democrats here to-night to get a yea-and-nay vote, but give me a yea-and-nay vote and let us see how we come out on it. I should like to see how the Senator from Indiana [Mr. WATSON] will vote on his own bill. I should like to see how the junior Senator from Missouri [Mr. SPENCER] will vote on substantially his own bill. Are you going to stand by the commercial travelers and the traveling public generally, or are you going to postpone, postpone, postpone to a more convenient season that may never come?

I promised to yield to the Senator from Georgia and then——

Mr. CURTIS. Does the Senator from Tennessee yield the floor?

Mr. McKELLAR. No, not yet; I desire to yield to the Senator from Georgia first.

Mr. WATSON of Georgia. I wish to point out to my friend from Tennessee that the travel in his State and mine and every other State is local travel. Most of the commercial travelers and drummers work within the State boundaries. Not only will a drummer spend his whole life canvassing a State and never go outside, but very often the State is divided up into territories, and two or three or four drummers representing the same local concern will cover the State.

Now, the Senator and myself and the Senator from Alabama [Mr. HEFLIN] made a strong fight in the Committee on Post Offices and Post Roads to preserve for the States the control of the roads, and we won that fight. Is not the Senator from Tennessee now unconsciously going in an opposite direction, when he wants to turn over to the Federal Government the control of the railroad rates inside of our State?

Mr. McKELLAR. Oh, no; not at all. We all know what controls the passenger and freight rates of the country. It is not the State commissions, but it is the United States Government through the Interstate Commerce Commission that really fixes all rates in this country. I say that the proposition that has been submitted by the chairman of the Interstate Commerce Committee, the Senator from Iowa [Mr. CUMMINS], is immaterial in this aspect of the case. The moment the Interstate Commerce Commission, under the direction of Congress, reduces the rate on interstate travel, every State commission in this country will fall over itself to make a like reduction of State rates. The people are demanding a reduction of freight and passenger rates all over the country. Of course I can not prophesy, and I do not pretend to, but it is my judgment that every State commission will at once reduce the rates over which they have control and in accordance with the rates fixed by the Congress through the Interstate Commerce Commission, if we authorize the Interstate Commerce Commission to reduce them.

Mr. CURTIS. Mr. President——

Mr. McKELLAR. I yield to the Senator from Kansas.

Mr. CURTIS. I did not desire the Senator to yield to me. I want him to yield the floor if he is through. I desire to be recognized in my own right.

Mr. McKELLAR. I do not yield the floor. I do not yield to the Senator at all under those circumstances.

Mr. CUMMINS. There is just one question I desire to ask the Senator from Tennessee. How does he know that 2½ cents a mile is a fair, reasonable, and just rate? What study has he given to the question that will enable him to declare legislatively that 2½ cents a mile is fair, just, and reasonable under existing conditions?

Mr. McKELLAR. I will say that prior to the war the cost of mileage was 2 cents a mile. We are reducing the wages of our railroad labor. The labor board has already reduced them in part and are going to reduce them again probably. The cost of materials is greatly less, and there is no reason in the world why 2½ cents a mile would not be a reasonable compensation. That is based on experience, and I believe that the revenues of the railroads will be infinitely more when the rates are reduced than they are now under the present exorbitant rates.

Mr. CUMMINS. All I observe is that the people are suffering very severely from high rates, but they are suffering vastly more on account of high freight rates than they are on account of high passenger rates. Our first duty is to reduce the rates on freight and not the passenger rates.

Mr. McKELLAR. I agree with the Senator that freight rates ought to be reduced, but it is equally necessary to reduce passenger rates. These provisions of the Esch-Cummins bill have done more to bottle up the business of the country than any law that was ever put upon the statute books. I said it would be so in the spring of 1920. I so stated on the floor of the Senate when that bill was up for consideration then and have said so again and again. I fought that bill with all the vigor of which I was capable. I felt sure that if that bill became the law the business of the country would be well-nigh stopped, and the result has shown that what I said about it at the time has been absolutely fulfilled.

I say to the Senator that I, perhaps, get more letters from my State urging the repeal of the Esch-Cummins law than as to any other law that was ever put upon the statute books.

Mr. CUMMINS. I differ entirely from the Senator from Tennessee upon that point.

Mr. McKELLAR. The Senator knows, if he will permit me——

Mr. CUMMINS. Let us go on and see what we can do toward reducing freight rates before we legislate upon passenger rates.

Mr. McKELLAR. The Senator will recall that the present high freight rates and the present high passenger rates were all provided for and authorized under the Esch-Cummins bill of 1920.

Mr. PHIPPS. Mr. President, will the Senator from Tennessee yield to me for a question?

Mr. McKELLAR. I yield to the Senator.

Mr. PHIPPS. While it may be that railroads in a populous State like Tennessee may exist by collecting 2½ cents per mile as a mileage rate, does the Senator think that in less favored sections like my own State, which is mountainous and sparsely settled, and where to-day the railroads can barely eke out an existence with a passenger rate of from 4 to 6 cents per mile, and an average of 5 cents per mile for passengers, it would be fair to the railroads to insist that they accept interchangeable mileage at the rate of 2½ cents per mile?

Mr. McKELLAR. Mr. President, I will say that I have traveled all over the State of the Senator from Colorado, from east to west and from north to south; I believe I have been over every foot of it where there is a railroad; and I traveled at just a trifle over a cent a mile. Why, your State is the product of cheap railroad rates! The railroads when they were issuing tickets of that kind were vastly more prosperous than they are to-day under the provisions of the Esch-Cummins law, with their rates entirely out of all reason. Your State was more prosperous then than it is now. One of its chief industries is entertaining tourists. When you have cheap railroad rates you have many tourists. Under high rates, as now, you have few tourists. Of all Senators in this Chamber, the Senator from Colorado should, in the interest of his own State, be for this amendment.

Mr. PHIPPS. I should like to have had the Senator's "pull" with the railroads of my State, because, although having lived there some 20 years, I know I can not travel at such rates as he has stated.

Mr. McKELLAR. It does not require any "pull" whatsoever. One simply had to buy an excursion-rate ticket through the Senator's State. There is no State in the Union that permits more travel on its railroads on excursion rates than the Senator's own State. The railroads were delighted to sell excursion tickets. Instead of having a "pull" the agents of the railroads in the various eastern cities came around and solicited the privilege of selling cheap rates through the Senator's State. These rates were a great boon to the Senator's State. In the interest of his own State he ought to help pass this amendment.

Mr. POMERENE. Mr. President——

Mr. McKELLAR. I shall yield in one moment. The Senator's State has been largely built up by low passenger rates, under which the people of the remainder of the country have traveled in the Senator's State. The Senator is unfumiliar with the railroads of his own State when he talks about their not being able to exist on lower rates.

Mr. PHIPPS. If that is the Senator's impression, Mr. President, I do not care to take the time to endeavor to enlighten him.

Mr. POMERENE. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. POMERENE. I wish to ask the Senator from Tennessee a question in all seriousness. The Senator from Colorado [Mr. PHIPPS] has referred to conditions in his own State. I happen to know that there is a small railroad that runs up Pikes Peak. I assume the Senator from Tennessee has been over it?

Mr. McKELLAR. I have.

Mr. POMERENE. Does the Senator think he has sufficient technical knowledge to advise the Senate that that railroad could be maintained on a rate of 2½ cents a mile?

Mr. McKELLAR. Oh, no; and I am not trying to do it.

Mr. POMERENE. I should say not.

Mr. McKELLAR. I am not trying to do that at all. That is an inclined railroad purely local in character. My amendment would not apply to it. By the way, when the railroads get a passenger out to the Senator's State, and he goes up an incline, he is charged very much more for that service. It is good business and very profitable.

Mr. POMERENE. May I ask the Senator another question?

Mr. McKELLAR. Certainly.

Mr. POMERENE. Does the Senator feel that he has technical knowledge enough to enable him to say that, without endangering the financial prosperity of the New York Central, 2½ cents a mile would be enough for that road to charge?

Mr. McKELLAR. I can say to the Senator in answer to that question that the New York Central road was more prosperous when it charged a 2-cent fare than since it has charged the present fare. There can be no question about that.

Mr. POMERENE. Mr. President——

Mr. McKELLAR. Of course we all know, talking about technical knowledge, that if we wait to bring about this much-needed reform, this admittedly much-needed reduction of rates, until we get so-called technical knowledge, we shall never reduce them, and the country will be in the same bad condition forever that it is now in under the provisions of the Esch-Cummins law.

Mr. POMERENE. No, Mr. President; and it is due to the lack of technical knowledge on the part of some men who have been managing the railroads in the name of the Government that the railroads are in their present condition.

Mr. McKELLAR. I leave that to those who know more about it than I do. I do not know.

Mr. POMERENE. Very well. The Senator has repeatedly discussed this matter in the Senate, and never once has he said one word on the question as to whether or not there should be any decrease in wage.

Mr. McKELLAR. Oh, yes; I have. The Senator surely has not been listening to my remarks.

Mr. POMERENE. Or in the cost of material or in anything of that kind.

Mr. McKELLAR. I have just said that there ought to be such a decrease and there has been. Of course, the Senator from Ohio was not listening or he would have heard what I said about that a while ago; that there had already been a decrease in costs of materials and in wages and that there would be other decreases in costs and in wages. There have been enormous decreases in the matter of the cost of railroad material. The Senator was not listening or he would have heard me state that. However, I am not going into that part of the question. Here is a proposition on which we can vote now, and if no other Senator wishes to discuss the matter, Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. The Senator from Tennessee asks for the yeas and nays. Is the demand for the yeas and nays supported?

The yeas and nays were not ordered.

Mr. POMERENE. Mr. President, no one more deplores than myself the present state of our transportation. I have been on the Interstate Commerce Committee for perhaps 10 years, and I think I have been a reasonably close student of the subject. I have given some thought to passenger rates and some thought to freight rates; but, notwithstanding my 10 years of study of that subject, I want now to confess to the Senate that I do not know what would be a proper rate on cotton in the South or on wheat or corn in the West or on lumber in the Northwest, or what would be a proper rate for passenger traffic in any section of the country; at least I do not comprehend it to the extent that I am willing to have the Congress of the United States say, as a matter of law, that 2½ cents per mile on the more than 500 railroads of the country will yield sufficient revenue to keep this road out of bankruptcy or lead that road to prosperity.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. POMERENE. Just a moment, please. Mr. President, for some reason or other—I do not know why it is—I am not able quite to understand how some men who have not given any detailed study to this problem are willing to impose their judgment upon a transportation system that is worth from eighteen billion to twenty billion dollars without a careful study of the receipts and expenditures and without the aid of skilled rate experts.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. POMERENE. There never will be a Congress of the United States that will understand this question to the extent that it will be enabled to prescribe the rates.

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. POMERENE. In just a moment. I would not attempt to do it unless I had at my elbow several able rate experts.

Now, Mr. President, what does this proposal mean? It is a very popular measure; there are many traveling men who want this kind of legislation at this time; there are many men who would like to have a passenger rate of 1 cent a mile; so would I if I knew how to maintain the railroads; but what is this going to lead to? The Senator refers to the provisions of the Esch-Cummins Act. I understand, of course, that men are ready to find fault with legislation when perhaps they have not read it. Constantly men are talking about there being a 5½ per cent guaranty or a 6 per cent guaranty. There is no such guaranty under that law.

Then they tell us, "Oh, I know that all of these rates have gone skyward since the Esch-Cummins Act was passed." My

God, do we not know that there has been a war? Do we not know that we have not yet adjusted all of these matters?

Mr. McKELLAR. And do we not know that the war is over? [Laughter.]

Mr. POMERENE. No; the Senator from Tennessee does not know it. [Laughter.]

Mr. McKELLAR. Oh, I do.

Mr. POMERENE. Rates are up; the wages are up; and during the last year the $18,000,000,000 or $20,000,000,000 of railroad property only earned $63,000,000, which means three-tenths of 1 per cent on the investment in the railroads.

But it is said that the rates are prescribed as they are because of the provisions of the Esch-Cummins Act. The Esch-Cummins Act provides that there shall be a fair return on the property; the Esch-Cummins Act recites in substance that in the judgment of the Congress of the United States, for a period of two years to the end of March 1 next, 5½ per cent would be regarded as a fair return.

Mr. WATSON of Indiana. If they can make it.

Mr. POMERENE. Yes; if they can make it; and that the Interstate Commerce Commission may in its wisdom increase that another one-half of 1 per cent, the proceeds of which shall go to the betterment of the railroads and shall not be distributed among the stockholders. Is there anything wrong about that? It may be news to the Senator from Tennessee if I were to say to him that in the making of these rates members of the Interstate Commerce Commission have said that at no time have they taken into consideration the amount of return which was prescribed as permissible in the Esch-Cummins Act.

I do not know what is to be done about this matter. We can go on and make these rates if we wish. Is anybody disturbed as to whether or not the railroads will have a proper balance at the end of the year? Seemingly not; and when we adopt a law like this amendment, fixing a rate for passenger traffic, we will have another rate asked for cotton, another rate for wheat in the West, another rate for corn, another rate for iron ore, another rate for steel, another rate for automobiles. Oh, this can all be done, but does anybody suspect Congress of having enough wisdom to determine it? Shall we do this in a haphazard way?

Mr. President, this is a matter that is not to be spoken of jestingly. It is not to be decided offhand.

Mr. McKELLAR. I hope the Senator is correct about that, and that we can have a yea-and-nay vote, because that is the way to determine how Senators actually feel about it.

Mr. POMERENE. I am quite sure they have been persuaded by the technical knowledge the Senator has given, and that they will be able to form a judgment about it.

Mr. McKELLAR. It is exactly the same kind, I imagine, that led the Senator to vote for a 5½ per cent income. He said he knew nothing about it, and yet he voted for a 5½ per cent income for the railroads. How did he find that out?

Mr. POMERENE. That is just about as loose a statement as the other statements the Senator has made from time to time. A traffic rate is one thing; a rate of return on investment is quite another.

Mr. McKELLAR. That was a record vote.

Mr. POMERENE. It does not go into the question of rates. At a time when money was being loaned at 8 per cent throughout the United States everywhere, and sometimes at 10 per cent, and money could not be borrowed in the banks for 5 or 5½ per cent, we said that in our judgment 5½ per cent would be a fair return for a period of two years.

Mr. McKELLAR. And directed that the rates be raised so as to bring in not less than 5½ per cent. That is what I said.

Mr. POMERENE. They had the power to do that, but the Interstate Commerce Commission never did it.

Mr. McKELLAR. A great many people think that they did even more than that.

Mr. POMERENE. If the Senator wants some knowledge on the subject, let him go down to the Interstate Commerce Commission and ask them about it.

Mr. McKELLAR. No; I will come around and talk to the Senator in the morning.

Mr. POMERENE. I could give the Senator a little information on that subject, I think.

Mr. President, why should this bill be loaded up with legislation of this kind? The Senator from Iowa [Mr. CUMMINS] has referred to the constitutional question that is involved. Let us assume, for the sake of the argument, that a traveling man wants to go from the city of Columbus, Ohio, to Dayton, Ohio, both points in the same State, purely intrastate business: How can you expect that road to be compelled to take an interstate mileage coupon? More than that, the Interstate Commerce Commission are charged with the fixing of all rates on freight and on passenger traffic so as to give a reasonable return. How are they to do this and distribute the charges equitably among all kinds of traffic, if the Congress of the United States is to say that the rate on one kind of traffic shall be thus and so? Do not forget that when we establish the precedent of fixing passenger rates, it will be followed up by efforts to fix freight rates as well.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. POMERENE. I yield.

Mr. CARAWAY. Let me call the attention of the Senator to how equitably they distribute rates. A carload of melons was shipped from a town in my State to Pittsburgh, Pa. It sold for $586.70, and when the railroads and the commission merchant got their share of it the farmer got $38.20. That shows the equitable way in which they distribute rates.

Mr. POMERENE. Mr. President, the Senator has given an illustration of what happens once in a while.

Mr. CARAWAY. In the way of equitable rates?

Mr. POMERENE. I have said nothing about equitable rates as applied to freight; but I know that 25 years ago and more, when I was actively engaged in the practice of the law, I found a good many instances in which fruits were sent from Florida to the markets in my section of the country to some commission merchants, some of them honest, some of them dishonest.

Some of them would try to sell the load of fruit or of vegetables or of produce, as the case might be, and when it would come to making an accounting to the consignor there was not enough to pay the freight. I do not think the Esch-Cummins law was in existence at that time.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. POMERENE. I yield.

Mr. CARAWAY. It happened that the commission merchant took only 10 per cent. Of all the produce that was shipped from that section of the State, the transportation company this year got from 65 to 90 per cent of what it sold for in the market.

Mr. POMERENE. Mr. President, I do not know what the market conditions may have been at the place where the produce was sold. No one has ever heard me say one word in favor of the maintenance of the present rates. I recognize that generally speaking they are too high. I think that in many instances the passenger rates are too high. What I am saying now is that I have not the technical knowledge to enable me to say how much too high they are. That is the point.

Mr. McKELLAR. Mr. President, does not the Senator think that my very able and distinguished and genial friend over there from Indiana [Mr. WATSON], who has said by this bill what he thought the rate ought to be—a Senator who is serving on the Interstate Commerce Committee, a man of large experience, and of very, very varied and very splendid legislative experience—knew something about it when he fixed the rate at that figure?

Mr. POMERENE. Mr. President, the Senator from Indiana must determine for himself and state his reasons for presenting this bill, just as the Senator from Tennessee has given his reasons. My contention is that the Senators who are called upon to vote upon this subject have not the technical knowledge that they ought to have in order to cast an intelligent vote upon this subject.

Mr. CURTIS. Mr. President, it is perfectly apparent from the discussion that this matter can not be disposed of without considerably more debate. It has absolutely nothing to do with this bill. I therefore move to lay the amendment on the table.

Mr. McKELLAR. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Kansas moves to lay the amendment on the table. The Senator from Tennessee suggests the absence of a quorum. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harreld	McKinley	Simmons
Brandegee	Harris	McNary	Spencer
Broussard	Hitchcock	Moses	Stanley
Bursum	Jones, N. Mex.	Newberry	Sutherland
Calder	Jones, Wash.	Norbeck	Swanson
Cameron	Kendrick	Oddie	Townsend
Capper	Kenyon	Overman	Trammell
Caraway	Keyes	Phipps	Wadsworth
Cummins	King	Pittman	Walsh, Mass.
Curtis	Ladd	Poindexter	Warren
Fernald	La Follette	Pomerene	Watson, Ga.
France	Lenroot	Ransdell	Watson, Ind.
Gerry	McCumber	Sheppard	Willis
Gooding	McKellar	Shortridge	

The VICE PRESIDENT. Fifty-five Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Kansas [Mr. CURTIS] to lay on the

table the amendment of the Senator from Tennessee [Mr. McKELLAR].

Mr. McKELLAR. On the motion to lay on the table I ask for the yeas and nays.

The yeas and nays were not ordered.

The motion to lay on the table was agreed to.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment which I desire to offer, on page 38, line 19.

The VICE PRESIDENT. The committee amendment at that place has been stricken out of the bill.

Mr. TRAMMELL. Mr. President, there has been a new section added, then. There is certainly an amendment in the bill in regard to interest upon indebtedness incurred for the purpose of purchasing Government securities.

The VICE PRESIDENT. The Secretary will read the section inserted in the bill on that subject.

The ASSISTANT SECRETARY. The Senate struck out the proviso beginning on line 13, page 38, and down to the end of line 19, and inserted the following words:

In the case of returns made for the taxable year 1921 or 1922 there shall be allowed as a deduction, in addition to the above, of so much of the interest paid or accrued during such taxable year, and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, the interest upon which is so wholly exempt, as is in excess of the interest received or accrued therefrom during the same period.

Mr. TRAMMELL. I propose my amendment as a proviso following immediately after the paragraph just read.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. After the word "period," insert a colon and the following words:

Provided, That no deduction shall be allowed of interest on such indebtedness so incurred or continued for the purchase of or to carry obligations of the United States where the taxpayer did not pay par or more than par for the said obligations of the United States.

Mr. LENROOT. Mr. President, I make a point of order against the amendment.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. LENROOT. I make the point of order that it is a proviso to an amendment already adopted as in Committee of the Whole, that it relates wholly to that amendment, and will not be in order unless the vote by which the committee amendment was agreed to is reconsidered.

Mr. TRAMMELL. There was so much confusion that I could not understand the statement of the point of order.

The VICE PRESIDENT. The point of order is that this is a proviso to an amendment already adopted, and is not in order unless the vote by which the amendment was adopted is reconsidered. The point of order is well taken.

Mr. TRAMMELL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCUMBER. I make a further point of order that the same amendment, in exactly the same words, has been voted upon before, and was voted down.

Mr. TRAMMELL. I submit that the amendment which was voted upon is not precisely the same amendment.

The VICE PRESIDENT. The Senator from Florida has made a motion to reconsider the vote by which the amendment was adopted, and that is the question now before the Senate. The question is on a reconsideration of the vote.

Mr. TRAMMELL. Mr. President, I have no desire to interfere with reasonable dispatch in the consideration of this bill; I would like very much to have it disposed of as quickly as possible; and for that reason I was on hand to-night to answer to a roll call when it took practically an hour to get a quorum of the Senate present. I have been here on every occasion when we have held night sessions to answer the roll calls. So it is easy to see that I am in favor of expediting and dispatching the consideration of the bill as much as possible.

The amendment offered by me is intended for the purpose of restricting this deduction to patriotic citizens who borrowed money for the purpose of purchasing Government securities during the war, and it is intended for the purpose of barring bond speculators and bond brokers who have purchased bonds at less than par. I submit that the Government owes no beneficence to the bond sharks of the country, who have tried to keep down the price of Government securities, who have purchased them for the purpose of speculating in them, and for the purpose of making at least a reasonable interest upon their investment. Yet if we do not reconsider the vote by which the other amendment was adopted and do not agree to this amendment that will be the exact result of the provision as it now stands in the bill.

As it is at present it is discriminatory in its provisions against the patriotic citizen who borrowed money for the purpose of purchasing bonds at par during the war, because he receives only the interest specified upon the face of the bond. That is the limit of his income from his investment with borrowed capital. On the other hand, the speculator, the bond broker, who has incurred an indebtedness for the purpose of purchasing bonds at the ridiculously low price of these Federal securities at the present time, ranging from about 83 or 84, to a little more than that, considering the discount at which he purchased those bonds, will enjoy an income of probably 5 or 6 per cent on his investment. Yet you give him identically the same consideration which you extend to the citizen who so loyally supported his Government during the war that he went out and incurred an indebtedness for the purpose of purchasing bonds at par.

I offer the amendment in entire good faith, believe that it is only just and equitable, and that it extends a consideration which should be extended to those who have purchased Government securities with borrowed money. I hope the amendment heretofore adopted will be reconsidered.

Mr. SIMMONS. Will not the Senator restate what the amendment provides?

Mr. TRAMMELL. It provides, in substance, that the deduction which is allowed on account of interest on indebtedness incurred for the purchase of Government securities shall be a deduction only in favor of and to a taxpayer who purchased those securities at par. In other words, the purpose and object of it is to deny the privilege and benefit of that deduction to speculators who have purchased the bonds at discounts of 15, 16, or 17 per cent, in a great many instances. It would not only apply to those who have already made purchases of Government securities at these ridiculously low prices, but it would apply to those who may do so in the future.

The provisions of this amendment are not only restricted to investments which have previously been made, but the amendment applies to the future as well as to the past. The Government would say to the bond speculators, to those who up to the present time have very largely been responsible for holding down the price of Government securities, that the Government will not allow them, as a deduction against their taxes in the future, any interest they may pay on account of money they borrowed for the purpose of making these investments.

When the subject first came before the Senate, some three or four weeks ago, some one suggested that we should not extend this privilege to other than the citizen who purchased bonds during the war and had done so as a patriotic duty, for the purpose of assisting the Government in the successful prosecution of the war, and, as I recall, the Senator from Utah said:

While that seems to be the purpose and the object of this provision of the bill, how are you to accomplish it, how are you to segregate these investments so as to determine where you should allow it and where you should not?

The amendment proposed by me would accomplish that result, because the original purchasers from the Government in every instance paid par, and the purchasers other than the original purchasers have not paid par. I hope the Senate will reconsider the vote by which the amendment was agreed to, and then take a vote on this amendment to the amendment.

The VICE PRESIDENT. The question is on the motion to reconsider.

Mr. TRAMMELL. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Harreld	McKinley	Shortridge
Brandegee	Harris	McNary	Simmons
Broussard	Hitchcock	Moses	Spencer
Bursum	Jones, N. Mex.	Newberry	Stanley
Calder	Jones, Wash.	Nicholson	Sutherland
Cameron	Kendrick	Norbeck	Swanson
Capper	Kenyon	Oddie	Townsend
Caraway	Keyes	Overman	Trammell
Cummins	King	Phipps	Wadsworth
Curtis	Ladd	Pittman	Walsh, Mass.
Fernald	La Follette	Poindexter	Warren
France	Lenroot	Pomerene	Watson, Ga.
Gerry	McCumber	Ransdell	Watson, Ind.
Gooding	McKellar	Sheppard	Willis

The VICE PRESIDENT. Fifty-six Senators having answered to their names, a quorum is present. If there are no further amendments as in Committee of the Whole, the bill will be reported to the Senate.

Mr. HARRIS. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Senator from Georgia offers an amendment, which the Secretary will report.

The ASSISTANT SECRETARY. On page 231, after line 21, insert the following new section:

SEC. 1006. That there shall be levied, collected, and paid by every person who contributes, loans, advances, or promises more than $100 in connection with any general, special, primary, or any election at which presidential or vice presidential electors, a Representative in Congress, or a Senator of the United States is to be voted for, or who contributes, loans, advances, or promises more than $100 to any person, committee, association, or organization which influences or attempts to influence the result of any such election, a tax equal to ten times the amount so contributed, loaned, advanced, or promised in excess of $100.

Mr. HARRIS. Mr. President, I wish to take just a moment of the time of the Senate to discuss the matter. Every Member of the Senate knows of the campaign contributions in national elections for a number of years past. It has not been confined to any party; it has not been confined to any State or to any faction in the State. The Senate four years ago passed an amendment similar to this. The country needs the taxes, and we will either stop the contributions which have been a disgrace to the country or we will get a considerable revenue under the provisions of the amendment.

On the amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia.

The amendment was rejected.

Mr. WADSWORTH. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Senator from New York offers an amendment, which the Secretary will report.

The ASSISTANT SECRETARY. On page 31, after line 4, insert the following:

(c) For the purpose of the tax imposed by this section the taxpayer shall for the calendar year 1922 and each calendar year thereafter be allowed a credit equal to 20 per cent of the net income from a trade, business, or profession carried on by him, or from salaries, commissions, fees, or other compensation for his personal services. Such net income shall be separately computed for the purpose of this section under regulations prescribed by the commissioner, with the approval of the Secretary.

Mr. WADSWORTH. Mr. President, I discussed at some length the situation which gives rise to the introduction of this amendment and I do not intend to ask the Senate to listen to me any longer upon it. It merely is an effort, commencing with the taxable year of 1922, and therefore not affecting the revenues to be collected from the taxable year 1921, to equalize to some extent at least the absurd discrepancy or discrimination which now exists between the taxation imposed upon professional men as individuals and partnerships in various lines of business on the one hand, and corporations doing exactly the same kind of business with the same amount of income on the other hand. I have discussed it at some length and do not intend to do so any further.

Mr. JONES of New Mexico. Mr. President, the amendment proposed by the Senator from New York is directed to a very important situation. In a speech which he made a few hours ago he called attention in a most impressive manner to the gross injustice of the bill. He called attention to the very gross disparity of the tax provisions of the bill as they bear upon individuals and partnerships on the one hand and corporations on the other hand. He gave some very clear illustrations of this disparity.

Following his remarks I also discussed the matter for a short time. Unfortunately during the discussion of the Senator from New York and others in which I participated there were very few Senators present. They were very properly in the restaurant trying to get something to eat at a reasonable hour.

I can not believe that Senators realize just the effect that the bill is going to have on the business interests of the country. I am sure that it is the desire of every Senator to make the burdens of taxation bear as equally upon the business of the country as can be done. The tax burdens are going to be heavy; they are now heavy, but the people of the country are willing to bear them if they are equally distributed, if the burden bears equally upon those who enjoy the same degree of prosperity and upon those who have the same income as measured by amount.

But the pending bill does not do that. The Senator from New York this afternoon predicted, and I think presented substantial arguments to substantiate his prediction, that if the bill passes the Senate as it is now framed and becomes a law, you are going to throw into confusion the business organizations of the country; you are going to have hundreds and thousands of people who are now doing business as individuals or partnerships who will form corporations. You are going to drive the individual and partnerships of the country into another form, into a corporate form.

The people of the country have often inveighed against the corporations. Personally I have never indulged in that. I have no criticism to make of an incorporation because it is such, but the people of the country are not all willing to engage in business in a corporate form. They do not desire to be driven into corporation form. For many reasons they prefer to act as individuals. For many reasons they prefer to act as partnerships rather than to adopt a corporate form of carrying on their business. On the other hand, there are many corporations in the country who do not desire to disincorporate.

But if by your tax bill you bring about such a discrimination as that people doing business in one form will be taxed much greater because of the form in which they are doing the business, they are going to adopt the other form, and necessarily so. Whenever it appears that if an individual by doing business as such is going to have to pay much higher taxes than he would pay if he were to change the form of his business and incorporate his business and do business as a corporation, you are going to drive him to that method. I wonder if Senators desire to do that sort of thing? Do they desire to force the individuals and partnerships of the country to organize as corporations?

On the other hand, as I said, if there are some corporations which would find it to their advantage to disincorporate by reason of the Federal taxes, if they find that they would save large taxes by disincorporating, they will be forced to do it, and they will do it. The disparity of the bill in that respect is so great that I insist that in three months after the bill is passed we will find thousands and hundreds of thousands of individuals and partnerships organizing corporations, not for the purpose of escaping taxation, but for the purpose of equalizing taxation. For example, here is one firm that is engaged in business as a partnership doing business alongside of a corporation engaged in the same line of business. The members of the partnership find that the corporation is paying less Federal taxes than the copartnership. They will be driven to organize a corporation. That is just what the bill is going to cause scores of businesses of the country to do.

Let me explain just how it is brought about. We propose to levy a flat tax of 15 per cent on the net income of corporations. The individual doing business must pay surtaxes on all of his income. He pays the normal tax of 8 per cent, and when his income gets to the point of $20,000 a year his surtaxes then are equivalent to 7 per cent more. That makes 15 per cent upon his income. So when he reaches the point where his income is $20,000 a year or more, he is forced to the organization of a corporation in order to equalize his taxes with the amount they would be if he were doing business in corporate form. That is what this bill means with the flat tax of 15 per cent upon corporations on the one hand and the high surtaxes upon individuals and partnership business on the other.

Moreover, corporations pay their flat 15 per cent and they keep in their business as much of their net income as they desire after paying that 15 per cent. It is estimated—and, by the way, it is only an estimate—that the corporations, on the average, retain in their business 30 per cent of their net income.

On that 30 per cent of their net income which they retain they do not pay any surtaxes; but the individual who is engaged in business, the partnership which is engaged in business, accounts for every dollar of income retained in the business; in other words, when the corporations of the country reinvest or retain in their treasury a portion of their income which is undistributed, and which, as I have said, it is estimated, on the average, is about 30 per cent, they pay no surtax upon that, but individuals and partners do.

The amendment proposed by the Senator from New York [Mr. WADSWORTH] provides that individuals and partners may retain in their business 30 per cent of the net income derived for their trade or business. I do not believe that is the proper way to reach this problem; but it does emphasize the very great disparity which exists between these different forms of business. If there were no other plan, if there were no better plan, then I submit the amendment of the Senator from New York would be a step in the right direction. It may, perhaps, go a little too far, but his amendment does call attention to the very gross disparity under this bill as between different forms of business.

Much has been said here about not putting a tax upon the undistributed income of corporations. The only reason why such a proposition has been made is because of the great disparity to which attention has been called. Such a tax was proposed and will be proposed again for the purpose of remedying the situation to a certain degree.

Much has been said here about the money of those who have the very high incomes being driven into tax-exempt securities. Once before I have stated here that a very small part of those incomes goes into tax-exempt securities compared to the amount of them which goes into unproductive securities. I mean by that securities which are not paying any dividends.

I have here the New York Tribune. Here [exhibiting] is a whole page containing in double columns a list of the stocks which are dealt in actively on the New York Stock Exchange. There are given the dividends which are being paid by different concerns, and those which are not paying any dividends are also put down here.

Senators would probably be astonished if they have not been following the quotations of the New York Stock Exchange to find how many of these concerns are not paying dividends at all, and yet the stock of some of them is selling in the market for good prices, in some cases for as much as three-fourths of the par value of the stock, though they are not paying any dividends. The stock of others is selling at lesser prices. However, they are all concerns which it is hoped will pay dividends at some time in the future. Using the language which the majority report of the Finance Committee uses, they are concerns which yield no dividends at present but which promise well for the future. There is where the money is going. It is going there for what reason? Because these corporations do not distribute their income in dividends.

They are keeping it in their treasuries for the purpose of putting substance into their overstocked corporations. They put it into their treasuries; they do not pay any dividends now; many of them probably will not pay any dividends for some years to come; but people are buying such stock to-day. Who is buying such stock? The men who enjoy high individual incomes who want to escape taxation. The money is going there, and whenever we offer an inducement for the corporation to retain in its treasury or in its business its income we are offering an inducement for the augmentation of that kind of business, that kind of investment; we are deliberately inducing people with large incomes, which ought to be paying high surtaxes, to invest their money into securities of that sort for the purpose of evading taxation.

I should like to call attention to this page. Comparatively speaking, I doubt if one-fourth of the stocks quoted on the page pay any dividends at all. If Senators will just glance over that sheet it will tell the story; it will tell where the large incomes are going. They are going into nondividend-paying stocks—stocks, however, which promise well for the future, provided there is levied a low rate of taxation on the corporate income and corporations are permitted to retain their incomes in their treasuries. We are offering this inducement; and how do Senators expect to keep up the high surtaxes with the Federal taxation laws offering inducements for that kind of an investment?

Talk to me about investment in tax-exempt securities; such investment is comparatively insignificant compared with this great reservoir which is absorbing the vast incomes of the country on which high surtaxes would be paid if they were invested in productive enterprises or dividend-paying enterprises. That is what is being done, and, in addition to that, by this legislation we are not only inducing that sort of a situation but we are doing a great injustice as between various classes of business. The amendment proposed by the Senator from New York seeks to equalize that by exempting from the surtaxes a percentage of the net income of individuals and partnerships engaged in business.

I have prepared another plan to meet this situation. The people of this country are willing to bear this burden if it is to be borne equally. I know the great American people are willing to make sacrifices for their country; but when one man finds that he is being taxed in one way while his neighbor is being taxed in another way, we are inviting a rebellion against these laws. The people will not tolerate that sort of thing, and they ought not to tolerate it, but they ought to condemn any Congress which would impose the burden of taxation in any such way.

If there is no disparity, it will not do any harm to permit the individual or partnership to make returns as a corporation; it will do no harm for the corporation to be permitted under the law to make its return as a partnership. If we want equality, let people engaged in business select the form of return and not force a partnership to incorporate or individuals to incorporate for the mere purpose of equalizing taxes along with their neighbor who is doing business as a corporation. Why force them to use another form for doing their business? Why force those corporations to disincorporate which are doing business on such a basis that they would pay higher surtaxes as corporations than individuals or partnerships would pay? Why not permit them to make returns as partnerships?

Mr. McCUMBER. Mr. President——

Mr. JONES of New Mexico. I yield to the Senator.

Mr. McCUMBER. Mr. President, I want to make a request for unanimous consent, and I ask the Senator if he will yield for that purpose?

Mr. JONES of New Mexico. Yes.

Mr. McCUMBER. I ask unanimous consent that when the Senate closes its session this evening it recess until to-morrow at 10 o'clock.

Mr. McKELLAR. Mr. President, reserving the right to object, will the Senator give us some idea as to when we are going to recess? Is it proposed to keep us here all night?

Mr. McCUMBER. I can not say exactly at what time the recess will be taken.

Mr. McKELLAR. Unless we could have some kind of an idea as to when we are going to recess I shall object.

Mr. McCUMBER. Very well; I am ready to go on if the Senator wishes to do so, and to go on all night, so far as that is concerned.

Mr. McKELLAR. Oh, no; I am very anxious to have a recess, and I think we ought to take a recess in the next half hour or so. I do not think we ought to stay here all day and night, too.

Mr. WATSON of Indiana. Mr. President, I can assure the Senator that there is no desire or inclination on this side of the House to have a recess.

Mr. McKELLAR. Very well.

Mr. McCUMBER. I wish, then, to address a question to the Senator from New Mexico, if I may have the attention of the Senator.

Mr. JONES of New Mexico. I am listening to the Senator.

Mr. McCUMBER. On this point I want the attention of the Senate, if I may have it, Mr. President, because the proposition that is involved in this amendment is a most important one. I want to ask the Senator if he is in favor of the amendment offered by the Senator from New York?

Mr. JONES of New Mexico. I am not, Mr. President.

Mr. McCUMBER. I thought not; and I wanted to call the Senator's attention to just what it means. I thought there was in course of preparation a provision that would allow those partnerships or individuals who had an invested capital, and whose earnings were dependent rather upon their capital than upon the efforts of any one of the partners or individuals, to retain a certain amount of the earnings which would be necessary to carry on their business; in other words, if a man had $500,000 invested in business, his capital, and he made $20,000, that he might have 20 per cent of that, or $4,000, retained in his business to meet the exigencies of the next year without having to pay a tax on it. But here, even after reducing the matter from 30 to 20 per cent, you release every income in the United States, and you release the higher brackets. In other words, you cut out 20 per cent of all of the earnings of practically all of the people in the United States, and a man who had an earning of a million dollars would have but $800,000 that he would have to pay a tax upon; and the result would be, in my opinion, with this amendment, that you would deprive the Government of at least $200,000,000.

It may be that in some way we can at some time, at least, arrive at a different method of taxation, where we shall recognize no distinction between an individual in business and a corporation in business; but we have followed for years and years the rule of imposing special taxes upon corporations, and considering them in a little different light from individuals; and whatever might possibly be worked out as an entirely new system of taxation, the result of this amendment—and that is the real thing before the Senate—would be an enormous reduction in the revenues of the Government.

Mr. WADSWORTH. Mr. President, will the Senator from New Mexico permit me to ask a question of the Senator from North Dakota?

Mr. JONES of New Mexico. I gladly yield.

Mr. WADSWORTH. My question does not relate to the merits or lack of merits of this rather roughly-drawn amendment. This is the question:

The House having passed the bill carrying a 32 per cent maximum surtax on incomes, and the Senate being about to pass the bill with a 50 per cent maximum surtax rate on incomes, is it within the power of the conferees, in adjusting their differences on the surtaxes, to take into consideration and treat in any manner this subject which the Senator from New Mexico and I have been discussing this evening?

I shall be perfectly frank in what I am about to say. I hope it is possible for the conferees at least to take this matter into consideration in perfecting the bill. I am not boasting about the perfection of my amendment. I understand very well its grave defects, especially as it affects the revenue from 1922 on.

It will have no effect on the revenue collected from 1921; but the situation is so serious, and is, to my mind, so important from the standpoint of a broad public policy, that I am wondering if it is possible to get this Congress, either here in the Senate or in the conference committee, to give it some consideration and perhaps work out some partial relief.

I do not boast of being an expert in my knowledge of this situation, but I see partnerships—at least, in my mind's eye I do—all over this country tumbling, tumbling, tumbling into corporate form, and I have grave doubt whether that is a good thing for the industry and the economic life of the Republic.

My question was somewhat prolonged. Does the Senator think that without any amendment the matter can be discussed in the conference?

Mr. McCUMBER. Of course, if we had but the single question before the conference committee as between a surtax of 32 per cent and a surtax of 50 per cent or 40 per cent, I should say that we could only compromise as between those two; but we have made so very, very many amendments to the House bill, and almost written a new bill, that I have not the slightest doubt but that there are other provisions in the bill by which considerable latitude would be allowed the conferees in working out some new scheme, at least to some extent; but I can not, offhand, assure that.

Mr. WADSWORTH. May I ask another question of the Senator from North Dakota? My amendment as drawn affects all incomes of individuals and partnerships. The vice of the present situation becomes apparent after the income of a partnership passes the $20,000-a-year mark.

Mind you, the partnership may consist of three or four individuals. Twenty per cent divided amongst the three or four would not give any of them what we call a high income in these days; but the vice becomes apparent after the income of the partnership passes the $20,000 mark, because then it begins to fall under the staggering blow of the surtax, bracket after bracket, to which the corporation which is its competitor is not subject. Would the Senator from North Dakota allow this matter to go to conference if I inserted this language on the second line of the amendment: Change the word "the," in front of "taxpayer," to "any" and insert after the word "taxpayer" the words "whose net income is in excess of $20,000"?

Mr. McCUMBER. That might, as the Senator says, reach what he considers the vice in the proposed legislation; but it carries within it a vice which is to my mind very much greater, in that it affects all of the higher incomes and deducts its 20 per cent, or whatever it may be, from those excessively high incomes upon which you have placed the higher brackets, and means an enormous loss in revenue to the Government, as well as, many of us think, more or less of an injustice in relieving those having the higher incomes from a greater proportion of the tax. I hope that we may find some way in which the conferees may take up the matter which the Senator has in mind, but I am extremely fearful of cutting off a flat 20 per cent on all these enormous incomes, even for the purpose of bringing the matter into conference.

Mr. WADSWORTH. Mr. President, as I said a moment ago—again with the courtesy of the Senator from New Mexico—I recognize the defects here; but I say in all sincerity, Senators, that within two or three years the Congress of the United States will have to face this situation. Otherwise, the industrial and economic life of this country is going to be transformed—inevitably so, irresistibly so—in a direction which is unhealthy. We are not imposing taxes justly or equally as between business concerns of one type and another engaged in the same kind of business. The Senate may reject this thing; the conferees may fail to get any solution of it; but sooner or later it is going to become one of the most pressing questions in this country, and it must be solved.

Mr. JONES of New Mexico. Mr. President, I am very glad to have heard the remarks which the Senator from New York has just made. The objection which the Senator from North Dakota makes is that there will be a large reduction of revenue under the plan proposed by the Senator from New York. I think he is right about that; to what extent, however, no one can say; but if we can manage somehow to equalize this situation without any loss of revenue or any material loss of revenue, why should we not do it?

I want to call attention to this fact: The Senator from New York has emphasized the thought by saying that you are going to have a widespread transformation of the businesses of this country if the revenue legislation shall be such as that embodied in the bill now before the Senate. He is right about it; and if that transformation comes, as it will come—as it will come in the next few months if this bill is to pass as it is now framed—if you are going to have that transformation in business, it will come about for what reason?

For the purpose of equalizing taxes, because there will be a change in taxation by means of this transformation. If you can prevent the transformation which would go on, and which we ought not to have—I am sure nobody wants to drive the business interests of this country to change the form under which they are doing business—if we can find a means for equalizing that taxation which will not result in that transformation of the business of the country, why should we not do it?

To call attention to the situation, I want to refer to this table on page 11 of the minority report of the Finance Committee. Nobody questions the accuracy of the table. It has been discussed here before in other connections, and nobody questions the accuracy or the force of it.

We find this amazing situation under this bill as it now stands, that if there is a business which has a net income of $500,000 a year, conducted by an individual, he will pay a tax upon that income equal to 37.69 per cent. If that same individual organizes the business into a corporation, and does not pay out of the business any dividends, if he retains the net income in the business, he will pay 14.94 per cent. That is the difference. An individual doing business and earning a half million dollars of income during the year will pay 37.69 per cent of that in taxes; but if he incorporates that business, he will have to pay only 14.94 per cent.

Mr. KING. Mr. President, the Senator has omitted, has he not, the further factor, as I denominated it a few moments ago, namely, the dividends which would be distributed by that corporation and the tax which would be paid by the receiver of the dividends to the Government?

Mr. JONES of New Mexico. Mr. President, a man engaged in business who has an income of $500,000 a year undoubtedly would pay high surtaxes upon any dividends, and the result would be that he would not distribute any dividends, on which he would have to pay an income tax reaching up to 50 per cent.

Let us consider a personal-service corporation, where there is no invested capital allowed, which all belongs to a few individuals, or perhaps a man and his wife would incorporate the business. They would keep the money in the business. They would not pay any dividends; and that is just the practice these concerns are following to-day.

Mr. KING. That might be reached by a tax on undivided profits or undistributed dividends.

Mr. JONES of New Mexico. That is another remedy which I have proposed; but it is not reached at all in this bill, and this would offer inducements for these people as individuals to incorporate their business, as under this bill they would have to pay only 15 per cent tax upon their net incomes, but if they were doing business as individuals they would pay taxes as high as 58 per cent. So the inducement would be to drive an individual into the corporate form of doing business; that is what would result.

I have already presented to the committee considering this question an amendment proposing that there be a graduated tax upon undistributed incomes of such corporations. I realize that that did not put the corporation and the partnership and the individual on an absolute parity, but it was a step in the right direction.

Mr. SHORTRIDGE. Does the Senator think this proposed amendment would achieve the result which he desires to arrive at?

Mr. JONES of New Mexico. I do not.

Mr. SHORTRIDGE. Wherefore the Senator opposes the amendment now pending?

Mr. JONES of New Mexico. I am opposing that amendment; but that amendment recognizes the force of the situation as I am trying to present it.

Now, just another illustration: If this business concern, as an individual, is earning $1,000,000 a year, the individual will pay 38.85 per cent tax upon that income, but if he incorporates his business he will pay only 15 per cent tax.

What will be the inevitable result?

In my remarks to the Senate the other day I presented a little table which was furnished me, giving this result, this being upon averages, that on an income of $32,000 an individual will be taxed 14.5 per cent and the corporation tax would be $4,800, or $200 in favor of the individual; but if they earn $66,000, the individual would pay a tax of $15,000, or 23 per cent, while the corporation would pay only $9,900, a difference in favor of the corporation of $5,100. If the net income is $100,000, the individual would pay a tax of $29,000, or 29 per cent, while the corporation would pay only $15,000, a reduction of $13,800.

If the business had a net income of $300,000, the individual would pay a tax of $109,000, or 38 per cent, while the corpora-

tion, with the same income, would pay only $45,000, a difference in favor of the corporation of $64,000.

If the income were $1,000,000, the individual would pay a tax of $389,000, or at the rate of 38.9 per cent. The corporation would pay only $150,000, a difference in favor of the corporation of $239,000.

Do you tell me that under those circumstances you are not going to drive businesses into incorporating? It will come about just as inevitably as that the sun will rise on to-morrow's morn.

Then there is another class of injustices. If there is a partnership, and there are two partners, and the income of the partnership is only $50,000 a year, the individual would pay 18.38 per cent, the partnership would pay 11.52 per cent; the corporation would pay 14.20 per cent, allowing for the exemption of the $2,000. If there are four partners, they would pay only 7.16 per cent. So, in such a case as that there would be a discrimination against those corporations which are earning small dividends, and which have a small number of stockholders. The effect would be to cause the disincorporation of such corporations as those.

The people of this country have organized their businesses according to their views of the best interests of the businesses, their individual best interests, and the best interests of the country. We do not want to force this great transformation.

The situation can be met, in my judgment, and the Government would not lose much, if any, revenue, because, as I said, if the bill is passed as it is framed, the Government will be forcing partnerships and individuals to incorporate and will inevitably lose revenue. It will force some corporations to disincorporate and will lose that revenue anyhow. There would be a loss of revenue if the bill as it is written were passed, and if we can bring about an equality without producing any greater loss, why not let business suffer simply the same loss and avoid this great inequality? That can be done, and it can be done in this way, by permitting the partners to make their returns as corporations and permitting the stockholders of the corporation to make a return as a partnership.

Let them elect the form in which they will make the return. They will elect that form which they would necessarily be driven into if this bill is passed as it is framed. If it is to their interest to be a partnership, they will become a partnership. If it is to their interest to be a corporation, they will make their returns as a corporation, and make their returns that way without having to reorganize and transform their businesses. Can any argument be made against that proposition?

Mr. SHORTRIDGE. Mr. President, am I to understand, then, that the Senator would have the law so framed as to make it optional with the partnership or the corporation to make the one or the other return?

Mr. JONES of New Mexico. That is precisely what I propose, and this afternoon I offered an amendment for that very purpose. The amendment is in the hands of the printer, and I have been expecting it every moment.

I want to call attention to one very significant provision in this bill. Under the present law we permit personal service corporations to make returns as partnerships. I just wonder how many have thought of the significance of that thing? Under the present law we permit personal service corporations to make returns as partnerships. Under this bill that is limited to the first of next January. I asked one of the experts why that limitation. He said, "Because after the 1st of January there will be no inducement to make a return as a partnership, as they would pay less as a corporation than they would as a partnership." That is in the law. There can be no question about it. It has been in operation for three years as to personal service corporations. They have been permitted to make returns as partnerships, because their invested capital was small, and to subject them to the excess-profits taxes would not be right. The excess-profits taxes being based upon invested capital, and such concerns having small invested capital, to subject them to the excess-profits tax would make them bear an extraordinarily heavy burden, and I think very properly the Congress provided in the existing revenue law that such corporations, during the time we had the excess-profits tax, should make returns as partnerships.

If that thing is advisable as to those personal-service corporations in order to equalize their taxes, then, I ask, what reason can be given for preventing a partnership from making a return as a corporation, when by so doing it will merely equalize its taxation along with that of its neighbor who is doing business as a corporation?

I wish some one would rise in his place and answer. If any answer can be made to that, I beg of Congress to let the people of this country understand it. If you are going to make that discrimination as between the citizens of this country who are doing business as individuals and partnerships, and favor those who are doing business as corporations, I say to you that you owe it to the people of this country to give some reason for it.

I presented this situation to one of the experts of the Treasury Department, and I asked him why such a provision was not put into this bill. He said because they had concluded it would be better to let the individuals and the partnerships organize as corporations. I do not believe that is best. I do not believe the heavy hand of taxation of this Government should be placed upon the back of any citizen and force him to do business in a form in which he does not want to do it. But that is what you are doing, and nobody rises here to give a word of explanation. Yet you are going on and discriminating in this gross manner against the business people of the country.

As I said in the beginning, they are willing to bear the burdens of the Government if you will equalize the burdens; but you do not propose to do that.

Mr. President, I have been anxious to have the bill considered and have it passed so that we may proceed with the transaction of other business. I have been expecting every moment the printed copy of the amendment which I propose to offer. That amendment proposes to give to individuals and partners the right to elect the form in which they will make their return. It is prepared with a great deal of care. In my judgment it meets the situation and is gotten up in practical form. It provides for every contingency, I believe, which can be suggested in opposition to it. It is not here just now, however. I do not wish to take up the time of the Senate further at this hour in discussing the bill, but I do desire to propose the amendment as a substitute for the amendment offered by the Senator from New York.

I am informed that the printed amendment has just this moment reached us, and I will ask the Secretary to read it. I offer that as a substitute for the amendment proposed by the Senator from New York.

The VICE PRESIDENT. The Secretary will read the proposed substitute.

The ASSISTANT SECRETARY. As a substitute for the amendment offered by the Senator from New York the Senator from New Mexico offers the following:

On page 60, after line 13, insert two new paragraphs as follows:

"(e) An individual or partnership engaged in any trade or business may at any time after January 1, 1922, file with the Commissioner of Internal Revenue a statement declaring an election to be, for all the purposes of this title, an association with respect to such trade or business, and thereafter, for the taxable year in which such election is made and for succeeding taxable years, such association shall be taxable with respect to such trade or business as a corporation under part 3 of this title, and also subject to all other provisions of this title relative to corporations. Any distribution of profits made by such association to the individual or individuals comprising it shall constitute dividends under this title, and shall be included in gross income of the distributee as of the date when the cash or other property is unqualifiedly separated from the other property of such association as the property or to the credit of the distributee outside of such trade or business.

"(f) An election once made under subdivision (e) of this section shall not be subject to change by such association or by the individual or individuals comprising it, and shall be binding upon such individual or individuals and upon their personal representatives with respect to such trade or business, and upon any other individual or individuals entering into any new partnership with such electing individual or individuals or with their personal representatives with respect to such trade or business, unless and until the commissioner advises such association in writing that owing to changes in the ownership or nature of such trade or business, or in the provisions of this title affecting the same, it is necessary or just that it be relieved from such election."

Mr. JONES of New Mexico. Mr. President, I do not wish by this procedure to disparage at all the amendment offered by the Senator from New York. I believe I shall not offer it as a substitute for his amendment, but permit his amendment to be voted upon separately, and after that vote I shall determine whether or not to call up my amendment. I know that the Senator from New York has offered his amendment in perfect good faith and I do not wish to deprive him of a direct vote upon his proposed amendment. Therefore I shall not offer mine just at this moment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from New York [Mr. WADSWORTH].

The amendment was rejected.

Mr. JONES of New Mexico. Mr. President, the hour is late and the amendment which I propose to offer has just been printed, and Senators have not had an opportunity to examine it. Therefore I shall not call it up for consideration at this

time. I ask that it may lie on the table for consideration at a future time.

The VICE PRESIDENT. The amendment will lie on the table.

Mr. McKELLAR. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McNary	Stanfield
Brandegee	Harreld	Moses	Stanley
Broussard	Harris	New	Sutherland
Bursum	Jones, N. Mex.	Newberry	Swanson
Calder	Jones, Wash.	Nicholson	Townsend
Cameron	Kendrick	Norbeck	Trammell
Capper	Kenyon	Oddie	Wadsworth
Caraway	Keyes	Phipps	Walsh, Mass.
Cummins	King	Pittman	Warren
Curtis	La Follette	Poindexter	Watson, Ga.
Fernald	Lenroot	Pomerene	Watson, Ind.
France	Lodge	Sheppard	Willis
Frelinghuysen	McCumber	Shortridge	
Gerry	McKellar	Simmons	
Gooding	McKinley	Spencer	

The VICE PRESIDENT. Fifty-seven Senators have answered to their names. A quorum is present.

Mr. TRAMMELL. Mr. President, I desire to offer the following amendment.

The VICE PRESIDENT. The amendment will be reported.

The ASSISTANT SECRETARY. On pages 48 and 49 strike out all of subdivision (c) and insert in lieu thereof the following:

(c) That where 75 per cent or more of the income of the taxpayer is received from the labor or personal service of the taxpayer, in the case of a single person, the amount of the personal exemption shall be $1,500; or in the case of the head of a family or a married person living with husband or wife, the amount of the personal exemption shall be $3,000 unless the net income in the case of a single person is more than $3,500, in which case the personal exemption shall be $1,000, or unless the net income in the case of the head of the family or a married person living with husband or wife is more than $6,000, in which case the personal exemption shall be $2,000. That where 25 per cent or more of the income of the taxpayer is derived from sources other than from his or her personal labor or services, in case of a single person the amount of the personal exemption shall be $1,000; or in the case of the head of the family or a married person living with husband or wife, the amount of the personal exemption shall be $2,500, unless the net income is in excess of $5,000, in which case the personal exemption shall be $2,000. A husband and wife living together shall receive but one personal exemption; such exemption shall be the amount heretofore set forth. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them. That the personal exemption herein provided shall not apply in the case of a single person whose net income is $8,000 or more, nor shall the said personal exemption apply in the case of the head of a family or a married person living with husband or wife where the aggregate net income of such husband and wife is $15,000 or more.

Mr. TRAMMELL. Mr. President, there seems to be a disposition on the part of certain Senators to railroad everything through to-night without giving any consideration whatever to the merits of amendments which are being proposed. The Republican majority wanted to adjourn early to-night, some of them, it is said, desiring to fill dinner engagements, and because they are detained here at work it appears that they are determined not to give a fair consideration to amendments presented. After having consumed weeks in debate and weeks of labor in an effort to get the bill in its present shape, which even a prominent Republican Senator here has stated to-night imposed practically twice the amount of taxes upon the individual or partnership that it does upon a corporation, it is said we must not attempt further to correct indefensible provisions of the bill. I suppose, Mr. President, a majority of those who are piloting this measure are afraid that if it has a little more consideration we shall come nearer distributing the tax burdens as between the big corporate interests and the wealth of the country and the individuals and those who are engaged in trade and business in partnerships.

The Committee on Finance came in here with a "little" bill of particulars providing for reductions from the present law to the corporations and wealth amounting to the small sum of $615,000,000. Many of our Republican Senators did not think they had to rush the bill through at that time; they did not think it proper to refuse ample consideration to the merits of the original plan to eliminate $615,000,000 for the benefit of the swollen fortunes of the land, but instead they struggled here for two or three weeks in an effort to have the profiteers of this country exempted of $450,000,000 of taxes. They labored very arduously here for weeks trying to have the surtaxes cut down so that they would save $90,000,000 to the individuals who were receiving net incomes of $68,000 per annum. They did not consider that a waste of time.

Republican Senators also spent considerable time seeking to have a reduction of $75,000,000 made in the corporation capital-stock tax. They seemed to think that was all right; it was not a waste of time for Senators to stay here and occupy days in their struggle to relieve the big interests and wealth of the country $615,000,000 in taxes and shift the burden to those less able to pay, but when a Senator offers an amendment to try to alleviate to some extent the burdens which are imposed upon the struggling American citizen who is making scarcely enough to live upon and to support his family, then all at once those same Senators get in a great speed-up move and they want to railroad things, giving no consideration to the merits of the proposition.

I have offered an amendment here proposing that where 75 per cent or more of the earnings of an individual is the result of his personal labor and his personal services there shall be exempted to him free of taxation if he is a married man or the head of a family, $3,000; in the case of a single person, under similar circumstances, that there shall be an exemption of $1,500. My position is that where the income is the result of the personal labor and personal services of a citizen, or at least where 75 per cent of it is so, that we should certainly not begin taxing the fruits of his labor and his industry until we shall have exempted a sufficient amount upon which he may support himself and his family in proper comfort and to afford reasonable educational opportunities to his children. Yet some of those who would have the small sum of $615,000,000 of taxes removed from those who engage in profiteering, from those who are receiving incomes of more than $68,000 per annum, and from those who have contributed to the capital-stock tax in a total sum of $75,000,000, those who plead the cause of that class representing the enormous wealth of this country and vast incomes say, "We can not make the reduction because we need the revenue."

Why was not that answer hurled back when the profiteers of this country appealed to those directing this legislation to repeal the excess-profits tax? Why did those Senators not hurl back that answer to those who, receiving a net income of $68,000 and more per annum, pleaded with them to exempt in the aggregate $90,000,000 per annum from taxation? Why did not those Senators here a few days ago, when the Senator from Massachusetts [Mr. LODGE] introduced an amendment providing that holding corporations should be exempt in an aggregate sum of $20,000,000 taxes, shout back the answer, "We can not do it, because we have to raise revenue"?

Do you wonder, Senators, that the great mass of the American people of but little and moderate means and incomes since this tax bill has been under consideration have formed the opinion that it is one that is in the interest of the large corporations of the country and of the big business and wealth of the Nation; that you have been spending more time for the purpose of shifting the burden of those who are best able to pay their taxes and contribute to the support of the Government than you have in making an effort to see that justice and fairness and equitable dealing be extended to the poor, to those of moderate means and the small business of the Nation, who are not able to bear heavy taxation?

Mr. President, I do not object to a night session; I am glad to remain here; we should work night and day to finish this bill; and I wish to thank Senators who were trying to plan to have a little vacation this evening for waiving their wishes along that line and remaining here, that we may proceed with the public's work.

If the Republican committee, upon whom it devolved to have written a tax bill, had gotten busy 8 or 10 months ago, if the majority party in the Senate had been busy months ago, instead of jogging along here and killing time and marking time and taking a vacation during the summer, we would have had the tax bill out of the way long since. No responsibility for any delay on this bill can be attributed to those who have dared to offer amendments and to those who have dared to call attention to the features of the bill which were, as they conceived them, obnoxious, which, as many of us have looked upon them, were inexcusable and indefensible. I would not think very much of a Senator on the other side if he sat idly by and saw something "put over" that he did not think was proper; and I do not think that his constituents back home would approve of any such cowardly conduct.

I realize that the Republican majority in control of the Senate are heartily in sympathy with the policy which this bill carries with it at present. It has been conspicuously apparent that a large majority of them were heartily in sympathy with the policy proposed by the measure when it was first brought into the Senate, and that they are somewhat disturbed, they are somewhat annoyed, because the Democrats made a fight to have certain provisions re-formed, and then that a minority upon the Republican side, following the courageous lead of the Democrats, with probably a whispered but nevertheless force-

ful threat that if the majority did not consent to some changes they were going to join with the Democrats and were going to amend this bill anyway, and therefore the majority had to amend it; no doubt they are still worrying about that. The Wall Street Journal's charge that the majority of the Republicans surrendered and made a cowardly retreat is doubtless still haunting them. As a result of the fight made by Democrats we have seen the Republicans falling down upon their job so far as getting the entire deduction of $615,000,000 which they sought to have deducted from the tax burden of the wealth of the country. They were not able to carry off quite as much as they hoped to carry off for the corporate and big interests which the Republican Party seems to be serving first and foremost. That is certainly true in regard to this tax bill.

When Senator McKellar to-night offered an amendment which meant some relief to the people who are being required to pay excessive passenger rates, a very plain, simple proposition, the Republican majority had no time to consider that; oh, no; they were afraid that, forsooth, a measure of that kind, if adopted, would promptly cut down the incomes of the corporate interests of the country, which they seem to be overzealous in trying to protect; but if that amendment had provided that the Government should guarantee certain earnings to the railroads, then I am sure that whether in order or out of order, pertinent or impertinent, relevant or irrelevant, it would by them have been very seriously and sympathetically considered.

I am not criticizing you. There is just a difference of opinion as to what the policy should be upon the part of the legislative body of the Nation in dealing with tax problems and other questions of great concern to the American people. I am sure that our Republican friends, whose tax bill this is—except as to some amendments forced by Democrats—are well pleased at the achievements of the weeks past; so well pleased that they do not care to consider anything else at this time.

I say, Mr. President, that there are yet in this bill inexcusable and indefensible provisions. What are the American people going to think when they begin to groan under the burden of the taxation imposed by this measure when it dawns upon them to their sorrow that the Congress of the United States has lessened the tax burden on those most able to pay and has increased and enlarged the tax burden of those least able to pay?

What are the American people going to think when it is brought to their attention, by the weight of the burden imposed upon them, that individuals and partners engaged in trade and business are required under an act of Congress to pay about twice as much tax as corporations? What do you believe the smaller corporations will think of you imposing heavier burdens upon them?

I know that our Republican friends heartily approve of such policy. If you did not you would not have made it so conspicuous in this measure. But I am just asking the question, What are the great masses of the taxpayers going to think of this bill, which shifts the burden from those able to pay to those unable to pay? I know what I would think of it as a common, ordinary, every-day American citizen. If I were engaged in a partnership business, and, as illustrated by the Senator from New York, my tax burden upon a volume of $50,000 of business was more than $5,000 greater than that of a corporation doing an equal amount of business, I would think—and I believe I would be justified in thinking—that the Congress of the United States could see nothing except the big, rich, the large corporations and dollars—dollars and corporations. I would know that was all a majority of the Senators could see, or else they would not inflict upon the American people any such piece of injustice and discriminatory taxation.

If the Senate had devoted more time to seeking to relieve the country from the excessive freight and passenger rates you might have done a better piece of work than you have in your labors to so rewrite our tax law as to discriminate in favor of the profiteer and big fortunes to the extent of $615,000,000. Congress enacted a law here providing certain benefits to the railroads—no benefits whatever to the public. I am thankful that I voted against the present law controlling railroads.

Effort after effort has been made to have certain provisions of that law repealed, the one in particular authorizing the fixing of rates that would produce earnings up to as much as 5½ per cent, and then an optional one-half per cent more. Some of us have thought that if we could repeal this provision and restore to the Interstate Commerce Commission the power it possessed prior to the enactment of the Esch-Cummins law, we would probably obtain some relief in the way of a readjustment of the freight rates, the passenger rates, and a reduction in a great many instances where they are absolutely unreasonable, exorbitant, and unbearable upon the traffic upon which they are imposed. More than six months ago I introduced in the Senate a bill to repeal this provision of the law and have done all in my power to have my measure passed. Certainly we could be no worse off if we had that provision of the law repealed. The whole country has been upon bended knees begging Congress, appealing to the Interstate Commerce Commission, to afford at least some measure of relief upon freight and passenger rates; the people of my State have pleaded and pleaded for relief; and yet we have found those in control of Congress not busying themselves, at least upon this subject. Those who have the power to afford relief manifest no sympathy and take no action. In the meantime the fruit grower and the farmers of my State and of other sections are being robbed of the fruits of their labor and a reasonable income upon their investment because of exorbitant transportation charges.

I mention the neglect in regard to dealing with this railroad freight-rate and passenger problem that we may see that our Republican friends in control of the Senate have not been actively engaged in trying to make corrections in this important matter for the relief of the American people. This tax measure is about the only bill of any consequence you have brought before the Senate, although the Republican administration has been in power eight months. You start out in this measure by providing, in the very beginning of the original bill, a reduction of about $615,000,000 of taxes to the ultrarich and the millionaire corporations of the country.

I do not know why such solicitude should be extended in their interest and why the deaf ear and the stony heart should be turned upon the poor people of the country, those of moderate means and incomes, who have no representatives here to fight their cause, except as now and then some one stands upon the floor of the Congress and tries to present their cause.

We are here for the purpose of legislating fairly and justly for the entire American people. I appreciate what a factor capital is in the progress and the development of our country. I believe that we should extend capital justice and be fair in imposing the tax burden upon wealth, but I do not share in this idea that all of the prosperity of the country comes from favoritism extended to the big business of the Nation. I know that our Republican friends believe such policy the solution for all ills. They are honest and sincere in such views. That is the reason why you are writing that kind of policy into this bill, but some of us entertain different views. We believe if we are to have prosperity, if our people are to be content and happy, justice must be vouchsafed to all, from the humblest to the highest. You do not seek to make any reduction whatever upon the burden of the man of moderate means or the man who is barely making sufficient to support himself and his family in this bill. You have removed the excess-profits tax, you have made large reductions upon the large and rich corporations, you have let the profiteers go scot free, and, upon the other hand, accepting the statements made by the Senator from New York [Mr. Wadsworth] and the Senator from North Carolina [Mr. Simmons], you have placed the tax burden upon the individual citizen and the partnership at double that placed upon the corporations of the country doing the same kind of business. That is what you have done; and yet some seem to think that a man is absolutely invading sacred rights, almost, to deign to offer some other amendment to the bill to try to perfect some objectionable feature.

Now, I say that. Why? Because every amendment that has been offered here to-night has been brushed aside with a refusal of a yea-and-nay vote. You took time here sufficient to give a thousand yea-and-nay votes upon the consideration of your amendments providing, for instance, for the elimination of the $450,000,000 of excess profits. You occupied ample time for a hundred yea-and-nay votes upon the amendment of the Senator from Massachusetts [Mr. Lodge] providing for a reduction of $20,000,000 of taxation to the holding companies of this country. You occupied sufficient time here in your pleas and your solicitude in your effort to obtain a reduction of $90,000,000 in taxation for the benefit of those receiving incomes of more than $68,000 net per annum to have hundreds of yea-and-nay votes. To take up so much time for this relief of the profiteers and big incomes I suppose you think was a patriotic service. That is all right. I am not surprised that we can not get a sufficient number of Senators here to call for a record vote upon some of these measures. You simply do not care to be on record. You prefer keeping the people back home in ignorance as to how you are voting upon many questions of vital concern to them.

Mr. President, I have presented this amendment, and I believe that where 75 per cent or more of a person's income is a result of his labor he should certainly be exempt from taxation on as much as $3,000 of that income; that is, where he is a married man or where he is the head of a family.

I think the policy, the purpose of the majority certainly must be not to begin imposing a tax on a person until his income is sufficient for him to support comfortably his wife, himself, and his children. The amendment has its limitation, in that it provides that exemption shall apply if a person's income is more than a certain sum, $6,000 per annum in the case of a married person, or $3,500 in the case of a single person. So you have your restriction there. In such cases a married man only gets $2,500 exemption and a single person $1,000 exemption.

In order to take care of the question of the loss of revenue it also provides that no exemption shall be made in the case of a single person receiving an income of over $8,000 per annum, or a married person or the head of a family receiving a net income of $15,000 or more per annum. That, in a measure, recoups for the loss of revenue due to the fact that you make a larger exemption to the person receiving a smaller income.

I very much hope that the amendment will be given serious consideration and will be agreed to. I ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Florida demands the yeas and nays on agreeing to his amendment.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FRELINGHUYSEN (when his name was called). I transfer my general pair with the Senator from Montana [Mr. WALSH] to the senior Senator from Minnesota [Mr. NELSON] and vote "nay."

Mr. HALE (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. SHIELDS]. I can not obtain a transfer and therefore withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. SWANSON (when Mr. SIMMONS's name was called). The senior Senator from North Carolina [Mr. SIMMONS] is paired with the junior Senator from Minnesota [Mr. KELLOGG]. The senior Senator from North Carolina is detained from the Senate on official business.

Mr. SUTHERLAND (when his name was called). I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. I transfer that pair to the junior Senator from Alabama [Mr. HEFLIN] and vote "yea."

Mr. WARREN (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. OVERMAN]. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and vote "nay."

The roll call was concluded.

Mr. CURTIS. I desire to announce the following pairs:

The junior Senator from Kentucky [Mr. ERNST] with the senior Senator from Kentucky [Mr. STANLEY];

The senior Senator from Delaware [Mr. BALL] with the senior Senator from Florida [Mr. FLETCHER];

The senior Senator from Vermont [Mr. DILLINGHAM] with the junior Senator from Virginia [Mr. GLASS];

The junior Senator from West Virginia [Mr. ELKINS] with the junior Senator from Mississippi [Mr. HARRISON];

The junior Senator from Connecticut [Mr. MCLEAN] with the senior Senator from Montana [Mr. MYERS];

The junior Senator from New Jersey [Mr. EDGE] with the senior Senator from Oklahoma [Mr. OWEN];

The senior Senator from South Dakota [Mr. STERLING] with the senior Senator from South Carolina [Mr. SMITH];

The senior Senator from Pennsylvania [Mr. PENROSE] with the senior Senator from Mississippi [Mr. WILLIAMS]; and

The junior Senator from Delaware [Mr. DU PONT] with the senior Senator from Louisiana [Mr. RANSDELL].

Mr. KENDRICK (after having voted in the affirmative). Has the Senator from Illinois [Mr. MCCORMICK] voted?

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). He has not.

Mr. KENDRICK. I have a general pair with that Senator, and in his absence I transfer that pair to the senior Senator from Nebraska [Mr. HITCHCOCK] and allow my vote to stand.

Mr. HARRIS (after having voted in the affirmative). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the junior Senator from South Carolina [Mr. DIAL] and let my vote stand.

The result was announced—yeas 15, nays 36, as follows:

YEAS—15.

Ashurst	Harris	McKellar	Trammell
Caraway	Jones, N. Mex.	Pittman	Walsh, Mass.
Cummins	Kendrick	Sheppard	Watson, Ga.
Gerry	La Follette	Swanson	

NAYS—36.

Brandegee	Harreld	Moses	Shortridge
Bursum	Jones, Wash.	New	Spencer
Cameron	Keyes	Newberry	Stanfield
Capper	King	Nicholson	Sutherland
Curtis	Lenroot	Norbeck	Townsend
Fernald	Lodge	Oddie	Wadsworth
France	McCumber	Phipps	Warren
Frelinghuysen	McKinley	Poindexter	Watson, Ind.
Gooding	McNary	Pomerene	Willis

NOT VOTING—45.

Ball	Ernst	McLean	Simmons
Borah	Fletcher	Myers	Smith
Broussard	Glass	Nelson	Smoot
Calder	Hale	Norris	Stanley
Colt	Harrison	Overman	Sterling
Crow	Heflin	Owen	Underwood
Culberson	Hitchcock	Page	Walsh, Mont.
Dial	Johnson	Penrose	Weller
Dillingham	Kellogg	Ransdell	Williams
du Pont	Kenyon	Reed	
Edge	Ladd	Robinson	
Elkins	McCormick	Shields	

So Mr. TRAMMELL's amendment was rejected.

The PRESIDING OFFICER. The bill is still open to amendment as in Committee of the Whole.

Mr. LENROOT. Mr. President, I reserve for a vote in the Senate the amendment found on page 115, subdivision (f).

Mr. REED addressed the Senate. After having spoken for some time—

Mr. ASHURST. Mr. President, will the Senator from Missouri yield to me at this juncture?

Mr. REED. I will yield if I do not have to yield the floor.

Mr. ASHURST. I do not want the floor, but I want to propound an inquiry.

Mr. REED. I do not want to lose the floor.

Mr. ASHURST. Mr. President, the Senator from Missouri has worked for months diligently and with a capacity which all of us admire. I want to propound the following interrogatory to the Senator, with a view of ascertaining if some agreement may not be reached as to a vote without setting a definite time for a vote. Would the Senator from Missouri, and other Senators, consider the following: That we recess now until 10 o'clock a. m. to-day; that we remain in session from 10 a. m. until 12 p. m., 14 hours; that during those 14 hours every Senator who secures recognition shall have one hour and such additional time as other Senators who obtain the floor may see fit to yield to him; that we recess at 12 o'clock midnight Saturday until 10 o'clock on Monday morning, and that on Monday at 10 o'clock we resume the consideration of the bill, every Senator thereafter to have 10 minutes on every amendment proposed and on the bill, but that no time shall be set for a vote.

Mr. REED. I am feeling very fresh to-night.

The PRESIDING OFFICER. Does the Senator from Arizona submit that to the Senate as a request for unanimous consent?

Mr. ASHURST. No; I am only proposing it tentatively. I will restate it as follows:

That we recess until 10 o'clock to-day; that we remain in session 14 hours on Saturday, from 10 o'clock a. m. until 12 o'clock midnight; that each Senator who secures recognition shall have one hour and such additional time as he may have yielded to him by any other Senator who secures the floor; that we recess at 12 o'clock midnight Saturday and reconvene at 10 o'clock a. m. Monday morning, and that on Monday at 10 o'clock we resume the consideration of the bill, and every Senator thereafter shall have 10 minutes on every amendment proposed and on the bill, but no time shall be set for a vote.

Mr. REED resumed his speech. After having spoken for some time,

Mr. ASHURST. Mr. President, will the Senator yield to me at this juncture, with the understanding that he does not yield the floor?

Mr. REED. I do not want to lose the floor. I would not lose the floor for anything.

Mr. ASHURST. I will join the Senator in that; and the Senator does not need any help in holding the floor. He has demonstrated his prowess in holding the floor and holding anything he wishes to hold.

Mr. President, I will propound this proposition—I am doing it somewhat on my own responsibility, and I have not conferred with Senators that should have been conferred with. I will

ask if this sort of a proposition for unanimous consent could be considered favorably. I am not formally propounding it, because that would involve a roll call:

That the Senate, so soon as the consent is agreed to, if it be agreed to, shall recess—this is Saturday, the 5th—that we will convene on Saturday the 5th, to-day, at 10 o'clock a. m.; that any member of the Finance Committee who desires it shall have 4 hours; that we will be in session 14 hours, from 10 a. m. to 12 p. m.; that any member of the Finance Committee wishing it shall have 4 hours; that we will then recess at 12 o'clock until Monday at 10 o'clock; that we will resume the consideration of the bill on Monday at 10 o'clock, and every Senator shall thereafter have 10 minutes on every amendment proposed, with no time limit set for a vote, and a Senator who has 10 minutes to his credit may yield it to another Senator if he desires.

Have I made it clear?

Mr. McCUMBER. The Senator has made it quite clear except in one respect, Mr. President. There are 16 members of the committee, and 4 times 16 is a greater number of hours than are provided in the unanimous-consent agreement.

Mr. ASHURST. I know, Mr. President, and the Senator knows, that we are making a very earnest effort to reach some time when there can be a vote; and I think that can be agreed to.

Mr. WADSWORTH. Mr. President, why this great preference to a member of the Committee on Finance?

Mr. ASHURST. All right; then I will withdraw that.

Mr. WADSWORTH. As I figure it, 4 hours is 240 minutes, and the Senator suggests that other Senators who do not happen to belong to the Committee on Finance shall have 10 minutes. In other words, members of the Committee on Finance shall have twenty-four times as much time as Senators who are not members of the Committee on Finance.

Mr. ASHURST. I will withdraw that part of the proposed agreement which limits the four hours on to-day to members of the Finance Committee. Of course, it means that only three Senators could hold the floor to-day; but that is the lowest common denominator or the greatest common divisor, I do not know which, that we can reach. Will the Senator from Missouri agree to that?

Mr. REED. I have not heard a word of it.

Mr. ASHURST. The Senator from Missouri says he has not heard a word I have said.

Mr. REED. I beg the Senator's pardon. I mean no disrespect, but there were two Senators talking to me.

Mr. ASHURST. I submit the proposed agreement.

The PRESIDING OFFICER. If the Senator will pardon the Chair, the Secretary advises the Chair that he has written out the proposal of the Senator.

Mr. ASHURST. I thank him, and I will ask that it be read, if the Senator from Missouri will permit me.

The PRESIDING OFFICER. Without objection, the Secretary will read the proposed agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the Senate will now take a recess until 10 o'clock a. m. Saturday, November 5, 1921; that on the calendar day of Saturday, November 5, aforesaid, the Senate will remain in session until 12 o'clock midnight, and upon said day a Senator who is a member of the Finance Committee may speak for a period of not more than — hours.

Mr. ASHURST. Say "any Senator securing recognition" instead of "a member of the Finance Committee," if you please.

Mr. WADSWORTH. May speak four hours?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I have not the floor. The Senator from Missouri has it.

The PRESIDING OFFICER. The Senator from New York.

Mr. WADSWORTH. I simply wish to say that as I hear the proposed unanimous-consent agreement read, the fundamental basis of it is such that I should have to object to it.

Mr. ASHURST. I will withdraw the part of the language which grants to the Finance Committee any particular privilege in the way of time. Just say "any Senator."

Mr. WADSWORTH. Any Senator may speak four hours?

Mr. ASHURST. Any Senator.

Mr. SHORTRIDGE. Four hours—one Senator?

Mr. STANLEY. Yes. You would not cut him off with less than that, would you?

Mr. SHORTRIDGE. We shall have homicide here. [Laughter.]

The PRESIDING OFFICER. The Senate will be in order. The question is upon the request of the Senator from Arizona for unanimous consent which has been stated by the Secretary. Is there objection?

Mr. WADSWORTH. Yes; I object, Mr. President, to any unanimous-consent agreement to permit a Senator to speak for four hours.

Mr. ASHURST. Then I will make it three hours. I will ask the Secretary to change it to three hours.

Mr. McCUMBER. I will object to that, Mr. President.

Mr. LODGE. Mr. President, before it is objected to can not some of us hear it? I should like to hear it.

The PRESIDING OFFICER. Without objection, the Secretary will again read the proposed unanimous-consent agreement, at the request of the Senator from Massachusetts.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the Senate will now take a recess until 10 a. m. Saturday, November 5, 1921; that on the calendar day of Saturday, November 5, aforesaid, the Senate will remain in session until 12 o'clock midnight, and upon said day no Senator shall speak more than once or for a longer period than one hour in the aggregate upon the bill and amendments offered thereto; that at 12 o'clock midnight on the said day the Senate will take a recess until 10 o'clock a. m. on the calendar day of Monday, November 7, 1921, and that from the hour of 10 o'clock a. m. on the last-named calendar day and thenceforward no Senator shall speak more than once or for a longer period than 10 minutes upon any amendment that may then be pending or that may be offered, unless the Senate by unanimous consent shall give the Senator permission to proceed for some longer period.

Mr. ASHURST. No; the one I submitted was that a Senator having 10 minutes to his credit could yield it to another Senator.

Mr. LODGE. That can not be done. That means no end at all.

Mr. JONES of New Mexico. Mr. President, I objected to the unanimous-consent agreement which was proposed this afternoon. I did that solely upon this ground, that I have often taken the position that we should not fix a definite time for final voting; but I have always been willing to limit debate, and I am willing now to agree that on Monday morning, Tuesday morning, or this morning, we shall limit the debate in any reasonable way. Personally, I am willing that it should be limited to 10 minutes on any question that comes before the Senate. I am not at all disposed to prolong the discussion on this bill, or delay its passage, and it seems to me that it would be a reasonable arrangement if we simply agree now that on Monday morning debate by any Senator shall be limited to 10 minutes on any question which may come before the Senate respecting this bill. If we can enter into that sort of an agreement, I am sure we will soon reach a final conclusion on the bill, and that will give all of to-day to those Senators who desire to discuss the bill or any provision of it at length.

I therefore make the proposal that we now take a recess until 10 o'clock this morning, that we remain in session until 12 o'clock to-night, and that on Monday at 10 o'clock we meet again, and debate then shall be limited to 10 minutes by any Senator upon any one question before the Senate.

Mr. McCUMBER. How long does the Senator propose the debate shall last to-day; to what extent would he limit it?

Mr. JONES of New Mexico. Until 12 o'clock to-night.

Mr. McCUMBER. I mean, what time should be allowed to any one Senator?

Mr. JONES of New Mexico. As long as he wants.

Mr. REED. Mr. President, I might as well say with great frankness to the Senate that I proposed this bonus amendment, and I intend to have time enough to debate it, because I think it is the most important amendment which has been offered to the bill; but I do not intend to be unreasonable about that demand for time. If that amendment could be taken up this morning and discussed to-day without limit—that is, that no Senator should be limited in his speeches to-day—I would propose that we meet at 10 o'clock this morning and stay in session——

Mr. MOSES. Until midnight.

Mr. REED. No; 10 o'clock at night is a late enough hour.

Mr. LODGE. Make it 12 o'clock.

Mr. REED. Very well, 12 o'clock; and that that amendment be taken up to-morrow and be kept before the Senate until it is disposed of, and that after to-morrow no Senator shall speak more than 10 minutes on any amendment.

Mr. LODGE. Or on the bill.

Mr. REED. Or on the bill. I would let any Senator speak on each amendment 10 minutes if he wants to.

Mr. LODGE. Certainly.

Mr. REED. I am willing to make that sort of an arrangement. Therefore I make that proposition. I do not mean that the whole of to-day shall necessarily be taken up with the bonus amendment, but I want the bonus amendment discussed to-day and disposed of to-day.

Mr. LA FOLLETTE. I have some amendments which I want to propose to-day and want to have disposed of to-day.

Mr. MOSES. There will be 14 hours between 10 o'clock and midnight.

Mr. REED. Let us hear the proposed agreement read, and then we will see what the proposition of the Senator from Wisconsin is.

The VICE PRESIDENT. The Secretary will read the proposed agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the Senate will now take a recess until 10 o'clock a. m. Saturday, November 5, 1921; that on the calendar day of Saturday, November 5, aforesaid, the Senate will proceed to the consideration of what are known as the soldiers' bonus amendments, and will proceed with the consideration of the same until they are disposed of.

Mr. SIMMONS. Would the Senator from Missouri cut off the Senator from Wisconsin? He has seven or eight amendments which he desires to discuss to-day. Would not the Senator from Missouri be willing to agree that the bonus amendments shall be disposed of by 2 o'clock in the afternoon?

Mr. LA FOLLETTE. That would be entirely satisfactory to me.

Mr. SIMMONS. That would give us six hours to discuss the bonus amendment, and eight hours for any other amendments on which we do not wish to limit debate.

Mr. REED. I am in this embarrassing position, Mr. President. There are six or seven Senators on this side who have said to me that they want to speak on the bonus amendments; how long, I do not know. Let me make this suggestion: Suppose we give the amendments of the Senator from Wisconsin the right of way from 10 o'clock a. m. to-day until 2, and agree that then the bonus amendments be made the business of the Senate, and be continued before the Senate without limitation until they are disposed of, provided they are disposed of by 12 o'clock to-night. If we get through with them before that time, then the Senator from Wisconsin can have the rest of the time for his amendment. Will it be satisfactory to the Senator from Wisconsin to have from 10 o'clock until 2?

Mr. LA FOLLETTE. That would give the Senator how many hours on the bonus amendment?

Mr. REED. Ten hours. I do not think it will take that long, but it might.

Mr. LA FOLLETTE. I ask the Senator to give me until 3 o'clock on my amendments.

Mr. McCUMBER. I wish to ask the Senator from Missouri in all candor, is it his expectation that one or two Senators or even three or four will take all the time allotted to that amendment, cutting out those who want to make 10 or 20 minute speeches?

Mr. REED. I think not. I am entirely willing if it can be arranged that the time shall be divided between the proponents and the opponents of the amendment.

Mr. LENROOT. They could alternate.

Mr. REED. We will have to leave it to the decency of Senators with reference to their colleagues on the same side of the question. I think we can arrange that.

Mr. JONES of New Mexico. Let me suggest that the time might be divided, half of it put at the disposal of the Senator from Missouri, and if there is any Senator who wants to oppose the amendment, put the other half in his charge.

Mr. REED. If I am allowed to have any sort of control, by way of suggestion, on this side, I will see to it that we give the other side of the Chamber plenty of time, as a matter of common courtesy and decency, if you trust that to us.

Mr. LENROOT. There will be no trouble about that.

Mr. REED. I make this suggestion, then; that the Senate now take a recess until this morning at 10 o'clock; that the amendments of the Senator from Wisconsin [Mr. LA FOLLETTE] which he desires to present, shall have the right of way up to the hour of 3 o'clock; that then the bonus amendments shall come on for consideration and shall remain before the Senate until disposed of——

Mr. WATSON of Indiana. Provided they are disposed of by 12 o'clock to-night.

Mr. REED. And that the Senate shall take a recess not later than 12 o'clock to-night. Also, that on Monday the Senate shall convene at 10 o'clock, and that the debate on Monday and thereafter shall be limited to 10 minutes, and that no Senator shall be permitted on Monday to speak more than 10 minutes in all on any amendment and 10 minutes on the bill. That will bring us to a conclusion.

Mr. LA FOLLETTE. I have no idea that the amendments which I shall present will occupy all the time from 10 o'clock until 3, and yet I would like to have that much time allotted to them in the event that there should be debate on the other side.

Mr. MOSES. If the Senator does not want to use all the time, he can yield it.

Mr. LA FOLLETTE. It can be passed on.

Mr. WATSON of Indiana. In that event we could bring up the bonus amendment sooner.

Mr. REED. When the Secretary gets the agreement perfected let it be read and then we can see if it is in proper form.

The VICE PRESIDENT. The Secretary will read the proposed agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the Senate will now take a recess until 10 o'clock a. m., Saturday, November 5, 1921; that on the calendar day of Saturday, November 5, aforesaid, the Senate will remain in session until not later than 12 o'clock midnight; that at 10 o'clock a. m. on said day the Senate will proceed at once to the consideration of amendments that may be proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] and will continue such consideration until the hour of 3 o'clock p. m. unless the amendments are sooner disposed of, and that as soon as such amendments are disposed of, and not later than 3 o'clock p. m., the Senate will proceed to the consideration of what are known as the "soldiers' adjusted compensation" amendments and will continue such consideration until the hour of 12 o'clock midnight, unless such amendments are sooner disposed of.

It is further agreed that when such amendments are disposed of, and at not later than 12 o'clock midnight, the Senate will take a recess until 10 o'clock a. m., on the calendar day of Monday, November 7, 1921, and that from the hour of 10 o'clock a. m. on the last-named calendar day and thenceforward, no Senator shall speak more than once or for a longer period than 10 minutes upon any amendment that may then be pending or that may be offered, or more than once or for a longer period than 10 minutes upon the bill.

Mr. REED. There is only one thing that I might suggest. That might compel us to stay in session until to-night at 12 o'clock when we might be through before.

Mr. SPENCER. Let it read "until 12 o'clock to-night or until said bonus amendments are disposed of."

Mr. NEW. "Unless said bonus amendments are sooner disposed of."

The ASSISTANT SECRETARY. That portion of the agreement now reads—

on what are known as the soldiers' adjusted compensation amendments will continue such consideration until the hour of 12 o'clock midnight unless such amendments are sooner disposed of.

Mr. REED. That is all right.

The VICE PRESIDENT. The question is on entering into the unanimous-consent agreement. Is there objection?

Mr. SHORTRIDGE. Mr. President, I object. I object just for one moment. I wish to be advised, if anyone is competent or disposed to advise me, whether debate is to go on forever beginning on Monday next. What is the probable limitation?

The VICE PRESIDENT. Ten minutes to each Senator on an amendment.

Mr. REED. I will say to the Senator from California that we have had such agreements many times, and I have never known the debate to last more than one day.

Mr. LA FOLLETTE. We had it on the packers' bill, and we disposed of that bill in one day.

Mr. SHORTRIDGE. There are some Senators who might be disposed to put in about 40 amendments and if each Senator under the suggested unanimous-consent agreement is to be permitted to speak 10 minutes on each of the 40 amendments I am curious to know when we would come to an end of the debate. I do not like to see one or two Senators run the Senate.

Mr. JONES of New Mexico. I believe that the experience of Senators will satisfy the Senator from California. I realize fully his point of view and I appreciate fully his concern, but we have frequently entered into such agreements. I suppose that I perhaps more than any other Senator, have always insisted upon some such agreement as this, and it has invariably worked in an admirable way. I have not the slightest doubt that if the arrangement is entered into the bill will be disposed of Monday night.

Mr. WATSON of Indiana. I will say to the Senator from California that arrangements like this have hitherto been entered into and have worked out very satisfactorily. There are two restraining influences to prevent the very thing the Senator fears. One is the fact that Senators are bound to regard some degree of courtesy in an arrangement of this kind, and another is that if any Senator were to introduce a large number of amendments for the purpose of making speeches he would be pilloried not only here, but in public opinion throughout the United States, and no Senator would dare stand up in a filibuster of that kind.

Mr. KING. Let me say to the Senator from California that in addition to that, such amendments would be regarded as out of order and the Chair would not entertain them.

Mr. LENROOT. I will say to the Senator from California if there is any such vast number of amendments offered, a motion to lay on the table the amendments would take care of the situation.

Mr. SHORTRIDGE. I am not convinced, but I am persuaded. Therefore I shall not object.

The VICE PRESIDENT. Is there objection to entering into the unanimous-consent agreement? Without objection, the unanimous-consent agreement is entered into.

RECESS.

Mr. McCUMBER. I move that the Senate take a recess until 10 o'clock this morning.

The motion was agreed to; and (at 1 o'clock and 8 minutes a. m., Saturday, November 5, 1921) the Senate took a recess until Saturday, November 5, 1921, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES.

FRIDAY, *November 4, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our God and our Father help us, just now, to approach Thee reverently and humbly, with a conscious dependence upon Thy strength and Thy mercy. We think of Thy Fatherhood and our unworthy childhood and it is the supreme comfort of our little lives that they are still precious in Thy sight. O God of the years, O God of the eternities, keep us steady and true, strong and faithful through our transient days. In the name of Jesus our Savior and Teacher. Amen.

The Journal of the proceedings of yesterday was read and approved.

HUBERT REYNOLDS.

Mr. EDMONDS. Mr. Speaker, on the last day on which we had the private calendar there was a bill H. R. 2003, for the relief of Hubert Reynolds, which was reported by the Committee of the Whole House on the state of the Union to the House with a favorable recommendation, but the House adjourned before action. I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question now is on the passage of the bill.

The question was taken, and on a division (demanded by Mr. STAFFORD) there were—37 ayes and 13 noes.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present, and I challenge the vote for that reason.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 215, nays 43, answered "present" 3, not voting 171, as follows:

YEAS—215.

Andrew, Mass.	Darrow	Husted	Merritt
Appleby	Davis, Tenn.	Ireland	Michener
Arentz	Denison	James	Millspaugh
Bankhead	Dominick	Jefferis, Nebr.	Mondell
Barbour	Dunbar	Johnson, Ky.	Montoya
Bell	Dupré	Jones, Pa.	Moore, Ill.
Benham	Dyer	Kahn	Moore, Ohio
Bird	Echols	Kearns	Moores, Ind.
Bixler	Edmonds	Keller	Nelson, A. P.
Bland, Ind.	Elliott	Ketcham	Newton, Minn.
Boies	Fairfield	King	Newton, Mo.
Bowling	Faust	Kissel	Norton
Box	Favrot	Kleczka	O'Connor
Brennan	Fenn	Kline, N. Y.	Oliver
Briggs	Fisher	Kline, Pa.	Olpp
Brinson	Fitzgerald	Knutson	Osborne
Britten	Fordney	Kopp	Overstreet
Browne, Wis.	Frear	Kraus	Padgett
Buchanan	Freeman	Kunz	Parks, Ark.
Bulwinkle	Frothingham	Larsen, Ga.	Patterson, Mo.
Burdick	Fulmer	Larson, Minn.	Porter
Burroughs	Gallivan	Lawrence	Pringey
Burton	Garrett, Tenn.	Lazaro	Quin
Byrnes, S. C.	Garrett, Tex.	Lea, Calif.	Raker
Cable	Gensman	Leatherwood	Ramseyer
Campbell, Kans.	Glynn	Lehlbach	Reavis
Campbell, Pa.	Goodykoontz	Little	Recce
Chalmers	Gorman	Logan	Reed, N. Y.
Chandler, Okla.	Green, Iowa	London	Reed, W. Va.
Chindblom	Greene, Vt.	Longworth	Rhodes
Classon	Hadley	Luce	Riddick
Codd	Hammer	Lulring	Roach
Cole, Iowa	Hardy, Colo.	Lyon	Robertson
Cole, Ohio	Hardy, Tex.	McArthur	Robsion
Collier	Haugen	McCormick	Rodenberg
Collins	Hayden	McDuffie	Rogers
Colton	Hersey	McLaughlin, Mich.	Rouse
Connally, Tex.	Hickey	McLaughlin, Nebr.	Sanders, Ind.
Cramton	Himes	McPherson	Sandlin
Crisp	Hudspeth	McSwain	Schall
Crowther	Hukriede	MacGregor	Scott, Mich.
Curry	Hull	Mapes	Scott, Tenn.
Dallinger	Humphreys	Martin	Sears
Shaw	Stedman	Tinkham	Weaver
Shelton	Steenerson	Towner	Wheeler
Shreve	Stephens	Treadway	White, Kans.
Sinnott	Stoll	Underhill	Williams
Sisson	Sweet	Upshaw	Wilson
Smith, Idaho	Swing	Vaile	Wingo
Smith, Mich.	Taylor, Tenn.	Vestal	Woodruff
Smithwick	Temple	Voigt	Woods, Va.
Speaks	Tilson	Volstead	Wyant
Sproul	Timberlake	Walters	Yates
Steagall	Tincher	Ward, N. C.	

NAYS—43.

Almon	Clouse	Lampert	Sanders, Tex.
Andrews, Nebr.	Cooper, Wis.	Lanham	Stafford
Anthony	Dowell	Layton	Strong, Kans.
Aswell	Driver	Lowrey	Sumners, Tex.
Beck	Evans	McClintic	Swank
Begg	Gernerd	Oldfield	Tillman
Black	Graham, Ill.	Parker, N. J.	Tyson
Blanton	Hoch	Parrish	Williamson
Byrns, Tenn.	Huddleston	Rankin	Wise
Christopherson	Jacoway	Rayburn	Young
Clague	Jones, Tex.	Ricketts	

ANSWERED "PRESENT"—3.

Clark, Fla.	Johnson, Miss.	Summers, Wash.

NOT VOTING—171.

Ackerman	Fairchild	Knight	Rainey, Ill.
Anderson	Fess	Kreider	Ransley
Ansorge	Fields	Langley	Reber
Atkeson	Fish	Lankford	Riordan
Bacharach	Flood	Lee, Ga.	Rose
Barkley	Focht	Lee, N. Y.	Rosenbloom
Beedy	Foster	Lineberger	Rossdale
Blakeney	Free	Linthicum	Rucker
Bland, Va.	French	McFadden	Ryan
Bond	Fuller	McKenzie	Sabath
Bowers	Funk	McLaughlin, Pa.	Sanders, N. Y.
Brand	Gahn	Madden	Siegel
Brooks, Ill.	Garner	Magee	Sinclair
Brooks, Pa.	Gilbert	Maloney	Slemp
Brown, Tenn.	Goldsborough	Mann	Snell
Burke	Gould	Mansfield	Snyder
Burtness	Graham, Pa.	Mead	Stevenson
Butler	Greene, Mass.	Michaelson	Stiness
Cannon	Griest	Miller	Strong, Pa.
Cantrill	Griffin	Mills	Sullivan
Carew	Harrison	Montague	Tague
Carter	Hawes	Moore, Va.	Taylor, Ark.
Chandler, N. Y.	Hawley	Morgan	Taylor, Colo.
Clarke, N. Y.	Hays	Morin	Taylor, N. J.
Cockran	Herrick	Mott	Ten Eyck
Connell	Hicks	Mudd	Thomas
Connolly, Pa.	Hill	Murphy	Thompson
Cooper, Ohio	Hogan	Nelson, J. M.	Vare
Copley	Houghton	Nolan	Vinson
Coughlin	Hutchinson	O'Brien	Volk
Crago	Jeffers, Ala.	Ogden	Walsh
Cullen	Johnson, S. Dak.	Paige	Ward, N. Y.
Dale	Johnson, Wash.	Park, Ga.	Wason
Davis, Minn.	Kelley, Mich.	Parker, N. Y.	Watson
Deal	Kelly, Pa.	Patterson, N. J.	Webster
Dempsey	Kendall	Perkins	White, Me.
Dickinson	Kennedy	Perlman	Winslow
Doughton	Kiess	Peters	Wood, Ind.
Drane	Kincheloe	Petersen	Woodyard
Drewry	Kindred	Pou	Wright
Dunn	Kinkaid	Purnell	Wurzbach
Ellis	Kirkpatrick	Radcliffe	Zihlman
Elston	Kitchin	Rainey, Ala.	

So the bill was passed.

The following pairs were announced:

Until further notice:

Mr. CANNON with Mr. KITCHIN.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. PATTERSON of New Jersey with Mr. RAINEY of Alabama.

Mr. ACKERMAN with Mr. SABATH.

Mr. REBER with Mr. DRANE.

Mr. MAGEE with Mr. O'BRIEN.

Mr. CONNOLLY of Pennsylvania with Mr. TAYLOR of Colorado.

Mr. FULLER with Mr. PARK of Georgia.

Mr. DUNN with Mr. RIORDAN.

Mr. TAYLOR of New Jersey with Mr. CULLEN.

Mr. BEEDY with Mr. STEVENSON.

Mr. KREIDER with Mr. GARNER.

Mr. PERLMAN with Mr. BARKLEY.

Mr. SINCLAIR with Mr. DEAL.

Mr. SIEGEL with Mr. MEAD.

Mr. PURNELL with Mr. FIELDS.

Mr. BLAKENEY with Mr. POU.

Mr. FREE with Mr. MONTAGUE.

Mr. KIESS with Mr. DOUGHTON.

Mr. LINEBERGER with Mr. CAREW.

Mr. SNELL with Mr. GOLDSBOROUGH.

Mr. MORIN with Mr. THOMAS.

Mr. HUTCHINSON with Mr. BLAND of Virginia.

Mr. GREENE of Massachusetts with Mr. TAGUE.

Mr. GRIEST with Mr. CANTRILL.

Mr. GRAHAM of Pennsylvania with Mr. COCKRAN.

Mr. PERKINS with Mr. GILBERT.

Mr. RADCLIFFE with Mr. HARRISON.
Mr. KIRKPATRICK with Mr. DREWRY.
Mr. ROSE with Mr. FLOOD.
Mr. SNYDER with Mr. MOORE of Virginia.
Mr. VARE with Mr. TAYLOR of Arkansas.
Mr. DAVIS of Minnesota with Mr. RAINEY of Illinois.
Mr. COOPER of Ohio with Mr. LINTHICUM.
Mr. BUTLER with Mr. HAWES.
Mr. FOSTER with Mr. KINCHELOE.
Mr. BACHARACH with Mr. VINSON.
Mr. ATKESON with Mr. RUCKER.
Mr. CONNELL with Mr. MANSFIELD.
Mr. VOLK with Mr. CARTER.
Mr. WINSLOW with Mr. BRAND.
Mr. WALSH with Mr. LEE of Georgia.
Mr. ROSENBLOOM with Mr. GRIFFIN.
Mr. STINESS with Mr. LANKFORD.
Mr. HOGAN with Mr. KINDRED.
Mr. HAWLEY with Mr. JEFFERS of Alabama.
Mr. STRONG of Pennsylvania with Mr. TEN EYCK.
Mr. JOHNSON of South Dakota with Mr. WRIGHT.

The result of the vote was announced as above recorded.

On motion of Mr. TIMBERLAKE, a motion to reconsider the vote whereby the bill was passed was laid on the table.

MESSAGE FROM THE SENATE.

A message from the Senate by Mr. Craven, its chief clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House of Representatives to the bill:

S. 1072. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

ENROLLED JOINT RESOLUTION PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following joint resolution:

H. J. Res. 215. Joint resolution to declare November 11, 1921, a legal public holiday.

BILLS ON THE PRIVATE CALENDAR.

Mr. EDMONDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the purpose of considering bills on the Private Calendar, and pending that motion I ask unanimous consent that general debate upon the bills be limited to 30 minutes each, 15 minutes on each side.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that on each bill the general debate be limited to 30 minutes, 15 minutes to a side. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, there are some bills involving large appropriations, particularly one in which the gentleman from Pennsylvania is interested, providing for an appropriation of a quarter of a million dollars, which should have much more debate than 15 minutes on a side. Therefore I object.

Mr. EDMONDS. Mr. Speaker, I would state to the gentleman that I would give plenty of time for the consideration of the bill under the five-minute rule.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. EDMONDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House for the consideration of bills on the Private Calendar, with Mr. TILSON in the chair.

The CHAIRMAN. The Clerk will report the first bill.

ROLPH NAVIGATION & COAL CO.

The first business on the Private Calendar was the bill (H. R. 5923) for the relief of the Rolph Navigation & Coal Co.

Mr. EDMONDS. Mr. Chairman, a similar Senate bill is on the calendar, reported favorably by the committee. I ask unanimous consent that this bill be passed over without prejudice for the present.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the bill be passed over for the present, holding its place on the calendar. Is there objection?

Mr. STAFFORD. Mr. Chairman, reserving the right to object, is the Senate bill identical in character with the House bill? If so, why not ask to have the Senate bill substituted for the House bill?

Mr. EDMONDS. The Senate bill covers two cases of collision and the House bill covers only one case of collision. Therefore I would rather take up the Senate bill, it having passed the Senate, and consider both of these cases together. Both cases have been reported favorably by the House.

Mr. STAFFORD. There can not be much objection to the present bill, and yet there may be objection to the Senate bill.

Mr. EDMONDS. I would rather take up the Senate bill. I do not think there will be any objection to it.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SALE OF CERTAIN LANDS IN LOUISIANA.

The next business on the Private Calendar was the bill (H. R. 2866) authorizing the Secretary of the Interior to sell and patent to parties named herein certain lands in Louisiana.

The CHAIRMAN. The Clerk will report the bill.

Mr. STAFFORD. Mr. Chairman, I suppose general debate will be in order after the bill is read?

The CHAIRMAN. It will.

The Clerk read the bill, as follows:

Be it enacted, etc., That upon the payment of $1.25 per acre, the Secretary of the Interior be, and he is hereby, authorized to sell and issue patent to the parties named and for the lands described as follows:

To R. E. Barham the northwest quarter of southwest quarter section 25, township 19 north, range 6 east, Louisiana meridian.

To H. O. Blanks the north half of northeast quarter section 24, township 23 north, range 8 east, Louisiana meridian.

To Mrs. Sallie Loyd and Mrs. Jemmie D. Scott the southwest quarter of southeast quarter section 35, township 23 north, range 7 east, Louisiana meridian.

To B. B. Williams the southeast quarter of northwest quarter section 25, township 19 north, range 6 east, Louisiana meridian.

To J. P. Madison the northeast quarter of southwest quarter section 25, township 19 north, range 6 east, Louisiana meridian.

To T. J. Haynes the south half of northeast quarter section 19, township 23 north, range 8 east, Louisiana meridian.

To G. E. Mott the northeast quarter of southeast quarter section 1, township 18 north, range 6 east, Louisiana meridian.

To Mrs. E. L. Hadley the southeast quarter of northeast quarter section 29, township 23 north, range 8 east, Louisiana meridian.

To Gabe Moss & Morehouse Planting Co. (Ltd.) the northeast quarter of northeast quarter and the southwest quarter of southwest quarter section 7, township 19 north, range 8 east, Louisiana meridian.

To Mrs. Alice Felton the southeast quarter of northeast quarter section 29, township 22 north, range 7 east, Louisiana meridian.

To E. M. Clark and W. P. Kirkpatrick the west half of southwest quarter section 30, township 21 north, range 8 east, Louisiana meridian.

Lands of which the said parties and their grantors have had the actual possession, beneficial use, and enjoyment for more than 30 years, under color of title derived from the State of Louisiana, believing themselves to be owners in good faith: *Provided*, That proper application and payment for purchase of said lands be filed hereunder in the district land office within six months after the approval of this act, and that no adverse claim thereto be officially of record as pending when the application is allowed and the sale consummated.

Mr. DRIVER. Mr. Chairman, I ask that the gentleman from Louisiana [Mr. WILSON], the author of the bill, may be recognized to make the explanation.

The CHAIRMAN. The gentleman from Louisiana is recognized for one hour.

Mr. WILSON. Mr. Chairman, this is the same bill that was up some days ago and the object of it is to perfect the title of certain settlers who believed themselves to be owners of certain lands in the State of Louisiana described in the bill. All of those who are familiar with the swamp-land grants can very readily understand the issues involved in this case. Under the acts of 1849 and 1850 Congress donated to the State of Louisiana all of the swamp and overflowed lands in that State for the purpose of levee construction and flood control and for the purpose of reclaiming and making the land habitable. The lands that were to be designated as swamp lands were selected under the authority of the Secretary of the Interior. This was usually done by the State authorities under his direction. Those selections were submitted to the Secretary of the Interior and were termed "State selections," and the act of approval by the Secretary was necessary to complete the title in the State. It so happened, as in these cases, that the State of Louisiana, after selecting the lands as swamp and overflowed lands, sold the lands to certain settlers and received the price of the lands. It is shown in every instance that the sales were made something more than 60 years ago, and also, with two exceptions, that the purchasers who purchased the land and paid the State have been in actual possession for more than 30 years, and in the two excepted cases for more than 25 years. These lands were never approved by the Secretary of the Interior. That may have been the fault of the State; it was not the fault of the men who purchased the lands and paid the State. They are owners in good faith for cash considerations and have been in possession and paying taxes on the lands anywhere from 30 to 40 years.

Mr. PARKS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. WILSON. Yes.

Mr. PARKS of Arkansas. Are any of these lands in litigation now?

Mr. WILSON. No. Since it became known that the titles were not good and that the Federal Government still held a claim, or that they had not been approved, there have been attempts to homestead some of the lands.

Mr. PARKS of Arkansas. Did the Government ever dispose of these lands to any individuals since it granted the lands to the State of Louisiana?

Mr. WILSON. No. There are probably two homestead applications, but the Secretary of the Land Office takes care of that, and had me write in the bill that at the time this purchase may be made there shall be no adverse claim pending, so that leaves the homesteader, if he has any rights, just where he was, and he can go ahead. He is protected.

Mr. SANDERS of Indiana. Are these agricultural lands?

Mr. WILSON. Yes.

Mr. SANDERS of Indiana. What is their approximate value?

Mr. WILSON. That would be hard to tell. You may take one 40-acre tract, and half of it would be in cultivation and the other half in low swamp. Some of them are probably worth $10 and some of them $25 an acre. Some of them are in fields, and with the improvements it would be hard to say what they are worth. These people have improved them and have been in possession of them. I would not be able to state the value.

Mr. SANDERS of Indiana. I notice in the bill that the gentleman recites—

> Lands of which the said parties and their grantors have had the actual possesion, beneficial use, and enjoyment for more than 30 years, under color of title derived from the State of Louisiana, believing themselves to be owners in good faith.

Does the gentleman think the Congress ought to put that into the bill? As a matter of fact it is not accurate that they have been in possession for 30 years, some of them?

Mr. WILSON. Yes; all except two, and they have been in possession more than 25 years.

Mr. SANDERS of Indiana. Does the gentleman think that the recital ought to——

Mr. WILSON. That is one of the considerations upon which the Land Department recommends the sale of this land at the minimum price of $1.25 an acre, which they would not do except where the man is in possession, as I understand it.

Mr. SANDERS of Indiana. But does not the gentleman think that the recital in there on the subject ought to be accurate?

Mr. WILSON. Well, it is accurate.

Mr. SANDERS of Indiana. I think the report stated that only part of this had been held for 30 years.

Mr. WILSON. Of course, when the bill was written I found on examination of the abstracts there were two tracts that the possession did not run quite 30 years, and it was so stated in the report in order to be accurate. All of these, with two exceptions, have been in possession more than 30 years and more than 40 years.

Mr. SANDERS of Indiana. The report is accurate, but the bill is not accurate.

Mr. WILSON. After the bill was written I found these two were a little short of 30 years, although it would be all the same as far as the land office was concerned.

Mr. SANDERS of Indiana. Does not the gentleman think he ought to strike out of the bill altogether the recital?

Mr. WILSON. It has been customary to have the recital in order to inform the House of the basis of the equities in favor of the present possessors and owners of the land.

Mr. SANDERS of Indiana. What would constitute an adverse claim officially of record?

Mr. WILSON. Anything that the United States Land Office recognized as an adverse claim.

Mr. DOWELL. Will the gentleman yield for a question?

Mr. WILSON. Yes.

Mr. DOWELL. As I take it from the bill, there were no homesteaders on this land originally?

Mr. WILSON. No; not until recently.

Mr. DOWELL. The ones who have possession of the land merely took possession without any title or without any color of title?

Mr. WILSON. The persons who have attempted to homestead?

Mr. DOWELL. Originally.

Mr. WILSON. No; the persons who originally took possession, the people whom the bill is to relieve, are those who bought from the State or hold through titles derived from the State. They are purchases made in 1859 and 1860, and since that time all these people——

Mr. DOWELL. Have they received title from the State?

Mr. WILSON. Yes; they have received title from the State and have been in possession and paid taxes for 30 years, with two exceptions being for more than 25 years.

Mr. DOWELL. The homesteaders who have homesteaded since that time have what is known as adverse possession and are in possession of this land; is that true?

Mr. WILSON. I think there is only one attempt to take adverse possession; but in order to protect them, if they have any rights, the Department of the Interior had written into the bill that no adverse claim should be officially pending at the time this sale is made.

Mr. DOWELL. In what position will the homesteader be who has actually taken possession of the homestead?

Mr. WILSON. Just exactly as it is before this is passed.

Mr. DOWELL. Well, if the original claimant is in possession of the property and has his title, and the homesteader is adverse to the present owner, would not there be a conflict?

Mr. WILSON. No; because applications for homesteads must be removed before this sale is made by the Secretary of the Interior.

Mr. DOWELL. Are any of the parties named in the bill homesteaders on the property?

Mr. WILSON. No; they all hold through the State; every man named in the bill.

Mr. DOWELL. Is there anything in the bill about attempting to homestead the property?

Mr. WILSON. In one instance there was a military warrant placed by one of the persons named in the bill on one description.

Mr. DOWELL. Of those who have attempted to homestead, are any of the persons in possession of any of this property, persons who have attempted to homestead any land adversely to the persons named by this bill?

Mr. WILSON. Is there a dual possession?

Mr. DOWELL. Yes.

Mr. WILSON. According to the record, in once instance.

Mr. DOWELL. In what situation will that leave the homesteader?

Mr. WILSON. This question is in a contest before the Secretary of the Interior between the claimant and the State in reference to this 40 acres. If the final decision should be rendered in favor of the man named in the bill, of course the Secretary of the Interior will sell the land to him at $1.25 an acre.

Mr. DOWELL. Will not this legislation affect the pending suit in reference to the title to that property?

Mr. WILSON. Not at all.

Mr. DOWELL. Should there not be a provision in this bill that it shall not affect pending litigation?

Mr. WILSON. It is in there, placed in there at the instance of the Land Office. It says that no claim shall be officially pending when the sale is made as authorized by this bill.

Mr. DOWELL. What do you mean by "pending"? Any suit that has been begun?

Mr. WILSON. Any suit that is officially pending in the United States Land Office, just as this homestead claim would be.

Mr. DOWELL. Assuming there would be litigation over this question in the courts as to who is entitled to the possession of the land?

Mr. WILSON. The only litigation that could come up, I will say to the gentleman, over the validity of this homestead entry would come up before the Secretary of the Interior. The courts have not anything to do with that.

Mr. DOWELL. The court might have jurisdiction in reference to the ownership of the land.

Mr. WILSON. The Secretary of the Interior would take notice of only those claims pending in the Land Office.

Mr. DOWELL. But may there not be a legal claim that could be enforced through a court procedure as between the original owner in possession and the one who attempted to homestead?

Mr. WILSON. No; there could not; because if this homestead claim should be recognized by the Land Office, where it is officially pending at this time, why, then the title would go to the homesteader. If not, why, then the sale would be made under this bill to the person who purchased from the State and who is in possession.

Mr. DOWELL. And under this bill you say the title will not be affected by this legislation?

Mr. WILSON. No.

Mr. CLOUSE. Will the gentleman yield?

Mr. WILSON. I yield.

Mr. CLOUSE. I notice in the bill it says that the claimants to this land have been in possession for a period of some 30

years under color of title derived from the State of Louisiana. In the letter from the Acting Secretary of the Interior of May 19 last he says, in addressing the chairman of the committee:

The bill states that the said parties and their grantors have had possession of these lands for more than 30 years under color of title derived from the State of Louisiana. But the abstracts of title furnished to you by Hon. Riley J. Wilson, who introduced the bill, show that there is no record of patent from the State to any of these lands except—

And then he gives the description. Will the gentleman explain what is meant by that language on the part of the Acting Secretary of the Interior?

Mr. WILSON. That language on the part of the Acting Secretary of the Interior is just a little bit harsh from my point of view, as sale may be shown without a patent. What was submitted to the Committee on Public Lands and to the Land Office was a certificate from the register of the State land office of the State of Louisiana, just as stated, and which the committee examined, showing the sale of each description and the price for for which it is sold, and the date of the sale, under the seal of the State.

Mr. CLOUSE. As a matter of fact, the State did make the sale of this property to these various claimants?

Mr. WILSON. Yes.

Mr. CLOUSE. And undertook to give them evidence of immunity of title?

Mr. WILSON. There is no question about that. The Committee on Public Lands was given a certificate from the State land office, showing the date of the sale and everything connected with it.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. WILSON. Yes.

Mr. GRAHAM of Illinois. I do not understand exactly the theory. As I understand it, however, these people are rightfully entitled to this land and would have title to it if it was not for the technicality that the list of swamp lands was not approved by the Secretary of the Interior?

Mr. WILSON. Yes. They purchased them from the State. After this act was passed the State made certain selections as swamp land.

Mr. GRAHAM of Illinois. I know they did.

Mr. WILSON. And, of course, the actual approval of the Secretary of the Interior was necessary to complete the title to the State. It is found in a great many instances the State sold its selection, and that the act of approval was never secured, but the settler in Louisiana bought and paid his money for them and has been in possession since.

Mr. GRAHAM of Illinois. We have thousands of acres of such land in Illinois, and I am somewhat conversant with it. I am wondering why the State of Louisiana has not since had this list approved?

Mr. WILSON. Well, that is a matter that has been in controversy for years over certain swamp-land selection. Of course the conditions are not the same in many locations as when these lands were granted to the States, because the act says lands unfit for cultivation, but for carrying out the purposes of the act for levee construction, flood protection, and drainage they are subject to and fit for cultivation.

Mr. GRAHAM of Illinois. If these people are settled there, and their titles are all right—and I feel they are, if they are like settlers in my own country—why should they pay $1.25 an acre?

Mr. WILSON. It is the custom in the Land Office and custom in the Committee on the Public Lands when this kind of procedure is had, that they sell it at a minimum price of $1.25 an acre, and the people are glad to pay that to get their title settled.

Mr. GRAHAM of Illinois. They ought not to be compelled to do it.

Mr. WILSON. They are glad to do it, and that has been the custom. We have passed a number of these bills here.

Mr. GRAHAM of Illinois. Which land is it to which there is an adverse claim?

Mr. STAFFORD. I would ask the gentleman's attention to page 4 of the report.

Mr. WILSON. It is tract No. 7. It is in contest before the Interior Department between George Neely and the present purchaser.

Mr. GRAHAM of Illinois. Do you not think that ought to be excepted from the act?

Mr. WILSON. That matter came up when the bill was written. By the way, that is always covered by the Land Office. It says:

Provided, That no adverse claim thereto is officially of record as pending when the application is allowed and the sale is consummated.

Mr. GRAHAM of Illinois. That is, pending in the Land Office?

Mr. WILSON. Yes. That is the only place where it can be pending.

Mr. GRAHAM of Illinois. A claim might arise from some other source.

Mr. WILSON. The Land Office would not pay attention to a claim arising in Louisiana not connected with any act of Government, because they recognize the equity of this man who has purchased the land and has possession of it. But where a man files a homestead application, whether just or unjust, where he is simply trying to divest the owner, finding that this is not approved, or holding it up, or whatever he is trying to do, the Land Office, after the filing of that application, feels under obligation to see that it is not pending when a sale is made.

Mr. GRAHAM of Illinois. Then the gentleman feels that this act will be of great advantage to Clark and Kirkpatrick in that litigation?

Mr. WILSON. Oh, no.

Mr. GRAHAM of Illinois. Why not?

Mr. WILSON. Because the Department of the Interior will not sell this land to Clark and Kirkpatrick until this matter is settled about the application of Neeley to homestead it.

Mr. GRAHAM of Illinois. That would govern, of course, as far as homesteading is concerned, but if there was a litigation arising from any other source it would not apply?

Mr. WILSON. That might be true.

Mr. DRIVER. Mr. Chairman, will the gentleman yield?

Mr. WILSON. Certainly.

Mr. DRIVER. This does not direct the commissioner to pass the title, but simply directs the commissioner, on the payment of a certain amount of money, to issue the patent.

Mr. WILSON. Authorizes him.

Mr. DRIVER. Yes; authorizes him to issue a patent, and a patent on the homestead must issue, but it is still left in the discretion of the Secretary to issue it.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. WILSON. Yes.

Mr. CHINDBLOM. I call the gentleman's attention to page 3 of the hearings, to a letter from the Acting Secretary, paragraph 2, in which it is stated that hearings have been held with reference to certain of these tracts of land, and that these hearings show that those tracts were dry lands and fit for cultivation, and the swamp-land claim thereto was finally rejected by the commissioner on October 7, 1920.

Mr. WILSON. Yes.

Mr. CHINDBLOM. It would seem, then, that the Land Office of the Federal Government has rejected the State's claim to some of these lands.

Mr. WILSON. I intended to cover that in the statement I made a while ago. The gentleman must remember that these lands were sold in 1859 and 1860, more than 60 years ago, to these purchasers, and in the carrying out of the purpose for which those lands were granted to the State there are a great many lands the field notes of which would show, or probably investigation now would show, that they are dry and fit for cultivation, when they were not dry and fit for cultivation then.

Mr. CHINDBLOM. Were these hearings last year held as relating to an application made at that time?

Mr. WILSON. Yes. The hearings have been held recently. I do not know the exact time. They go on all the time, as to whether or not the swampy character of the land can be sustained.

Mr. CHINDBLOM. Could not the hearing be had as of the date when the State actually made the selection?

Mr. WILSON. I do not know that you can get the evidence as of that date. In some instances they took the field notes and in some instances they made investigation. But the Secretary of the Interior raises no objection to the passage of this legislation for the relief of those people.

Mr. CHINDBLOM. I notice in the closing paragraph of the letter to the Acting Secretary that he says:

As the bill provides that these lands shall be free from adverse claim before purchase and patent thereunder, no objection to its enactment is urged by me.

But as a matter of fact the effect of this bill will be that these lands will be placed on sale and the Commissioner of the Land Office directed to sell these particular lands at this particular place to these particular people.

Mr. WILSON. He is authorized to do so.

Mr. CHINDBLOM. Well, the authorization is a direction, is it not, if they have the price?

Mr. WILSON. Yes. To the settler, who was a settler in that State.

Mr. CHINDBLOM. I say it is more than an authorization. If these people come and offer the price, he must give them the patent to the land if there is no adverse claim pending?

Mr. WILSON. Yes. I hope that is true.

Mr. Chairman, I reserve the balance of my time.

Mr. BENHAM rose.

The CHAIRMAN. The gentleman from Indiana is recognized.

Mr. BENHAM. Mr. Chairman and gentlemen of the House, I wish to make a brief statement. One week from to-day an unknown American soldier, who gave up his life on a battle field of France, will be buried at Arlington. The ceremonials on that occasion will fittingly typify the reverence of the American people for our American dead, who died that civilization might live.

The first on the list of those chosen to represent the War Department in these ceremonials is Sergt. Samuel Woodfill, who is officially rated by Gen. Pershing, commander of the American Expeditionary Forces, as first in the list of the many heroes in those forces.

Sergt. Woodfill enlisted from our district—fourth Indiana—in 1901, and although but little past 38 years of age is accredited with 30 years 5 months of service. Nine of his 21 years of active service was spent abroad, for which he was given double credit.

I am sending to the desk a copy of General Order No. 16, bearing date of January 22, 1919, signed by Gen. P. C. March, Chief of Staff, and Adjt. Gen. P. C. Harris, a part of which I am asking that the Clerk read at this time.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the paragraph from a certain general order be read in his time. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Samuel Woodfill, first lieutenant, Sixtieth Infantry. For conspicuous gallantry and intrepidity above and beyond the call of duty in action with the enemy at Cunel, France, October 12, 1918. While he was leading his company against the enemy his line came under heavy machine-gun fire, which threatened to hold up the advance. Followed by two soldiers at 25 yards, this officer went out ahead of his first line toward a machine-gun nest and worked his way around its flank, leaving the two soldiers in front. When he got within 10 yards of the gun it ceased firing and four of the enemy appeared, three of whom were shot by Lieut. Woodfill. The fourth, an officer, rushed at Lieut. Woodfill, who attempted to club the officer with his rifle. After a hand-to-hand struggle, Lieut. Woodfill killed the officer with his pistol. His company thereupon continued to advance until shortly afterwards another machine-gun nest was encountered. Calling on his men to follow, Lieut. Woodfill rushed ahead of his line in the face of heavy fire from the nest, and when several of the enemy appeared above the nest he shot them, capturing three other members of the crew and silencing the gun. A few minutes later this officer for the third time demonstrated conspicuous daring by charging another machine-gun position, killing five men in one machine-gun pit with his rifle. He then drew his revolver and started to jump into the pit when the two other gunners only a few yards away turned their gun on him. Failing to kill them with his revolver, he grabbed a pick lying near by and killed both of them. Inspired by the exceptional courage displayed by this officer, his men pressed on to their objective under severe shell and machine-gun fire.

[Applause.]

Mr. BENHAM. Some months ago this House was honored by a visit from the gallant Tennesseean, Sergt York, who made the largest individual capture of the enemies' forces. On the occasion of his visit Sergt. York was given a reception in the east end of the Hall near the room of the Ways and Means Committee. After a brief statement in regard to Lieut. Woodfill's service in the World War by one of his commanding officers, Maj. WOODRUFF, a Member of this House, the sergeant can be met by those who care to do so in the hall near the Ways and Means Committee room. The sergeant is now in the Members' Gallery.

Mr. Chairman, I ask to extend my remarks by having inserted in the RECORD the official service record of Sergt. Woodfill.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to extend his remarks in the RECORD in the manner indicated by him. Is there objection?

There was no objection.

The record referred to is as follows:

SERVICE OF SERGT. SAMUEL WOODFILL, THIRTIETH RECRUIT COMPANY, D. E. M. L.

Casual Detachment, Eleventh Infantry. Discharged as private.
Served from March 8, 1901, to February 26, 1904. Served in Philippines from May 13, 1901, to January 15, 1904.
Straight time: 2 years, 11 months, 18 days.
Double time: 2 years, 8 months, 2 days.
Character: "Excellent."
Remarks: "Service honest and faithful."
Lieut. Col. S. C. Woodbury, commanding; Second Lieut. E. H. Tarbutton, commanding detachment.

Company G, Third Infantry. Discharged as private.
Served from May 25, 1904, to June 30, 1906. Served in Alaska from July 7, 1904, to June 30, 1906.
Straight time: 2 years, 1 month, 5 days.
Double time: 1 year, 11 months, 23 days.
Character: "Excellent."
Remarks: "Service honest and faithful."
Maj. E. H. Plummer, commanding; Capt. Russell C. Langdon, commanding company.

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Company B, Tenth Infantry. Discharged as corporal.
Served from July 1, 1906, to February 6, 1908. Served in Alaska from July 1, 1906, to February 6, 1908.
Straight time: 1 year, 7 months, 5 days.
Double time: 1 year, 7 months, 5 days.
Character: "Excellent; a model soldier."
Remarks: "A steady and reliable noncommissioned officer."
Capt. L. D. Breckinridge, commanding; Capt. L. D. Breckinridge, commanding company.

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Company K, Sixteenth Infantry. Discharged as lance corporal.
Served from February 7, 1908, to February 6, 1911. Served in Alaska from February 7, 1908, to February 6, 1911.
Straight time: 3 years.
Double time: 3 years.
Character: "Excellent; a model soldier."
Remarks: "Service honest and faithful; no unauthorized absence."
Capt. E. D. Warfield, commanding; Capt. E. D. Warfield, commanding detachment.

—

Company A, Ninth Infantry. Discharged as sergeant.
Served from February 7, 1911, to February 6, 1914. Served in Alaska from February 7, 1911, to July 8, 1912.
Straight time: 3 years.
Double time: 1 year, 5 months, 1 day.
Character: "Excellent."
Remarks: "No unauthorized absence on record."
Col. C. J. Crane, commanding; Capt. L. E. Hanson, commanding company.

—

Company A, Ninth Infantry. Discharged as sergeant.
Served from February 7, 1914, to July 11, 1917.
Straight time: 3 years, 5 months, 4 days.
Character: "Excellent."
Remarks: "No A. W. O. L. No absence."
Col. Cannon, commanding; Lieut. F. L. Whitley, commanding company.

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Commissioned service. Discharged as captain.
Served from July 12, 1917, to October 31, 1919.
Straight time: 2 years, 3 months, 19 days.
Remarks: "Termination of emergency."
Medals awarded: Congressional Medal of Honor, Chevelier De Legion of Honor (French), Croix De Guerre with palm (French), Croix De Danilo (Montenegran).
Maj. Gen. David C. Shanks, commanding; Maj. Max W. Sullivan, commanding company.

—

Thirtieth Recruit Company, G. S. I. Discharged as sergeant.
Served from November 24, 1919, to November 23, 1920.
Straight time: 1 year.
Character: "Excellent."
Remarks: "Service honest and faithful. A born soldier and an excellent man."
Col. Peter E. Traub, commanding; Capt. Chas. Famel, commanding company.

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Total active service at date of enlistment: 19 years, 4 months, 21 days.
Eligible for retirement (30-years' service): November 2, 1920.
Eligible for retirement (at 40 per cent pay): July 3, 1921.

Mr. WOODRUFF. Will the gentleman from Indiana yield to me for just a moment?

Mr. BENHAM. Yes. [Applause, the Members rising.]

Mr. WOODRUFF. Mr. Chairman and gentlemen, it is a matter of great regret to me that I could not have been Lieut. Woodfill's commanding officer when he earned the distinction that was accorded him in the general order just read to this House. My association with the now Sergt., then Lieut., Woodfill came after the signing of the armistice.

Within a few days after the signing of the armistice I was sent to the Bordeaux embarkation camp for duty along with some 160 other officers. I was assigned to certain duties, among them being commanding officer of the different casuals coming through the camp. We divided those casuals into eight companies. They were coming in and leaving constantly, coming into the camp, having their records straightened out, getting their physical examinations, being properly equipped, and then being sent to the United States. One of the commanding officers of one of these companies was the then Lieut. Woodfill. He served under me there for five or six weeks, and I want to say that in that work he showed the same efficiency, the same devotion to duty, that he showed in the Argonne. [Applause.]

The duties of the camp were somewhat onerous. We were compelled to work from early morning until late at night, and sometimes all night, getting the men through the camp and on their way home, and I found amongst the officers with whom I worked one of the most willing, one of the most earnest, one

of the most efficient officers I had under me was Lieut. Woodfill. [Applause.] He was a man of most becoming modesty. He was with us for four or five or possibly six weeks, and no one among us ever had the slightest idea that he had during the war done anything out of the ordinary. By no word or act of his did he attempt to call the attention of his comrades to anything that had been done by himself. [Applause.] One day he walked into my office and said, "Captain, I have got to go to Chaumont." I said, "All right, Lieutenant. How long will you be gone?" He said, "Three or four days." He went to Chaumont and came back again. A week or 10 days after his return to the camp I happened to see General Order 16, which cited the lieutenant in the way you have just heard, and learned for the first time Lieut. Woodfill had been ordered to Chaumont to receive the congressional medal, the highest American decoration. And up to that time no member of the camp had known why Lieut. Woodfill was called to Chaumont. So I said to the lieutenant, not letting him know I had seen the general order, "Lieutenant, have you seen any action in this war?" He said, "Yes." I said, "Have you killed anybody?" "Yes," he returned. "How many have you killed?" I asked. "I only know of 19," he said. [Applause.] I said, "How long were you in action?" His answer was, "About two hours." [Laughter.] And really, gentlemen, the way the lieutenant said that to me led me to believe that he felt that he really should have done better than that. [Laughter.]

When I read in the paper the other day that Lieut., now Sergt., Woodfill was here, I read the article with pleasure and regret. Pleasure, for I knew I would be afforded an opportunity to meet my old comrade again, and to renew the acquaintance that we made over there. I knew that he had been granted the great distinction of being the first man to be named as pallbearer to the unknown soldier to be buried at Arlington within a few days. I was pleased with that; but it was with regret that I learned that the then Lieut. Woodfill and later Capt. Woodfill was now a mere sergeant in the Army. I want to notify the House to-day that it is my intention within a few days to introduce a bill which will give to Sergt. Woodfill the rank that he earned on the battle fields of France. [Applause.]

The CHAIRMAN. The gentleman from Louisiana [Mr. WILSON] will proceed.

Mr. WILSON. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has 23 minutes remaining.

Mr. WILSON. Mr. Chairman, the House seems to be in a very good humor now, and I will reserve the balance of my time.

Mr. STAFFORD. Mr. Chairman, I will not take the floor in general debate.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That upon the payment of $1.25 per acre, the Secretary of the Interior be, and he is hereby, authorized to sell and issue patent to the parties named and for the lands described, as follows:

To R. E. Barham the northwest quarter of southwest quarter section 25, township 19 north, range 6 east, Louisiana meridian.

To H. O. Blanks the north half of northeast quarter section 24, township 23 north, range 8 east, Louisiana meridian.

To Mrs. Sallie Loyd and Mrs. Jemmie D. Scott the southwest quarter of southeast quarter section 35, township 23 north, range 7 east, Louisiana meridian.

To B. B. Williams the southeast quarter of northwest quarter section 25, township 19 north, range 6 east, Louisiana meridian.

To J. P. Madison the northeast quarter of southwest quarter section 25, township 19 north, range 6 east, Louisiana meridian.

To T. J. Haynes the south half of northeast quarter section 19, township 23 north, range 8 east, Louisiana meridian.

To G. E. Mott the northeast quarter of southeast quarter section 1, township 18 north, range 6 east, Louisiana meridian.

To Mrs. E. L. Hadley the southeast quarter of northeast quarter section 29, township 23 north, range 8 east, Louisiana meridian.

To Gabe Moss & Morehouse Planting Co. (Ltd.), the northeast quarter of northeast quarter and the southwest quarter of southwest quarter section 7, township 19 north, range 8 east, Louisiana meridian.

To Mrs. Alice Felton the southeast quarter of northeast quarter section 29, township 22 north, range 7 east, Louisiana meridian.

To E. M. Clark and W. P. Kirkpatrick the west half of southwest quarter section 30, township 21 north, range 8 east, Louisiana meridian.

Lands of which the said parties and their grantors have had the actual possession, beneficial use, and enjoyment for more than 30 years, under color of title derived from the State of Louisiana, believing themselves to be owners in good faith: *Provided*, That proper application and payment for purchase of said lands be filed hereunder in the district land office within six months after the approval of this act, and that no adverse claim thereto be officially of record as pending when the application is allowed and the sale consummated.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. Since I asked for recognition under general debate there has been a change in the plans, and so I wish to obtain information that was not presented by the gentleman from Louisiana [Mr. WILSON] during the general debate.

The report states that as to two of these quarters of quarter sections of land investigation is still being had as to whether they have any minerals on them. Will the gentleman from Louisiana kindly inform the House as to the general character of these lands? I direct his attention to the third numbered paragraph of the report of the Assistant Secretary, which states that—

3. Hearings were held as to the SE. ¼ NW. ¼ and NE. ¼ SW. ¼, sec. 25, T. 19 N., R. 6 E., which were entered as a homestead by Robert A. Eason, No. 07991, Baton Rouge.

I believe those two quarters of quarter sections refer to the lands set forth on page 2 of the bill between lines 5 to 10, as follows:

To B. B. Williams the SE. ¼ NW. ¼ sec. 25, T. 19 N., R. 6 E., Louisiana meridian.

To J. P. Madison the NE. ¼ SW. ¼ sec. 25, T. 19 N., R. 6 E., Louisiana meridian.

The report goes on further to state:

But such approval has not been had pending receipt of a mineral report from the United States Geological Survey.

Mr. WILSON. The gentleman will notice that the Land Office takes the position that these selections should have been approved.

Mr. STAFFORD. I can not agree with the gentleman that the report says that the Land Office takes the position that these grants should be approved.

Mr. WILSON. The gentleman did not read all of the paragraph.

Mr. STAFFORD. In fact, the report shows that these were not swamp lands, but that they were suitable for cultivation.

Mr. WILSON. Will the gentleman let me read the other part of the paragraph?

Mr. STAFFORD. Certainly.

Mr. WILSON. It says:

After the homestead entry was canceled for the reason that the evidence submitted showed that the lands were occupied, it was held on February 25, 1921, by the then First Assistant Secretary of the Interior that the selections should have been approved under paragraph 1 of the instructions of October 1, 1903 (32 L. D., 270, 276), because they were based on affidavits of State witnesses.

Now, if these selections should have been approved and the Secretary of the Interior has found that it should have been approved after 1859 or 1860, the people are in possession of land which the Government itself admitted should belong to the State——

Mr. STAFFORD. I somewhat agree with the position taken by the gentleman, but I would like to inquire where there is any testimony showing that the lands were originally swamp lands that should have been classified as such and deeded to the State under the swamp land act of 1849.

Mr. WILSON. The committee report goes into that very thoroughly. They were selected by the State as swamp lands. The Secretary of the Interior holds that some of them should have been approved and others held for litigation. That is the exact state of affairs, but the fact remains that the land was selected, sold by the State, the money received some 60 years ago, and these settlers have been in possession, paying taxes on the land ever since. I do not know a case of that kind where the House has refused to authorize the Secretary of the Interior to issue a patent.

Mr. STAFFORD. Can the gentleman state whether there has been any similar instance in Louisiana or in his district or in the neighborhood, where the situation is similar to that covered in this case, where the lands that were claimed to be swamp lands, sold by the State, and then later the department found that they were agricultural lands and refused to patent them?

Mr. DRIVER. Will the gentleman from Louisiana yield to me?

Mr. WILSON. I will.

Mr. DRIVER. I will state that the records of the proceedings of this House disclose that in 1898 there was a compact entered into by the Land Office and the State of Arkansas to settle all controversies arising between the State of Arkansas and the United States growing out of the question of the character of land embraced in the swamp land act of September 28, 1850, passed by this body. The whole matter grew out of this very proposition that is before us now. The language of that act pertaining to lands in Arkansas is similar to the earlier act embracing the swamp lands in Louisiana. It provided for the passing of title to the swamp and overflowed land with the condition subsequent that made provision for the selection and certification of these swamp lands by the governor of the State, to be ratified and approved by the solicitor general of the Land Office. We made the selection, and the same question involved here was involved there.

The CHAIRMAN. The time of the gentleman has expired. The Chair will state that the bill is in one section, and the Clerk says he had not completed reading that section when the gentleman from Wisconsin was inadvertently recognized. The Chair suggests that the reading of the bill be completed.

The Clerk completed the reading of the bill.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 3, line 4, strike out all of lines 4, 5, 6, 7, and the words "good faith" in line 8.

Mr. GRAHAM of Illinois. Mr. Chairman, it is evident to me, whatever may have been the practice by the committee in the past, that this language ought to go out. This is a statement such as a court would make in a decree in equity to quiet title to land, but it is not a statement such as a law-making body ought to make. We do not even know whether it recites the facts. It is a deduction or conclusion that ought to be drawn only after the taking of evidence and when the body making it may have some sort of judicial powers. We say here that these lands have been held by these parties and their grantors in actual possession for their beneficial use and enjoyment for more than 30 years under color of title derived from the State of Louisiana, believing themselves to be the owners in good faith. How do we or anybody else know that? If you get the relief, that is all you are asking for.

Mr. WILSON. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. WILSON. Why, Mr. Chairman, this is the language that we have used in a number of bills; I do not know how the custom grew up. I have no objection personally to that language going out if it is not considered good legislation.

Mr. GRAHAM of Illinois. I understand from the gentleman from Louisiana that he has no serious objection to my amendment. I think there is not any question but what the practice if it has been indulged in is a pad practice. The gentleman is getting what he asks for by the passage of the bill. It has been suggested that the word "provided" ought to go out, but I do not think so.

Mr. WINGO. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. WINGO. The gentleman objects to the statement that their possession is under deed from the State as a color of title.

Mr. GRAHAM. I do not know; I do not want to draw conclusions of fact in this bill. I am simply objecting to reciting that these parties were holding under color of title and have been in possession for a certain number of years.

Mr. WINGO. Is not that the proof before the committee, and is it not the basis of our action?

Mr. GRAHAM of Illinois. No; I do not think so.

Mr. SANDERS of Indiana. As a matter of fact, the report shows that that statement is not accurate.

Mr. WILSON. This language was originally written in the Land Office by the solicitor.

Mr. GRAHAM of Illinois. That may be so.

Mr. WILSON. I do not know why the custom grew up, but I just assumed that it was put in there for the purpose of informing the Members of the House of the equities existing in favor of the men who hold the title from the State. They have been in possession all of these years.

Mr. GRAHAM of Illinois. The gentleman has no objection to it going out?

Mr. WILSON. No.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

Mr. DRIVER. Mr. Chairman, I move to strike out the last word. Continuing now the statement I was making at the time I was interrupted, some controversy arose in the States to which these swamp lands were donated as to the meaning of the words "swamp and overflowed lands." Throughout this region there were some elevations, small, it is true, but they were lands that were higher than the average lands, locally known as ridges. These lands were surveyed with the other lands, lands that were subject to water stands, swampy in character. They, of course, were selected with the other lands; also some land along the foothills; and the highest ground, for instance, in Arkansas, along Crowleys Ridge, quite an elevation, was selected. Controversy arose between the State and the Government as to whether these particular lands that were high and fairly well drained came within the meaning of the words "swamp and overflowed lands." The State of Arkansas proceeded along the same theory that the State of Louisiana did. The very moment that act became effective, and before the selections were approved by the solicitor general, the State of Arkansas proceeded to issue certificates of entry to people in the swamp-land regions of that State. The State received the money from these applicants, and the applicants went into possession. Up as late as 1900 I had people coming into my office who had no title in the world in the way of a patent from the United States to the State of Arkansas. They had been in possession there for years and years, believing themselves to be owners of the land which they had improved and where they had made homes. When the matter was investigated it was ascertained that there were so many of those lands it became necessary to have some relief for those people. We, therefore, petitioned our Representatives in Congress, and a measure was introduced providing for a settlement and adjustment of these differences between the State and the Government, and our own State passed a ratification act to that settlement, made as between James P. Clarke, the attorney general of our State, representing the State of Arkansas, and the Land Office at Washington. That ratification act was passed in 1898. It seems that Louisiana, notwithstanding the publicity that act should have given, has failed even up to this time to have any such act passed to quiet title to these lands over controversies that arose just in the same way. The State ought to have done that. One man will not do it as a matter of course. It must be called to the attention of the State officials in such way and involve sufficient lands in the State to warrant the State officials to do these things. This has not been done. I investigated this case very carefully because of the fact of similar matters existing in my own district in Arkansas coming to my attention. I know the merit that is involved in this class of legislation. I know that these people have gone on believing that they have a title and have now become aroused to the fact that that is not true. I believe their attention was called to it by the filing of applications for entries on their homes.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. DRIVER. Yes.

Mr. SANDERS of Indiana. Does the gentleman know what the nature of the title of Clark and Kirkpatrick is, whether it is a joint tenancy or a tenancy in common?

Mr. DRIVER. I do not know. So far as that particular information is concerned, I think the gentleman from Louisiana [Mr. WILSON] can possibly tell the gentleman.

Mr. SANDERS of Indiana. Does the gentleman know what title would pass by virtue of this act, whether it would be a joint tenancy or not?

Mr. WILSON. Whatever title was issued by the Secretary of the Interior. The abstract introduced before the committee simply shows that they are joint owners.

Mr. SANDERS of Indiana. Is there enough in the abstract that would give the full names of these parties?

Mr. DRIVER. The abstract would give that beyond any question.

Mr. WILSON. I do not know.

Mr. SANDERS of Indiana. One of these parties is Mrs. E. L. Hadley. Just as a matter of accuracy, I am wondering if the names ought not to be put in in conference or in the Senate, so that there will not have to be an act afterwards to quiet title.

Mr. WILSON. I think the Land Office would deal with that.

Mr. SANDERS of Indiana. The Land Office would have no authority to grant to anybody except under the specific name mentioned in this bill.

Mr. WILSON. The gentleman means that when the bill goes into conference it ought to be amended.

Mr. SANDERS of Indiana. Before this bill finally becomes a law there ought to be in it the full names of these parties, and where there are two names it ought to be indicated whether it is a joint title or a tenancy in common. If this company is a corporation, which is mentioned here, that should be indicated, so that the title will be clear.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. SINNOTT. Mr. Chairman, I move that the bill be laid aside with a favorable recommendation.

The motion was agreed to.

RELIEF OF CERTAIN LIBERTY LOAN SUBSCRIBERS.

The next business on the Private Calendar was the bill (H. R. 5775) for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio.

The Clerk reported the bill, as follows:

Be it enacted, etc., That the accounting officers of the Treasury Department be, and are hereby, authorized and directed to receive, examine, and determine the claims of Liberty loan subscribers for losses

suffered by them by reason of payments on Liberty bond purchases made through the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers & Merchants State Bank, Kenmare, N. Dak.; for which bonds were not delivered on account of the failure of said banks, and to determine the amount of losses actually suffered by each claimant, not exceeding the amount paid by them, less all sums paid or to be paid said claimant upon the liquidation of said banks.

SEC. 2. That the amount of the loss actually suffered as so ascertained and determined shall be certified by said accounting officers to the Secretary of the Treasury, who shall pay the same to said claimants out of any money in the Treasury not otherwise appropriated. Said accounting officers may also, before the final liquidation of said banks, whenever they can determine the approximate amount to be paid to claimants hereunder, certify the same to the Secretary of the Treasury, who shall thereupon have power to pay claimant such sum, upon the claimant assigning to the said Secretary for the benefit of the United States all interest he may have in any additional sum which may become payable to such claimant from said banks or the receiver thereof on account of his payment for such Liberty bonds: *Provided, however,* That no payment hereunder shall be given to any claimant found to be a director or officer of the failed banks at the time he became a subscriber for such bonds.

The Secretary of the Treasury shall have no power to act upon any claim hereunder not presented within six months after the passage of this act.

With the following committee amendment:

Amend the title so as to read: "A bill for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers & Merchants State Bank, Kenmare, N. Dak."

Mr. EDMONDS. Mr. Chairman, as the gentleman from Wisconsin [Mr. STAFFORD] stated a short time ago, this is a bill in which I am personally interested. I am not interested in this bill because I am a subscriber for some of these bonds in these failed banks, but I am interested in the fact that one of these banks is in my district and I referred quite a few of these people who have subscribed for these Government bonds to this bank to subscribe.

Mr. STAFFORD. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. STAFFORD. Oh, I had no intention when I said "personal interest" to connote that the gentleman had any financial interest, but only to the fact that this bill had its genesis by reason of the failure of a State bank which is located in the district of the gentleman.

Mr. EDMONDS. That is true.

Mr. STAFFORD. And that he introduced the bill.

Mr. EDMONDS. When this bill was first brought before the House it was intended to relieve three banks which we knew had failed, one of them a State bank, the North Penn Bank, of Philadelphia. The other two banks, the Santa Rosa National Bank, of Santa Rosa, Calif., and the Mineral City Bank, of Mineral City, Ohio, were, I believe, national banks. The objection was made when this bill first came upon the floor that we should include in this bill all banks that had failed, and upon inquiry at the Treasury Department we found there were two other banks that of necessity would have to be included if you want to cover all the banks who have taken subscriptions for Liberty bonds and failed before they had delivered the bonds. The number of subscriptions covered by these bank failures was about 7,500. The average to the subscriber was about $35. Most of these people were paying for the bonds they subscribed for upon the installment plan. In the Philadelphia case the bank officials took this money; it was embezzled by some of the officers of the bank; the officers were tried, and some of them to-day are in jail.

Unfortunately the State courts decided that this money was a trust fund, and that the assets of the bank could not be used to pay the subscribers to the Liberty loan bonds, and that their only redress was personally against those who had taken the money. However, it is rather significant in this case that the Government officials, the different committees representing the sales of Liberty bonds in Philadelphia in all cases in this neighborhood being in a residence section where there were not many banks or trust companies, told the people to go to this bank to make subscriptions. We have had before the committee postal cards to people telling them to go to this bank. In the other cases the banks were probably in a similar situation except some were national banks, and part of the assets of those banks were used to pay back the subscribers. Now in this bill we direct the accounting officers of the Treasury to go over the accounts of these banks, get all the money they can for the subscribers and then make up the shortage to the subscribers for these bonds. Of course, the credit of the Government is at stake. These people did not subscribe to the bonds just because they favored any of the banks; they were subscribing to the bonds because they had considered the bank, and they had a right to consider it under the notices they received, as being an agency of the Government. The Government, of course, I suppose in the excitement of the times, could not protect itself from anything like embezzlement. The bill takes great care to say that all funds and liquidations should be credited up to the subscribers as far as can be collected, and also requires the claim of the parties should be assigned to the Government so that in case of anything turning up in the future where the subscriber could have gotten more money out of the bank or out of the receivers of the bank, as far as possible the Government would be able to collect that sum. You will note that Secretary Houston in his letter thinks we ought to make a direct appropriation to each one of these subscribers.

When you consider 7,500 subscribers, and each one practically requiring a separate bill for each subscriber, you realize that it would be an almost impossible matter for any committee of the Congress to gather together the data to make such an appropriation. Secretary Glass, though, says that he thinks that we ought to draw up a bill as we have drawn up this bill and that we should allow the Treasury officials to examine into these accounts and pay whatever shortage there should happen to be in the fund. The only difference between the recommendation of the Treasury Department and the committee recommendation would be the fact that we have included the stockholders. The Treasury Department thought that the officers of the bank, the trustees of the bank, and stockholders of the bank that had subscribed should not be reimbursed. I looked a little into that question when I was in Philadelphia, and I found out——

Mr. STAFFORD. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. STAFFORD. Is the statement made by the gentleman as to the position of the Secretary of the Treasury accurate when he states that the only difference in the bill as reported and the recommendation of the committee is that the stockholders are given this privilege, whereas the bill as reported denies the privilege to the directors and officers?

Mr. EDMONDS. Is the gentleman speaking of the recommendation of Secretary Houston or Secretary Glass?

Mr. STAFFORD. Secretary Houston, Secretary Glass, and Secretary Mellon—all three.

Mr. EDMONDS. Secretary Glass's recommendation. The bill was drawn by the department while Mr. Glass was Secretary of the Treasury.

Mr. STAFFORD. Yes; and all three Secretaries of the Treasury, including the present Secretary of the Treasury, opposed this bill in its present form, and Secretary Glass took a decided opposition to the bill, as I shall set forth at length when I take the floor. But all three opposed this bill, particularly as to that feature granting this privilege to stockholders as well as depositors.

The gentleman says the only difference was that the stockholders were included.

Mr. EDMONDS. Stockholders and depositors. But I would like to state in answer to the gentleman, as I was going to say, that I investigated a case of a stockholder who had written me a letter. I found that this man had had left to him a few months before the failure of the bank five shares of stock. He had a manufacturing establishment, and he went around among his employees and collected $20,000 worth of subscriptions for Liberty loans, and having five shares of stock in this bank he put the subscriptions in the bank. It may be possible that the House may not want to decide upon paying the stockholders or the depositors, or reimbursing them for their losses in connection with this Liberty bond subscription. I do not know whether it is right or not, but I believe it can hardly be expected that any man who is a stockholder of a bank for two or three months, and never had any opportunity to understand the finances of the bank, could tell that that bank was in the condition that it was at the time of the failure.

Mr. STAFFORD. He had the privilege of examining the books of the bank at any time.

Mr. EDMONDS. He had, but he did not do it, and you would not have done it had you been such a stockholder.

Mr. SANDERS of Indiana. Is this the first bill that the committee has acted on with reference to the relief of Liberty loan purchasers?

Mr. EDMONDS. The first one of this kind. Is the gentleman thinking of the Kerrville bill, the Texas bill, that the President vetoed?

Mr. SANDERS of Indiana. What I am thinking of is the course the committee intends to pursue. They are all cases which excite our sympathy. For instance, in the district which I represent a bank had gotten the bonds and had not delivered them to the subscribers, when the bank building burned, and

the subscribers never got the bonds. I took the matter up with the Treasury Department, and they said in that case there was no relief under the present law. I do not know that I had it up with the Secretary of the Treasury.

Mr. EDMONDS. I think the Treasury Department has done that in all cases where there has been a fire and all evidence of the money has been destroyed, unless there could be something shown that the bonds had certain numbers or there was a record in regard to them.

Mr. SANDERS of Indiana. Yes. If we go into the field of relieving people who have purchased bonds in good faith, and a great many of whom sacrificed in order to do it, how are we going to draw the line? These people who purchased the bonds there are just as deserving as those who purchased them in Philadelphia.

Mr. EDMONDS. I am not talking only for Philadelphia. Of course the cases are not similar at all. These people were subscribing a dollar a week. They were told by the central committee to put their money in the bank. The bank was an agency of the Government for that purpose. The result was that when the bank failed and the money had been embezzled by the officers of the bank these people had no place to go to. They have not any opportunity to get their money in any way, shape, or form.

Mr. SANDERS of Indiana. The gentleman states that this bank was the agent of the United States Government. Is that accurate?

Mr. EDMONDS. Certainly.

Mr. SANDERS of Indiana. Or was this bank induced by the Government to purchase these bonds, become the owner of them, and transfer them to the other people?

Mr. EDMONDS. I do not know exactly how it was worked out. What happened was this: When a man would write to the central committee and tell that committee that he was willing to put up a dollar a week to take a $50 bond, they sent him a postal card to go to a certain bank.

Mr. SANDERS of Indiana. The same thing occurred in the case I am talking about. Those people out there wanted to buy Liberty bonds in response to the urgent appeal that was made by the Government. The Liberty bonds were sold through the bank. Whether the technical title to the bonds went to the bank or from the bank to the actual purchaser I do not know. But they put their money in the hands of that bank because the United States Government through its Liberty loan campaign wanted them to do so. They never got the bonds. If one bank was the agent of the Government all the banks were, and these poor people out there have not gotten the bonds which they bought. Now, if we are going to relieve people who have not gotten, through some reason or other, the bonds which they purchased, because the delivering process was not good, ought we not to relieve them all?

Mr. EDMONDS. You are relieving all of this class of cases in this bill.

Mr. LEA of California. Under the bonding act the Treasury Department has made regulations, when bonds are burned up, such as you refer to, in case of the establishment of the fact of their being destroyed, to the effect that the department will issue other bonds. So that is taken care of at the present time without legislation. It is necessary to establish the fact.

Mr. SANDERS of Indiana. You must establish that fact. The facts in the case that I referred to do not come within their ruling.

Mr. HIMES. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. HIMES. Is it not a fact that during the issuance of, I think it was the third Liberty loan, the Secretary of the Treasury, Mr. McAdoo at that time, issued a request through the press over his own signature to the effect that people should subscribe and make payments for their Liberty loans through the several banks?

Mr. EDMONDS. Yes; and also their own banks. That would cover the case. He would be told to go to his own bank or to the nearest bank. The Secretary of the Treasury made that announcement several times through the newspapers.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Certainly.

Mr. CHINDBLOM. Not only that but the application blank had a line upon it on which the subscriber was requested to give the name of the bank through which he desired to purchase the bonds.

Mr. EDMONDS. That is right. I should say that, in my opinion, this bill covers all of those cases. Probably, if you came in contact with those people as much as I did, you would realize the propriety of this measure. I took a great deal of interest in the third Liberty loan. We had in Philadelphia what were known as honor flags for wards, and the first ward in the city that won an honor flag was Brewerytown, where a great many Germans live. That was my home ward.

I worked very hard to get it. People went to these banks, particularly in the residential section, because they were open certain nights in a week, and made their payments there. An incident happened to me where an old German woman, who could hardly talk English, came to my house and wanted to give me $5 on a $50 bond. I said to her, "How are you going to pay for the bond?" She said, "I will pay a dollar a week to you. I will come to you and pay it." I said, "You can go to the bank in your neighborhood and pay any amount of money you choose each week. They will be very glad to do it." That German woman may be one of these subscribers for all I know.

The people have complained to me from time to time that they went there on the credit of the Government to an agency of the Government and put their money in; that they put in $5 or $10 or $25 or $30 in the bank, and there is no chance to get it back. They were making these payments to the North Penn Bank.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. LAYTON. Has the gentleman any accurate estimate of how much will be involved?

Mr. EDMONDS. Two hundred and fifty thousand dollars, covering 7,500 subscribers. The extreme estimated number would be covered by $250,000 for all the bonds that failed, and which are in the same situation as North Penn Bank.

Mr. SANDERS of Indiana. Then why should not reimbursement be made for the loss of bonds where the subscriber failed to get the bonds from the bank? He is entitled to relief; and if he is entitled to relief in some cases he ought to be in others.

Mr. EDMONDS. I think where it can be absolutely proven that these agents of the Government caused a loss to the subscribers they ought to be relieved. In this case there is no question. In a case where the bonds were burned it is possible that you have only to take the statement of somebody that they were in the safe, and you know it is hard in the House here to try to reimburse a man who suffers loss under such circumstances as that.

Mr. SANDERS of Indiana. It is the same kind of a case. The subscriber paid his money and he did not get the bond.

Mr. EDMONDS. The bank is responsible for the money. In the case the gentleman mentions it is the bank that makes the loss. In this case it is the private party.

Mr. SANDERS of Indiana. But the bank is not responsible. The bank or the bank firm had their loss.

Mr. EDMONDS. Has the bank any assets at all? I imagine those people would get their portion of the assets.

Mr. SANDERS of Indiana. They never have gotten it.

Mr. EDMONDS. In this case, where you are paying partial subscribers to the bonds, it is not like the case where the bonds have been fully subscribed.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. LAYTON. You say the amount is definitely ascertainable?

Mr. EDMONDS. They say it is about $250,000.

Mr. LAYTON. The books are in existence as to the payments, so that the accurate amount can be ascertained?

Mr. EDMONDS. Yes. It is simply a case of the accounting officers going over the accounts and proving them.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. GRAHAM of Illinois. In the gentleman's colloquy with the gentleman from Indiana [Mr. SANDERS] he spoke of the banks being agents of the Government. How far did that agency extend? I understand the organization was entirely voluntary, gotten up by the people themselves, originating, it is true, with the Treasury Department; but it was entirely voluntary and in no way connected with the Government officials. Am I right about that?

Mr. EDMONDS. Yes. Those committees were formed in the different cities. We formed a committee in my ward. That committee went around from door to door and took subscriptions. We turned them into the nearest bank. If we had sent them to the central committee, they would have simply sent them to the banks again.

Mr. GRAHAM of Illinois. The banks gathered those subscriptions in, whether State or national or private banks, and took these subscriptions?

Mr. EDMONDS. Yes.

Mr. GRAHAM of Illinois. Why are you justified in saying that they were the direct agents of the Government and therefore that the Government is responsible?

Mr. EDMONDS. The Government committees, appointed under the Treasury Department and at the request of the Treasury Department, would write these people postal cards and state that they could go to the banks.

Mr. GRAHAM of Illinois. That is, these voluntary committees did that?

Mr. EDMONDS. Yes. They were directed by the Treasury Department to do it, and the Treasury Department asked a number of different groups of bankers and business men to go on these committees and try to sell these bonds. They went out from door to door and from street to street selling these bonds.

Mr. LAYTON. Yes; and as a matter of fact the members of these committees went out on Sunday among the congregations in the churches and used that as an argument—that the banks were authorized by the Government to back up a $5 subscription on a $50 bond.

Mr. EDMONDS. Yes. They stated that they were asked to do that.

Mr. GRAHAM of Illinois. That may be, but the work that was done was entirely voluntary. If you base your argument on the basis that these were Government agencies, I do not think you have a good case on the ground that this bank was an agent of the Government. If you base it on the ground of equity, it would probably show in a better way.

Mr. EDMONDS. I am willing to put it on any basis so that these people will get their money.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. ROSE. Is it not a fact that the Treasury, even to-day, notifies the people through the newspapers that they can subscribe for these short-time certificates through their banks? And is it not a further fact that in the North Penn Bank, the case now under consideration, they took all the money that was placed in that bank and placed it in the general funds of the bank rather than set it aside as a trust fund with which to purchase the bonds of the Government?

Mr. GRAHAM of Illinois. The Government is not responsible for that, is it?

Mr. EDMONDS. That may be true. I do not know whether the money was placed in the funds of the bank; but, anyway, somebody took it.

Mr. GRAHAM of Illinois. Even so, the Government is not responsible for that, is it?

Mr. ROSE. The Secretary of the Treasury even now asks you to go to your bank and subscribe for these short-time certificates. That was done in the case of the Liberty bonds, and the people were misled by that, and they went to the bank to subscribe their money just as they should have done. They showed a proper patriotic spirit and wanted to buy the bonds of the Government. Now, because they went to the banks with their money and the banks failed, we of this committee believe that the Government is at least indirectly responsible for the people paying their installment subscriptions to the banks. We feel that it was not the fault of the people who went to the banks and subscribed and paid in their money innocently and in good faith. The money subscribed was a small amount in each case, but in the aggregate it amounts to about a quarter of a million of dollars which was lost in this way.

Mr. LAYTON. If the gentleman will allow me, every bank as well as every individual was appealed to as a matter of patriotism to take part in this work, and the people were appealed to to subscribe to these Liberty loan bonds.

Mr. ROSE. We have seen advertisements published in the papers by various banks inviting people to come to the bank and subscribe for the bonds of the Government.

Mr. HUSTED. Will the gentleman yield?

Mr. EDMONDS. I yield to the gentleman from New York.

Mr. HUSTED. I do not think the banks were ever officially designated as agents of the Government in connection with the flotation of these Liberty loans, but people were encouraged to utilize the banks, and they were really led to believe that the banks were cooperating with the Government in the flotation of the loans and were in a sense agencies of the Government for that purpose. I think that fact alone is sufficient justification for the repayment to those people of the subscriptions that were lost through the failures of the banks.

Mr. EVANS. Will the gentleman from Pennsylvania yield?

Mr. EDMONDS. Certainly.

Mr. EVANS. Can the gentleman inform us what percentage of these claims are held by stockholders and what percentage by officers of these failed banks?

Mr. EDMONDS. Until an investigation is made it will be impossible to say. Personally I am willing to leave that to the House. If they want to pay the stockholders, or if they want to except the stockholders from being paid for their losses on these subscriptions to Liberty loan bonds I am perfectly willing to leave it to the House to decide, but I believe the depositors should be repaid. The officers and the directors are not allowed to collect under this bill. They were the men who were responsible for the operation of these banks, and they should not get any reimbursement; but when it comes to the stockholders and depositors, who were certainly innocent parties, absolutely without any opportunity of getting any knowledge of the status of the bank, it is a question whether we ought not to pay them. The committee think you ought to pay them.

Mr. EVANS. Will the gentleman yield further?

Mr. EDMONDS. Certainly.

Mr. EVANS. Does not the gentleman personally think that the stockholders ought not to recover?

Mr. EDMONDS. I called attention to one case which I investigated, where a man had had five shares of stock left to him two or three months before the bank failed. He went out among his employees and collected subscriptions for $20,000 worth of bonds to be paid for in installments. He went up to the bank because he was a stockholder in the bank, and deposited the money at the bank. That money is gone. In that case would you want to prohibit that stockholder from being reimbursed?

The gentleman says that a stockholder has plenty of opportunity to go and investigate into the affairs of the bank, but how many of us would do it? If somebody left us five shares of bank stock and within two or three months the bank failed, how many of us would feel that we were in any way responsible for it?

Mr. HUSTED. I do not think the stockholders should be included.

Mr. EVANS. In the case the gentleman from Pennsylvania mentions the individuals from whom the stockholder collected subscriptions would be entitled to recover under this bill anyway, would they not?

Mr. EDMONDS. This particular concern at great loss to itself has reimbursed its employees.

Mr. LAYTON. Will the gentleman answer another question?

Mr. EDMONDS. If I can.

Mr. LAYTON. Do you propose in this bill to reimburse not only those who subscribed for Liberty bonds but those who lost their money as ordinary stockholders?

Mr. EDMONDS. Oh, no; only to the extent to which stockholders paid in money on their subscriptions to Liberty bonds—stockholders and depositors. That is a question that I am perfectly willing to leave to the House. It is the judgment of the Committee on Claims that the stockholders and depositors should be reimbursed. If you think the stockholders and depositors should not be reimbursed, all right. The relief I am asking for is for the poor fellow on the street, the man who was making only $15 or $20 a week, and who went and subscribed for a Liberty bond and paid in his little $1 a week, particularly our brewery men, who had no opportunity to make much money during the war.

MESSAGE FROM THE SENATE.

The committee informally rose, and Mr. WURZBACH having taken the chair as Speaker pro tempore, a message from the Senate by Mr. Craven, its Chief Clerk, announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House of Representatives was requested:

S. J. Res. 132. Joint resolution to provide for the continuance of certain Government publications.

RELIEF OF CERTAIN LIBERTY LOAN SUBSCRIBERS.

The committee resumed its session.

Mr. LEA of California. I think I can give the gentleman some information in reply to the question he asks. The bank in California has a deficiency of about $38,000, of which amount $2,300 was paid on subscriptions by stockholders. The Pennsylvania bank is the principal one involved, and in that case there is a considerable amount that would go to the stockholders for this reason: It was a workingman's bank. The depositors were induced to become stockholders in the bank. It was a bank that remained open on Saturday night so that workingmen could go in and make their deposits and buy Liberty bonds. There were a large number of laboring men who held stock in this bank, usually one share apiece. They would be denied their money if the stockholders were cut out.

Another case, the largest stockholder in the Pennsylvania bank was a company that took over another company on its

going out of business. The assets of the defunct concern included five shares of stock of the bank, which subsequently failed. Those shares were acquired incidentally in taking over the company. The newspapers announced there was a failure to secure the amount of Liberty bond subscriptions allotted to that district, and so this stockholder went down and made the largest subscription. The amount of stock he held had nothing to do with the actual management of the bank. Now, if you cut out the stockholders you will cut out the largest subscriber in this case who had no practical relation to the management of the bank.

Mr. EDMONDS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. LEA.]

Mr. LEA of California. Mr. Chairman, I desire to give a summary of this situation as it appears to me. As you all know, our whole country was called upon to subscribe for Liberty bonds. It turned out that in the case of five banks, and only five banks in the whole United States, subscribers failed to secure the bonds because the banks subsequently failed. The object of this bill is to indemnify these subscribers for the actual amount of money they paid into the banks. The whole amount will not exceed $254,000, and probably it will be several thousand less because in the case of one or two banks further dividends will slightly reduce the amount involved.

There are over 7,000 subscribers in these cases. There are over 6,000 subscribers in the one workingman's bank in Pennsylvania. The average amount paid in by the laboring man to that bank was less than $35. There are about 600 subscribers in the bank at Santa Rosa with a total amount of less than $38,000, which has not been repaid. The subscribers to the bank at Santa Rosa represent the class of people of very modest means in nearly every instance. The average amount of subscription there was less than $80.

Now, I want to give you some of the facts as to relation of these banks to the Government in the effort to get subscriptions to Liberty bonds. In the first place, the Liberty bond subscribers were informed that "applications must reach the Treasury Department, or some incorporated bank or trust company within the United States on or before" the close of business on a certain day. In the second place, notice was given to Liberty bond subscribers, and I have the notice here that was originally given to me, which reads as follows:

It is strongly recommended that subscribers avail themselves of the assistance of their own banks and trust companies, in which case they will of course make payments through such institutions. In cases where they do not do so, subscribers should make payment either to the Treasury Department in Washington or to one of the Federal reserve banks, etc.

Mr. GRAHAM of Illinois. Who signed that?

Mr. LEA of California. The Secretary of the Treasury. In other words, the Government specifically authorized subscribers to make payment through any one of three agencies—to the Treasury, the Federal reserve bank, or to his "own bank." In these cases the subscribers followed the instructions "strongly recommended" by the Secretary of the Treasury, and paid their money to their own bank. Then, as has been suggested by the gentleman from Pennsylvania, after the subscription was sent in a post card was mailed out to the individual subscribers bearing the heading of the United States Treasury and signed by the United States Treasurer, reading as follows:

You are instructed to call at once upon the North Penn Bank in order to arrange to complete your subscription. The first payment must be made at once at the place above named. You will receive your button and window emblem when you make your first payment.

Now, it is suggested that these depositors and stockholders should not be included because they determine for themselves the solvency of this bank. Let us see what the facts are. The average shareholder and depositor in this case did not pay out of a surplus deposit but saved or borrowed the money and paid into the bank to meet his subscription. I know of one case where a man, the principal subscribing stockholder in the bank involved, in my own State, who owed $23,000, mortgaged his property on which he had recently constructed a business building. He was paying 6 per cent interest on this $23,000 mortgage and borrowed money to meet his subscription for Liberty bonds. He was a stockholder in this bank. He borrowed at 6 per cent to make this subscription out of which he was to get less than 4 per cent. That was a common case. In addition to that, this stockholder had to pay a 100 per cent assessment on all stock he owned in the bank. He had nothing to do with the practical management of the bank.

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes.

Mr. JOHNSON of Mississippi. Did the Treasury Department recommend this bank that failed?

Mr LEA of California. It did.

Mr. JOHNSON of Mississippi. Is there anything to show that?

Mr. LEA of California. The regular inspections were made of these banks before they failed, and the usual certificates given of their solvency.

Mr. JOHNSON of Mississippi. By the Federal Government?

Mr. LEA of California. By the Federal Government in the case of the national bank and by the State inspectors in the case of the State banks.

Mr. HUSTED. What logical reason is there for including stockholders and excluding directors?

Mr. LEA of California. A director is a manager of the bank, while a stockholder simply buys the stock. For instance, take this laboring man in Pennsylvania. He bought a share of stock and he had nothing to do with the management of the bank any more than the gentleman or I.

Mr. HUSTED. At the time those subscriptions were taken, men who happened to be directors were directors of a solvent bank which had been certified as solvent by the Government, as the gentleman says.

Mr. LEA of California. Yes.

Mr. HUSTED. I fail to see any logical reason for excluding them and including the ordinary stockholder.

Mr. LEA of California. That may be so, but we concluded to yield to the suggestion of the Treasury on that point.

Mr. DUNBAR. Is it not often the case that the directors of a bank themselves control the election of the directors?

Mr. LEA of California. They do.

Mr. DUNBAR. And that the vote of a minority stockholder is absolutely of no consequence and would not avail even though he did vote.

Mr. LEA of California. I think that is so.

Mr. DUNBAR. And that in the election of directors the directors of the banks get a certain number of proxies from the stockholders, they being obtained by the largest stockholders in the bank—the men who control the bank—and that the minority stockholders are absolutely ignored.

Mr. LEA of California. That is a common practice in the country, of course. In other words, the director is ordinarily an active agent in the management of the bank, while the stockholder is not. In addition to that, these people who were depositors, these people who were stockholders, were specifically directed by the Treasury Department to pay this money through their own banks. It so happened that the bank in California was a United States depository, designated by the Treasury of the United States. The chairman of the Liberty loan committee was the cashier of the bank that failed, and the secretary of the Liberty loan committee was an employee in the bank that failed.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes.

Mr. STAFFORD. That is the only national bank which is involved in this case which had an inspection of the national-bank examiners. All of the others are State banks.

Mr. LEA of California. I believe that is true. I believe that substantially covers the point I had in mind.

Mr. GRAHAM of Illinois. Mr. Chairman, the gentleman from Wisconsin [Mr. STAFFORD] suggested that the rest were State banks. Does the gentleman from California know whether they were all State banks, or were there some private banks?

Mr. LEA of California. They were all incorporated banks.

Mr. GRAHAM of Illinois. Were they under State visitation or were some of them private banks? I know that there were banks in my own home town that were private banks. At that same time the State of Illinois did not have compulsory visitation or inspection of banks. Some of these may have been private banks, so far as I know.

Mr. LEA of California. I think not. So far as I know they were all subject to inspection. Certainly they were in California and Pennsylvania.

Mr. GRAHAM of Illinois. There were many States in the Union where that is not so. I may say to the credit of my own State that since that time we have now State inspection of our banks, but we did not have at that time.

Mr. LEA of California. If there was no State inspection in any of these banks, it was in those banks where the amount involved here is very small.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes.

Mr. NEWTON of Minnesota. Has the gentleman any idea of what claims could be put forth by stockholders, but not directors?

Mr. LEA of California. So far as the Government is concerned?

Mr. NEWTON of Minnesota. Yes.

Mr. LEA of California. All the claim that they can urge here is the amount stated in the bill for the amount actually paid.

Mr. NEWTON of Minnesota. Has the gentleman any idea of what the amounts paid by these stockholders would aggregate?

Mr. LEA of California. I could not give the gentleman the exact figures. At the Santa Rosa Bank it would be about $2,300, and the amounts in Pennsylvania would be considerable because of the laboring men's subscriptions, and also because of that one case I mentioned where the party who made the largest subscription to the bank happened to own five shares of stock which had been taken over from another company which failed.

Mr. JOHNSON of Mississippi. Is it proposed by this bill to reimburse the stockholders for the losses they sustained?

Mr. LEA of California. In these subscriptions; yes.

Mr. JOHNSON of Mississippi. Does that include the stockholders who were directors of the bank, who were responsible for the management of the banks?

Mr. LEA of California. It does not. They are expressly excluded by the terms of the bill—directors and officers.

Mr. EDMONDS. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. HIMES].

Mr. HIMES. Mr. Chairman, it is a privilege to be permitted to rise in behalf of the preservation of the integrity of our Government and in behalf of patriotic citizens who suffered losses by reason of their patriotism due to influences entirely beyond their control.

The bill before us does not attempt to fix such losses nor to establish the fact that losses were sustained. It merely would legalize a moral obligation and permit responsible Government representatives to inquire into, establish, and discharge our indebtedness under that obligation. It seeks only to have our Government recognize an actual agency as a legal one.

When we engaged in the World War the Government called for service both on the field of battle and in industrial and commercial life at home. "We must mobilize a Nation," said the President, and thank God the response was almost 100 per cent in the affirmative. When money was needed a collection agency had to be established and Government officials and the people generally decided upon and accepted the banking institutions throughout the country as nuclei for organization. The Government urged that people purchase bonds and directed that the purchases be made through local banks.

From every conceivable viewpoint the banks were the agents of the Government, and because of our great common need millions and billions of dollars were poured into these banks. Among the purchasers were hundreds and thousands of people who purchased through them as Government agents who had never entrusted their money to them as banking institutions.

The banks held themselves out, and very properly so, to be agents of the Government. The people generally accepted this representation in good faith and there was never, in so far as I have been advised, any repudiation by the Government of such representation. On the contrary, there was every reason to believe that it was acceptable and accepted.

I am more definitely interested in obtaining relief for the citizens in Mineral City, Ohio. This thriving little village is in the center of one of our prosperous agricultural and mining communities. During the war its quotas of young men and moneys were provided and the older men, the women, and children cheerfully substituted in the harvest field and in industry. At each call for funds the best citizens gave of their time in going from house to house and from farm to farm, even in the most severe weather, as salesmen of Government bonds. Several of these salesmen assured me that at no time did they have to use the space upon their papers provided for remarks as to why subscriptions were not made. Many of these subscriptions were only for $50 or $100. The citizens able so to do made purchases running up into thousands of dollars.

In every instance subscriptions were to be paid through the local bank. A trusted official of that bank defaulted. We do not know why, and probably will never know, because his life has been forfeited.

I have been assured that the ordinary precautions to prevent such occurrences had not been relaxed and that brother officials were as surprised and astonished as the most disinterested person in the village.

Reparation has been made in so far as has been possible, and we are only asking payment or consideration of payments for actual losses sustained.

This bill has my unqualified support, because it seeks only to render simple justice and to justify our continued pride in our national honor.

I feel that I would be wasting time to say anything further, because I can not but think that this measure will pass unanimously.

Mr. EDMONDS. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Chairman, on November 11, early in the morning, there will move from this Capitol Building toward Arlington Cemetery, one of the most solemn and impressive processions ever organized in the history of the Nation. It will be a part of the memorable tribute that this Nation and this people are paying to our unknown dead soldier from the battle fields of France.

Shrouded with the flag he died to save, escorted by living comrades who wear the badges of distinguished and immortal valor, reviewed by multitudes with bowed heads and grateful hearts, and "wrapped in the mantle of his people's praises," the prone and silent figure of this stalwart son of the Republic will pass upon his last review.

The tribute of a great Nation to one of its outstanding, distinguished, conspicious public men is always an impressive thing. But this will be a different ceremonial. The man in the casket will be unknown. He may have been of the city's culture, or a laborer of the mills who took off his overalls to put on his khaki, or a plowboy from Dixie's countryside or Western plain. That, with us and with him, counts little now. We are not memorializing his identity; we seek only with our tears, or our silence, or appropriate spoken word, to honor his faith, his sacrifice, his soul.

A stately and historic procession will follow him to the mounded silences of Arlington. We here will march with him. But, comrades of this legislative fellowship, I ask you on November 11, and thereafter too, will he march with us? Not in the flesh, of course, but will his spirit counsel with us—not only to remember him, but to take heed that he will have died in vain if the politicians and diplomats of the world continue to make possible for other men a corresponding fate? [Applause.]

I verily believe that he would be interred content, and with gratitude for his death, if he could only know that because he died war as a human institution likewise gave up the ghost. [Applause.]

Mr. Chairman, I ask permission to extend my remarks.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. EDMONDS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I feel impelled to rise in opposition to this bill. We have before us now 71 private bills which by the arrangement of the House are scheduled for passage to-day and to-morrow. Some of them involve enormous sums of money. Some of them are good bills and ought to be passed without argument or objection; some of them are bad bills and set bad precedents. I know just how we feel about raising objections to such bills. I know why we are deterred from rising in opposition to them. Let me mention some reasons that we have in mind. One is, "What is the use; why should we uselessly exert effort to stop them?" Take the bill we passed this morning on a record vote of 215 for it and 43 against it, a bill that involved $69,500 to be credited to a postmaster's account, which was against every precedent set up by our Government by its law and rules of the Post Office Department. There was an assistant postmaster responsible for this loss, concerning whose action no one will get up and deny that he was at least grossly negligent, and no lawyer will deny that his bond is an obligation due this Government and should be made to respond for part of this loss, and yet by our vote this morning of 215 to 43 we absolutely released him and his bondsmen. Not a dollar will ever be paid to this Government. So we are prone to say here "What is the use of effort?" There was some effort made against that bill, but what is the use of effort when with all these bills coming up we have 40 of our colleagues here to hear the argument and know what there is about the bill, and then when we come to vote upon it the balance come in and vote without knowing. So we ask ourselves, "What is the use of effort?" But I make the assertion that effort pays after all. Even if we lose temporarily, if we will fight these bills, sooner or later we will get the attention of our colleagues concerning them. Now, another reason. This bill, the chairman admits, involves $350,000——

Mr. EDMONDS. Two hundred and fifty thousand dollars.

Mr. BLANTON. Two hundred and fifty thousand dollars on its face. That does not take into consideration the millions of dollars that will be involved from the precedent we set up by passing it. There are five of our colleagues directly interested in the passage of this bill. It involves numerous constituents of five of our colleagues in their respective districts.

We ask ourselves this question. If we get up and oppose the bill, we hurt the feelings of our five colleagues. They might take it as a personal feeling against them. They might not like us for the fight we make against their bill. They might hold it against us and some time when we have a bill they might buffet us and cause us to suffer thereby——

Mr. EDMONDS. Will the gentleman yield?

Mr. BLANTON. In just a moment. I will tell you how I feel about it by reciting my life's motto:

For what glory is it, if when ye be buffeted for your faults, ye shall take it patiently; but if, when you do well, and suffer for it, ye take it patiently, this is acceptable with God.

That is from the Good Book, and that is my life's motto. If we do what we think we ought to do concerning these matters, our colleagues ought not to hold it against us.

Mr. CHINDBLOM. Will the gentleman yield for a question?

Mr. BLANTON. In just a minute. I have only 10 minutes. Let us take this bill. Five banks fail. The depositors in those banks selected those institutions as the ones through whom they would buy their Liberty bonds. Every bond I was able to purchase during the war I had to go to my bank and borrow the money and pay 10 per cent during the war, and the bank carried me until I paid them out. Suppose I had selected a bad bank; should the Government reward me for using bad discretion and bad judgment? If when a man selects a bad institution to do business with, and he loses money thereby, and we let the Government come into the breach and make the loss good, then you place a premium upon the bad institutions of the country and you take away the credit from the good institutions. The bad banks of the country are practically placed upon a pedestal by our taking care of their depositors when they fail. This is a bad precedent we are setting; it is a precedent that is going to hound us hereafter; it is one that is liable to cost this Government millions of dollars. In an oil field county of my district not long ago there were four of the biggest banks that have done business, where men had several million dollars on deposit of people's funds; four of them failed in just a few weeks. How many of such accounts are in those banks? Are we going to set a precedent where the depositors may come in and claim that they have lost by reason of not having paid out their Liberty bond account and they should be reimbursed? I leave it to you, my colleagues, as business men of this country, whether you want to set this precedent. This bill ought not to pass. When it began it concerned only one bank, the bank in Pennsylvania, in the State where our colleague, Mr. EDMONDS, comes from. It has been growing all the time. Then the proposition was enlarged to take in another bank, then another one, one in California, one in North Dakota, one here and one there, and now we have five of them.

And when we pass the bill you are going to find others. The committee has not heard of them yet, but they will hear from them, because when you set this precedent it goes abroad and the people hear of it.

Mr. EDMONDS. I wish to say that all the reserve banks were asked for the information, and they all returned the information. This is not establishing a precedent. We have included all the banks.

Mr. BLANTON. Suppose from the big national banks—I think several of them were—that failed in Ranger, Tex., and when upon the setting of the sun on a certain day there was not a bank left to do business in that great city——

Mr. EDMONDS. They were private banks.

Mr. BLANTON (continuing). No; some national. Suppose the people had bought Liberty bonds from those four banks. You have not heard from them all. When you pass the bill it will set a precedent, and you will hear from them in the future.

Mr. HIMES. Does the gentleman think it is establishing a bad precedent for us to take care of these people, who in making these payments to the banks were helping to take care of the national welfare in time of great danger?

Mr. BLANTON. I do not think—and I believe I have made as many sacrifices in buying Liberty bonds as any man according to means—I do not think an American citizen who stayed at home when there was fighting in France deserves a bit of credit for buying a bond during the war. It was their duty, and a man never deserves credit for doing his duty. When you do that which you should do you do not deserve credit for it. It is a business affair. We have put our money in banks during the war in connection with other enterprises. If we selected an institution that failed or that was not sound, it was our own lookout, and we should not come to our Government now after the war is closed and ask reimbursement.

Mr. EDMONDS. Mr. Chairman, I think I have eight minutes remaining, and I yield to the gentleman from Massachusetts [Mr. UNDERHILL], a member of the committee.

Mr. UNDERHILL. Mr. Chairman, following the line of argument made by the gentleman from Texas the House might lose sight of the fact that you have a Committee on Claims; that this Committee on Claims, every member of it, is just as interested in preserving and taking care of the interests of the Government as any other Member of Congress. If the gentleman from Texas and other Members of the House could sit in this committee week after week and hear the members of the committee discuss the merits and demerits of proposed legislation, they would realize that there is not a committee in the House that is as "hard boiled" as the Committee on Claims. There is not a member who is influenced by sob stuff; there is not a member who is influenced by friendship or prestige of prominent officeholders; there is not a member whose sword knows a brother; but they are seeking justice and merit, particularly justice, in all of these claims which come before them.

It would be small on the part of Congress, it is rather small, although the intention may be good, for any Member of Congress to deny justice to the citizens of the country. It is too bad we have not a better vehicle for giving justice to the people. The United States Government can not be sued, and consequently all people who have their property destroyed, or who are injured, are obliged to come to Congress and to the Committee on Claims and ask for justice.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. UNDERHILL. I will.

Mr. CHINDBLOM. Will the gentleman make some reply, since I could not get the opportunity, because the gentleman from Texas [Mr. BLANTON] would not yield, to the suggestion that anyone who differs with his view on this bill or on the other bill that passed this morning is derelict in his duty to this House?

Mr. UNDERHILL. Mr. Chairman, I have no quarrel with the gentleman from Texas, and I give him credit for being sincere in taking a stand in opposition to some of these bills, but he has not heard the evidence. He perhaps loses sight of the fact that this particular bill provides for the relief of 7,500 citizens of this country who have tried to do their duty, as he expresses it, and have done their share of that duty. Now, they have through negligence, possibly of the Government itself, failed to receive what they had every right to believe, from all the information they had at the time from the press, from the platform, and from the pulpit, what they would receive, a promise to pay on the part of the Government. There were many who bought Liberty bonds who also gave money freely for other purposes. We had the privilege of giving that money, but when we bought these bonds we bought them as a business proposition and the Government offered them as such. But I believe most of these people bought them as a patriotic duty, and it seemed to the members of the committee that it was wrong to penalize these men for the failure of the governmental agency. The committee establishes no precedent. They first took a precaution to communicate with the Treasury Department and found that these five banks were the only ones in the whole United States that had failed in their obligations, failed in their moral obligations as well as their financial obligations, and that the total amount involved was $250,000. What is $250,000 compared to the good name of the United States Government and to the good will of 7,500 of its citizens and their innumerable friends and neighbors? [Applause.]

I am just as jealous of the Treasury and am just as careful of the expenditures of the money of the people as any Member in the House. I think my votes may show that I lean over backward in that regard, but when a measure of this character is presented to the committee, and the committee gives hours and hours of study to the proposition and takes the precaution of being advised by the Treasury Department, I think they are fully as competent to judge of the merits of the question as any Member who may have convictions, but who has not the advantage of the information. We are not asking for the relief of the bad banks in the country. They have been eliminated. But we are asking in this bill the Members of Congress to perform an act of justice to 7,500 people who in good faith purchased Liberty bonds at the suggestion, at the advice, almost upon the command, of the Government itself, and placed their money in institutions which, although it did not guarantee legally, the Government gave the impression that they were acting as its agents, and consequently the Government is morally responsible for their acts. No Member of

Congress can possibly be troubled with conscientious scruples when he votes for a bill such as this.

Mr. STAFFORD. Mr. Chairman, I have no desire to detract one iota from the excellent work, the sacrificing work, performed by the members of the Committee on Claims in their thankless task of considering and sifting the many, many bills that come before that committee. I wish to compliment not only the chairman but the other members of the committee for doing the very good work that they have done in the reporting of many good bills on the calendar. But that does not deter me and I have no apology to make for rising in opposition to their report in this case, when I cite that my position is supported by the three last Secretaries of the Treasury. I think the Members of the House will agree that there is good ground for the position that Secretary Houston, Secretary GLASS, and Secretary Mellon took in stating that this preferential right should not be extended to the depositors and stockholders of those banks.

And why did they take that position? And why do I think that their position is well taken? Because when a depositor or stockholder does business with a bank, he must be presumed to know the character of the bank.

The burden that is laid down by the proponents of this measure is that the Government invited the public to choose these banks as their agency. Now, Secretary GLASS denied that there is any such legal obligation existing between the Government and these respective agencies which performed this work. They were no more agents of the Government than the various men who enlisted voluntarily in the work of soliciting subscriptions for the Liberty loan drive; no more agents of the Government, no more holding out as agents of the Government—yes, less holding out as agents of the Government—than when the national banks place upon their windows the legend "National depository." Certainly the Secretaries of the Treasury did not assume the obligation and did not intend to create the impression that the people were to be guaranteed in their dealings with these State banks and national banks for all moneys deposited with them, either privately or arising out of their deposits, in payment of subscriptions.

Like every other Member of this House, I subscribed for bonds in one of the loan drives through one of the banks of my neighborhood. I subscribed also through that bank for some members of the family. I knew when I entered that subscription that if that bond for which I paid that money to the bank was not ultimately transferred to me I would be the loser, and I would have no recourse against the National Government; and I was not a depositor in that bank, either. I did it as a matter of convenience.

It is one thing to look upon this question as a matter of justice to the many poor people who had no idea whatsoever of the standing of the banks and return to them the amount of their subscription, and there is another policy to reimburse and guarantee stockholders and depositors of the failed bank for a transaction with that bank. That is what you are doing when you pay back these funds to those who were depositors and stockholders.

Mr. BLACK. Mr. Chairman, will the gentleman yield for a question?

Mr. STAFFORD. Certainly.

Mr. BLACK. The gentleman, in giving instances of how these bonds were sold, recalls to my mind a specific instance which inclines me to vote for this bill. Some of the bonds were sold on the installment plan. If I recollect correctly, you paid 10 per cent cash, and then at a subsequent period you paid 35 per cent, and then still at another subsequent period you paid 35 per cent more, and then in the final payment you paid the balance and got your bond. I made my subscriptions through the home banks in that way. I understood my money was being handled in that way; but I do not know. Now, suppose I had paid 60 per cent and the bank had gone insolvent, and I found that none of that money had reached the Government. I would have felt that I ought to get the bond if the Government was conducting the business in that way.

The Government floated immense bond issues without any commission being paid. It was enabled to do that by these banks acting as agents for it in just such subscriptions as I myself and the gentleman from Wisconsin [Mr. STAFFORD] made, who did not have the money to pay outright with cash for these bonds. Many people had to subscribe for them on the installment plan. I am inclined to think that the Government could very well afford in these cases to make good the comparatively few losses.

Mr. STAFFORD. There the gentleman takes issue with me; that is where I take issue fundamentally with the position of the gentleman. I think that where you or any other person was a depositor with that bank and subscribed for these bonds through that bank so far as that deposit was concerned you should take the same degree of responsibility that you would with your other deposits; that the Government should not be held as the guarantor.

It is true that the Government can stand the loss. But the Government had no inspection over those State banks. The National Government and the Secretary of the Treasury would never have thought of making those banks their special representatives in collecting the funds. It was never attempted that way. It was an individual transaction.

I agree with the gentleman from Texas [Mr. BLACK] that so far as concerns the innocent persons cited by the gentleman from Pennsylvania [Mr. EDMONDS], who were appealed to to subscribe in small installments, the Government is big enough, especially in these patriotic drives, to return to them the amounts they paid to the failed bank. But just because some one subscribed through a bank and obtained a loan through the bank of 60 per cent and the bank fails there is no more reason why, because he subscribed for Government bonds, he should be exempted from the loss incident to the failure of the bank than that he should be exempted from loss in any other transaction with the bank.

What does Secretary Glass say on this matter? In his letter of June 28, 1919, he uses this language:

> There can be no doubt under the Liberty bond acts and the Treasury Department circulars offering the Liberty loans for subscription that subscription for Liberty bonds and Victory notes filed with incorporated banks and trust companies and not actually transmitted to the Federal reserve banks constituted merely private contracts between subscribers and the bank or trust company concerned. Subscribers have always been free to choose the bank or trust company through which to enter their subscriptions, and banks and trust companies receiving subscriptions have acted as subscribers' agencies, the only official agencies being the several Federal reserve banks and the Treasury Department. The United States is clearly not responsible on subscriptions filed with such subscribers' agencies, nor for payments thereon, and can not legally be made to answer for losses incurred in case of the default or failure of the subscribers' agency bank or trust company.

Mr. PARKS of Arkansas. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Arkansas.

Mr. PARKS of Arkansas. Does the gentleman from Wisconsin understand that the Government designated these banks and directed depositors to place these funds in these banks?

Mr. STAFFORD. No more than the Government requested large numbers of persons to aid in obtaining subscriptions in the Liberty loan drives.

Mr. PARKS of Arkansas. Does not the evidence show that the Government named these specific banks?

Mr. STAFFORD. No; the Government did not name them. They just issued a general circular stating that subscriptions could be made through banks as a matter of convenience for the subscribers, not as an agency of the Government, but just merely as a matter of convenience. Instead of depositing the money for the bonds in my local State bank in my neighborhood, which was a matter of convenience, if I had wanted to do so, I could have deposited it in the Federal reserve banks. That was a matter of convenience to me.

Mr. LEA of California. In this case specific post cards were directed to the subscribers telling them to go to this bank——

Mr. GRAHAM of Illinois. After they had designated the bank.

Mr. STAFFORD. As suggested by the gentleman from Illinois [Mr. GRAHAM], after the subscribers had designated that bank as their agency to receive their subscriptions.

Mr. LEA of California. After they had turned in their subscriptions; yes.

Mr. STAFFORD. After they had turned in their subscriptions. Yes; after I had subscribed through the local State bank and paid the full amount of my subscription, I received a notice from the Treasury Department that I could secure my bond from that bank. That bank was acting as my agent.

Mr. CLOUSE. This question occurred to me in the course of the gentleman's discussion of this matter: If a State or private bank undertook to act as an agent, whether voluntarily or for a consideration, would not that bank be liable to the Government and subject to criminal prosecution for a fraudulent breach of trust in the event that it failed to return to the Government the exact sum of money that it collected for these Liberty bonds?

Mr. STAFFORD. No; I say positively that the National Government would have no legal claim whatsoever against those State banks for the return of money received from subscribers for the bonds. Nor has the Government attempted to reach those funds except in the case of national banks. In the case of the national banks, as the report shows, the Federal reserve banks have been advised to give these claims a preferred standing.

Mr. CLOUSE. I do not know whether the gentleman caught the full import of my question or not.

Mr. STAFFORD. Perhaps not.

Mr. CLOUSE. If the United States Treasury designated a certain bank or depository as an agency or a means by which the bonds might be placed in the hands of the ultimate purchasers and that bank had accepted payment on those bonds, why would not that agent of the United States Government be liable to a criminal prosecution in the event that it converted the funds to some purpose other than that specifically designated by the United States Treasury?

Mr. STAFFORD. According to my understanding of the facts the Government did not create this bank its agent. The bank was the agent of the subscriber and merely a conduit through which the funds flowed. If the Government had designated, as the gentleman says, these banks to accept payment on these bonds, the question would arise whether the relation was that of a general creditor or a beneficiary of a trust fund.

Mr. EDMONDS. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Pennsylvania.

Mr. EDMONDS. Of course, the Government sent you a notice to go to that bank and get your bonds?

Mr. STAFFORD. Yes.

Mr. EDMONDS. That created an agency.

Mr. STAFFORD. No; it did not create an agency. It was merely a notice that the bond was there, because I had created that bank my agent. The bank was my agent, and by reason of my subscription there was an implied or actual notice to the Government that that bank was my representative in this transaction, but it was not the agent of the Government.

Mr. EDMONDS. The Government virtually notified you that that bank was its agent.

Mr. STAFFORD. No; only that my agent had received the bond for which I had subscribed through that bank.

Mr. EDMONDS. It did not say anything of the kind.

Mr. STAFFORD. Yes; it did.

Mr. EDMONDS. No; it said, "Go to this bank and get some bond."

Mr. STAFFORD. Yes.

Mr. WINGO. The gentleman made a distinction between national banks and State banks. Does the gentleman understand that the national banks were agents of the Government in this matter?

Mr. STAFFORD. They were no more agents of the National Government than State banks were, so Secretary GLASS says.

Mr. WINGO. What was the distinction that the gentleman was seeking to make between national banks and State banks?

Mr. STAFFORD. None at all, except that as far as national banks are concerned—let me see just what the Secretary's statement was.

Mr. WINGO. The gentleman made a distinction between national banks and State banks on the question of this obligation. I did not catch that distinction which the gentleman made.

Mr. LEA of California. It was a question whether it would be treated as a general question or special question.

Mr. STAFFORD. Yes; the gentleman from California answered that.

Mr. WINGO. Does the gentleman know whether these State banks were member banks?

Mr. STAFFORD. I do not think it is claimed that these State banks were member banks. They were small banks, and there is nothing in the report to show that they were member banks.

Mr. WINGO. What was the capital stock?

Mr. STAFFORD. It is not stated. The largest bank was the North Penn Bank, a State bank at Philadelphia, where the loss was $165,000.

Mr. WINGO. The gentleman understands that member banks, with the approval of the Federal reserve banks, frequently acted as agents both in procuring rediscounts and also in another capacity for banks not member banks.

Mr. STAFFORD. Yes; in my State some State banks are member banks of the Federal reserve system. The argument has been advanced that in the flotation of certificates of indebtedness, which the Government is issuing from time to time in sums of hundreds of millions of dollars, that these certificates of indebtedness occupy the same relation, or the banks occupy the same relation to these certificates of indebtedness, as characterize their relation in the distribution of these bonds. The relation is largely the same.

Mr. EDMONDS. The gentleman knows that these bonds were apportioned out by the Federal reserve banks to the districts in the same way that the Government's certificates are apportioned out, and each one is supposed to take care of his apportionment.

Mr. STAFFORD. Following out that logic, when I go to a member bank and subscribe for $1,000 United States certificate of indebtedness, one of these issues that recurs every month, or thereabouts, and the bank fails because of the embezzlement or misdeed of some officer, then on the ground that the national Government has held that bank out as an agent or has requested the bank to subscribe for a certain amount, I am privileged to seek recourse, not as an ordinary creditor of that State bank, or member bank, with which I do business, but I shall have the right to come to Congress and say—and that is the danger of this precedent so far as depositors and stockholders are concerned—I have the right to come here and say, gentlemen, the National Government in the flotation of a loan of $600,000,000 of certificates of indebtedness has parceled out to the respective Federal reserve districts, and to the respective banks in the district these certificates for sale, and because I subscribed through my local member bank for $1,000, and paid that bank my money and it failed, I have recourse against the National Government for $1,000.

Mr. EDMONDS. Let me say to the gentleman that a bank in my city the other day said they had some certificates of indebtedness to sell and wanted to sell me some. Now, who were they selling them for, themselves or the United States Government?

Mr. STAFFORD. They were selling them for themselves, of course; there is no question about that. The argument has been made that that is an analogous case, that the relationship is the same in the flotation of these certificates of indebtedness as in the case of Liberty bonds.

Mr. EDMONDS. The gentleman says that the Federal system forces these bonds on the banks and the banks force them on their customers.

Mr. STAFFORD. Whether they are forced on them or not, when I subscribe for $1,000 of the United States certificates of indebtedness through a member bank and that bank fails, it is my loss, because I chose that bank with which to do business, and I have no recourse against the National Government.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. STAFFORD. Certainly.

Mr. GRAHAM of Illinois. Let us assume that you go to your bank and subscribe for a Federal farm-loan bond or bonds of the War Finance Corporation, and while you are waiting for them, after you pay your money, the bank fails. Are we going to be asked to pay them?

Mr. STAFFORD. It is the same principle. Just before I came down here I had a small amount of idle money and a flotation was about to be made of five or six hundred million dollars in United States certificates of indebtedness. I left the money in the bank, took their receipt for its investment for that purpose. If the bank had failed before they received the certificates of indebtedness it would have been my loss, because I chose that bank as my agent to do that business.

Mr. STEPHENS. Will the gentleman yield?

Mr. STAFFORD. Certainly.

Mr. STEPHENS. Does the Government have any agents through which they could conduct the business of disposing of Liberty bonds?

Mr. STAFFORD. The Federal reserve banks and the Subtreasury.

Mr. STEPHENS. They would be the only agents? Did the State banks have authority from the Government to dispose of Liberty bonds?

Mr. STAFFORD. No; the Treasury never undertook to give authority to the State banks in the country to dispose of bonds belonging to the Government.

Mr. STEPHENS. By what authority did the banks act in selling and distributing these Liberty bonds and collecting the money for them?

Mr. STAFFORD. The banks acted in the same relationship as they would in selling other bonds, but without any pay for their work, just the same as thousands of persons who were identified with the loan drive exerted themselves in their patriotic duty to see that the loans were fully subscribed.

Mr. Chairman, I think I have shown sufficient reason to create in the minds of Members here a doubt at least, and I hope a conviction, that we should not go to the extent of relieving depositors and stockholders. I have some milk of human kindness in my heart also, and I have no objection as a matter of charity to returning the funds to poor persons who subscribed through these banks who can not afford to take the loss in a governmental undertaking, but where they were depositors doing business with the banks in the usual course of trade they assumed full responsibility for that undertaking

and should not be relieved of their loss. There should be no distinction between their current account and a portion of it diverted for the special purpose of purchasing Government bonds.

Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. HUSTED].

Mr. HUSTED. Mr. Chairman, I do not believe there is any legal obligation on the part of the Government to return this money. The banks were not officially designated as the agents of the Government, but I think there is just as much moral obligation to return this money to those subscribers at least who are not depositors and stockholders of the bank as there would be to make good subscriptions that were paid directly to a Federal reserve bank or to the United States Treasury. I can not see any distinction. I happened to be the president of a small country bank while these Liberty loans were being floated. The people of the country were told by the Government that they could pay in any one of three ways, either to the banks, the Federal reserve banks, or to the Federal Treasury. The Government certainly acted in such a way as to lead the people who subscribed for these bonds to believe that the banks were authorized depositories for the purpose of receiving these subscriptions, and I have no doubt as a result of my own personal experience that many of these poor subscribers believed just that thing. They considered that the banks were cooperating with the Government in the flotation of these loans, and they were. The Government could not have put these loans over in the way it did without the cooperation of the local banks. It would not have gotten the subscribers, and it could not have sold the bonds in such large quantities. The quotas were apportional among the banks, and the banks were told to dispose of that amount of bonds. They sent their representatives around among the people. They had their representatives present at Liberty loan meetings. They were there, ready to receive the subscriptions of the people. They even kept the banks open for that very purpose long after regular banking hours, and all of this was in a way sanctioned by the National Government. I think it would be most unfair and unjust to permit a poor depositor who placed his funds in these banks under the direction of the Federal Government to stand the loss. I think these subscriptions should be held just as sacred and should be protected just as much by the Federal Government as though they had been deposited with the Federal reserve banks or with the Treasury of the United States.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, it appears that there are $250,000 due to the people who subscribed for Liberty bonds through banks which afterwards failed. It is now proposed that the Government should become responsible for the repayment of these subscriptions to those who made applications for the bonds through the banks, which banks they themselves chose. It seems to me to be a dangerous precedent to establish. The Government was not responsible for the banks selected by the subscribers. That was a voluntary matter on their part. They could subscribe through any channel they might see fit to choose.

Mr. EDMONDS. The central committees in the large cities sent to the people postal cards telling them to go to these banks.

Mr. MADDEN. Who told them to do that?

Mr. EDMONDS. The central committees.

Mr. MADDEN. The central committees were doing just what the gentleman and I and everyone else was doing, working up a state of enthusiasm in order to have the people buy bonds.

Mr. EDMONDS. And we were mighty glad to do it and have the people do it.

Mr. MADDEN. Yes; I know, and it was patriotic on the part of these people to subscribe, but in choosing their own agencies through which to buy the bonds, they should be held responsible for their own action. It is not fair to the Treasury of the United States or to the rest of the people of the United States to say, whenever any person by some indirect method sought to purchase a Government security, that because of the fact that it is a Government security, if the agent chosen fails to turn the money over to the Government, therefore the Government itself must make up the loss. It must be admitted on every hand that these banks were organized under the State laws. They are all State banks, as I understand it, except one. They were institutions organized for profit. They were glad to act as the agents of any activity that would yield a profit, and they were in this instance inviting depositors to buy bonds that the United States was issuing through them, so that they might, if not then, later have a clientele which would enable them to make a still greater profit. If they failed in the performance of their duty as agents of the would-be purchasers and the money which they took in on deposit to be paid afterwards to the Treasury of the United States for the bonds proposed to be purchased by those who made the deposit was not paid to the Government, then they alone should be held accountable. The fact that they failed, but can not be held accountable because of that failure, does not justify the enactment of a law to recompense those whose funds were deposited, even though those funds were originally deposited with the expectation of helping the Government of the United States.

If we are to go on with this class of legislation, who knows where it may end, and who knows whether under this act, if it should become a law, the very officers and directors who caused the failure of the bank may not be the recipients of the favor of this reimbursement?

Mr. SANDERS of Indiana. The provisions of the bill exempt the officers and directors from its benefits. What would the gentleman think with reference to stockholders?

Mr. MADDEN. Every stockholder in any of these banks, I assume, under the laws of the States under which they were organized would be responsible for double the amount of his stock. The question arises whether, if they were compelled to pay an assessment, there would be any loss for the Government to make up.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. Just one minute more.

Mr. STAFFORD. I will yield two minutes additional to the gentleman.

Mr. EDMONDS. Will the gentleman yield?

Mr. MADDEN. I do.

Mr. EDMONDS. Of course, the stockholders of these banks have paid double their stock, but unfortunately the State courts have decided that this was simply a trust fund, and of course you could not use the trust funds of the bank to pay anybody's loss.

Mr. MADDEN. Well, I think, being a trust fund, it is more sacred to have in its possession a trust fund than would be the mere obligation of a deposit. But I do not know anything about the law; I am not a lawyer, but the ordinary common sense of the situation, it seems to me, would justify a compulsion on the part of the stockholders and the directors and the officers of the bank first to reimburse those people who made this patriotic deposit for the purpose of helping the Government in its time of need, but it does not follow that because that was not done that the Treasury of the United States ought to be compelled to meet the obligation. On the contrary, I think that everybody not affected in these particular deposits—stockholders, trustees, officers—ought to wait for whatever dividends may come to them out of the wreck after the banks are compelled to pay the people who deposited the money for a given purpose, and particularly since that given purpose was one in which the whole people of the United States were interested; but in any case I do not see how by any stretch of imagination any committee of the House could work itself into a state of mind to recommend the Treasury as the instrumentality to make the reimbursement. Mr. Chairman, I hope this bill will not pass.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BOX].

Mr. BOX. Mr. Chairman and gentlemen of the committee, first I want to refer to the work of the Committee on Claims. It is probable that no member of that committee sought a place there. I did not. It is a hard-worked committee, but it has proven that it measured up to the best standard in the sense of responsibility under which its members work. Personally I often feel they are rather severe in trimming and rejecting claims, and when I hear the work of that committee discussed in this House as if it were the work of a bunch of men trying to filch money out of the Treasury of the United States on unjust claims, I feel that the Members of this House engaging in that kind of talk are doing an injustice to their colleagues. I do not mean that every gentleman opposing this bill has done that, but it is often easier to fight just measures and then pretend that the objector or opponent of them is saving money than it is to accept the responsibility of doing right in a course not usually so popular with the unthinking. As to this particular claim, so far as I know no man interested in it lives within 500 miles of my home or any of my constituents or is akin to me or any of them. These people who bought bonds through these Government agencies did it largely at the instance of the Government. Those of us who cooperated with the activities of the Government in selling those

bonds brought to bear every possible pressure to induce the people to go to these banks. If the purchasers had been eager for bonds and had sought the banks and prevailed on them to procure the bonds for them, that would be a different state of facts. The people, or a great many of them, and especially these small purchasers who are in the main to be relieved by this measure, were often inactive or somewhat unconcerned. You and I and many patriotic men and women of this country went out and coaxed those people, almost herded them often, into the banks to buy the bonds, telling them that was the place to go, that the Government had placed the bonds there for sale. The Government had written those people, the prospective subscribers, strongly recommending to them that they deal with the banks. I read the same language read by the gentleman from California [Mr. LEA].

It is strongly recommended that subscribers avail themselves of the assistance of their own banks and trust companies, in which case they will, of course, make payment through such instruments.

Make payments to whom and through whom? Make payments to the Government through these agencies designated by the Government. If I should say to one of my colleagues here, "I want you to pay a certain amount to another gentleman for me," I would feel obligated to recognize the payment thus made. Mr. Chairman, the Government of the United States is not legally liable on any of these claims, but the very fact that it is protected by its sovereign power makes it the more imperative that the dictates of honesty and good faith govern all of its actions. The Government was reaching down to the smallest hamlet in this country. It organized and used every available agency. The people were systematically induced to go to those banks and purchase their bonds through them. The average man and woman to be relieved by this measure had them, and now has no finespun idea about whose agent the bank was. He or she knows that his neighbor, the chairman of the Liberty bond drive, the judge of the court, his physician, the business man with whom he had often advised, told him that the bank was selling these bonds for the Government. The Government told him it strongly recommended that he go there and buy. It told him that he should make his payments to it through that bank. He has done it. He has acted in good faith, and the Government has caused him to place his money there. It is not the case of a man reaching out and causing the banks to deal with the Government for him. It is the case of the Government causing the banks to deal with the people for it. The Government assumed the burden of action, took the initiative, and acted affirmatively to induce him to make payment to the banks, charging itself with the moral responsibility for the consequences of that act.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Does the gentleman desire more time?

Mr. BOX. Yes; five minutes.

Mr. STAFFORD. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has 15 minutes remaining.

Mr. STAFFORD. I thought I had 16 minutes.

The CHAIRMAN. The Clerk informs the Chair that the gentleman is correct, it is 16 minutes.

Mr. STAFFORD. I yield the gentleman five additional minutes.

Mr. MADDEN. If the Government recognized these banks as agents, why did not the Government then compel the Government agents to turn the money into the Treasury of the United States daily on its receipt?

Mr. BOX. The Government was acting in time of peril. The Government dealt hastily, but it got all the money except one-fourth of one of the several thousand millions it caused to be paid to the banks. It dealt with 105,000,000 or 110,000,000 people; it dealt through some 30,000 fiscal agents. And be it said to the credit of the 30,000 banks selected by the Government as its agents to pass its securities to the people, that only five have been derelict, and that vindicates the action of the Government.

Mr. CHINDBLOM. Was it not a fact that the Treasury was at fault in the delivery of its securities? That is, they did not have the bonds to deliver?

Mr. BOX. Their delivery was delayed under circumstances over which nobody had control, but the delay may have contributed to some of these losses.

Mr. LANHAM. And was it not also a matter peculiarly between the Government and the bank by which the purchasing bondholders could get them? My colleague is correct. The whole transaction between the Government and the bank was unknown to the average man. He did not know how the Government and the bank were handling the business between them. He only knew that his Government told him to pay his money to the bank. Shall he suffer now because he was trustful and obedient?

Mr. BOX. The bond buyer was urged by ardent patriotism. He heard our words on the stump. He was told to go to the bank to get his bond. He went and found it there. He found a notice from the Treasury of the United States telling him to go there and make his payments. This is not time for narrow hairsplitting in connection with a proposition like this. This is not a case of a man selecting a depository in which to carry his funds. It is a question of the Government making good a loss which it caused. It is the Government recognizing the agency to which it delegated to do this important work.

Mr. STAFFORD. Will the gentleman yield?

Mr. BOX. I will.

Mr. STAFFORD. If these banks which received the funds were agents of the Government, why did not the Government then present a claim against the trustees or receivers for these funds?

Mr. BOX. I am unable to tell the gentleman whether it did or not, nor do I wish to go into the nice technical distinctions about the law of agency under the facts bearing upon the relations between the Government and the banks as they understood their relations as between themselves. The purchaser only knows that he was told to deal with the bank. I am not engaged in that.

Mr. STAFFORD. I am not engaged in hairsplitting. I am engaged with the fundamental principle of what was the relationship between the banks and the Government.

Mr. BOX. The Government of the United States through the American Congress is now proposing to recognize the obligations arising from its course and here make good.

Mr. Chairman, I yield back the remainder of my time.

Mr. STAFFORD. How much time does the gentleman yield back?

The CHAIRMAN. The gentleman from Wisconsin has 10 minutes remaining.

Mr. STAFFORD. I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, the question that confronts the committee is not one of legal obligation. Of course no lawyer would contend you can, in this matter, establish a legal agency or legal liability of the Government. If that were true, the claimants would be in a different forum, and not appealing to the conscience of the House of Representatives. It is a question for the committee to decide, first, whether or not there is a moral obligation, and whether, as a matter of public policy, we ought to recognize that moral obligation. As I have said here before, I am more careful of my moral obligations than of my legal obligations. A legal obligation can be enforced in a court of law, but the only court in which a moral obligation can be pressed is in the court of conscience and honor.

Now, gentlemen, in determining this, we should take into consideration the conditions that existed and all the facts. It is a fact that you can not dispute that the Secretary of the Treasury had the authority to constitute the whole Federal reserve system his floating agency in the flotation of these bonds. He did it. And the Federal reserve banks did not undertake to limit the work to the member banks, but they called on every bank, and they organized in every city and State throughout this land a working force, organized by the Treasury, with a head in each State, and each State had a head in each county. And the men the Government sent out told the people that the banks were the agency that the Government was going to use. And you and I went on the stump and appealed to them, and told them to go down to the bank, and that bank went out, not for profit——

Mr. MCFADDEN. And they were also directed to go to any bank—their own bank.

Mr. WINGO. They were directed to go to any bank. We went out on the stump and told them to do it. Why tell me that these banks were not held out as agents of the United States Government? They used them for the purpose. Now, when some man suffers a legal loss for which he is not responsible, but an agency of the Government, we had better be careful before we repudiate that moral obligation. We are not out of the woods yet in financing this war. The Secretary of the Treasury has my sympathy. In the next few years we must do considerable financing. If you begin by dealing with the citizens of the United States at arm's length, it will have a bad effect in the future. Gentlemen, we used these agencies in a time of great need. We made the drive, and public officials like Members of Congress went up and down their districts telling them to go in here and go in there and sign up a sub-

scription. If you had told them to subscribe directly to the Treasury 99 per cent would not have known how to do it, and therefore the Treasury established its own agency in order to get in touch with the people. The Treasury got the benefit of it. The $250,000 we will lose in this transaction was saved many times over in floating this great bond issue by the use of these agencies.

Mr. CLOUSE. Do I understand the gentleman to say that the United States Treasury made these depositories its agents in these transactions?

Mr. WINGO. I think they did morally. There was not a legal obligation. But we held them out to the public as the proper place to go to subscribe. I do not know what the gentleman did, but I stood on every stump in my district and in every town, in the Liberty loan drive, and I appealed to patriotic sentiments to make the slackers go up and subscribe. And they drove them up, to what? To what in the mind of the people was the agency of the United States Government, the nearest bank.

And we made them subscribe, either through force of public opinion or by appealing to the natural patriotic sentiment of every patriotic man. We used these agencies. It is splitting hairs, it is quibbling, to say that they were not morally agents of the Government.

Mr. CLOUSE. Mr. Chairman, will the gentleman yield further?

Mr. WINGO. Yes.

Mr. CLOUSE. I will ask the gentleman if it is not true that most of the bonds that were consumed by the public were first sold to the banks, and that the banks in turn sold them to purchasers throughout the country?

Mr. WINGO. No; I do not think so. Many patriotic banks, although they were put to great loss and were not compensated, when they saw their country going to fall down, said, "We will take the quota and put them out," and they got them out, and unfortunately many of them had a lot of liquid assets tied up in those long-time bonds. I think a great deal can be said on that point.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. CHINDBLOM].

The CHAIRMAN. The gentleman from Illinois is recognized for five minutes.

Mr. CHINDBLOM. Mr. Chairman, listening to this discussion, my mind goes back to those stirring days of the Liberty loan drives. We did not then stand on technicalities. We did not then stand on fine points. In the territory where I live we went from house to house to solicit these subscriptions, and upon the blanks themselves on the very first line, as I recollect it, a space in which the purchaser, the subscriber, was required to designate the bank through which he proposed to buy the bonds.

I do not want the attitude of the Treasury Department to be misunderstood upon this bill. Secretary Mellon, in a letter dated May 31, 1921, addressed to the Chairman of the Committee on Claims, says:

> I have given careful consideration to the matter of affording relief as proposed and find myself in entire agreement with the views expressed by my predecessors, Secretary Glass and Secretary Houston, with reference to House bill 13542—a similar bill in the Sixty-sixth Congress, second session.

What was the attitude of Secretary Glass? I will read it. You will find it on page 6 of the committee report. He says:

> The Treasury feels, however, that the United States, while not responsible for the losses which subscribers have suffered, would be justified in paying them within certain limitations, as expenses incidental to the flotation of the Liberty loans, and would, therefore, interpose no objection to, but would rather look with sympathy upon, legislation providing for each specific case substantially along the following lines.

Then Secretary Glass, who, it must be remembered, was the gentleman who handled this proposition during the war——

A MEMBER. No; Secretary McAdoo.

Mr. CHINDBLOM. Yes; of course, it was first Secretary McAdoo, but Secretary Glass was his successor and a Member of this House.

Mr. STAFFORD. And he handled the Victory loan as Secretary of the Treasury.

Mr. CHINDBLOM. Yes; he handled the Victory loan. He proceeds to outline a bill which is substantially in conformity with the bill here proposed, except that he recommends, in addition to the officers and directors, that the depositors and stockholders shall not receive the benefits of the bill.

For myself, Mr. Chairman, I shall support an amendment eliminating the stockholders from any relief from this bill. So far as depositors are concerned, I can see no reason why a depositor in a bank should not have the same benefits under this bill as any other citizen who made his subscription for bonds through a bank. What does the depositor know about the solvency of his bank? What does the depositor have to do with the management or with the operation of the bank in which he deposits his money? We all know that in many cases he is at the mercy of the bank in which he has a deposit. But I think it is fair to eliminate the stockholders along with the officers and directors.

I agree perfectly with the gentleman from Arkansas [Mr. WINGO]. I am not prepared to say that there was any legal liability on the part of the Government with respect to the funds deposited with the banks by the purchasers of bonds; in fact, my own opinion is that there was no legal liability. But we certainly went out, representing the Government of the United States, urging the people to buy these Liberty bonds and urging the people to make their subscriptions through the banks.

The people did not all go to the banks in my community. We went to the homes of the people. We importuned them and sought their subscriptions, and they signed on the dotted line. Sometimes they themselves put in the name of the bank, and sometimes the solicitor put it in. In my organization, the Patriotic League of the Twenty-sixth Ward, of Chicago, very frequently thousands of applications would come in with no bank designated at all, and we would fill in the name of the bank, because we had orders from the headquarters down in the city, in the Federal reserve bank, that some bank should be designated. We frequently designated, of course, the Federal reserve bank, but as a matter of local pride we usually designated some bank in the immediate neighborhood.

I think we should carry out the spirit of the activities of the war by giving this relief. I am surprised, and I am very much pleased to note, that the obligations on this account do not exceed more than a quarter of a million dollars, out of the billions and billions of Liberty bonds that were sold to the people during the war by these methods. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. EDMONDS. Mr. Chairman, I ask that the bill be read. I believe that all the time has expired now.

The CHAIRMAN. One minute remains. The Clerk will read the bill for amendment.

The Clerk read as follows:

> *Be it enacted, etc.*, That the accounting officers of the Treasury Department be, and are hereby, authorized and directed to receive, examine, and determine the claims of Liberty loan subscribers for losses suffered by them by reason of payments on Liberty bond purchases made through the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers and Merchants State Bank, Kenmare, N. Dak., for which bonds were not delivered on account of the failure of said banks, and to determine the amount of losses actually suffered by each claimant, not exceeding the amount paid by them, less all sums paid or to be paid said claimant upon the liquidation of said banks.
>
> SEC. 2. That the amount of the loss actually suffered as so ascertained and determined shall be certified by said accounting officers to the Secretary of the Treasury, who shall pay the same to said claimants out of any money in the Treasury not otherwise appropriated. Said accounting officers may also, before the final liquidation of said banks, whenever they can determine the approximate amount to be paid to claimants hereunder, certify the same to the Secretary of the Treasury, who shall thereupon have power to pay claimant such sum, upon the claimant assigning to the said Secretary for the benefit of the United States all interest he may have in any additional sum which may become payable to such claimant from said banks or the receiver thereof on account of his payment for such Liberty bonds: *Provided, however*, That no payment hereunder shall be given to any claimant found to be a director or officer of the failed banks at the time he became a subscriber for such bonds.
>
> The Secretary of the Treasury shall have no power to act upon any claim hereunder not presented within six months after the passage of this act.

With a committee amendment:

> Amend the title so as to read: "A bill for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers and Merchants State Bank, Kenmare, N. Dak."

Mr. GRAHAM of Illinois. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

> Amendment offered by Mr. GRAHAM of Illinois: Page 2, line 24, after the word "director," insert a comma and the following words: "stockholder, depositor."

Mr. STAFFORD. Mr. Chairman, I think this is a sufficiently important amendment to warrant the calling of a quorum. I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Wisconsin makes the point of no quorum present. The Chair will count. [After counting.] Seventy-four Members present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

Ackerman	Fairchild	Kreider	Rainey, Ill.
Almon	Fenn	Kunz	Ransley
Anderson	Fess	Langley	Reavis
Ansorge	Fields	Lee, Ga.	Riordan
Bacharach	Fish	Lee, N. Y.	Rodenberg
Barkley	Flood	Lineberger	Rosenbloom
Beedy	Focht	Linthicum	Rossdale
Blakeney	Foster	Little	Rucker
Bland, Ind.	French	London	Ryan
Bland, Va.	Fuller	Lyon	Sabath
Boies	Funk	McClintic	Sanders, N. Y.
Bond	Gahn	McKenzie	Schall
Bowers	Garner	McLaughlin, Nebr.	Scott, Mich.
Brand	Garrett, Tex.	McLaughlin, Pa.	Siegel
Brinson	Gilbert	Magee	Sinclair
Britten	Goldsborough	Maloney	Slemp
Brooks, Pa.	Gould	Mann	Snell
Brown, Tenn.	Graham, Pa.	Mansfield	Snyder
Browne, Wis.	Greene, Mass.	Martin	Sproul
Burke	Griest	Mead	Stevenson
Butler	Griffin	Merritt	Stiness
Cantrill	Harrison	Michaelson	Strong, Pa.
Carew	Haugen	Miller	Sullivan
Carter	Hawley	Mills	Sweet
Chandler, N. Y.	Hays	Montague	Tague
Chandler, Okla.	Herrick	Moore, Ill.	Taylor, Ark.
Clarke, N. Y.	Hill	Moore, Va.	Taylor, Colo.
Classon	Hogan	Morgan	Taylor, N. J.
Cockran	Houghton	Morin	Ten Eyck
Codd	Hukriede	Mott	Thomas
Colton	Humphreys	Mudd	Thompson
Connell	Hutchinson	Murphy	Tincher
Connolly, Pa.	James	Nelson, J. M.	Towner
Cooper, Ohio	Jefferis, Nebr.	Nolan	Treadway
Copley	Jeffers, Ala.	O'Brien	Vare
Coughlin	Johnson, S. Dak.	Ogden	Volk
Cullen	Johnson, Wash.	Oldfield	Walsh
Curry	Jones, Tex.	Olpp	Walters
Dale	Kearns	Overstreet	Ward, N. Y.
Dallinger	Kelley, Mich.	Paige	Wason
Davis, Minn.	Kelly, Pa.	Parker, N. J.	Watson
Deal	Kendall	Parker, N. Y.	Webster
Dempsey	Kennedy	Patterson, N. J.	Wheeler
Denison	Kiess	Perkins	White, Me.
Dickinson	Kincheloe	Perlman	Williams
Doughton	Kindred	Peters	Winslow
Drane	Kirkpatrick	Petersen	Wise
Drewry	Kitchin	Porter	Zihlman
Dunn	Kleczka	Purnell	
Ellis	Kline, N. Y.	Radcliffe	
Elston	Knight	Rainey, Ala.	

The committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration bills on the Private Calendar, found itself without a quorum; whereupon he caused the roll to be called, when 231 Members answered to their names, a quorum; and he reported the names of the absentees to be printed in the Journal and RECORD.

The SPEAKER. The committee will resume its session.

Accordingly the committee resumed its session, with Mr. TILSON in the chair.

Mr. CHINDBLOM. Mr. Chairman, I wish to offer an amendment to the amendment.

Mr. GRAHAM of Illinois. I have the floor, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois had the floor when the point of no quorum was made.

Mr. CHINDBLOM. Let the amendment of the gentleman be read again.

The CHAIRMAN. Without objection the amendment offered by the gentleman from Illinois [Mr. GRAHAM] will be again reported.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: On page 2, in line 24, after the word "director," insert a comma and the following words: "Stockholder, depositor."

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, for the benefit of those who have not heard all of the arguments this afternoon let me state briefly that this is a bill to reimburse certain persons who had subscribed for Liberty bonds in five banks situated in five States of the Union, which banks failed before the parties received their bonds.

The aggregate amount of liabilities as stated by members of the committee is about $254,000.

This matter has been up on several occasions, as I take it, before the successive Secretaries of the Treasury, Mr. Houston, Mr. Glass, and again before Mr. Mellon, as to the limit or responsibility of the Government in this matter, if there is any responsibility at all, and the question has been discussed in correspondence with them. Some of this correspondence is set out in the RECORD, and I will refer to it in what I have to say.

My amendment seeks to exempt from the benefits of this act stockholders and depositors of the defunct banks. The bill as drawn exempts officers and directors. I would like to add to that exemption stockholders and depositors.

I am advised that not only the gentleman from Illinois [Mr. CHINDBLOM], but the gentleman from Indiana [Mr. SANDERS] will offer amendments to this amendment of mine perhaps striking out the word "depositors" and leaving the word "stockholders," so that the House will ultimately have its choice as to whether it desires to exclude depositors and stockholders or either of those classes.

In the first place, I want to call attention to the letter of Secretary Mellon, which is found on page 4 of the report. I will quote just a little of it. It is dated May 31 of this year, written to Mr. EDMONDS. He says:

I have given careful consideration to the matter of affording relief as proposed and find myself in entire agreement with the views expressed by my predecessors, Secretary Glass and Secretary Houston, with reference to House bill 13542, Sixty-sixth Congress, second session.

Now, I call attention to the letter of Secretary Houston, and what he said about the particular matter that is involved in my amendment. He says:

I note that H. R. 13542 meets the views of the Treasury in part, in that it proposes to deny relief to subscribers who were directors or officers of the failed bank, but I feel strongly that the same principle should be applied to subscribers who were depositors or stockholders, and relief denied to them.

Now, listen to his reason. I think it is very good:

Stockholders and depositors, like officers and directors, were engaged in business relations with the failed bank entirely independent of their Liberty loan subscriptions and may reasonably be expected to have satisfied themselves as to its responsibility and solvency, so that no obligation, legal or moral, rests upon the United States to justify the granting of relief.

The members of the committee will remember that no one has contended seriously here that there is any legal obligation on the part of the United States to repay these amounts that have been thus lost, but it has been contended by the proponents of this measure that there is a moral obligation. If there is a moral obligation, gentlemen, that moral obligation does not rest against the Government in cases where the person was voluntarily doing business with the bank and designated the bank with which he ordinarily did business.

Mr. CANNON. Will the gentleman yield?

Mr. GRAHAM of Illinois. Certainly.

Mr. CANNON. I am quite with the gentleman as to the stockholders, but as to the depositors I am not with him. The stockholders were responsible. They ought not to be reimbursed.

Mr. GRAHAM of Illinois. I think perhaps our minds are in accord. The stockholders were responsible. They were, so to speak, a part of the officers of these banks. They were helping transact the business of the banks, and they ought to be charged with notice.

Mr. CANNON. If the bank failed, they had to help make good.

Mr. GRAHAM of Illinois. Yes; I think we are agreed on that idea. It certainly ought to be true that the stockholders of the bank ought not to receive any benefits of this bill, because they were a part of the machinery that did this business.

Now, I agree with the Secretary of the Treasury that there ought to be no relief to the depositors, the people who were customarily doing business with the bank, because they knew the bank, they voluntarily chose it, carried on transactions with it, and the Liberty bond subscriptions were no different from their ordinary deposits in relation to the confidence which they reposed in the bank.

Mr. DOWELL. A stockholder, of course, is presumed to know something about the inside workings of the bank, and he helps to elect the officers of the bank. But the depositor has no such knowledge. He is given no information with reference to the inside workings of the bank. How can the gentleman say that a mere depositor was given notice of the inside workings of the bank?

Mr. GRAHAM of Illinois. Here is the distinction, if there is any. I will admit the force of what the gentleman says; but suppose you pick out a bank in your town to do business with.

The CHAIRMAN. The time of the gentleman has expired.

By unanimous consent, the time of Mr. GRAHAM of Illinois was extended five minutes.

Mr. GRAHAM of Illinois. Where you go to a bank in your town to do business you are presumed to know something about the business relationship of the bank, its financial responsibility, its general condition, and how can you make a distinction fairly between the business of the depositors in purchasing bonds and in doing ordinary business with the bank?

Mr. DOWELL. Is there any distinction between the man who lives in the neighborhood and does not happen to have a deposit in the bank and the man who does happen to have a deposit in the bank? Should we by legislation discriminate between the two in this manner?

Mr. GRAHAM of Illinois. Yes; there is quite a difference. The difference is this: In the one case where the person deposits he has to satisfy his own mind about the safety of his deposit or he would not put his money there.

Mr. DOWELL. Possibly that is true, but that does not create any sort of an obligation on him to have any information relative to the condition of the bank.

Mr. GRAHAM of Illinois. Let me say a word now and then I will yield further to the gentleman. Now, that statement I have made from Secretary Houston was also made by Secretary Glass. Let me read what he said:

I notice also that the bill as drawn would permit relief to subscribers who were depositors in the failed bank. As indicated in my letter of June 28 to Congressman LEA, I feel that depositors, like officers, directors, and stockholders of the bank, were engaged in business relations with the bank entirely independent of their Liberty loan subscriptions, and may reasonably be expected to have satisfied themselves as to its responsibility and solvency, so that there is no obligation, legal or moral, resting upon the United States to justify the granting of relief.

Secretary Glass in another letter, written later, dated June 28 last, reiterates the same proposition, and again in another letter on December 16 he reiterates the same proposition.

Three Secretaries of the Treasury—Secretary Houston, Secretary Glass, Secretary Mellon—have all recommended that the stockholders and depositors be excluded from the benefits of this act, and yet the committee has excluded neither class. Whatever this committee does, whether it accepts the substitute, whether it includes both depositors and stockholders, it is manifest that the Claims Committee has not followed the advice of the three Secretaries of the Treasury in that particular, the failure to do so being a fact which may cause the United States to lose many, many thousands of dollars.

Mr. MILLSPAUGH. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. MILLSPAUGH. Each bank was under the same method of supervision, either State or National examiners. When the examiner had gone in and examined a bank once or twice, as the law provides, and given it a clean bill of health, had not the depositor the right to rely on that examination? He had no way of telling whether the bank was about to break or not. The stockholder had no way of telling. The directors of a bank are in a room without the presence of the stockholders and go through with their business. I have been one for 25 years. Why should even the stockholder be barred when he had no way of knowing whether the bank was solvent or not, to say nothing of the depositors?

Mr. GRAHAM of Illinois. The stockholder of any bank has the right to look at the bank's books. If he has not that right, then the laws are vitally and seriously defective. That is the law in my State, and I suspect it is in the gentleman's State.

Mr. MILLSPAUGH. Then they are defective in my State, because he has not that right and he would not know anything about it if he had. [Laughter.]

Mr. GRAHAM of Illinois. I insist that any stockholder in any bank in the country ought not to be permitted to take advantage of his wrong where he in part himself is responsible for the transaction.

Mr. CHINDBLOM. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CHINDBLOM to the amendment offered by Mr. GRAHAM of Illinois: Strike out of the amendment the word "depositors."

Mr. CHINDBLOM. Mr. Chairman and gentlemen of the House, the theory upon which this legislation proceeds has been repeatedly stated in the discussion. It is that the Government itself—indirectly at least—made the banks agents of the Government for the sale of Liberty bonds. From that point of view it will be conceded at once that there is no difference in the position or situation of an officer or director or of a stockholder or depositor of a bank. But from my point of view there was a difference in the business conducted by these classes of people with particular banks. The officers, directors, and stockholders are managers of the bank, and they are responsible for the operations of the bank, and they know the financial condition of the bank. I think they come with very poor grace asking that they shall be exempt from the loss sustained through the bank over which they had control and management. The depositor has no such control or management. In fact, the depositor is himself at the mercy of the directors and stockholders and those who manage the bank. He knows nothing about the solvency of his bank. He went to his bank to buy Liberty bonds, because the Government had told him to go to a bank.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. BEGG. I should like to have the gentleman make clear the distinction in respect to the obligation of the Government for the loss, providing the man was paying on a Liberty bond in this bank or was making deposits regularly there. To be specific, if he is putting in $25 a week and the bank should fail he would lose it. If he is putting in $25 a week to pay on a Liberty bond and the bank failed——

Mr. CHINDBLOM. Mr. Chairman, I think I understand the gentleman's question. If he was depositing $25 a week in the bank on his own account, he did that of his own volition and for his own business. If he was putting $1 or $2 or $10 into the bank in the form of payment on Liberty bonds which he had purchased, he did that because the Government directed him to purchase his bonds through the bank and make his payment through the bank.

Mr. BEGG. The gentleman has missed my question. I am not talking about the man who was not a regular depositor. I am talking about the regular depositor who is in the habit of putting so much money a week or a month into the bank, but who, because the Government needed Liberty bonds purchased, consents to put a partial amount of his deposit into Liberty bonds. Where is the moral obligation of the Government to refund to him when, if he had not bought the Liberty bonds and he had deposited the money as he was doing regularly, he would have lost it anyhow, in the case of the failure of the bank?

Mr. CHINDBLOM. It does not follow at all that he would have put that same amount in the bank.

Mr. BEGG. It does with the regular depositor.

Mr. CHINDBLOM. The fact is that the people for whom I am speaking, the people with whom I came in contact in the sale of Liberty bonds, were people who would have very little money ordinarily to deposit in a bank. They might have run a little business or they might have put a little money in a savings bank. The gentleman speaks of depositors. Does he mean commercial or savings bank depositors? A savings bank depositor certainly would not be in the same position as a commercial depositor. The man who puts his money into the bank as a depositor for his business does it for his own convenience. He does not do that by direction of the Government, or at the request of the Government; but if that same man buys Liberty bonds and deposits his money in the bank to be paid over to the Government, he is doing that at the request of the Government, and he is at least in his own consciousness and in his own intention using the agency suggested to him by the Government.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. ROSE. I want to bring to the mind of the gentleman the fact that in every one of these deposits about which we are arguing there was not a single case that shows that the money was deposited for the purchase of bonds, but the cashiers of the banks took all of the money and deposited it in the treasury of the bank. That is where the mistake has been made all the way through. When you come to take out these men who were depositors, where are you going to end? Would not nearly everybody say that he deposited the money for the purchase of bonds?

Mr. CHINDBLOM. The purchasers of bonds will have the receipts for the payments which they made. I do not think we are concerned now with the method of making proof; that is a practical question. I think, however, there is a vital difference between the depositor and the stockholder.

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. RAKER. Is it not a matter of fact in actual practice that these men who bought Liberty bonds deposited them with the banks and the banks kept a separate account with reference to the purchase of the Liberty bonds?

Mr. CHINDBLOM. I presume they did. They should have done it. I do not know whether it was done in all cases.

Mr. ROSE. In no case that came before the committee was that fact ascertained.

Mr. CHINDBLOM. I submit to the committee that the purpose of my amendment is to differentiate between the depositor who has nothing to do with the management of the bank and

the stockholder, who, at least, has something to do with it and who is presumed to be to some extent responsible for the conduct of the institution in which he has an interest.

Mr. EDMONDS. Mr. Chairman, I am opposed to both of these amendments. We are going to try if we can to return to the people who on installments, in most cases, subscribed for Liberty bonds and who were unfortunate enough to have placed the funds for those bonds in banks that afterwards failed. The question comes up as to why you should reimburse the depositor. In Philadelphia it was simply a neighborhood bank. The bank was formed about 10 years before the time of the failure. The depositors were small storekeepers and housekeepers in the neighborhood. They knew nothing about the bank. It was a matter of convenience, and nothing more, to them. Take the case of the stockholders. When the bank was formed they sent solicitors around to the little storekeepers and housekeepers, who bought one or two shares of stock in the bank. They knew nothing about the conduct of the bank. Had they gone to the bank and tried to find out whether the bank was in default they could not have done it. It took some of the most expert accountants possible to get hold of and decipher what those men had done with the money that they had taken.

No small stockholder could possibly in any way have found out if he had investigated the affairs of the bank. You all know how these banks are conducted, particularly these small neighborhood banks. They are conducted by a group of men in the neighborhood. While I do not believe we should reimburse any officer or director of a bank, I do not see how in good conscience we can refuse to pay the stockholders and depositors in the bank. Another thing: The gentleman from Illinois [Mr. CHINDBLOM], I think, remarked that some of these people would probably get some reimbursement. There is no possibility of finding any State court that will in any way acknowledge the responsibility of these State banks toward subscriptions to the Liberty loan fund.

Mr. CHINDBLOM. If the gentleman will permit, I do not think I made such a statement.

Mr. EDMONDS. Perhaps it was the gentleman from Illinois [Mr. GRAHAM]. These men took this money and put it in some kind of a fund. Fortunately they kept account of it, probably expecting something would turn up and they would be able to repay it; they were caught in their embezzlement and they were arrested and put in jail. There is no way of collecting this money from anybody, excepting from these men. If they had the money possibly these people who paid it to them could go and collect it. But I can not see how in good conscience we can return this money to one person and not to the other person. If it were true that any man was a heavy stockholder in the bank possibly he would go and investigate the affairs of the bank. He possibly would be a director; he might be an officer.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. WILLIAMSON. Has the gentleman any information as to what proportion of this amount would go to the stockholders?

Mr. EDMONDS. Indeed I have not, and I could not make such a statement. Until investigation is made by the Treasury Department it would be impossible to tell. I am a little bit afraid that in most of those local banks, and they were local banks, you will find a great many of them were stockholders in the bank. I trust the House will pass the bill as it came from the committee. We have studied this question thoroughly.

Mr. McPHERSON. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. McPHERSON. If I understand the transaction, whether he was a stockholder or whether he was not, whether he was a depositor or whether he was not, each of these claimants had been led to believe that when he put his money into the hands of the officers of these banks that he was making payment on his bonds?

Mr. EDMONDS. Most surely.

Mr. McPHERSON. He was not making a deposit, he did not understand that he was depositing money in the bank, but making the payment of a dollar a week to the Government of the United States by paying it to the Government's agent.

Mr. EDMONDS. The gentleman's contention is absolutely correct.

Mr. McPHERSON. Would not the gentleman think it is just as morally due to the stockholder as to the depositor?

Mr. EDMONDS. I think so.

Mr. McPHERSON. Or a person who had no relation——

Mr. EDMONDS. I sent people to this bank myself whom I do not think were stockholders. They went and paid the dollar a week thinking they were paying it to the United States Government. As a matter of fact, we folks who went out and asked for subscriptions on these bonds thought they were paying it to the Government, and you know it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SISSON. Mr. Chairman, I move to strike out the last word, or whatever is necessary to get the floor. Mr. Chairman and gentlemen of the committee, I want to talk for just a minute in the interest of the stockholder. I think this bill is all right as written. I am opposed to these amendments. When the Government asked the bank to handle and sell these bonds during the war the bankers were compelled under public sentiment and war stress to sell them. Now, the stockholder of the banks who elects certain officials under the law of some States is responsible for his agent's action, but in this particular case this was a duty which the stockholder had nothing to do with putting upon those officials. Every stockholder of the bank, perhaps, might have been opposed to his bank handling those bonds, but it was a duty that devolved upon the officials of the bank as patriotic citizens. Now, the official who has thus assumed those responsibilities and undertakes to perform this duty for the Government becomes the agent of the Government, but in no sense in the performance of this particular service can you say that he is the agent of the stockholder. No fair Government would thus impose upon the innocent stockholder.

The banks were not established as State banks for this purpose, nor were national banks established for this purpose. This was an extraordinary duty placed on the officials of the bank, and in view of the fact that they performed their duty, whether the stockholders desired it or not, this stockholder goes and buys a $50 or a $100 bond under the direction of the Secretary of the Treasury, who tells him in the tons of literature sent over the country to induce citizens to buy bonds and thus save the Government, and told him to pay part on it and that the bank would hold the bond and at the end of the payment time, when he shall have paid for it, he would get his bond.

Mr. BEGG. Will the gentleman yield?

Mr. SISSON. I have not the time.

Mr. BEGG. I will ask unanimous consent that the gentleman have two minutes more.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that the time of the gentleman from Mississippi be extended two minutes. Is there objection?

There was no objection.

Mr. BEGG. The question I am asking is really for information. It is not to bother you. It is as to this matter of agency. South America, or Brazil, to be specific, sold an 8 per cent bond issue in the United States a few weeks ago. I happened to be connected with a bank. Suppose that bank undertook to sell $100,000 worth of those to the citizens in my town, and John Smith came in and bought $1,000 worth of them and said that he was going to pay for them at the rate of $25 at a time; then after he has paid, say, $50, our bank breaks dishonestly; is Brazil responsible, morally or legally?

Mr. SISSON. I will tell you how I differentiate between the two cases. I may be wrong, but it is my view of the matter. When a bank buys foreign securities or bonds and is authorized under its charter to do that, that is a part of the bank's business. In this particular case the stockholder got nothing for this service, it was not the bank's business; it was service the officer of the bank was compelled to render as an official of the bank by the war orders of the Government. The stockholder got no benefit. But when the bank's charter permits the dealing in these bonds as a part of its business and for profit the stockholder is responsible. In the cases covered in this bill that was not true. As I was saying a moment ago, you gentlemen recollect the tons of literature that was sent out during the war and put into the hands of everybody to induce them to buy bonds. It was even sent to the banks and your banker sent it out to the stockholders of his bank and to every depositor of the bank. And they put on these drives to sell bonds. A fellow would come in and say, "I have no money in the bank," when he would be told, "Here is the literature. The Government tells you after you subscribe for these bonds the bank will carry them for you and you pay what you can; in such cases the bank becomes the agency of the Government." And I say the stockholder himself could not have prevented this. I doubt if the Government would have permitted the stockholders to have controlled the situation, because the Government virtually took the banks by the throat and said, "You have got to absorb that much security." I do not want banks in the future, when Uncle Sam is in trouble, to rise up and say, "No, sir; I will not transact any more business for Uncle Sam, because you can not trust him. We did what you said, and yet because this bank failed, you let me lose my money. He was your agent,

not mine." Therefore, I think the stockholders ought to be protected. [Applause.]

Most if not all these cases were poor men who had to make a sacrifice to make the partial payment and it would be little less than a crime to make him suffer on account of the dishonesty of the Government agents. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

Mr. EDMONDS. Mr. Chairman, I move that all debate on this section and amendments thereto be now closed.

The CHAIRMAN. It is already ended. The question is on agreeing to the amendments.

Mr. CHINDBLOM. How does it follow that all debate on the section is closed?

The CHAIRMAN. It is not. That motion is in order. The gentleman from Pennsylvania moved that debate on the section and all amendments thereto be now closed.

The question was taken and the amendments were agreed to.

The CHAIRMAN. The question is on agreeing to the amendment to the amendment.

Mr. SANDERS of Indiana. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Without objection, the amendment of the gentleman from Illinois, Mr. GRAHAM, and the amendment to that amendment by the gentleman from Illinois, Mr. CHINDBLOM, will be again reported.

The amendments were again reported.

The CHAIRMAN. The question is on agreeing to the amendment to the amendment.

The question was taken, and the Chair announced that the ayes seemed to have it.

Mr. EDMONDS. Mr. Chairman, I demand a division.

The CHAIRMAN. As many as are in favor of the amendment will rise and stand until counted.

Mr. EDMONDS. Mr. Chairman, I withdraw that request.

The CHAIRMAN. The ayes have it, and the amendment is agreed to.

The question is on agreeing to the amendment of the gentleman from Illinois [Mr. GRAHAM] as amended.

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. GRAHAM of Illinois. Division, Mr. Chairman.

The committee divided; and there were—ayes 30, noes 77.

So the amendment was rejected.

Mr. EDMONDS. Mr. Chairman, I move that the committee do now rise and report the bills back to the House with favorable recommendation.

The CHAIRMAN. The gentleman from Pennsylvania moves that the committee do now rise and report the several bills back to the House, one with an amendment and one without amendment, with the recommendation that the amendment be agreed to, and that the bills as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House, reported that that committee, having under consideration bills on the Private Calendar, had directed him to report back to the House two bills, one with an amendment and one without amendment, with the recommendation that the amendment be agreed to, and that the bills as amended do pass.

Mr. EDMONDS. Mr. Speaker, is it parliamentary to move the previous question on both bills?

The SPEAKER. No. That must be done separately.

SALE OF CERTAIN LANDS IN LOUISIANA.

Mr. EDMONDS. Then I move the previous question on the bill H. R. 2866.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

A bill (H. R. 2866) authorizing the Secretary of the Interior to sell and patent to parties named herein certain lands in Louisiana.

The SPEAKER. The question is on the motion for the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

RELIEF OF CERTAIN LIBERTY LOAN SUBSCRIBERS.

Mr. EDMONDS. Mr. Speaker, I move the previous question on the bill H. R. 5775.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

A bill (H. R. 5775) for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. GRAHAM of Illinois. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Illinois moves to recommit the bill. The Clerk will report the motion.

The Clerk read as follows:

Mr. GRAHAM of Illinois moves to recommit the bill to the Committee on Claims, with instructions to that committee to report the same back forthwith with the following amendment: Insert the word "stockholder" after the word "director," in line 24, page 2.

Mr. EDMONDS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. EDMONDS. If the House were to adjourn now, would this bill be up to-morrow morning, the previous question having been ordered?

The SPEAKER. The Chair recollects that by unanimous consent it was agreed that to-morrow nothing should be taken up except bills unobjected to.

Mr. EDMONDS. Then I move the previous question.

Mr. WINGO. That was fixing the general order of business.

The SPEAKER. Of course, it would regularly come up on claims day.

Mr. WINGO. This bill belongs to a general class.

Mr. MONDELL. If the previous question were ordered, if there were not a special order, the bill would be the unfinished business to-morrow?

The SPEAKER. It would not.

Mr. MONDELL. Does the special agreement interfere with the consideration of a bill which is the unfinished business?

The SPEAKER. The agreement or order was that bills on the Private Calendar to which no objection is made should be in order for consideration on Saturday. The Chair thinks this bill would be in order to-morrow.

Mr. WINGO. That simply makes them in order. That does not exclude anything else. They all belong to the same general class.

Mr. EDMONDS. Mr. Speaker, I understand the previous question has been ordered on the bill to final passage.

The SPEAKER. Not on the motion to recommit.

Mr. EDMONDS. I think I moved the previous question. I move the previous question on the motion to recommit.

The SPEAKER. The gentleman from Pennsylvania moves the previous question on the motion to recommit.

The previous question was ordered.

ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 6152. An act to authorize the construction of drawless bridges across a certain portion of Charles River, in the State of Massachusetts; and

H. R. 8477. An act to extend the time for the construction of a bridge across the Choctawhatchee River, near Caryville, Fla.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 1072. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

SENATE JOINT RESOLUTION REFERRED.

Under clause 2, Rule XXIV, Senate joint resolution of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. J. Res. 132. Joint resolution to provide for the continuance of certain Government publications; to the Committee on Printing.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. SPEAKS, for three days, on account of important business.

To Mr. STRONG of Pennsylvania, for a few days, on account of illness.

ADJOURNMENT.

Mr. EDMONDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 59 minutes p. m.) the House adjourned until to-morrow, Saturday, November 5, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

256. Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury, transmitting statement of customs refunds made by the Treasury Department during the fiscal year ending June 30, 1921, together with volumes 38 and 39 of the Treasury Decisions; to the Committee on Expenditures in the Treasury Department.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. COLTON, from the Committee on the Public Lands, to which was referred the bill (S. 561) to grant citizens of Washington and Kane Counties, Utah, the right to cut timber in the State of Arizona for agricultural, mining, and other domestic purposes, reported the same without amendment, accompanied by a report (No. 463), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SNYDER: A bill (H. R. 9018) to fix the time when patents in fee for Indian allotments shall become effective; to the Committee on Indian Affairs.

By Mr. ARENTZ: A bill (H. R. 9019) to provide for the erection, equipment, and maintenance of a hospital for the Paiute Indians at Yerington, Nev.; to the Committee on Indian Affairs.

By Mr. MACGREGOR: A bill (H. R. 9020) to amend the act of May 22, 1896, entitled "An act to authorize the Secretary of War and the Secretary of the Navy to make certain disposition of condemned ordnance, guns, and cannon balls in their respective departments"; to the Committee on Military Affairs.

By Mr. SPROUL: A bill (H. R. 9021) to permit the city of Chicago to acquire real estate of the United States of America; to the Committee on Public Buildings and Grounds.

By Mr. KLINE of Pennsylvania: Joint resolution (H. J. Res. 220) proposing an amendment to the Constitution of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON: A bill (H. R. 9022) granting a pension to Henrietta Rawn; to the Committee on Invalid Pensions.

By Mr. BEEDY: A bill (H. R. 9023) for the relief of Alvah B. Doble; to the Committee on Military Affairs.

By Mr. CROWTHER: A bill (H. R. 9024) granting an increase of pension to James A. Crowley; to the Committee on Pensions.

By Mr. KNUTSON: A bill (H. R. 9025) granting an increase of pension to Helen Bunt; to the Committee on Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 9026) granting a pension to Edith Wetherell; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 9027) granting an increase of pension to Nancy E. Byans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9028) for the relief of Calloway Lay; to the Committee on Military Affairs.

Also, a bill (H. R. 9029) granting a pension to Robert Bales; to the Committee on Pensions.

By Mr. ROSE: A bill (H. R. 9030) granting an increase of pension to Martha Cox; to the Committee on Invalid Pensions.

By Mr. WALSH: A bill (H. R. 9031) granting a pension to Mary A. S. Butman; to the Committee on Invalid Pensions.

By Mr. WOODYARD: A bill (H. R. 9032) granting a pension to Laura B. Burdett; to the Committee on Invalid Pensions.

By Mr. WURZBACH: A bill (H. R. 9033) for the relief of Miles A. Chancey; to the Committee on Claims.

Also, a bill (H. R. 9034) granting a pension to Lina Real; to the Committee on Pensions.

Also, a bill (H. R. 9035) granting a pension to C. M. Middleton; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2942. By the SPEAKER (by request): Resolution adopted by the Board of Aldermen of New York City urging that November 11 be set aside as "Armistice Day" and that it be observed generally as a day of thanksgiving by the citizens of New York City; to the Committee on the Judiciary.

2943. By Mr. FREEMAN: Petition of Daniel P. Dunn and 700 others, of Windham County, second congressional district of Connecticut, urging Congress to take steps to collect the principal and interest of money due us from Europe; to the Committee on Ways and Means.

2944. By Mr. KAHN: Petition of residents of California, protesting against the passage of the Sheppard-Towner maternity bill (S. 1039); to the Committee on Interstate and Foreign Commerce.

2945. By Mr. KISSEL: Petition of William J. Coombs, of Brooklyn, N. Y., urging a sales tax; to the Committee on Ways and Means.

2946. Also, petition of the Duriron Co. (Inc.), of Dayton, Ohio; to the Committee on Ways and Means.

2947. Also, petition of the Stetson Shoe Co. (Inc.), of New York City, relative to tax on Cuban sugar; to the Committee on Ways and Means.

2948. By Mr. LINTHICUM: Communication from the Maryland Car Wheel Co. and the Tidewater Portland Cement Co., of Baltimore, Md., registering objection to proposed increase of maximum income surtax from 32 to 50 per cent; also communication from the V. R. Payne Co., of Baltimore, Md., desiring tax of 5 cents per pound on carbonic acid gas eliminated; to the Committee on Ways and Means.

2949. Also, petition of William G. Nolting, of Baltimore, Md., opposing termination of embargo on foreign dyes; to the Committee on Ways and Means.

2950. By Mr. MOORE of Virginia (by request): Resolutions of F. N. Kerr and others, of the eighth congressional district of Virginia, protesting against any further increase in taxes on medicinal alcohol; to the Committee on Ways and Means.

2951. Also (by request), petition of E. G. Arnold and other citizens of Alexandria, Va., protesting against the passage of the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2952. By Mr. SPROUL: Petition of 316 citizens of the third congressional district of Illinois, requesting the defeat of the so-called Penrose bill and the collection of $10,000,000,000 principal and interest owed to the United States by foreign Governments; to the Committee on Ways and Means.

2953. By Mr. WOOD of Indiana: Resolution adopted by members of Council No. 9, Sons and Daughters of Liberty, all of Whiting, Ind., relative to disarmament; to the Committee on Foreign Affairs.

SENATE.

SATURDAY, *November 5, 1921.*

(Legislative day of Friday, November 4, 1921.)

The Senate reassembled at 10 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Kenyon	New	Swanson
Brandegee	Keyes	Newberry	Trammell
Cameron	Ladd	Nicholson	Walsh, Mass.
Capper	Lenroot	Oddie	Walsh, Mont.
Curtis	McCumber	Overman	Warren
Dillingham	McKellar	Page	Watson, Ga.
Fernald	McKinley	Phipps	Watson, Ind.
France	McNary	Sheppard	Willis
Harris	Moses	Smoot	
Heflin	Myers	Spencer	
Jones, Wash.	Nelson	Sterling	

The VICE PRESIDENT. Forty-one Senators having answered to their names, a quorum is not present. The Secretary will call the names of the absentees.

The names of the absent Senators were called, and Mr. NORBECK, Mr. POINDEXTER, and Mr. REED answered to their names.

Mr. CUMMINS, Mr. CARAWAY, Mr. HARRISON, Mr. LA FOLLETTE, Mr. JONES of New Mexico, and Mr. BURSUM entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 2003. An act for the relief of Hubert Reynolds; and

H. R. 2866. An act authorizing the Secretary of the Interior to sell and patent to parties named herein certain lands in Louisiana.

PETITIONS AND MEMORIAL.

Mr. TOWNSEND presented a petition of the Catholic Study Club, of Detroit, Mich., praying that the conference on limitation of armaments be open to public knowledge and criticism and that its chief business may be the limitation of armaments, which was referred to the Committee on Foreign Relations.

He also presented 228 petitions and letters, telegrams, etc., in the nature of petitions, of sundry church organizations and citizens of Flushing, Muir, Manchester, Evart, Leland, Northport, Grand Rapids, Woodland, Hayland, Leighton, Sandstone, Akron, Detroit, Springport, Marion, Muskegon Heights, Isabelle, Algonac, Royal Oak, Buckley, Nashville, Dryden, Kalamazoo, Marine City, Reed City, Sheridan, Cadillac, Flint, Farwell, Grand Haven, Stanton, Mendon, Saginaw, Riverdale Parish, Lennon, Flushing, Swartz Creek, South Lyon, Dearborn, Bath, South Bath, Hadley, Grant, Owendale, Gladwin, Ionia, Clare, Deckerville, Owendale, Jackson, Holt, Trenton, Wyandotte Heights, Ann Arbor, Memphis, Port Huron, Marne, Charlotte, Richland, Cheboygan, Concord, Howell, Buchanan, South Haven, St. Joseph, Big Rapids, Pellston, Sparta, Muskegon, Bay City, White Hall, McBain, Whitmore Lake, Eagle Township, Tekonsha, Grand Ledge, Bristol, Battle Creek, Fremont, Coopersville, Brown City, Almont, Wayne, Shaftsburg, Henderson, Belding, Montrose, Shelby, Monroe, Lansing, Imlay City, Vermontville, Cedar Springs, Fowler, Caledonia, Sand Lake, Auburn, Decatur, Owosso, Rollin, Napoleon, Millington, Vernon, Laurium, Coldwater, Burr Oak, Alpena, Mayville, Manchester, Monroe County, Traverse City, Saline, Ionia County, St. Joseph County, Adrian, West Branch, Lapeer, Plainwell, Hudson, Colon, Manton, Jasper, Shepherd, Dundee, Constantine, Schoolcraft, Pontiac, Stanwood, Camden, Orion, Gregory, Parma, Springport, Holton, Saugatuck, Alma, Vanderbilt, Wellston, Fife Lake, Vassar, Grand Blanc, Lachine, Avoca, Benzonia, Marquette, Marlette, Merrill, Livingston County, Lake Odessa, Tecumseh, and Edmore, all in the State of Michigan, praying for the immediate enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. JONES of Washington presented memorials of sundry citizens of Montesano, Aberdeen, Copalis, Milton, Elma, and Hoquiam, all in the State of Washington, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. CAPPER presented resolutions adopted by the Methodist Sunday School, of Delphos, and the Methodist Episcopal Sunday School, of Hoxie, both in the State of Kansas, favoring the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on the 4th instant they had presented to the President of the United States the enrolled bill (S. 2447) to authorize the construction of a bridge across Pearl River between Meeks Ferry and Grigsbys Ferry and between Madison County, Miss., and Rankin County, Miss.

BILL INTRODUCED.

Mr. FLETCHER introduced a bill (S. 2683) to amend an act entitled "An act to promote export trade, and for other purposes," approved April 10, 1918, which was read twice by its title and referred to the Committee on Interstate Commerce.

NATIONAL ASSOCIATION OF COMMISSIONERS OF AGRICULTURE.

Mr. FLETCHER submitted the following resolution (S. Res. 167), which, with the accompanying papers, was referred to the Committee on Printing:

Resolved, That the report of the proceedings of the fifth annual meeting of the National Association of Commissioners of Agriculture, held at Chicago, Ill., November 10 to 12, 1919, be printed as a Senate document.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed a joint resolution and bill of the following titles:

On November 2, 1921:

S. J. Res. 114. Joint resolution accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922.

On November 5, 1921:

S. 2425. An act granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal postoffice building, and for other purposes.

DEATH OF TAKASHI HARA, PRIME MINISTER OF JAPAN.

Mr. LODGE submitted the following resolution (S. Res. 168), which was considered by unanimous consent and unanimously agreed to:

Whereas the Senate has heard with deep regret the announcement of the sudden death of His Excellency Takashi Hara, prime minister of Japan, by the hand of an assassin: Be it

Resolved, That the Vice President be requested to express to the Government of Japan and to the representatives of the Japanese Government now in Washington the profound sympathy of the Senate of the United States in the loss of this distinguished statesman of Japan and in the sorrow which his untimely death has brought to the Japanese people.

HOUSE BILLS REFERRED.

The following bills were each read twice by title and referred as below indicated:

H. R. 2003. An act for the relief of Hubert Reynolds; to the Committee on Claims.

H. R. 2866. An act authorizing the Secretary of the Interior to sell and patent to parties named herein certain lands in Louisiana; to the Committee on Public Lands and Surveys.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the vote whereby, on page 126, the amendment incorporating section 258 was agreed to be reconsidered.

Mr. McCUMBER. There is no objection to that, Mr. President.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin that the vote by which section 258, on page 126, was adopted be reconsidered? The Chair hears none, and the vote is reconsidered. The question recurs on agreeing to the amendment.

Mr. LA FOLLETTE. I offer the following amendment to the amendment.

The VICE PRESIDENT. The Secretary will state the amendment to the amendment.

The READING CLERK. On page 126, line 13, before the word "That" it is proposed to insert the letter "a" inclosed in parentheses; and on page 126, after line 20, to insert three new subdivisions, as follows:

(b) Every person owning (1) any obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal farm loan act of July 17, 1916; or (3) the obligations of the United States or its possessions; or (4) bonds issued by the War Finance Corporation shall, in the return required by this title, submit a statement showing the number and amount of such obligations, securities, and bonds owned by him and the income received therefrom, in such form and with such information as the commissioner may require.

(c) The commissioner shall make a report to Congress on the first day of each regular session, showing in detail the aggregate amount of such obligations, securities, and bonds held by taxpayers, and the interest received therefrom, classified (under rules and regulations prescribed by the commissioner with the approval of the Secretary) according to (1) the character of the obligations, securities, and bonds, and (2) the net incomes of the taxpayers.

(d) If any person fails to comply with the provisions of subdivision (b) there shall be added as part of the tax, in addition to all other penalties provided by law, a penalty of 5 per cent of the amount of the tax.

Mr. LA FOLLETTE. Mr. President, I think everyone recognizes the fact that tax-exempt securities, not only those issued by the Federal Government but those issued by the State governments and by the municipalities within the State governments, afford a shelter to wealth from taxation. We are asked to reduce the surtaxes on incomes paying more than $66,000 a year to the fortunate possessors of those incomes, because, as it was said again and again, the taxation of wealth to the amount named in the existing law as applicable to incomes of $66,000 a year and more led the owners of such incomes to invest in tax-exempt securities in order to escape such taxation.

Mr. President, it is a fundamental principle of any just system of taxation that wealth shall pay its proportionate share of the burdens of government. The fact that the Federal Government and various State governments have issued these tax-exempt securities affords wealth an opportunity to

escape paying its just share by making its investments in securities that are free from taxation under existing law. The object of this amendment is to enable us to determine for statistical purposes the amount of these tax-exempt securities. There has been a good deal of speculation as to the volume of tax-exempt securities in this country. The amount of such securities has been variously stated as $14,000,000,000 and as $18,000,000,000, and some estimates place the total at $20,000,000,000. It has been said in the course of this debate that tax-exempt securities are being issued at a rate approaching $1,000,000,000 a year. Surely, if taxes in support of the Government are to be based upon the principle that the owner of wealth shall bear his proportionate share, there must be some check upon the opportunities to invest in tax-exempt securities, and at least we ought to know what is being done in that regard. The purpose of this amendment is simply to inform us of the facts.

It is proposed by the amendment which I have offered that every person owning tax-exempt securities in making his income-tax return shall list his securities that are exempt from taxation. The amendment further provides that it shall be the duty of the Commissioner of Internal Revenue to report to Congress those who have invested their accumulations in that class of securities. It seems to me that that is a wholesome provision. I believe that the country is entitled to know what citizens are bearing the burdens of taxation and those who are escaping their just share of the burdens of taxation.

The Treasury experts inform me that compliance with this amendment will not be too great an undertaking for the Treasury Department. It will impose some additional labor upon the Government. These returns will be called for upon a separate slip, they will be returned separately, and those returns can be easily classified. I believe that for every consideration this amendment ought to be adopted, and I ask for a vote upon it.

I do not wish to prolong the discussion. I ask for a vote upon the amendment and for a roll call upon it, Mr. President.

The VICE PRESIDENT. The question is upon the amendment offered by the Senator from Wisconsin to the amendment of the committee, upon which the yeas and nays have been requested.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. I transfer that pair to the senior Senator from Ohio [Mr. POMERENE], and will vote. I vote "yea."

Mr. WALSH of Montana (when his name was called). I inquire if the Senator from New Jersey [Mr. FRELINGHUYSEN] has voted?

The VICE PRESIDENT. He has not.

Mr. WALSH of Montana. I have a pair with that Senator, which I transfer to the Senator from Nevada [Mr. PITTMAN], and will vote. I vote "yea."

The roll call was concluded.

Mr. HARRIS. I transfer my pair with the junior Senator from New York [Mr. CALDER] to the junior Senator from South Carolina [Mr. DIAL], and will vote. I vote "yea."

Mr. HEFLIN. My colleague [Mr. UNDERWOOD] is paired with the senior Senator from Massachusetts [Mr. LODGE].

Mr. STANLEY. I transfer my pair with my colleague, the junior Senator from Kentucky [Mr. ERNST], to the junior Senator from Rhode Island [Mr. GERRY], and will vote. I vote "yea."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS];

The Senator from Illinois [Mr. MCCORMICK] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from Connecticut [Mr. MCLEAN] with the Senator from Montana [Mr. MYERS];

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS];

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH]; and

The Senator from Minnesota [Mr. KELLOGG] with the Senator from North Carolina [Mr. SIMMONS].

The result was announced—yeas 38, nays 11, as follows:

YEAS—38.

Ashurst	Johnson	Moses	Stanley
Borah	Jones, Wash.	Newberry	Swanson
Capper	Kenyon	Nicholson	Townsend
Caraway	Ladd	Norbeck	Trammell
Cummins	La Follette	Overman	Walsh, Mass.
Harreld	Lenroot	Page	Walsh, Mont.
Harris	McCumber	Reed	Watson, Ga.
Harrison	McKellar	Sheppard	Willis
Heflin	McKinley	Smoot	
Hitchcock	McNary	Spencer	

NAYS—11.

Brandegee	Curtis	New	Poindexter
Bursum	France	Oddie	Watson, Ind.
Cameron	Keyes	Phipps	

NOT VOTING—47.

Ball	Fernald	McCormick	Shortridge
Broussard	Fletcher	McLean	Simmons
Calder	Frelinghuysen	Myers	Smith
Colt	Gerry	Nelson	Stanfield
Crow	Glass	Norris	Sterling
Culberson	Gooding	Owen	Sutherland
Dial	Hale	Penrose	Underwood
Dillingham	Jones, N. Mex.	Pittman	Wadsworth
du Pont	Kellogg	Pomerene	Warren
Edge	Kendrick	Ransdell	Weller
Elkins	King	Robinson	Williams
Ernst	Lodge	Shields	

So Mr. LA FOLLETTE's amendment to the amendment of the committee was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the vote by which section 257, page 125, was agreed to be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. LA FOLLETTE. With that section pending before the Senate, I offer the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 125, strike out lines 2 to 25, both inclusive, and lines 1, 2, and 3 on page 126, and insert in lieu thereof the following:

SEC. 257. That when the returns of any person shall be made as provided in this title, the returns, together with any correction thereof which may have been made by the commissioner, shall be filed in the Treasury Department, and shall constitute public records and be open to inspection as such under the same rules and regulations as govern the inspection of public records generally.

On page 126, line 10, after the word "addresses," insert "and amount of income," so as to make the paragraph read:

The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the names and the post-office addresses and amount of income of all individuals making income-tax returns in such district.

Mr. LA FOLLETTE. The two amendments really ought to be considered together, and I think it will save time if they may be considered as one amendment, and without objection I ask that that order be made.

The VICE PRESIDENT. Is there objection?

Mr. MCCUMBER. I have no objection to that, Mr. President.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. LA FOLLETTE. The purpose of these two amendments, Mr. President, is to insure publicity with respect to all returns regarding taxation. I believe, sir, that absolute open publicity is a cardinal principle to which we must adhere if democracy is to be perpetuated. That principle is one which is generally regarded as a fundamental in practically all of the affairs pertaining to our Government. We print a CONGRESSIONAL RECORD here day by day, because the people of this country have a right to know how they are being served by their representatives.

Mr. President, we have a general statute that all the records of the Government shall be public records, and it is only as that statute has been modified in the interest of particular individuals and particular classes that we have forsaken the prin-

ciple of publicity with regard to tax returns made to the Federal Government. In nearly every State we find written upon the statute books that the records of the State government shall be open to public inspection; but, Mr. President, for some reason or other, in somebody's interest, we have hedged about the returns on taxes provisions of secrecy with regard to those returns.

In whose interest has that been done? What underlies it? What is it for? Why is it that there is written into the statutes a provision that no one may learn what the tax returns of the owners of great incomes are unless he obtain a special permit from the President? There can be no reason for it, Senators, excepting the purpose to shelter tax dodgers. Never was a deadlier blow struck at the life of real democracy than the insertion of a provision into our statutes that taxpayers should be shielded and protected in tax evasions. That is all those provisions are for. They can have no other purpose.

Let me say to Senators here to-day that they do not serve even interest of property when they stand by provisions of that sort in the law, for I maintain that the security of property rests upon property bearing its fair share of taxation. Mr. President, it requires no argument to prove that statement; it is written large in the long history of the struggle with wealth to make it pay its just share of the burdens of government.

My friend from New Hampshire [Mr. MOSES] thinks that this bill is a bill to "soak the rich." This bill, as I view it, Mr. President, will untax wealth and exempt the rich from taxation.

Mr. MOSES. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. I yield.

Mr. MOSES. I think I have said in the Senate that the bill was drawn under the inspiration of the alluring slogan "soak the rich," and if it has failed in its purpose, it is not my fault.

Mr. LA FOLLETTE. Let my friend from New Hampshire possess his soul in peace. It does not fail of its purpose. When we began framing revenue legislation to meet the obligations imposed upon this Government by war, we began to write into that legislation provisions which allow wealth to escape its fair share of the tax burden.

Take any of the provisions with respect to deductions, and trace them through the laws of 1917 and 1918 down to the provisions of this law, and there will be found a constant effort toward enlargement of the exemptions and the deductions. They multiply again and again. These particular sections contain some curious provisions. I have on my desk an analysis of this bill prepared by a tax expert, taking up one after another 47 different pages of this bill in which side doors are opened through which wealth slips this way and that way to evade meeting its obligations.

Mr. MOSES. Mr. President, of course the Senator is well aware that that is the fault of all legislation that is drawn upon the theory which has accompanied the framing of this bill. Whenever legislation of any kind is drawn to permit an exempted class any privileges the pressure always is to enlarge the circle.

Mr. LA FOLLETTE. Absolutely.

Mr. MOSES. It is not unique in this measure. It is the fault of legislation of that character.

Mr. LA FOLLETTE. It is not unique in this particular, if the Senator will permit an interruption, excepting that from 1917 down to this time the ingenuity of man in devising ways to enlarge the opportunities for exemption and exceptions seems to have gone to the limit.

Mr. MOSES. If the Senator will permit me further, is it the Senator's contention that under the amendment he is now discussing the exposure of tax returns will result in an improvement of the situation through the pressure of public opinion, or does he think that by inspection individuals in some manner may begin an action, or does he think that there will be an accumulated body of facts upon which remedial legislation may be based?

Mr. LA FOLLETTE. It is my belief that it is a fundamental proposition of government that all matters pertaining to the Government should be open to the inspection of the public, and I believe that when applied to tax returns it will work a very great reform, in spite of the provisions which have been written into the tax laws by Congress making the way easier for wealth to escape its share of taxation. I do not just at this moment remember whether the Senator from New Hampshire was here when we passed the tax law of 1918, as it is called.

Mr. MOSES. I was.

Mr. LA FOLLETTE. Then the Senator will remember that there were a large number of provisions in that bill which were called "cushion provisions." They were worked out with a view of making it easy for wealth.

Mr. MOSES. Is the Senator now maintaining that those cushions have been enlarged in the present bill to feather-bed size?

Mr. LA FOLLETTE. Indeed they have. There has been no restriction; there has been further enlargement of the gaps through which wealth may escape the taxing power of the Government.

Mr. MOSES. May I ask the Senator another question? In the event of the adoption of the Senator's amendment are we not going to find an inspection of these records made constantly by mere seekers after information, curiosity mongers who will want to inspect the records for no other purpose than to find out how much property his neighbor has?

Mr. LA FOLLETTE. It may be possible. There may be something in that, but I think every man has a right to know what his neighbor pays in the way of taxes. I think that is fundamental if we are to have the principle adhered to of supporting Government equal in that each man shall support the Government in proportion to his ability to pay. I do not think we can leave it to the individual to say whether he is doing his part or not. We tried that in my own State. We allowed the railroads to assess themselves from 1854 down to about 1903 or 1904, when we succeeded in getting some change in that legislation. We allowed them under a license system to fix the amount they would return for taxation. They did it under oath, it is true, but there grew up a general belief that they were not making an honest return and an investigation was made. I do not mean to impugn the motives of a railroad executive making his returns any more than men can generally be brought under criticism when the thing is done in secret.

Mr. JOHNSON. Mr. President——

Mr. LA FOLLETTE. Pardon me just a moment, and I shall be glad to yield to the Senator.

It was found that the most exemplary presidents of railroad companies of Wisconsin were committing perjury once a year in making their tax returns. Legislation was passed permitting an inspection of their books, and it was shown that they had covered up their taxes and had not honestly returned them. Thereafter we forced them into settlement, so that they paid large sums of money into the treasury of the State.

Mr. President, I repeat, we can not leave these matters to the individual conscience of the taxpayer. I do not pretend to explain the psychology that governs this situation. I am not here to say that wealth is a crime and that poverty is a virtue, but I am just here to say that human nature is human nature, and you can not leave it to men to say what their taxes shall be.

Why, sirs, we have built up under this system of taxation since the war came on a science for evading taxation. The responsibility for this wrong rests with Congress. We offered them the opportunity; we opened the way. We wrote into the tax bill these cushion provisions, these trapdoor provisions, these side chutes through which wealth to the sum of hundreds and hundreds of millions of dollars escaped taxation.

I beg the Senator's pardon. I yield to the Senator from California.

Mr. JOHNSON. I wish to suggest to the Senator that under the tax laws of many of the States individuals are required to present on a particular date the property which may be assessed against them and upon which taxes are levied against them. In those assessment blanks the law requires the taxpayer to present a list of all his property. He files that blank in the assessor's office. I am speaking of some of the systems of taxation in vogue. Those assessment forms, containing a statement in detail of the taxpayer's property, are matters of public record open to the inspection of anybody. Now, if that is so in the States, upon what theory do we make a different rule in the Nation?

A wag said the other day, though, of course, I would not dare subscribe to any such thing, that the title of the pending bill ought to be changed to read "An act to permit the dishonest to cheat the Government." That may be in line with what has been suggested by the Senator from Wisconsin.

Mr. LA FOLLETTE. I think every Senator upon the floor familiar with the provisions of law of his own State will bear out the statement of the Senator from California, former governor of his State. And, as he suggests, this proposition does not contain any new or startling principle. Many States have

recognized the justice of making the returns upon property a matter of public record. It is high time that the Federal Government should recognize that principle with regard to income-tax returns. Upon what theory, sir, are we throwing the cloak of secrecy upon the tax returns of individuals of great wealth in this country? Are we to take the position that the ownership of property carries with it an immunity from investigation and inquiry?

Mr. President, to my mind there is not a sound argument which can be made against this amendment. I venture to say that if this proposition were submitted to a referendum it would be overwhelmingly supported by the people of this country. The principle that taxes should be levied in proportion to ability of the individual to pay has been so generally accepted that it needs no argument here; but, sir, if a veil of secrecy is to be thrown about tax returns that principle can never be enforced.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER (Mr. NEW in the chair). Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. I yield with great pleasure.

Mr. SIMMONS. I think the subject the Senator is discussing is one that ought to receive very serious consideration in the Senate. While he was discussing this matter a little while ago it occurred to me to examine the statement filed by the committee with reference to the amount of taxes from different sources——

Mr. LA FOLLETTE. Permit me to say a word to the Senator from Indiana [Mr. WATSON], who is suggesting that the reason I want these returns made public is to inflame the public mind. Mr. President, we can not inflame the public mind unless some wrong has been done. The purpose of the amendment is to get the truth, and nothing but the truth, before the public. We have a right to do that, I will say to the Senator from Indiana.

Mr. WATSON of Indiana. After the Senator from Wisconsin concludes——

Mr. LA FOLLETTE. The discussion interrupted us.

Mr. SIMMONS. I am perfectly willing the Senator from Indiana shall say now what he desires to say.

Mr. WATSON of Indiana. I shall take the floor when the Senator from Wisconsin has concluded.

Mr. SIMMONS. I was about to call the attention of the Senator from Wisconsin to the statement made by the committee with reference to the several sources of taxes for revenue for this fiscal year and the next fiscal year. In that statement one of the items from which we expect to get revenue is back taxes, income and personal. The amount expected from this source for the year 1922 is $230,000,000 and the amount estimated for the fiscal year 1923 is $300,000,000. The total income taxes, personal and corporate, for 1923 are estimated to be $1,290,000,000. So that the back taxes for that year would be about one-fourth of the total income taxes for the whole year. My understanding is that those back taxes are expected to be collected as the result of the auditing of returns, increasing the amount of the tax due by the taxpayer to the extent of $300,000,000 for the fiscal year 1923. I should like to hear the Senator's view as to the effect of the alleged secrecy he was discussing in making and protecting these returns upon the accuracy of the returns.

Of course, I understand that many of these inaccuracies, which are ultimately corrected and result in a higher tax, are the result of innocent mistakes; but does the Senator from Wisconsin think any considerable amount of them is the result of deliberation and that that deliberation has been more extensive in its effects upon the revenue by reason of the fact that the returns are to be secret rather than public? I am not committing myself to the views of the Senator at all; but I do think that it is a question that deserves discussion and consideration, and I am glad the Senator is discussing it.

Mr. LA FOLLETTE. I thank the Senator from North Carolina. I am glad the Senator has directed my attention to that particular matter.

Mr. SIMMONS. I should like to have some light upon that point. It is a very remarkable statement.

Mr. LA FOLLETTE. It is a remarkable statement.

Mr. SIMMONS. The amount collected as the result of the audit of these accounts is about one-fourth of the total estimated income from those two sources, corporate and individual income taxes.

Mr. LA FOLLETTE. Mr. President, the Senator from North Carolina will find the same situation in regard to inheritance taxes. I want to say to the Senator that there has been little change since the enactment of the income tax law. We gather somewhat more revenue than we did; we get somewhat more of a return from property that escaped taxation than we did before the enactment of the income tax law, but the evasions are enormous. One only needs to make such a superficial study to disclose the most extraordinary state of affairs in that respect.

Great estates, for instance, that have undergone transfer have so juggled their property as to escape inheritance taxes. I am coming to that in connection with another amendment which I am going to offer; but regarding the income taxes, the manner in which they have fallen off in recent years is not explained altogether by the fact that tax-exempt securities offer an opportunity to escape taxation. That plays a part, but not so important a part as has been made to appear in the course of this debate. The Senator from North Carolina, himself a member of the Committee on Finance, will remember that Secretary of the Treasury Mellon said that the importance of the tax-exempt securities, as bearing upon the shrinkage in revenue, had been exaggerated. He pointed out that there were other methods of evading taxation that very much exceeded those that were offered by the tax-exempt securities.

One thing should be remembered in connection with this matter, and that is, that the control of industry is a matter of tremendous moment to men of large wealth. They organize industrial combinations for the purpose of mastering the market in each particular line of production. It is not possible for them to withdraw their capital——

Mr. SIMMONS. Mr. President, if the Senator from Wisconsin will pardon me, I want to say in addition, referring to the observation just made a few moments ago by the Senator, that I have been very much impressed, and very unfavorably impressed, by the threat that has been made in connection with this bill, both in the Committee on Finance and on the floor of the Senate, that if we taxed certain people in this country, certain organizations, as high as we thought they ought to be taxed in order that they might be made to contribute their reasonable pro rata share of the expenses of the Government, the taxes we imposed would not bring the result we anticipated, because the taxpayer would evade the taxes. It has been made an argument here upon the floor of the Senate why we should not impose these just taxes, that if we did impose them the taxpayer would find means to evade and to escape and to defeat the purpose of the legislation.

Mr. LA FOLLETTE. Mr. President, the Senator calls attention to the threat that has been made that wealth defies the Government; that it will not pay its share of the burdens of government, and well he may since the Secretary of the Treasury has laid it down as a proposition that we can not make wealth pay; that we might as well accept the fact that we must establish a system of taxation that will make the people pay; that wealth will not bear its share. That is the declaration from the head of the fiscal department of this Government, and in my opinion a man who holds such views should be retired from his office.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, the Secretary of the Treasury said, speaking to the committee, that numerous schemes had been concocted and devised and worked out by which these taxes could be defeated and would be defeated. If we have reached that point where the Government, because its hands are tied or for some other reason, because of inefficiency, possibly, is not able to thwart the schemes of men who deliberately and dishonestly set about to override and defeat and circumvent the law, we ought to try to devise by legislation means to help out our weak, feeble, and inefficient administrative officials.

Mr. WATSON of Indiana. Mr. President, will the Senator permit an interruption?

Mr. LA FOLLETTE. The Senator from North Carolina has made an admirable statement not only of the position taken by the Secretary, into which I shall go more fully later, but of the obligation that rests upon the Congress. This issue can not be evaded. It will be carried to the people of this country; it will be one of the dominant issues that the supporters of this tax bill will have to meet on the platform and before the people—Shall the wealth of this country escape taxation? Are the American people helpless? Are they to be defied? I say no, and for one I challenge the position of the Secretary of the Treasury. He also stated that there are a multiplicity of devices that wealth may employ to escape taxation. I shall bring his testimony to the attention of the Senate before this debate is concluded.

Mr. SIMMONS. I think he mentioned 15 or 20 of them, although I am not quite sure about that.

Mr. LA FOLLETTE. Oh, yes; he said there are dozens of ways by which wealth could get out of paying its share. The challenge has been made, and, for one, I take it up, and before this bill has been many months upon the statute books it shall be understood by the people that this bill embodies that theory, and that this Secretary who has had an important part in the modeling of this bill is an exponent of the theory that wealth can not be made to bear its just share. Wealth can not be taxed—that is the declaration——

Mr. SHORTRIDGE. Who makes such a declaration?

Mr. LA FOLLETTE. The Secretary of the Treasury.

Mr. SHORTRIDGE. Where does he make it?

Mr. LA FOLLETTE. He made it in the testimony before the Committee on Finance.

Mr. SHORTRIDGE. Why does not the Senator, then, point it out?

Mr. LA FOLLETTE. Oh, I will point it out; possess your soul in patience for a little while.

Mr. SHORTRIDGE. "Upon the heat and flame of your distemper sprinkle cool patience."

Mr. LA FOLLETTE. Never mind Shakespeare; he is a little bit out of place in this discussion. [Laughter.]

Mr. SHORTRIDGE. Do not look at me——

Mr. LA FOLLETTE. I can not help looking at the Senator; he projects himself up into the landscape.

Mr. SHORTRIDGE. I am in the purer air, the clearer atmosphere.

Mr. LA FOLLETTE. Yes; I have no doubt that the Senator thinks he is in a clearer atmosphere.

Mr. SHORTRIDGE. I did not mean to be offensive.

Mr. LA FOLLETTE. The Senator can not be.

Mr. SHORTRIDGE. If the Senator will pardon me, I was prompted——

Mr. LA FOLLETTE. If the Senator had been in his seat and had heard me state that the Secretary of the Treasury had given testimony before the committee and that I proposed to submit it, he would have been willing to wait a moment, I think.

Mr. SHORTRIDGE. I will wait in all patience until the Senator makes his statement.

Mr. LA FOLLETTE. I hope the Senator will. I shall not only make it good, but I shall make it more than good.

Mr. SIMMONS. Mr. President, I wish to ask the Senator—and I did not follow him, perhaps, accurately—did the Secretary, or did he not, advise that we refrain from certain taxes because of these evasions?

Mr. LA FOLLETTE. He advised that we not only cut the surtaxes down to 32 per cent, but he said we had better cut them down to 25 per cent——

Mr. SIMMONS. Exactly.

Mr. LA FOLLETTE. Because wealth will not pay. We will collect more—that is what it meant—we will collect more at 25 per cent than we will at 32 per cent. There is no question about what he said. I will read his testimony. The Senator from California is anxious that I should take it up a little sooner than I had intended. I was coming to it in an orderly way.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LA FOLLETTE. I yield.

Mr. REED. Not only was the suggestion made that the taxes should be reduced in many respects, but the chief reason advanced was that more money would be raised by a lower tax than by the present rates.

Mr. LA FOLLETTE. Yes; because they would not stand the higher tax; they would not pay it.

Mr. REED. Oh, yes; they had devised means that would enable them to beat the law, or the purpose of the law.

Mr. LA FOLLETTE. Yes.

Mr. SIMMONS. Mr. President, my recollection is that the inquiry was made whether they would invest their money in tax-free securities, and the Secretary's answer was, "Yes; and in other ways." I do not remember how many he named. He did, I think, specify them by numbers.

Mr. REED. Mr. President, I can remember one. He told of some gentleman, I think he said a friend of his, who had invested a large amount of money in land——

Mr. LA FOLLETTE. Oh, yes; in coal properties.

Mr. REED. Properties that he expected and intended to have lie dead, useless, for many years, and to pay only a small part of the price, and give——

Mr. WATSON of Indiana. Mr. President, why would it not be better, if the Senator from Wisconsin will permit me, and the Senator from Missouri, to read the Secretary's statement, rather than to put interpretations upon it before it is read, and let it speak for itself before we interpret it?

Mr. REED. Why would it not be better for the Senator to let me finish my statement?

Mr. WATSON of Indiana. I beg the Senator's pardon.

Mr. REED. One of the devices was to buy these properties, give notes for nearly all of the purchase price, and then deduct the interest on the notes from the income. I have had occasion to comment on that statement.

Mr. PENROSE. Mr. President, if the Senator will permit me, I do not want to interject myself into this controversy, but I do not hesitate to state that the Secretary of the Treasury will be entirely willing to stand by any statement he has made; that he stated fundamental truths, admitted by every economist and student of these questions, and with a mind undistorted by hysteria or swayed by demagogism; and any statement that he has made before the Finance Committee—and I think I heard all of them—he will doubtless be willing to repeat or reaffirm anywhere that the occasion may call for.

Mr. LA FOLLETTE. Why, of course, he will, Mr. President. It is not necessary for the chairman to interject his comment about demagogism into this debate on every occasion simply because he has no other answer to argument It does not advance the cause that he stands for with the American people. He had better sit in his seat than to do that.

Mr. President, I am here prepared with the statements. If Senators are so anxious to have them in advance of the time when I was going to present them, they can have them now.

Upon this point—that is, the point upon which I am talking—I wish to quote the testimony of Secretary of the Treasury Mellon before the Finance Committee on September 8, 1921. In discussing the loss of revenue from large incomes, he says—now, I am quoting his exact language——

Mr. OVERMAN. Mr. President, I think this testimony ought to be heard. I suggest the absence of a quorum. There are very few Senators in their seats.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Borah	Harrison	Moses	Shortridge
Brandegee	Heflin	Myers	Simmons
Bursum	Hitchcock	Nelson	Smoot
Cameron	Johnson	New	Spencer
Capper	Jones, N. Mex.	Newberry	Swanson
Caraway	Jones, Wash.	Nicholson	Trammell
Culberson	Kenyon	Norbeck	Wadsworth
Cummins	Keyes	Oddie	Walsh, Mont.
Curtis	King	Overman	Warren
Fernald	Ladd	Page	Watson, Ga.
France	La Follette	Penrose	Watson, Ind.
Frelinghuysen	Lenroot	Phipps	Weller
Gerry	McCumber	Poindexter	Willis
Gooding	McKellar	Pomerene	
Hale	McKinley	Reed	
Harris	McNary	Sheppard	

Mr. GERRY. I desire to announce that the Senator from Massachusetts [Mr. WALSH] is absent on official business.

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present.

Mr. LA FOLLETTE. Mr. President, I have just turned to the testimony of Secretary Mellon as taken by the Committee on Finance, on September 8, 1921. He discussed the loss of revenue from large incomes, and I will now state Secretary Mellon's views upon this subject:

> Generally what is referred to as the chief factor is the investment in tax-free securities.

That is, he had been discussing the chief factor of the loss of revenue from the incomes in the higher brackets, where they paid higher surtaxes. I repeat that:

> Generally what is referred to as the chief factor is the investment in tax-free securities. That is not so. The investment in tax-free securities is a large factor, but it is not the leading factor. There are many other methods.
>
> For instance, from my knowledge of incomes in business, etc., of individuals, I do not know among them any who to any large extent invest in tax-free securities, for the reason that they have not the free cash with which to do it. They are generally people who are in industrial line of business, and they have to carry on their business, and they need their capital. They can not get it out to invest it in tax-free securities. I do not think that is the largest item.

Mr. President, that supports what I said a few moments before the interruption, that these masters of our industrial organizations will not withdraw their capital from the control of the industries of this country to put it into tax-exempt securities which pay 4 or 5 per cent. It is another class, it is another type, that invests in that sort of securities, and I shall try to reach

them by an amendment which I am going to ask the Senate to vote upon a little later.

Men like Morgan, men of that type, who organized the United States Steel Corporation, organized the Beef and Food Trusts of this country, as have the packers, are not pulling out the capital invested in those businesses to put into tax-exempt securities which pay 5 per cent, or 4½, or even 6 per cent. The mastery of the business, the control of their lines of industry, mean immense returns upon the capital invested. It is not figured by a meager percentage, and Mr. Mellon is absolutely right about that. That is not the chief source. But listen to what he says:

But if you take a man who may have an income of three or four hundred thousand dollars a year, or a larger amount, he can do so many things. He can divide up his property with his wife and his children.

He is now pointing out how wealth can defy the laws enacted to make it bear its proportionate share of the burdens of government. He knows the game. He has studied it.

I continue my quotation from his testimony. I repeat that last sentence:

He can divide up his property with his wife and his children, and that cuts his brackets down because his income is less, and he does not pay the high surtax.

Congress says he shall pay a certain tax upon his income. Mr. Mellon says that he can evade that obligation which Congress puts upon him. He can do it in many ways which Mr. Mellon points out, and this is one of the ways. Then, going a step further, he said:

Or he can make trusts for his children and those to come after him and part with his property, with a trust that accumulates for them, and therefore he is relieved; he immediately drops from the higher surtax down to the lower surtax.

There are dozens of plans. It is shown and proved in the result in the department, where you see that the number of higher surtax people are dropping down and the revenue is going down.

There is not a suggestion as to how it shall be met. He continues:

There are so many of these different ways that I know of that have not been actually availed of.

He had thought out some ways that nobody had yet availed himself of.

Mr. SIMMONS. He said there were dozens, did he not?

Mr. LA FOLLETTE. He said there were dozens of ways he knew about that the other fellows had not gotten on to yet. That is his testimony. He gives an example:

For instance, I know of a man who has a large income, a very high income. He invested in a piece of real estate. It was coal property. It cost about $4,000,000. The reason he invested in that was that he considered that at some time in the future it would have greater value and that perhaps at that time in the future there would not be the same surtax or high tax rate, and in the meantime it would be increasing in value.

He knew that this propaganda had been on, of course, to make Congress forbear on these higher incomes; to force Congress to compromise and take off part of the surtaxes. He went on to say:

He was using his money in other directions, but he bought that property on a payment of a comparatively small amount down. He made a payment of $200,000 down and then a payment of $200,000 a year running each year for 10 years, and at the end of the 10 years he would pay the balance or the bulk of the purchase money. He paid 6 per cent interest on the money.

That was the effect of his large surtax. In that instance he paid somewhere about 65 per cent. The interest at 6 per cent was deductible from his income, and therefore the Government paid 60 per cent of his 6 per cent interest. In other words, the Government carries the payment of that interest for the time and he goes free to the end of the time and pays off his property and he can sell it then and make his profit, and if there is not a large tax at that time he is that much ahead.

But the point is that in the meantime the Government has relieved him. Instead of paying 6 per cent he is paying 2½ per cent to carry that property, because the interest he pays is deductible from income, and he gets that deduction which relieves him to that extent.

Senator REED. He does not work his coal field?

Secretary MELLON. No; it is just standing there.

Senator REED. Why could not that be reached by a proper clause in the law?

Secretary MELLON. That could be reached—

Now, mark this—

but you can keep on putting proper clauses in and reaching something and then something else. That is just one instance. There are all kinds of ways, and the people who resort to them are within their rights in doing it. They avoid taxes by making investments. It is human nature, and you can not change human nature.

In plain language the Secretary revealed that the loss of revenue in the form of taxes on men of great wealth was not due to the fact that they have transferred their investments to tax-exempt securities but was instead the result of deliberate and cunning tax dodging.

You will note that the Secretary admits that these methods of tax dodging which he describes could be prevented by appropriate legislation, but he does not recommend the enactment of such legislation, because he believes that other methods of evasion will be invented. I assume he believes that, and give him the benefit of it.

Mr. REED. He said so.

Mr. LA FOLLETTE. That attitude, if carried throughout the field of legislation, would mean the end of law and the beginning of anarchy. It would mean that wherever we find an individual or corporation strong enough or cunning enough to evade a law, that law should be repealed, or made so ineffective in its restrictions that the violator would not object to its existence; and that is the course that has been pursued in the framing of this bill.

There has not been any attempt made, as the bill was reported, to meet these evasions. There has not been any attempt to go after these men who betray their obligations to the Government. Such an attitude amounts, in my opinion, to lawlessness. I can not understand how men of great wealth who, with the advice of lawyers and tax experts, devise cunning plans to defeat the intent of legislation, differ either in kind or in degree from petty criminals who evade or violate laws of less consequence to the Government.

I propose to offer some amendments that will in part, and I hope in large measure, remedy some of the defects in this legislation.

I am unable to understand the attitude of a high Government official who regards such evasion only as an argument for weakening the law, who after all is responsible for the proposal to make enormous and unprecedented reduction in supertaxes. There seems to be no doubt that the responsibility may be squarely placed upon the Secretary of the Treasury, who is himself credited with being one of the richest men in the country. It was he who recommended to the House committee that supertaxes should be reduced to 25 per cent and that this loss of revenue should be compensated for by an increase in various taxes which fall upon the entire body of citizens, such, for example, as his proposed 1-cent increase in the postal rates, for that is one of the propositions he submitted.

Mr. SIMMONS. That would raise $70,000,000.

Mr. LA FOLLETTE. Yes; it would raise $70,000,000 out of the people. Finally, by the time the bill reached the Finance Committee of the Senate, and after the treatment that his suggestion had met with in the House, he had learned a little discretion and did not press it with vigor before the Senate Committee on Finance.

In order that there may be no question about Secretary Mellon's ideas on this subject, let me quote from his testimony before the Senate Committee on Finance on September 8, 1921, and this, Mr. President, is something to which I invite the attention of all Senators on the floor. Here is a declaration from the head of the fiscal department of the Government as to how all the revenues of government shall be raised. I believe that his declaration in this behalf has been overlooked by other Senators; at least I have not heard in the debate any reference made to it. I think it should be written in letters that shall be so livid that they will fix and hold the attention of all the people of the United States. I think it would explain many things with respect to the soldiers' adjusted compensation legislation and the form in which we are told it is to finally be offered to the Congress of the United States.

In order that there may be no question about Secretary Mellon's ideas upon the subject of how the revenue of the Government shall be raised, let me quote from his testimony before the Senate Committee on Finance on September 8, 1921. The Senator from California, who was so ambitious to hear this testimony, seems to have disappeared from the floor. He has not been present during any of the time I have been reading it, and I took it somewhat out of order in the discussion as I have planned it because he called for it.

Mr. KENYON. Which Senator from California?

Mr. LA FOLLETTE. The junior Senator from California [Mr. SHORTRIDGE].

I repeat, in order that there may be no question about Secretary Mellon's ideas upon the subject, let me quote from his testimony before the Senate Committee on Finance on September 8, 1921, hearings, page 159.

Senator WATSON. Then you think that 25 per cent surtax is the point at which we would get the most revenue and do the least harm?

Secretary MELLON. I think this, that 25 per cent will bring more revenue than the higher rate will.

Taken in connection with his former statement, that means that wealth will not pay if we put on the higher rate. They will dodge it. He went on to say:

The situation is not generally understood; and to recommend a lower level than that would not be fully understood. But I believe that a lower level would in the course of a year or two years be more productive than 25 per cent.

Through dickers and deals for the time being the rate has been raised from 32 up to 50 per cent. I do not know how long it will stay there.

Mr. SIMMONS. Mr. President, I wish to say to the Senator in connection with his suggestion that he did not know whether this scheme had been discussed, that both the Senator from Missouri [Mr. REED] and myself have discussed on the floor of the Senate somewhat at length the Mellon scheme of raising this large amount of money that we need.

Mr. LA FOLLETTE. Yes; but I undertake to say that the Senator——

Mr. SIMMONS. Of course, not in such detail as the Senator is giving.

Mr. LA FOLLETTE. Whatever the Senator has discussed was discussed more forcefully than I could. However, I think I am coming to some testimony of Secretary Mellon that has been wholly overlooked and upon which I am anxious to have not only the attention but the views of the Senator from North Carolina when I shall have laid it before the Senate.

Mr. SIMMONS. I wish to say that I am delighted that the Senator is elaborating the Mellon view of raising money to run the Government.

Mr. LA FOLLETTE. It should be remembered, Senators, and it seems to me we ought all of us to remember, that more important than the phraseology of any law are the views of the man who administers that law. The wisest lawgiver of all time could not write to-day a body of statutes to perpetuate a perfected democracy. Through all time it would be left to each generation to fight, no matter how perfect the laws may be upon the statute books, for the honest administration of those laws to carry out the spirit that is back of them.

Keep this in mind. I am giving the views of the Secretary of the Treasury of the United States, the man whose recommendations must have great weight with the President of the United States when he writes his messages upon a fiscal policy, the man into whose hands the Congress of the United States commits the administration of every law that it writes with respect to the finances of the Government. What are his views with respect to how the burdens of Government should be borne?

What does he believe should be the theory governing our taxation system? In the first place, he thinks 25 per cent should be the maximum surtax.

I believe a lower level would in the course of a year or two years be more productive than 25.

The CHAIRMAN. Mr. Mellon, did you recommend this lower rate to the Ways and Means Committee?

Secretary MELLON. I did.

The CHAIRMAN. I did not remember that.

Secretary MELLON. Yes, sir; that rate was recommended beginning January 1, 1922.

The CHAIRMAN. They made a higher rate?

Secretary MELLON. They made it the higher rate.

The CHAIRMAN. When would you advise having this reduction go into effect?

Secretary MELLON. The first reduction was recommended to go into effect the 1st of January, 1921; but 1921 is nearly over, and I would think, under the circumstances, that beginning with January 1, 1922, would be the proper date.

This quotation demonstrates that the Secretary of the Treasury recommended a reduction of supertaxes to a 25 per cent level, retroactive to January 1, 1921, but concluded not to urge the retroactive feature. The quotation also demonstrates that Mr. Mellon believes the supertax rate should be reduced even below the 25 per cent level and presumably will use his influence as Secretary of the Treasury to have the rate still further reduced at the next revision of the revenue law.

Even this quotation, however, fails to give a real picture of the ideas of the present Secretary of the Treasury upon how and where taxes necessary to run the Government should be collected. Let me read another quotation from the testimony given upon the same day, hearings, page 163:

Secretary MELLON. Of course, you can not add a tax on manufactured products without adding the tax to the consumer.

He is discussing a sales tax now.

It goes to the consumer. For instance, all food that is manufactured, you add that tax to all food. Clothing is all manufactured.

He was discussing the tax that some of the Senators voted for as presented by the Senator from Utah [Mr. SMOOT], the manufacturer's sales tax.

For instance—

He says—

all food that is manufactured, you add that tax to all food. Clothing is all manufactured. All items of necessities of life are manufactured, and that tax is added.

Senators who voted for the proposition presented by the Senator from Utah voted to add so much to the price of the necessaries of life. Here is the testimony of Secretary Mellon to prove it:

Senator SMOOT. They are all sold at retail, too.

Secretary MELLON. That is all very true, but you are specifically adding a tax at the source of production. Now, that is not a good place to put the burden.

Mr. SHORTRIDGE. May I ask the Senator a question?

Mr. LA FOLLETTE. Certainly.

Mr. SHORTRIDGE. The Secretary expressed his opinion, and the Senator from Wisconsin whom I am addressing agreed with the Secretary, did he not, by his vote on yesterday?

Mr. LA FOLLETTE. Oh, I did not agree with the Secretary at all. If the Senator will wait a little while he will see that the Secretary is in favor of raising all revenue by a sales tax. I do not agree with the Secretary. Oh, no.

Mr. SHORTRIDGE. If the Senator will pardon me for just a moment, I understood him to read from the testimony to the effect that the Secretary argued that placing a so-called sales tax on the manufacturer would go on down to and rest upon the consumer. I understood the Senator was opposed to that. I recall as of yesterday that the Senator who is speaking voted against that, and I inferred that he quite agreed with the Secretary of the Treasury upon that proposition.

Mr. LA FOLLETTE. Oh, no; the Senator entirely misapprehends my position.

Mr. SHORTRIDGE. I will be very glad to have it explained.

Mr. LA FOLLETTE. The Senator will surely have it explained; I am very glad to explain it to the Senator. The Secretary was just pointing out in the testimony from which I am reading that there can be no misunderstanding about this so-called manufacturers' tax. It may be called what one pleases, but the consumer pays it. That is all the Secretary is saying here. It is just the same as if it is put on at the other end of the line.

Mr. SHORTRIDGE. The Secretary was opposed to that, and was not the Senator opposed to it?

Mr. LA FOLLETTE. I will show the Senator, if he will wait for a little while, that the Secretary of the Treasury wanted to raise every dollar of taxes from this kind of a tax. That, I think, is most reprehensible.

Mr. SHORTRIDGE. He might be wrong——

Mr. LA FOLLETTE. I was just simply approaching it.

Mr. SHORTRIDGE. But what I am objecting to, if it be objecting, are the terms used in characterizing the views of the Secretary. He may be in error, but I would not impute evil to him. That is what prompted me to make the interruption.

Mr. LA FOLLETTE. Of course, I am not questioning the motives of the Secretary; I am simply pointing out his point of view, his cast of mind. I say that from my point of view one who looks at the fiscal policy of the Government of the United States from his point of view is unfit to administer it. The Senator from California and I can not possibly have any controversy about that.

Mr. SHORTRIDGE. I do not object when we——

Mr. LA FOLLETTE. I am not questioning that every man has a right to his point of view. I merely think it is bad public policy to have at the head of the Treasury Department a man who has such views as expressed in the testimony which I have read from Mr. Mellon. That is my idea.

Mr. SHORTRIDGE. Will the Senator indulge me in the expression of just one other thought?

Mr. LA FOLLETTE. With great pleasure.

Mr. SHORTRIDGE. The Secretary of the Treasury has great power under the law, but he can not make the law.

Mr. LA FOLLETTE. Oh, no; that is true.

Mr. SHORTRIDGE. I appreciate what the learned Senator said a moment ago, that those who administer the law may color or discolor it, dependent upon their point of view, but it seems to me the Senator exalts the Secretary of the Treasury and makes him a ruler of this Nation, whereas Congress has the power to make the laws and to see to it that they are enforced.

Mr. LA FOLLETTE. Certainly.

Mr. SHORTRIDGE. It occurs to me that the Senator attributes to the Secretary of the Treasury too much power.

Mr. LA FOLLETTE. Perhaps so; in the Senator's point of view that may be so; but it is not so from my point of view. I do not know of any business concern in this country that inaugurates a policy that should control that business and then install an executive to carry out that policy who was opposed to it. Can the Senator from California conceive of that being done by any business concern?

Mr. President, it is well known, it is well understood, and everybody must agree, it seems to me, that it is possible for an executive to administer a law, no matter how carefully it may

be drawn, in such a manner that the law will fail of its purpose. That is my point of view, and I will undertake to say that the Senator from California would not put in charge of a business in which he had a financial interest a man who was opposed to the ideas he had as to how that business should be conducted.

Now, I should like to get this statement before the Senate if I can. In order to have it connected I am going to begin back a little bit, quoting from Secretary Mellon's testimony:

Secretary MELLON. Of course, you can not add a tax on manufactured products without adding the tax to the consumer. It goes to the consumer. For instance, the food that is manufactured, you add that tax to all food. Clothing is all manufactured. All items of necessities of life are manufactured, and that tax is added.

Senator SMOOT. They are all sold at retail, too.

Secretary MELLON. That is all very true, but you are specifically adding a tax at the source of production. Now, that is not a good place to put the burden.

Senator SMOOT. You want to put it on the consumer?

SECRETARY MELLON. Well, you had better put it equitably on the consumer than to put it there, because then it goes on at the time when the article goes into consumption and it is more direct.

I wonder if Senators get the real significance of that? It seems to me that Secretary Mellon was a little afraid that the manufacturer might pay some of the tax; that it might not all be carried on to the consumer; and, in view of what he says a little later, I think it is pretty clear that he wants the consumer to pay the tax in full and that the manufacturer shall not, as a manufacturer, bear any part of it. Listen:

Senator WATSON. Of course, the sales tax goes directly to the consumer, and it is paid by him and manifestly that is the very object of it.

Senator DILLINGHAM. But every manufacturer who has been before us has said that he passes his tax on to the consumer; every one of them invariably has said that.

Senator REED. And add a profit to it?

Secretary MELLON. It could not be otherwise. It must go that way.

Senator SMOOT. So I do not think there would be 1 per cent of the manufacturers of the United States that would object to it.

Naturally there would not be if they did not pay any of it.

Secretary MELLON. I think this—

Now, listen:

Secretary MELLON. I think this, that the ideal system of taxation, if it could be inaugurated, if you could do away with all of the other taxes and make an equitable tax on all turnovers—all sales of real estate, goods, wares, and merchandise, everything, it would spread the burden of taxation as much as it can be spread, with the exception of some taxes like excise taxes on tobacco and places peculiarly adapted for taxation, and then you would have the ideal system; but it would be a mistake to piece up the system of taxation to bring in new methods of imposing taxes at a time like this.

There you have it. There are the views of the man who is at the head of the Treasury Department of this Government, upon whose views the fiscal policy of this administration is to be based.

Mr. REED. Mr. President, if the plan were to be adopted which the Secretary suggested, what then would become of the gentleman of whom he spoke who takes $4,000,000 and puts it into coal lands and does not turn it over at all?

Mr. LA FOLLETTE. Mr. President, it has been a part of the settled plan back of the sales-tax propaganda which has been going on for two or three years to wipe out all income taxes and all other taxes now upon the statute books and to substitute therefor a turnover sales tax. That has been the plan.

The Senator from Utah started in with a scheme that was going to yield $3,000,000,000. He talked about it in the committee from day to day. He found a rising tide of opposition against it, and he began to pare it down. It was practically defeated over in the House, largely under the leadership of a Member of Congress from Wisconsin, Representative FREAR; and gradually the Senator from Utah, who was its spokesman and champion, has been retrenching, cutting down on the proposition, until finally it became the meager thing that we saw presented here, in the hope, I believe, that if the principal could be introduced it could be expanded. Now we are to have it tied up with the bonus legislation in the hope that the generosity, the admiration, and the devotion of the people of this country to their soldiery may be put behind it and thus get it upon the statute books.

Senators, from early Roman times down to date, whenever the sales tax has been applied by any government it has utterly failed. This is not a new scheme; it did not originate with the Senator from Utah; it is nearly as old as government itself. It has been the device of governments that were in desperate financial straits. It is interesting to review its history. I had prepared in some degree to take it up and discuss it, but I could see no purpose in entering upon that debate, for I felt very confident that the Senate was going to reject it, as it did by an overwhelming vote. But, Mr. President, if it is to be tied up to the soldiers' compensation legislation, it must receive a more thoroughgoing treatment.

Mr. SIMMONS. Mr. President, at this point I want to direct the attention of the Senator from Wisconsin to the significant fact that one of the conditions of the abridged proposition of the Senator from Utah was that the tax he proposed to raise from consumption was to be substituted for a 5 per cent additional tax that the Senate had already voted upon corporations.

Mr. LA FOLLETTE. Yes, indeed; that is true, Mr. President. It has been hooked up variously, first this way and then that. The Senator from Utah was willing to do almost anything with it in order to help it along.

Mr. SIMMONS. The provision cutting down the corporation income tax that we had already voted was so irrelevant to the purposes of the sales tax that it could not have been put in there except because of the desire of the author to see that the corporations got a benefit of at least $314,000,000 from this consumption tax.

Mr. LA FOLLETTE. I think that is very patent, Mr. President.

Now, I want to come back and beg the attention of the Senate to the particular amendment that is before the Senate.

Mr. REED. Mr. President, I do not want to let the matter pass without having it emphasized. The Senator from Wisconsin read a statement from the Secretary of the Treasury to the effect that all taxes should be paid on turnover or sales. I asked him the question: If the taxes were raised in that way, what would become of the tax dodger who went out and invested, as the Secretary said he had known of being done, $4,000,000 in a piece of coal land, intending to hold it indefinitely? The Secretary said that was one of the devices being employed. Why could not that device prosper exceedingly under a tax which reached only sales? The sales would not occur at all for long periods of years. Money could be planted in that way and held free from taxes for a vast number of years, and then, of course, some plan could probably be found to sell the property without making any great profit.

Mr. LA FOLLETTE. I see that, Mr. President.

Mr. REED. The very plan for dodging taxes which the Secretary suggested would find no better opportunity to flourish than under the very plan of taxation of which he told us.

Mr. LA FOLLETTE. Mr. President, I want to bring back the attention of Senators now to the pending amendment. It is:

That when the returns of any person shall be made as provided in this title, the returns, together with any correction thereof which may have been made by the commissioner, shall be filed in the Treasury Department and shall constitute public records and be open to inspection as such under the same rules and regulations as govern the inspection of public records generally.

With respect to public records generally, any citizen can go and ask to inspect the record, and is entitled to do so; but we have modified the law in that respect with regard to the returns upon Federal taxes so that it is only through special favor that anybody can get any information whatever about returns.

Mr. President, I want just briefly and hurriedly—I do not want to take too much time—to bring to the attention of Senators the history of this as it has worked out heretofore.

We had an income tax during the war period in the sixties. It is very interesting. There was no secrecy provision in the income-tax laws of the sixties as we have in the income-tax laws of to-day. They were all open to inspection, and an agitation was started with regard to having the returns of the payers of income taxes published in New York.

Horace Greeley, editor of the Tribune, interested himself very greatly in the matter, and wrote some editorials on that subject that are very interesting. I want to read just a short extract from one of them, published in 1866, because some results followed the agitation that were very beneficial to the Government. It showed that there was a large evasion, and that a publication of the income-tax returns instituted a very considerable reform that was of very great benefit to the Government.

Here is a very short editorial by Horace Greeley in the New York Tribune of May 24, 1866:

The Evening Post has a Washington dispatch which says: "The Committee on Ways and Means have agreed to an amendment of the tax bill providing that lists of income shall not be published nor furnished for publication, but they shall be open to private inspection at the office of the collector.

You see, the tax evader was busy then, just as he is busy now, getting this thing introduced into the law and that thing introduced into the law in order that he may escape paying his taxes.

This editorial goes on to say:

We would like to believe this untrue. We believe that publicity given to the returns of income submitted by individuals to tax gatherers has already put millions of dollars into the Treasury and gone far toward equalizing the payments of the income tax by rogues with that of

honest men and saved thousands from being imposed upon and swindled by false pretenses of solvency and wealth, made on purpose to incur debts preordained never to be paid. The knaves who sought credit on assumption of wealth belied by their returns of incomes, of course, hate publicity given to those returns; but why should any honest man seek to pass for any more (or less) than he is worth?

My, that is refreshing stuff; is it not? We have gotten so far away from that that you would almost think that that is a quotation from the Bible; but that was written by Horace Greeley in 1866.

Listen:

The poke-nose permission to peep privately into the returns nullifies every excuse for interdicting their publication. If a thing is fit to be known at all, it should be accurately known, not only to those who may take special pains to become acquainted with it but to each and all.

In another editorial, on January 26, 1865, the New York Tribune says:

We learn that the publishing of the list of income-tax payers in this city, against which there has been so much absurd outcry, is likely to prove beneficial to the revenue as well as to the consciences of some of our "best citizens." Already, as we understand, considerable sums have been returned to the assessors and paid to the collectors by persons who have discovered "errors" in their original returns of incomes since the publication of the lists referred to, and assessors have received valuable information in reference to the incomes of some gentlemen who should but have not yet amended their returns. The penalties for false or fraudulent returns are, first, an assessment of double the amount sought to be evaded, and, second, a fine not to exceed $1,000, or imprisonment not exceeding one year, or both, at the discretion of the court. It is presumed that all persons who on reading the printed lists discover that they have made mistakes in their returns of their annual "gains, profits, or incomes," would be able to adjust any little difference between themselves and the Public Treasury with greater facility by calling voluntarily upon the assessors of their respective districts than by taking the risk of being waited upon by those officers.

There were repeated attempts to prohibit publicity of the income-tax returns; but they were unsuccessful until 1870, when tariff and internal-revenue legislation was pending, bringing in more money than the Government needed; and in 1870, when the fight for secrecy of returns finally succeeded, the number of returns, and presumably the amount of tax paid, decreased more than 20 per cent.

The statistics published by the Internal Revenue Bureau are such that comparisons in all the classes of incomes taxed are not possible, but a comparison of the returns of those reporting incomes over $2,000 is almost conclusive.

In 1870, when the returns were published, the number showing incomes over $2,000 were 94,887. In 1871, when publicity was prohibited, the number fell to 74,000—that is, from 94,000 to 74,000; then to 72,000 in 1872, and this in spite of the fact that, as shown by individual bank deposits, bank clearings, and so forth, 1871 and 1872 were more prosperous years than 1870. Similarly in North Carolina, when the income-tax returns under the State law were published by the Hon. Josephus Daniels in his paper, the News and Observer, the tax collections immediately more than doubled.

With the secrecy of returns, it is impossible to collect the tax efficiently without an extravagantly expensive army of revenue agents and the creation of a system of espionage that would be extremely distasteful to the American people.

When the junior Senator from Utah [Mr. KING] was arguing very forcibly and eloquently a few days ago against the creation of more collection districts, I could not help thinking that that situation could be admirably met by simply having publicity with respect to these tax returns. You could cut down your force of inspectors and field agents. You could cut off this bureaucratic system of espionage to an immense degree if there were publicity of tax returns. It would correct much of this evil.

Then you would get rid of another thing. I do not know whether Senators have had their attention called to the fact that at the present time one of the important officers of the Treasury Department is under arrest for having something to do with a bribe.

Mr. KING. And abstracting some of the records.

Mr. LA FOLLETTE. Yes; and he is accused of having abstracted some of the records. The details of the case I have not looked into, but I know that occasionally something of that sort comes to the surface. If you could have publicity with regard to tax returns, you would take away the incentive, you would put men on guard, you would make them more careful about making their returns. No man would dare to make a false return if he knew that the amount of his return was to be published.

Mr. HITCHCOCK. I think on that point there is another danger, if it is not an evil. I do not know that it is an evil, but I think it is a danger. There is vested in the hands of the Commissioner of Internal Revenue an enormous power to compromise and settle cases. During the last few years the amount of back taxes collected approximate six or seven hundred thousand dollars a day, and the estimate is now for from two hundred to three hundred million dollars. That represents a large number of cases which are compromised, settled, and adjusted under the Commissioner of Internal Revenue and his assistants. I think that enormous power has been, for the most part, wisely exercised, a power to settle cases greater than most of the courts of this land possess; but there is always the danger of favoritism on the one side and extortion on the other, and publicity would to some extent do away with the danger.

Mr. LA FOLLETTE. Mr. President, I entirely agree with the Senator from Nebraska, and I feel as though the situation calls for somewhat plainer speaking.

We might just as well face this thing as it is. There is a limit to the integrity you can maintain in the public service in the face of enormous temptation. A Senator on this floor a few days ago said to me, with regard to the enforcement of the prohibition laws, that in his own State his one best friend, who had been his strongest political supporter for many years, a man with as high integrity as that of any man with whom he had been associated, a man in whom he had every confidence, who had been given one of the important positions in the enforcement of prohibition, had made $200,000 in a little over two months out of his position, and that Senator said to me, "If the lid were taken off with regard to the corruption which exists to-day in connection with the enforcement of the prohibition statutes, it would horrify the country, and might provoke a revolt."

Mr. President, the same is true with respect to the enforcement of our tax laws. We need not flinch this thing, or try to smooth it over with nice phrases about the law being administered with fairly good results. The record itself shows that the law is not enforced. The merest novice looking at the returns knows perfectly well that the whole business is honeycombed with crookedness and subterfuge and evasion.

Take the inheritance-tax laws. There is no question about that, not a particle. All you have to do is to make a list of the estates of people who died worth more than $10,000,000 in 1921, 1919, and 1918 to know that those laws are being evaded.

Mr. President, I want to call attention to a few serious words said by former President Harrison. As a young man, I was in public life when he was President. I think he was a very able man.

Former President Harrison appeared before the Union League Club in Chicago on the 22d of February, 1898, and delivered an address on the obligations of wealth. I had been making an address in the State of Wisconsin, starting in 1897, making the same appeal, and I published those two addresses together in parallel columns, and went before the people of my State to exculpate myself from the charge which had been made against me, by the stand-pat Republicans of that State, that I was an anarchist and a socialist because I wanted the corporate property of Wisconsin to pay taxes at the same rate as was imposed on the owners of homes, and farms, and factories, and stores.

I want to quote just a few lines from former President Harrison's remarkable address. These words are just as vital and throbbing with life to-day as when they fell from his lips more than 20 years ago:

We live in a time of great agitation, of a war of clashing thoughts and interests.

We had just come out of the Spanish-American War. Ex-President Harrison continued:

There is a feeling that some men are handicapped; that the race is sold; that the old and much vaunted equality of opportunity and of right has been submerged. More bitter and threatening things are being said and written against accumulated property and corporate power than ever before. It is said that, more and more, small men, small stores, and small factories are being thrown upon the shore as financial drift; that the pursuit of cheapness has reached a stage where only enormous combinations of capital, doing an enormous business, are sure of returns.

He said again:

The great bulk of our people are lovers of justice. They do not believe that poverty is a virtue or property a crime. They believe in an equality of opportunity and not of dollars. But there must be no handicapping of the dull brother and no chicanery or fraud or shirking. If our plan of taxation includes notes and bonds and stocks they must be listed. The plea of business privacy—

Which you may hear on this floor in opposition to my amendment—

has been driven too hard. If for mere statistical purposes we may ask the head of the family whether there are any idiots in his household and enforce an answer by court process, we may surely, for revenue purposes, require a detailed list of his securities.

Why not publicity with regard to his income returns, which I am asking for in this amendment? Do you think you can make

opposition to that kind of a proposal and stand up before the citizens of any State in this Union when you get a chance to argue it out with them face to face? I tell you you can not. He continues:

> The men who have wealth must not hide it from the tax gatherer and flaunt it on the street. Such things breed a great discontent. All other men are hurt. They bear a disproportionate burden. A strong soldier will carry the knapsack of a crippled comrade, but he will not permit a robust shirk to add so much as his tin cup to the burden.

Said former President Harrison to the Union League Club, of Chicago, a Republican organization:

> The special purpose of my address to-day is to press home this thought upon the prosperous, well-to-do people of our communities and especially of our great cities, that one of the conditions of the security of wealth is a proportionate and full contribution to the expenses of the State and local governments. It is not only wrong but it is unsafe to make a show in our homes and on the street that is not made in the tax returns.

I wish to perpetuate these words and carry them to the people of the country. They ought to live as a part of our moral standard of citizenship. Again, former President Harrison said:

> It is a part of our individual covenant as citizens with the State that we will, honestly and fully, in the rate or proportion fixed from time to time by law, contribute our just share to all public expenses. A full and conscientious discharge of that duty by the citizen is one of the tests of good citizenship. To evade that duty is a moral delinquency, an unpatriotic act * * * I want to emphasize, if I can, the thought that the preservation of this principle of a proportionate contribution, according to the true value of what each man has, to the public expenditures, is essential to the maintenance of our free institutions and of peace and good order in our communities.

I quote him further:

> Taxes are a debt of the highest obligation, and no casuist can draw a sound moral distinction between the man who hides his property or makes a false return in order to escape the payment of his debt to the State and the man who conceals his property from his private creditors. Nor should it be more difficult to follow the defaulter in the one case than in the other. If our taxes were farmed out to an individual or to a corporation, they would be collected. There would be a vigilant and unrelenting pursuit. The civil and criminal processes of the law would be invoked with effect, just as they were against fraudulent debtors under the bankrupt law.

He paraphrases President Lincoln's startling declaration:

> Mr. Lincoln's startling declaration that this country could not continue to exist half slave and half free may be paraphrased to-day by saying that this country can not continue to exist half taxed and half free.

Mr. President, the falling off of the income tax is not due entirely to an investment of money in other directions. The review of tax returns and the contests that occupy the attention of the Internal Revenue Department from day to day, cited a moment ago, to the amount of—may I ask the Senator from Nebraska [Mr. HITCHCOCK] how many million?

Mr. HITCHCOCK. I think it is approximately $200,000,000 a year, which would be something like $700,000 a day.

If the Senator will permit me, these great transactions are all done in the dark, as though a court were sitting as a tribunal to decide the case in the dark. I do not question the integrity of what has been done, but I say it is a dangerous power to intrust to any public official in secret.

Mr. LA FOLLETTE. The Senator is supported by just what I am reading from former President Harrison. I find another paragraph which I had marked:

> We have too much treated the matter of a man's tax return as a personal matter.
>
> We have put his transactions with the State on much the same level with his transactions with his banker, but that is not the true basis. Each citizen has a personal interest, a pecuniary interest, in the tax return of his neighbor. We are members of a great partnership, and it is the right of each to know what every other member is contributing to the partnership and what he is taking from it.

It is not a private affair. It is a public concern of the first importance.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. LA FOLLETTE. I yield.

Mr. STANLEY. Whether true or false, the air in this Chamber at times has been filled with subtle rumors of efforts to obtain an undue influence over those who have the last secret and final determination of the heavy-tax payer's responsibility to his Government. I wish to ask the Senator if he does not believe in justice to the man who wants to pay his taxes, who is willing to bear his full burden, that this publicity would be a vindication to him if he is wrongly charged with an effort to influence unduly as well as a means of protecting the guilty?

Mr. LA FOLLETTE. Indeed it would, Mr. President, and it seems to me that every man who is honest in making his tax returns, and every Senator who believes in integrity and the taxation principle that each citizen shall bear his share of the burden according to his ability to pay, ought to feel that this amendment offers an opportunity of insuring fairness and vindication to every honest man, as well as a conviction of the guilty tax dodger. No one ought to be ashamed of the amount of income that he has. No one ought to want to conceal it. Unless there is something about the way in which it is derived, unless he is getting more than he feels he can justify on the capital that he has invested, he ought to be glad of the opportunity to put his income, derived from all legitimate investments, upon the record to be seen of all the world and judged by his neighbors in order that every man may know that he at least is discharging to the fullest measure his obligation of citizenship to take care of and support and maintain the Government according to his ability to do so.

Mr. FLETCHER. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Florida.

Mr. FLETCHER. May I ask the Senator if there is any ground for distinction between this publicity as applied to State returns and State taxes and as applied to Federal taxes? For instance, in the State one can go to the tax books and ascertain precisely what each individual pays on real estate and on personal property. It is a public record.

Mr. LA FOLLETTE. Of course.

Mr. FLETCHER. Why should there be a distinction between that and the return which the taxpayer makes to the Federal Government?

Mr. LA FOLLETTE. There certainly should not be. It can not be argued that there ought to be upon any principle, moral or legal. The matter of supporting the Government is an obligation that we owe to municipal governments, to State governments, and to the Federal Government. It rests upon all alike. Each man should shoulder his part of it—the poor bearing their part, the rich bearing their part—and we never can tell whether each man, as President Harrison said, of this partnership of which we are all members in this great Government of ours is doing his full share without knowing what each one is contributing.

Mr. STANLEY. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Kentucky.

Mr. STANLEY. I have never been in favor of a too inquisitorial power going into details of the business of the taxpayer, but there is a vast difference between how far the Government inspector or the Government tax collector shall go in regulating the business of a citizen and determining whether the facts which he ascertains shall be made public or not.

Mr. LA FOLLETTE. Indeed, there is a wide difference.

Mr. STANLEY. There is a wide difference there, indeed. I do not wish to take up the time of the Senator, but many seem to confuse the difference between the inquisitorial powers of a tax collector in ascertaining the facts and the making of his findings public. To give to any bureau of the Government the right to know and to keep the political sins of powerful citizens is to place in the hands of any man who is desirous or ambitious enough to do it an instrument of political blackmail that in times past has been used by men almost as high in office as the President of the United States himself. That is an open secret.

Mr. LA FOLLETTE. I think we are simply inviting the worst form of bureaucracy conceivable.

Mr. STANLEY. And corruption.

Mr. LA FOLLETTE. And corruption going with it. There will come some day a visitation upon this Government that will be appalling in its results if it is not checked. There is no question about what is happening in the departments. The revelations made by the arrest the other day, the whisperings that we hear upon all sides, admonish us that we ought to check this thing. I know of no more effective way than publicity; I know of no better check. It makes the law almost self-administrative. It will limit and cut off the work that the revenue agents and the sleuths and Secret Service men find it necessary now to do.

Mr. President, I am admonished that time is passing. I will submit, Mr. President, this amendment, in so far as I care to argue it up to the present time, to the judgment of the Senate.

Mr. President, I desire to announce at this time that the Senator from Nebraska [Mr. NORRIS] is detained from the Senate on account of illness in his family. If he were present, he would vote for this amendment, and also for the inheritance tax amendment which I shall offer so soon as a vote is had upon this one.

Mr. CURTIS. May the amendment be reported?

Mr. LA FOLLETTE. I think we can save time by not calling for a quorum. I do not care to do that. If the Senate is ready

to vote upon the amendment, I shall ask for a roll call; but if it is to be argued further, I am quite ready to let the argument proceed.

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). The Secretary will state the amendment.

The READING CLERK. On page 125, it is proposed to strike out lines 2 to 25, both inclusive, and lines 1, 2, and 3 on page 126 and insert in lieu thereof the following:

AMENDMENT NO. 1.

SEC. 257. That when the returns of any person shall be made as provided in this title the returns, together with any correction thereof which may have been made by the commissioner, shall be filed in the Treasury Department and shall constitute public records and be open to inspection as such under the same rules and regulations as govern the inspection of public records generally.

AMENDMENT NO. 2.

Page 126, line 10, after the word "addresses," insert "and amount of income."

Mr. KING. May I inquire of the Senator from Wisconsin whether or not the words "filed in the Treasury Department" would compel the filing of the returns in Washington, or would it be sufficient to treat the branches of the department where they are filed as the Treasury Department? I am not sure whether the returns are brought to Washington or are left in the various internal revenue subdivisions of the States where they are filed. I was not quite clear what the Senator from Wisconsin had in mind—whether the returns were to be brought to Washington or left with the agents of the Treasury Department in the various States.

Mr. LA FOLLETTE. I have consulted with the Treasury Department officials here who have been in attendance upon us during the consideration of this legislation and framed the amendment in the form in which I have submitted it. I have drawn it in a slightly different form at the suggestion of Dr. Walker, who believed that it would be easily administered and that it would meet the situation. If the Senator from Utah has any doubt about it, I shall be very glad to receive any suggestion by way of amendment for further clarification. I want the amendment to be effective.

Mr. SIMMONS. I think there can be no doubt about the practice. The returns are made primarily to the collectors of internal revenue. My understanding is that they are then transmitted to the Treasury Department here for the purpose of being investigated and checked up. Therefore, the final repository is the Treasury Department in Washington.

Mr. LA FOLLETTE. I so understood. Now, Mr. President, I ask for a roll call upon the amendment, if the roll call has not already been ordered.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]). In his absence, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. MYERS (when his name was called). The Senator from Connecticut [Mr. MCLEAN], with whom I have a pair, is absent, and I therefore withhold by vote.

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. Being unable to obtain a transfer of that pair, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. HARRIS (after having voted in the affirmative). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the junior Senator from South Carolina [Mr. DIAL], and allow my vote to stand.

Mr. SIMMONS (after having voted in the affirmative). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent on account of illness. I transfer that pair to the junior Senator from Louisiana [Mr. BROUSSARD], and will let my vote stand.

Mr. KENDRICK. I inquire if the Senator from Illinois [Mr. MCCORMICK] has voted?

The PRESIDING OFFICER. The Chair is informed that Senator has not voted.

Mr. KENDRICK. I have a general pair with that Senator, and as I am unable to obtain a transfer, I will be compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. SUTHERLAND (after having voted in the negative). I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Oregon [Mr. STANFIELD], and will let my vote stand.

Mr. HARRISON. I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Ohio [Mr. POMERENE] and will vote. I vote "yea."

Mr. PENROSE (after having voted in the negative). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. I observe that he has not voted. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and permit my vote to stand.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 33, nays 35, as follows:

YEAS—33.

Ashurst	Harrison	La Follette	Stanley
Borah	Heflin	McKellar	Swanson
Capper	Hitchcock	Norbeck	Underwood
Caraway	Johnson	Overman	Walsh, Mass.
Culberson	Jones, N. Mex.	Pittman	Walsh, Mont.
Cummins	Jones, Wash.	Reed	Watson, Ga.
Fletcher	Kenyon	Sheppard	
Gerry	King	Shields	
Harris	Ladd	Simmons	

NAYS—35.

Ball	Keyes	Newberry	Spencer
Brandegee	Lenroot	Nicholson	Sutherland
Bursum	Lodge	Oddie	Townsend
Cameron	McCumber	Page	Wadsworth
Curtis	McKinley	Penrose	Warren
Fernald	McNary	Phipps	Watson, Ind.
Frelinghuysen	Moses	Poindexter	Weller
Gooding	Nelson	Shortridge	Willis
Hale	New	Smoot	

NOT VOTING—28.

Broussard	Edge	Kendrick	Ransdell
Calder	Elkins	McCormick	Robinson
Colt	Ernst	McLean	Smith
Crow	France	Myers	Stanfield
Dial	Glass	Norris	Sterling
Dillingham	Harreld	Owen	Trammell
du Pont	Kellogg	Pomerene	Williams

So Mr. LA FOLLETTE's amendment to the amendment of the committee was rejected.

Mr. WATSON of Indiana and Mr. WATSON of Georgia addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. WATSON of Indiana. Mr. President, under a construction placed upon the terms of the unanimous consent agreement under which we are operating, it appears that the Senator from Wisconsin is entitled to occupy the time until 3 o'clock, that is to say——

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Kansas?

Mr. WATSON of Indiana. I yield, certainly.

Mr. CURTIS. I do not think any Senator who was here last night will contend that to be so. It was distinctly stated upon the other side that, if the agreement was entered into, both sides should have an opportunity to be heard upon the amendment.

Mr. WATSON of Indiana. That is quite true, but I am speaking now of the construction which has been placed upon the agreement, according to my understanding of his interpretation of the rule, by the Senator from Wisconsin. The agreement provides:

> That at 10 o'clock a. m. on said day the Senate will proceed at once to the consideration of amendments that may be proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] and will continue such consideration until the hour of 3 o'clock p. m. unless the amendments are sooner disposed of.

Mr. WATSON of Georgia. Mr. President, I desire to ask the Senator from Indiana a question.

Mr. WATSON of Indiana. I yield.

Mr. WATSON of Georgia. Does the Senator from Indiana think that any such agreement displaces a question of personal privilege?

Mr. WATSON of Indiana. That question is not up to me to decide, I will say to the Senator from Georgia. My judgment is that the unanimous-consent agreement can not be set aside by any question of personal privilege or by any other question. That is my judgment about it, but I am not presiding, and, therefore, am not called upon to decide.

I was about to say when interrupted by the Senator from Georgia—and the question he asked me was quite apart from

what I had in mind to discuss at the moment—that I had intended to take the floor in response to the observations of the Senator from Wisconsin in regard to the last amendment; but that is the second of his six or seven amendments.

I have no desire whatever to interfere with the right of the Senator, if it be a right as he construes it to be, to present the remainder of his amendments. If I were to take the floor, I should be discussing this matter for perhaps an hour, and at the end of that time he would not have an opportunity to discuss his proposed amendments in accordance with what, as I understand, he construes to be the terms of the unanimous-consent agreement.

Mr. BRANDEGEE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Connecticut?

Mr. WATSON of Indiana. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. I want to call the attention of the Senator from Indiana to the language of the unanimous-consent agreement. In relation to the point that he raises, it is this:

> On said day the Senate will proceed at once to the consideration of amendments that may be proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] and will continue such consideration until the hour of 3 o'clock p. m.

It is the Senate that proceeds to the consideration of the amendments of the Senator from Wisconsin; and I do not construe that unanimous-consent agreement to mean that the Senator from Wisconsin is entitled to the floor until 3 o'clock, but that the Senate will continue the consideration of the amendments until that time.

Mr. WATSON of Indiana. Mr. President, I happen to be one of those who were present when the unanimous-consent agreement was first entered into. At that time it was stated that the Senator from Wisconsin had certain amendments that he wanted to present, and that there were two amendments relating to the bonus also to be presented, and the question was how time should be given to present those amendments. I have my own conception about the matter. If I were to take the floor to respond to the Senator from Wisconsin, as I had in mind to do, it would occupy practically the remainder of the time, and several of his amendments could not be presented. I did not construe, when this agreement was entered into, that the Senator from Wisconsin had the right to take the whole five hours, without any right on the part of anybody to respond; but, nevertheless, it has so come about that if I should take this hour to respond, he would not have the privilege of presenting his other amendments.

Mr. LA FOLLETTE. Mr. President, if the Senator will permit me——

Mr. WATSON of Indiana. Certainly.

Mr. LA FOLLETTE. I think I have taken an undue amount of time, Mr. President. I got somewhat diverted from the line of my argument in discussing the testimony of Secretary Mellon, and I did take more time than I intended to take, and I should like to have the Senator from Indiana feel free to take the floor and go right ahead and occupy as much time as he desires to occupy now. I will take care of myself under the 10-minute rule. I understand that I will have an opportunity to offer my amendments even if they have not been presented before 3 o'clock. I have one amendment which I should like to argue at a little more length than I can under the 10-minute rule, but I feel that I have transgressed so much upon the patience of the Senate that I want to give the Senator from Indiana the opportunity to address himself to the subject.

Mr. BRANDEGEE. Mr. President, before the Senator from Wisconsin came on the floor the Senator from Indiana and I were having a colloquy about the construction of the unanimous-consent agreement. I want the Senator from Wisconsin to have all the time that he desires. What I was saying was that under the unanimous-consent agreement the Senate would proceed to the consideration of the amendments that were to be offered by the Senator from Wisconsin, and that that, in my opinion, did not give the Senator from Wisconsin the right to occupy the entire five hours.

Mr. LA FOLLETTE. Oh, no; and I did not intend to do so, Mr. President.

Mr. BRANDEGEE. I do not think the Senator would want it.

Mr. LA FOLLETTE. I do not want to do so, and I am perfectly willing to yield all the balance of the time, if it is desired by other Senators.

Mr. BRANDEGEE. Of course, everybody in the Senate wants the Senator from Wisconsin to have all the time that is necessary to explain all his amendments.

Mr. LA FOLLETTE. I will get along under the 10-minute rule.

Mr. BRANDEGEE. I do not want to say a word about the amendments and do not desire any time at all for myself. I am simply construing the unanimous-consent agreement.

Mr. WATSON of Georgia. Mr. President——

Mr. WATSON of Indiana. Mr. President, I am laboring somewhat under the embarrassment of being granted time to discuss an amendment——

Mr. WATSON of Georgia. I beg to remind Senators on the other side——

The PRESIDING OFFICER. The Chair will state to the Senator from Georgia that the Senator from Indiana has the floor.

Mr. WATSON of Georgia. I thought he had yielded it.

Mr. WATSON of Indiana. I understood that I had the floor and that I had yielded to the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Connecticut [Mr. BRANDEGEE]——

Mr. LA FOLLETTE. That is true.

Mr. WATSON of Indiana. For the purpose of trying to work out this controversy. Am I right in that conjecture, Mr. President?

The PRESIDING OFFICER. The Chair is of the opinion that the Senator from Indiana has the floor at the present time.

Mr. WATSON of Indiana. Mr. President, the amendment that the Senator discussed has been voted on and rejected, and of course it is not now in order for me with any degree of consistency to discuss that particular amendment, because that is gone. That is one of the amendments to which I particularly desired to address myself, largely responding to what the Senator from Wisconsin had to say about the Secretary of the Treasury and his testimony before the Finance Committee.

Mr. LA FOLLETTE. Mr. President, if the Senator will permit me to say so, perhaps it would be more pertinent under another amendment that I will offer later.

Mr. WATSON of Indiana. I shall be very glad to say something at that time, provided the Senator is going to offer the amendment. My views of this whole question are so entirely different and at such strange extremes from those of the Senator from Wisconsin that they can not be worked out in a discussion of a tax question. These views go down to the very fundamentals of government and reach the foundation stones of our society as organized.

The Senator, in accordance with my views of his understanding of things and of his conception of wealth, is against the accumulation of property by the individual. He is one of those who want by means of governmental agencies to redistribute the wealth of the country, to take it from those who have it and bestow it by the operations of government upon those who have it not; to wrest it from the hands of those who have made it and, through governmental agencies, to bestow it beneficially upon those who have not made it. That is at the basis of his theory of taxation. To that I am fundamentally opposed. I believe in the right of individual initiative. I believe in individual endeavor. I believe that the individual capacity must be developed to the highest possible degree in order to call out all that is highest and best in man.

Of course, there must be a system of taxation in the United States, and we provide for such a system in this bill, as we have in all previous bills, to care adequately for the expenses of government; but I do not believe that by any system of taxation we should undertake to establish a new social condition in the United States whereby the results of a man's initiative and his brain and his energy and his managerial capacity should be wrested from him, in order to have those results bestowed upon others who have not thus accumulated and have not thus managed.

The Senator said that the Secretary of the Treasury had made the statement that men of wealth were resorting to this means and that method for the purpose of evading taxation, and that he had condoned the offense. I desire to disagree entirely with that statement of the views presented by the Secretary of the Treasury to the Finance Committee.

The Secretary of the Treasury was being questioned by our committee, being catechized by the various members, when he was before the committee at our invitation for the purpose of testifying; and the question came up as to whether or not men of wealth, because of the high surtaxes, were largely escaping taxation by investment in tax-exempt securities. In direct response to that question he said yes, they were to a certain extent, but that that was not the means of evasion that was most largely used, in his judgment, by people of wealth; and he proceeded to say that there were other means by which they escaped taxation. They divided their property, or they invested

in foreign securities, or they put their money in hiding places, and so forth. There were a dozen or twenty ways—I think Dr. Adams on the stand said there were as many as thirty ways known to the Treasury Department—by which men were seeking to evade taxation, and that was all there was to the proposition; and he said, "They do it within their rights"—that is, within their legal rights—and, of course, when he said that he uttered the truth. A man has a right to divide his property if he wants to. He has a right to put it away in a lock box if he desires to do so. He has a perfect right to invest it in a foreign security if he wants to do so. That is what the Secretary meant, and that is what the Secretary said. The Secretary did not say, and the Secretary did not mean, and I do not think that any possible construction placed upon his terms in fairness can convict him of having said that he was in favor of evasion of taxation by the rich; but those are the words that my good friend the Senator from Wisconsin placed in the mouth of the Secretary of the Treasury.

Mr. LA FOLLETTE. Mr. President, if the Senator will yield——

Mr. WATSON of Indiana. I yield.

Mr. LA FOLLETTE. I placed nothing in the mouth of the Secretary of the Treasury excepting his own testimony. I read his testimony. I deduced certain conclusions from that testimony. If those conclusions are not warranted, they fall of their own weight. I put his testimony into the RECORD. Let that speak for itself.

Mr. WATSON of Indiana. That is precisely what I am trying to do—to have it speak for itself—but my friend——

Mr. LA FOLLETTE. The Senator is now putting his construction upon that testimony.

Mr. WATSON of Indiana. In answer to the construction placed upon it by the Senator from Wisconsin.

Mr. LA FOLLETTE. Yes; that is all right. I have no objection to that.

Mr. WATSON of Indiana. That is all I am seeking to do. The Senator from Wisconsin placed his construction upon that language. I deny the construction placed upon that language by the Senator from Wisconsin and I place my own construction upon that language. I am explaining how the conversation came about in the committee and why the Secretary was induced to use that language.

It is not conceivable that the Secretary of the Treasury, an official of the Government, would come before a high committee of Congress and advocate the evasion of taxation, and therefore I can not do otherwise than conclude that the construction placed upon the terms by the Senator from Wisconsin was farfetched and lugged in for the purposes of debate.

There are many other phases of the Senator's discussion of this question that I might go into, for, Senators, the whole question of the socialization of industry is involved in this proposition. We have among us men who believe in the Government ownership of railroads and of telegraphs and telephones, all the means for the accumulation of wealth and all the means for the distribution of wealth; and this whole question is wrapped up, not so much in this debate but in the propositions that were announced this morning by the honorable and eloquent Senator from Wisconsin.

I disagree wholly with that view of governmental affairs. I can not believe that this Republic ever can work out its destiny under that sort of a scheme, and I am led to make that response because the Senator, turning about, said, with his usual dramatic force, that we had a democracy in the United States, and that democracy would triumph over all obstacles, and that it would ultimately work out a true democracy under our flag, or language to that effect.

Senators, we do not have a pure democracy in the United States. We never did have such a democracy in the United States. Our fathers never intended to organize such a democracy in the United States, a pure democracy. This is a Republic, based upon certain fundamental principles as everlasting as the eternal.

Our fathers, when they formed this Government, had in view all past governments. They understood at once the strength and the weakness of all forms of government which had been tried theretofore in the history of the world. They saw that in some governments the all-pervading, all-inclusive idea was the mastery of one man, and they understood that that sort of government had gone to pieces because it led to a tyranny.

They saw in many governments in the past, like those in Greece, that the absolute, dominating idea was the supreme will of the people. They saw that that led to a tyranny greater than the tyranny of the one man, because no matter how great the despotism of one individual he can always be overthrown by the great majority; but who can behead the majority, if they do any wrong in their conception of government, and overthrow and destroy all the fundamentals upon which safety and sanity rest; who shall stay the hand of the majority?

So our fathers, in formulating this scheme of government, sought to sail between the Scylla of too great power in the people on the one hand and the Charybdis of too little power in the people on the other hand, and they established a republic, based upon the fundamental principle of a legislative, an executive, and a judicial branch of government, to safeguard always and forever individual right and individual liberty, which is the fourth corner stone of this Republic. If we ever have mass government, we will have overthrown the fundamental principles of a republic and invaded the sovereign rights of the individual, and to that extent, Senators, we would overthrow the policy of the Republic as founded by the fathers and undermine the Constitution upon which our institutions rest.

That is involved in all of these things. I do not mean that it is all wrapped up in this question of taxation; not at all; but my friend from Wisconsin does not stop with discussing the question of taxation. This whole question of socialization is involved in it, and while I want every man to pay his just taxes, while I want every man to make his contribution to the institutions we have established, as we have attempted in this bill to compel him to do by levying sufficient excise taxes and corporation taxes and individual taxes of every kind and variety, nevertheless, I do object to a complete overturning of our theory of government by methods of taxation and by the agencies of the Government.

Dr. Adams is the man, as much as anybody else, who helped to formulate this bill; probably he had more to do with it than anybody else. He lived for many years in Wisconsin, and was a professor in the university at Madison, a great institution. Dr. Adams had some views upon the questions discussed here this morning, which were incorporated in this bill, and nobody knows that any better than my friend from Wisconsin.

In order that I may explain that the Secretary of the Treasury was not the one who formulated this bill, I want to call the attention of the Senate to two remarks made by my friend from Wisconsin, Senator LA FOLLETTE. One was that the Secretary of the Treasury had in effect engrafted his theory of taxation on this bill and was largely responsible for it because of what he said before the Finance Committee, and before the Ways and Means Committee of the House; the other statement was that his advice had not been accepted by the Committee on Ways and Means, and that we had not seen fit to accept it in the Finance Committee, both of which propositions can not be true.

The truth about it is that the Secretary of the Treasury made his recommendations to the Committee on Ways and Means, and that the Ways and Means Committee disagreed with him on the fundamentals he announced. The truth about it is that he came before our committee, and that our committee disagreed with him, very largely, upon the fundamentals he announced, and that our committee took the existing law because it was handed to us by the Ways and Means Committee and the House of Representatives. We did not seek to destroy the work of their hands, but we took the bill they gave to us and we sought to amend it according to our own ideas of taxation, and that is how we come to have this particular bill before us. This bill was not the work of the Secretary of the Treasury, and the general views he announced before the committee were not engrafted upon it. Therefore it does not lie in the mouth of the Senator from Wisconsin or any other Senator to say that this was the handiwork of the Secretary of the Treasury, and that the Secretary of the Treasury before our committee had sought to condone evasion of taxation on the part of men of great wealth throughout the Republic.

Dr. Adams made this statement in one of his lectures:

> Friends of the income tax, advocates of "liberal democratic finance," should be the first to advocate a change in this situation. To attempt to take in one tax 60 to 70 per cent of the net income, when the taxpayer has, in addition, State and local taxes to pay, is to invite disaster. It must mean eventually the demoralizing and breakdown of the income tax itself. We are hitching a thoroughbred racer to a loaded dray and asking him to run a mile in two minutes. The general property tax has become a byword and a mockery largely because it has been forced to carry burdens heavier than it can bear. Great Britain has stretched income taxation to the uttermost and has set the pace in the use of other radical taxes, but she attempts no such impossible feat as the collection of income taxes in excess of 70 per cent. The British taxes are about four times as heavy as our own upon incomes in the neighborhood of $10,000. At $50,000 they are more than twice as heavy. At $400,000 the rates become about the same, but the British tax stops at something under 60 per cent, while our taxes rise to a corresponding maximum of 73 per cent.

So that when Dr. Adams was uttering those sentiments he was uttering the sentiments we were seeking to incorporate in this bill, and not the sentiments of the Secretary of the Treasury, who stated that if we would drop the surtaxes to 25 per cent,

we would reap a larger harvest of revenue and do the least harm to the business of the country, and the sole tenor of the testimony of the Secretary before the committee was as to the method by which we could get the largest revenue for the purpose of operating the Government, and yet do the least injury to business and the least harm to industry in the United States, and the Secretary in that respect was in entire accord and agreement with the fundamental principles announced by every man who testified before the Finance Committee on this provision.

So that when my friend attempts to make us believe—and I do not mean that in an offensive sense at all—that the Secretary of the Treasury was responsible for this bill, and was responsible for the evasion of taxation, and was standing behind any policy that would enable the rich to keep from paying taxes, I do not believe there is a single scintilla of evidence anywhere to warrant his deductions or to sustain his conclusions.

I can not go into this whole question of socialization. That problem will probably come before us when the railroad question is up for discussion, because there will be people here advocating Government ownership of the railroads, and that question will be flung wide open before us for our solution. I only want to say, Senators, that the time is at hand when the line of demarcation will be drawn between safe, sound, fundamental republicanism—and I mean that in the large governmental sense—and the establishment in this country of what we are pleased to call a pure democracy, and, in my judgment, the establishment of, or the attempt even to establish, a pure democracy in this country, means the destruction inevitably of the form of government we enjoy.

Senators, permit me to call attention to the fact that under this form of government, with the institutions which so bless this Republic, we have made greater progress than any other nation in all the recorded history of time, and that there is no reason why the form of government should be changed. It has not failed. This Government is a success, and will continue to be a success as long as it safeguards individual liberty and stands upon the foundation stone of individual right, guarded and guaranteed by the fundamentals of the Constitution.

The Senator may say this is all wide apart from the discussion of taxation. It is all involved in this very proposition, and I think that the Senate can see it without my going further into it.

I am obliged to the Senator. I did not care to take his time. I had no idea of making any remarks when I came into the Senate Chamber this morning, and would not have done so had not a colloquy arisen in which my friend from Wisconsin misconstrued, unintentionally, a private remark made in the rear of the Chamber, in which, of course, there was nothing personal, because I never indulge in personalities, either in private conversation or public speech; I do not believe in that sort of thing. But that led the Senator to make certain remarks to me that I felt impelled to answer, not as to the personal side of it at all, because I will talk that out with him personally, but as to the position he had announced, and as to the policies he had espoused and as to the things he had said with reference to the Secretary of the Treasury, and I feel that in my weak way, without previous preparation or arrangement, I have at least attempted to place the proper construction upon the language of this great public official.

Mr. STANLEY. Mr. President, I have listened with much pleasure to the unique address of the accomplished orator, the senior Senator from Indiana. It is exceedingly gratifying to hear that sort of a sentiment from the other side of the Chamber. It is music to my ears to hear a stalwart of the stalwarts talk of a return to the Constitution, and pay a tribute to personal liberty. It fills my weary and dispairing heart with hope to know that there still lingers among Senators on the other side a memory of the time when the rights of men were sacred, when about them were concentric and invulnerable circles, like so many barricades against the insidious approach of tyranny and oppression.

Local self-government, State sovereignty, sir, are but means to an end. The great dream of Jefferson, whose spirit of liberty is the Declaration of Independence, whose conception of maintaining that independence is the organic form of the Constitution itself, the summum bonum, the ultimate end, the great thing for which he sought, for which he dreamed and wrought, the thing for which men were willing to die in their day was the personal security, the inviolate liberty, of the individual. The authority vested in the country, the authority vested in the State, the strict delegation of power to the Government itself, were but means of maintaining inviolate the independence of the individual. Within this circle, so long as he did not invade the rights of his neighbor, he was absolutely secure from any Government—State or Federal—to worship God as he pleased, to speak and to act as he pleased, to live his own life, master of his own fate. his own appetites, his own habits.

I agree with the Senator from Indiana, sir, that whenever we depart from these constitutional limitations we do not drift into a democracy. The democracies of which we read were designed for small communities, for the petty States and cities, ancient Greece, where there was a limited electorate, all of the same class, and with the same customs and aspirations. Such a democracy here is impossible. When you have destroyed the form of this government, Mr. President, you have not established a democracy. You have established a mobocracy, worse, a thousand times worse, than any tyranny ancient or modern. No Nero, no Caligula, no kaiser, no czar, no sultan, no Assyrian king, no oriental emperor—power has never been conferred so absolutely upon any creature, no matter how debased or cruel, as to enable him to exert such an enormous influence not only for the enslavement but for the degradation of the masses, as to place imperial power, unrestrained power, with no constitutional limitation, in the hands of a mob or of a faction.

And yet, Mr. President, to-day, with a sad heart I see these precious liberties broken and shattered by a determined trend toward centralization of power, Federal aggression, and Federal usurpation. I see the last vestige of State rights and State sovereignty gone. I see the individual stripped of admittedly constitutional rights. I see his home no longer sacred, his person no longer secure. I see sleuths and spies and inspectors authorized by law, if you call it law—authorized by a thing you mean to make a statute—to run their hands over the bodies of women in search of contraband goods, without an affidavit, without a charge. Your home and mine, sirs, to-day are about to be invaded by men who have no other authority than their own curiosity or their own evil suspicions. These great guaranties of the Constitution are broken and shattered. O tempora, O mores! Ye gods, can we believe it!

In the midst of the ruin, degradation, and destruction of personal liberty a voice is raised in the wilderness, the voice of the Senator from Indiana; and what does it plead for? For personal liberty? No. He has not said a word for it. He has pleaded for the sanctity not of persons but of property. "Search my home, run through my body, invade the most sacred sanctuary, but do not ask me about my bonds." Destroy personal liberty but save the purse. The Senator from Indiana has pleaded for the sanctity of the purse, not of the person. He is pleading for the privacy and security not of men but of millions.

I welcome the Senator from Indiana to constitutional government. I welcome him to the camp of the liberals. I hope he will display courage equal to his talents, and that I shortly may hear him speak in favor of the maintenance of the Constitution and against its shameless and ruthless invasion.

Mr. LA FOLLETTE. Mr. President, I am quite willing to permit the remarks which I submitted in support of my amendment and the statement which the Senator from Indiana [Mr. WATSON] has just made to stand without further comment.

I was contending for the payment of taxes according to the ability of the taxpayer to pay, but the Senator from Indiana evidently wishes to divert the issue from that which was plainly raised by my amendment and by the remarks which I submitted in its support to other issues which I shall be very pleased to discuss with him, when the time comes, upon this floor.

I quoted Secretary Mellon's testimony this morning because it bore directly upon the amendment which was pending before the Senate. I referred to the Secretary's ideas of what is a proper fiscal system, his ideas as expounded before the Committee on Finance, and I quoted his exact words in support of my statement as to what is his position.

Now, Mr. President, I wish to bring to the attention of the Senate another amendment within the time that has been allotted for the consideration of these amendments, and I should like, if possible, to reach a vote upon this amendment before the hour of 3 o'clock. In so far as other amendments that I have to offer are concerned, I think under the terms of the unanimous-consent agreement they will all be in order under the 10-minute rule; at least, I shall so contend.

I desire now to propose an amendment to the estate-tax provision of the bill, and therefore ask at the outset that the vote by which section 401, page 148, was agreed to may be, by unanimous consent, reconsidered.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? If not, the vote by which the section was adopted will be considered as having been reconsidered.

Mr. LA FOLLETTE. I would like right at this point to reserve for a vote in the Senate the amendment upon which

I just had a vote—that is, the amendment for publicity of tax returns. I would like to have that noted in the RECORD.

The VICE PRESIDENT. Such reservation is not necessary. The Senator has that right.

Mr. LA FOLLETTE. The vote by which section 401 was adopted having been reconsidered, I now offer the following amendment.

The VICE PRESIDENT. The amendment proposed by the Senator from Wisconsin will be reported.

The READING CLERK. Strike out all the matter beginning on page 146, line 22, down to and including line 17, page 148, and insert the following:

SEC. 401. That in lieu of the tax imposed by Title IV of the revenue act of 1918 a tax equal to the sum of the following percentages of the value of the net estate (determined as provided in section 403) is hereby imposed upon the transfer of the net estate of every decedent dying after the passage of this act, whether a resident or nonresident of the United States:

One per cent of the amount of the net estate not in excess of $50,000;

Two per cent of the amount by which the net estate exceeds $50,000 and does not exceed $100,000;

Three per cent of the amount by which the net estate exceeds $100,000 and does not exceed $150,000;

Four per cent of the amount by which the net estate exceeds $150,000 and does not exceed $200,000;

Five per cent of the amount by which the net estate exceeds $200,000 and does not exceed $250,000;

Six per cent of the amount by which the net estate exceeds $250,000 and does not exceed $300,000;

Seven per cent of the amount by which the net estate exceeds $300,000 and does not exceed $350,000;

Eight per cent of the amount by which the net estate exceeds $350,000 and does not exceed $400,000;

Nine per cent of the amount by which the net estate exceeds $400,000 and does not exceed $450,000;

Ten per cent of the amount by which the net estate exceeds $450,000 and does not exceed $500,000;

Eleven per cent of the amount by which the net estate exceeds $500,000 and does not exceed $550,000;

Twelve per cent of the amount by which the net estate exceeds $550,000 and does not exceed $600,000;

Thirteen per cent of the amount by which the net estate exceeds $600,000 and does not exceed $650,000;

Fourteen per cent of the amount by which the net estate exceeds $650,000 and does not exceed $700,000;

Fifteen per cent of the amount by which the net estate exceeds $700,000 and does not exceed $750,000;

Sixteen per cent of the amount by which the net estate exceeds $750,000 and does not exceed $800,000;

Seventeen per cent of the amount by which the net estate exceeds $800,000 and does not exceed $850,000;

Eighteen per cent of the amount by which the net estate exceeds $850,000 and does not exceed $900,000;

Nineteen per cent of the amount by which the net estate exceeds $900,000 and does not exceed $950,000;

Twenty per cent of the amount by which the net estate exceeds $950,000 and does not exceed $1,000,000;

Twenty-one per cent of the amount by which the net estate exceeds $1,000,000 and does not exceed $2,000,000;

Twenty-two per cent of the amount by which the net estate exceeds $2,000,000 and does not exceed $3,000,000;

Twenty-three per cent of the amount by which the net estate exceeds $3,000,000 and does not exceed $4,000,000;

Twenty-four per cent of the amount by which the net estate exceeds $4,000,000 and does not exceed $5,000,000;

Twenty-five per cent of the amount by which the net estate exceeds $5,000,000 and does not exceed $6,000,000;

Twenty-six per cent of the amount by which the net estate exceeds $6,000,000 and does not exceed $7,000,000;

Twenty-seven per cent of the amount by which the net estate exceeds $7,000,000 and does not exceed $8,000,000;

Twenty-eight per cent of the amount by which the net estate exceeds $8,000,000 and does not exceed $9,000,000;

Twenty-nine per cent of the amount by which the net estate exceeds $9,000,000 and does not exceed $10,000,000;

Thirty per cent of the amount by which the net estate exceeds $10,000,000 and does not exceed $11,000,000;

Thirty-one per cent of the amount by which the net estate exceeds $11,000,000 and does not exceed $12,000,000;

Thirty-two per cent of the amount by which the net estate exceeds $12,000,000 and does not exceed $13,000,000;

Thirty-three per cent of the amount by which the net estate exceeds $13,000,000 and does not exceed $14,000,000;

Thirty-four per cent of the amount by which the net estate exceeds $14,000,000 and does not exceed $15,000,000;

Thirty-five per cent of the amount by which the net estate exceeds $15,000,000 and does not exceed $16,000,000.

Thirty-six per cent of the amount by which the net estate exceeds $16,000,000 and does not exceed $17,000,000;

Thirty-seven per cent of the amount by which the net estate exceeds $17,000,000 and does not exceed $18,000,000;

Thirty-eight per cent of the amount by which the net estate exceeds $18,000,000 and does not exceed $19,000,000;

Thirty-nine per cent of the amount by which the net estate exceeds $19,000,000 and does not exceed $20,000,000;

Forty per cent of the amount by which the net estate exceeds $20,000,000 and does not exceed $21,000,000;

Forty-one per cent of the amount by which the net estate exceeds $21,000,000 and does not exceed $22,000,000;

Forty-two per cent of the amount by which the net estate exceeds $22,000,000 and does not exceed $23,000,000;

Forty-three per cent of the amount by which the net estate exceeds $23,000,000 and does not exceed $24,000,000;

Forty-four per cent of the amount by which the net estate exceeds $24,000,000 and does not exceed $25,000,000;

Forty-five per cent of the amount by which the net estate exceeds $25,000,000 and does not exceed $26,000,000;

Forty-six per cent of the amount by which the net estate exceeds $26,000,000 and does not exceed $27,000,000;

Forty-seven per cent of the amount by which the net estate exceeds $27,000,000 and does not exceed $28,000,000;

Forty-eight per cent of the amount by which the net estate exceeds $28,000,000 and does not exceed $29,000,000;

Forty-nine per cent of the amount by which the net estate exceeds $29,000,000 and does not exceed $30,000,000; and

Fifty per cent of the amount by which the net estate exceeds $30,000,000.

Mr. KENYON. Mr. President, I would like to inquire whether, under the unanimous-consent agreement, all of the amendments of the Senator from Wisconsin will be voted on before 3 o'clock?

Mr. LA FOLLETTE. No; I shall offer the others under the 10-minute rule. I am confident that under the provisions of the unanimous-consent agreement I can offer those amendments at any time after the bonus provision is out of the way, so there will be ample opportunity to offer the other amendments. They are very important and are a part of this whole plan.

Mr. KENYON. Mr. President, I had intended to discuss this question as presented in the amendment of the Senator from Wisconsin, but I realize there is very little time left in which to do that, and probably I could add nothing of any particular importance to the discussion.

I have been firmly convinced for many years that a proper inheritance tax was the best and the fairest means of raising revenue. I do not mean by that a tax which will destroy the estate. Of course there is no vested right in an inheritance. It is a right created by statute, and the large fortunes which are handed down for years and years, in trust and otherwise, are something of an economic menace. I am not ready to subscribe to the doctrine that we should distribute wealth by taxation, but if the handing down of great fortunes could be checked, and at the same time we could perform a great economic public good, injuring no one, in fact, and acquiring revenue for the Government, it would seem to me a very desirable form of taxation.

I remember Senator Dolliver used to say so many times that if you had a boy and $100,000 you should keep them widely separated; but now some estates in this country have grown to such figures that $100,000 seems an insignificant amount.

This form of taxation has been indorsed, not by idealists and theorists merely but by very practical men.

I desire to put into the RECORD the words of Andrew Carnegie, who once said:

Of all forms of taxation this seems the wisest.

Referring to inheritance taxes.

Theodore Roosevelt once said:

I feel that we shall ultimately have to consider the adoption of some such scheme as that of a progressive tax on fortunes beyond a certain amount, either given in life or bequeathed beyond death.

Mr. William K. Vanderbilt, in an interview in the New York Times in 1905—and Mr. Vanderbilt's interviews were very rare—said:

My life was never destined to be quite happy. It was along lines which I could foresee almost from earliest childhood. It has left me with nothing to hope for, with nothing definite to seek or strive for. Inherited wealth is a big handicap to happiness. It is as certain death to ambition as cocaine is to morality. If a man makes money, no matter how much, he finds a certain happiness in its possession, for in the desire to increase his business he has constant use for it, but the man who inherits it has none of this. The first satisfaction and the greatest help in building the foundation of a fortune is denied him. He must labor, if he does labor, simply to add to an oversufficiency.

So that men of great wealth have indorsed this form of taxation. We have tried it in this country, Mr. President, with varying success. If we had had on our statute books an inheritance tax law imposing a tax equal to that of France or Great Britain, instead of raising last year $154,000,000, to which the Senator from Wisconsin has referred, we would have raised over $600,000,000. Our national wealth is three to five times that of Great Britain and three and one-half times that of France.

Some time ago the Secretary of the Treasury estimated that we would require something like four and a half billion dollars to run the Government the next year, and later reduced that by $500,000,000. As the Senator from Wisconsin has pointed out, in the last fiscal year we raised through this tax about $154,000,000. France raised through her inheritance tax $179,000,000. Great Britain raised $231,000,000.

Mr. LA FOLLETTE. Great Britain has about half the population of the United States.

Mr. KENYON. And we have about three times her wealth.

Mr. KING. Of course, our States have inheritance tax laws, and they have raised many, many millions.

Mr. KENYON. I am coming to that. Last year our States raised about $58,000,000, and adding that to the $154,000,000 the

Government raised it gives approximately $212,000,000 of inheritance taxes collected last year. That, taking the State returns and the Federal Government returns, is less than was raised by Great Britain.

The bill as it now stands, under the amendment adopted, provides for a 50 per cent tax on estates of $100,000,000. That will amount to absolutely nothing, in my judgment, unless the Senator from Wisconsin has some amendments which he will suggest which will work that out, because since 1916, when this law was passed, not a single net estate of over a hundred million dollars has gone through the Treasury Department. There have been, I think, two gross estates over that amount, but when whittled down $89,000,000 was the highest amount collected. France, in handling this subject, taxes gifts somewhat along the line suggested by the Senator from Wisconsin.

I see that my time is up. I am sorry I have not more time, Mr. President; but I realize the time is up, and we want a vote.

I ask leave to place in the RECORD tables showing the working out of the French law and the British law, and also a statement of the taxes collected in the various States, unless the Senator from Wisconsin is going to put the same matter in the RECORD.

There being no objection, the matter referred to was ordered to be copied in the RECORD, as follows:

Inheritance tax rates in France.

SCHEDULE I.

Rate applicable to the fraction included between—	Number of children left by the decedent.			
	3 living children or representatives.	2 living children or representatives.	1 living child or representative.	No living child or representative.
	Per cent.	Per cent.	Per cent.	Per cent.
	Fr. c.	Fr. c.	Fr. c.	Fr.
1 and 2,000 francs	25	50	1 0	3
2,001 and 10,000 francs	50	1 0	2 0	6
10,001 and 50,000 francs	75	1 50	3 0	9
50,001 and 100,000 francs	1 0	2 0	4 0	12
100,001 and 250,000 francs	1 25	2 50	5 0	15
250,001 and 500,000 francs	1 50	3 50	6 50	18
500,001 and 1,000,000 francs	2 25	4 25	8 0	21
1,000,001 and 2,000,000 francs	3 20	6 0	12 0	24
2,000,001 and 5,000,000 francs	3 60	6 75	13 50	27
5,000,001 and 10,000,000 francs	4 0	7 50	15 0	30
10,000,001 and 50,000,000 francs	4 40	8 25	16 50	33
50,000,001 and 100,000,000 francs	4 80	9 0	18 0	36
100,000,001 and 500,000,000 francs	5 50	10 0	20 0	37
All over 500,000,000 francs	7 50	12 0	21 0	39

French duty according to degree of relationship.

SCHEDULE II.

Indicating the degree of relationship.	Rate applicable to the fraction of the net part taken between—											
	1 and 2,000 francs.	2,001 and 10,000 francs.	10,001 and 50,000 francs.	50,001 and 100,000 francs.	100,001 and 250,000 francs.	250,001 and 500,000 francs.	500,001 and 1,000,000 francs.	1,000,001 and 2,000,000 francs.	2,000,001 and 5,000,000 francs.	5,000,001 and 10,000,000 francs.	10,000,001 and 50,000,000 francs.	All over 50,000,000 francs.
	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.
Lineal descendant to first degree	1 0	2 0	3 0	4 0	5 0	6 0	7 0	9 0	11 0	13 0	15 0	17 0
Lineal descendant to second degree and between spouses	1 50	2 50	3 50	4 50	5 50	6 50	7 50	9 50	11 50	13 50	15 50	17 50
Lineal descendant beyond second degree	2 0	3 0	4 0	5 0	6 0	7 0	8 0	10 0	12 0	14 0	16 0	18 0
Lineal ascendant to first degree	2 50	3 50	4 50	5 50	6 50	7 50	8 50	10 50	12 50	14 50	16 50	18 50
Lineal ascendant to second degree	3 0	4 0	5 0	6 0	7 0	8 0	9 0	11 0	13 0	15 0	17 0	19 0
Lineal ascendant beyond second degree	3 50	4 50	5 50	6 50	7 50	8 50	9 50	11 50	13 50	15 50	17 50	19 50
Between brothers and sisters	10 0	12 0	14 0	16 0	19 0	22 0	25 0	28 0	32 0	36 0	40 0	44 0
Between uncles or aunts, nephews or nieces	15 0	17 0	19 0	21 0	24 0	27 0	30 0	33 0	37 0	41 0	45 0	49 0
Between granduncles or grandaunts and grandnephews or grandnieces and between cousins-german	20 0	22 0	24 0	26 0	29 0	32 0	35 0	38 0	42 0	46 0	50 0	54 0
Between relatives beyond the fourth degree and between persons not related	25 0	27 0	29 0	31 0	34 0	37 0	40 0	43 0	47 0	51 0	55 0	59 0

Donations and gifts.

SCHEDULE III.

Indicating the degrees of relationship.			Rate.
			Per ct. Fr. c.
Lineal descendant.	Gift distributions were made in accordance with articles 1075 and 1076 of the Civil Code by the father and mother and other descendants.	Among more than two living children or representatives	2 50
		Among two living children or representatives	4 50
		Among the descendants of an only child	6 50
	Gifts by marriage contract to the children of the marriage	More than two living children or representatives	3 50
		Two living children or representatives	4 50
		One living child or representative	5 50
	Other donations	More than two living children or representatives	5 50
		Two living children or representatives	7 50
		One living child or representative	9 50
Lineal ascendant			9 50
Between spouses	By marriage contract		4 50
	Without marriage contract	More than two living children or representatives of issue by the marriage	5 50
		Two living children or representatives of issue by the marriage	7 50
		One child or representative of issue by the marriage	9 50
		Without living child or representative of issue by the marriage	11 50
Between brothers and sisters	By contract of intended marriage		15 0
	Without marriage contract		25 0
Between uncles or aunts and nephews or nieces	By contract of intended marriage		20 0
	Without marriage contract		30 0
Between granduncles or grandaunts and grandnephews or grandnieces and between cousins-german	By contract of intended marriage		25 0
	Without marriage contract		35 0
Between relatives beyond the fourth degree and between persons not related	By contract of intended marriage		30 0
	Without marriage contract		40 0

GREAT BRITAIN FINANCE ACT, 1919.

Scale of rates of estate duty.

THIRD SCHEDULE.

Where the principal value of the estate exceeds—	Duty payable at rate of (per cent)—
£100 and does not exceed £500	1
£500 and does not exceed £1,000	2
£1,000 and does not exceed £5,000	3
£5,000 and does not exceed £10,000	4
£10,000 and does not exceed £15,000	5
£15,000 and does not exceed £20,000	6
£20,000 and does not exceed £25,000	7
£25,000 and does not exceed £30,000	8
£30,000 and does not exceed £40,000	9
£40,000 and does not exceed £50,000	10
£50,000 and does not exceed £60,000	11
£60,000 and does not exceed £70,000	12
£70,000 and does not exceed £90,000	13
£90,000 and does not exceed £110,000	14
£110,000 and does not exceed £130,000	15
£130,000 and does not exceed £150,000	16
£150,000 and does not exceed £175,000	17
£175,000 and does not exceed £200,000	18
£200,000 and does not exceed £225,000	19
£225,000 and does not exceed £250,000	20
£250,000 and does not exceed £300,000	21
£300,000 and does not exceed £350,000	22
£350,000 and does not exceed £400,000	23
£400,000 and does not exceed £450,000	24
£450,000 and does not exceed £500,000	25
£500,000 and does not exceed £600,000	26
£600,000 and does not exceed £800,000	27
£800,000 and does not exceed £1,000,000	28
£1,000,000 and does not exceed £1,250,000	30
£1,250,000 and does not exceed £1,500,000	32
£1,500,000 and does not exceed £2,000,000	35
£2,000,000	40

Inheritance tax receipts as reported by the State treasurers of the several States for the last fiscal year.

Alabama. (No inheritance tax law.)	
Arizona	$17,109.49
Arkansas	85,376.11
California	6,804,732.08
Colorado	409,269.70
Connecticut	1,855,856.34
Delaware	37,249.36
Florida. (No inheritance tax law.)	

Georgia	$210,482.21
Idaho	21,220.86
Illinois	3,368,905.16
Indiana	660,000.00
Iowa	657,227.06
Kansas	536,118.18
Kentucky	435,562.32
Louisiana	224,891.77
Maine	594,100.03
Maryland	656,027.93
Massachusetts	4,296,507.63
Michigan	1,391,677.58
Minnesota	1,074,038.82
Mississippi	88,370.18
Missouri	1,472,000.00
Montana	86,680.26
Nebraska. (Inheritance taxes collected by the county probate courts and no report thereof made to the State treasurer.)	
Nevada	14,863.06
New Hampshire (for 10 months prior to June 30, 1921)	251,312.83
New Jersey	4,709,433.74
New Mexico	1,181.33
New York	18,135,506.73
North Carolina	603,077.13
North Dakota	99,340.56
Ohio	1,184,805.64
Oklahoma	155,067.82
Oregon	214,215.34
Pennsylvania	10,198,718.06
Rhode Island	1,403,306.20
South Carolina. (No inheritance tax law.)	
South Dakota	202,271.06
Tennessee	375,878.00
Texas	547,227.30
Utah	525,038.08
Vermont	140,502.99
Virginia	199,538.00
Washington	520,899.75
West Virginia	700,864.76
Wisconsin	1,265,456.73
Wyoming. (Inheritance taxes collected by the county treasurers and no report thereof made to the State treasurer.)	
Total	57,351,592.99

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. LA FOLLETTE. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as before regarding my pair and its transfer, I vote "yea."

Mr. KENDRICK (when his name was called). I have a general pair with the Senator from Illinois [Mr. McCORMICK], who is absent from the Chamber on account of a death in his family. As I am unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent on official business, and I withhold my vote.

Mr. STANLEY (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. ERNST]. In his absence I withhold my vote. If I were at liberty to vote, I would vote "yea."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WILLIAMS (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is unavoidably absent. I am informed that if he were present he would vote "nay" upon the pending proposition. I am therefore at liberty to vote, as I intend to vote the same way. I vote "nay."

The roll call was concluded.

Mr. HARRISON. I transfer my pair with the junior Senator from West Virgina [Mr. ELKINS] to the junior Senator from Massachusetts [Mr. WALSH] and vote "yea."

Mr. SHEPPARD. I wish to announce that the Senator from Massachusetts [Mr. WALSH] is unavoidably absent.

Mr. SUTHERLAND. I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Pennsylvania [Mr. CROW], and vote "nay."

Mr. CURTIS. I wish to announce that the Senator from South Dakota [Mr. STERLING] is paired with the Senator from South Carolina [Mr. SMITH], and that the Senator from Vermont [Mr. DILLINGHAM] is paired with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 28, nays 39, as follows:

YEAS—28.

Ashurst	Harris	King	Pittman
Borah	Harrison	Ladd	Reed
Capper	Heflin	La Follette	Sheppard
Caraway	Hitchcock	McKellar	Swanson
Culberson	Johnson	Norbeck	Walsh, Mont.
Cummins	Jones, Wash.	Overman	Watson, Ga.
Fletcher	Kenyon	Owen	Willis

NAYS—39.

Ball	Gooding	New	Spencer
Brandegee	Hale	Newberry	Stanfield
Broussard	Keyes	Nicholson	Sutherland
Bursum	Lenroot	Oddie	Townsend
Cameron	Lodge	Page	Underwood
Curtis	McCumber	Phipps	Wadsworth
Edge	McKinley	Poindexter	Warren
Fernald	McNary	Pomerene	Watson, Ind.
France	Moses	Shortridge	Williams
Frelinghuysen	Nelson	Smoot	

NOT VOTING—29.

Calder	Gerry	Myers	Stanley
Colt	Glass	Norris	Sterling
Crow	Harreld	Penrose	Trammell
Dial	Jones, N. Mex.	Ransdell	Walsh, Mass.
Dillingham	Kellogg	Robinson	Weller
du Pont	Kendrick	Shields	
Elkins	McCormick	Simmons	
Ernst	McLean	Smith	

So Mr. LA FOLLETTE'S amendment was rejected.

INTERNATIONAL CONFERENCE ON LIMITATION OF ARMAMENT.

The VICE PRESIDENT. The Chair is in receipt of a communication, which the Secreary will read.

The Assistant Secretary read as follows:

DEPARTMENT OF STATE,
Washington, November 4, 1921.

THE VICE PRESIDENT,
Washington, D. C.

SIR: I have the honor to invite the Members of the Senate to the opening session of the International Conference on the Limitation of Armament, at Memorial Continental Hall, on Saturday, November 12, at 10.30 a. m.

An entire section has been reserved for the seating of the Members of the Senate, to which access may be had through a special entrance on the north side of the building.

I have the honor to be, sir, your obedient servant,

CHARLES E. HUGHES.

Mr. LODGE. It is needless to have the communication go through the form of reference to a committee, and I move that the Senate accept the invitation.

The VICE PRESIDENT. The Senator from Massachusetts moves that the Senate accept the invitation.

The motion was unanimously agreed to.

Mr. FLETCHER. In this connection will the Senator state whether the Senate will attend in a body or will tickets be issued?

Mr. LODGE. I am not sure about the details. The matter will be arranged with the Sergeant-at-Arms of the Senate. I do not know what arrangement will be made.

Mr. FLETCHER. The question is whether the Senate is expected to attend in a body.

Mr. LODGE. I think that would be within the spirit of the invitation.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. REED. Mr. President, I am about to send to the desk an amendment to the bill which, because it incorporates in full the soldiers' bonus bill as reported to the Senate, is very long. It contains no new matter, a part of the amendment being the clauses of the law as the law now exists with reference to the tax upon excess profits, the provision, indeed, as reported, with the exception that the excess-profits taxes are continued for the year 1922 and each year thereafter. The whole of the amendment is composed of that law, with which the Senate is perfectly familiar, and the bonus bill, which was discussed on the floor of the Senate for something like a week or ten days.

The amendment is printed and is as I offered it with the exception that I have renumbered the sections. I see no reason, therefore, for taking the time of the Senate to read the amendment. I ask unanimous consent that the reading may be waived and that the amendment may be considered as having been read in the usual manner.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. LA FOLLETTE. Let it appear in the RECORD.

Mr. REED. I ask that the amendment be printed in the RECORD.

The VICE PRESIDENT. It is so ordered.

Mr. REED's amendment is as follows:

Insert after line 21, page 145, two new sections, to be known as sections ———.

SEC. —. That when used in this section the terms "taxable year," "fiscal year," "personal-service corporation," "paid or accrued," and "dividends" shall have the same meaning as provided for the purposes of income tax in sections 200 and 201.

PART II.—IMPOSITION OF TAX.

SEC. —. (A) That in lieu of the tax imposed by Title III of the revenue act of 1918, but in addition to the other taxes imposed by this act, there shall be levied, collected, and paid for the calendar year 1922, and each year thereafter, upon the net income of every corporation (except corporations taxable under subdivision (C) of this section), a tax equal to the sum of the following:

FIRST BRACKET.

Twenty per cent of the amount of the net income in excess of the excess-profits credit (determined under section 312) and not in excess of 20 per cent of the invested capital.

SECOND BRACKET.

Forty per cent of the amount of the net income in excess of 20 per cent of the invested capital.

The moneys derived from such taxes shall constitute a separate fund and shall be devoted, so far as necessary, to pay and discharge the obligations created by paragraph (B) of this amendment.

(B) TITLE I.—GENERAL PROVISIONS.

DEFINITIONS.

(1) This paragraph may be cited as the "World War adjusted compensation paragraph."

(2) As used in this paragraph—

The term "veteran" includes any individual, a member of the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918; but does not include (1) any individual at any time during such period or thereafter separated from such forces under other than honorable conditions, (2) any conscientious objector who performed no military duty whatever or refused to wear the uniform, or (3) any alien at any time during such period or thereafter discharged from the military or naval forces on account of his alienage; and

The term "adjusted service pay" means the amount of the payment to which the veteran would be entitled under the provisions of Title II of paragraph (B).

OPTIONAL PLANS.

(3) Each veteran shall have the right to avail himself of any one, but only one, of the following plans:

(4) To receive "adjusted service pay," as provided in Title II of paragraph (B);

(5) To receive an "adjusted service certificate," as provided in Title III of paragraph (B);

(6) To receive "vocational training aid," as provided in Title IV of paragraph (B);

(7) To receive "farm or home aid," as provided in Title V of paragraph (B); or

(8) To receive "land settlement aid," as provided in Title VI of paragraph (B).

APPLICATION BY VETERAN.

(9) The veteran's choice among the plans enumerated in section 3 shall be made by application filed with the Secretary of War, if he is serving in, or his last service was with, the military forces; or with the Secretary of the Navy, if he is serving in, or his last service was with, the naval forces.

Such application may be made at any time after the passage and approval of this paragraph.

An application shall be made (1) personally by the veteran, or (2) in case physical or mental incapacity or absence from the continental United States prevents the making of a personal application, then by such representative of the veteran and in such manner as the Secretary of War and the Secretary of the Navy shall jointly by regulation prescribe. An application made by a representative other than one required by any such regulation shall be held void.

The Secretary of War and the Secretary of the Navy shall jointly make any regulations necessary to the efficient administration of the provisions of this section.

PROOF OF VETERAN'S CHOICE OF PLAN.

(10) As soon as practicable after the receipt of a valid application, the Secretary of War or the Secretary of the Navy, as the case may be, shall transmit to the Secretary of the Treasury, if the veteran has chosen an adjusted service certificate, or to the Federal Board for Vocational Education if the veteran has chosen vocational training aid, or to the Secretary of the Interior if the veteran has chosen farm or home aid, or land-settlement aid, a certificate setting forth:

(11) That the applicant is a veteran;

(12) His name and address;

(13) The plan chosen; and

(14) The amount of adjusted service pay to which he would be entitled if he had chosen that plan.

(15) Upon receipt of such certificate, the officer or board to which it is transmitted shall proceed to extend to the veteran the benefits conferred by the plan chosen, at the time, in the manner, and under the conditions provided for in the title of this paragraph covering such plan.

PUBLICITY.

(16) The Secretary of War and the Secretary of the Navy shall, as soon as practicable after the passage and approval of this act, jointly prepare and publish a pamphlet or pamphlets containing a digest and explanation of the provisions of this paragraph, accompanied by such statements as to the comparative advantages of each of the plans enumerated in section 3, as may be of assistance to veterans in making their choice among such plans; and shall from time to time thereafter jointly prepare and publish such additional or supplementary information as may be found necessary.

(17) The officer or board having charge of the administration of any plan or part thereof enumerated in section 3 shall transmit to the Secretary of War and the Secretary of the Navy as soon as practicable after the passage and approval of this act full information and explanations as to the matters of which such officer or board has charge, which shall be considered by the Secretary of War and the Secretary of the Navy in preparing the publications referred to in subdivision (a).

(18) The publications provided for in subdivision (a) shall be distributed in such manner as the Secretary of War and the Secretary of the Navy may determine to be most effective to inform veterans of their rights under this paragraph.

STATISTICS.

(19) Immediately upon the passage of this act the Secretary of War and the Secretary of the Navy shall ascertain the individuals who are veterans as defined in section 2, and, as to each veteran, the number of days of overseas service and of home service, as defined in section 12, for which he is entitled to receive adjusted service pay; and their decisions shall not be subject to review by the accounting officers of the Treasury.

ADMINISTRATIVE REGULATIONS.

(20) Any officer or board charged with the administration of any plan under this paragraph, or of any part thereof, shall make such regulations, not inconsistent with this paragraph, as may be necessary to the efficient administration of the matter of which such officer or board has charge.

DEDUCTION OF OVERPAYMENTS.

(21) After computing the amount of payment to be made to the veteran under any one of the plans enumerated in section 3, or after using his adjusted service pay as the basis for any computation under this paragraph, there shall be deducted from the amount thus obtained the amount of any overpayment previously made in respect to the service of the veteran in the military or naval forces.

(22) Any officer or board charged with the administration of any plan under this paragraph, or of any part thereof, shall make a full report to Congress on the first Monday of December of each year.

(23) No sum payable under this paragraph to a veteran, or to his estate, or to any beneficiary named under Title III, shall be subject to attachment, levy, or seizure under any legal or equitable process.

TITLE II.—ADJUSTED SERVICE PAY.

(24) As used in this title of paragraph (B)—

The term "overseas service" means service on shore in Europe or Asia, exclusive of China, Japan, and the Philippine Islands; and service afloat, including the period from the date of embarkation for such service to the date of disembarkation on return from such service, both dates inclusive; and

The term "home service" means all service not overseas service.

(25) There shall be paid to any veteran, upon application in accordance with the provisions of section 4 and in addition to any other amounts due him in pursuance of law, the following sums for each day of active service, in excess of 60 days, in the military or naval forces of the United States after April 5, 1917, and before July 1, 1919, as shown by the service or other record of the veteran: $1.25 for each day of overseas service and $1 for each day of home service; but the amount payable to a veteran who performed no overseas service shall not exceed $500, and the amount payable to a veteran who performed any overseas service shall not exceed $625.

(26) (a) No such payment shall be made to—

(1) Any commissioned officer above the grade of captain in the Army or Marine Corps, lieutenant in the Navy, first lieutenant or first lieutenant of engineers in the Coast Guard, or passed assistant surgeon in the Public Health Service, or having the pay and allowances, if not the rank, of any officer superior in rank to any of such grades—in each case for the period of service as such;

(2) Any individual holding a permanent or provisional commission or permanent or acting warrant in any branch of the military or naval forces, for the period of service under such commission or warrant after the accrual of the right to pay thereunder;

(3) Any civilian officer or employee of any branch of the military or naval forces, contract surgeon, cadet of the United States Military Academy, midshipman, cadet of the Coast Guard, member of the Reserve Officers' Training Corps, member of the Students' Army Training Corps (except an enlisted man detailed thereto), member of the United States Guards, member of a development battalion (except an officer or enlisted man detailed thereto), member of the United States Disciplinary Barracks Guard, Philippine Scout, member of the Philippine Guard, member of the Philippine Constabulary, member of the Porto Rico Regiment of Infantry, member of the National Guard of Hawaii, member of the insular force of the Navy, member of the Samoan native guard and band of the Navy, or Indian Scout—in each case for the period of service as such;

(4) Any individual entering the military or naval forces after November 11, 1918—for any period after such entrance;

(5) Any individual originally entering the service for special or limited service only—for the period of such special or limited service not overseas service;

(6) Any individual performing home service not with troops and receiving commutation of quarters or of subsistence—for the period of such service;

(7) Any member of the Public Health Service—for any period during which he was not detailed for duty with the Army or the Navy;

(8) Any individual granted a farm or industrial furlough—for the period of such furlough;

(9) Any individual detailed for work on roads or other highway construction or repair work—for the period during which his pay was equalized to conform to the compensation paid to civilian employees in the same or like employment, pursuant to the provisions of section 9 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes," approved February 28, 1919;

(10) Any individual who has been absent from duty on account of disease resulting from his own intemperate use of drugs or alcoholic liquors or from other misconduct—for the period of such absence; or

(11) Any individual who has been absent without proper authority for more than one day or in confinement under sentence or awaiting trial and disposition of his case, if the trial resulted in conviction—for the period of such absence or confinement.

(b) The periods referred to in paragraphs (5) and (6) of subdivision (a) may be included in the case of any individual if and to the extent that the Secretary of War and the Secretary of the Navy jointly find that such service subjected such individual to exceptional hazard. A full statement of all action under this subdivision shall be included in the reports of the Secretary of War and the Secretary of the Navy required by section 10.

(c) In computing the payments to any veteran under this title effect shall be given to all paragraphs of subdivision (a) which are applicable.

(d) If part of the service is overseas service and part is home service, the home service shall first be used in computing the 60 days' period referred to in section 202.

(e) For the purpose of computing the 60 days' period referred to in section 13, any period of service after April 5, 1917, and before July 1, 1919, in the military or naval forces in any capacity may be included, notwithstanding payment for such period, or a part thereof, is prohibited under the provisions of subdivision (a) of this section, except that the periods referred to in paragraphs (2), (3), and (4) of subdivision (a) shall not be included.

(f) For the purpose of section 13, in the case of members of the National Guard or of the National Guard Reserve called into service by the proclamation of the President dated July 3, 1917, the time of service between the date of call into the service as specified in such proclamation and August 5, 1917, both dates inclusive, shall be deemed to be active service in the military or naval forces of the United States.

(27) (a) The payments authorized by the provisions of this title shall be made in installments, beginning on the 1st day of July or January next succeeding the fifteenth day after the date of filing the application, but not before July 1, 1922, as follows: (1) If the total amount payable is $500 or over, in 10 equal quarterly installments; and (2) if the total amount payable is less than $500, in quarterly installments of $50; except that any installment necessary to complete the payments may be less than $50.

(b) If before the completion of the installment payments the veteran is separated from the military or naval forces under other than honorable conditions, or is discharged therefrom on account of his alienage, no further installments shall be paid. Payment shall be made by the Secretary of War if the veteran is serving in, or his last service was with, the military forces; and by the Secretary of the Navy, if he is serving in, or his last service was with, the naval forces.

(28) If the veteran dies, after making application in accordance with the provisions of section 4 for adjusted service pay and before receiving all the installment payments, the payments authorized by the provisions of this title shall be made to his estate.

(29) No right to adjusted service pay under the provisions of this title shall be assignable or serve as security for any loan. Any assignment or loan made in violation of the provisions of this section shall be held void. The Secretary of War and the Secretary of the Navy shall not pay the amount of adjusted service pay to any person other than the veteran or his estate or such representative of the veteran as the Secretary of War and the Secretary of the Navy shall jointly by regulation prescribe.

TITLE III.—ADJUSTED SERVICE CERTIFICATES.

(30) The Secretary of the Treasury, upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 5, is hereby directed to issue without cost to the veteran designated therein an adjusted service certificate (hereinafter in this title referred to as a "certificate") of a face value equal to the sum of (1) the adjusted service pay of the veteran increased by 40 per cent, plus (2) interest thereon for 20 years at the rate of 4½ per cent per annum, compounded annually (such amount being approximately equal to 3.38 times the adjusted service pay of the veteran). The certificate and all rights conferred under the provisions of this title shall take effect as of the 1st day of July or January next succeeding the date of filing the application, but not before July 1, 1922. The veteran shall name the beneficiary of the certificate and may from time to time, with the approval of the Secretary of the Treasury, alter such beneficiary. The amount of the face value of the certificate shall be payable (1) to the veteran 20 years after it becomes effective, or (2) upon the death of the veteran prior thereto, to the beneficiary named; except that if such beneficiary dies before the veteran and no new beneficiary is named, or if the beneficiary in the first instance has not yet been named, the amount of the certificate shall be paid to the estate of the veteran.

(31) There is hereby established in the Treasury a revolving fund to be known as the "adjusted service certificate loan fund" (hereinafter in this title referred to as the "fund"). The Postmaster General is authorized to make loans out of such fund upon the certificate of any veteran. The amount of such loans to any one veteran outstanding at any one time shall not exceed—

(a) If the loan is made during the third to fifth years, inclusive, after the certificate becomes effective, 90 per cent of the sum of (1) the adjusted service pay of the veteran plus (2) interest thereon from the date the certificate becomes effective to the time of the making of the loan at the rate of 4½ per cent per annum, compounded annually, or

(b) If the loan is made during the sixth to twentieth years, inclusive, after the certificate becomes effective, 80 per cent of the sum of (1) the adjusted service pay of the veteran increased by 40 per cent, plus (2) interest thereon from the date the certificate becomes effective, to the time of the making of the loan, at the rate of 4½ per cent per annum, compounded annually.

(32) Moneys in the fund shall be available to make all loans upon certificates. The Postmaster General is hereby authorized to set aside out of the fund such reserve moneys as may be required to make such loans, and the Secretary of the Treasury is authorized to invest the remainder of the moneys in the fund in interest-bearing obligations of the United States. Such obligations may at the discretion of the Secretary be sold and the proceeds reinvested in other interest-bearing obligations of the United States, and shall be sold and the proceeds made available for the purposes of the fund, whenever the Postmaster General certifies that in his opinion further amounts are required for the purposes of the fund. Any moneys in such fund not deemed necessary by the Secretary of the Treasury for the purposes of this title shall be covered into the Treasury as miscellaneous receipts.

(33) No loan shall be made upon any certificate within two years after the certificate becomes effective. Application for loans may be made to any postmaster of a first, second, or third class post office. The veteran shall give a note for the repayment of the loan upon an amortization plan by means of a fixed number of annual installments sufficient to cover (1) interest on the unpaid principal at the rate of 4½ per cent per annum, and (2) such amount of the principal as will extinguish the debt within an agreed period not exceeding the life of the certificate. The veteran may, however, pay any or all installments of the principal previous to their due date. The Postmaster General shall by regulation prescribe the form of application and the duration, number, and amount of installments, and such other conditions as he deems advisable, of the loan. All payments in respect to the loan shall be made through a first, second, or third class post office. Any moneys received for the repayment of the loan shall be covered into the fund. Whenever the Postmaster General finds that the borrower is in arrears for more than two years in his installments upon the note or has violated any other conditions thereof he shall certify such fact to the Secretary of the Treasury, who shall thereupon declare the certificate of the borrower to be forfeited.

(34) No certificate issued or right conferred under the provisions of this title shall be negotiable or assignable or serve as security for a loan other than one made under the provisions of section 19. Any loan made in violation of any provision of this section shall be held void. Whenever the Secretary of the Treasury finds that any such certificate or right has been negotiated or assigned, or has served as security, in violation of a provision of this section, the rights of the veteran under this title shall be forfeited.

(35) In the case of the death of the borrower or the forfeiture of his certificate or rights under this title any loan made upon the certificate and the note in respect thereto shall be deemed canceled. The Secretary of the Treasury shall thereupon reimburse the Postmaster General for all unpaid installments upon any canceled loan; and in case such loan has been canceled as a result of the death of the borrower the Secretary of the Treasury shall deduct the amount of such reimbursement from the amount of the face value of the certificate in respect to which the loan is made.

(36) Any certificate issued under the provisions of this title shall have printed upon its face the conditions and terms upon which it is issued and to which it is subject.

(37) If the veteran dies, after making application in accordance with the provisions of section 4 and before the certificate becomes effective, the amount of the adjusted service pay of the veteran shall be paid by the Secretary of the Treasury to his estate.

TITLE IV.—VOCATIONAL TRAINING AID.

(38) The Federal Board for Vocational Education (hereinafter in this title referred to as the "board") upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 5, is hereby directed to pay to the veteran designated therein (if he is not receiving the benefits of the vocational rehabilitation act, as amended) the sum of $1.75 for each day of his attendance (on or after January 1, 1922), on a course of vocational training previously approved by the board as suitable for such veteran. Such payment shall be made without deduction for Sundays, holidays, or vacations not exceeding two weeks in duration, or for absence for other cause which the board deems justifiable; but the total payment shall not exceed 140 per cent of the amount of adjusted service pay which the veteran would be entitled to receive if he had chosen that plan.

Payments under this section shall be made monthly, or at more frequent intervals, as the board may determine generally or in special cases.

(39) The board shall establish such regulations as will insure the regular attendance of the veteran on his course of training, and no sum or sums shall be payable under this title unless the board has been furnished proof of such regular attendance. For each day of unjustifiable absence the veteran shall forfeit the sum payable for that day, and shall receive no reimbursement for it in any other form.

(40) (a) If the payment under section 26 plus the amounts forfeited under section 27 is less than 140 per cent of the adjusted service pay, either by reason of the duration of the course approved, or by reason of the veteran's discontinuing, with the approval of the board, his attendance on his course of training, he shall be entitled to receive an amount equal to the difference between (1) his adjusted service pay and (2) that proportion thereof which the payments made or accrued under section 26 plus the amounts forfeited under section 27 bear to 140 per cent of his adjusted service pay: *Provided*, That from the amount thus computed there shall be deducted an amount equal to the sums forfeited under section 27.

(b) Such amount shall be paid to him by the board in such installments and at such times as will place him upon the same basis as if he had originally chosen to receive adjusted service pay as provided in Title II.

(41) If before the completion of the payments under this title the veteran is separated from the military or naval forces under other than honorable conditions, or is discharged therefrom on account of his alienage, no further payments shall be made under this title.

(42) (a) If the veteran dies, after making application in accordance with the provisions of section 4 and before any payments have been made or have accrued under this title, the amount of the adjusted service pay of the veteran shall be paid by the board to his estate.

(b) If the veteran dies, after the course of training has begun, his estate shall be paid by the board the same amount as would have been paid to the veteran under subdivision (a) of section 28, treating for such purposes the date of his death as the date of discontinuance of attendance on his course of training.

(c) The amounts payable under this section shall be payable in the same manner as provided in subdivision (b) of section 28.

(43) (a) The board is hereby authorized to cooperate with State boards for vocational education in such manner as will secure their assistance in the approval of courses of training for veterans, and other assistance in carrying out the provisions of this title.

(b) Whenever any State provides funds for assistance to veterans in attendance upon approved courses or provides for free tuition in approved educational institutions, the board is authorized and directed to cooperate with the State board for vocational education of such State in securing the maximum educational opportunities to veterans entitled to the benefits of this title.

TITLE V.—FARM OR HOME AID.

(44) The Secretary of the Interior, upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 5, is hereby directed, on or after July 1, 1922, to pay to the veteran designated therein, in one payment or in installments, an amount equal to his adjusted service pay increased by 40 per cent.

Such payment shall be made for the purpose, and only for the purpose, of enabling the veteran to make improvements on a city or suburban home, or a farm not selected under Title VI, or to purchase or make payments on such a home or farm.

(45) No such payment shall be made unless and until the Secretary of the Interior has approved the purpose for which it is desired by the veteran, and has suitable assurance that the money will be expended for such purpose. The Secretary of the Interior may, at the option of the veteran, or on his own motion, make the payment directly to the vendor or other person to whom such payment is due from the veteran.

(46) For the purpose of enabling him to pass upon the desirability of the investment he may make use of the services of land bank appraisers of the Federal Farm Loan Board, to be designated by such board.

(47) (a) If the veteran dies, after making application in accordance with the provisions of section 4 for farm or home aid and before a contract has been entered into with the approval of the Secretary of the Interior, the amount of his adjusted service pay shall be paid by the Secretary of the Interior to the estate of the veteran in such installments and at such times as will place the beneficiaries thereof upon the same basis as the veteran would have been if he had originally chosen to receive adjusted service pay as provided in Title II, but no such payment shall be made if the veteran has been separated from the military or naval forces under other than honorable conditions or discharged therefrom on account of his alienage.

(b) If before the veteran's death a contract has been entered into with the approval of the Secretary of the Interior, and payments under this title on such contract are still due, such payments shall be made by the Secretary of the Interior to the vendor or other person to whom such payments are due from the veteran.

TITLE VI.—LAND SETTLEMENT.

(48) On the opening of public or Indian lands to entry, or the restoration to entry of public lands theretofore withdrawn from entry, such opening or restoration shall, in the order therefor, provide for a period of not less than 60 days before the general opening of such lands to disposal, in which period veterans who have chosen the benefits of this title shall have a preferred right of entry under the homestead or desert land laws, if qualified thereunder, except as against prior existing valid settlement rights and as against preference rights conferred by existing laws or equitable claims subject to allowance and confirmation.

Such preference right for such period shall also be accorded on all reclamation projects now in existence or hereafter established, whether such reclamation is made by irrigation, drainage, or other method.

Upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 5, approved by the Secretary of the Interior, there shall be paid by the Secretary of the Treasury, on or after January 1, 1922, to the veteran designated therein, in one payment or in installments an amount equal to his adjusted service pay increased by 40 per cent. Such payment shall be made for the purpose, and only for the purpose, of enabling the veteran to make payments in connection with the lands as to which preference has been given under this section, or for the improvement of any such land, and shall be made only if the Secretary of the Interior has suitable assurance that the money will be expended for such purpose.

TITLE VII.—MISCELLANEOUS PROVISIONS.

(49) The officers and boards having charge of the administration of any of the provisions of this paragraph are authorized to appoint such officers, employees, and agents in the District of Columbia and elsewhere, and to make such expenditures for rent, furniture, office equipment, printing, binding, telegrams, telephone, law books, books of reference, stationery, motor-propelled vehicles or trucks used for official purposes, traveling expenses and per diem, in lieu of subsistence, at not exceeding $4 for officers, agents, and other employees, for the purchase of reports and materials for publications, and for other contingent and miscellaneous expenses, as may be necessary efficiently to execute the purposes of this paragraph and as may be provided for by the Congress from time to time. With the exception of such special experts as may be found necessary for the conduct of the work, all such appointments shall be made subject to the civil-service laws, and preference shall, so far as practicable, be given to veterans.

(50) Whoever knowingly makes any false or fraudulent statement of a material fact in any application, certificate, or document made under the provisions of Title I, II, III, IV, V, or VI of this paragraph or of any regulation made under any such title, shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than five years, or both.

(51) There is hereby authorized to be appropriated out of the funds created by paragraph (A) such amount as may be necessary to carry out the provisions of this paragraph: *Provided*, That if at any time the funds collected under the provisions of section 300 and section 301, paragraph (A) as amended, are not sufficient to carry out the provisions of this act and additional funds to fully carry out said provisions are not appropriated, the funds created under said sections shall be held by the Secretary of the Treasury until a sufficient amount has accumulated to discharge a class of unpaid obligations, and payments by classes shall be made in the order of maturity. The obligations created by this paragraph shall be postponed until sufficient moneys have accumulated as aforesaid.

Mr. REED. Mr. President, three years ago next Friday sirens were screaming, bells were ringing, and a mighty shout broke from the throats of millions of American citizens in a wonderful diapason of joy. The news had been received that the armistice was signed. Battle flags upon the front were furled. The heroic bugles of war were sounding the notes of peace. Carnage had ceased. The ache in the hearts of millions of American mothers gave place to a feeling of infinite contentment and of unspeakable pleasure.

Thus the people of this country and of the world united their voices in a wild shout of praise. Arms were extended toward the sea waiting for the returning heroes who had fought so well and had accomplished such wonderful results. They came to us, these soldiers of the war, some of them being led by the hand, staring through sightless eyes that could never see the light again; some of them hobbling upon crutches; some of them with empty sleeves, many—oh, so many—with hollow cheeks and sunken eyes and drooping shoulders, the victims of deadly gases and of deadly disease. They had been "over yonder," some of them, for nearly two years of time. They had endured the agony of parting from mothers and loved ones. They had slept on frozen ground and in the mud. They had stood shoulder deep in freezing water. They had been through hospitals of pain and had felt the surgeon's knife as it slithered through the flesh. They had marched forward with a courage that has never been equaled in all the annals of the heroic past.

Horatius at the bridge was not comparable in his courage with the soldier flyer who, 10,000 feet above the earth in the gray twilight, fought it out to the death with the enemies of his country. The Roman soldier who stood, foot to foot, with short spear and firm-held shield, was required to face nothing so horrible as the poison that crept into the lungs and by slow and insidious processes destroyed life.

This was the service rendered. Seventy-five thousand of those soldiers lay down to their final resting place; their shroud was the trampled and blood-stained dust of a foreign land. But millions of those who left their habitations and their positions in life, who received a mere pittance that did not supply them with the ordinary little necessities that men must have, who sacrificed their time, their health, and shortened, I apprehend, by many months or years their period of life upon this earth—these men came back, amidst the plaudits of a grateful people, in too many instances, to find their positions gone. Others who had remained at home had seized upon the situation and had occupied the offices they had been obliged to vacate, the homes in which many of them had lived, the employments in which they had earned their livings. So they turned from the task of war to the almost equally difficult task of peace.

Mr. President, while they were gone, while they were spending their energies, people at home were accumulating money. While the soldier was abroad draining his veins, many of the people at home were filling their pockets. When these men returned they found they were obliged, out of the pitiful dole handed to them with their discharge papers, to buy their civilian clothes in a market controlled in some way, either by laws of finance or by financiers, so that they were obliged to pay a tribute to a profiteer of from 100 or 200 or 300 per cent above the normal price of the articles they were purchasing. The $25 ready-made suit of clothes had become a $75 suit; the $50 suit had become a $125 suit of clothes; the $5 pair of shoes had become a $15 pair of shoes; the room they had rented for $20 a month had become a $40 to $50 "apartment." Wealth had been accumulated at a rate astounding even to the students of fortunes accumulated during wars. Let me give you, for it has a direct bearing upon this question, a few figures from a report filed with the House of Representatives, the accuracy of which I have never heard disputed.

In 1917 the corporations then in existence in the United States were capitalized at $25,000,000,000. At the present time those identical corporations have passed over to surplus and increased their capital by the enormous sum of $10,000,000,000. Since that time new corporations have been formed which are capitalized at $5,000,000,000.

In spite of the large dividends distributed the capitalization of the corporations of the United States has increased in less than three years from $25,000,000,000 to $40,000,000,000, and this increase of $15,000,000,000 is entirely due to the war.

Last year one individual in the United States reported an income of $34,000,000; there are two men in the United States whose income last year was over $16,000,000 each; there are five men in the United States whose income last year was over $5,000,000 apiece. In 1914 there were 60 men in the United States whose annual income was over $1,000,000 each. Last year there were 248 men in the United States whose incomes were over $1,000,000 each. In 1914 there were 114 men in the United States whose incomes were between $500,000 and $1,000,000; last year there were 405 men in the United States whose incomes reached that enormous amount. In 1914 there were 147 men in the United States whose incomes were between $400,000 and $500,000. To-day there are 400 men enjoying that large income.

In 1914 there were 130 men whose incomes exceeded $250,000 but were under $300,000; now there are 350 men who enjoy that income. In 1914 there were 233 men with incomes between $200,000 and $250,000, and now there are 750 men who enjoy that income. In 1914 there were 406 men whose incomes exceeded $150,000 and were under $200,000; now there are 1,300 men who enjoy that income. I regard these figurse as entirely too conservative and far below the real facts.

Mr. President, we get a little light upon this question from the size of the income taxes and excess-profits taxes that have been paid. When we turn to them we find that the excess-profits and income taxes paid during the war indicate that there must have been a general increase of wealth far beyond the figures given in this report.

The excess-profits tax for 1917 was $1,638,747,740; but the gentlemen or the institutions that paid that excess-profits tax had left in their pockets a very much larger sum than the tax.

The excess-profits taxes in 1918 were $2,505,565,939; but the institutions paying that two and a half billion dollars as public taxes probably had left three times that amount in their own coffers, if the truth were known.

In 1919 the excess-profits taxes, not yet all accounted for, were approximately $1,320,000,000—excess profits, mark you now, made in the year after the war was over—and these profiteers had left in their pockets a sum probably equivalent to two or three times the taxes paid.

In 1920—approximated again, for the Treasury Department has not been able to keep up with the business—the excess-profits taxes paid amounted to $950,000,000, almost a billion dollars. Those who paid such taxes have in their pockets probably two and a half to three billions of dollars left to them out of their excess profits.

In 1921 it is estimated that there will be received $450,000,000 of excess-profits taxes; and that means that the individuals or corporations paying that excess-profits tax will have left in their pockets out of the income for the coming year approximately $2,000,000,000, and this is three years after the war is ended.

The proposition, therefore, of the first part of the amendment I have offered, is that we shall continue the excess-profits tax as it has been heretofore levied. Not a penny of excess-profits tax is laid until the corporation has made 10 per cent net upon its invested capital. Thereupon the excess-profits tax takes one dollar out of five of the profits until the corporation has received a 20 per cent profit on their invested capital.

If it makes above 20 per cent on its invested capital, then it pays a 40 per cent tax upon such part of its excess profits as are above 20 per cent. It therefore has left in every instance more than $60 out of every $100 of its profits, no matter though its profits may go to 1,000 per cent, or even a higher figure.

The bill proposes to continue these taxes as they are paid now. Not a dollar of this tax comes out of the man who earns his living with his hands. Not a dollar of this tax comes out of the pockets of the man who earns his living with his brain. Not a dollar of this tax comes out of any corporation until it has made more than 10 per cent of profit, and paid all of its expenses. Then, and then only, does the tax accrue.

It is proposed by the majority to strike down this tax, to remit this tax to the profiteers, to leave every dollar of their excess profits in their pockets, taking nothing for the Public Treasury, except, of course, the flat corporation tax which is levied upon every corporation, big or little, the poor as well as the prosperous. It is proposed, as I have said, to strike down this tax, to wipe it out, to deprive the Government of that revenue. Such a policy has been the fixed policy of this administration, and has been approved by the votes of the Senate.

That, therefore, is the situation so far as the excess-profits tax is concerned. We are to leave that tax in the pockets of the profiteers, of the gentlemen who have not been satisfied with normal gains, of the individuals who grew rich during this war, who waxed fat behind the battle line, who speculated upon the necessities of the people, and who plundered—for much of it is plunder—the people and the Nation in its hour of trial and distress. While the average man with a small income was buying bonds and borrowing the money or pledging his meager property for their purchase, these institutions were growing fat and rich. While the ordinary citizen, poor or in moderate circumstances, was asked to give and give and give, to furnish the means to build the ships, to pay for the cannon, to furnish the arms; while the wash woman bought her bond out of her earnings in the suds; while the shop girl strove to save for her country; while the widow offered her mite; while little children emptied their china banks to buy war-savings stamps; while all were scrimping, and giving, giving, giving, these gentlemen, to whom I advert, were taking, taking, taking.

Let me not be misunderstood. I make no war on any man because he has money. I make no attack upon a corporation because it has money. I do not belong to those who assail wealth merely because it is wealth; but I do say that in the justice of Heaven the expenses of a war ought to be borne chiefly by those who have become enriched by that war. I do say that in the justice of God and the justice of man, if there is anybody who ought to pay for the expenses of a war, it is those who have profiteered upon the Nation in the hour of its necessity.

The proposition of this amendment is to continue the excess-profits tax, to leave in the pockets of every profiteer an amount equal to more than 80 per cent of his gains provided he has not made over 20 per cent, and to leave in his pockets over 60 per cent of his gains if he has made above 40 per cent, and with the rest of it to pay the soldiers' adjusted compensation.

If our soldiers had not been ready to meet like lions the foe, if they had not made of their bodies a protective wall of flesh and of blood, if they had not gone down to their death with heroic courage, the profiteers in this country to-day would be paying tribute to William II of Germany, and the tax collector would have worn a steel helmet.

Mr. President, why this peculiar attempt to take care of corporate profiteers? If an individual is engaged in trade, whereby he makes great profits, you levy upon his advancing income a surtax. Even the Senate, although against the orders of the administration, broke away from the leading strings and harness which had been put upon them and retained the surtax upon incomes of 50 per cent maximum. But the corporate profiteer is more generously treated. He escapes on everything except the flat tax. There is no advancing tax as to him.

The Senate has adopted the provision which declares that the small estate shall be taxed but a small amount, that the large estate shall pay a gradually increasing tax, until the tax mounts, I believe, to 50 per cent in the case of enormously large estates, so that we have established, as to the individual man living, the principle of an excess-profits tax in the shape of a surtax, while we have established as to the dead a mounting tax, depending upon the size of their estates.

But when we come to corporations which have profiteered, and are yet profiteering, we abandon that principle, and declare that the corporation, if it makes excess profits, can keep them in its coffers. Why such tenderness toward the corporation?

I come now to a point for which I ask consideration by every Senator who gives me the compliment of his attention—and there are not many, not so many as would be here if the soldiers were marching away—I ask, why this distinction in favor of the corporation? We may try to disguise it as we will, the fact is that the great corporations in this country have been exercising a sinister influence, not only on public opinion, but they have been so potential in the councils of the great leaders of political parties that they have dictated their own terms, and their terms were unconditional surrender. There is to-day a peculiar reason which emphasizes the enormity of this policy. It is found in the fact that every farmer in the United States is selling everything he produces at less than prewar prices, and is buying his necessities in a market controlled by profiteers. I say controlled by profiteers, and no reasonable man can deny the statement. Why am I warranted in saying that? Wool is selling for less than it has sold for in the United States in the last 20 years. The price has gone down to almost nothing. Yet every woolen garment costs two or three or four times what it did before the war.

What is the cause of that? Is it on account of an increase in wages? Wages have advanced somewhat, but wages are now declining, and rapidly declining. Making every allowance possible for increased costs, there is such a gap between the price of the raw material and the price of the finished product that it is perfectly manifest that there must be an enormous profit realized. Otherwise, why should the Treasury estimate that, under present depressed conditions, $450,000,000 can be collected this year upon excess profits?

You need not argue this question very long with a farmer who has marketed a steer's hide for a dollar and a quarter and in turn is compelled to pay $12 for a pair of shoes which before the war he could have bought for four or five dollars.

You need not argue this question long with the soldier boy, who in too many instances is tramping this country out of a job, and who, if he finds it necessary to buy clothing for his back, victuals for his stomach, shoes for his feet, or a hat for his head, pays two or three prices, although the raw materials have in every instance gone down to practically prewar prices. With these profiteers, then, still plundering and plucking the people, we are asked to relieve them of their taxes.

Mr. President, that presents one side of the question involved. Let us turn to the other side.

The Republican Party stood pledged, as far as a party could be pledged, to the payment of adjusted compensation to the soldiers. The Democratic Party was similarly committed. To state it fairly, neither party was committed to a particular bill; but they both committed themselves to do justice by the soldiers. There might be a difference of opinion as to what would be justice, but the broad pledge was made, and no one expected it to be construed in a niggardly or miserly way.

Nearly a year and a half ago, just before the election, there was reported in the House of Representatives an adjusted compensation bill. I think it was almost unanimously reported. The soldiers were given to understand that the party then in control proposed to see to it that the bill was speedily passed. The bill was held up, the election was had, and that particular bill disappeared.

Next we witnessed the spectacle of another bill, of which I have now introduced a copy as a part of my amendment, put

upon the program and the country advised that it was one of the bills first to be passed in this extra session of Congress, reported out unanimously, brought to the Senate, discussed, and about to pass, when the President and the Secretary of the Treasury intervened by declaring that the country could not pay the adjusted compensation now because of insufficient revenue. Yet at that moment both of these gentlemen knew that the reason why we would not have sufficient revenue was because the tax law was to be changed.

Accordingly the bill was returned months ago to the committee, with an assurance that it would be speedily taken up for sympathetic consideration. It has not had any sympathy that anybody could discover since that moment. It has not had any more sympathy from that committee than a prehistoric animal frozen in an Alaskan glacier 3,000 years ago has received sunshine and warmth from that day to this. There it sleeps the sleep that knows no waking. The flowers of rhetoric that had been woven into beautiful garlands for the soldiers are now faded and forgotten.

But the corporations were very busy getting their excess-profits taxes taken off, and the reason why we could not have revenue to pay the soldiers' bonus was demonstrated at last when the majority reported this bill that proposes to take $90,000,000 of taxes from some 1,200 millionaires, relieving them to that extent of taxes; $75,000,000 from the tax on corporate stock, relieving the corporations to that extent; and $450,000,000 of taxes from the profiteers, a total of $615,000,000, every penny of which was taken from the rich and the prosperous except the corporation-stock tax, and that amounted to nothing on small corporations, but amounted to something like $1,000,000 or $1,500,000 on such corporations as the Steel Trust and the Standard Oil and the great robbers and outlaws in the commercial world. I use the terms robber and outlaw justifiably, and out of the briefs of the Federal Government filed in the cases against them I can quote language as strong as that.

So we then knew why the soldiers' bonus could not be paid. They could not pay the soldiers their debt of heavy gratitude for dauntless valor, but they could pay the corporations and the profiteers for their political service, and they paid them by taking the taxes off of them and taking the compensation away from the soldier. Had they said, "We are opposed in principle to the soldiers' bonus and do not intend to pay it," it would have been quite a different thing. It would have been a manly acceptance of responsibility. But when they offered the excuse that the Government could not pay the soldiers' bonus and then took from the taxes of the profiteers a sum that would more than pay the soldiers bonus, I say it is as arrant a piece of hypocrisy as ever disgraced those charged with high responsibility.

What are the taxes we obtain if we continue this law in effect? Four hundred and fifty million dollars next year from excess-profits tax. What does the soldiers' bonus cost? Now, I am going to quote the figures that were prepared, not by a wicked Democrat, not by a demagogue, a word that is so often hissed across the aisle. The word "demagogue" is the last line of defense of a man who is without argument and who takes refuge in abuse.

Mr. STANLEY. Mr. President, will the Senator yield just for a question?

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. Certainly.

Mr. STANLEY. If those who are now defending the bonus are demagogues, the term would apply with the same force to the Finance Committee who unanimously reported this. It would look like we are all demagogues except Mr. Mellon, the President, and the chiefs of high finance. We have all voted that way.

Mr. REED. My friend, who is about as smart a man as I know of, misses the point. He has been reared down there on the dark and bloody ground of Kentucky, where they still think along human lines. To advocate the soldiers' bonus does not make a man a demagogue. It is a proposal of a tax upon a profiteer that makes one a demagogue.

Mr. STANLEY. "'I see,' said the blind man!" [Laughter.]

Mr. REED. According to the figures prepared and brought here by the Finance Committee, the same committee that now strikes down the tax upon profiteers, they estimate that if all soldiers demand their pay in cash it would cost, during the year 1923, the sum of $473,143,200, but as by the terms of the bill the soldiers' bonus does not begin until July, there would be accumulated a surplus of approximately $250,000,000. The tax upon excess profits amounting to $450,000,000, not only is that year taken care of, but a surplus sufficient would exist to carry it over the next year with the tax of that year provided the profits continue as they are now, so that we could meet $600,000,000 for 1924 and then the tax in 1925 would drop to $38,552,693.

Thus it is clear beyond peradventure, assuming that the profits tax should be equal in the coming two years to that which will be received this year, that we can take care of the entire soldiers' bonus if every soldier demands the cash instead of taking the deferred-payment plan.

But it is also estimated by the same committee, headed by the distinguished Senator from North Dakota [Mr. MCCUMBER] and by his experts, that in all probability not more than one-third of the soldiers would demand cash, and in that event we would have money, and money to burn, out of the excess-profits tax.

So, Mr. President, the cold truth of the matter is that in order to take these taxes off of great wealth and off of profiteers, the soldiers were denied the right of consideration by the Congress of the United States.

Now, an unpleasant situation has been created. The facts to which I have just adverted have been laid bare before the country. The fact that the dominant party, having to choose between the soldiers whom it respects and loves, and the clamors of the profiteer, took the profiteers' side. That ugly situation has been developed. When the amendment was offered which proposed to pay the soldiers the bonus—adjusted compensation is the better term—out of the profits of the profiteer, it became so embarrassing that the political sharks determined that something must be done. Some excuse must be offered. So the chairman of the Committee on Ways and Means of the House of Representatives gave out his remarkable interview in which he denounced at least myself, if no others, as a demagogue for talking about taxing profiteers. Let me say in passing that if I owned about half the timber in the northwestern portion of the United States and had seen it advance in the last few years from a few dollars per acre stumpage to fabulous prices, I might get so far into that timber and into its shadows that I could not see anything but the timber, and I might conclude that everybody was a demagogue who said anything about levying a tax on the profits that I had made. I might even give a good deal of attention to a tariff on timber as well as taking the tax off profits; but, of course, a gentleman situated in that way is not a demagogue. Nobody is ever a demagogue who has made a great deal of money, particularly if he made it without doing much hard work.

Now, however, this distinguished statesman comes forward with two propositions; and when I shall have disposed of them, I shall be content to give the floor to others. The first is that this amendment, offered at this time and in this way, is unconstitutional; that a revenue bill, being before the Senate of the United States and amendable, so that we can increase taxes or lower taxes as we see fit, can not be amended so that a portion of the funds to be raised by the taxes which we have the right to levy shall be devoted to such a cause as the payment of an obligation to the soldiers of the United States. Mr. President, I decline to discuss that question, because it is not a debatable one.

Mr. STANLEY. Mr. President, did Mr. FORDNEY say that he thought the proposal was unconstitutional or that he hoped it was unconstitutional?

Mr. REED. He did not use the exact term, but he said that we had no power to take such action, and that we were delaying the soldiers' bonus. What was breaking his heart was that we were postponing the soldiers' bonus. How does it postpone the soldiers' bonus? Suppose we adopt this amendment and Mr. FORDNEY should ask his associates in the House of Representatives to adopt it there, the soldier would commence to collect his bonus just as soon as the tax had been gathered and accounted for along about next July.

Mr. FORDNEY's other statement was that they proposed to do what? To levy a sales tax some time next summer, just when the campaign is getting under way again, and to provide that the sales tax should be devoted to the payment of the soldiers' bonus; in other words, to do exactly the thing that I am seeking here to provide—that a certain fund shall be devoted to a certain end. The difference between the distinguished champion of this idea and myself is that I propose to take the tax out of the pockets of the profiteer and he proposes to take it out of the pockets of the masses of the people through a sales tax. If that is the purpose, then, in the name of common sense, why did he not think of the sales tax when this bill was before him only 40 or 50 days ago? If his heart was then bleeding for the soldier and his sympathies were then aroused, why did he not propose the sales tax then, have the soldiers' bonus attached to it then, and put it through the House of Representatives? Then it would have been here ready for us to act on now.

Mr. STANLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I do.

Mr. STANLEY. The House of Representatives has stated that it is against a sales tax now and probably would be against a sales tax a year from now.

Mr. REED. Yes; but we are asked not to adopt this amendment, which will provide the money and give the bonus, and will do it now, but to accept a promise of something which Mr. FORDNEY might have delivered, if he could deliver it at all, 60 days ago, and which everybody who is informed about the question believes can never be delivered. If it ever is delivered I will tell Senators why it will be delivered. If the soldier gets a bonus next year, he will get it because the great taxpayers of this country under present legislation want to shift the burden of their taxes from themselves to the great mass of the people so badly that they would be willing, if they could get the principle of the sales tax inaugurated, to let the soldiers have part of it. I think that the chief argument that will be made will be this: "We can take the soldiers' bonus bill and put it in one end of the basket, and everybody who wants a soldiers' bonus will have to vote for the bill, although we put in the other end of the basket a tax upon the necessities of life that everybody must pay. In other words, he is doing exactly what I am doing; he is attaching the soldiers' bonus bill to a measure which is unpopular and oppressive—I say he is doing what I am doing, he is attaching two bills, as I am doing; but I am attaching the soldiers' bonus bill to a tax that is to be paid exclusively by the profiteers, while he proposes to attach it to a tax which is to be paid by everybody, including the soldiers.

Now, I am going to say to the Senators here that it may be possible that the gentlemen who are controlling the public legislation to-day are so eager to have the principle of the sales tax established that they even would be willing to attach a soldiers' bonus bill to it in order to get it established, for the soldiers' bonus will soon be paid off, but the tax, once being established, they will try to keep it in the law perpetually. So Senators who vote here to-day must vote with their eyes open. If they vote against this amendment which I propose, they are either against the soldiers' bonus or they prefer a sales tax and a soldiers' bonus to a tax on profiteers and a soldiers' bonus.

That is this case; that is this situation. There is no escaping it; there is no use in trying to dodge it. My opinion is that they are working steadily along with the idea of fastening the sales tax upon the country. But let us assume that the sales tax is adopted hereafter and the soldiers' bonus attached to it, and let us contrast that with the plan I suggest. The plan I suggest will pay the soldiers the bonus, and not a dollar of it will have to be paid by the soldiers of the country and not a dollar of it will have to be paid by those institutions that are content with normal profits; but if the sales tax is adopted every soldier will have to pay the tax out of which his bonus is paid.

There were 4,500,000 soldiers; they represent approximately 22,000,000 people, for soldiers have families and kith and kin. One-fifth of the tax would be gathered from the soldiers themselves or their immediate blood kin; for what is a sales tax? A sales tax is a tax levied upon the sale of goods, and as everybody has to buy practically everything he consumes it means that every man will pay a tribute upon the thing he buys, and, without any question, the purchaser pays that tax, for it is levied upon him in the very act of purchase. It is exactly like going to a moving-picture show. So much is paid for a ticket, and the tax is paid through the window. So a sales tax is a tax that every individual in the United States who eats or wears anything or sleeps in any habitation must help to pay. Although its proponents may say, "We levy it only on particular articles," they will fool no wise person by that, for the economic and industrial systems are so interwoven that a sales tax can not be levied on any of the important essentials of life without that tax being carried into substantially everything that is purchased. So that Senators will have their choice here—at best a soldiers' bonus to be passed at some indefinite time in the future and paid for out of a sales tax, with the chances largely that the bonus never will be passed but the sales tax will be, or a proposition to give the soldiers a bonus now and pay it out of the taxes of those who have grown fat and who are to-day fattening upon excess profits.

Mr. President, during the war we seriously talked of passing laws making it a criminal offense to raise the prices of commodities unreasonably. We are to-day exempting from taxation the very men who did it. The Senate passed a law to regulate rents in the District of Columbia, probably violating the Constitution of the United States when they did so, and you have rent commissions to-day to reduce by force the rent charges, because you say the landlord is a profiteer and is charging too much; yet here is a bill that proposes to exempt a corporation indulging in that very practice from a simple tax upon its profits.

Mr. President, on day before yesterday there met at my home city the greatest concourse of soldiers from civil life who ever gathered anywhere on the face of the earth. It took that vast body of men something like four hours to march in review. They had a convention. They had something to say about this proposition. Their president, Mr. Emery, declared:

> Such means as were used last summer to beat adjusted compensation can not ultimately succeed. Nothing is settled until it is settled right, and the national adjusted compensation issue has not been settled at all. The American people are the court of last resort, and wherever the American people have by the ballot passed judgment on the matter, that judgment has been an indorsement of the legion's stand.
>
> I can not conceive of a Congress so derelict in its duty, so unmindful of its just obligation to those who served their country at great financial loss, or so blind to the wishes of our people, as to be misled again into refusing to adjust the economic balance between the man who went to war and the man who did not.
>
> When the Senate last summer, at President Harding's personal request, killed the McCumber bonus bill, it bowed to the will of the Executive and not to fact or reason. The cost of adjusted compensation was grossly exaggerated by Secretary Mellon.

I desire to insert without reading the rest of the remarks of Mr. Emery.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

> "The greatest legion achievement of the year has been won for our disabled comrades," Emery declared. "From press and platform the people were deluged with a mass of incontrovertible evidence of the shocking conditions confronting our helpless and disabled veterans. The effect was almost instantaneous. In two months the case of the disabled had become a national issue."
>
> Emery indicated that the legion will actively press its efforts on behalf of unemployed veterans.
>
> "As a class, ex-service men are suffering more keenly than any other in the present period of industrial depression and subnormal employment," he said. "It is a duty of the legion to extend every aid to these comrades, and a duty which I know the legion will not fail to perform."

Mr. REED. That was the utterance of the president of this organization. I desire to present in that connection the formal resolution adopted, I think, without a dissenting vote at the convention:

> Whereas there is pending in Congress House bill 1 and Senate bill 506, a measure to provide adjusted compensation to the soldiers, sailors, and marines of the great war; and
>
> Whereas this adjusted compensation measure provides for the payment of the Nation's just obligations to the service men and women for the financial and economical handicap suffered by them incident to their service; and
>
> Whereas the Nation should and is paying all of its other war debts and obligations; and
>
> Whereas the obligations of the Nation to its soldiers arises by reason of economic handicap suffered by them because of their service, which economic handicap is at this time felt with especial severity because of widespread general unemployment; and
>
> Whereas after careful consideration of all the arguments advanced in opposition to the measure, including the letter of the Secretary of the Treasury and the address of the President to Congress, we still firmly believe in the justice, fairness, and immediate necessity of the adjusted compensation measure: Now, therefore, be it
>
> *Resolved*, That the American Legion in national convention assembled reaffirm its stand upon adjusted compensation, and asks that the Congress of the United States pass this measure without further equivocation or delay.

Mr. President, I do not know whether the demand of these gallant men will receive any attention or not, but it seems to me that it ought to receive some consideration. Reviewing that mighty marching army of veterans were the two military chieftains who had so much to do with the great contest. I want to read just a few words, just a paragraph from the speech of Gen. Foch, who journeyed all the way from France to attend this meeting; and then I ask to have put in the RECORD, because of its historic value and at the end of my remarks, the speech of Gen. Foch.

The PRESIDING OFFICER. It is so ordered, without objection.

Mr. REED. Speaking to these American soldiers whom he had commanded, this eagle of the French Army exclaimed:

> My dear comrades of the American Legion:
>
> I can not tell you how great is my satisfaction at finding myself amongst you, valiant soldiers of 1918, to live again our glorious memories. Three years ago, on the 1st of November, 1918, the entire American Army in France took up vigorously the pursuit of the defeated enemy and did not halt until the German surrender.
>
> Hour of glory for the American Army, a proper culmination for a military effort, prodigious alike in its intensity as in its rapidity. One and all, you have had your share in it. You may well be proud.

He recites the unbroken successes of American Armies, and concludes:

> Glory to the First American Army; glory also to those of your divisions which, distributed among the French and British Armies, contributed in great measure to the final success, whether with the Fifth French Army to the northwest of Rheims or with the Fourth French Army, in which they carried in magnificent assault the strong positions

of Orfeuilles; or, again, with the British Armies for the capture of the famous Hindenburg line, or with the group of armies of Flanders, pursuing the enemy upon the road to Brussels.

During this time your Second Army impatiently awaited to attack in its turn in the direction of Metz, which already was stretching her arms to us for deliverance; but, harassed and defeated, the enemy laid down his arms.

A solemn hour which compensated all the sacrifices freely consented for the cause of right.

It is you who have made these sacrifices. More than 75,000 of your countrymen were buried in the soil of France. May they rest in peace. Your French brothers in arms watch over them.

Glory to you who survive them and who enjoy victorious peace. You may well be proud of your past exploits.

Your country had asked of you to lay low a redoubtable enemy. You have placed him at your mercy, and after having assured every guaranty for the liberty of our peoples you have imposed upon him the peace which our Government have dictated. Has not your task been completely fulfilled?

As for me, the great honor of my life will be to have guided along the road of victory the American Army of 1918, which was a real grand Army, beginning with its commander.

Mr. President, that is the appeal for the American soldier, made by the lips of probably the greatest living soldier. That is the estimate in which he held these men. The foreign commander of a foreign host recognizes their claim upon the country and upon the world; but the Congress denies them an adjusted compensation to make up a little for their financial loss, because to do it they must take some tribute from those who grew rich through the war, from those who are growing rich in selling goods to the discharged soldiers to-day.

Ah, my Republican brothers, when the battle flags were unfurled in our country there were no politics then. We forgot political lines. I said then, and I say now, and I say it with infinite pleasure, there was no hanging back on the part of the Republicans in the Senate and in the House and in the country. The son of the Republican and the son of the Democrat said good-by alike to kindred at home. Together they marched away. Together they suffered. Together some of them died.

Let us do justice by these men with the same unanimity with which we asked them to respond to the laws we passed. We conscripted the bone and the flesh, the living, quivering thing we call a man. Can we not conscript or take by just and righteous laws some of the profits made out of the war to do justice by American soldiers?

You may have drawn your party lines taut now; you may have made your promises, but there is no promise so sacred and no party ties so holy that it ought for a moment to prevent you from doing justice to the saviors of your country.

APPENDIX.

FOCH GIVES PRAISE TO AMERICAN ARMY—TELLS LEGION OF HOUR OF GLORY THREE YEARS AGO WHEN GERMANS RETREATED—RELATES VICTORIOUS DEEDS—SPLENDID SPIRIT OF NATION SHOWN ON FIELD OF BATTLE AND IN TRANSPORTING TROOPS.

(By the Associated Press.)

KANSAS CITY, MO., *November 1.*

Following is the text of Marshal Foch's address before the American Legion convention:

"Officers, noncommissioned officers, and soldiers of the great American Army:

"My dear comrades of the American Legion:

"I can not tell you how great is my satisfaction at finding myself amongst you, valiant soldiers of 1918, to live again our glorious memories. Three years ago, on the 1st of November, 1918, the entire American Army in France took up vigorously the pursuit of the defeated enemy and did not halt until the German surrender.

"Hour of glory for the American Army, a proper culmination for a military effort, prodigious alike in its intensity as in its rapidity. One and all you have had your share in it. You may well be proud.

"In responding in mass to the call to arms of your Government; in equipping, training, and organizing yourselves as rapidly as possible, you had in view only the purpose to take your place as soon as possible in the line of battle.

WHAT AMERICA DID.

"In numbers: Eighteen months after the declaration of war by the United States on Germany the American Army had passed from effectives of 9,500 officers and 125,000 men to 180,000 officers and 3,500,000 men.

"Effort of organization: If in the month of March, 1918, you had in France but 6 divisions, six months later you had 41, of which 31 engaged in battle.

"Effort in instruction: In order to have officers, noncommissioned officers, and men rapidly trained, you multiplied in America, as in France, your schools and camps, which became centers of prodigious activity.

"In order to arm you and camp you the American manufactories worked without respite and supplied all your needs.

"Admirable effort also in transportation. You swept away every obstacle which interfered with bringing your units from the centers of instruction to the ports of embarkation.

EFFORTS OF ORGANIZATION.

"In France you improved the ports of debarkation, created new installations, increased the traffic of the railroad system by work of all kinds, and multiplied your storehouses and hospitals.

"Your shipyards were organized for intensive production in such a way that when the war ended you utilized for your ocean transportation almost 4,000,000 of marine tonnage instead of 94,000, available at the beginning of the war.

"And meanwhile your splendid war fleet, thanks to its vigilance and its fine military qualities, protected, with an efficiency to which I am happy to pay tribute here, the transportation of your troops and material.

"A prodigious effort on the part of your entire Nation's intelligence, will power, and energy. A prodigious effort which has filled your associates with admiration and gratitude and confounded your enemy.

"This splendid spirit of an entire Nation we find again on the battle fields of France, where it was blazoned in the admirable virtues of bravery and heroism.

LAURELS WON BY AMERICANS.

"It was the spirit of the Second and Third American Army Divisions which, one month later, took part in the battle of the Marne and distinguished themselves immediately in operations around Chateau-Thierry and in Belleau Wood. Again it was the spirit of those five divisions which, on the 18th of July participated in the victorious counter offensive of the tenth and sixth French armies between the Aisne and the Marne and contributed in great measure to that victory.

"Finally it was the spirit which animated all the American Army when, on the 24th of July, Gen. Pershing formed your splendid units under his own direct command.

"On the 12th of September, 1918, the First American Army delivered its first battle on the soil of France. It dislodged the enemy from the St. Mihiel salient, where he had intrenched himself for nearly four years, threw him back beyond the foot of the hills of the Meuse. From the very first the American Army entered into glory. How many further laurels was it yet to win?

FIGHTING IN THE ARGONNE.

"The St. Mihiel operation was nearly ended when the American Army attacked on a new front. On September 25 it was engaged on the right wing of the vast allied offensive. The point of direction assigned to it was Mezieres, on the Meuse.

"Deployed from the left bank of the Meuse to the eastern confines of Champagne, it had three army corps in line on a front of nearly 40 kilometers.

"Before it stretched the region of the Argonne, formidable emplacement of the German defense, a wooded terrain, rugged, difficult in its very nature, and rendered more so by all the defensive organizations which had been accumulated there during the last four years.

"Nothing could discourage or check your army. It threw itself with generous ardor into the immense melee. The task was a rude one, but it was carried out to a thorough finish.

"Fighting without respite night and day for a month, advancing in spite of the pitfalls and the counter attacks of the enemy, it succeeded by pure force of tenacity and heroism in liberating the wild region of the Argonne.

PENETRATED GERMAN LINES.

"After St. Mihiel it could now inscribe proudly upon its banners the name of the Argonne.

"On the 16th of October, this great task finished, it joined hands with the Fourth French Army in the defile of Grand Pre.

"In consequence of this the enemy's resistance was severely shaken; the moment had arrived to give him the final blow.

"On the 1st day of November, just three years ago to-day, the First American Army again attacked, and in a splendid advance reached Buzancy, penetrating the German lines for more than 10 kilometers.

"The enemy this time retired definitely; the Stars and Stripes at once took up the pursuit and, six days later, floated victoriously over the Meuse reconquered.

"After St. Mihiel, after the Argonne, the American banners now bore the name of 'Meuse!' In a few months you had taken 45,000 prisoners and 1,400 cannon from the enemy.

"Glory to the First American Army; glory also to those of your divisions which, distributed among the French and British Armies, contributed in great measure to the final success, whether with the Fifth French Army to the northwest of Rheims or with the Fourth French Army, in which they carried in magnificent assault the strong positions of Orfeuilles; or again with the British armies for the capture of the famous Hindenburg line, or with the group of armies of Flanders, pursuing the enemy upon the road to Brussels.

"During this time your Second Army impatiently awaited to attack in its turn in the direction of Metz, which already was stretching her arms to us for deliverance; but, harassed and defeated, the enemy laid down his arms!

"A solemn hour which compensated all the sacrifices freely consented to for the cause of right.

"It is you who have made these sacrifices. More than 75,000 of your countrymen were buried in the soil of France. May they rest in peace. Your French brothers in arms watch over them.

"Glory to you who survive them and who enjoy victorious peace. You may well be proud of your past exploits.

"Your country had asked of you to lay low a redoubtable enemy. You have placed him at your mercy, and after having assured every guaranty for the liberty of our peoples, you have imposed upon him the peace which our Government have dictated. Has not your task been completely fulfilled?

"As for me, the great honor of my life will be to have guided along the road of victory the American Army of 1918, which was a real grand army, beginning with its commander."

ADDRESS BY THE VICE PRESIDENT.

Mr. WILLIS. Mr. President, at the recent convention of the American Legion at Kansas City the Vice President of the United States, Hon. CALVIN COOLIDGE, delivered a very learned and instructive address, and since it bears upon the general subject of the relations and obligations between the veterans of the World War and their Government, I ask unanimous consent to have the address printed in the RECORD, and in the ordinary RECORD type.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF THE VICE PRESIDENT AT KANSAS CITY.

The Legion holds by righteous conquest the title of American. There was never reposed in any other military force the proud distinction of so completely representing the whole Nation. It is notorious that the people of the Colonies were divided. Many of their number, of most respectable attainments and most unquestioned character, doubted the wisdom of the patriot cause.

When the Revolution became victorious they left by scores of thousands or remained silent but unconvinced. In the War of 1812, with its strange commingling of the most ignominious defeats with the most brilliant victories both by land and sea, there was grave lack of popular approval, which in some sections bordered on open resistance. The War with Mexico was widely criticized. Abraham Lincoln, while withholding no note of support for the army in the field, violently denounced the motives which brought on the conflict. The War between the States needs but to be named to show the complete division of two sections of our people which even the War with Spain did not completely reunite. The opportunity to make this Nation one, the sacrifice which made this Nation one, was of your day alone. All the streams of that great spirit are gathered up in you. You represent a new national consciousness. You represent the consummation of those great forces, coming into action in the early days of this century, which not only made America more American but made humanity more humane. The hope of this Nation, which more than ever before corresponds with the hope of the world, lies in your power to minister to that spirit, to preserve that consciousness, and to increase those forces.

You saw the mighty urge of all these causes which began on July 28, 1914, and culminated on November 11, 1918. When the Great War broke on an unsuspecting world few people in Europe and fewer still on this side of the Atlantic understood it. Stunned by its reported atrocities, we were principally interested in keeping out of what we believed was no concern of ours. There were those who recognized that it was an attack on all that was represented by our civilization, who declared from the outset that it was an American war, and urged an immediate preparation for a victorious defense. Denounced in official quarters, looked on as jeopardizers of peace, they went for the most part unheeded. But there came a day when the violation of our rights, the loss of our property, the destruction of the lives of our citizens, and the assertion that these were to continue, left no choice but to declare that all this constituted the making of war upon our country and that force must be resisted with force.

To meet the requirements of that situation, it is scarcely too much to say that the American people presented themselves at the altar of their country with the offering of their every dollar and their every life. The flame of patriotism swept over the whole land, consuming away the dross of all past differences and fusing the entire people into one common national unity. The Army and Navy, forever unmatched among men, born of this new spirit, the money with which it filled the Treasury, the gigantic charities which it supported, the stupendous and unending flood of all kinds of supplies that it created, the victory that it made possible—these are now known to all the world. All this gave a new meaning to the life of our country, a new meaning which found its finest expression in a new nationalism, deeper and more fervid than ever before, summed up in one word, "American." As the months have passed, as public opinion has found expression, it is more and more evident that the people fought in self-defense; they fought to preserve America, and in that sacrifice found a new life.

The tremendous contribution which our military forces made to this new national spirit can never be overestimated. There were those who saw our country enter the war with great regret. They were willing to sacrifice the undoubted rights of our citizens to the maintenance of peace. There were those who opposed sending an army overseas. They were critical of the purpose of the Government. But when once our Navy reached the scene of conflict, when once our soldiers and marines were in France, all regret and all criticism ceased in the most loyal support ever given by a people to their forces in the field. Devotion to you and your comrades removed all discord, and out of the intensity of that same devotion was created a new conception of the responsibility and dignity of citizenship and a new national spirit. When the results of winning the war are considered this stands out most prominently, and for it, as for victory, the chief credit must go to those who bore arms.

This may not be the ultimate result, but it is the result up to this time, and if it becomes fixed in the life of the Nation it is worth all it cost. There may be other steps to take, but this one had to be taken first, for without that unity of purpose that comes from an intense national spirit there can be no permanent progress, no promotion of our domestic welfare, no service to the world.

It is because the American Legion stands in a position, by its broad and representative membership, by its common experience and common sacrifice, which no other organization can occupy, that it holds the greatest hope for the maintenance of a true national spirit.

When we consider the service which you and your comrades performed, the stupendous scale of the operations, the wide-reaching results, the courage and devotion constantly displayed, that you saved America and doing it saved the world, we realize something of the gratitude that is your due, something of the glory that you have won. Your countrymen will ever hold these among their choicest treasures.

There are some things that can wait. Others perish in the waiting. The most commanding duty that resulted from the war was the proper relief of all incapacitated veterans. This the last administration attempted to do. The task was large and new. It required law and organization. A generous beginning was made, but the work lagged. There is nothing closer to the heart of President Harding than making this relief absolutely complete. No man not in the service has a deeper appreciation of what that service meant, of the sacrifices made by the veterans, of the obligations incurred by the country, and no man will go further to minister to the true welfare of those who have been in the service and their dependents than the President of the United States. He will never sacrifice you for his own welfare. He will sacrifice himself for your welfare. He will do all that can be done to prevent the need of your again sacrificing yourselves for your country's welfare.

I know that you are well aware that your glory lies in what you have given and may give to your country, not in what your country has or may give to you. But a country which is worth defending takes care of its defenders. You have a right to a report of what your country is doing for your comrades. All relief has been reorganized and consolidated in one department under a new law passed on the recommendation of the Legion. At its head is Lieut. Col. Forbes, who rose from the ranks overseas. The Veterans' Bureau and the agencies now included in it up to October 1 have paid $71,000,000 for medical and hospital services, $267,000,000 for compensation, $254,000,000 for insurance awards, $582,000,000 for allotments and allowances, $171,000,000 for vocational education. The amount disbursed by this bureau in September was $34,237,000. This reaches a total of $1,345,000,000, about one-third of all pensions paid by the Government from its beginning up to our entry into the World War.

The yearly expenditures of the Veterans' Bureau are running at the rate of about $411,000,000, which is more than one-half the entire expense of the Government before the war.

Every effort is being made to avoid delay in passing on claims. There have been established 14 district offices and 140 suboffices for the presentation and determination of compensation and insurance awards. Late in April there were 200,000 claims pending before the War Risk Insurance Bureau. About 150,000 of these have been adjudicated. Except in cases of dispute each application secures immediate determination. Out of about 975,000 requested medical examinations there are less than 30,000 claims now awaiting review by the medical department. This includes claims which are upon appeal and which were reopened by the generous provisions of the new law. Seven thousand new hospital beds have been supplied, bringing the total up to 26,750. There is money available and construction is under way which will provide 6,000 additional beds, all under Government operation. There are at the present time about 6,000 vacant beds in Government-controlled institutions. One of the most promising efforts of rehabilitation has been the establishment of a university at Camp Sherman, Ohio, which will provide an academic, commercial, industrial, and agricultural course. Some idea of the tremendous activities of the Veterans' Bureau can be gained when it is remembered that there are now—

Twenty-nine thousand men in hospitals.

Two hundred and seven thousand monthly awards of compensation are being paid.

One hundred and forty thousand monthly awards of insurance are being paid.

Six hundred and thirty-six thousand men are carrying insurance.

Four billion dollars of insurance is in force.

One thousand two hundred insurance claims are received per month.

Seventeen thousand compensation claims are received per month.

Ninety-three thousand men are receiving vocational training.

It is the most cherished ambition of President Harding that there may be no veteran or dependent anywhere within our country entitled by law to relief who shall not be able, promptly and adequately, to secure it. This is done not with any purpose of undertaking to pay for that which is priceless but of undertaking to discharge the most solemn obligation which comes to any Government.

You represent every part of this Nation, every activity of its citizens. It was under your inspiring example that the two greatest obstacles to our full national life were destroyed—sectionalism and class consciousness. The war was won because each section of our Nation and each class of our citizens contributed its full strength to a common cause. The nearly five millions distributed over the entire country, representing in so great a degree the entire people and their entire interests, can not be divorced from the public welfare. Whatever works injury to any of the great activities of the land works injury to them; whatever contributes to the general prosperity contributes to their prosperity. They are at once the man power and the material power of the Nation. They not only take the field but supply the Public Treasury.

The prosperity and welfare, yes, more than that, the righteousness of our country, lies in the service which one section can render to another. The East found success in building railroads, opening mines, and developing the resources of the West; the West found success in feeding the people and supplying the raw products for the factories of the East; the North finds success in the sale of its manufactures in the South; the South finds success in supplying the North with the production of her plantations. This is not competition, but cooperation. Fundamentally this process is right. It is the law of service. Practically it should continue, because it is the only means to success and prosperity. There is no path to permanent prosperity and success which narrowly excludes any section.

It is always easier to think of the part than of the whole. It is easier for men to remember that they work at the plow, the forge, the drill, the spindle, the bench, the desk, or that they follow transportation, the law, medicine, banking, or the ministry, than it is to remember that into the life of every man there goes a part of all these activities and many more, and that, whatever his occupation, each is a part of the whole, and that their permanent prosperity will stand or fall with the permanent prosperity of the whole. No man is wise enough, no combination is strong enough, to transgress this law and long escape its penalties. All artificial privilege always has and always will destroy itself. The law of service is a law of action. No artifice can long circumvent it; no fraud can long cheat it. The United States Constitution is right. Titles to nobility can not be granted or seized. They can only be achieved. They come through service, as yours came, or they do not come at all. If men in civil life in these days of peace would put their thought and effort into the success of the people of the whole country, as in military life you put your thought and effort in time of war into the success of the whole army, the victories of peace would follow as surely as did the victories of war. Government and industry, locality and society, all need the national outlook you so proudly achieved. It is time in every activity in our land for men in every relationship to stop trying to get the better of each other and begin trying to serve each other.

Under these circumstances, considering the great sacrifice you represent and the great stake you have in the country, it is small wonder that you not only exemplify patriotism in your own actions but insist, as you have a right to insist, on patriotic action in others. You have great patience with ignorance and weakness, but no patience at all with any informed and powerful attempt to make a mockery of our institutions, defy the execution of our laws, and violate the rights of our citizens. But in resisting all attacks upon our liberty you will always remember that the sole guaranty of liberty is obedience to law under the forms of ordered government.

The observance of the law is the function of every private citizen, but the execution of the law is the function only of duly constituted public authorities. The last act has been closed in that war which, with the help of your efforts, was brought to a complete victory. A treaty of peace between the United States and the German Empire made for the purpose "of restoring the friendly relations" formerly existing between the two nations, negotiated late in August, ratified by both countries, now awaits only the proclamation of the President of the United States. This treaty expressly reserves to the United States both the rights acquired under the armistice signed on that historic date of November 11, 1918, and those rights provided by the treaty of Versailles. Generally speaking it grants to the United States all of the privileges which it would have gained had it ratified the former treaty and imposes none of the obligations, exclusive of all consideration of the rights and duties proposed by the covenant of the League of Nations. This has brought to a formal close the greatest of all human conflicts. Having accepted it, it becomes our duty to observe not only its letter but its spirit. The position which our country holds in its relationship abroad is shown by the experience of our army on the Rhine. There is every indication that it desires to remain there, it is reported that England and France wish for its continuance, and that most of all Germany is earnestly solicitous that it shall not be withdrawn. The occupation of this army appears to be complete.

But though the war be over, its results, for good and for ill, remain. Its exactions have not yet all been met, nor have its benefits yet all been realized.

There has been appropriated for the support of the National Government for the current political year approximately four billions of dollars. Of this amount one and a third billion is on account of the war debt, more than a quarter of a billion goes to pay pensions of previous wars, three quarters of a billion is required to maintain our present Military Establishment for our protection on land and on sea. The relief work administered by the Veterans' Bureau reaches nearly one-half billion more. This means that the current cost of previous and prospective wars is two and five-sixths billions, while the cost of the Naton's peace activities is one and one-sixth billion. There are considerable expected savings on these amounts, but the proportion will not be greatly changed. This is a burden nearly six times as great as that which it was necessary for the Nation to bear previously to the war. It exacts a tribute directly or indirectly of about $40 from every inhabitant of our country or about $200 from the average family. This enormous expenditure the public can not evade and can not shift. It must be met. No one who has observed the diminishing returns from taxation, the acute depression which overtook all business and which has become prominently acute in agriculture, can fail to realize that every possible relief must be sought and applied.

All this is a mighty obligation even for a great people of great wealth. There is no present service that can be performed for those who have so unselfishly and so gloriously sacrificed themselves in the service, or for their dependents, or for the country at large, which in a peculiar and a sacred sense is their country, so important, so considerate of their welfare, so calculated to discharge a part of the great debt which is their due, as to reduce these obligations, reduce the great drain upon the resources of the people, which will restore the Nation to a state of prosperity, not for an hour or a day, but a lasting and a permanent prosperity for all. This means that economy that comes from a consciousness of peace.

Our own national existence presupposes the national existence of others. Were there no other countries there would be no choice between countries, and therefore no loyalty to one to the exclusion of others, no patriotism. That virtue we claim for ourselves we must recognize in others. If it be well for America to have a strong national spirit it must be well for others to cherish the same sentiment. The war did not break this spirit in any free country; it strengthened it, strengthened it for the glory of all. America first is not selfishness; it is the righteous demand for strength to serve. And America has been dedicated to an unselfish service. I weigh my words when I say that both in Europe and in the Orient that service for humanity has not been exceeded by any other nation. It will not be, then, in diminishing but in enlarging the national spirit that true progress for the race will be found. There can be no society without a home, no civilization without citizenship.

But as a true national spirit calls for a harmonious adjustment of the relationship between all the sections and all the people in the Nation, so it calls for a harmonious relationship between the different nations. This is the spiritual lesson of the war.

The work of Washington was not finished at Yorktown, the work of Lincoln was not completed at Appomattox; they live in our institutions, one in the Constitution which his efforts caused to be adopted, the other in the amendments which his sacrifice caused to be ratified. Your work was not all done on the sea or on the fields of France.

In recognition of the solemn obligation to you and to your countrymen of economy and peace a conference of certain great powers, called on the initiative of the President of the United States, is about to assemble at Washington. It proposes to search for a solution of problems arising from the convergence of many different nations in the Pacific and to provide by mutual agreement for a limitation of armaments. I do not understand that this means that any nation is to divest itself of the power to resist domestic violence or suffer any diminution of independence, but out of mutual understandings the great burden, and it may be the menace, of competitive armaments may be removed. This is a new expression of a great hope; all the greater because it seeks the practical. It proposes something that America can do at home. It surrenders no right, it imposes

no burden, it promises relief at home and a better understanding abroad. If it be accomplished its blessings will be reflected at every fireside in the land. The economic pressure of government will be lifted, the hope of a righteous and abiding peace will be exalted.

The hour is still with the veterans of the war. The power, but also the responsibility, not only of citizenship, but of inspiring leadership, is theirs. Their work goes on. In its process there is no room for discouragement. Steadily, silently, but irresistibly, the great principles for which their imperishable sacrifices were made are prevailing over the face of the earth. They have not only overcome the sword of resistance, they have convinced the mind. If anywhere opposing views are held, it is in sullen silence; they dare not be openly declared by any government. They have at once proclaimed a new America, and thereby a new world, to be made secure in mutual understanding and in righteous conduct.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. WATSON of Georgia. Mr. President, in the Washington Times of this afternoon appears a statement of Secretary Weeks, a man belonging to a coordinate branch of the Government which I serve, as he does, to which I want to call the attention of the Senate.

On the floor of the Senate the other day, in supporting the soldiers' bonus bill, which I have done whenever it was presented, I took occasion to mention some of the extraordinary sacrifices which those soldiers made as compared with those made by the soldiers of every war heretofore. I will not repeat what I then said as to the extraordinary circumstances under which our American soldiers served abroad. My remarks are in the RECORD. They will stay there.

I quite agree with the Senator from Washington [Mr. JONES] that every one of the charges I made should be investigated, and if proven to be true punishment should come upon the officers who were responsible for those cruelties inflicted upon our men.

In the course of those remarks I said that the officers, not all of them, but in too many cases, made courtesans of the nurses—not all of them—and that those nurses were thereby made to neglect the wounded, the sick, the suffering, the dying, who were in the hospitals, and who had a right to their services.

Commenting upon that and upon myself, Secretary Weeks has used this language:

> No decent man would make such charges against a class of people, and I measure my words when I say that.

Mr. President, I am going to measure my words as I reply to the Secretary of War. I say that no Secretary of War, publicly referring to a speech made in the Senate on a public question, should use language like that without having first investigated the charges which he condemned. He should have asked me what my information was, and he could have gotten it. He owed it to a member of a coordinate branch of the Government to show him sufficient respect to do that, or something equivalent to that, before he went into the newspapers and denounced him as not being a decent man. I do not know what kind of a man Secretary of War Weeks is; I do not know what his antecedents have been. I do not know what his manners are, or what his rearing has been, but I am willing that mine shall be compared with his, and I will let any impartial tribunal pass upon the issue which he has raised as to who is the more decent of the two.

I stated expressly that I made no attack upon a class. I said that in too many cases the officers did make courtesans of those nurses, and I can prove it, else I would not have said it. Mr. President, before the words of Secretary Weeks were in the paper, and almost as soon as mine could reach Richmond, Va., there came to me a letter from a lady of that city, in which she says, after the usual address:

> DEAR MR. WATSON: Your charges in the paper in regard to the many evils permitted in the Army have more than aroused my interest. I sincerely trust that you can bring out full facts in open Senate.
>
> I was in the Army nursing service for 12 months and overseas for 7. Not only did I find it true in my own limited field of observation that officers made courtesans of nurses wherever possible, but nurses who rejected the social attentions of men in power were subjected to a multiplicity of personal and professional indignities.

For obvious reasons I will not disclose the lady's name, because it would subject her to annoyance, to a publicity which would be distasteful to the feelings of any refined woman. If I should relate to Senators what has been told to me by one of the nurses who had to repel the attempted assault of an officer, they would burn with indignation and they would feel that Secretary Weeks had not disgraced me when he said that no decent man would have said that, and I say that I could not be disgraced by any words that come from that source.

Very soon after the senior Senator from Massachusetts [Mr. LODGE] had cut me off from further disclosures on yesterday by calling for the regular order there was put into the RECORD a letter from an Army officer, Mr. John B. Lechleiter, of Nashville, Tenn., of which I will read only one paragraph, to show how he contradicts the Secretary of War and the chairman of the Committee on Military Affairs, Senator WADSWORTH. He said:

> The writer knows of his own knowledge, from an examination of the records covering a period of several weeks, that the total number of cases in which the accused was sentenced to death was imposed was 28. Of this number 9 were carried into effect.

The chairman of the Committee on Military Affairs said that during the whole war those American soldiers who were put to death in France could be counted on the fingers of his one hand. The very next morning the Secretary of War said that the number was twice that amount for the whole war, and now this officer from Nashville, who had charge of the records, says there were 9 in a few weeks. If there were 9 in a few weeks, my figures of 21 on one gallows during the entire war begin to dwindle into insignificance.

Mr. President, here is another picture of a gallows in France taken by a private soldier now living in Huntington, W. Va., and smuggled into this country. He sends it to me. Apparently, there were as many gibbets as hospitals, and I have already shown that upon one there was an arrangement made whereby three men could be hanged at once.

The young soldier who told me of the 21 men who had been hanged at Gievres in France has sent me this telegram:

> Got letter. Sent affidavit story special delivery to-night.
>
> CLIFFORD L. LEAR, Jr.

He is as brave a boy as ever wore a uniform. If that affidavit does not suffice, I will send for him, but if any of the members of our military clique try to go into that committee room and browbeat, intimidate, cow, and crush any of these ex-service men, they will find me there ready to combat them in the name of the public and of the Senate of the United States. They are not in France now. They can not hide things behind censorship now, with George Creel sitting on one end of the cable in France and Albert S. Burleson sitting on the other end here in America. No, the cat is out of the bag at last, and she is going to run her full race before she stops.

Here is another telegram from Aaron, Ga.:

> Yes, they hung soldiers in France without court-martial.
>
> GEORGE SCARBORO,
>
> *Six hundred and fifth Engineers, Sergeant (first class).*

He faced the enemy and he will face the nabobs of the General Staff.

Senators seem to put their minds principally upon the concrete fact of hanging without court-martial. I shall not stop to argue the legal question as to whether the officers of the Expeditionary Force in France had the right to try, condemn, and execute soldiers for crimes committed upon civilians in France. That would be a waste of time. I shall not ask whether those cases could not have been turned over to the French courts, and the American soldier tried under French law for an offense against a French citizen. Jurists may differ about that. I shall not take the time to talk of it now.

There is here a statement given to me by an ex-service man who lives in this city. His name and his address are given. He does not want to be persecuted. He is out of a job, dead broke, I suppose, as most of them are. The men who made blood puddings, financially, out of the sacrifices of these young men are not broke. We are relieving them of taxation. Here is a statement which that young man dictated to my stenographer under cross-examination by me, a statement as to the hanging of four Negro men on one gallows, at one time—soldiers, mind you, clad in the uniform and going to the firing line, where it was not the duty of Gen. Pershing to go and where nobody expected him to go.

I asked him the question, "How do you know they were hanged without trial?" He gave me this explanation. In every case of court-martial where the sentence was carried out and the victim cut down from the gallows his body was carried to the hospital to be prepared for burial. As the sailors do when they want to preserve a record, they put it in a bottle, one of the very few vessels that the earth does not corrode and which the salt water does not eat away.

In every case where there was a military execution by order of court-martial, there was placed in a bottle the record showing the name of that soldier, stating his offense, stating his trial, and giving the facts as to his sentence, so that if he should,

before the resurrection and the last day, be taken up, that record should come up with him and would tell the whole world why he was lying in that grave. In these four cases there was no such record.

He gave me this gruesome detail. There was a white lady of Rochester, N. Y., who had lost her son. He had been killed on the firing line. She wanted his body back home. This very young man acted as a detail that exhumed the body of one of these negro convicts which still had the black cap drawn over his head and face; and that black body was sent to Rochester, N. Y., as the body of the son of that white woman. Her tears, when they fell upon the new-made grave, did not fall upon the grave of her son, and the flowers with which she strewed it were not strewn above where her son was sleeping. Just such a case happened in my own home county.

This same ex-service man told me of a case in Paris where a private overstayed his leave of absence for a very short while. He was violently seized and struck by the sergeant, under orders from the officer of the day, and was plunged into a bathtub of cold water, and then, in that cold uniform, drenched, dripping, he was made to lie all night upon a cement floor. This young man does not know whether the soldier died of pneumonia or not. Was there any court-martial? None whatever.

Here is a letter from the National Disabled Soldiers' League, Washington, D. C. There is no seal of secrecy about it and I am going to read it, because if I can stand here and afford to take the responsibility and whatever risk there may be in making these disclosures in this attack upon the Prussian abuses that have crept into our Army, the men who gave me the information ought to have the same courage.

MY DEAR MR. WATSON: Perhaps you would like to have the following information, so I am sending it for what it is worth to you.

I am a disabled soldier; and, while I did not actually witness any execution, I have continually heard of them through former comrades and members of my post. Mr. Arthur Manly, one of my "buddies" and a disabled soldier, told us that he witnessed five executions—

Oh, the number is climbing. This one man witnessed five. God Almighty knows how many there were. The records will never show it. I have already proved the records were expunged, destroyed—

while in France. He did not know if the victims had trials or not. Mr. Manly does not know that I am writing to you, and may not wish to be interviewed. However, he is a fine fellow, and I think he will be glad to help you with your disclosures. Mr. Manly is a student at the—

He gives the name of the school, but I can not decipher it.

You will remember that during 1918 there were so many executions in France that ex-President Wilson curtailed Gen. Pershing's authority in signing death warrants and that all such cases were referred to the Secretary of War for final action. I shudder—

But that is enough.

Here is another signed statement of an ex-service man, who dictated it to my secretary in my office. I was not even present. He was stationed at Is-sur-Tille, France, from July, 1918, until June, 1919, and he saw the gallows within the camp reservation upon which two soldiers were hanged during the year 1919. So the number is still climbing. One of the executed was a Negro charged with rape; the other a white man, the charges against him being unknown to this witness. That is enough.

CLEVELAND, OHIO.

DEAR SENATOR: Having read articles in the Cleveland newspapers the last couple of days concerning executions of members of the American Expeditionary Forces, and then seeing the interest you are taking in the matter, I thought I would drop you a few lines to tell you that I have two photographs of a hanging which took place at Is-sur-Tille, France. I, William J. Gibbons, a former private in Company B, Twenty-third United States Infantry, American Expeditionary Forces, will be glad to hear from you at once.

* * * * * * *

One photo is before and the other is after the hanging.

Here is a letter from Savannah, Ga., from a man whom I do not know. His name is A. Y. Chancellor. There is not the seal of secrecy upon his letter. I read the important part of it:

I can not give you the names of those who suffered from or committed these two tragedies spoken of below, because we were so handicapped at the time by the censorship of our mail that we thought it was useless to take down such information and endeavor to get it back to the States, but when I sat and listened to my bunkie relate each instance, looking me square in the face with tears rolling from his true blue eyes, I knew that it was the truth and that God was there to hear as he spake from trembling lips.

First. An offensive was under way when one of the men was torn in the side by a piece of shrapnel; he was being picked up to be carried to the first-aid station when the officer in charge yelled out, "Let him lay; it will be cheaper to the Government for him to die." He was calling "Mother" when his company marched away and left him.

Second. The company was in action; a line sergeant had been gassed and was dumb; the officer in charge called down the line to this sergeant, and as he was working his mouth in a dumb fashion, trying to reply, the officer shot him dead because he did not speak.

And yet we find that Secretary Weeks calls me an indecent man. How decent he is I do not know and do not care. I will say this, within the bounds of parliamentary language: I have no mental respect for a judge who announces a decision before hearing the testimony.

The General of the Army is not my superior in the Government service nor yours; we are his superiors, and we may have to let him know it, and we will let him know it if it requires a lesson to teach it to him. He is not in France; he is back here in America, where, thank God, the people still rule.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. WATSON of Georgia. Certainly, with pleasure.

Mr. STANLEY. Does the Senator from Georgia at this late day mean to intimate that an elective officer, an ordinary Senator, an ambassador from the once sovereign State, is, without lese majeste, to be compared with the head of any bureau?

Mr. WATSON of Georgia. Mr. President, the Senator's question, as usual, answers itself.

NASHVILLE, TENN., *November 4.*

While here to-day Gen. John J. Pershing asked to be quoted in reference to the charge of Senator TOM WATSON that American soldiers had been hanged overseas without trial. He said: "It is the most outrageous and untrue accusation that could be possible to make, and absolutely without foundation."

I might believe that the general had been misquoted if I did not have the same clipping sent by the International News Service to another paper. When the General of the Army publicly and through the press denounces a Senator as a liar, he had better remember that it is within the power of the Senate to bring him here and reprimand him. It is in our power to do it, and the time may come when we will do it. If he talks about many more Senators in that way, it will be done. We have as yet no Kaiser who says, "Me and God"; we have no military staff which treats the civilian as so much mud to be trodden under foot—not yet; it may come, but it has not yet come. I will not lower myself to the level of either Secretary Weeks or Gen. Pershing by indulging in abuse. I simply content myself with saying that, in my judgment, it was a great impropriety for either one of these members of the public service to publicly condemn another without the slightest investigation.

Here is a telegram from Parkersburg, W. Va.:

Senator TOM WATSON:

While you are proving charges of the illegal hangings in France, please take up the matter of the same sort of treatment at San Antonio, Tex., particularly the case of Albert Purcell, of Cincinnati, Ohio, of whom the War Department will give no information to prove that he was not killed illegally.

Secretary Weeks has said that if I had applied to him for information I could have obtained it. Senators, I made that application, and no reply was made. My files will show that I applied to the War Department for information and got no response.

I read another telegram, which is from Waycross, Ga.:

Have the promise of two or three real affidavits. Think I will get three others to-night from Horace Steedley, Fred Yeomans, and Joe Gaskins of being starved, cussed, and abused, freezing to death, and denied fire, both in the United States and in France. Two of them volunteered this statement to me this afternoon. They said that words could not express what they went through with; that fighting in the trenches would be no comparison with treatment they received at the hands of officers.

Here is a telegram from Winston-Salem, N. C.:

Your paragraph that food was piled mountain high in France has interested me intensely. I can furnish you evidence that in St. Aighan, France, I and several thousand buddies suffered untold agonies for the want of food that was not proportionally as it should have been. I will furnish evidence if necessary.

DECATUR B. BARNES.

Here is one from Washington, D. C., the Munsey Building, signed by Kenneth C. Robinson:

DEAR SENATOR WATSON: It was in July of 1918 that a private of the One hundred and eighth Field Artillery was tied up to a tree by his wrists with a rope suspended over the limb, with only the balls of his feet touching the ground, and he was left in that condition from 7.30 p. m. until 3 a. m. next day. There was a guard placed around him with orders to fire on whoever came close to him. He had never had any court-martial, and the only thing against him was going into a French town and getting too much wine on board. It was under the command of Col. E. St. John Greble, One hundred and eighth Field Artillery, Twenty-eighth Division

I also knew of Col. Greble knocking a prisoner down while his feet were tied. The prisoner was on bread and water, I think, and this colonel wanted the prisoner to work, which he refused to do on bread and water.

Col. Greble bought about 20 dresses and forced the prisoners to wear them. He forced them to clean their teeth with issue soap, and made them take cold shower baths at 4 o'clock every afternoon during the wintertime.

United States soldiers dressed up like women! Why, an Indian would consider that an insult almost worse than death, to be dressed like a woman, because, after all, a man is a man, and only the effeminate want to wear the feminine dress.

This one comes from the southern district of New York:

While the Three hundred and sixty-ninth was stationed in a small French village between their trench service, one of their men was killed by an officer, a lieutenant. The man killed was a sentry on guard and challenged the officer who was leaving camp. When the guard halted the officer, he (the lieutenant) pulled his revolver and shot the guard dead. Col. Hayward probably can tell you more about this.

Mr. President the Duke of Wellington, called the Iron Duke because of the sternness of his discipline and the unbroken quality of his courage, lives in anecdote for one occurrence. He was a great hunter of foxes. He rode to hounds with great enjoyment. One day when he, at the head of his friends and their pack of hounds, was trying to take a short cut through a farmer's barnyard the farmer with his hay fork in his hand stopped him. The Duke said: "I am the Duke of Wellington." The farmer said: "I don't care who you are; this is my place, and you can not come on it." The Duke tipped his hat and said: "You are quite right, sir," and rode off.

Once upon a time Napoleon Bonaparte tried to pass a sentry, and was stopped by the guard. He said, "Why, I am Napoleon." The guard said, "I don't care who you are. I have got my orders, and if you take another step I will shoot you dead," and Napoleon promoted him for it. He had obeyed orders; and here this lieutenant killed a sentinel who was doing his duty, just as they killed sentries who went to sleep from exhaustion after working 20 hours a day.

Here is a letter from Elmira, N. Y. It shows that it was written by a man of no education. He uses almost as bad grammar as we sometimes hear here in the Senate:

I have read your statements, and all of them are the truth. I seen two niggers hung in Java, France, and spent considerable time in Paris under "Hard Boiled" Smith.

Now, count them up. I have already gone beyond the Senator from New York and his five fingers, supposing that he has only five on one hand. I have already gone beyond the Secretary of War with his 10 men. We are going on further and further, and the further we go the worse it gets, and the more we stir it the worse it smells.

TITUSVILLE, PA.

DEAR SIR: I understand you are having an investigation on soldiers being hung over in France. Well, I want to state that the last day of January I witnessed a nigger being hung—

How many does that make?—

right back of our hospital in the morning about 6 o'clock at a little town called Bazwa—

Which he evidently does not know how to spell—

a hospital base center about 3 miles from Neufchateau; and the colonel—

Lyon, apparently—

was in charge of the court-martial of that district. Of course I do not know what kind of proceeding through court he had; but if I can be of any assistance to you I would gladly do so.

And he signs his name—

William T. Collins.

Here is another letter. This one is also from New York, from Harry K. Walmer, ex-sergeant, Army Service Corps. The essential part of it is this:

Kindly accept my congratulations for your bold attempt to bring the guilty to justice, which, if you will accomplish, will forever place your name—

And so forth; but the connection is this:

I take pleasure in offering my testimony of not hangings, but cold-blooded murder, at Cheils and Hotel Rue St. Ann. Would you like to ask The Adjutant General of the United States Army to produce the letter files of the headquarters Rue de Tillist in Paris? They will show for themselves. I personally know the contents of these files. Would you like to have me testify what officer instructed the enlisted personnel to destroy important reports about the condition at Bastile Prison? I can furnish that testimony under oath.

Destroying the files! As every lawyer knows, one of the strongest evidences of guilt is destruction by the accused person of testimony sought by the prosecution to prove his guilt.

Here is a letter from Newark, N. J. The New Jersey Senators seem to have retired from the conflict. They are not in evidence. Yesterday they had on their war paint. To-day apparently they have gone off beyond the reach of attack, because the attack which their paper virtually made on them—not that I made it—was renewed in their paper, a copy of which I received to-day. Let them answer their paper in their paper. I do not attack them.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Missouri?

Mr. WATSON of Georgia. With pleasure.

Mr. REED. Does not the Senator from Georgia recognize the military virtues there are in a masterly retreat?

Mr. WATSON of Georgia. In order that—

He who fights and runs away
May live to fight another day—

Yes; I do.

As I say, this letter is from Newark, N. J. Speaking of a New York boy, the writer says:

This fine young fellow, under a standing order, was taken to a faucet. Cold water was poured over him for 20 minutes. He was fully clothed at the time. He was beaten by six guards attached to the Sixth Cavalry camp. He died. He was buried with full military honors.

Mr. REED. Well, that ought to have satisfied him.

Mr. WATSON of Georgia. Here is a letter from the head of the United American War Veterans, of New York. The date is November 4, this year. After the usual address to me, it reads:

DEAR SIR: As national commander of the United American War Veterans, I heartily indorse the stand that you have taken for a deep investigation of the system which operated in the Army during the war. It was the same combination that assailed Brig. Gen. Samuel T. Ansell and endeavored to discredit him in his exposure of their tactics.

As a veteran of three wars—the Porto Rican campaign, the Philippine insurrection, and the World War—I have seen men strung up by the thumbs, their teeth knocked out with the butt of revolvers, spread-eagled in a tropical sun, and numerous other forms of heinous punishment.

You can make my letter and charges public.

Senators, think of that, a private soldier having his teeth knocked out by the butt end of a revolver by his officer and then spread out on a wheel, his arms as far apart as they could be pulled, his legs as far apart as they could be spread, and exposed to a sun which must have blistered him before he had been exposed to it an hour.

Here is another from Washington, D. C.:

I will be willing to appear before the investigation committte of the Senate relating to your charges. I fear no one of the Army officers, and the whole War Department means nothing to me.

"I fear no one."

There is your American. When that spirit dies out every star on the flag will have sunk beneath the horizon, and every color will have faded from its red folds.

I fear no one, and the whole War Department means nothing to me.

He signs himself, "Wilkins B. Yost," and gives the number of his room in the Y. M. C. A.

Mr. President, I will ask to have inserted into the RECORD without reading the very letter which I was reading when my friend, the senior Senator from Massachusetts, interrupted me yesterday. It is a letter from Mr. Ernest M. Jeffery, and it speaks for itself about the hospital and the man that he saw hung on that gallows.

There being no objection, the letter referred to was ordered to be printed in the RECORD, as follows:

THE AMERICAN RED CROSS,
UNITED STATES NAVAL HOSPITAL,
WARD UNIT NO. 6,
Great Lakes, Ill.

DEAR SENATOR WATSON: If you will remember, I was the ex-soldier that wrote you in regard to my claim. I received training under section 2, but I had a terrible nervous breakdown and had to go to the hospital.

I have been reading in the paper of the charges you made of hanging American soldiers. I want to say you are telling the truth. I saw one taken from the hospital at Bazoille, France, and hung right on the grounds on a cold, bitter morning, and, dear Senator WATSON, the dirtiest kind of hanging. They tied a sand bag to his feet before he dropped to be sure he broke his neck. This was in the month of February, 1919, one Friday morning. This I saw with my own eyes. The gallows is a wooden structure painted red, and only set back a very short ways from the wards of the hospitals in what I would call an alcove in the mountain side. I am ready to swear to this at any time if I can help you.

Yours, respectfully,

ERNEST M. JEFFERY.

Claim No. 323321.

Mr. WATSON of Georgia. Here is the affidavit of Joseph D. Conwell, sent to me from Philadelphia, received by me this morning, and telling how he saw the Negro soldier hanged, clothed in the full uniform of the United States Army.

I ask that I be allowed to put that in the RECORD without reading.

There being no objection, the affidavit referred to was ordered to be printed in the RECORD, as follows:

STATE OF PENNSYLVANIA,
County of Philadelphia:

Joseph E. Conwell, being duly sworn according to law, deposes and says that he was enlisted as a private of the first class in the United States Army, serving in the Evacuation Hospital No. 6, with the American Expeditionary Forces in France from April, 1918, until April, 1919; and that during June or July of 1918 he witnessed the execution of an American Negro soldier in uniform at Bazoilles-Sur-Meuse, the said soldier having been hung on a scaffold especially constructed for the purpose. He further swears that there was rumor that the said soldier had been tried by a general court-martial at Neufchateau; he also further swears that 100 members of his own unit

witnessed the said execution and also a great many American soldiers of other units, among them an Army chaplain and other American officers.

JOSEPH D. CONWELL.

Sworn and subscribed before me this 4th day of November, 1921.
[SEAL.] G. E. NITZSCHE, *Notary Public.*
(Commission expires January 18, 1925.)

Mr. WATSON of Georgia. Much more could I put into the RECORD, Mr. President, but I have no desire to fatigue Senators or to pile up cumulative evidence. I will say this: That while the Senator from Wisconsin [Mr. LENROOT], who evidently drew up his motion in great haste and who evidently overlooked the wording of our Constitution, seemed to put me in the attitude of being compelled to answer elsewhere than in this Chamber for what I said here in debate, I took the attitude out of respect for myself, my State, my colleagues, and their States, that no Senator could be compelled to answer questions elsewhere for what he said here.

That part of the motion was afterwards stricken out, and the Senator from Wisconsin [Mr. LENROOT] cordially cooperated in striking it out. Now that that feature has disappeared, I assure the committee of the most cordial cooperation upon my part. I will give them every scrap of testimony in my possession. I will give them all that which hereafter comes to me. My purpose is to serve the public, to serve the Army, to serve the Government. Let us have officers in the Army whose hearts are humane, men who treat privates while on duty with rigid discipline when necessary but who will not overlook the common rights of men, which no uniform can take from them; and let them treat our men, when off duty, as their equals. It is so in the French army.

Mr. STANLEY. Mr. President, will the Senator from Georgia yield?

Mr. WATSON of Georgia. With pleasure.

Mr. STANLEY. Aside from the merits of this controversy, I wish to call to the attention of the Senator from Georgia another phase of the subject he is now discussing. What the Senator from Georgia is pleased to call the Prussianizing of the Army is, after all, but an incident in the Prussianizing of America. The trouble is that in the Army and out, in Congress and out, in the Senate and out, in the field and in the factory, in civil and military life, we are drifting perilously, pathetically away from the most precious heritage of the Saxon race—the independence, the dignity, yea, and the sanctity of a mere man for a' that.

Those in power, clothed with some petty authority, forget that without authority, without shoulder straps in war, without a police baton or star in peace, man is the noblest work of God, not a little lower but much higher than the angels in heaven.

That spirit permeated our civil life and military life for 1,000 years. That spirit permeated every army that was ever raised in England or Ireland or Scotland or Wales, from the Battle of Hastings to the Battle of Waterloo and beyond. That spirit has permeated the armies of the South to even a greater extent than the armies of the North, and in this connection I wish to give the Senator a simple illustration, which might go as a companion piece to what he has said.

The great John C. Breckinridge, of Kentucky, expelled by the Senate for his loyalty to the South, was Adonis in love, Mars in war, and Ulysses in counsel, framed in the rich prodigality of nature——

Mr. WATSON of Georgia. And the handsomest man who ever rode a horse.

Mr. STANLEY. The handsomest man of his day; as brave as Julius Caesar and as tender as a woman.

He commanded the "Orphan" brigade, Mr. President, 7,000 men whom no man ever lived to lead into a second field of carnage or of glory. They left all their leaders dead on the field of fame. Seven thousand they went out, and 600 they came home. They closed all the gaps of the Army of the Tennessee.

My father went out with a hundred and more of them and came back with less than a dozen, and all but two shot all to pieces. No more martial men ever careered over a field of fame; not they of the Light Brigade at Balaklava; not the Old Guard in the blood-stained pass of Ohain; never since men armed themselves to settle upon the reeking, reeling field of carnage and conquest, the mastery of nations; never since they fought with wooden clubs until the day of poison gas had any man ever led gamer men than they to glory or to death.

On one occasion a captain in the "Orphan" brigade commanded a private to sweep about his tent, and the private told him, if such language is permissible in this dignified body, to go to hell; where he should have sent him for such a command.

The captain sent the man to the guardhouse, and somebody reported the incident to Breckinridge. And then the great rebel chieftain got on his horse and rode down to that captain's tent, whipping his horse with his slouch hat, and said, "Sir, I understand you have ordered a private to sweep about your tent, and he has refused, and you sent him to the guardhouse." The captain answered, "I did, sir," and Gen. Breckinridge replied, "I want you to understand that when a private refuses to voluntarily sweep out my tent I will do it myself. They are not menials in the 'Orphan' brigade. They are all gentlemen, and you have no right to command one of them to do a menial service. Now you go to the guardhouse and apologize to the soldier you have insulted and sweep about your own tent, or you will take his place."

That was the spirit that makes every survivor of the Lost Cause ready to-day to fight for the honor of his superior officer, and makes him regard the memory of the dead Lee, Jackson, Johnson, and Breckinridge as a sacred thing; that makes the memory of the Lost Cause like an old, sweet song, as holy and as inspiring as "a sevenfold chorus of hallelujahs and harping symphonies" to all of us whose blood is the blood of the brave and valiant few, who followed the Stars and Bars to glory and to death.

Mr. WATSON of Georgia. Mr. President, I will ask that two or three other letters of the same tenor as those I have read be included in the RECORD, and with two or three historical references to illustrate my feeling about this I will close.

Every reader here will remember that when our ancestors went out from Germany to conquer France they were led by King Clovis. They conquered the city of Soissons and rifled the cathedral. They looted the town, and all the spoils were heaped up and were to be divided equally among the warriors.

Clovis, their king for the moment, had been requested by the bishop to save a precious vase and give it back to the cathedral. When the spoils were heaped up and the soldiers were standing in line about to draw lots each for his share, King Clovis said to his army, "I ask you to give to me in addition to my share this vase"; and one of the private soldiers, striking it with his battle axe, knocked it into a thousand pieces and said to the King, "You get nothing here except your share."

During the time when Napoleon Bonaparte was leading his army one of his marshals was Vandamme. One day Napoleon saw one of his clerks in tears, and he said to the young man, "What are you crying about?" The clerk replied, "Marshal Vandamme has hurt my feelings. He insulted me."

Napoleon went to his marshal and fixed him with that eagle eye, before which all men quailed. He said, "Marshal Vandamme, return to that office and apologize to that clerk," and the marshal went and apologized.

During our Civil War one of the bravest leaders that we had was Gen. Pat Cleburne, killed afterwards at the Battle of Franklin, Tenn. Before that he had given offense to a private. This incident was related to me by Sol Andrews, a justice of the peace before whom I began to practice law before I was old enough to vote. He told me that he saw and heard every word. The private said to Gen. Cleburne, "If you will get off that horse and strip yourself of those epaulets, I will give you the blankest whipping you ever had in your life." Gen. Cleburne dismounted, shucked his coat, went into the fight, and got licked, and took it like a man.

Gen. Lee's men so loved him that when he went into an exposed position Gen. John B. Gordon, of Georgia, seized his bridle rein, turned his horse around, and while all the privates shouted, "Lee to the rear; Lee to the rear," led him back to where he belonged.

Many times Gen. Grant and Gen. Sheridan and other Union soldiers dismounted from their horses, or had some aid-de-camp to do it, in order that a wounded soldier might ride. That is why their men loved them. That is why their men would have died for them. If a chieftain, a general, would be loved, he must love. After all it comes to that. Whatever love we get in this world is the reflection of the love which we feel for others.

Mr. STANLEY. Mr. President, in that connection it would be well for the Senator to tell the story of Gen. Washington's chef, who refused to eat the shad while there was a hungry soldier in the hospital.

APPENDIX.

ATHENS, GA., *November 3, 1921.*

Hon. THOMAS E. WATSON,
House of Representatives, Washington, D. C.

MY DEAR SENATOR: If you will kindly accept this statement, why, I am more than glad to make it and will swear to it. I seen a boy shot down in cold blood at Camp Wheeler, Ga. This boy went on the sick report one morning and the doctor marked him "duty," and the rule at the Thirty-first Division stockade was if a man got marked duty when he went up on the sick report was he did not get any dinner and had to work like the devil. This boy went on and worked that morning and when they refused to give his dinner, why, he refused

to work that afternoon, and one corporal got on this boy with a club, and when he threw up his arm to protect his head, why the other corporal run up from behind and shot him in the back. I can give this boy's name and the corporal who shot him; the boy was named Holley, or Halley, that was shot, and the man that done the shooting was named Crawford, and was in the One hundred and sixth Military Police; and if I mistake not Dick Russel was in command of his company. You can take this or leave it, just as you please, but I will make this statement on oath any time you want it. I would like to make it before any body of men, for I am not the only man that seen this. I remain,

Sincerely, yours,

MARION J. WALLIS,
189 East Broad Street, Athens, Ga.

ATLANTA, GA., *November 2, 1921.*

Hon. THOMAS E. WATSON,
Washington, D. C.

DEAR SIR: In view of the revelations now being made to the public, I feel it to be an opportune time to mention the story told to myself and one other, who happens to be in this city. The story was told to us by a young Belgian woman in Neuville, which is a small village near Chamslitte. It depicted the sadness of a young soldier who was shot at the instigation of a French girl of Franois, a near-by village. It seems that this soldier had been keeping company with the girl for some time, presumably sleeping with her. However, she raised a "hue and cry" one night, and a French military police rushed into the girl's room and arrested the American soldier, and he was subsequently tried by court-martial and shot. The narrater seemed to think that it was all due to the boy's failure to pay her the sum she demanded of him, as she was a woman of ill repute and notorious, considering which the question arises, was it a bona fide military court; and if so, was it just in it's decision?

The narrator claimed to have known the soldier quite well. However, being familiar with her traits, I'm sure she told an impartial story.

I think the victim was a member of the Thirty-fifth Division and hailed from Michigan. The time being spring, 1918.

You can verify this from the records, and in the interim, I am,

Yours, to command,

C. D. RICHARDS,
725 Edgewood Avenue.

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537 SOUTH PRYOR STREET,
Atlanta, Ga., September 2, 1921.

To the Hon. THOS. E. WATSON,
The Greatest Man of the Universe,
Washington, D. C.

MY DEAR MR. WATSON: I only regret that I can't be of real service to you in your great work in regard to France. * * *

I had five brothers in the United States Army during the past World War, as they call it, and only had one to cross the "Pond." And I would be glad for you to get in touch with him, as he can give you some good information in regard to the way he was treated in France, as well as others.

I also give you the name of a man who says that he would walk to Washington to get to testify what he knows. He says that he has helped to build those infernal gallows for the soldiers to be hanged on; also has seen soldiers shot down without any cause by their superior officers.

C. W. ELLIOTT,
390 Cooper Street, Atlanta, Ga.

My brother's address is Guntersville, Ala.

Your loyal supporter,

J. H. JACKSON.

MORRISBURG, ONTARIO, CANADA,
November 3, 1921.

The Hon. THOMAS E. WATSON,
United States Senator from Georgia,
Washington, D. C.

MY DEAR SIR: Referring to my telegram of November 2, and your reply thereto of November 3, 1921, I beg to advise that it will be necessary to secure affidavits from various parties for full information as to the following:

During the time that the United States were taking part in the conflict between Germany and her allies and the Allies, consisting of the British, French, Italian, and American forces, there were two battalions from North and South Carolina that were placed in mass formation and forced up to the German lines, where they were gassed by the Germans. They were stood so close together that their bodies stood erect after death; part of them lay in heaps after they were put to death. They were placed in action before the German lines with practically no training. This was done by the officers in charge for minor misdemeanors that had taken place while they were being transported overseas to France. About 448 American soldiers were drowned off the Irish coast and the transports were deliberately rammed together, and the cause of the catastrophe was reported to the Navy Department of the United States that the transports had been torpedoed, which was not true according to the statement of surviving soldiers.

In some cases where the American Artillery were in action the shells fell short and landed in the front-line trenches, killing our men. Men that were in charge of the Artillery called the attention of the officers that were in charge that the shells were falling in the front-line trenches and killing their own soldiers. These men that suggested the information were immediately taken and confined in the guardhouse for suggesting this information.

I was given this information by men that were in the service and saw these occurrences, and to substantiate the above it will be necessary to get their evidence in person or by affidavit. Awaiting your further services, I beg to remain,

Yours, very truly,

J. J. FRY.

NOVEMBER 3, 1921.

SENATOR WATSON, *Washington, D. C.*

DEAR SIR: Thank God for what you are doing and for your splendid courage. You know the way to talk to them, and it is your best weapon.

Try and have an investigation of doings at Gievres, near Voivres, France; ask how many men were found dead on the roadside, and what was done with them; how much of an inquest was held; how many men were badly clubbed by the M. P's. Inquire into the living conditions of the nurses there, and find out how often the officers spent the night in the nurses' quarters. Inquire into the treatment of sick men when the medical officers refused to visit the wards because it was raining. Inquire into food conditions, when the men had only canned tomatoes and beans for weeks at a time. No food; one barnyard lantern to each 100 beds; no call; wet beds; no pillows except wet straw; no towels; and not a bit of a rag for the gas victims to use for eyes and nose. Inquire into the riot on Christmas and New Years, 1919, when the men forced the officers to quit the dance and retire, because they had reached a point where they wanted the American people to know what dreadful conditions existed; the men demanded to be put under arrest, and dared the officers to punish them, because they knew America would hear of it. Call some of the Fifth Marines and ask about the lieutenant who damned their souls and had to face 100 men and take his curse back. Call some of the chief nurses like Miss Bloomfield and Miss Ubank and hear their account, and ask why and how nurses were kept that disgraced the Army. Ask why Miss Gold, Army nurse, died in Coblenz. Ask why when nurse told of disgraceful conditions she was forced to put it in writing and sign her name to it, and how she was treated afterwards. Ask about the officers taking nurses out in closed cars on lonely roads with lights out at Gievres and what happened. Inquire how many officers got drunk and played sick with a 98 degree temperature, spending weeks in bed, having a day and night nurse. I never heard about men being hung, but saw about everything else done to them. Ask how many men were thrown overboard and reported "died of flu." Call some American nurses who served with the British and make them tell of conditions in the United States Army when they joined it. You are dead right, Senator, and I only hope you will be able to prove it, but I fear they will "break you if you succeed."

Our generals never knew and never wanted to know what was being done; they never got off their perch to find out. Ask the French and English; they know, and wondered at the humanity of Americans. Half the United States Army was rotten and cruel beyond belief. I am watching developments keenly, and if I see I can help will make myself known; until then my best wishes are with you, and may you prove all you charge.

JUST AN OLD ARMY NURSE.

NEW YORK, *November 4, 1921.*

Hon. THOMAS E. WATSON,
United States Senate, Washington, D. C.

DEAR SIR: If you will look up the cases recommended for trial but dropped by the Twenty-sixth Division, I think you will find that a sergeant of Company A, One hundred and first Machine Gun Battalion, Twenty-sixth Division, shot a private who attempted to dispute the word of the sergeant. This happened late in May or early in June, 1918, in the woods east of Seicheprey (Meurtheet-Moselle) in the "Toul Sector." I think the sergeant's name was Grady, but you can refer to any roster of the Twenty-sixth Division taken about June 1, 1918. Write to the Y. D. Club of Boston, 100 Huntington Avenue, for their present home addresses, and soon find witnesses to the affair. They may not remember the date, but will recall it as following the battle of Xivray-Marvoisin in the Toul sector.

HENRY WELLS.

DURHAM, N. C., *November 3, 1921.*

Senator TOM WATSON,
Washington, D. C.

DEAR SIR: I admire the stand you are taking for the persecuted and mistreated soldiers. I do not think the death penalty should ever be left with the war men only. Henry MacManus, an ex-service man, a Negro, has just left my office. He was stationed at Camp Hill, Newport News, Va. This Negro was a sergeant or some minor officer in the labor battalion. He tells me he saw with his own eyes two white boys cruelly mistreated at the above-named camp. They were not hanged. But they had the next thing to it. They were worked in all kinds of weather. Sometimes in mud and water above their knees, and they were knocked and beat and kicked around at the will of their persecutors. Will you please imagine the feelings of those two southern white men working in mud and water over their knees in the winter time in the State of Virginia to such an extent until it disturbed the emotions of this Negro soldier, Henry McMannus, notwithstanding this Negro enlisted in the State of South Carolina. The Negroes of South Carolina and Georgia are supposed to hate southern white men on account of the lynching hounds in those two States. I admire your stand. * * * Let the truth be known and justice done. No wonder many say that they would die here rather than return to France in military service. Fight them on the floor of the Senate and let the public know.

Yours, truly,

D. E. CALDWELL,
524 East Pettigrew Street, Durham, N. C.

WASHINGTON, D. C., *Wednesday, November 3, 1921.*

Senator THOMAS WATSON.

HONORABLE SIR: I extend my heartiest congratulations to you for your expose of the Army hangings. I wish the House of Representatives and the Senate were full of men like you.

I know what it is to be the underdog. I was a marine in Santo Domingo, and when I absented myself with three other marines the four of us were held seven months before being tried. I served two years and one month in prison for that, my first offense. There were some keepsakes taken from me at Fort Ozama, San Domingo, which were never returned, and I was refused receipts for them.

The three other fellows and myself were denied water for two weeks (we had coffee, however). The Dominican Government furnished us with underwear when we became lousy (the marine authorities would not). At Monte Christi marines were thrown into a pit and there forced to languish day after day, with the scorching sun pouring down upon them and centipedes crawling over them, until at last they mutinied, led by a big private named Kuhar, and they forced officers to wait on them and shine their shoes. The mutiny was quelled and the big private imprisoned, accused of being a socialist agitator.

We were compelled to sleep on a bare cement floor, while the rain poured in under the door. We were denied mosquito netting; thus poisonous insects were ever on our trail, rheumatism began to take its toll, and leprosy might have gotten us had we continued, for it is a

scientific fact that leprous sores can be acquired by the flesh coming into contact with the soil of Santo Domingo.

We mutinied, and received five days, bread and water, while the "enemy" slept in hammocks across the way.

The hard work they put me at caused me to strain my heart; ever since, I have had a leaking valve or "micro murmur." Such experiences brutalized the marines and they took it out on the natives. Some of them raped women, another carved his initials on a fallen native's chest, while another apparently knocked a native's eye out with a lump of clay.

At Portsmouth Prison the "graybacks" were treated like dogs. In 'third class" they received mush two times a day, and could not smoke. Some stayed in three and four months, cracking rocks every day. A piece of flying rock ripped my arm open. We had no bread fit to eat for three days, so 79 of us mutinied. Sixty men were sent out to work with iron-handled shovels in the dead of winter without gloves; they mutinied. Men went mad regularly. I have seen 16-year-old boys serving 10-year sentences for talking back to an officer.

Aboard the prison ship *Southery* we were forced to get up between midnight and morning to go "down below" and hear vulgar songs and stories by a fellow named Eddie. (All this was under Osborne.)

I was struck in the eye with a large lump of coal on a barge at Portsmouth, but was not allowed to go to the "sick bay" till work was over.

We had to work beneath apple trees with apples all around us, but were not permitted to touch them. If a man picked up a half-rotten apple out of some horse dung he had the alternative of not eating it or being shot.

The Red Cross deprived us of part of our tobacco money. Sometimes we had to stand at attention for hours late at night before we were granted leave to go to bed.

When inspections were to take place conditions became ideal until after the visitors left, then they grew worse.

Osborne used to call mass meetings to praise England and make fun of Theodore Roosevelt; but I guess it will all come out in the wash, Senator.

Sincerely, yours,

EDWARD J. IRVINE.

P. S.: If I get shot for these statements, please bring flowers to my grave.

FRIDAY, *November 4, 1921.*

Hon. TOM WATSON,
United States Senate, Washington, D. C.

HONORABLE SIR: I have listened with great interest to the statements you have made on the floor of the Senate Chamber relative to atrocities to American soldiers in France and to the letters of supporting evidence relative thereto; personally, I had never conceived that such a terrible atrocity as hanging men without trial or court-martial could take place in the civilized army of a supposedly civilized country; but I will endeavor to cite a few examples of what I term atrocities which occurred in the armies of the American Expeditionary Forces.

FIRST CASE.

During the terrible influenza epidemic in France I was stationed at Camp De Souge, near Bordeaux, France; men were dying there in great numbers from influenza; my regiment was taken toll of, approximately 14 men of the One hundred and forty-fifth (First Utah) Field Artillery were to be buried. In making preparations for the burial of these men the regimental chaplain, who was the Hon. Brigham H. Roberts (a man well known to both Senator SMOOT and Senator KING, of that State), discovered that the medical authorities (or whosoever had charge of the burial of men) were burying men in such a disgraceful manner as wrapping them up in sheets, burlap, or any other cloth they could find and dumping them, so to speak, into large holes in the ground, many men being buried in this manner in the same hole. The good chaplain of the One hundred and forty-fifth Field Artillery immediately took steps to see that the men of his regiment were given decent and respectable burial in coffins and with the proper military ceremonies.

SECOND CASE.

——— ———, of the One hundred and forty-fifth (First Utah) Field Artillery, was confined in a ward in a hospital in southern France, near Bordeaux, with a severe case of influenza. This officer cited to me and to many others whom I know of his experiences in this hospital. His story was that he was in a ward which accommodated about 20 men (20 beds). Every night along about midnight a nurse and a doctor would come into the ward. They would pick out the men in the weakest condition and give them some sort of hypodermic injection. In the course of a half hour or thereabouts the nurse would come back with stretcher bearers. They would lift the body of a man from his bed to the stretcher. The nurse would place a blanket snugly around the then dead man and remark loudly, so that every other man in the ward would hear her, "I must cover him warmly so as he won't get chilled." This performance happened every single night he was there, which was several weeks, and the men they carried out, wrapped warmly in blankets, were great numbers. This ——— ———, of the One hundred and forty-fifth Field Artillery, had the same experience as the other men, "partially"; they came in to give him his shot, but he refused to be shot. To protect himself and save his life, he took a piece of iron bar from the cot he was lying on and fought the nurse and doctor off. He lay there in his weakened condition all night awake, afraid to fall asleep for fear that he would never wake up. The next day he left the hospital without sanction, I understand, and to-day he is a well, hale, and hearty man, as many others who were carried out might have been had they had the temerity to refuse the shot, so to speak.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The question is on the amendment proposed by the Senator from Missouri [Mr. REED].

Mr. HEFLIN. Mr. President, I am heartily in favor of the amendment offered by the Senator from Missouri. It seems to me that there is no excuse on the part of Senators on either side of the aisle to vote against that amendment. We can raise the money this way and square the account with our soldiers. As the Senator from Missouri has pointed out, the average taxpayer will bear none of this burden. Small capital invested in the East, North, West, or South will not have to pay any of it. The man of moderate means will not be taxed one coin. The people of the Republic, the great consuming mass, will not pay one cent of it.

But the big profiteers, the men who remained 3,000 miles from the battle field during the war in Europe, will be called upon to pay it. Not only were they 3,000 miles away, far removed from danger, but they were making money, making money in colossal sums, accumulating their millions and hundreds of millions. Millionaires sprung up, thousands of them.

Danger was removed from America and the surviving soldiers returned to their homes. After the boys returned and every brave heart in America hailed them with delight we found these pompous profiteers coming to the Republican Party and demanding that that party, if given control of the Government, should take off the big excess-profits tax imposed to help pay the war debt. We found that party, when it came into power, proceeding to do exactly what the profiteer wanted done. The profiteer could not wait, but the soldier was compelled to wait. He who bared his breast upon the firing line in France and offered his life for his country had to wait. So they postponed the bill that sought to give the soldier adjusted compensation.

The big profiteer who had amassed his millions here at home while the war was raging in Europe had his excess-profits tax wiped off the statute books, $450,000,000 in a lump, while 500,000 ex-service men are out of employment and cruelly neglected by the party in power.

Senators, I appeal to your love of country and to your sense of justice and I appeal to your sympathy and to your pity, if you have any. Have these ex-service men got to come here with their hats in their hands and beg the political bosses of the party in power to give them simple justice? Is their appeal to fall on deaf ears? Shall they be turned away empty-handed and sorely disappointed while a Republican Congress does the bidding of the big profiteers?

What would these men have done if the Kaiser had been successful on the battle fields of France? Have you forgotten, Senators, what he said he was going to do? Standing upon the plains of France, dressed in his imperial robes, this mightiest military monarch of modern times looked toward Paris and said, "On to Paris and world dominion." What else did he say? When the battle line was bending back closer and closer to Paris and back nearer and nearer to the English Channel, what did he say? "The victory is mine, and I am going to impose $40,000,000,000 indemnity upon the United States."

Forty billion dollars! And but for the intrepid warriors of our country, the bravest boys that ever shouldered gun or drew a battle blade, we would now be trying to raise the money to pay $40,000,000,000 of indemnity. They stood between us and the overthrow of our Government. They stood between us and the loss of our liberty. They saved the civilization and the liberty of the world. But those who made money by the millions out of the dire need of the Government in time of war are given preference over these boys now. Senators, can you excuse such conduct? We asked you to give land to those who wanted it. The Government donated millions of acres of land years ago to the railroads of the country, but you postpone the measure that seeks to give some of these boys homesteads. The soldier can wait.

Now the Senator from Missouri [Mr. REED] has presented a plan to use excess-profits taxes to pay the debt due our soldiers. Surely the men who have made their millions can give some of them to square this account with the boys who saved the life of the Nation. But you say no, and you are not going to permit us to have that money for this purpose.

Excess profits! The very name of it, as I said a few days ago, suggests that it is an unreasonable profit. A fair profit? Every man is entitled to it. A reasonable profit? Everyone is entitled to that. But big excess profits nobody is entitled to it in a great free Government, and yet they got it and through it they have accumulated many millions. Now we come and ask for access to these mountains of big excess profits. We say, let us dig in and take enough of it to give these 500,000 ex-service men a place to eat, a place to sleep, and a shelter to cover them. But they tell us, "No; the profiteers will not permit that."

Who is in control of this Government? The Republican Party carried the House and the Senate. They carried it in 1918 and locked the wheels of the Government, and after that the Democratic Party was then unable to do anything. But now you Republicans have the President, you have the House, and you have the Senate, the House by 150 or 160 majority, the Senate by more than 20 majority, and a President in the White House; and yet the soldiers who saved the Republic,

God bless them, are unable to have a just and fair settlement with the Government for which they fought and suffered in lands beyond the sea.

Senators, why do you not act on this matter now? Are you going to play politics with these men? They have just been in session at Kansas City, and they have arraigned your party and your policy of neglect, of cruel treatment, and now we are told by your leaders that you are going to enact some sort of a bonus bill before July next year. Next year is election year. God pity these 500,000 ex-service men; they have got to go through the coming winter and suffer privations and hardships, while they wait upon you to play politics in the interest of the pompous profiteer.

The man who made millions out of the war and who will not contribute freely and help pay the obligations of his Government incurred in that war in the hour of the Nation's peril is a bad citizen to start with; he is not the ideal citizen by any means. Yet we see the Republican Party holding up the profiteers and patting him and petting him and showing him favors, while they slap the soldiers of the Republic in the face. That is precisely what you are doing.

Senators on the other side of the Chamber, I indict your party for its cruel neglect and brutal treatment of the American soldier. There is no excuse for your un-American conduct. I was the first Senator, I believe, to make the suggestion that we take a portion of the debt which the Allies owe us and square the account with the American soldier. We loaned to the Allies $10,000,000,000, and out of it we are told that they have given to their soldiers adjusted compensation. Great Britain settled with her soldiers; heroic France has squared the account with hers; Italy has settled with her boys; but America, the richest country on earth, has not squared the account with the brave legions who saved her life and the liberty of the world. We have more gold in this country to-day than all the other nations combined; we have more wealth than all the nations, but we are not permitted to settle with our soldiers. We deny justice to those who saved our country. I suggested that we take some of the debt which the Allies owe us and use it to pay this debt.

The Senator from North Carolina [Mr. SIMMONS] has an amendment to take the interest on that debt and apply it to the settlement of the debt which is due to our soldiers.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. HEFLIN. I am glad to yield.

Mr. McKELLAR. I have an amendment now pending which will take $2,000,000,000 of the bonds that are due us from our allies and apply that sum to a settlement of the soldiers' compensation. I hope the Senator from Alabama will be in a position to vote for that amendment.

Mr. HEFLIN. Mr. President, I know that the Senator from Tennessee has been the friend of the ex-service men all along, and I know that he has been demanding the collection of this foreign debt—and he is right. I knew the Senator from North Carolina had an amendment proposing to use the interest accrued upon that indebtedness and that he expected to ask that it be used in paying adjusted compensation to the soldiers. I would vote for the amendment of the Senator from Tennessee; I will vote for anything reasonable in order to bring about a fair and just settlement with the boys who served and saved my country.

Mr. President, I suggested that we take $1,000,000,000 out of the principal of what the Allies owe us in addition to the interest, which by now is probably more than $1,200,000,000. One billion dollars of the principal would go a long way toward wiping out this obligation in a cash payment, but I want to go on record now as being in favor of using that interest, when collected, for the purpose of paying this debt. I am not, however, going to stop with that; I am going to put into the amendment, if it is not already in it, that the interest shall be collected; let us not merely say "when collected." I am in favor of prescribing in the amendment that the interest shall be collected, and that when collected it shall be applied upon this debt which we owe to the American soldier. I shall offer an amendment, if necessary, directing the Secretary of the Treasury to proceed to collect the interest.

I protest against the policy that requires the soldiers here to wait while the soldiers of other countries are having their claims adjusted by the Governments that owe us billions of dollars. We can take a little of the principal and the interest now due and settle with our boys. Why not do it? But Republican leaders say that we can not afford to pay our soldiers now.

Why was it that Republican Senators voted to take the bill providing for adjusted compensation off the calendar and send it back to the committee room? They said the Treasury could not stand it.

Let us see what you did to the Treasury after you put to sleep the soldier settlement bill. You lost your consideration for the Treasury very suddenly, for you fell upon it in merciless fashion, and at the instance of the big profiteers you took out and turned over to them in one day $450,000,000. We are asking you to use that money in settling our indebtedness to the soldiers.

Mr. OWEN. Mr. President——

Mr. HEFLIN. I am glad to yield to my friend from Oklahoma.

Mr. OWEN. I want to suggest to the Senator from Alabama that it would be perfectly feasible to take this bonded indebtedness due to the United States and divide it into such a form that the bonds themselves could be delivered to the soldier, and the country would only be called on to pay the interest until the bonds were discharged in due term.

Mr. HEFLIN. I thank the Senator for his valuable contribution to the argument that I am trying to make. The situation here is one of humiliation and resentment. The profiteer gets what he wants. He demands it and obtains it, while the defenders of the Nation must beg and plead and wait. As a Member of the other House I voted to clothe my Government with the power to call these boys to the colors. I voted to put upon them the uniform of my country; to put the flag in their hands and guns upon their shoulders, and to send them to the battle front in France. I backed them with my voice and did all that I could to sustain them on the battle field; I wished for them success, all the while praying in my heart that they would win, as I believed they would. Now, those who were spared the fate of their departed comrades are back home, the saviors of my country, asking at the hands of their Government simply and solely a fair and just settlement, and you will not permit us to give it to them. I said that I voted to send them across the sea, and, so help me God, I am going to vote to do justice to every one of them. I do not intend that any one of the big profiteers shall escape his fair share of the tax burden of the country and get away with it without a solemn protest from me; and I do not intend that Senators on the Republican side who have it in their power to pass this soldier settlement bill to-night shall get away with it without the country knowing just what the real situation is.

We have millions of acres of land; we can dispose of some of that. Surely the idle lands of this country are not more precious in the eyes of the Nation than are the welfare and lives of its soldiers.

But we are told that the soldiers must wait. We did not say that, Mr. President, when the battle fire was raging. When soldiers of the enemy were coming in the distance and our soldiers were marching into danger and death everybody got out of the way for the soldiers then. The big profiteer was not trying to get ahead of the soldier then. He was far removed from danger and making millions of money. But when the war is over and the danger is gone and the curtain has come down upon the stage of the bloodiest maelstrom in all history the soldier must be put in the rear and the profiteer allowed to stand up at the front, bowing and smiling as he is relieved of nearly a half billion of excess-profits tax. Thank God there are a few of us here who still appreciate the soldier. We honor him, while Republican leaders point with pride to the avaricious profiteers, proclaiming with great unction, "These are our jewels." And they are the jewels of the Republican Party.

Mr. President, I love my country and try as best I can to contribute to its strength and its glory. We contribute to the welfare of the country when we point out evils that approach it and dangers that threaten it. Senators, there is an evil spirit in this body to-day, and it is frought with grave danger to the Republic.

I have seen you levy a tax on autotrucks and autowagons, and take $20,000,000 of taxes off of the big holding companies. I have seen you lay a tax upon the little working capital of the average business man; I have seen you lay a tax upon some of the necessities of life, and then I saw you in solemn fashion try to ram down the throat of this country a sales tax that would demand tribute money from every man, woman, and child in the Republic, while you exempted $450,000,000 of taxes to the big profiteers.

I see the American soldier standing yonder in the background. Mr. President, as he smites himself upon his brave breast and lifts his eyes toward the skyland and the stars, he asks himself the question, "Is this the great and free Government for which I fought and offered my life? I fought to save the Republic. For whom have I saved it? Have I saved it for the rank and file of the American people, or have I saved it for the pillage and plunder of dollar aristocracy that remained at home and accumulated millions of dollars?"

Mr. President, the situation here presented brings serious reflections to the thoughtful soldier. That situation, instead of lifting him higher in the scale of being as a broad American filled with the love of his country will tend to make of him a bolshevik, and out of some of them anarchists. Are we going to sit idle and see that done without making solemn protest?

Mr. President, why not say to these big profiteers "You made your millions, your hundreds of millions, and even billions out of the war, and now, in the name of the soldiers of the Republic, we are going to take that $450,000,000 of your excess-profits tax and use it in paying to them adjusted compensation."

Senators, are you afraid that you will offend the big profiteers who contributed to the campaign fund of the Republican Party?

Mr. President, this life that we have is a very precious thing. You took these boys—2,000,000 of them—and sent them across the sea, and I dare say that every one of them as he crossed the ocean infested with submarines, the desperadoes of the deep, had the thought come to him, "I may never come back again," but, Mr. President, nobody heard him even murmur. With a smile upon his face and the light of battle in his eye he went to the front, whipped the enemy, broke the power of the German army, destroyed autocracy, broke up military despotism, and came back with his country's flag covered all over with the glory of his valor. Shall these brave boys now be denied a fair and just settlement at the hands of the Government whose life they saved simply because the big profiteers do not want to part with any of their ill-gotten gain?

Senators on the Republican side have shown that the big profiteers have first claim on this Republican Congress. The man who contributes money to their campaign fund is entitled to more consideration than the soldier who offered his life for his country.

Mr. President, the President of the United States came down and stood there by the Presiding Officer, and in mournful measures told us how pitiful the situation was with the Federal Treasury, and when he went out, the door had not more than closed behind him when a Senator on the other side arose and moved to take that bill off the calendar, and send it back to the committee room, where it has reposed in pitiful silence ever since. Soldiers wrote letters, hundreds and thousands of them, to Members of the House and Senate, asking why it is that they can not have relief. Periodicals friendly to a just settlement with the soldiers filled their columns with pleas to us and to the Government to give them justice; but all these pleas have fallen upon deaf ears, so far as the Republican majority is concerned, and the bill still sleeps in the committee room. Is it right, is it fair, is it just, to treat American soldiers in such a heartless fashion?

What is there about this matter that causes us to make the soldier wait when the profiteer is fed and fattened upon this money that he owes to the Government, and can pay without missing it? It is not going to hurt him at all, Mr. President. You can take this excess-profits tax and apply it on this debt and have it paid, and the average man or woman will not know what is going on. But no! The profiteer says, "I protest; I refuse;" and whenever the profiteer says that to the fellow who holds the purse strings of the campaign fund of the Republican side, he turns pale, big beads of perspiration gather upon his brow, and he folds his tent and before the form of the profiteer he silently steals away.

You do not intend to take this excess-profits tax to pay these soldiers. All right; then let us support the amendment of the Senator from North Carolina [Mr. SIMMONS], or the amendment of the Senator from Tennessee [Mr. MCKELLAR]. Both of them will settle this indebtedness without taxing the American people a dollar.

You know what Edward Markham said, in his poem on "The Man with the Hoe":

> How will it be with kingdoms and with kings
> When whirlwinds of rebellion shall shake the world?

I ask you this day, how will it be with you and your party when you confront these men and a hundred million loyal Americans at the ballot box, and they ask you: "Why did you not permit us to take the interest on the debt due us by the Allies, or use the foreign bonds," as suggested by the Senator from Tennessee, "or take the excess-profits tax," as suggested by the Senator from Missouri, "or give the soldiers some of the public lands, or sell them, to get the money for the soldiers"? There are four or five ways open without taxing the American people one cent, and still you refuse.

To take the place of this excess-profits tax that you have already taken off, you even tried to lay a tax on the poor man's breakfast table, on everything that he consumes, on the swaddling clothes of the infant, and the shroud of the dead. It would tax the burial casket and the tombstone. You are providing to tax everything from the cradle to the grave.

Mr. WATSON of Georgia. And the chisel with which the epitaph is graved.

Mr. HEFLIN. Yes, everything; but you took the tax off of dice. I think I know why you did that. You did it so that the thousands of unemployed soldiers could obtain dice and play craps day and night.

You took the tax off of fine furs—oh, these magnificent furs, some of them selling for thousands of dollars—but they are removed from the tax list and many of life's necessities are put upon the tax list, and the soldier must wait!

Mr. President, Mary Raymond Shipman Andrews's poems on The Crosses of the War are very interesting. I want to read just two or three lines of one of them:

> God speed Old Glory when she takes the road to France,
> Through the thundering of the legions, where the bugles play "Advance!"
> God speed! "The fight is mine! Carry you my conquering lance!"
> God speed Old Glory on, God guard Old Glory clean, through battle grime and sweat;
> Consecrate the men who serve her, so that none may e'er forget!

Have we forgotten? Has the enemy forgotten the heroic courage of our boys? Never, as long as any of them live, will they forget these intrepid warriors of the western world, the crusaders of the United States. Never will these soldiers be forgotten by those who looked in their unconquering eyes, felt their bayonets upon the firing line, or stood before their showering shot upon the battle fields of France. No; they will never forget them. Sir Robert Borden, of Canada, said: "They snatched victory from defeat on the western front." Gen. Foch said: "They did not know what fear was. They died with a smile on their faces, fighting for the eternal principles of right." They will never be forgotten over there. The name of the American soldier is honored and revered all over France. It is loved throughout the Old World. How is it in America? Have we so soon forgotten?

Have these men, who did so much for us, been forgotten? Have they passed out of our recollection? Have they gone out of our appreciation? Are they dead at the altar places of our love and gratitude? How about it, Senators?

We have the power. We do not have to wait for another election. We do not have to wait until you get the President. You have the President; you have the Senate; you have the House. You have the power. Why do you not use it? You had better use it quickly, too, because it is going to perish out of your hands just as soon as the people can get an opportunity to pass judgment upon you at the polls.

You know every time that we make arguments to you, you boast that you beat us by 7,000,000 votes. Well, you know what the Bible says about that, do you not?—

> Let him that thinketh he standeth take heed lest he fall.

You can not stay in power on that 7,000,000 majority that you got last year. Public opinion changes very quickly at times. It has been changing very rapidly in this Government for quite a while. You said you wanted to get away from Democratic rule to Republican normalcy, and now every man, woman, and child in the Republic, except the profiteers, is wanting to get away from Republican normalcy back to Democratic prosperity. The soldier now knows who his friends are. The soldier knows who has never forgotten him.

The soldier knows who kept adjusted compensation sleeping since you went into power March 4, 1919.

Mr. President, If those boys were wealthy and had money that they could subsist upon until the Republican Party in its own way could dole out something to them, it would be different, but we are told that 500,000 of them are out of employment; that many of them are suffering for the necessities of life.

Some of them, we are told, have offered to sell themselves. Just the other day one of them down in the State of Tennessee went up to an officer of the law and said, "I broke open a post office four years ago up in Michigan. What is the punishment?"

"It is a penitentiary offense," the officer replied.

"All right," he said; "here I am."

The officer replied, "The offense is barred by the statute of limitations."

The man replied, "I just thought you would put me in, anyhow."

"No; I can not do it. Why have you come and asked me to put you in prison?"

"Because I knew the Government would feed me and take care of me. I am out of employment and I can not get anything to do."

The profiteer, who sits around in his spacious palace, with all the finery that his gold can buy, who rides in comfort when the

cold winds blow, is never exposed to the rain and the sleet and the snow. He has his fortune, which he wrung from the hands of the American Government by selling it at high prices supplies and implements and things of various kinds. He now revels in his wealth, while the boys who bore the brunt of the battle walk the highways of the Republic, ill clad, poorly fed, out of employment, and they are refused a fair settlement with their own Government.

One of the Senators over on the other side last night said that by next July the thing will be arranged. Yes; but how many sad and bitter pangs will pierce the heart of those distressed soldiers before next July? How many pangs of hunger will dart through their ill-treated and neglected stomachs before next July? How many hardships and privations will be endured by them before next July? How many of them may be dead, with the thought last in their mind that their country had forgotten them and had been unjust to them?

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. HEFLIN. I gladly yield to my friend from Kentucky.

Mr. STANLEY. The Senator is usually accurate. I call his attention to a slight inaccuracy. The Senator over there did not say that it would be attended to next July. He said they would start to attend to it next July.

Mr. HEFLIN. I thank my good friend the able and brilliant Senator from Kentucky for his correction. They are going to start to attend to it before next July. The Republican Party has justly earned the title of the postponing party. They always want to postpone anything that is good for the people, but they act with promptness upon all matters that affect the purse-proud profiteer. Oh, yes, Mr. President, he has their ear, and they act promptly when he speaks. Is not this situation enough to fill the American soldier with gloomy forebodings?

Mr. WATSON of Georgia. Mr. President——

The PRESIDING OFFICER (Mr. KENYON in the chair). Does the Senator from Alabama yield to the Senator from Georgia?

Mr. HEFLIN. I yield.

Mr. WATSON of Georgia. My recollection is that when the bill was referred back to the Committee on Finance the great chairman, for whom I have the greatest personal respect, assured the Senate that the bill would receive diligent attention. It might be in order now to ask the Senator from Pennsylvania, who is present, what he meant by the word "diligent."

Mr. HEFLIN. What was the expression he used, that they would go about it diligently?

Mr. WATSON of Georgia. Diligently.

Mr. HEFLIN. Mr. President, I do not think the Senator from Pennsylvania meant to use that word. I think he meant that they would go about this thing with prompt vigilance, which meant that they would kill the legislation.

Mr. President, the Senator from Missouri well said that we are paying all of the other war obligations. What is the first obligation we should pay? Who is there in all the country who will say that any obligation stands above that of our obligation to the soldier? Where is it and what manner and character of obligation is it that transcends that of the Nation's obligation to its defenders? Can there be a greater obligation on this earth than that due to the man who saved your life and saved the life of your Nation, who protected your property and saved your Government? But we come and say that we are paying this obligation and that obligation and the other obligation, but we are not settling the obligation due to the soldier. That, Mr. President, is the paramount and all-important obligation.

Mr. President, when the war was on we were appropriating billions to supply that soldier at the battle front. He was the supreme figure in the drama of that bloody war. All others were back, looking on, as he drove against the German line, facing death every day. He was the supreme figure then, and he was the paramount issue in the hearts of all of us. But now other obligations of a material nature, commercial considerations, the effort looking toward excusing the debt of the Allies—all these loom like mountain peaks above a plain compared to the obligation we owe the soldier. But for his service we would not have any Government to-day.

Mr. President, I would love to see some heroic spirit on the other side rise up and shake his finger in the face of the profiteers and say, "We have had a change of spirit. We have had a change of heart, and we are about to have a change of front. We intend to take back $450,000,000 excess profits, nearly half a billion dollars, and apply it to this obligation. We know that we have sinned against the soldier. We know that we have been guilty of the crime of disloyalty to him, because no man with authority who will permit a soldier to want for food and shelter and raiment, a soldier who served his Nation as ours served this, is loyal to the soldier if he does not help him, because it is his duty, with all the instrumentalities that he has, to use them for the relief of the soldier who is suffering for the necessities of life."

So, Mr. President, I would love to see one rise up over there who would say, "As for me, I am going to be just to the soldier who saved my country; I am going to leave the fleshpots of the profiteers and cast my vote for just compensation for the soldier."

Mr. President, there is a day coming when Republican Senators will be keen of eye and quick of speech. You will not gaze about in listless fashion when the soldier pleads for justice. You will wake up and hear; we are going to make you hear.

Mr. STANLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. HEFLIN. I am glad to yield to my good friend.

Mr. STANLEY. Our blessed Lord once found some people asleep when they ought to have been awake, and He said, "Sleep on."

Mr. HEFLIN. I thank my good friend for quoting that Scripture. If there is anything on this earth that confounds a stand pat Republican Senator it is Scripture, and I am glad to have it injected into my speech.

Now, Mr. President, I have detained the Senate longer than I intended to. I intended to take only a few moments upon this all-important question. I say to you before I take my seat that mistreatment of the boys who bade farewell to home and loved ones and offered their lives for us is inexcusable and indefensible.

I wish to close with this quotation from the Scripture. I am reminded of another time, since my friend from Kentucky has quoted Scripture, when the greatest peace advocate who ever walked the earth trod the dusty highways of Judea. Preaching the gospel of democracy unto the least of these, my brethren, He said, "I was naked and ye clothed me. I was hungry and ye gave me to eat. Inasmuch as ye did it unto one of the least of these ye did it unto me."

Shall the soldiers of the Republic say that "You took me out of my employment. I had a good job. I was making a little money. I was happy in the peaceful pursuits of life here at home. I went to the fields of France and was gone months and months and kept out of my employment until the war was over. I came back and my job was gone. I have walked the streets and I can not find work to do. I am hungry and ill-clad."

Hungry, and ye gave me not to eat. Naked, and ye clothed me not. God forbid that such an indictment shall stand against the Government they served and saved in the hour of its peril.

Mr. LENROOT. Mr. President, I would like to ask the Senator a question.

Mr. HEFLIN. I yield for that purpose.

Mr. LENROOT. I would like to ask the Senator if the amendment he is now supporting is adopted, how soon after it becomes the law could any soldier receive a single dollar under it?

Mr. HEFLIN. I would provide that this money should be paid to them as fast as it is collected.

Mr. LENROOT. But I am asking about the situation under the amendment which the Senator is supporting. What does it provide?

Mr. HEFLIN. It provides for taking this excess-profits tax.

Mr. LENROOT. When will any soldier be entitled to receive any money under the amendment that is now pending if it shall be enacted into law?

Mr. REED. Just as soon as there is enough paid in from the excess profits to make the first payment to any class under the soldiers' bonus proposition.

Mr. LENROOT. Can any soldier receive any money before July 1, 1922?

Mr. REED. I do not think so.

Mr. LENROOT. No.

Mr. REED. No.

Mr. LENROOT. That is the point I desired to bring out.

Mr. REED. But he will be a long time waiting for it at the rate the Senator's party has been appropriating money.

Mr. NEW obtained the floor.

Mr. HEFLIN. Mr. President, may I say this to the Senator from Wisconsin?

Mr. NEW. I yield to the Senator from Alabama.

Mr. HEFLIN. The fact that the public would know that these soldiers would have disbursed to them $450,000,000 would enable everyone of them to go to a bank and borrow money to live on through this winter, because the minute the Government goes

on record as saying that it is committed to this thing they would have no trouble about getting the money needed. That is my answer to the Senator from Wisconsin.

Mr. STANLEY. Mr. President——

The PRESIDING OFFICER. The Senator from Indiana [Mr. NEW] has the floor. Does he yield to the Senator from Kentucky?

Mr. STANLEY. I did not know the Senator had been recognized.

Mr. NEW. I shall be through in just a moment.

The Senator from Missouri [Mr. REED] just said it will be a long time before the soldiers realize anything at the rate we are appropriating money. It will also be a long time if they have to wait for the long-distance orators in this body to get through talking.

Mr. President, a week ago this afternoon, while listening to the Senator from Missouri present his discussion of the amendment which he has offered, it occurred to me that the amendment was unconstitutional because, as I saw it, it levied a tax upon one set of people and devoted it directly to the benefit of another class of people.

I have taken the precaution since to consult attorneys with reference to the matter. I have here an opinion obtained from a source in which I place very great reliance, and I ask unanimous consent that that opinion may be printed in the RECORD in the type used in the report of the debates.

Mr. REED. By whom is the opinion rendered?

Mr. NEW. That I do not care to say.

Mr. REED. I object to the opinion going in the RECORD unless the author's name is given.

Mr. NEW. Then I will adopt it as my own. If the Senator from Missouri will permit its presentation and printing in the RECORD, I shall yield the floor in order that he may proceed, as he has to occupy the rest of the time that is left to us between now and midnight. If not, I shall read it in my own time. It is just as the Senator from Missouri prefers.

The PRESIDING OFFICER. The Senator from Indiana asks to have the opinion printed in the RECORD. Is there objection?

Mr. REED. Ordinarily I would not object to any document being printed in the RECORD that comes authenticated, but an opinion of a man who is afraid to sign his name is certainly an opinion entitled to no consideration.

Mr. NEW. Oh, the man is not afraid to sign his name. I have said that I assume the responsibility for it.

Mr. REED. Why does not the Senator give his name?

The PRESIDING OFFICER. Does the Senator from Missouri object to the request of the Senator from Indiana?

Mr. REED. I am not going to object if the Senator wishes to stand sponsor for the opinion.

Mr. NEW. I assume the responsibility for it.

Mr. REED. If he wishes to stand sponsor for an opinion that nobody else fathers, and yet does not give it as his own opinion, I shall not object even though the opinion be a mile long.

The PRESIDING OFFICER. Without objection the opinion will be printed in the RECORD as requested.

The opinion referred to is as follows:

IN RE AMENDMENT PROPOSED BY SENATOR REED TO THE REVENUE BILL.

The amendment proposed by Senator REED to the pending revenue measure provides in substance that upon the net income of every corporation there shall be levied the following taxes: (a) Twenty per cent of the amount of the net income in excess of the excess-profits credit (determined under sec. 312 of the bill and not in excess of 20 per cent of the invested capital; (b) 40 per cent of the amount of the net income in excess of 20 per cent of the invesfed capital. The moneys derived from such taxes are to constitute a separate fund and are to be devoted to the payment of a "bonus" to veterans of the World War.

The "bonus" so to be paid will amount to the following sums: For each day of active service in excess of 60 days in the military or naval forces of the United States $1.25 for service, but the total amount payable to any veteran who performed no overseas service shall not exceed $500, and the amount payable to any veteran who performed overseas service shall not exceed $625. No part of the fund is to be paid to any commissioned officer above the grade of captain in the Army or Marine Corps or a lieutenant in the Navy.

The power of Congress to levy a tax on the earnings of corporations is clear, and the only question to be determined in this instance is whether the tax provided is rendered illegal by reason of the purpose for which it is to be levied.

A natural limitation upon the taxing power is that all taxes shall be levied for public purposes. Perhaps it is more accurate to say that taxes may be assessed and collected only for purposes which will result directly or indirectly to the benefit of the taxpayer. It is upon the latter ground that the Supreme Court has denied to States the right to tax property outside of their territorial jurisdiction.

Thus in Union Refrigerator Transit Co. *v.* Kentucky (199 U. S., 194, 202) the Supreme Court, in holding that the State of Kentucky had no power to tax property having no situs in that State, said:

> The power of taxation, indispensable to the existence of every civilized government, is exercised upon the assumption of an equivalent rendered to the taxpayer in the protection of his person and property, in adding to the value of such property, or in the creation and maintenance of public conveniences in which he shares. * * *

Getting down to the precise constitutional objection to the proposed amendment, I think it must be rested on the due process clause of the fifth amendment of the Constitution—

> No person shall * * * be deprived of life, liberty, or property without due process of law.

Analogous provisions of State statutes have been declared void under the "due process" clause of the fourteenth amendment, which, as you know, is coextensive with the like clause of the fifth amendment. The reason for this is that such statutes take the property of a citizen without his consent for the private use of others. It is well settled that a State can not, under the form of taxation, take the property of its citizens and give it to build up the private fortunes of others.

The case of Missouri Pacific Railway Co. *v.* Nebraska (164 U. S. 403), involved a statute of the State of Nebraska which required the Missouri Pacific Railway Co. to permit an association of private individuals to erect a grain elevator on its land. The Supreme Court held the statute to be invalid under the fourteenth amendment, saying (p. 417):

> The taking by a State of the private property of one person or corporation, without the owner's consent, for the private use of another is not due process of law. * * *

The leading case on this subject is that of Citizens Savings & Loan Association *v.* Topeka (20 Wall., 655). That case involved the validity of an act of the Kansas Legislature, authorizing cities and townships "to encourage the establishment of manufactories and such other enterprises as may tend to improve and develop such city either by direct appropriation from the general fund or by the issuance of bonds of such city in such amounts as the council may determine." The whole opinion bears so clearly upon the point that if it were not for its great length it might be profitably set out herein. In pointing out the ground of objection to the act the court used the following simple illustrations (p. 663):

> There are limitations on such power which grow out of the essential nature of all free governments—implied reservations of individual rights, without which the social compact could not exist, and which are respected by all governments entitled to the name. No court, for instance, would hesitate to declare void a statute which enacted that A and B who were husband and wife to each other should be so no longer, but that A should thereafter be the husband of C and B the wife of D, or which should enact that the homestead now owned by A should no longer be his but should henceforth be the property of B.

The court further said (p. 664):

> * * * This power can as readily be employed against one class of individuals and in favor of another, so as to ruin the one class and give unlimited wealth and prosperity to the other, if there is no implied limitation of the uses for which the power may be exercised.
>
> To lay with one hand the power of the Government on the property of the citizen, and with the other to bestow it upon favored individuals, to aid private enterprises and build up private fortunes, is none the less a robbery because it is done under the forms of law and is called taxation.

And the court concluded as follows (p. 664):

> We have established, we think, beyond cavil that there can be no lawful tax which is not laid for a public purpose.

This principle has been applied by the courts in numerous cases: Parkersburg *v.* Brown, 106 U. S., 487, 491 (bonds to manufacturers); Cole *v.* La Grange, 113 U. S., 1, 9 (bonds to aid manufacturers); Dodge *v.* Mission Tp., 107 Fed., 827, 832 (bonds to aid manufacturers); Allen *v.* Inhabitants, 60 Me., 124 (bonds to aid manufacturers); Coates *v.* Campbell, 37 Minn., 498 (bonds to aid manufacturers); Lowell *v.* Boston, 111 Mass., 454 (bonds to aid sufferers from Boston fire); Patty *v.* Colgan, 97 Cal., 251 (aid to flood sufferers); Lucas County *v.* State, 75 Ohio St., 114, 135 (annuities for the blind); Wisconsin Keeley Institute Co. *v.* Milwaukee Co., 95 Wis., 153 (bounty to private inebriate hospital); State *v.* Froehlich, 118 Wis., 129 (bounty to private inebriate hospital); State *v.* Switzler, 143 Mo., 287 (bounty to students attending State university); Kingman *v.* City of Brockton, 153 Mass., 255 (aid in erection of building for Grand Army post); State *v.* Osawkee Tp., 14 Kans., 418 (furnishing seed grain to farmers); Deering & Co. *v.* Peterson, 75 Minn., 118 (appropriation to purchase seed grain for those without crops); Deal *v.* Mississippi County, 107 Mo., 464 (bounties to growers of trees); Missouri Pacific Railway Co. *v.* Nebraska,

164 U. S., 403 (taking of railway right of way for private elevator); Atchison, Topeka & Santa Fe Railway Co. *v.* Campbell, 61 Kans., 439 (free tickets to stock shippers); Harp *v.* Choctaw, Oklahoma & Gulf Railway Co., 118 Fed., 169 (compelling building of spur track to coal mine); Oxnard Beet Sugar Co. *v.* State of Nebraska, 73 Nebr., 57 (bounty to growers of sugar beets); Michigan Sugar Co. *v.* Dox, 124 Mich., 674 (bounty for growers of sugar beets); Minnesota Sugar Co. *v.* Iverson, 91 Minn., 30 (bounty for growers of sugar beets).

The principle that the private property of one can not be taken to enrich another being clear, it remains to consider whether after all Senator REED'S amendment may be said to fall within the principle. There is no authority directly in point, and in matters of this kind the law is a very inexact science. The granting of bounties to encourage enlistment is a procedure well established in the law, and State and muinicipal bounty acts have been upheld, although the States and municipalities were not themselves directly charged with providing for the national defense. In like manner pension laws have never been questioned, because it has always been conceded that the State and Nation have owed a moral if not a legal duty to those who have suffered disability in military service.

Again, Congress has, as I recall, appropriated money at different times for the alleviation of suffering in great disasters; and while I have not verified this, I think it has appropriated money for the victims of earthquakes and famine in foreign countries.

Of course, appropriations of the class last mentioned are very different from special levies on a particular class for the benefit of another class. If for no other reason, they differ in that the appropriation is made out of the general funds of the Treasury, and it is at least doubtful whether any particular taxpayer would have any standing on which to contest the appropriation. But in the present case it is proposed to levy a special tax upon a particular class, and, of course, any member of that class would be in a position to contest and litigate the assessment.

Looking to the merits of Senator REED'S amendment, it is perfectly clear that no legal obligation rests upon the United States to grant to veterans a gratuity of the character mentioned. Whether or not there is any moral obligation to grant to veterans a bonus based wholly on services rendered, without regard to the present needs or circumstances of the individual veteran, is a debatable question. Assuming that the payment of such a bonus would be justified if paid out of the general funds of the Treasury, it is extremely doubtful whether it would be legal to impose a special tax upon a particular class for that purpose.

State courts have made a distinction between "bounties" to encourage enlistment and so-called "bonuses" for services already rendered, holding the latter to come within the rule against the taking of property without due process of law. Thus the Supreme Judicial Court of Massachusetts, in the opinion of the justices, One hundred and eighty-sixth Massachusetts, page 603, held that a statute of Massachusetts attempting to give to veterans of the Civil War a bonus for past services was unconstitutional. The justices said:

> It is a familiar rule of law that under the constitution of the Commonwealth money can be raised by taxation only for public purposes. This rule has been stated and explained in many judicial opinions. (See Lowell *v.* Boston, 111 Mass., 454, and cases hereinafter cited.) Whether the use of money under the provisions of a particular statute is for a public purpose or merely for the benefit of individuals is sometimes a question difficult to answer, although usually it is easy of determination. In the present case if the only object of the statute is to give gratuities to individuals of a certain class, without any benefit to the general public, the statute is unconstitutional.
>
> In Mead *v.* Acton (139 Mass., 341), a case which arose in regular judicial proceedings and was argued by counsel, questions were decided by our predecessors which are identical in principle with those now before us. The statute of 1882, chapter 93, purported to authorize the town of Acton to raise money by taxation to pay a bounty of $125 each to certain soldiers who had reenlisted in the Twenty-sixth Regiment of Massachusetts Volunteers, to the credit of the town, and who never had received any bounty for such reenlistment. The court held the statute unconstitutional, saying in the opinion, among other things:
>
> "In the case at bar it seems to us clear that the object for which the town of Acton has raised this money is private and not public. The town has made no promise to these soldiers and is not under any obligation to pay them any bounties. The purpose is not to repay any sums advanced them as an inducement to enlist. * * * The war has been over for many years, and the payment of these bounties can not encourage enlistments or in any way affect the public service or promote the public welfare. The direct primary object is to benefit individuals and not the public."
>
> This case was approved and reaffirmed by the court in Kingman *v.* Brockton (153 Mass., 255). In the opinion of the justices (175 Mass., 599), although a question was raised about some of the language of the court in Mead *v.* Acton, the case was assumed to have been correctly decided. In the opinion last mentioned this language was used:
>
> "The ground of decision in Mead *v.* Acton (139 Mass., 341), which certainly went very far, was not a distinction between the direct and indirect action of the legislature, but was that because the war had been over so long it was manifest that the public welfare could not be promoted by the payment of the proposed bounties, and therefore a statute attempting to divert public funds to private uses, and was void. Possibly other reasons could have been invoked."

It is plain that there is no difference in principle between a statute purporting to autherize a town to raise money by taxation to pay bounties to soldiers who served on its quota in the Civil War and a statute purporting to authorize the State to perform an act of the same kind. We can not sustain the present statute without departing from the law of the decision in Mead *v.* Acton and disregarding a precedent which hitherto has been held to be correct.

But in this opinion we need not consider the subject of pensions to soldiers, for the statute does not purport to grant pensions or rewards for meritorious service, or money for the relief of present necessities. It purports to give bounties now only to those who did not receive them at the time of enlistment, which, if given them, would have been given as inducements to enlist in the service of the United States. Under the provisions of this statute those who enlisted without a bounty, under other influences or upon other inducements, would receive now as a gratuity this sum of money representing an additional inducement. The object of the act, as disclosed by its provisions, is not to give rewards in recognition of valuable services, and thus to promote loyalty and patriotism, but to equalize bounties given to induce enlistments in a particular military service many years ago.

To the same effect is Kidder against Selectmen of Stewartstown (48 N. H., 290).

The Court of Appeals of the State of New York recently has held unconstitutional a bonus law of that State, but our library has not yet received a copy of the opinion. I am under the impression, however, that the decision was based upon the very specific provision of the State constitution against appropriating public funds for private uses.

Mr. McKELLAR. Mr. President, I send to the desk an amendment, a so-called bonus amendment, which I ask that the Secretary may read.

The PRESIDING OFFICER. Will the Senator from Tennessee state whether or not his amendment is an amendment to that of the Senator from Missouri?

Mr. McKELLAR. No; it is to be offered in the event that fails.

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Missouri.

Mr. McKELLAR. I am merely asking that the amendment which I send to the desk be now read for the information of the Senate. I shall offer it at the proper time.

Mr. CURTIS. Mr. President, I think under the unanimous-consent agreement that can not be done.

The PRESIDING OFFICER. Why not?

Mr. CURTIS. The unanimous-consent agreement provides that all the time to-day shall be devoted to two classes of amendments, up to 3 o'clock to the amendments offered by the Senator from Wisconsin [Mr. LA FOLLETTE] and from 3 o'clock until 12 o'clock to-night to the so-called bonus amendments.

Mr. McKELLAR. This is a bonus amendment that I ask to have read under the rule.

Mr. CURTIS. Of course, if it is a bonus amendment there is no objection to having it read.

Mr. McKELLAR. It is a bonus amendment.

The PRESIDING OFFICER. The Secretary will read the proposed amendment.

The READING CLERK. On page 7, after line 7, insert the following:

> (c) That the Secretary of the Treasury be, and he is hereby, authorized, directed, and instructed at the earliest practicable moment to secure from the several foreign Governments, namely, Belgium, Cuba, Czechoslovakia, France, Great Britain, Greece, Italy, Liberia, Rumania, Russia, and Serbia, to which Governments moneys were loaned by the United States, under and by virtue of several war emergency acts of Congress passed in the years 1917 and 1918, long-time interest-bearing bonds of such Governments as provided in said acts, the interest on such bonds to be paid by said Governments semiannually at rates not less than those fixed in said acts.
>
> That in making settlements with the several foreign Governments aforesaid the Secretary of the Treasury is hereby authorized and directed to take interest-bearing bonds for the past-due interest on said loans and the future interest up to January 1, 1922, such bonds to be of like tenor and effect as the bonds for the principal loaned to said Governments, and the interest thereon to be paid semiannually in like manner.
>
> That the Secretary of the Treasury is further authorized and directed to secure from such foreign Governments as may be indebted to the United States bonds of like tenor and effect and of like rates of interest and payable in like manner for the following indebtedness: (1) Obligations received from the Secretary of War and from the Secretary of the Navy on account of the sale of surplus war material; (2) obligations held by the United States Grain Corporation; (3) obligations received by the Treasurer from the American relief administration; (4) obligations due the United States on any other account from such foreign nations.
>
> The Secretary of the Treasury is further authorized and directed to secure bonds, of like tenor and effect and like rates of interest, for the indebtedness due the United States from the following nations: Armenia, Austria, Esthonia, Finland, Hungary, Latvia, Lithuania, and Poland.
>
> That the Secretary of the Treasury is hereby authorized to accept, in addition to said bonds, any securities from such foreign Governments as collateral and as a guaranty of the prompt payment of said bonds and interest thereon.
>
> That of said bonds the Secretary of the Treasury shall set apart $2,000,000,000 in amount thereof to be used in the payment of a bonus to the soldiers of the late war with Germany, under such conditions as the Congress may hereafter direct.

Mr. McKELLAR. Mr. President, several days ago I discussed the general question of the collection of the interest on the allied indebtedness. As we all know the indebtedness itself is not in the form of bonds as provided in the acts of 1917 and 1918, under which the loans were made, but that indebtedness due from our allies is simply in the form of I O U's. It has never been put in the form of bonds, as directed by the statute. The first provision of the amendment which I have offered, therefore, gives the Secretary of the Treasury full authority to take bonds for all the indebtedness, principal and interest, owed by our allies and by other European Governments to us, and all under the terms of the acts of 1917 and 1918. Then it provides that we are to begin to collect the interest on January 1, 1922. The last clause of the amendment proposes to set aside $2,000,000,000 of those bonds to be used by the Congress to the extent of the amount set aside as a fund out of which to pay such compensation as may be awarded to soldiers. I believe that this is the best possible way of paying to the soldiers that compensation which it seems to me practically every Senator in this body thinks should be paid. It adds no additional tax burden upon the American people. It simply uses an asset of the Government for this most worthy cause.

There are several plans that have been offered for the settlement of this indebtedness. Before we come to vote I am going to discuss very briefly, merely outlining them, the four plans which have been proposed.

The first plan is that offered by the Senator from Missouri [Mr. REED]. His amendment provides for soldiers' compensation and that the money shall be derived from the reimposition of the excess-profits tax; in other words, he proposes to keep the excess-profits tax in force for the purpose of paying the soldiers this bonus. It has been estimated by the Finance Committee that a reasonable bonus will cost not less than one and a half billion dollars.

Under the amendment of the Senator from Missouri it would take four or five years—certainly four years and perhaps five years—to pay the bonus that may be adjudged to be due the soldiers. I have my doubts at this time whether that would be a wise plan. The Senate has voted overwhelmingly to repeal the excess-profits tax in the future. If the excess-profits tax may be justified, it can be justified better as a means of providing for the payment of the soldiers' bonus than on any other ground. That plan will work in a number of years; it may be the best plan; and I am not sure but I will vote for it. However, I do not believe it is so good a plan as the one which I have offered.

The next plan which has been suggested is the plan of the Senator from North Carolina [Mr. SIMMONS]. His plan merely proposes to appropriate for the purpose of meeting the bonus the interest on the Allies' debt. By the way, that interest has not yet been put in the form of coupons, and as I understand the Senator's amendment it does not provide that that shall be done. No adjustment with our allies is provided, but the amendment does provide that the interest on the debt—amounting to between four hundred and five hundred million dollars; probably nearer $500,000,000—shall be applied to the payment of the soldiers' bonus. That plan will require three or four years—not less than four years—to pay the bonus. That plan has merit, and I do not know but I may vote for it if we can not get a better plan.

Mr. SIMMONS. Mr. President——

Mr. McKELLAR. I yield to the Senator from North Carolina.

Mr. SIMMONS. Both the amendment of the Senator from Missouri and the amendment proposed by myself adopt as the basis of the plan of compensation the soldiers' bonus bill as introduced by the Senator from North Dakota [Mr. MCCUMBER] and as agreed to in the committee.

Mr. McKELLAR. I understand that.

Mr. SIMMONS. And that plan provides for a cash payment. It has several optional plans, but there is one plan for a cash payment. It was the estimate of the Senator from North Dakota in presenting the bill that the annual payment under the cash plan would not very much exceed, as I remember, $200,000,000, and certainly the annual interest from bonds representing the indebtedness of the Allies to us would amount to more than $200,000,000. Under the cash bonus plan, of course, if it was all to be paid out at one time, that annual payment would not be sufficient; but the bonus is proposed to be paid out in annual installments.

Mr. McKELLAR. I so understand.

Mr. SIMMONS. And my amendment is intended to apply to that plan.

Mr. McKELLAR. I understand, and that plan also has merit. While I do not think it is so good as the plan which I propose, if the Senator's plan can be adopted, I not only should have no objection to it but I should vote for it, because I think it is preferable to the Reed plan, for it does not propose to tax any part of the American people in order to meet the expense. It merely requires that when our allies shall pay the interest on their debt to us the amount so paid shall be applied to this purpose.

Mr. REED. Mr. President, of course, I do not want to get into an argument with the Senator from Tennessee about this proposition, but I call his attention to the fact that every loan made to foreign Governments by us was made out of the proceeds of the sale of bonds which our Government issued and sold to the American people.

Mr. McKELLAR. Oh, yes; I understand that.

Mr. REED. And we must levy taxes in order to pay those bonds and pay the interest upon them.

Mr. McKELLAR. Yes; I understand that.

Mr. REED. The result is, therefore, that the only difference in that respect between the Senator's plan and my own is that he proposes to take the interest which the foreign Governments pay our Government on loans which we made to them out of the proceeds of American bonds and then continue to levy a tax to pay the interest upon the American securities we issued in order to obtain that money, and to levy the tax direct in each case. So the American people must ultimately pay the compensation whatever it may be.

Mr. McKELLAR. I do not agree entirely with the Senator's statement. As I understand his plan, in effect he keeps the excess-profits tax which will be discontinued under the pending bill. The amendment of the Senator from Missouri merely reenacts the provisions of law providing for that tax in order to pay the bonus. Of course, that is a tax upon a part of the American people. The plan which the Senator from North Carolina has put forward and the plan which I have put forward do not tax any part of the American people, but it requires bonds to be secured from our allies and the future interest to be paid on the bonds by them. That, I think, is a fair statement of the differences between the three plans.

Mr. REED. But, if the Senator please, the plan that he proposes does tax the American people. If Europe owes us $10,000,000,000, as she does, we borrowed ten billions to loan to Europe and took her securities and Europe pays us the interest, which the law at the time contemplated she should, we would take that interest and pay the interest on the bonds that we owe the American people.

Mr. McKELLAR. Of course, Mr. President, I understand that.

Mr. REED. If we divert that fund to some other purpose, then we will be obliged to continue to levy taxes to pay the interest on our own bonds, and if we take the interest that should be used to replace the interest on our own bonds, we will have to get it by taxes from the American people.

Mr. McKELLAR. Of course, I understand that.

Mr. REED. Of course.

Mr. McKELLAR. I think anyone would understand that, but the fact is that we are not now collecting the interest on the debt due us.

Mr. REED. Mr. President——

Mr. McKELLAR. If the Senator will permit me to proceed for a few moments, I understand perfectly well the point that he makes, and I am not going to take issue with him; for the purpose of this argument he may consider that I agree with him; but I desire in the very short time that I expect to occupy the floor to put forth, if I may, the merits of the other plan. That brings me down to the plan which has been proposed by me.

We have due us this foreign indebtedness of $11,000,000,000; it is not drawing any interest; we do not even have bonds for it, as the law directed that we should have. The amendment offered by me directs the Secretary of the Treasury to take bonds for that indebtedness under the acts of 1917 and 1918, and after January 1 to begin collecting the interest. That will not impose a hardship on anyone. We have collected substantially no interest in the last four or five years, during which time our allies have had the money. We loaned them the money without stint; we loaned them the money at par; we loaned it to them at a low rate of interest, at the same rate of interest at which we borrowed it from our own people in order to loan it to them. We have not been hard on them; we have been exceedingly lenient with them. Everybody realizes, I believe the nations concerned themselves now realize, that it is their duty to begin to pay the interest on their debt to us. I would not be hard on any of them. Quite the contrary. I am sure none of them would say we have been hard on them about this indebtedness.

Why can we not, as the first step, collect the interest, and then, first and above all, from the amount so collected pay the debt which by every moral obligation on earth we owe to our soldiers? It would be the best possible way of adjusting that obligation and paying our soldiers merely to set aside not the whole amount but $2,000,000,000 of it only.

The bonds to be issued under the plan suggested would be indorsed by the United States Government; they would be the best bonds ever issued; the soldiers would be delighted to accept them. They would be immediately convertible in cash. It is a better plan than the one proposed by the McCumber bill, although that plan embodied many excellent features, and I would have voted for it; but this will be a better plan, because it will give the soldiers bonds that will be worth par and which will be the best bonds in the world. British bonds, for instance, or French bonds, indorsed by the United States Government will sell at par anywhere in the world. I know of no better way to utilize a portion, two-elevenths only, of the entire indebtedness than by distributing it amongst the soldiers in compensation for the incalculable services they rendered their country.

Mr. SIMMONS. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. SIMMONS. I have not had the pleasure as yet of examining the plan of the Senator from Tennessee. Do I understand the Senator from Tennessee as stating his plan to be that the Government is to take $2,000,000,000 of bonds and cut them up into denominations and parcel them out amongst the soldiers, according to the amount of compensation due to them? Is that the idea?

Mr. McKELLAR. All that the amendment does is to provide for taking bonds from our allies, in the first place, settling all of the differences between us, all the debts that they owe us of every kind, nature, and description.

Mr. SIMMONS. I understand that.

Mr. McKELLAR. Then the amendment directs the Secretary of the Treasury exactly what to do and how to go about it and to proceed under the acts of 1917 and 1918, under which the money was loaned to our allies. Having done that, it provides as follows:

That of said bonds—

That is, of the $11,000,000,000 of bonds that we will get, and a little more than that, perhaps—

That of said bonds the Secretary of the Treasury shall set apart $2,000,000,000 in amount thereof to be used in the payment of a bonus to the soldiers of the late war with Germany, under such conditions as the Congress may hereafter direct.

I take it that if this amendment shall be adopted and the Secretary of the Treasury shall do as he is required to do by the amendment, the chairman of the Finance Committee will report out a bill which shall provide how the bonds shall be set aside, how they shall be indorsed, what bonds shall be taken, what their denomination will be, and upon what terms they shall be given the soldiers; in other words, it is contemplated that a soldiers' bonus bill shall be hereafter reported and passed by the Congress, and the amendment itself merely provides how $2,000,000,000 shall be raised with which to pay the bonus or adjusted compensation, it having been ascertained that that will be an ample sum.

Mr. SIMMONS. Mr. President, the information I desired from the Senator was whether it was his thought that the interest upon these $2,000,000,000 bonds should be paid over to the soldiers in settlement of their bonus claim or whether it was his thought that the Government, holding such bonds, would issue its own bonds in smaller denominations to the amount of $2,000,000,000 and turn those bonds over to the soldiers.

Mr. McKELLAR. It could be done in either way, but my own thought was that these bonds should be indorsed by the United States Government and then turned over to the soldiers in proper denominations. The effect of it would be that those bonds would sell on the market at par or more. Many of these soldiers would sell them. The bond buyers of the United States or of other countries would buy them from the soldiers just like any other issue of bonds is bought and sold on the market.

Mr. SIMMONS. That is, the Government would take these bonds in small denominations from the foreign countries and then parcel them out among the soldiers according to their claims?

Mr. McKELLAR. Absolutely. There is no reason in the world why that should not be done.

Mr. REED. And the Government of the United States would guarantee them.

Mr. McKELLAR. I think the Government ought to guarantee them. I see no reason why it should not guarantee them. I believe that the bonds that would be taken under this amendment would be very excellent bonds, but when indorsed by the United States Government they would certainly sell for not less than par. We know that the United States bonds are now about back to par, and I have no doubt that certainly the British, French, and Italian bonds, and the Belgian bonds, and perhaps all of the issues, with the possible exception of Russia, would sell for par.

Mr. President, I am not going into this matter further. The amendment is a very simple one. It is a very simple question. It is just whether or not the Senate wants to give a portion, two-elevenths, of this indebtedness to the American soldiers. You hear a lot of talk about giving all the English indebtedness to England. You hear a great deal of talk about canceling the debt of France, or of Italy, or of the other countries. I believe a resolution could be easily passed here, if not much was said about it, to cancel this debt entirely, and give it to our allies; but when you talk about giving two-elevenths of it to our own soldiers, almost every Senator is up in arms. The other day I could not get a sufficient show of hands for a roll call on the amendment. They voted it down almost before I had an opportunity to explain it; and it does seem to me that before we undertake to cancel these bonds, in part or in whole, we had better use a portion of them to give a well-merited bonus to the soldiers of this country. We owe it to them. We are the only country that has not given its soldiers a bonus. We can give it without taxing our own people. We can help our country while helping our own soldiers. If we don't do it this way, the time will come when we will have to tax our own people to do it.

Mr. SIMMONS. Mr. President, I hope the Senator did not understand me as expressing any opposition toward his plan.

Mr. McKELLAR. I did not believe the Senator from North Carolina would.

Mr. SIMMONS. No; on the contrary, I think it a very good plan.

Mr. McKELLAR. I am greatly obliged to the Senator for his indorsement of it. I have felt so.

Mr. SIMMONS. I do not wish to discriminate between these three plans. I think most of them will work and work very well.

Mr. McKELLAR. Possibly they will, and I will say to the Senator in perfect frankness that my interest in giving this compensation to the soldier is so great that while I think my plan is best—it is the simplest, it is the most easily consummated, it will cost the American people least, it will be the most effective, it can be done quicker than any other, and the whole matter could be settled and taken out of politics in that way quicker than in any other way—while I think that the plan I have put forward is the best, in order that the soldiers may get what is their due I would be perfectly willing to vote for the Senator's plan. I believe I would almost go to the extent of voting for the plan of the Senator from Missouri, although I do not believe that is anything like so good as the plan that has been suggested by the Senator from North Carolina and that which has been suggested by me, and I would not like to take that course.

Mr. SIMMONS. I do want to suggest to the Senator from Tennessee, if he will permit me to interrupt him for that purpose, that it seems to me that instead of dividing up the $2,000,000,000 of foreign bonds and parceling them out among the soldiers, giving some soldiers, perhaps, the bonds of one country and others the bonds of another country, it would be a great deal better if those $2,000,000,000 of bonds were placed in the Treasury, remained the property of the United States, and the United States issued against those bonds its own bonds in such denominations as may be convenient for the purpose, thereby giving to each soldier a bond of his own country.

Mr. McKELLAR. I am not so sure but that that would be an excellent plan. I have not gone into it; but that is a matter for future legislation if this amendment is adopted. There is no reason why that plan could not be put forward after the adoption of my amendment.

Just one other matter and I am through.

I see it suggested in the morning paper that our friends on the other side of the aisle propose that some time next summer they will begin to take steps to give the soldiers a bonus, and the way they are going to do it is to adopt the manufacturers' tax and apply that tax to the payment of the bonus. I do not think that plan is as good as even the plan presented by the Senator from Missouri. My reason for it is this:

A manufacturers' tax means a consumers' tax; and if that sort of a tax is adopted with which to pay the bonus you are virtually taking the money out of one pocket of the soldier and putting it in the other pocket of the soldier. In other words,

the soldiers are almost entirely of the consuming class, and the consuming class will pay that sort of a tax. The soldiers are not the ones that have the wealth of the country; and if you are going just to pass a consumers' tax with which to pay the bonus, I do not know whether it will be very much of a payment or not. The soldiers themselves will pay the greater part of the bonus if that sort of a plan is adopted. I am not in favor of that plan. I hope that our Republican friends will not carry it out. I hope it is merely rumor. I hope they do not intend to impose such a tax as that for the purpose of paying our soldiers. In effect it certainly would not be more than half compensation, because under such a tax, as we all know, the consumers paying it, the soldiers would pay a very large portion of the very tax that had been levied in their behalf.

Mr. President, I think that is all I want to say about this matter. I have tried to explain just what my amendment is. The question is simple. It is easily understandable. If the Senate desires to contribute not more than $2,000,000,000 out of the $11,000,000,000 of these bonds to the American soldiers, they can vote for the amendment. If you do not want to do it, if you still feel that you ought to cancel these debts—and that seems to be the sentiment here in the Senate, especially on the other side of the aisle, judging from the way they voted the other night—if you still want to do that, you can vote against this amendment. I believe, however, that it is the best plan. That is very natural. Having produced the plan, it is very natural that I should have some pride of authorship in it; but, so far as I am able to determine, it is the best possible plan with which to pay this soldiers' bonus. It will not fall upon the taxpayers of this country. It will not be an additional tax upon them. It will cause these foreign countries, who honestly owe it, to pay us. They owe more to these soldiers than they do to any other people in the world. It would be very proper, as it seems to me, that a portion of this indebtedness should be paid to the soldiers who saved these other countries.

There is another proposition about this that is more or less selfish—I mean, nationally selfish. If this Congress ever gives $2,000,000,000 or any distinct portion of this indebtedness to the soldiers of this country, we will never have a particle of trouble about collecting the interest as and when it falls due, and the principal when it becomes due, because I know that no nation that now exists that has received these benefits will for a moment refuse to pay the interest on the bonds to these soldiers who aided so splendidly in saving those nations from defeat and ruination. It would be an easier matter to reach a just and a fair settlement with our own allies if they know that so large a portion of this indebtedness is to go to pay the compensation that we owe to the soldiers.

Mr. SHORTRIDGE. Mr. President——

Mr. McKELLAR. I yield to the Senator from California.

Mr. SHORTRIDGE. May I ask the Senator this question: Assuming that the Senator's plan should be adopted and carried out to the extent that the bonds of the foreign Governments would come into the hands of our soldiers and be owned by those to whom they should go, does the Senator provide as against their assignment? Would they be assignable, and thus, perhaps, pass into the hands of others?

Mr. McKELLAR. Of course they would be assignable, and would pass into the hands of others, and I have no doubt that many of them would soon pass into the hands of others, because many of the soldiers would want to dispose of them. Many of them would necessarily have to sell them. We understand the figures to be that about 500,000 of the soldiers are without employment now; and, naturally, a man without employment with a bond in his pocket will be very likely to dispose of it, especially if it is worth dollar for dollar.

Mr. SHORTRIDGE. Precisely. Therefore, assuming what the Senator says to be true—and it may well be so—if the bonds do pass into the hands of others, then, of course, there would not be the inducement on the part of foreign Governments to pay the interest.

Mr. McKELLAR. To a limited extent the Senator's contention is correct, but, of course, all of these soldiers are not going to dispose of their bonds.

Mr. President, there is just one other thought and I am through. I have taken very much longer than I expected and longer than I should have taken.

I notice a great propaganda going on about canceling the bonds, on the theory that Great Britain and France are not able to pay even the interest. I saw in a British newspaper not long ago that argument made. Does not that sound rather remarkable in view of the fact that Great Britain and France are insisting that Germany should pay upward of $30,000,000,000 in Germany's present defeated condition?

Surely, if Great Britain and France—and they have so attested by their public authorities—say that Germany in defeat is able to pay $30,000,000,000 to those two countries, Great Britain and France in victory, having received enormous sums in reparation, having received as a result of the war property that is estimated to be of the value of $50,000,000,000 going to Great Britain and $25,000,000,000 going to France, are able to pay the small amount of interest on the bonds that they should have given us four or five years ago.

I take it that that propaganda is not put out by either the French or the British Government. I do not believe that either one of those Governments has any sympathy with the idea that these debts ought to be canceled. I think that is confined largely to a maudlin sentiment in this country, a sentiment that is not based on a real understanding of the situation. I say that it is immensely more important that we should take these bonds and collect this interest and turn them over to the necessities of our soldiers who protected these Governments from whom the bonds and the interest will come than to create or attempt to creat, directly or indirectly, a maudlin sentimentality for the cancellation of the bonds.

"Oh, America is so rich and powerful that she can afford to cancel a little sum like $11,000,000,000, and see what effect it will have upon the world." I have no sympathy with any such idea. I not only want to be considerate of our debtors, but I think we ought to go to the last limit in generosity, and I think we have gone to the last limit in accommodating them. We lent them this money, it will be remembered, at par when their own bonds would bring hardly half that much. We did not haggle with them. We did not borrow the money at one rate of interest from our own people and lend it to them at a higher rate of interest.

We lent it to them at par, and much of that money came from the hard earnings of the working men and women of this country. They saved; they skimped; they denied themselves and their children; they did everything in their power to pay for the bonds on credit that they bought from our own Government; and they got only a small interest for it. Now, unless something is done to take bonds for this indebtedness and to collect the interest on this indebtedness we are violating our solemn pledges to the people from whom we borrowed this money.

Someone said on the floor of the Senate that the thing for us to do was just to turn the matter over to the Secretary of the Treasury and let him make "the best trade possible." Let us for a moment consider how unfair and unjust it would be to turn it over to the Secretary of the Treasury for him to make the best trade possible.

If the Secretary of the Treasury, with that power, should settle with our allies and take bonds bearing a greater rate of interest than the bonds sold to our people bear, we would be doing our allies a foul injustice, because we entered into a solemn contract with them, made by the Congress, when we told them, in the acts of 1917 and 1918, that we were going to lend them that money without discount on exactly the same terms on which we borrowed it from our own people.

On the other hand, if we were to take a lower rate of interest for this money, if we were to lend it to our allies now, five years after we did lend it, at a lower rate of interest and under more favorable terms than those on which we borrowed it from our own people, manifestly we would be violating the contract with our own people who bought our bonds.

Therefore there is but one honest, straight way to settle this controversy—the United States should live up to the contract made with our allies in 1917 and 1918 and take bonds under the terms of those acts, which is what my amendment provides for.

Mr. SHORTRIDGE. May I ask the Senator a question?

Mr. McKELLAR. Certainly.

Mr. SHORTRIDGE. Assuming a somewhat Socratic method of question and answer. I understand the Senator thinks that our allies or associates should pay the interest which they owe us?

Mr. McKELLAR. Certainly.

Mr. SHORTRIDGE. So do I. The Senator thinks they should, as speedily as possible, pay the principal sums which they owe us?

Mr. McKELLAR. Not in cash. The acts of 1917 and 1918 provided that the Secretary of the Treasury take 20-year bonds for the principal, with rates of interest identically the same as we pay to the people who took our bonds.

Mr. SHORTRIDGE. That is exactly what I meant to bring out by my question.

Mr. McKELLAR. None of the Secretaries of the Treasury have done that, and we simply have I O U's. In the mean-

time about a billion dollars of back interest has accrued. The present Secretary of the Treasury says that under the law of 1917 and 1918 he has no authority to do anything but to collect the accrued interest, and that to collect it in cash now would be a great hardship. I am inclined to think he is right about that, and therefore this amendment provides that he shall take for the interest already due, or which will accrue up to January 1, 1922, the same class of bonds he takes for the principal debt. In other words, in this amendment we treat the entire indebtedness, including the interest up to January 1, 1922, as a principal indebtedness and take bonds for it.

Mr. SHORTRIDGE. In lieu of cash?

Mr. McKELLAR. In lieu of the I. O. U's.; and then on and after January 1, 1922, they will begin to pay the interest coupons on the bonds. It seems to me so plain, it is so honest to all our allies, and so honest to our own people, that I can hardly understand how any Senator could vote against it. That is the way I feel about it.

Mr. SHORTRIDGE. Agreeing with the Senator in very much he has said, I think our allies and associates should be honest with us.

Mr. McKELLAR. I agree with the Senator; and not only that, but we must force them to be honest and just with us.

Mr. SHORTRIDGE. Precisely.

Mr. McKELLAR. But I have great confidence in our allies. I believe that if this amendment were to be put on this bill, and become the law in the next 30 days, there would not be a country which had formerly been associated with us that would not send its bonds to us by the 1st day of January, if the Secretary of the Treasury were to ask it.

When I say that, I have in mind the conditions in Russia. Russia owes us relatively very little money. Of course, it is an enormous sum in one sense, but as compared with this enormous debt it is very, very small. But Russia would be willing to give us her bonds and pay the interest on them. She would be delighted to do it. She has been begging to be allowed to do that, if newspaper accounts are correct. But they would all do it, and there would be no further trouble about it, if the American Congress would stop printing propaganda about cancellation, and merely ask those nations to give us the bonds, and to begin paying the interest on the 1st of January, 1922.

Mr. SHORTRIDGE. I have gathered, from the remarks of the Senator, that he is opposed to the proposition of vesting in the Secretary of the Treasury full plenary power to adjust the debts.

Mr. McKELLAR. Yes; and if the Senator will allow me to make a statement, I will tell him why.

Mr. SHORTRIDGE. I did not mean to interrupt or to divert the Senator's thoughts, or to do more than develop his view, if he cared to express it.

Mr. McKELLAR. I will be very glad to express it. I have never had an opinion I was not willing to express when called upon, and when I believed it ought to be expressed.

Mr. SHORTRIDGE. If the Senator would not be willing to vest full plenary power in the Secretary of the Treasury, out of considerations which to his mind seem good and sufficient, would he be willing to vest the power in a commission made up, perhaps, of the Secretary of the Treasury and two or four reputable, competent Americans, Democrats or Republicans—for I forget politics in this matter——

Mr. McKELLAR. Political views are wholly immaterial in the consideration of this subject.

Mr. SHORTRIDGE. The Senator would be willing, would he not, to vest the power in such a commission?

Mr. McKELLAR. No; I would not.

Mr. SHORTRIDGE. If the Senator is not willing to vest the power to negotiate on behalf of our country and adjust these matters, obtaining the bonds which he hopes we will receive, to whom would he delegate the power? Who would negotiate? Who would represent our country in and about the matter in hand?

Mr. McKELLAR. Mr. President, if the Senator had been a Member of this body in 1917 and 1918, and had taken part in the debates and the framing of the two acts of 1917 and 1918 under which this money referred to was loaned, he would not ask that question, except probably in a modified way. Let me explain the matter to the Senator.

The acts of 1917 and 1918, under which that money was loaned, authorized the Secretary of the Treasury to carry out the terms of the acts, and those terms are very simple. They directed him to receive from our associates or allies bonds of like tenor and effect, carrying a like rate of interest, with the bonds which we sold to our own people, and with the same date of maturity.

I will tell the Senator why I am unwilling to give plenary power to the Secretary of the Treasury to deal with them as he desires, taking one class of bonds, one nation's bonds, or another nation's bonds, or any other kind of a bond he pleases. The Senator from California has asked me a question which I think is very important, and I want to answer it.

I am opposed to giving that full plenary power to deal with this matter in any way to the Secretary of the Treasury or to a commission, and I will state the reason. I am frank to say that I happen to know the present Secretary of the Treasury, and I would just as soon trust him to handle it as any commission. I do not think it makes a particle of difference to whom you give the plenary power; it would be just the same. It is equally objectionable.

Mr. SHORTRIDGE. The law is not self-executing; some human mind must attend to it.

Mr. McKELLAR. Certainly; and the law provides that the Secretary of the Treasury shall carry out the terms imposed by Congress. The reason why I would not give the Secretary plenary power is this: That if you give him the power, or give a commission the power, to make a better contract than the law of 1917 and 1918 provided—there were two acts, but it was the same law—you would violate the contract with the Allies. On the other hand, if the Secretary should make a less favorable agreement with them, and take a lower rate of interest or a less desirable bond, we would authorize him to violate our agreement with our own people; because we solemnly pledged the American people, when we borrowed the money from them to be loaned to our allies, that we would lend it to the Allies on precisely the same terms as those on which we borrowed it from our own people.

Mr. SHORTRIDGE. What about the interest now due?

Mr. McKELLAR. The question of the interest is subject to the same explanation.

Mr. SHORTRIDGE. How is it to be paid?

Mr. McKELLAR. In exactly the same way.

Mr. SHORTRIDGE. I contend it ought to be paid in money.

Mr. McKELLAR. Of course it is to be paid in money eventually.

Mr. SHORTRIDGE. And not in bonds?

Mr. McKELLAR. That is what the agreement provides, that it shall be paid in money. The interest on the allied bonds is required to be paid in money. That is the situation.

That is all I care to say about it. It is a business transaction which ought to be handled in a business way. It would be a piece of utter maudlin sentimentality if we intrusted any one man or any commission to make any trade of any kind about these foreign loans other than the contract we have already made, and I hope the amendment I have offered will be agreed to. It is the best way to settle the indebtedness. It is the best way to pay the soldiers. It is the best way to save the taxpayers of the United States.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Harreld	New	Stanfield
Ball	Harris	Newberry	Stanley
Brandegee	Harrison	Nicholson	Sterling
Broussard	Heflin	Norbeck	Sutherland
Bursum	Johnson	Oddie	Swanson
Cameron	Jones, N. Mex.	Overman	Townsend
Capper	Jones, Wash.	Owen	Trammell
Curtis	Kendrick	Page	Wadsworth
Edge	Keyes	Penrose	Walsh, Mass.
Fernald	Ladd	Phipps	Walsh, Mont.
Fletcher	La Follette	Pomerene	Warren
France	Lenroot	Reed	Watson, Ga.
Frelinghuysen	McCumber	Sheppard	Watson, Ind.
Gerry	McKellar	Shortridge	Weller
Glass	McKinley	Simmons	Willis
Gooding	McNary	Smoot	
Hale	Moses	Spencer	

The VICE PRESIDENT. Sixty-six Senators having answered to their names, a quorum is present.

Mr. McCUMBER. Mr. President, probably out of 96 Senators there are not half a dozen who will not vote for a soldiers' compensation bill and, in my opinion, when the time comes, for the soldiers' compensation bill practically as reported by the Committee on Finance and as formulated into the amendments which have been offered and read to the Senate.

In reporting that bill, I wrote the report and made it on behalf of the committee. I followed that immediately by a quite lengthy address explaining the bill, explaining its jus-

tice and fairness, and speaking as earnestly and strongly in its favor as I could. In all of that long discussion I never once alluded to anything that had the slightest partisan tinge. I regarded it as an American proposition and discussed it as such, and when it was referred back to the committee it was a great disappointment to me. I accepted the condition as it was and at that time made a statement as to what I believed would be the final outcome, namely, that it would delay for some months its enactment, but that it would be enacted into law by the American Congress, not a Republican or a Democratic Congress, but by the American Congress, in sufficient time to make the bill as it was then drawn applicable with reference to the beginning of the payments. I have not changed my mind in that respect. I am certain that result will still follow.

Mr. President, two amendments have been offered to the revenue bill, one seeking to engraft upon it the rejected excess-profits tax to which is hitched the soldiers' compensation bill, which was favorably reported in the early part of the session, and the other seeking to engraft upon it the soldiers' compensation bill to which is hitched an innocuous proviso for its payment out of a fund which in all probability will not materialize until a law has been enacted for its adjustment and collection.

It makes little difference, Mr. President, whether the soldiers' compensation bill is attached to the excess-profits provision for the purpose of reinstating that principle of taxation, or whether the excess-profits provision is attached to the soldiers' compensation bill for the purpose of enacting that measure. Its impropriety upon a revenue bill is apparent in each case. Let us remember that this is a revenue bill pure and simple, a bill to raise money to meet the appropriations of Congress. It is not a bill for general legislation. No character of a rider ought to be put upon a revenue bill. It is a bill that is to be enforced by rules and regulations of the Treasury Department. Its provisions ought not to be entangled with other provisions that are to be enforced by an entirely different department of Government and for an entirely different purpose.

Mr. President, the soldiers' compensation bill was reported favorably by the Finance Committee during this session. After a very vigorous protest on the part of the Secretary of the Treasury, followed by an oral message delivered by the President to the Senate, it was referred back to the Committee on Finance. Both the Secretary of the Treasury and the President presented the depressed industrial condition of the country and the danger to the Treasury and asked for its postponement. While I could not vote with the majority, the bill was referred back to the Committee on Finance, as everyone knows, for the purpose only of postponing action on it. It is now proposed to attach this soldiers' compensation bill to the revenue bill.

Mr. President, I think everyone will concede the natural impropriety of attaching to a bill the sole purpose of which is to raise revenue an amendment which is to expend revenue. That the compensation bill does not belong to a revenue measure goes without saying. Attached, however, as I am to the righteousness of the soldiers' compensation bill, I think I could waive that objection, serious as it is, if I felt at all assured that by so doing it would advance the compensation bill into law. But I am certain that no such result would follow, and I am earnestly opposed to any effort to make the soldiers' compensation bill a political football to be kicked about in the Senate of the United States in a mere political game between the two sides of this Chamber.

Mr. President, the World War was fought to a finish by the American Nation as a unit and not by either or any political party. The American Nation as a unit has paid the penalty in blood and will continue to pay in treasure to meet the enormous national obligations imposed by reason of the war. The American Senate should consider the soldiers' compensation bill as an all-around American measure, and of all measures in the world it ought not to be used for the purpose of obtaining or attempting to obtain some partisan advantage.

It is well known and conceded that the revenue bill is framed to raise, in connection with the tariff and other sources of income, just barely enough revenue to meet the running expenses of the Government for the next fiscal year. It will barely cover, even if it does that, the obligations evidenced by appropriations and other national obligations which will mature during the fiscal year.

Recognizing this fact, one of these amendments seeks to meet the difficulty by reinstating the excess-profits tax, which, of course, must be in addition to the flat corporation income tax and the capital-stock tax already imposed by this bill upon corporations.

Mr. JONES of New Mexico. Mr. President——

Mr. McCUMBER. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. May I inquire to what fiscal year the Senator is referring? The Senator said this bill will provide just enough revenue to provide for the necessary expenses, and so forth, of the fiscal year.

Mr. McCUMBER. It is the fiscal year to which it is supposed to apply, and that would be the fiscal year that takes in the last half of the next calendar year and the first half of the following year, of course. That is what I have reference to.

Mr. President, would it be possible to reinstate the excess-profits tax into this bill and have it become an effective law? Can we give life to that which is regarded by the administration and by a decisive majority of both branches of Congress as an obnoxious proposition by tying it to a most righteous proposition? I know it can not be done, and, Mr. President, I have too much regard for the soldiers' compensation bill to vote to tie it to a corpse.

The overwhelming majority of the Members of this Senate favor the soldiers' compensation bill as it was reported to the Senate. A very decided majority of the Senate are opposed to the excess-profits tax, and you can not materially reduce that decided majority against the excess-profits tax by attempting to sweeten it with the soldiers' compensation bill. The soldiers' compensation bill will be passed independently of the fate of the excess-profits tax.

Mr. President, that part of the Republican platform which declared against a tax which "needlessly represses enterprise and thrift" was construed by the President in his speeches as imposing upon the administration a mandate to do away with the excess-profits tax. Leading Republicans in all their campaign speeches declared that the policy of the administration would be against the excess-profits tax, and that policy has been carried out by the votes of both Houses by very decided majorities.

I am not one of those who claim that the vast Republican majority in the last campaign was due to this plank or to any other particular plank in the platform. It was due principally to the dissatisfaction with the awful extravagances, the mismanagement, the inefficiency, and the paternalistic tendencies of the previous administration. Nevertheless, there was so much stress laid upon the question of the excess-profits tax as a deterrent to renewed industrial activity and consequent prosperity that it is my opinion the American people expect a repeal of that tax. By a very decisive vote of both branches of Congress this Congress has declared against its continuance. There has been substituted for it an increased flat tax on corporate income and a tax on capital stock. I am absolutely certain that the soldiers' compensation bill could not be attached to this defunct excess-profits tax, placed as a rider on the pending revenue bill, and carried through both branches of Congress.

But, Mr. President, even if that were possible, we would still have the third branch of the law-making power to deal with, and I can not see how it would be possible, after the earnest plea which the President made to defer action on the adjusted compensation bill, for him to do anything but refuse to indorse the revenue bill with such an amendment. If he regarded the immediate enactment of the soldiers' compensation bill as so serious as to require his special plea to the Senate of the United States for time, what must be his attitude if we not only bring it forward again in another bill, but in addition make it far less acceptable by attaching to it an additional method of taxation which he, his administration, and both branches of Congress have condemned?

Attaching the soldiers' compensation bill to this bill would be but playing with it; and to cloud it with a defeat at this time would defer, if not jeopardize, its final enactment into law. For that reason I shall refuse to give a vote to attach it to the revenue bill in any form.

But, Mr. President, the way is open to the Senate to speedily provide means by which the soldiers' compensation bill can be enacted into law, and that without the necessity, in my opinion, of providing any further taxes whatever to take care of it. A bill has passed the House and is before the Senate now which will authorize the Secretary of the Treasury to adjust and fund the foreign obligations due this country, to the end that we may begin to obtain interest on them. We have had such a bill before the Committee on Finance and before the Senate for a long time. It has been needlessly, and, I think, purposely delayed. Because it may not be satisfactory to every Senator is no reasonable excuse why it should not have been acted upon long ago. If a majority of the Senate want to amend it, let them do so. Then let us pass it, so that the Secretary of the Treasury may proceed to settle these foreign loans. Let us begin to get our interest out of them.

This method of reaching the difficulty was clearly indicated in the President's message. When the President appealed to the Senate for time before enacting the soldiers' compensation law, he said:

After a survey of more than four months, contemplating conditions which would stagger all of us were it not for our abiding faith in America, I am fully persuaded that three things are essential to the very beginning of the restored order of things. These are the revision, including reduction, of our internal taxation, the refunding of our war debt, and the adjustment of our foreign loans. It is vitally necessary to settle these problems before adding to our Treasury any such burden as is contemplated in the pending bill—

Which was the soldiers' compensation bill.

Mr. President, the revision spoken of will be completed in at least a few weeks. The refunding of the war debt has been and will be met as the obligations mature. There is still left of the three propositions only the adjustment of our foreign loans. On that adjustment, in my opinion, at present at least, hangs the fate of the soldiers' compensation bill. The President's objection clearly indicates that when that is settled the extra burden upon the Treasury imposed by the soldiers' compensation act can be met.

Further on in his address he says that this enactment now would add seriously to our interest rate, clearly intimating that with the funding of our war debt completed it could be enacted into law. Taking his address as a whole, it is very clear that that the President has been relying upon the funding of our foreign loans to secure the cash to meet the soldiers' compensation requirements.

In accordance with that suggestion there was prepared and submitted a bill for adjusting and funding our foreign credits.

I took an earnest interest in that bill because I wanted to secure its enactment in the shortest possible time, so that we could meet the objections of the President and the Secretary of the Treasury. That bill should have been passed two months ago, and if so passed, we could have secured the settlement of our loans, at least with the three great powers, by January 1, 1922.

The Secretary of the Treasury needs the authority of Congress properly to settle these foreign loans. His present authority goes no further than to enable him to accept bonds comparable in interest and time of payment with the bonds which we issued to secure the loans which we made to foreign Governments. Beyond that his hands are tied. Give him that authority and give it to him immediately. Hedge that authority about with any restrictions which may be thought necessary, but let us start the machinery of settlement into immediate operation and proceed on the way toward the final enactment of this soldiers' legislation. The interest on our foreign obligations will far more than take care of any sum that may be required to meet the draft entailed upon the Treasury.

But it is insisted that the Secretary of the Treasury has ample power to fund these foreign credits. He has not the authority to make such arrangements for time and interest rates which present world conditions require.

Mr. JONES of New Mexico. Mr. President——

Mr. McCUMBER. I yield.

Mr. JONES of New Mexico. Do I understand the Senator from North Dakota is willing that there shall be passed some such measure as that proposed by the Senator from Tennessee?

Mr. McCUMBER. Not as I understand the measure which has been proposed by the Senator from Tennessee, and I will give my reason for that position in a moment, if the Senator will allow me.

Mr. JONES of New Mexico. May I ask the Senator a further question relating to something previously referred to by him? Do I understand the Senator to contend that if we were to adopt the bonus amendment the bill would then be vetoed by the President of the United States?

Mr. McCUMBER. It is not for me to say what the President of the United States would do. He has the power of veto, of course. I have never discussed the subject with him. I simply know how earnestly he opposed the project of the adjusted compensation bill at the time it was before the Senate and the reasons urged for his opposition. It is not a question whether I agreed with those reasons or did not agree with them; they were his reasons and the reasons of the Secretary of the Treasury. As I have stated, if he pleaded so earnestly for a delay at that time, what must be his attitude if, in addition to that provision, without any other change in conditions, a provision be now adopted that will reinstate in the proposed revenue law a tax which his administration, his Treasury, and both branches of the Congress have condemned? Whether or not he would veto such legislation would, of course, be for the President to decide.

Mr. JONES of New Mexico. Mr. President, my question was whether the Senator from North Dakota believed that the President would veto the bill. I asked the question because in the statement which the Senator from North Dakota has been making he has referred to the efforts of the President to have the bill recommitted when it was before the Senate. It appeared to me that there could be no point to the argument of the Senator from North Dakota unless it was that if the Congress should pass this bill with the bonus amendment the President would veto it. So I would like to inquire what the opinion of the Senator from North Dakota is in that respect?

Mr. McCUMBER. Mr. President, I decline to give an opinion. I can see the danger, and I have pointed out the danger, and any Senator can survey the situation and draw such conclusions as he thinks would be justified; but we are not driven to that position.

Mr. President, it must be remembered that the situation of our debtors—and I am coming right now to the matter discussed by the Senator from Tennessee [Mr. McKELLAR]—is far more serious than ours. In law every one of them is bankrupt. Not one of them could meet its debts, either to us or to its allies, or even the interest on them, if they were all demanded at one time. They could not raise the money by taxation nor borrow the stupendous sums necessary. We are not going to war against any one of them to force the payment of interest or of principal. We could not collect even if we should make war. We can not extract blood from a stone simply by hammering it the more. We must so arrange with each nation that it can meet its obligations not only to us, but to each one of its other creditors; and here, Mr. President, arises a difficulty that the Senator from Tennessee and others who have discussed that matter do not seem fully to realize, the necessity of treating with all or at least the greater nations in combination.

Great Britain, for instance, borrowed from us about four and a half billions of dollars. She loaned to her allies, who were our allies also, every cent she borrowed from us. In addition to lending to Great Britain, we loaned heavily to France and Italy, and less heavily to other countries engaged in the struggle; but Great Britain, France, and Italy are the principal nations we have to deal with. We shall not, of course, take the obligations of one country for the obligations of another, especially of these important countries; but, Mr. President, we can not lose sight of the fact that each one of our debtors is dependent upon the others. We loaned the greater sum to Great Britain, and allowed Great Britain to reloan it to countries which were far less able to pay.

I saw an estimate of the British exchequer some time ago to the effect that they could not expect to recover more than 46 per cent of what Great Britain loaned to her allies. We expect to collect at least 95 per cent of what we loaned. Suppose we now ask Great Britain to pay us interest on her debt. She turns to France and asks that country to pay interest on her debt in order that Great Britain may pay the United States. France turns to Italy and asks for interest on advances made to her. Now, while at a first glance we might say, "Let each of these countries settle its own debt and arrange for its own time; we have nothing to do with them," we find on second thought that we have something to do with these questions. What we want is our money, or our interest on that money. If it is conceded that France can not pay Great Britain in cash, she must give her bonds bearing interest, and these bonds, by reason of her distressed situation, may be postponed in their payment for 75 or 100 years. We demand of Great Britain that she pay her debt in 25 or 30 years. She would, therefore, be forced to say to France: "Inasmuch as the United States will not grant a credit of more than 30 years, we can not grant a credit of more than 30 years to you." So, you see, we shall have to negotiate with all of these countries, and these countries must negotiate with each other, and all arrive at a plan by which principal and interest can be paid. The only authority, as I now remember, which the Secretary of the Treasury would have in funding these obligations would be to make them due at the same time, and bear the same rate of interest, as the American obligations, and without any authority for the funding of the past-due interest into long-time obligations.

Then, again, the United States may demand a certain rate of interest. Great Britain might demand of France a smaller or a greater rate of interest. So the question of interest and how it is to be paid becomes an important feature that all of these countries should agree to among themselves. Their differences must be composed, in order that each one may secure payment at the earliest possible time.

Again, this matter of interest becomes important in another respect. Interest for several years has already accumulated on the indebtedness of these countries. How will we handle that interest? As stated, I do not think that under the present law of Congress we could fund the interest into long-time bonds, and this authority must be given by Congress to the Secretary.

What, then, will we do with this accumulated interest? Leave it in its present status and collect it as we can or fund it into long-time obligations, or absorb it into the higher interest on the bonds representing the principal? In other words, would it be better to convert this interest into long-time bonds, bearing the usual rate of interest, or would it be better to insert a higher rate of interest in the principal bonds—a rate sufficiently high to take care of the accrued interest, say, in 10 or 20 years?

There is one decided advantage in the latter proposition. If the Government should become short of funds at any time, either to meet the requirements of the soldiers' compensation bill or for any other reason, the bonds bearing this higher rate of interest could be more easily and surely converted into cash by sale in the open market; but this could not be done, in my opinion, without further legislation.

Nor is this all. Suppose Great Britain and the United States each demands of France that she pay or fund her debt to the United States, then there immediately arises the question of preference. What proportion of what France can afford to pay will be paid to Great Britain and what proportion to the United States and in what order? It is evident that both Great Britain and the United States must have a common agreement with France to prevent improper preference, and that each may secure only its just rights. This would have to be considered as well as the matter of maturity of France's obligations. This would demand the concurrent action of the three nations; but France can not make these arrangements until she knows how she can arrange her matters with Italy, so Italy must be brought into the conference.

Mr. President, if we pass the compensation bill now, we must provide by law for the payment of the sums necessary to meet it. Simply declaring that it shall be paid out of funds derived from our foreign debts means nothing. It does not collect the debts. It does not enact the legislation necessary for a settlement of these debts.

It seems to me that under the present situation, so far as the soldiers' compensation bill is concerned, we are driven to one of two courses. The first and to my mind the most proper course is to enact immediately the law necessary for the settlement of these foreign loans, that we may use the interest accruing therefrom to meet the obligations incurred by the enactment into law of the soldiers' compensation bill. If that is done, and done quickly, I do not think it will be necessary to provide any additional means of taxation whatever to meet its requirements. If that is not done, the second and only course left is to provide for additional taxes at the time we enact the law. So we may be driven to a small sales tax, either a manufacturers' tax or a general turnover tax, to meet the added obligations; and if the first proposition is not put through speedily I am earnestly in favor of the second. In other words, we must make good to the soldiers, and that will be done.

As I stated when the soldiers' compensation bill was referred back to the committee, it meant delay, but it did not mean defeat of the measure. We shall enact it into law, and, in my opinion, in sufficiently early time that no change will have to be made as to the date when its benefits shall become effective.

In the meantime, I simply plead with the American Senate to act unitedly and fairly, agreeing, if they can, as Senators of the American Commonwealth in a great duty which we owe to the soldiers of that Commonwealth.

I shall not discuss for a moment the merits of the soldiers' compensation bill. I discussed that fully and at length some time ago, but I confess it sickens me to listen to speeches which seek to cry out against one political party or another political party. I know that on the Committee on Finance we had earnest Senators of the Democratic Party who were in favor of the compensation bill. We had equally earnest Senators belonging to the Republican Party who were in favor of it. We did not look at it as a partisan measure. We might differ upon excess-profits taxes or upon the higher brackets of some other tax, but we did not differ upon the great principle of the soldiers' compensation bill. Let us cast aside those things upon which we differ and not attempt to tie this proper legislation to those things, but let us get behind some proposition which will independently take care of the soldiers' compensation bill.

Mr. JONES of New Mexico. Mr. President, I have listened with a great deal of interest to the remarks of the distinguished Senator from North Dakota, particularly in view of the fact that he and I labored most earnestly together to frame the bill which has been known as the adjusted compensation bill. I became convinced then that the Senator from North Dakota was a firm believer in the principles of that bill. I know he labored earnestly and industriously in its preparation, and no man ever advocated a measure in this body with greater earnestness than did he in relation to that bill.

The bill passed the House, it came over to the Senate, its provisions were discussed in the Senate, and was taken up for consideration by the Senate with only four votes in opposition. When that bill was reported the Senator from North Dakota, in one of the strongest and most effective addresses to which I have listened in this body, urged the passage of the measure. He called particular attention to certain changes which had been made by the Finance Committee in the bill as it came from the House. The bill as it passed the House made no provision for it to become effective until January 1, 1923. The Senator from North Dakota laid much emphasis on that, and with all of his well-known vigor and earnestness pleaded that in that respect important changes should be made.

That adjusted compensation bill as it came from the House contained five optional plans. It was not thought that the most important provision was that for the payment of the cash adjusted compensation, but the other provisions were pointed to as the most important. I remember well how the Senator from North Dakota minimized the importance of the cash-payment plan provided in that measure. He referred to the certificate plan as something which should go into operation, provide security for the family in case of death, and an ultimate endowment at the end of 20 years—in 1943.

But he urged as the reasons for its immediate passage certain other provisions of the bill. He called our attention to the fact that there was a provision whereby, if the ex-service man wanted to acquire a home or wanted to acquire a farm, the Government would assist him in such acquisition; and the Senator thought that those provisions were so important that, in the bill as it was reported to the Senate, the Finance Committee, under his direction and under his leadership upon that measure, changed the date when it should become effective from January, 1923, to January, 1922.

The Senator argued, with all the force that he could command, that if it was the intention of the Government to provide such aid and assistance to ex-service men, it should not delay; that now was the time, the accepted time, the day of the greatest necessity.

He called attention to another provision of the bill, which provided for vocational education. He called attention to the significant fact that in the year 1922 the average age of the veterans would be 28, and I remember yet how his voice rang in the Chamber, calling attention to the necessity of providing such vocational educational aid beginning on the 1st of January, 1922, if the Government were going to extend such aid at all.

I heartily concurred in every suggestion made by him at that time, and the other Senators who discussed the subject gave to those thoughts their most earnest support. We all realized the reason, the justice, the soundness of the argument advanced by the Senator from North Dakota. So the bill was before the Senate. There is not the slightest doubt but what that bill would have passed this body by an overwhelming majority had it not been for the tragedy enacted here on the 12th of last July by the President of the United States.

On the 15th of July, when the question came before the Senate as to whether or not the bill should be recommitted, and after the vote had been carried to recommit it, the distinguished Senator from North Dakota rose in this Chamber and undertook to give some courage and some hope to the ex-service men of this country.

I shall not attempt to quote his words, but I remember very well how he held out the hope that this was only a temporary suspension of the provisions of the bill. He distinctly stated that the bill was to be referred back to the Finance Committee; that he was a member of that committee; and that he would see to it that earnest and prompt consideration should be given to the presentation of that bill at some other time, but in the near future. He held out that hope to every ex-service man in this country, and even to-night we listened to his words of hope, and he undoubtedly intends that the ex-service man shall retain that hope. When he presents his argument, when he undertakes to specify how he expects that to be done, I submit that the ray of hope is slight indeed, and that it is vanishing in the dimness of the unknown future.

Others in this Chamber have likewise undertaken to give hope. The distinguished Senator from Wisconsin [Mr. LENROOT], in his address the other day opposing the sales tax proposed by the Senator from Utah [Mr. SMOOT], used very significant language. It is so significant that I believe I would be justified in a consideration and analysis of it at the present time.

The distinguished Senator from Wisconsin made one of the most logical, one of the most convincing, addresses in opposition to the sales-tax provision offered by the Senator from Utah that I have listened to in this Chamber. He analyzed the amendment proposed by the Senator from Utah; he showed

precisely where the burden would rest; he showed the injustice and the inequity of such a measure. He demonstrated—if logic can demonstrate any proposition in economics—that the proposal of the Senator from Utah would be the most vicious manner of imposing a debt of the Federal Government upon the people of this country. He pictured it in language portraying all the horrors which one could conceive applied to a tax measure. But even he, after denouncing it and demonstrating, I believe, that such a measure would be justified only in the most extreme circumstances, intimated that there would be an occasion in which even he would accept the sales-tax proposition; and in that connection he undertook to give out this ray of hope to the ex-service men of the country. I think I am justified in reading what the distinguished Senator said upon that occasion:

I am not one who will take the position of being opposed to a sales tax under all circumstances. In my judgment, a sales tax is justified only when we have reasonably exhausted all other sources of ability to pay, and until such sources are exhausted, a sales tax, whether it be a manufacturers' tax or a turnover tax, can not be justified, because it violates the principle of taxation according to ability to pay.

The time may come, Mr. President, when, having reasonably exhausted these other sources, and additional revenue is needed, a sales tax will be justified. I am not ready to say, for instance, that if in this bill we impose all taxes upon wealth which equitably ought to be imposed, and impose all taxes upon corporations which equitably ought to be imposed, and impose all taxes upon special privileges which equitably ought to be imposed, and then we need more revenue, I should be inclined to favor a sales tax, and I think we are very likely to face that condition in the very near future.

Before this bill shall go from the Senate, we are given to understand that a proposition will be made by the Senator from Missouri [Mr. REED] to attach an amendment to this bill providing for the soldiers' bonus, and a method of paying for it by a continuation of the excess-profits tax. I shall not impute any political motives to the Senator from Missouri, but I venture to say to those upon the other side of the aisle that while they may think they are securing a political advantage because of the fact that the soldiers' bonus will not be incorporated in this bill—and it will not be—their joy over that fact will not be very long lived, because the soldiers' bonus bill will pass the Senate, the soldiers' bonus bill will pass the next Congress, and the soldiers will have lost nothing by the delay, because under the provisions of the bill which is now sleeping in the committee, not one dollar of payment would be made to any soldier before the 1st day of next July, and while I am not a prophet, and I know only how I myself shall vote, I venture to say that before the 1st day of July comes around, the soldiers' bonus bill will have been passed by an overwhelming majority of both Houses of Congress, and it will be time enough then for those upon the other side to charge the Republican Party with ingratitude to the soldier, but not until then will they have any foundation for doing so.

At that point I asked the Senator from Wisconsin a question, as follows:

Mr. President, will the Senator then kindly inform us what advantage has accrued to the country from the recommitment of the bonus bill, which was before the Senate for consideration at the time the President came and asked that it be recommitted?

To which the Senator from Wisconsin replied:

I can not, Mr. President; and I will say further that there is no disadvantage to the soldier in its recommitment, provided it is passed before the time that he would secure benefits under it.

I brought that matter up to state that if in this bill, when it is finally enacted, we have reasonably exhausted other sources of taxation, then I shall be willing to vote for some kind of a sales tax to raise the revenue necessary to pay that bonus.

Mr. REED. From whom is the Senator quoting?

Mr. JONES of New Mexico. I am quoting from the remarks of the distinguished Senator from Wisconsin [Mr. LENROOT], delivered on November 3, in opposition to the sales-tax amendment proposed by the Senator from Utah [Mr. SMOOT].

Now, Mr. President, that statement of the Senator from Wisconsin involves two propositions, both of which ought to receive very serious and earnest consideration, because they must be significant. The Senator from Wisconsin, to whom I have referred, is one of the most able and influential Senators in the Congress, especially at this particular juncture. He undoubtedly wields great influence here, and I am sure that the statements made by him were not made until after much reflection and mature consideration. Moreover, what he anticipates, what he prophesies, is supported by the remarks of the chairman of the Ways and Means Committee of the House, Mr. FORDNEY, whose interview appeared in the Washington papers a day or two ago. He, too, said that there would be a sales tax, that there would be a bonus bill, that they would be coupled together and thus make provision for the ex-service men in the near future. So, taking his statement and the statement of the Senator from Wisconsin together, it seems to me that the Senate and the country may accept those statements as the plan which is now proposed by the majority of the two Houses of Congress.

The Senator from North Dakota [Mr. MCCUMBER] to-night has proposed something else. He has proposed that we utilize in some form the indebtedness of our allies and other foreign countries to the United States. That is a beautiful thought if it were made standing alone, but the distinguished Senator proceeded to discuss the matter somewhat at length, and as he proceeded with his argument the feeling of hope which had arisen in my breast that the majority party were intending to do something for the ex-service men began to lower and weaken and to disappear.

We listened to the Senator for several minutes discussing the woeful situation which exists in Europe to-day. He told us how the economic conditions of all those countries were interwoven. He pictured the distressful condition in which England finds herself. He pictured the woeful condition in which France finds herself and in which Italy finds herself. He said that England could not be expected to pay until France should pay, that France could not pay until her debtors paid, likewise with Italy, all of which undoubtedly meant that finally nothing would be paid until Germany could be made to pay.

With the German mark getting lower and lower in value, gradually declining, sometimes precipitously declining, until to-day that mark, which was worth 24 cents in American gold in ordinary times, that mark on which Germany is dependent for the existence and support of her Government, is worth less than one-half of 1 cent. I ask the ex-service men of the country if they gain any hope when they are asked to rely upon the payment of those debts by Germany, by Austria, by Hungary, and the other Central Powers who have gone bankrupt and whose currency has been diminishing in value until it has almost reached the vanishing point?

That is the hope which the Senator from North Dakota holds out. Are the ex-service men of the country satisfied with that hope? Do they wish to wait until Germany and Austria and Hungary have paid the expenses of keeping our soldiers on the Rhine, have paid the expenses of keeping the soldiers of Great Britain and France on the Rhine, have paid the necessary amounts which the treaty of Versailles requires that they shall pay under the control and dictation of the Reparation Commission? How long under those circumstances must they expect to wait before this bonus shall come? Take that contingency, that hope, and apply it to the provisions of the pending soldiers' bonus bill, and I then wish to inquire when in the sweet by and by they may expect any benefit from such a bill? I ask these young men, who in 1922 will average 28 years of age, how long before they will receive their vocational education, how long will it be before they get a start in life, how long will it be until they go to school and learn a vocation? Just wait until some time in the sweet by and by when the German mark may rise in its value, when some time Germany may pay her debts to France and Italy and England, and then the United States may get something to pay the soldiers a bonus.

Mr. President, it seems to me that there can be no one who wants to adjust this compensation, who wants to do justice to the ex-service men, who believes that they need vocational aid, who believes that they need assistance in acquiring a home or a farm, who will place any reliance in this provision built upon this foundation of sand pictured to us by the distinguished Senator from North Dakota.

The other hope, then, is that which comes from the Senator from Wisconsin [Mr. LENROOT]. He tells us that a sales tax is the most vicious form in which public revenues may be collected from the people of this country; he tells us that he would not advocate such a system until all the other reasonable sources for obtaining revenue should have been exhausted; that only in the last extremity would he levy a sales tax. It is obnoxious to him; it clashes with every fiber of his being; it attacks his conscience. He pictured to us the great burden that it would place upon the backs of the common people of this country; he pictured how such a tax would levy tribute upon the bread and the meat and the clothes of the indigent people of this country; he pointed out to us the dire results in the most vivid and lurid language; and he tells us that only in the last extremity, after all other resources have been exhausted, only then would he levy a sales tax. If we are to accept his premise, then we are to consider whether or not we have exhausted all of the resources of this country which may reasonably be touched in order to obtain the revenue from those who are better able to pay.

Now, let us consider that. The present revenue law provides several different methods for obtaining revenue. There is what is called a flat tax, which is levied upon corporations, amounting to 10 per cent of their net income; there is what is called a normal tax, which is levied upon the net incomes of individuals and of individuals doing business as partners; and upon the income of individuals and partners there are levied additional taxes, surtaxes, increasing as the amount of the income increases, until finally we reach the point where those surtaxes under the provisions of this bill, as it has been amended since it came into the Senate, amount to 50 per cent, and together with the normal tax amount to 58 per cent.

It is recognized that that kind of a tax is justified. There is yet no one in this Chamber who has not conceded that the man with an income of $50,000 a year should not pay at a higher rate than the man with only $5,000 a year; that a man whose net income is $100,000 a year ought not to pay at a higher rate upon that higher income than the man with a lesser income. That principle has already been established by the Senate. It was sanctioned by this body with a very few votes against it, and the only votes which were cast against it were so cast because some thought that the surtax ought not to exceed 32 per cent; but there was not a single vote here and not a voice from any quarter of this Chamber against the principle that those who are best able to pay should pay; that that ability should be measured by the amount of the income; and, therefore, that those having the higher incomes should pay the higher rates. It is a principle accepted by every citizen in the land; and every nation on earth, so far as I know, which levies an income tax has embodied the same principle in its legislation. So we accept the principle that as the incomes grow larger and larger the rate of taxation should become higher and higher. That is the way we treat the individuals and partnerships in this country.

However, there is another class doing business. We have in this country over 300,000 corporations, over 200,000 of which have net incomes subject to taxation under the revenue laws of our country. The incomes of those corporations vary from less than 5 per cent upon their invested capital up to enormous percentages. There are thousands of them which are earning to-day less than 5 per cent upon their invested capital, while we find other thousands earning only from 5 to 10 per cent. As we reach the higher percentages the number diminishes. We still have other thousands, though not so many, earning percentages reaching as high as 1,000 per cent; many of them earning more than 100 per cent, and a still greater number earning more than 75 per cent.

What does this Congress propose to do? Are we going to apply to corporate incomes the same principle which we apply to individual incomes? Not at all. It is now proposed by the Finance Committee to levy a flat tax rate of 15 per cent upon the net income of every corporation. Whether it is earning 2 per cent, 5 per cent, 10 per cent, 75 per cent, or 200 per cent, it is proposed to levy this tax on all alike, utterly ignoring what I believe to be one of the most just laws of finance which has ever been announced; that is, that the burden shall be placed upon those who are best able to pay, and that all those who are enjoying the same degree of prosperity should bear the burden equally. We are ignoring that fundamental and righteous principle of Federal and governmental economics.

Why? That interrogatory has been troubling many of us ever since this question arose. I have not any doubt but upon the street corners, in the lanes, in the crossroads of the country, as people travel alone they ponder upon this. Why? Persons who meet together for the purpose of discussing governmental affairs at this time all over the land are to-day asking—why?

Under the present law there is a flat tax of only 10 per cent. There is another provision that corporations earning more than 8 per cent upon their invested capital and not more than 20 per cent upon such capital shall pay an additional tax upon the amount between 8 per cent and 20 of 20 per cent of that amount, and of the amount of the net income which exceeds 20 per cent of the invested capital that there shall be levied upon that income 40 per cent; that is the existing law. It clearly recognizes the fundamental principle of having those pay who are best able to pay. That is the law now; but when we repeal the so-called excess-profits tax and place an equal tax, an equal rate, upon the incomes of all corporations, be they ever so humble or ever so mighty, as is proposed to do here, the question arises—why? No explanation has been made which furnishes a reason for violating the law or principle to which I have referred. No one has risen here but has apologized for the change in the existing law. It has been pointed out that those corporations, more than 100,000 of them, which are owned by hundreds of thousands of stockholders throughout the country and are earning 8 per cent or less upon their invested capital will have their taxes increased by 50 per cent, while all other corporations earning over 8 per cent will have their taxes reduced. I wonder how long the American people are going to stand for that outrage, not only for this subversion of that great principle of economics but actually taking the burden from the shoulders of those concerns best able to pay and deliberately placing it upon those less able to pay; but that is what is proposed to be done.

Now let us apply to this situation the remarks of the distinguished Senator from Wisconsin [Mr. LENROOT]. He says that this sales tax is so infamous that he will not consent to its levy until all the other resources are exhausted. I ask you, my fellow citizens, does this bill exhaust the other resources? I agree with the Senator from Wisconsin; I agree that a sales tax should not be levied until the other sources are exhausted; but have we exhausted those resources? What about these excess profits, these profits of corporations which are in excess of a reasonable amount of earnings upon their invested capital? If those profits are taxed for the next year in accordance with the brackets placed upon them by the present law, they will bring in a revenue of $450,000,000. As I have said heretofore, the excess-profits tax has its disadvantages. Under the existing law there are a great many provisions which do not make for exact equality; but if the Senate of the United States would devote some of its efforts to rectifying that law, to smoothing out its various inequities, to making it more just as between the various classes of business, the revenue could be raised without doing injustice to a single corporation in the land. We must have this revenue. Let us raise it from that source where the taxpayer can bear it more easily than his unfortunate neighbor.

Why should not that be done? Here is this source of revenue. Let us not turn away from it until it is made to produce what it reasonably should produce. These times are extreme. It is true business is not prosperous at the present time; but remember that that tax touches only those corporations that are enjoying prosperity even in this time. It touches only income. It touches only net income—net income estimated after having provided for all costs and expenses of the business, for depletion, for obsolescence, for amortization, and all of the expenses permitted to be set off as provided in the existing law.

After all that has been done, then it says to the corporation: "You may retain 8 per cent upon your invested capital untouched by this law. Only as to the excess will we call upon you to pay something for the support of your country."

Mr. President, we are evidently faced with this alternative: Shall we abandon the excess-profits tax at this time without putting some other provision in its place? This flat tax of 15 per cent will not raise much more than one-half what the excess-profits tax raises under existing law. The flat tax is levied unequally. The other tax touches only profits and in a progressive way. Shall we abandon that when we need the revenue to pay the ex-service men compensation?

I shall not at this late hour picture to you the service which the veterans rendered to the country in the time of the late war. I leave that for the consideration of every citizen of this country. I discussed that subject on two former occasions, and I do not care at this hour to dwell upon it, because I know that the people of this country realize that there is a debt due to these ex-service men which should be adjusted at least to some extent, even a recognition of gratitude, of a debt that we all say should be paid. The hope held out by the Senator from North Dakota [Mr. MCCUMBER] will not satisfy; the hope held out by the Senator from Wisconsin [Mr. LENROOT] will not satisfy, for two reasons:

First, the delay; second, the mere promise for the future; and when it is proposed to attach this meritorious measure of adjusted compensation to another piece of legislation which is deemed by the people of this country to be infamous in its effects, when it is undertaken to have an entering wedge, an entering measure which shall place a burden upon the necessities of life, you propose to put that through because you say it is necessary in order to pay the adjusted compensation. Will the people of this country be deceived by such promises as these?

Mr. President, I believe that the Senators understand this situation. If you are going to have this adjusted service compensation become effective at the time that it will be of advantage and of relief to these men, now is the time. The Senator from North Dakota told us that the present revenue bill simply provided for the actual bottom necessities of the Government for the fiscal year ending on the 1st of July, 1923. Under every system of legislation of this sort you must provide the revenue, and when may you expect it? This measure, as stated by the acting chairman of the committee, provides only for the bare necessities of the Government until July 1, 1923. How long, may I ask, do they want the ex-service men of this country to wait? The only other hope is that held out by the Senator from Wisconsin [Mr. LENROOT] and Mr. FORDNEY, the chairman of the Ways and Means Committee, that they intend to couple this adjusted service compensation bill onto that sales tax bill, which is admittedly the most vicious and infamous form of taxation which can be conceived, and which should be resorted to only after the exhaustion of all other resources. Do the ex-service men of this country want to be coupled with such an infamy as that?

Mr. HEFLIN. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. HEFLIN. Is it not unfair and unjust to the ex-service men, after mistreating them so long, to use them for such a purpose as imposing upon the American people a sales tax?

Mr. JONES of New Mexico. I submit that question to the ex-service men of the country, and undoubtedly the answer will be heard.

Mr. President, there are many other things which I should like to discuss. The hour is growing late, however, and undoubtedly others will discuss this subject. I shall conclude now, with the hope that justice may be done these ex-service men and in the earnest belief that the only way in which we may hope to have it done is through the adoption of the amendment proposed by the Senator from Missouri [Mr. REED].

Mr. KENYON. Mr. President, I have taken but 10 minutes of time in the whole discussion of this tax bill, and I want to take merely 10 minutes longer. I am growing to be something of an advocate of the proposition of taxing speeches of over an hour in length in the Senate. I think we might raise enough to pay the adjusted compensation in that way.

Mr. President, what I have to say is in no sense political. I do not believe that the Republican Party or the Democratic Party has any monopoly upon patriotism, nor do I believe that there is a single Senator in this body who is more friendly to the cause of the soldier than any other Senator; and the record of the Republican Party is sufficient evidence that it cares for the soldier.

Mr. President, I realize that one is termed a demagogue in this body upon very slight provocation. Those who are now advocating this bonus amendment on this bill have been called demagogues. I have discovered in this body that if anyone tries to do anything for agriculture in this country he immediately becomes a demagogue. If he tries to do anything for labor he is called a demagogue. Now, we add to this that if he tries to do anything for the soldiers he joins the class of demagogues. The way not to be a demagogue but to be a great statesman is to vote to take the tax off of golf balls and golf sticks and furs and excess profits. Then you immediately become a great statesman.

Last July this question was before us. The President came here. He made a powerful plea to the Senate. I had been in favor of an adjusted compensation act. I always have been. I was moved by the President's plea. I did not want to be in the position of doing anything to obstruct or make difficult the pathway of the President. I think he has been carrying and is carrying greater burdens, probably, than any man in the presidential chair since the days of Abraham Lincoln, and is carrying them well, with a steady head and hand and purpose. The bill went back. I tried at that time to secure instructions that the bill should be reported to the Senate by January of the coming year. We received only seven votes upon that proposition. Now it is presented to us again, and the issue must be met.

Mr. President, I wish I could picture two things that have occurred in the last 10 days that have settled my mind on this bonus proposition. I wish I had the descriptive power of the Senator from Missouri [Mr. REED], and I can only relate these incidents in my humble way, because I am no orator.

Before our committee investigating the West Virginia situation a few days ago we had a great coal operator, a fine-appearing gentleman—and he was a fine gentleman—and he told us about their coal company. We delved into the profits, and the profits were enormous.

His company last year paid an excess-profits tax of $1,000,000. I asked him if that had injured his company, and he said no. Outside of paying that excess-profits tax of $1,000,000 they had paid large dividends. The prices of coal had not been increased to the American people on account of that. It simply meant that if that excess profit of $1,000,000 was not collected by the Government it would have gone in dividends. That is one picture which stood out in my mind.

On the Monday following that the other picture came before me. I was called to the anteroom of the Senate by a card. There was a man who said he had been a soldier from my State. He was a veteran of the Rainbow Division, that wonderful division which was a rainbow of hope to the people of distracted Europe. He had gone overseas. He was sitting out in this anteroom with 35 cents in his pocket. He was an Iowa boy. He had a sick wife and baby whom he had brought from New York. He had not a cent on earth outside of this 35 cents, and he was hungry.

My office went to work on the case. He had had 17 shrapnel wounds upon his body; was recovered, however, from them. We got no help from the American Legion, because they had so many cases that they could not handle his, and in desperation we turned to the Salvation Army, and those good people took that wife, that poor emaciated, hungry little woman, and that baby, took them to the hotel and fed them, and raised the money to send them out to Iowa. We helped with the man. I will not go into those personal matters, but, in any event, he is making his way out toward Iowa.

That was a picture I can not get out of my mind. The Salvation Army—God bless the Salvation Army—if there is an institution on the face of this earth that follows the teachings of the Nazarene, and which practices the teachings of the Nazarene, it is the Salvation Army, and that came home to me in this case above anything else I have ever seen of the great work of the Salvation Army, not only at the front in time of war, but at the front in time of peace; and if the members of the Salvation Army have ever done any wrongs in their lives the recording angel recording in the Great Book the wonderful deed of theirs would blot those wrongs out with his tears.

There are the pictures, the man with a million dollars of excess profits, well fed, everything on earth that anyone could want; and the soldier, who had suffered from wounds upon his body, hungry and discouraged, who had been out on the forefront of five or six of the greatest battles of the war and had helped to save the property of the company which had paid the million dollars excess-profits tax.

Mr. President, the bonus is coming; there is no question about it. I believe the Republican Party, if it is to be a party measure, will adopt the bonus in time. The chairman of the Ways and Means Committee in the House has told us that we are to have a sales tax with the bonus. I do not want to have the Congress face that proposition. If we put the bonus on this bill, it may be met by the excess-profits taxes. Maybe in time this country will come to a sales tax. I admire the persistence and the skill with which the Senator from Utah has managed that proposition; but I do not want the bonus to be dependent upon the sales tax, for I do not think the American people at this time are in favor of the sales tax.

Can we not afford it? Is the condition of our country such that we can not afford it? Half of the cigar bill of the United States and the chewing-gum bill would come very near paying this bonus. Are we not willing to make some sacrifices?

I stood at the Willard Hotel one night, seeing great numbers of finely dressed men and women, wearing diamonds and silks and satins, going in to a banquet. I saw two soldiers standing close to where the automobiles come up, and I walked over to them and asked them what they thought of all that scene. They told me that they had been overseas. I said, "How does this appeal to you?" One of them said, "If this is the civilization we tried to save, we wasted our energy."

We can raise this money. We could raise $540,000,000 of excess-profits taxes. Why not use it?

We had a proposition to raise the inheritance taxes. There were only 28 votes to increase the inheritance taxes in this country and divorce the great fortunes, which are handed down generally, from the spendthrifts who get them through inheritance. The amendment of the Senator from Missouri, providing that only the excess over 20 per cent should pay an excess-profits tax, was voted down and voted against by men who call themselves progressives.

I may be wrong about it all; I do not want to criticise anybody. Everybody is entitled to his own opinion, to his own method of voting. I have no criticism to make of any man. I believe this thing will come, but as for me, while I voted before to send it back to the committee, believing it would come out, whenever this question of bonus comes along in any fair way, the proposition to give adjusted compensation to the American soldier, I am going to vote for it, whether it is a Democratic proposition or a Republican proposition; and I will not be voting for it for votes. I do not care anything about votes. I am not doing it for votes, but I can not get out of my mind, and I never will, those two pictures—the man with his millions and the boy with his hunger and distress. He may not secure immediate relief from this bill but it will be an encouragement to the boys who fought when fighting was necessary.

Mr. REED. Mr. President, on last evening, when we had a colloquy on the floor in regard to agreeing to a limitation of debate, the suggestion came from the other side of the Chamber that too much of the time might be used by one side, and on that occasion I said, in substance and effect, assuming to speak for this side, which I probably had no right to do, that we on this side would see to it that those who are opposed to our position would be given a fair division of time. As the hour of 10 is now approaching, I suggest that, while there are a number of Senators on this side who desire to speak, if Senators on the other side desire to speak on this amendment, we now give them the opportunity—that is, we do not want to crowd

in ahead of them. Therefore, Mr. President, I have risen to make that suggestion.

Mr. CURTIS. We are ready to vote.

Mr. REED. Mr. President, there are some Senators on this side who are ready to speak. If Senators on the other side are ready to vote, I yield the floor to the Senator from Kentucky [Mr. STANLEY].

Mr. STANLEY. Mr. President, while not of the political party of the Senator from Iowa, I have followed his course and admired his courage for many long years. I do not recall that I have ever agreed with him before about anything; but seldom in my life, anywhere, at any time, have I ever had a simple recitation of the truth that touched me more deeply. If the Senator from Iowa dreams that he is not an orator, he is mistaken. There is no eloquence more telling than the unaffected, unadorned utterance of a great truth, coming spontaneously, like a fountain, from a warm and an honest heart. I shall carry with me the two pictures so graphically portrayed.

Yet that recitation, Mr. President, must bring to the cheek of every proud American a sense of shame. Oh, the pity of it. "'Tis true 'tis pity; and pity 'tis 'tis true" that the richest nation in all the world, for the mastery of mammon, has left Lombard Street for New York, and we are to-day admittedly the richest of all nations and the most puissant. Yet with our great exchanges, with our unlimited credit, with billions loaned to foreign powers, you have heard a Senator stand here in this place and tell of a hero whose body was torn and rent by shrapnel, almost a mendicant and dependent upon the goodness of the noblest army now enrolled in all the world, God bless it, the Salvation Army. I concur again with the Senator from Iowa.

Making no pretense to saintliness or piety, to me in all of truth and in all of fiction no artist has ever dreamed, no poet has ever sung, no sculptor has ever carved, it has never entered into the mind or the heart of genius to conceive anything so beautiful as the character of the Nazarene, and, like the Nazarene, they carry the gospel to the highway and the byway. They have no cushioned pews reserved for profiteers and no cold corners for hungry sinners, and that is the secret of the fact that in war and in peace the Salvation Army is touching the heart of the world.

We are told that our boys, wounded, needy, in pain, and in sickness are dependent upon the Salvation Army. Tell me you can not raise that money? If the party in power, if the President of the United States, instead of listening to the false, pitiless, insidious sophistry of high finance, as cold as a steel chisel, as heartless as a dollar, instead of making fine-spun excuses to this Chamber would advertise the fact that the Treasury would receive voluntary subscriptions, would pass the hat up and down the street or let the Salvation Army do it, we can raise $100,000,000 a year by voluntary subscription.

Tell me you can not raise this money? I agree with the Senator from Iowa. This is not and should not be a political question.

As governor of a great State, I saw these boys go out to do and die. I never named an exemption board that was not equally divided between Democrats and Republicans. I do not believe there is any inherent difference in courage or devotion to the flag on account of differences on the tariff or any other fiscal issue. When this question was raised in the House of Representatives the votes against the soldiers' bonus were almost equally divided between Democrats and Republicans. I do not impeach, I do not condemn, the other side of the Chamber on account of its Republicanism. I condemn it, and I here and now declare that it is entitled to the scorn, I will not say contempt, of patriotic men for its subservience. It is not for the political opinions in your heads, it is for the ring you have allowed high finance to put in your noses that I condemn you.

Not a political question, said the Senator from Iowa. Not a political question, said the Senator from North Dakota. Oh, you can not escape it. It is political now. You have made it political, not by what you did, but by what you feared; not by your speeches, but by your silence; not by your convictions, but by your inexcusable and abominable cowardice.

You were ready and willing to do this thing. The splendid and courageous sentiments that pulsate in the brave and tender heart of the Senator from Iowa found harmonic chords in yours. But when the word came, when high finance said to Mellon and Mellon said to the President and the President said to you that you should be guilty of this monstrous act of perfidy and ingratitude, you cowered under that lash and you proved subservient to that command.

If in the Sermon on the Mount an additional blessing had been promised the obedient, the superserviceable, every member of you to-day would have wings, you would be beatific spirits. You are the most obedient body to high command that ever belonged to a boss. And worst of it all you are not obeying the President.

Mr. President, I sat in this body for about a year before I opened my mouth. Some of you think I had better keep my peace now.

Mr. CURTIS. That is right.

Mr. STANLEY. My genial friend from Kansas says that is right. He believes it to-night if he ever did in his life.

Mr. CURTIS. The Senator is not hurting anyone.

Mr. STANLEY. "Methinks the lady doth protest too much." However, be that as it may, I heard you, my fellow Senators, condemn a former President of the United States for daring to dictate to this great and deliberative body. You talk of Wilson's unholy ambition. If Wilson sought to dominate the Senate, if Cæsar were ambitious—

> If it were so, it was a grievous fault
> And grievously hath Cæsar answered it.

But Cæsar was not the first to wield the big stick. I say that whether it be Theodore Roosevelt or Woodrow Wilson or Warren G. Harding or any other man, alive or dead, who attempts to move any Member of this body by any other means than a cold, disinterested appeal to that man's patriotism and his reason, that President has been guilty of a grievous fault, almost a crime against the dignity of the Senate and the liberties of his country.

Why, we sent these boys, 2,000,000 of them, to the blood-stained fields of Flanders and of France to fight for what? Democracy. For freedom? For independence? For local self-government? Do you know that there was not a crowned head in all Europe, there was not before the war a kaiser or a king who would have dared to risk his scepter and his crown to do the thing that the President of the United States did here but a few short weeks ago. He has made the sins of Wilson, if sins they were, as white as snow. He has made Roosevelt, with his big stick, look as modest as a cooing dove. By his brutal order to you to reconsider, to recant, to repudiate this just obligation to the bravest men who ever deserved it in all the tide of time, his act will grow blacker and fouler with the receding years, and future historians will record it with a blush if they have shame, with tears if they have pity, with contempt and scorn if they have patriotism.

Let us see whether it is a crime or not. One hundred and fifty years ago we went to war with George III. He was a typical tyrant. Let me give you a little instance of his interfering with parliamentary bodies.

In 1783—

Said Mr. Pierce in his work on Federal Usurpation—

> when Fox brought in his famous bill for organizing the government of India, a great outcry against the bill arose. It was alleged that the object of the bill was the centralization of the immense patronage of India in the hands of a few old Whig families. George III, seeing the people aroused against the ministry, asked Lord Temple to let the members of the House of Lords know that any peer who should vote in favor of the bill would be regarded as an enemy of the King. Four days later the House of Commons by a vote of 153 to 80 resolved that: "To report any opinion, or pretended opinion, of His Majesty upon any bill or other proceeding pending in either House of Parliament, with a view to influencing the votes of the members, is a high crime and misdemeanor, derogatory to the honor of the Crown, a breach of the fundamental principles of Parliament, and subversive to the constitution of this country." Now, observe that this represented the spirit of English liberty 124 years ago under George III, whose tyranny was the bugaboo of the makers of the Constitution, the most powerful King in England during the eighteenth century, and perhaps it would not be an exaggeration to say the most powerful King of England for the last 200 years; yet George III, in all his power, was thus reprimanded.

A century and more ago it was a high crime and misdemeanor to merely report that the King would regard it as a hostile act; that it would affect patronage and chances for preferment! Yet the President of the United States comes here, under the Constitution, not to advise and to confer and to recommend, but like a schoolmaster, like a boss, to order you to do, not that which you thought was right, but that which he considered politically expedient. There is no excuse for it.

The Democrats care nothing about making politics out of the bill. We seek to help the soldiers. We are willing to cooperate with you. We are willing that you should have the glory. Yet with wounded heroes mendicants in the streets, with the pitiful appeal of the Senator from Iowa still fresh in your memories, with men stripped to the waist and sold as slaves on the Boston Common, with the wounded, the maimed, bleeding, hungry, houseless, out of employment, out of bread, out of hope—yea, with the suicide's revolver ringing in your ears; we are burying dead soldiers who have killed themselves, who found your heartlessness worse than the poison gas and the deadly arms of the Prussians—deaf and blind to it all you

still stubbornly refuse to give them the crumbs that fall from the profiteer's luxurious table because the President said nay.

Now, observe that this represented the spirit of English liberty 138 years ago under George III, whose tyranny was the bugaboo of our Revolutionary fathers, the most powerful King in England during the eighteenth century, and perhaps it would not be an exaggeration to say the most powerful King in England for the last 200 years. Yet George III in all his power was thus reprimanded.

I continue reading:

To-day usurpation has become so common upon the part of the President that we think little of it, yet an interference by the Kaiser with the action of the Reichstag, even when it is done indirectly, creates widespread indignation. Before the opening of the sittings of the Reichstag the court chaplain preaches a sermon in the chapel of the imperial palace before the members of the Reichstag and the German Emperor.

Dr. Faber, who now occupies that position, in preaching the usual sermon before the recent opening of the chamber, said: "The Reichstag ought to consist entirely of loyal deputies who are looking to and following the Kaiser with perfect faith, casting aside all doubt and all questionings. If we had such a Reichstag we could safely leave the control of our destinies to God and the Emperor." These words are said to have created almost a revolution in Berlin. The members of the Reichstag indignantly resented such teachings. But while Congress is in session our newspapers each day give much space to describing how the President is guiding the Senate, championing the rights of the people, how the Senate is defiant, how the President insists upon the recognition of the people's rights; and the play goes on and the American people seem oblivious to the portentous meaning of such usurpations of power.

O Mr. President, you did not obey the President of the United States. This was not the order of the President of the United States; this was not the purpose of the President of the United States. Tell me that for one long year a wise politician such as he is would without a murmur of dissent have seen this thing incubating, would have seen it passed by an overwhelming majority in the other House, would have seen it reported unanimously by the Finance Committee of the Senate. Those who know him better than do I, who understand his love of approval—I will not say of applause—who understand that as well as being a wise man he is somewhat of a practical politician, know the agony it must have cost him to have turned his back upon 4,000,000 deserving men. There was but one power on earth that could do it—the silent and insidious and pitiless power of mammon that knew what it could do, that understood its authority—I will not say the obligation which somebody, some organization, was under. It was the ring of the dollar that you obeyed; it was the command of high finance; and he was the mere medium. "The voice was the voice of Jacob, but the hand was the hand of Esau."

You will be called upon to answer to an intelligent and incorruptible electorate whether when the supreme hour came you listened to the rumblings of Wall Street or the agonizing cry of four millions of brave, deserving, and necessitous men.

Oh, you can not put a tax upon a profiteer. Mr. President, there was a time when profiteering was in a way inevitable. Prices went up, and the honest and the dishonest, the straight and the crooked all made money. Any business that was well conducted was immensely profitable; agricultural, mechanical, industrial, commercial, it mattered not. This is shown by the returns from excess-profits taxes in 1918, $2,505,565,939; the returns for 1917 were $1,638,000,000; making a total of over $4,000,000,000 in two years. That tax suggests the enormous profit which has been made; at least $10,000,000,000 of profits, perhaps, have gone into the pockets of the profiteers; profits made while the soldier was working for a dollar a day. It is not proposed on this side to go back and take anything which the profiteer made; it is simply proposed to ask the man who is still profiteering to divide with the needy soldier. The man who is still profiteering deserves a tax.

I see to-day, for instance, a statement in the Washington Herald of Saturday which is headed:

Six United States Senators and Judge Smyth start rent probe.

Then it goes on to say that Senator A. A. JONES of New Mexico now is paying $200 a month for his apartment and he balks at $340; that Senator JOHN B. KENDRICK of Wyoming is paying $207.50 and balks at $335; that Senator WALSH of Montana is paying $195 and balks at $287.50.

What does that mean? That means that in spite of the falling wages paid to carpenters and other mechanics, in spite of falling prices of building material, in spite of falling prices of labor generally, in spite of the fact that one can build cheaper than he could two years ago, the profiteer, with a strangle hold upon the buildings in which we live, is adding 60 or 80 and in some cases here in the city 100 per cent to the very roof over our heads. That means combination, as is admitted by the laws which are enacted to regulate it.

To-day labor is more poorly rewarded than ever before. The $2.50 that is paid to the laborer to-day will not buy him as much as $1 would have bought him before the war. There never was a time when the reward for a day's labor would purchase as little of the day's necessities; there never was a time when energetic and capable men had as little to eat and as little to wear and as little to hope for as now. Any man who is earning enormous profits now in the face of these conditions is earning them not on account of the skill in the conduct of his business but on account of the cunning with which that business is combined with some other business for the purpose of plunder; yet the dominant party refuses to take this money from the plunderer and to give it to the soldier.

Oh, but they say we shall have a sales tax; we will tack the compensation bill onto the sales tax, and then the soldier shall have his compensation. Why, that would not be giving the soldier an adjusted compensation; that would be lending it to him.

If the majority Senators enact a sales tax of 2 per cent, collect $500,000,000, and then give one-fifth of it to the soldiers—for it will take, according to the statement of the Senator from North Dakota [Mr. MCCUMBER] only about $100,000,000 a year—as the Senator from Missouri [Mr. REED] has shown, the soldier will pay one-fifth of the total amount raised. So you give it to him with one hand and take it back with the other. Is not that characteristic of high finance? If we must legislate for the benefit of the needy, then, as a matter of common justice, we ought to take the money away from the poor. The idea of making a rich man pay to feed a ragged mendicant with wounds on his body and a croix de guerre upon his breast—what a crime that is! The idea of asking the few dear profiteers that are left, who have done so little for their country and so much for the Republican Party, to stand such outrageous treatment as this! "Good God," said the woodcock, and away he flew. [Laughter.] You now are making your bed; lie in it.

The Senator from Missouri has given you a nut to crack; he has given you the opportunity to say whether you have hearts or whether the things that pulsate within your carcasses are purely automatic and entirely without feeling of any kind except fear. He has given you an opportunity to show whether you represent your constituencies or whether you represent Wall Street by the proxy of Mellon and the President. He has given you an opportunity to say whether you live up to the proud traditions of the Republican Party, hitherto the friend of the soldier, or whether you carry out the plans of the present organization, the most superserviceable slave mammon ever had since Moses broke up that frolic of the children of Israel around the golden calf in the neighborhood of Sinai. [Laughter.]

Mr. LENROOT obtained the floor.

Mr. REED. Mr. President——

The VICE PRESIDENT. The Chair has recognized the Senator from Wisconsin.

Mr. REED. I beg the pardon of the Chair; but I was going to ask the Vice President for a construction of the unanimous-consent agreement, as to whether we must vote upon these amendments before 12 o'clock or whether we should simply take a recess at 12 o'clock.

Mr. LENROOT. I yield for that purpose, if I have the floor.

The VICE PRESIDENT. It is in order to vote on the amendments at any time.

Mr. REED. Either before 12 o'clock or after?

SEVERAL SENATORS. Oh, no.

The VICE PRESIDENT. The Chair is sure that it is in order to vote on them before 12 o'clock.

Mr. REED. Unquestionably, but I call the Vice President's attention to the language:

That on the calendar day of Saturday, November 5, aforesaid, the Senate will remain in session until not later than 12 o'clock midnight; that at 10 o'clock a. m. on said day the Senate will proceed at once to the consideration of amendments that may be proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] and will continue such consideration until the hour of 3 o'clock p. m. unless the amendments are sooner disposed of; and that as soon as such amendments are disposed of, and not later than 3 o'clock p. m., the Senate will proceed to the consideration of what are known as the "Soldiers' adjusted compensation" amendments and will continue such consideration until the hour of 12 o'clock midnight, unless such amendments are sooner disposed of.

That far the language seems pretty plain. The doubt is created in my mind by the succeeding sentence:

It is further agreed that when such amendments are disposed of and that at not later than 12 o'clock midnight the Senate will take a recess until 10 o'clock a. m., on the calendar day of Monday, November 7—

And so forth.

My own judgment as to what the intent of the Senate was is that unlimited debate would end at 12 o'clock to-night; that we would take a recess at that hour; and that on Monday and thereafter all questions should be debated but for 10 minutes. I did not think that a vote was necessary to-night on these amendments; but I am frank to admit that the language is susceptible of two constructions, and I ask for a construction by the Vice President, because there is another amendment, perhaps two amendments, to be offered relating to this same subject matter, and I do not want those amendments to be deprived of an opportunity of presentation.

Mr. SIMMONS. Mr. President, of course, if we continue to discuss this amendment until 12 o'clock the other amendments relating to the same subject will have to be considered under the 10-minute rule on Monday. I hope we may have a vote upon this amendment pretty soon, so that we may begin the discussion of the other two amendments and may have some time in which to present them.

Mr. CURTIS. Mr. President, I desire to call the attention of the Chair to the first part of the second paragraph of the unanimous-consent agreement which, I think, settles this question:

> It is further agreed that when such amendments are disposed of and that at not later than 12 o'clock midnight the Senate will take a recess until 10 o'clock a. m., on the calendar day of Monday, November 7, 1921.

That clearly means that the amendments on this question shall be disposed of before 12 o'clock to-night.

Mr. SMOOT. That was the understanding.

Mr. CURTIS. Yes; that was the understanding.

The VICE PRESIDENT. That is the understanding the Chair has of the agreement.

Mr. REED. Then I have only this to say, that, in all courtesy, we ought to conduct our business from now on so that when the pending amendment is voted upon, if it is defeated, there will be opportunity left to present the other amendments.

Mr. LENROOT. I do not expect to occupy to exceed 10 minutes.

Mr. REED. Of course, I am not addressing that remark to the Senator from Wisconsin, for he is always very modest in the time he takes.

Mr. SMOOT. The unanimous-consent agreement provides for a vote on the "amendments" on the bonus question, not merely on "the amendment."

The VICE PRESIDENT. The Chair does not want to be understood now as ruling that other amendments in regard to this subject may not be presented at a later time.

Mr. LENROOT. Mr. President, I did not intend to participate in this debate at all, but some things have been said that lead me to make one or two observations, and they shall be very brief.

I am sure that every Senator was touched by the picture of the disabled soldier with 14 shrapnel wounds; and any Senator who had not read this amendment, who was not familiar with its terms, would naturally conclude that if this amendment were adopted and became a law, that poor soldier would secure relief through the coming winter. But, Mr. President, I want to read from the amendment that is pending just when that disabled soldier could receive a cash payment under the terms of the amendment that is now proposed.

Mr. REED. Mr. President, I ought to call the Senator's attention to the fact that I discovered that in the copy given to the printer the date had been fixed six months off, I think it is, in each of these cases, and that the text of the amendment now pending before the Senate provides for the inauguration of this system immediately after the first of the year. In other words, it follows exactly the text and the original intention of the bill proposed by the Senator from North Dakota. I say that so that the Senator will understand the situation.

Mr. LENROOT. If the Senator states that, I again state that while the payments would not be postponed quite as long as provided in the text of the amendment before the Senate, nevertheless I still insist, if I understand the amendment—and the chairman of the committee having it in charge will correct me if I am wrong—no soldier, under the amendment as the Senator from Missouri now states he has it, could receive a dollar of cash payment before the 1st day of next July under the cash-option plan. I will ask the Senator from North Dakota whether I am not correct in that construction?

Mr. McCUMBER. That is my remembrance of the way the bill was drawn.

Mr. REED. May I ask the Senator from North Dakota if that was not the very provision of the bill which he proposed?

Mr. McCUMBER. I think so. I have not examined it.

Mr. LENROOT. That does not affect the situation, Mr. President. I am speaking now of this picture of the disabled soldier who was to get immediate relief under this bonus amendment, when now it is admitted by the author of the amendment that not one penny could he receive before the 1st day of next July or, under the text as it is before the Senate, he could not receive a penny of relief before the 1st day of January, 1923, nearly 14 months away.

Mr. President, that being true, I want to repeat what I said the other day, that notwithstanding what these Senators say across the aisle, a bonus bill will be passed, and passed long before the 1st day of next July, and the soldier will receive every dollar that he would receive under the pending amendment under the pledges that have been made by the Republican Party.

Mr. REED. Mr. President, may I ask the Senator one question?

Mr. LENROOT. I yield.

Mr. REED. What is the source of revenue from which you propose to pay these bonuses under the bill which you propose to pass before next July?

Mr. LENROOT. Mr. President, the source of revenue will be discussed and disposed of when that matter comes up. I am discussing now the benefits to the soldier. The Senator from Missouri proposes to seek and secure the revenue through the retention of the excess-profits tax. That matter has already been decided by the Senate.

It has been decided for its repeal; and the Senator from Kentucky [Mr. STANLEY] occupied most of his time in pillorying the Republican Party for, as he said, being the "tool of the profiteers" in repealing the excess-profits tax. I want to remind him, however, that when he was pillorying the Republican Party for being the "tool of the profiteers" because of its repeal of the excess-profits tax he was at the same time pillorying his candidate for President in the last compaign, Mr. Cox, because he, too, stood for its repeal. He was at the same time pillorying the Democratic Secretary of the Treasury, Mr. Houston, who urged the repeal of the excess-profits tax. He was at the same time pillorying another ex-Secretary of the Treasury, now an honored Member of this body on the other side of the aisle, Mr. GLASS, who also recommended the repeal of the excess-profits tax.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. LENROOT. I do.

Mr. STANLEY. Christ had one bad Apostle. The trouble is your whole church is wrong.

Mr. LENROOT. Mr. President, if the Senator from Kentucky wishes it to stand that the Democratic candidate for President in the last campaign was a tool of profiteers, I am willing to let the record rest right there.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LENROOT. Yes.

Mr. SMOOT. I was wondering what became of all the $587,000,000 a year that Congress has appropriated to take care of these wounded soldiers.

Mr. LENROOT. I am going to come to that in just a moment.

Mr. SMOOT. If the Senator will permit me, I make that inquiry because I want to know whether there are wounded soldiers traveling from one end of this country to the other in a condition of utter helplessness, and whether the money that we have appropriated to take care of them is being withheld from them. If that is so, I should like to know why it is.

Mr. KENYON. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. KENYON. May I ask the Senator from Utah, in case a soldier has been in the hospital and comes out and has no permanent injury, if he receives any further compensation?

Mr. SMOOT. It all depends on whether at the investigation it is found that he has disability over and above 10 per cent. If he has, he does; and in the case recited by the Senator I can not help but believe that that man was disabled.

Mr. KENYON. No, Mr. President; he had been in the hospital, had come out of the hospital, was weak, but did not have a disability that would entitle him to compensation, as I understand.

Mr. SMOOT. Does the Senator think he was in the hospital and had never drawn compensation?

Mr. KENYON. No; he must have drawn compensation while he was in the hospital, but I ask this question of the Senator: A man is in the hospital. He is wounded, but he is cured. He

comes out of the hospital. Does he receive any further compensation unless he has a disability of 10 per cent?

Mr. REED. Undoubtedly not.

Mr. SMOOT. No; if he has not a disability of 10 per cent, he does not.

Mr. WADSWORTH. After 14 shrapnel wounds, no disability?

Mr. KENYON. He might have not a particle of disability.

Mr. SMOOT. I was going to say to the Senator that I know boys in the District of Columbia from my own State who are drawing $157.50 a month, and one of them came to me the other day and wanted that increased. I said, "Why?" He said, "I can not live on it," and therefore he wanted it increased. Now, after Congress has appropriated $587,000,000 a year to take care of these disabled soldiers, if cases like this are reported to the Senate there ought to be an investigation made, and somebody ought to be held responsible for the condition.

Mr. REED. Mr. President——

Mr. LENROOT. I do not wish to occupy more than a few minutes. The time is running on, and I said I would occupy only a very brief time, and I wish to carry out that promise.

Mr. REED. Very well.

Mr. LENROOT. I must say, however, that I think when the soldier was described with 14 shrapnel wounds there was formed in the mind of every Senator a picture, of course, of a disabled soldier who was not receiving compensation from the Government. If that was so, Mr. President, whose fault was it? Who has had the administration of the disability compensation law up to the 4th day of last March? When you criticize Republicans on this side of the Chamber for their treatment of the disabled soldier I want to remind you that you had the administration of that law until a few months ago, and that you administered it so horribly that it became necessary when the Republicans came into power to reorganize the bureau entirely, and it is now for the first time being conducted in an efficient way in the interest of the disabled soldier.

Further, I want to remind Senators on the other side of the aisle, you passed the first disability compensaion law for the soldier. Who increased it? Was it the Democratic Party or was it the Republican Party that did so? I believe that it is still too small, especially for total disability, and it will be the Republican Congress that will further increase it before very long.

Mr. President, I do not like to think that there is politics in this matter, and yet I wonder if everybody on the other side of the aisle will rejoice or be disappointed when the Republican side does pass the bonus bill. I wonder if the Democratic side would rather have that as an issue to secure the votes of the soldiers or whether they would rather have the bonus bill passed. But whatever their views may be upon that point, I wish to repeat and it is only my judgment, but I believe that judgment well founded, that while you may for a month or two make the soldier believe that you are the only friends of the soldier, it will be only for a month or two, because the Republican Party, which has always fulfilled all its obligations to all our soldiers in all our wars—which can not be said of your party—will fulfill its obligation to the letter, and every dollar that a soldier would receive under the amendment now pending will be received by him exactly as soon as if this amendment had been agreed to.

Mr. STANLEY. The Senator asked me a question, and I am glad to answer it. We will not be glad; we will not be disappointed; we will be just dumbfounded if you do it. [Laughter in the galleries.]

The VICE PRESIDENT. The rules require that the occupants of the galleries shall remain silent.

Mr. REED. Mr. President, I understand that if the pending amendment is defeated, the other amendment is to be offered; and there ought to be a reasonable amount of time left for its discussion. The amendment which is now pending was offered by me, and therefore I think I am entitled to a moment in which to draw the threads of this discussion together.

Mr. ASHURST. Mr. President, will the Senator yield to me at this juncture?

Mr. REED. When I get to a stopping place, I will yield very gladly to my friend from Arizona.

Mr. President, there is nothing quite so amusing in the world as to hear a man deliver an address denouncing the introduction of politics into a discussion, and then wind up by a boastful statement of what his party is going to do and a denunciation of the other party.

I wonder if gentlemen who make that sort of an appeal think the ordinary audience, even the audience in the galleries, who come here to be amused—I will not say instructed—are all intellectually as shortsighted as he is himself when he stands on this floor and denounces everybody on the other side of the aisle who has been trying to do something for the soldier as a demagogue and as playing politics, and then immediately declares that his party is the only party that ever did anything for the soldier. I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, I do not want the Senate to believe that I am attempting to play the rôle of censor. I am not an ex-soldier; I have not that honor; but if I were an ex-soldier I think I would resent some of the debate which has taken place.

I am not able to speak for other States, but the Democratic Party and the Republican Party in Arizona, both and each, are trying to solve this question without regard to politics.

I have here a telegram from the governor of Arizona, a Republican, which is as follows:

PHOENIX, ARIZ., *October 17, 1921.*

Senator HENRY F. ASHURST,
Washington, D. C.:

Director Forbes of Veterans' Bureau has submitted report to President strongly urging immediate action to meet present emergency arising from needs of hundreds of disabled former service men who, with approach of winter, are pouring into Arizona, where facilities for their care are very inadequate. He recommends immediate completion of Whipple building program through letting of contracts, it being obvious that under system now in effect winter will be well over before any of the buildings now under construction will be ready for occupancy. Maj. Louis T. Grant, manager Veterans' Bureau, twelfth district, is now in Washington, and I therefore urge that Arizona congressional delegation take prompt action, conferring with Maj. Grant and Director Forbes and calling on the President, bringing strongly to his attention the desperate situation in which these men find themselves and pointing out necessity for immediate action along following lines: Speeding up of construction program at Whipple, establishment of vocational-training center at Prescott, acquirement of additional hospital facilities at Phoenix, and construction of cottages at Tucson to accommodate approximately 300 more patients. The need is very real, and I urgently bespeak your hearty cooperation.

THOMAS E. CAMPBELL,
Governor.

Mr. President, I have information from the governor of Arizona, from the public press of my State, from the chambers of commerce of Prescott, Tucson, and Phoenix, and through numerous letters, that ex-service men, by reason of the attractive features of the climate there, are pouring into the State of Arizona by the hundreds—not by the scores—and the pathetic incident which the Senator from Iowa so eloquently depicted is being repeated forty times over in Arizona.

On November 2 and on November 3 I laid this situation before the Senate, and pointed out that the Sixty-sixth Congress passed an act, which was approved March 4, 1921, appropriating $18,600,000 for hospitalization of returned soldiers, and I tried to point out that that sum had been entirely absorbed, or allocated. There has just been placed into my hands a statement of the Treasury Department showing that of that sum of $18,600,000 there have been spent in the equipment and the building of hospitals throughout the United States $11,059,000, many of the hospitals being already completed, and most if not all are over 40 per cent completed, and that $6,150,000 has been allocated or distributed to other hospitals and must be used for the particular purpose to which it is allocated, leaving a balance on hand of $1,391,000, which the Secretary of the Treasury holds as a reserve, fearing there might be a breakdown or a defect of some sort in the program of building already contracted for. So there is a very real need, an extreme emergency, existing, and $16,000,000 are necessary and should be appropriated within 30 days to take care of the hospitalization and demands of vocational training for ex-service men.

Mr. President, when I received the governor's telegram, I interviewed Director Forbes and said, "Can this be true?" He said, "My dear Senator, it is lamentably true, but I have neither the money nor the authority to cope with the situation. Will you go to the President and lay these facts before him? I do not know what Director Forbes's politics may be; I suppose he is Republican. I know he has at least given this Arizona matter his attention. Soldiers by the score are without hospitalization and without the vocational training which they demand and should have, and so far as in me lies I will not permit the questions of hospitilization and a bonus for soldiers be made party questions.

See what happened to the Versailles treaty when it was made a party question. Let us not bring these great questions down to the level of partisanship.

If we are sincere friends of the soldiers—and we all are, I suppose, one not more than the other—we can prove that sincerity by acting upon the report which a committee of the Senate has made, a committee presided over by Senator Sutherland of West Virginia. On that committee are the Senator from Massachusets [Mr. WALSH], the Senator from Maryland [Mr. WELLER], the Senator from Ohio [Mr. POMERENE], and the Senator from New York [Mr. CALDER]. That committee has reported that the emergency is desperate, and that this $16,000,-

000 ought to be appropriated for vocational training and hospitalization.

I thank the Senator from Missouri for yielding to me.

Mr. REED. Mr. President, I agree with practically all the Senator from Arizona has said, and I do not want to interject politics into this question; but I do want, if possible in three or four minutes, to draw together, as I said, the threads of the debate.

When the bonus bill was brought forward—the identical bill which I have introduced as a part of this amendment—and when it was reported to the Senate by the Senator from North Dakota [Mr. McCUMBER] it was declared to be a wise and a provident measure, and practically every Senator was ready to support it. It was not then regarded as a partisan question merely because it happened to be reported by a member of the Republican Party. But when the identical question, in the same verbiage, is brought forward from this side of the Chamber we are accused of playing politics.

How can we play politics with such a question? The only way we could gain any political advantage in connection with the proposition would be from the fact that it is a matter of such merit that it will meet with the commendation of the voters. That being the case, and if that be the case, you can remove all politics from this question by your votes, which you will be permitted to cast in the next few minutes. If you see fit to vote against a proposition which is so just that you on the other side of the Chamber reported it yourselves and which is so just that it will meet with the general commendation of the American people, you may make it a political question by casting a political vote. That is all there is to the question of injecting politics into this matter.

We are told, Mr. President, that this bill would not relieve the necessities of the particular soldier to whom the Senator from Iowa [Mr. KENYON] referred in his very touching address, and that therefore we should not consider the amendment at all; that it could not become effective, owing to the condition of our Treasury, until next July, and that therefore we ought to do nothing. It is contended that because it will not meet the emergencies of some individual who is suffering at present we shall not prepare to take care of the sufferings of the future. That is a very peculiar argument.

If next July or August some soldier is hungry, or some soldier needs help, or some soldier has been wounded and has been turned out of the hospital without any money, and this shall be the law, he will get some help from the Government; but if this is not agreed to now, or in the meantime, it will be little satisfaction to that soldier to be told that the reason why the Senate did not agree to the amendment at this time was because it did not apply to somebody who had suffered before the bill came on for a vote.

We are told that this amendment would not produce results as soon as some bills that rest in some one's imagination might afford some relief. We present an amendment which promises relief as soon as any known revenue or source of revenue can be drawn upon, the very bill that was reported by the Senator from North Dakota, with the approval of a unanimous vote of the Senate Finance Committee.

We bring it in in the same language, and you stand there and tell us that the bill ought to be voted down because it does not take effect soon enough, and yet you have brought forward no bill.

An amendment is suggested to get this money from another source, to wit, from the interest or principal that may be paid to us by European nations. The answer will be made to that that we may not get the money soon enough to meet the emergency, and therefore that should be killed.

But what has been proposed in lieu of these measures? We have tried to do something and we have tried to do it at the present time, and we are told that our proposition should be killed because it will not become effective soon enough. We are told that by Senators who bring forward nothing at the present time—nothing whatever.

When the Senator from Wisconsin [Mr. LENROOT] rose and shook his, I would not say his gory locks, but his silver locks, at this side of the Chamber, and who asserted that the Republican Party would take care of this in its own time and its own way, from what source of revenue he proposed to get the money, he having declined to get it from the excess-profits tax, a source that we now point out, having declined to get it from interest on foreign loans, a source that will be pointed out; and when I asked him what the source of his money will be he tells us with a lordly air that that is a question which will be answered in due time in the future.

Well, I answer it now, that you can get the money by continuing a tax that is now levied on the men who are profiteering upon the country; and the only reason that can be advanced for voting against the bonus bill is that you prefer to serve the profiteers rather than to serve the soldiers. That is the solitary reason that can be offered.

We were asked how the soldier to whom the Senator from Iowa [Mr. KENYON] referred could be found penniless upon the street. It is not difficult to answer that. A man wounded, sent to the hospital, recovering from his wounds and not under 10 per cent of disability is turned out on the street. If he has not money when he is turned out, he finds himself, of course, without money when he is out.

This is not an isolated case. I had some occasion to investigate the great hospital at St. Louis, or, rather, the very inefficient hospital at St. Louis. It is inefficient, but I do not think there should be criticism, because they had to accept such conditions as could be obtained. I learned of instance after instance where soldiers were discharged from that hospital as no longer needing hospital aid who went out without sufficient clothing. Of course, if they had had a little bonus to draw from they could have gotten the clothing.

So the instance cited by the Senator from Iowa is not a fictitious case. It requires no explanation. A man may be wounded 17 times by shrapnel and still an Army physician may say that he is not under 10 per cent of total disability; and even if he were allowed 10 per cent of total disability, his pension might be entirely inadequate to support a wife and baby. But I do not think we need waste much time about that. The case stated by the Senator from Iowa can be multiplied by 10,000 cases.

Mr. President, here is the situation in a nutshell: The tax upon those who have made very great profits will amount to $450,000,000 this year. It is proposed to relieve those who pay that tax entirely from the tax. The soldiers' bonus will cost less than $450,000,000 this year. It is proposed to refuse them consideration at this time, to leave them to the hope of some relief in the future. I propose to continue the tax upon the profiteer and to give it to the soldier now. True, there will not be enough accrued to make payments until July, but the sooner we begin getting the money the sooner we may disburse the money.

It has been said by the Senator from Wisconsin that the proposition to continue the tax upon profiteers has been rejected by the Senate. So has the sales tax been rejected by the Senate, and by a much more decisive vote and a vote much later in the session. Where, then, is the money to come from? The Senator from Wisconsin declined to answer, and he will not answer because he can not answer.

Now, Mr. President, I can not speak for everyone, but so far as I am concerned I am ready to submit this question to a vote.

On the pending amendment I call for the yeas and nays.

The yeas and nays were ordered.

Mr. WATSON of Indiana. Mr. President, I have no desire unduly to prolong the discussion, but inasmuch as practically all the time has been occupied by Senators upon the other side of the Chamber, I feel perfectly free to take at least a few moments to pay my respects to some of the Senators who have this night addressed the assemblage in the galleries.

It comes somewhat late to admonish us now that there is to be no politics in this question. My friend from Arizona [Mr. ASHURST] very kindly and very energetically and very patriotically requested that there should be no politics in connection with the consideration of this problem. His request comes too late. Politics is already in it, injected into it not on this side of the aisle, but on the other side. He did not rise to make his request that we drop politics until after the honorable Senator from Kentucky [Mr. STANLEY] had poured out the vials of his wrath upon the head of every Republican in this body and had inveighed in most caustic fashion against the course and conduct of the President of the United States. Therefore I do not deem it inappropriate that some response should be made along perhaps similar lines.

Assuredly, there was no politics at the beginning of the war. Certainly when the soldiers marched out under the flaunting flags of the Republic they went out not as Democrats, not as Republicans, but as patriots. Assuredly, they did not come from the East or the West or the North or the South, but they came as Americans all. There was no more thought of politics because the President of the United States was a Democrat than there was thought of politics because the gallant general at the head of the great armed host of the United States was a Republican.

No politics was ever injected into the discussion of this question until after the President of the United States had appeared and made his admonitory speech as the President of the United States discharging his sworn duty, talking to the Senate of the Republic. Then politics came in.

It has been asserted and reasserted, iterated and reiterated with damnable iteration, that the President of the United States had stepped aside from the true dignity of his office in order to browbeat the Senate of the United States and bulldoze it into a position that was unworthy of this great body. Senators, I need but call your attention to the fact that the President did not assume the initiative in this matter. After they began to study the financial situation, Senators first called upon the President of the United States. After we had comprehended the fiscal condition of the country and had seen the state of the revenues and came to a full realization of the situation, we knew that some action had to be taken. We went in knots and in groups and almost as a body to the President of the United States, and over and over again invited him to come here, because when the President speaks the people listen, and when the President came here to tell us the situation the Nation heard, and when the Nation heard the Senate of the United States responded to their demands.

Ah, I do not forget, Senators, that when the roll was called on the vote to recommit the adjusted compensation measure to the Committee on Finance, Senators DIAL, GLASS, KING, MYERS, SIMMONS, SWANSON, UNDERWOOD, and WILLIAMS voted in the affirmative. Democrats all, they voted to recommit the bill. Were they in the clutches of the octopus? Were they doing the bidding of Wall Street? Were they upon their knees in the presence of the golden calf? Not only that, but Senators SHIELDS, POMERENE, and SMITH of South Carolina were all paired in favor of recommitting the bonus bill to the Committee on Finance.

So that 11 Democratic Senators, good and true, almost one-third of your whole membership, voted with us to recommit the measure to the Committee on Finance, and yet, because of that recommittal, we are now charged with being the suppliant tools of Wall Street, having no independence of our own, and seeking only to cringe and crawl in the presence of wealth. I suggest to the honorable Senator from Kentucky that he look well to his own partisans before he embarks upon a campaign of criticism against his neighbors.

Now, Senators, my honorable friend from Missouri [Mr. REED] has said that he proposes to pay the compensation provided for in his amendment from the imposition of excess-profits taxes, and that such taxes will be paid by next July. Under the provisions of the pending revenue bill the excess-profits tax is continued until the 1st of January, 1922. The excess-profits taxes are paid after the end of the full year. Taxes on profits can not be paid until it is ascertained what the profits are, and profits are not calculated until the end of the year. The first installment of excess-profits taxes out of which the Senator could possibly pay a dollar of the bonus or compensation provided by his amendment will not be paid until March, 1923, and that is the beneficence which my friend from Missouri expects to extend to the mangled and palsied soldiers of the Republic who carried the flag to victory and whose condition has excited such lachrymose demonstrations on this occasion. If the Senator will possess his soul in patience, long before that time shall come the Republican Party, with a Republican President and a Republican Senate and a Republican House, will pass a measure that will give the measure of relief to each soldier that his needs justify and fully satisfy the just demands of every lover of the defenders of our flag.

Mr. REED. Might I ask the Senator to enlighten us, since he is talking about taking the tax off excess war profits, as to where he is going to get the money?

Mr. WATSON of Indiana. Yes; I will answer that question. It is a far readier proposition to relieve the soldiers that I have to suggest than one that would take effect in March, 1923.

Mr. REED. Well, let us hear it.

Mr. WATSON of Indiana. I am for the sales tax, I do not hesitate to say.

Mr. REED. That is what I thought. The Senator proposes to put the same tax——

Mr. WATSON of Indiana. I am not going to get into an argument about the sales tax, because I have not the time. I have already argued that question for an hour, and it is not pertinent to the purposes of this speech for me to pursue it further.

Mr. REED. Very well.

Mr. WATSON of Indiana. One of the scandals of the Democratic administration, as we all know, was the manner in which the Federal agencies for the relief of the ex-service men were managed. By no stretch of the imagination can those scandals and the consequent neglect be charged to the Republican Party. The Republican Congress which was elected in 1918 and assembled in 1919 voted these agencies $778,626,187, as follows: The War Risk Bureau, $472,615,000; hospitalization and hospital construction, $210,011,187; vocational education, $186,000,000. All of this money, every dollar of it, as my eloquent friend from Wisconsin [Mr. LENROOT] has said, was disbursed by the Democratic administration, and therefore whatever scandal attached to the use made of it and whatever incompetency was manifested in its expenditure was purely Democratic, and in no instance chargeable to the Republican Party.

The attacks which, from the political standpoint, have been directed against the Republican majority in connection with the soldiers' bonus proposal have been led, first, by the honorable Senator from Mississippi [Mr. HARRISON], my good friend, whom I do not see in his seat to-night; by the honorable Senator from Alabama [Mr. HEFLIN], and others, who confront me here. They all believe in State rights; they all advocate the doctrine of State sovereignty; they all deplore the growth of autocratic power in Washington; and yet in what single State has any Democratic legislature provided any act of relief by way of a cash bonus for the soldiers of the Nation?

Mr. REED. Mr. President, in the State of Missouri they have voted the soldiers a very large bonus.

Mr. WATSON of Indiana. But the State of Missouri has a Republican governor, a Republican legislature, and they are the ones who are responsible for what happened in Missouri.

Mr. REED. Mr. President, the political condition in Missouri prevails by virtue of a very sad accident, which will not be repeated.

Mr. WATSON of Indiana. I know nothing about the sadness of the accident, but I know that in Missouri there is a Republican legislature, composed of a Republican senate and a Republican house; and I know that 16 of the acts which the soldiers wanted have been passed in that State, all of them under a Republican governor and a Republican legislature, and not one has been passed by a Democratic agency in that State.

Senators, 13 States have voted their ex-service men cash bonuses in the aggregate sum of $178,500,000, and the payment of these bonuses under State enactment is either under way or practically completed. The legislatures of six other States have authorized the payment of cash bonuses to their ex-service men, subject, under the law, to a popular referendum. The referendum in each case is to be held this year, and many of them have been held. The total sum involved in these State appropriations approximates $160,000,000.

Still other States, as well as some of those voting cash bonuses, have enacted laws providing for the vocational training of ex-service men in their respective State institutions or for free scholarships in State normal schools and colleges; still others have provided for the free settlement of public lands owned by the States; for sick benefits to disabled ex-service men and death benefits to their dependents; for exemption from State taxes up to a fixed amount; for loans to obtain education, to purchase homes, farm machinery, and live stock; for free hospitalization, and so forth.

The 13 States which have voted cash bonuses and are paying them and the amount each State has voted are as follows:

Maine, $3,000,000; Massachusetts, $20,000,000; Michigan, $30,000,000; Minnesota, $20,000,000; New Hampshire, $1,000,000; New Jersey, $12,000,000; New York, $45,000,000; Rhode Island, $2,500,000; South Dakota, $6,000,000; Vermont, $3,000,000; Washington, $11,000,000; Wisconsin, $15,000,000; making a total of $168,500,000.

To this sum must be added Oregon's contribution, which has just been provided, payment of which will commence in a few weeks. Under the Oregon statute each ex-service man is to receive $15 cash for each month of service. It is estimated that Oregon will pay not less than $10,000,000. North Dakota has voted $25 a month for each month of service.

Six State legislatures have authorized bond issues to pay cash bonuses, subject to popular referendum. The amount of the issue in each case is as follows:

Illinois, $55,000,000; Iowa, $22,000,000; Kansas, $25,000,000; Missouri, $15,000,000; Montana, $1,500,000; Ohio enough to pay $10 a month to each man in the service, estimated to involve an expenditure of not less than $40,000,000. The aggregate of these authorizations is $160,000,000.

So, Mr. President, these States, all of them Republican, through their governors and their legislatures, have authorized the payment of cash bonuses amounting to $338,000,000; but not one dollar has even been authorized to be expended for any of these great patriotic purposes by any Democratic legislature in the whole domain of the Republic; yet Senators on the other side rise and have—I was about to say—the effrontery to charge that we are against the soldier; that they alone can take care of the mangled and the wounded who suffered their wounds fighting in defense of the Republic.

Now, Senators, what other aspect is there to the situation? The American Legion has demanded in the various States 28 different acts of legislation. What are they? They have demanded that November 11 be made a legal holiday; they have demanded a law for the protection of the legion emblem; a State civil service preference law for veterans; legion control of boxing; taxation or poll-tax exemption; educational assistance for veterans; a soldiers' land settlement law; assistance to veterans buying homes; State relief fund for needy veterans; provision for veterans in State soldiers' homes; State loan fund for veterans; admission to State hospitals; special hospitals for insane or tuberculous veterans; authorizing public expenditure for memorials; State medal for veterans; history of State's part in war, records of soldiers, and so forth; law for recording discharge certificates; grants for funeral expenses of veterans, gravestones, and so forth; establishment of veterans' welfare commission; law to assist veterans to obtain employment; exemption of legion property from taxation; appropriation to help legion meet expenses, and so forth; parole of erring young men or veterans to legion; use of public buildings, armories, and so forth, for legion meetings; authorizing State payment of Memorial Day expenses; petitions forwarded by legislature to Congress; laws barring orientals from land holdings; and cash compensation.

Those are the 28 acts that the American Legion has asked shall be passed through the various State legislatures.

On the paper which I hold in my hand the first State my eye falls upon is the State of Alabama. What has Alabama done to meet the desires of the Legion? Of all the 28 not one has ever been passed by the legislature of that State—not one. Yet my friend the junior Senator from that State [Mr. HEFLIN] rises here and charges that the Republicans in Congress are opposed to helping the soldier. Why, I ask, will not my friend take the beam out of his own eye before he undertakes to remove the mote that is in our eyes?

Mr. JONES of New Mexico. Mr. President——

Mr. WATSON of Indiana. I beg the Senator's pardon, but I can not yield. I will ask him to let me proceed.

Mr. JONES of New Mexico. I merely wanted to ask a question. Does the Senator believe that the generous action on the part of the States to which he has referred affords any excuse for nonaction on the part of the Federal Government?

Mr. WATSON of Indiana. Oh, nonaction! Let my good friend possess his soul in peace. When we have ordered the finances of the Nation after we shall have passed the pending revenue legislation, after we shall definitely determine how much money is to be poured into the Treasury, then, when we are upon a strong footing, we will enact the proper bonus legislation; we will have the money with which to pay it; and we will not oppress capital in the action we shall take, but will open the factories and start anew the smoke from the stacks all over this Republic as the harbinger of a new prosperity for the Nation.

But let me go on. I see my friend and namesake from Georgia [Mr. WATSON], genial and brilliant, sitting over there. How many of these 28 acts have been considered and passed by the Legislature of Georgia? Not one of them has even been given consideration—not one.

I come to Mississippi, represented in part by my genial companion, whom I so highly esteem [Mr. HARRISON], who is not present to-night. How many of these 28 acts have been considered by the Legislature of Mississippi? Not one has been given even a moment's consideration by the legislature of that State. And so on down the list. Texas defeated the cash bonus.

Now, I look into the face of my good friend the Senator from Tennessee [Mr. MCKELLAR] and I ask what did Tennessee do? I will tell you what Tennessee did. It defeated the cash bonus. I will say to my friend, to be entirely frank with him, that it did concede eight of the measures the legion wanted, but so far as the cash bonus was concerned they defeated it utterly. The State of my friend, believing in State rights and in State sovereignty and opposed to national autocracy voted, through its legislature, against a bonus proposal; and yet he comes to the General Government and demands that its autocratic action be further extended and a bonus provided at the hands of the Government of the United States.

Now, let me go on. What about North Carolina, the State represented by my two splendid friends, Senator SIMMONS and Senator OVERMAN; Senator SIMMONS, the leading Democrat on the Finance Committee, a man of great courage and splendid capacity, and one for whom I have admiration as a member of that committee, who had the courage to vote to recommit the adjusted compensation bill because he thought the finances of the Nation did not justify its enactment, and he was not willing to play politics in order to win votes. I ask again, What about North Carolina? North Carolina enacted three of the provisions, and what are they? One authorizing public expenditures for memorials; another, State medals for veterans; and, third, a law for recording discharge certificates. Far better that than nothing; but, after all, not measuring up to the demands which these Senators come here and make of the American Congress.

Mr. President, I ask unanimous consent that the table to which I have referred in the course of my remarks, being a summary of State legislation affecting the World War veterans, may be printed in the RECORD at this point.

The VICE PRESIDENT. In the absence of objection, the table will be printed in the RECORD.

The table referred to is as follows:

Summary of State legislation affecting the World War veteran.

[The accompanying chart is based on information supplied by department adjutants of the American Legion. X indicates that the measures so marked have been enacted; D that they have been defeated; and O that the legislation specified was never introduced or acted upon. Measures marked P are pending and are still under consideration or to be voted upon at coming referendum elections.]

	Alabama (0).[1]	Arizona.	Arkansas (6).[1]	California.	Colorado.	Connecticut.	Delaware.	Florida (5).[1]	Georgia (0).[1]	Idaho.	Illinois.	Indiana.	Iowa.	Kansas.	Kentucky (4).[1]	Louisiana (2).[1]	Maine.	Maryland.	Massachusetts.	Michigan.	Minnesota.	Mississippi (0).[1]	Missouri.	Montana.
Nov. 11 a legal holiday	O	X	O	X	O	D	O	O	O	O	X	O	X	D	O	O	O	O	P	O	X	O	X	O
Law for protection of Legion emblem	O	X	O	X	X	X	O	X	O	X	X	X	O	X	O	O	O	O	X	X	X	O	X	O
State civil service preference law for veterans	O	O	O	X	X	X	O	O	O	O	X	O	X	O	O	O	O	O	X	X	X	O	X	X
Legion control of boxing	O	O	O	D	O	O	O	D	O	O	D	D	D	X	O	O	O	O	O	X	O	O	O	X
Taxation or poll-tax exemption	O	O	O	O	O	X	O	O	O	O	O	O	X	D	O	O	O	O	X	X	O	O	O	O
Educational assistance for veterans	O	O	O	X	X	O	O	O	O	O	X	X	X	X	X	O	O	O	O	O	X	O	O	O
Soldiers' land settlement law	O	X	O	X	X	O	O	O	O	X	O	O	O	O	O	O	O	O	O	O	X	O	O	O
Assistance to veterans buying homes	O	X	O	X	O	O	O	O	O	O	O	O	O	O	O	O	O	O	D	O	O	O	O	O
State relief fund for needy veterans	O	O	O	O	O	X	O	O	O	X	O	O	O	O	O	O	X	O	X	O	X	O	O	X
Provisions for veterans in State soldiers' homes	O	O	O	X	O	X	O	O	O	X	X	X	X	O	O	O	O	O	X	X	X	O	O	O
State loan fund for veterans	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Admission to State hospitals	O	X	O	X	O	X	O	O	O	O	X	X	X	O	O	O	O	O	X	X	X	O	O	X
Special hospitals for insane or tuberculous veterans	O	X	O	X	O	X	O	O	O	O	X	X	O	O	O	O	X	O	X	X	O	O	O	X
Authorizing public expenditure for memorials	O	O	X	X	X	P	O	O	O	X	X	X	X	D	X	O	X	X	X	X	X	O	X	O
State medal for veterans	O	O	O	O	O	O	X	O	O	O	X	X	O	O	X	O	O	X	X	X	O	O	X	O
History of State's part in war, records of soldiers, etc	O	O	O	X	O	X	X	O	O	O	X	X	X	O	X	O	O	X	X	X	X	O	X	O
Law for recording discharge certificates	O	O	X	X	O	X	X	O	O	O	X	X	X	X	O	O	O	O	X	X	X	O	X	X
Grants for funeral expenses of veterans, gravestones, etc	O	O	O	X	X	X	O	O	O	O	X	X	X	X	O	O	X	O	X	X	X	O	O	X
Veterans' welfare commission established	O	O	O	X	O	O	O	O	O	X	O	O	X	O	O	O	O	O	X	O	O	O	O	X
Law to assist veterans to obtain employment	O	O	O	O	O	O	O	O	O	O	O	O	X	O	O	O	O	X	O	O	O	O	O	O
Exemption of Legion property from taxation	O	O	X	X	O	X	O	O	O	O	P	X	O	X	O	O	X	O	O	O	O	O	O	O
Appropriation to help Legion meet expenses, etc	O	O	X	O	O	O	O	O	O	O	O	O	O	X	O	O	O	O	O	X	O	O	O	O
Parole of erring young men or veterans to Legion	O	O	O	O	O	O	O	O	O	O	O	O	O	X	O	O	O	O	O	O	O	O	X	O
Use of public buildings, armories, etc., for Legion meetings	O	O	X	X	X	X	X	X	O	O	X	X	O	O	O	X	X	X	X	X	X	O	X	O
Authorizing State payment of Memorial Day expenses	O	O	O	O	O	O	X	O	O	O	X	O	O	O	O	O	O	O	X	X	X	O	X	O
Petitions forwarded by legislature to Congress	O	O	X	X	O	O	X	O	O	X	O	X	O	X	O	O	O	O	O	X	X	O	O	X
Laws barring orientals from land holding	O	O	O	X	P	O	O	X	O	O	P	D	O	O	O	O	X	O	O	O	O	O	O	O
Cash compensation	O	O	O	O	P	D	D	P	O	O	P	D	P	P	O	O	X	D	X	X	X	O	P	P

[1] Democratic States.

Summary of State legislation affecting the World War veteran—Continued.

	Nebraska.	Nevada.	New Hampshire.	New Jersey.	New York.	New Mexico.	North Carolina (3).[1]	North Dakota.	Ohio.	Oklahoma.	Oregon.	Pennsylvania.	Rhode Island.	South Carolina (6).[1]	South Dakota.	Tennessee (8).[1]	Texas (10).[1]	Utah.	Vermont.	Virginia (1).	Washington.	West Virginia.	Wisconsin.	Wyoming.
Nov. 11 a legal holiday	X	O	O	X	D	O	O	X	X	O	X	X	O	O	X	O	X	O	X	O	O	O	X	O
Law for protection of Legion emblem	O	X	O	X	X	O	O	X	X	O	X	X	O	O	X	X	X	X	X	O	O	O	X	O
State civil service preference law for veterans	O	X	O	X	P	O	O	O	O	O	X	O	O	O	X	O	O	O	O	O	X	O	X	O
Legion control of boxing	X	O	O	O	O	O	O	O	O	D	O	O	O	O	D	O	P	O	O	O	O	D	O	D
Taxation or poll-tax exemption	O	O	O	X	O	O	O	X	O	O	O	O	O	X	O	O	X	O	D	O	O	O	O	X
Educational assistance for veterans	X	O	O	O	X	O	O	O	O	O	X	O	O	X	X	X	O	X	O	O	O	O	X	O
Soldiers' land settlement law	O	O	O	O	O	X	O	O	O	O	X	O	O	O	X	O	O	O	O	O	X	O	O	P
Assistance to veterans buying homes	O	O	O	O	O	O	O	O	O	O	X	O	O	O	X	O	O	O	O	O	O	O	O	O
State relief fund for needy veterans	X	O	O	O	X	O	O	O	O	X	X	O	O	O	X	X	O	O	O	O	X	X	X	O
Provisions for veterans in State soldiers' homes	X	O	O	O	D	O	O	O	O	O	X	O	O	O	O	X	O	O	X	O	X	O	O	O
State loan fund for veterans	O	O	O	O	O	O	O	O	O	O	X	O	O	O	X	O	O	O	O	O	X	O	O	O
Admission to State hospitals	X	O	O	O	X	O	O	O	X	X	X	X	O	O	O	X	X	X	O	O	X	O	O	X
Special hospitals for insane or tuberculous veterans	O	O	O	O	P	O	O	O	O	X	O	O	O	O	O	O	X	O	O	O	X	O	X	O
Authorizing public expenditure for memorials	O	O	O	X	O	O	X	X	X	O	X	X	X	X	O	O	X	X	O	O	X	X	X	D
State medal for veterans	O	O	X	X	X	O	X	O	O	O	X	O	O	X	O	O	O	O	O	O	O	O	O	X
History of State's part in war, records of soldiers, etc	O	O	X	X	X	O	O	O	O	O	X	O	O	X	O	X	O	O	X	O	O	O	X	O
Law for recording discharge certificates	X	X	O	X	X	X	X	X	X	O	X	O	O	X	X	X	X	O	X	X	X	O	X	X
Grants for funeral expenses of veterans, gravestones, etc	O	O	O	X	X	X	O	O	O	O	X	X	O	O	X	O	O	O	X	O	X	O	X	O
Veterans' welfare commission established	O	O	O	O	O	O	O	O	O	X	X	O	O	O	O	O	O	O	O	O	X	O	X	O
Law to assist veterans to obtain employment	X	X	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	X	O	O	O
Exemption of Legion property from taxation	O	O	X	X	O	O	O	X	O	O	O	O	O	O	O	O	X	O	X	O	O	O	O	O
Appropriation to help Legion meet expenses, etc	O	O	O	O	X	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Parole of erring young men or veterans to Legion	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
Use of public buildings, armories, etc., for Legion meetings	X	X	X	X	X	X	O	O	X	X	O	O	X	O	X	O	X	O	O	O	X	O	X	X
Authorizing State payment of Memorial Day expenses	O	O	O	O	X	O	O	O	O	O	O	O	O	X	O	O	O	O	O	O	O	O	O	O
Petitions forwarded by legislature to Congress	O	X	O	O	O	X	O	X	X	X	X	O	O	X	O	O	O	O	O	O	X	X	X	O
Laws barring orientals from land holding	X	O	O	O	O	P	O	O	O	O	D	O	O	O	O	O	X	O	O	O	X	O	O	O
Cash compensation	D	O	X	X	X	O	O	X	P	D	X	P	X	O	X	D	D	O	X	O	X	P	X	O

[1] Democratic States.

Provisions for war memorials and for the recording of veterans' discharge certificates have been made in 29 States each, according to the above chart. Other measures which have been adopted by more than half the States are: Use of public buildings, especially armories, for Legion meetings, 27 States, and protection of the Legion emblem, 26 States. Twenty-one States admit veterans to State hospitals under various provisions, and the same number have established grants for veterans' funeral expenses and have addressed petitions to Congress on behalf of Legion national legislation. Other measures affecting the veteran adopted in 10 or more States are: Preparation of war history, 20; Nov. 11 a holiday, 15; civil service preference, 16; educational aid, 15; relief fund for needy, 15; provision for veterans in soldiers' homes, 14; cash compensation, 14; special hospitals for insane and tuberculous, 13; exemption of Legion property from taxation, 12; medals, 10.

Mr. WATSON of Indiana. Mr. President, as I have demonstrated, every dollar of the cash bonuses so far granted to the soldiers of the Nation has been authorized by Republican legislatures, and not one penny has been appropriated by any Democratic legislature under the national flag. Therefore, Senators of the minority, before you undertake to charge us with politics, clean your own house, please, if you will excuse the expression; I do not mean it in an offensive way. Let me tell you that, as Republican legislatures in various States have upheld the hands of the Nation's defenders, so before long we will enact the bonus bill, and we will pass it through a Republican Congress, and in all the country, not alone Republican legislatures but as well the Republican Congress of the National Government will once more exalt American patriotism through the acts of a patriotic Republican Congress, as Republican Congresses are always patriotic.

Mr. HEFLIN. Mr. President, the only thing the Republican Party has given to the soldiers was a holiday; and when the Senator from Indiana [Mr. WATSON] says that they will hold up the hands of the soldiers, they will hold up 4,000,000 empty hands. That is what the Republican Party has done.

Mr. CARAWAY. Mr. President——

Mr. HEFLIN. I yield to the Senator from Arkansas.

Mr. CARAWAY. They gave the soldiers a holiday and they gave all the workmen a holiday, too.

Mr. HEFLIN. Not only have they given the soldiers a holiday, but they gave 6,000,000 of men who had employment under a Democratic administration a holiday.

They tell us that we have injected politics into this thing; that because a Republican President came to this Chamber and asked to have this bill recommitted to a committee room to die, because Democrats dared to stand up and speak for the soldiers, we were indulging in politics. Shall we on this side sit silent while the Republican Party votes to death a measure that seeks to give justice to the soldiers, because some Republican politician will charge us with playing politics? Which side is the politics on—the party in this Chamber that votes to do justice by the soldier, or the party that votes to kill the measure, and then to relieve profiteers of $450,000,000 of taxation?

You voted to take $20,000,000 of taxation off the big holding companies. You tried to remove $75,000,000 of taxation from individuals with net incomes of $68,000 and more, and we defeated you, and saved twenty-odd millions, I believe, of that sum.

Mr. President, the Senator from Indiana [Mr. WATSON] reminds us that Republican State legislatures have voted bonuses to the soldiers. What an indictment against his party! The States of the Union look upon the G. O. P. on dress parade, and see it failing and refusing to do anything for the soldier, so the States back home are driven to it to keep want and distress from haunting every home. What an indictment against your party. And then you accuse us of playing politics.

Mr. President, I have no patience with the speech of anybody, whether it is on this side or on the other, who wants to repudiate the debate upon this question. How would the soldiers feel if nobody had risen to plead their cause, when they have just adjourned in convention at Kansas City, condemning your President, condemning your Secretary of the Treasury as the greatest war profiteer in modern times?

I do not care whether you think it is politics or not; I condemn it, and I condemn you, and I defy you. I will speak for the soldier. You can call it politics if you please. If the time ever comes when I can not condemn the money changers who hold sway over many in this Chamber, who have influence enough to make you take your hands off of $450,000,000 of taxation, to relieve the big holding companies—if I ever reach the time when I have to achieve a seat in this Chamber from a sovereign State in that way, I will walk out of it. If I had a drop of that kind of blood in my body, I would bare my breast to the surgeon's knife and bid him let it out.

Talk about truckling to big interests! You are going to do something for the soldier after a while, "in the sweet by-and-by." He wants you to do something for him in the distressing now-and-now.

The Senator tells us that the soldier would not get *this* money for two or three years. I want to say to him now that if we were to pass this measure to-night, the fact that the country knows that we have put it on the statute books would enable every one of the soldiers who has a claim to go and present it at a bank somewhere, and get some money on it to buy food with this winter and a shelter at some place. But, no, Senators, you want to postpone it. You want to put it off. You get up here and ask us to do that in the National Capital, in the Senate of the United States, boastingly!

My eloquent and able friend from Indiana [Mr. WATSON], probably the ablest debater on your side, except the Senator from Idaho [Mr. BORAH], able and brilliant and powerful as he always is, can almost make black look like white with his eloquence and his power. I am exceedingly fond of him personally. I served with him for years in the House of Representatives, and we used to sing together when the session adjourned; but I never heard him sing such a mournful tune as I heard him sing here to-night.

Ah, Mr. President, the Senator boasts in his place about what one State after another has done, and he says the Democratic States have not done it. When did it behoove the States to pension national soldiers? That is an obligation that the Federal Government owes. Under what flag did these boys fight, coming out from the various Commonwealths of the Union? They marshaled beneath that flag, and marched on the battle fields 3,000 miles away, and achieved victory, and baptized the soil of France with their blood, and covered that flag with the glory of their valor.

Now, back home, poverty stricken, 500,000 of them, they must call upon the States to give them a pittance to keep them from having to beg for their bread, and you boast of it upon this floor—proud, pompous G. O. P., the agent and kindly friend of the purse-proud profiteer! Oh, it is a pitiable situation, Mr. President!

I do not care to detain the Senate longer. Let me say this one thing:

I do not intend without protest that you shall make a football of the destiny of these soldiers, kicking them around from time to time and place to place, and, finally, when you have let out all the big taxpayers, resort to a sales tax which puts a tax upon the poor man's breakfast table, upon all the necessities of life, taxing every consumer in the Republic from the cradle to the grave. Is it possible that then you will bear the soldier in front of you and say: "We ask this sales tax in his name"? After you have affected his mood, after you have broken his morale, after you have dwindled him in the scale of being as a proud, brave, chivalrous American soldier, will you hold him up as an object of pity and beg the American people for his sake to put a sales tax upon the necessities of life?

God pity your party! Is this the doctrine that you ask us to accept?

> Rather cast me back into pagan night,
> To take my chances with Socrates for bliss,
> Than be the Christian of a faith like this!

Mr. MYERS. Mr. President, I ask for about five minutes of time on this subject.

I am opposed to this proposal, as I have been opposed to it from the beginning; and I am still opposed to it for the same reason—because I am opposed to the principle of it. I think it contrary to the spirit of our institutions and form of government to tax all of the people for the benefit of a part of the people. I have always been opposed to that principle in every form.

The thing that is now proposed to be done never has been done in the history of our country. It was not done for the soldiers of the Revolutionary War, the soldiers of the War of 1812–1814, the soldiers of the Mexican War, the soldiers of the Civil War, the soldiers of the Spanish-American War, and the idea of doing it for the soldiers of the World War was not conceived until Congress awoke to the fact that there were 4,000,000 men enrolled in the American Army for that war, nine-tenths of whom, I dare say, are voters. Then Congress suddenly conceived the idea of granting them a bonus at the expense of the people. It originated in a Republican House of Representatives.

It was introduced in the House of the Sixty-sixth Congress by a Republican Representative, and I believe there has been politics in this movement from the beginning, in both parties, on both sides of this Chamber, and in both branches of Congress. I believe there was politics in it when the first bill originated in a Republican House of Representatives, and when the Republican Senators, aided and abetted by many of the Democratic Senators, were about to pass it in this body, until the President of the United States performed a courageous duty and came here and protested. I think there was politics in it when the Republicans of this body were right on the verge of passing it, and I think there is equally politics in it now, when the proposal comes from the Democratic side of this Chamber.

If none of the 4,000,000 soldiers who served this country during the World War were voters, I doubt exceedingly if there would be 20 Members of Congress in both branches who would favor a bonus for them. The Congress which succeeded the Revolutionary War did not take such a step. The Congress which succeeded the second war with England did not take such a step. The Congress which succeeded the Mexican War did not take such a step. The Congress which succeeded the Civil War did nothing of the kind.

The Congress which succeeded the Spanish-American War did nothing of the kind. It is a strange thing if this Congress, the Sixty-seventh Congress, is so much more patriotic and can rise to much higher and loftier ideals of appreciation and patriotism than all of the other Congresses which I have mentioned, and I do not believe it. I do not think the people of the country believe it. I do not think the former soldiers believe it. I believe the people of the country know there is politics in this. I believe that the soldiers themselves know it. My objection to the attitude of Republican Senators in this matter is that practically all of them who speak on the subject do not set their faces as flint against the principle of the proposition, but they all promise to do this at some other time; just await, they say, a more appropriate time. "A time is coming when we will do it," they say. That is not the reason why I shall vote against this proposition to-night. The reason why I shall vote against it is the reason that has actuated me from the beginning, and it is that I am opposed to the principle of it.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. MYERS. I yield, with pleasure.

Mr. CARAWAY. If the principle is so obnoxious to the Senator, why did he vote to give each soldier $60 when he was discharged?

Mr. MYERS. I thought I thrashed that out with the Senator from Arkansas some time ago, and I will give him the same answer I gave then. I have not looked up the RECORD, and I am not positive that I voted for it, but I think I did; and if I did not I should have done it. It was because the soldiers were turned out of the Army and left with nothing, if they had saved nothing, and many of them needed a little money with which to get home and look around for work; it was on the same principle as giving them a suit of clothes upon discharge.

Mr. CARAWAY. Will the Senator yield?

Mr. MYERS. Certainly; with pleasure, always.

Mr. CARAWAY. The Senator must remember that the Government paid the soldiers' way home, so the money would not have been necessary to pay their way home.

Mr. MYERS. Undoubtedly there were many of them who had saved no money in the service, and they needed a few dollars upon arriving at home, while looking for work.

Mr. CARAWAY. But the Government gave them their tickets home.

Mr. MYERS. I know the Government paid their way home. That was proper.

Mr. CARAWAY. So the Senator did not vote to give them the money to send them home, did he?

Mr. MYERS. I suppose the money was appropriated by Congress. As to the two months' extra pay, I say that was simply to give them a little means until they could get employment. The Senator from Arkansas seems to see no difference between giving men a few dollars and turning loose millions and billions of dollars. His sense of measurement in regard to money matters seems to be very obtuse.

Mr. CARAWAY. Will the Senator yield?

Mr. MYERS. With pleasure.

Mr. CARAWAY. It is just the amount, then, that makes the principle? It is not the principle itself?

Mr. MYERS. I say there is a great deal of difference between taxing the people to raise hundreds of millions of dollars to donate to a certain class of people and giving the soldiers a few dollars in order that they may have a little money in hand when they get home and until they can look around and get employment. Yes; I say there is a difference to the taxpayers.

Mr. CARAWAY. Do I understand the Senator to say, then, that he objects to taxing the people; that it is not a question of principle?

Mr. MYERS. I object to the principle——

Mr. CARAWAY. Does the Senator object to making a man pay an excess-profits tax?

Mr. MYERS. I object to the principle of taxing all the people, by excess profits or any other method, for the benefit of a part of the people. That is the principle to which I object. If this proposed action is a patriotic duty, then it is a strange thing that the same patriotic duty did not occur to the Congresses which succeeded all the other wars in which we have ever engaged. I believe in the most liberal and generous appropriations for hospitals and rehabilitation measures and vocational education, for the payment of adequate compensation to those who suffered wounds or incurred disease—the maimed, crippled, disabled.

This Congress and the preceding Congress have enacted very liberal laws along those lines, and I believe, if necessary, in enacting even more liberal laws; but I am opposed to the principle of taxing the people for the benefit of able-bodied men. When those laws for the benefit of returned disabled soldiers were enacted it was understood they were to be in lieu of pensions and other pecuniary benefits.

The Senator from Indiana [Mr. WATSON] read a list of 11 Democratic Senators who voted a few weeks ago against the bonus by voting to return the bill to the Senate Committee on

Finance. I was one of them; and whatever the other 10 Democrats who so voted on that occasion, such of them as are now present, may do, I shall vote the same way to-night, and for the same reason.

Mr. CARAWAY obtained the floor.

Mr. LENROOT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. LENROOT. Under the unanimous-consent agreement, will the votes upon these amendments have to be taken before 12 o'clock?

The VICE PRESIDENT. The Chair is of the opinion that it was the intention of the Senate that they should be.

Mr. LENROOT. Then, Mr. President, will not the Chair take notice of the hour?

The VICE PRESIDENT. The Chair was about to warn the Senate that the time was approaching for a vote to be taken.

Mr. SIMMONS. Does the Chair hold that if we do not vote upon both the amendments before 12 o'clock we can not vote upon them in Committee of the Whole after that time; that is to say, on Monday?

The VICE PRESIDENT. The Chair has made no ruling on that.

Mr. MYERS. I do not think there will be any objection to the Senate voting a little after 12 o'clock, and I would like to hear the Senator from Arkansas.

Mr. CARAWAY. Mr. President, I am going to take just a moment of the Senate's time. I do not understand the reasoning of the Senator from Montana [Mr. MYERS]. I have for him a very high regard, but I can not understand how he can say that it is entirely proper to pay a soldier $60 but that to give him $350 is playing politics. There is absolutely nothing to differentiate one case from the other. If it was right to give him that, it is right to give him this, if we think his services to the country were worth that much. If Senators think their service was not worth so much, if you think it was better to let the people at home earn tremendous fortunes by profiteering, and that you should now shield them from being compelled to give a few dollars of their profits to compensate the soldiers in some slight degree, God bless your souls, you are going to show it to-night.

There are just two classes of people to be affected by this amendment: On one side are 4,500,000 boys whom all of you but one voted to compel, if he was not willing to go, to leave home and offer himself, if need be, to die for his country, and you said it was for civilization, and you stayed here at home and profited by his sacrifices. His interest is one side of the issue.

On the other side are men and corporations who are now making excess profits, men who are getting an unholy and an unrighteous profit; and you are going to say by your vote to-night either that you think the soldier merits well of this Congress or that you think the profiteer does. You can not stay with both of them to-night. Fortunately, you have to face that issue and say: "So help me, Almighty God, I believe I register a more patriotic vote when I vote to shield the profiteer than when I vote to compensate in some way the soldiers for the sacrifices they made, however inadequate it may be."

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. CARAWAY. I yield.

Mr. STANLEY. The Senator from Montana has said that there are no politics in this question.

Mr. CARAWAY. It is all politics.

Mr. STANLEY. He is right in a way. There is not so much politics in it, but there is a lot of plutocracy in it. It is not a question between the Democratic and Republican Parties so much as it is a question between God and man. ["Vote!" "Vote!"]

Mr. CARAWAY. Those gentlemen on the other side who shout so lustily for a vote now want to let the profiteers, who contributed to their campaigns and from whom they expect to get contributions in the future, know that they stand ready and willing and anxious to cast a vote to shield them from having to part with $450,000,000.

SEVERAL SENATORS. Let us vote!

Mr. CARAWAY. Possess your souls in patience. The masters who sent you here will know, when you have had an opportunity to record your votes, that you have been loyal to them. They certainly can spare you a minute of time. Do they drive you so incessantly and so hard that you must shout for an opportunity to vote for them?

You can not dodge this issue. You can not fool anybody by your action. There is but one man in the Senate who will honestly vote against the soldiers' bonus amendment and believe that he is doing his duty, and that is the Senator from Montana [Mr. MYERS], and there is not a man who lives who can follow his reasoning. I know he is honest, because I know him.

Mr. MYERS. Mr. President, one man can; I can.

Mr. CARAWAY. No; the Senator can not himself; he can not track himself. He knows why he does it, but to save his soul he can not tell anybody else why he does it. I know he is honest; I know the gentlemen on the other side of the aisle will register their votes in behalf of their masters; they are going to vote to relieve profiteers. Now, without your shouting, you may vote.

The VICE PRESIDENT. The yeas and nays have been ordered and the roll will be called.

The Assistant Secretary proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. On this question he has released me from the pair, and I am at liberty to vote. I vote "nay."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Alabama [Mr. UNDERWOOD] and vote "yea."

Mr. JONES of Washington (when his name was called). The junior Senator from Pennsylvania [Mr. CROW] is necessarily absent on account of illness. If present, that Senator would vote "nay." I have agreed to pair with him on this question and in his absence I withhold my vote. If at liberty to vote, I would vote "yea."

Mr. KENDRICK (when his name was called). I have a general pair with the senior Senator from Illinois [Mr. MCCORMICK], who is called away on account of a death in his family. I transfer that pair to the senior Senator from Oklahoma [Mr. OWEN], who if present would vote "yea." I vote "yea."

Mr. MCCUMBER (when his name was called). I have a general pair with the junior Senator from Utah [Mr. KING], but I am informed that he would vote on this question the same way I shall vote. Therefore I am at liberty to vote. I vote "nay."

Mr. MYERS (when his name was called). I have a general pair with the Senator from Connecticut [Mr. MCLEAN], who is necessarily absent. The Senator from Connecticut if present would vote as I shall vote. Therefore I am at liberty to vote. I vote "nay."

Mr. LA FOLLETTE (when Mr. NORRIS's name was called). The Senator from Nebraska [Mr. NORRIS] is detained at home on account of illness in his family. He is paired with the senior Senator from Minnesota [Mr. NELSON]. If the Senator from Nebraska were able to be here and to vote, he would vote "yea." I understand that if the Senator from Minnesota were able to be here and to vote, would vote "nay."

Mr. PENROSE (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. I will transfer that pair to the junior Senator from Vermont [Mr. PAGE] and vote. I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. That Senator is absent. I am unable to obtain a transfer, and hence I am unable to vote. If permitted to vote, I would vote "yea."

Mr. STANLEY (when Mr. SHIELDS's name was called). The senior Senator from Tennessee [Mr. SHIELDS] is paired with the senior Senator from Iowa [Mr. CUMMINS]. The Senator from Tennessee is unavoidably absent. If present, he would vote "yea."

Mr. SIMMONS (when his name was called). I transfer my general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent on account of illness, to the junior Senator from South Carolina [Mr. DIAL] and vote "yea."

Mr. STANLEY (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. ERNST], who is absent. I understand that if present he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. In his absence I withhold my vote.

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. I understand that if he were present he would vote "nay." Under the understanding which I have with that Senator I feel at liberty to vote upon this question. I vote "yea."

The roll call was concluded.

Mr. SHEPPARD. The senior Senator from Texas [Mr. CULBERSON] is unavoidably absent. He is paired on this question with the senior Senator from Massachusetts [Mr. LODGE]. If present, the Senator from Texas would vote "yea."

Mr. CARAWAY. My colleague [Mr. ROBINSON] is unavoidably absent. If present, he would vote "yea."

Mr. GLASS. I am paired with the senior Senator from Vermont [Mr. DILLINGHAM]. I am informed that if that Senator were present, he would vote as I would vote on this proposition; therefore I feel at liberty to vote. I vote "nay."

Mr. CURTIS. I wish to announce that the senior Senator from Massachusetts [Mr. LODGE] is paired on this question with the senior Senator from Texas [Mr. CULBERSON]. If the Senator from Massachusetts were present and not paired, he would vote "nay." If the Senator from Texas were present and not paired, he would vote "yea."

I also wish to announce that the Senator from South Dakota [Mr. STERLING] is paired with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 28, nays 38, as follows:

YEAS—28.

Ashurst	Harrison	Ladd	Sheppard
Broussard	Heflin	La Follette	Simmons
Capper	Hitchcock	McKellar	Swanson
Caraway	Johnson	Overman	Trammell
Fletcher	Jones, N. Mex.	Pittman	Walsh, Mass.
Gerry	Kendrick	Pomerene	Walsh, Mont.
Harris	Kenyon	Reed	Watson, Ga.

NAYS—38.

Ball	Glass	New	Spencer
Borah	Gooding	Newberry	Stanfield
Brandegee	Hale	Nicholson	Townsend
Bursum	Keyes	Norbeck	Wadsworth
Cameron	Lenroot	Oddie	Warren
Curtis	McCumber	Penrose	Watson, Ind.
Edge	McKinley	Phipps	Weller
Fernald	McNary	Poindexter	Willis
France	Moses	Shortridge	
Frelinghuysen	Myers	Smoot	

NOT VOTING—30.

Calder	Elkins	McLean	Smith
Colt	Ernst	Nelson	Stanley
Crow	Harreld	Norris	Sterling
Culberson	Jones, Wash.	Owen	Sutherland
Cummins	Kellogg	Page	Underwood
Dial	King	Ransdell	Williams
Dillingham	Lodge	Robinson	
du Pont	McCormick	Shields	

So Mr. REED'S amendment was rejected.

Mr. PENROSE. Mr. President, there are two remaining amendments, one offered by the Senator from North Carolina [Mr. SIMMONS] and the other offered by the Senator from Tennessee [Mr. MCKELLAR]. I do not understand just what construction the Chair has placed or intends to place upon the procedure of the Senate in connection with those amendments. If they are in order, I would suggest that they be now voted on.

Mr. SIMMONS. Mr. President, it is my understanding that at 12 o'clock we are to take a recess; that on Monday we can offer any amendment that we see fit; and that if the bonus amendment offered by myself is not voted upon to-night before 12 o'clock it would be in order on Monday. That is my understanding. I ask for the ruling of the Chair upon that point.

The VICE PRESIDENT. The Chair has already stated that there is no doubt the Senate understood that all amendments on this subject were to be taken up and disposed of to-day. If the Senator moves his amendment, the Chair will rule on it when it is presented.

Mr. PENROSE. Mr. President, I move that the Senate proceed to the consideration of the amendment offered by the Senator from North Carolina [Mr. SIMMONS].

Mr. SIMMONS. No; I shall not agree to that. That amendment is on the table, and if it is not in order under the 10-minute rule on Monday I shall offer it when the bill is in the Senate.

Mr. PENROSE. I move that the Senate now proceed to the consideration of the amendment offered by the Senator from North Carolina.

Mr. PITTMAN. Mr. President, I rise to a point of order.

Mr. BRANDEGEE. Mr. President, I rise to a question of order.

The VICE PRESIDENT. The Senator from Connecticut will state his point of order.

Mr. BRANDEGEE. I yield to the Senator from Nevada, as he rose first.

The VICE PRESIDENT. The Senator from Nevada will state his question of order.

Mr. PITTMAN. The unanimous-consent agreement on this point reads as follows:

> It is further agreed that when such amendments are disposed of, and at not later than 12 o'clock midnight, the Senate will take a recess until 10 o'clock a. m. on the calendar day of Monday, November 7, 1921.

That is the unanimous-consent agreement, and can not be set aside. The point of order is that there is nothing now in order except a recess.

Mr. BRANDEGEE. If the Chair will permit me, the Senator from Nevada has made the same point of order that I intended to make. Under the unanimous-consent agreement it is perfectly plain to my mind that there is nothing now to do except to take a recess until Monday morning at 10 o'clock.

The VICE PRESIDENT. That is the understanding of the Chair.

Mr. SIMMONS. I wish to state that I shall not offer my amendment, of course, under the ruling of the Chair. I submit to that ruling. I shall offer the amendment in the Senate.

The VICE PRESIDENT. The Chair has made no ruling that the Senator could not offer his amendment.

Mr. SIMMONS. I thought the Chair had made a ruling that I could submit it on Monday.

The VICE PRESIDENT. The Chair made no such ruling.

Mr. PENROSE. In the confusion I misunderstood the ruling of the Chair. I now ask that the Senate take a recess until 10 o'clock on Monday morning next.

Mr. MCKELLAR. Will the Senator yield to me to ask unanimous consent to put a short statement in the RECORD?

Mr. PENROSE. No; I can not yield. The hour is getting late.

The VICE PRESIDENT. The unanimous-consent agreement provides that the Senate shall at this hour take a recess. Under that agreement the Senate will now stand in recess until 10 o'clock Monday morning.

Thereupon (at 12 o'clock midnight) the Senate took a recess until Monday, November 7, 1921, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES.

SATURDAY, *November 5, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in Heaven, with the light of the morning renew the sunshine of our spirits and the childhood of our hearts. Remind us that life is redeemed by sacrifice and service. Revive within us the sympathy that feels another's grief, the sweet charity that weaves another's hope, and the love that shares another's gladness. The Lord help us to forgive our enemies and bear no malice. May our faith in God, man, and our country always be as shinning lights that can not be blown out. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS ON MONDAY AND TUESDAY.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from Wyoming asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. MONDELL. Mr. Speaker, a few days ago I stated that in view of the fact that Tuesday will be election day, and that there are important elections in a number of States requiring the presence of Members at home, I might at the proper time ask unanimous consent that the House stand in recess Monday or Tuesday, or adjourn from to-day until Wednesday.

The difficulty now confronting us in carrying out that kind of a program lies in the fact that the Senate may pass the tax bill late to-night, and if we should adjourn until Wednesday they would not be able to message the bill over to us until that day. That is not likely, however. There is a possibility that the tax bill may be acted upon Monday, and that it would be messaged over on Tuesday if we were in session. I think the House should be in session when the Senate is ready to send the tax bill over to us. A little later in the day I think we may be able to determine when the Senate is likely to conclude its consideration of the tax bill, and if later it seems probable that that bill will not reach the House until Wednesday I may ask unanimous consent that the House stand in recess Monday and Tuesday. But, on the other hand, if it seems probable that the tax bill will reach us on Tuesday, while it has been generally understood that there will be no important business transacted on that day, I am not sure that we should stand in recess Tuesday. I think we should be in

a position to receive the bill and give an opportunity for its printing. I make this statement in order that gentlemen may have in mind that later in the day I may submit a request relative to Monday and Tuesday along the line suggested.

EXERCISES ON ARMISTICE DAY.

Mr. BANKHEAD. Mr. Speaker, before the gentleman takes his seat, in view of the likelihood that the House may not be in session on Monday and Tuesday, I think it would be well to have some definite statement made with reference to the details of our participation in the ceremonies on November 11. Will the gentleman have a statement made later in the day by whoever is in charge of the program on the part of the House or have a statement inserted in the RECORD for the benefit of Members?

Mr. MONDELL. I will say to the gentleman from Alabama that I had hoped that the officer who was assigned from the War Department to attend to the details of the participation by the House in those ceremonies would be able to give us a statement to-day of the program of procedure; but I now understand that he is out of the city and will not be back until Monday. But not later than Monday I trust that we may be able to make an announcement from the floor of the House, or if we are not in session have a statement mailed to each Member as to the procedure.

In a general way, as I understand it, we will be expected—and it will be necessary to ask unanimous consent for that—to meet in the Hall of the House at 8 o'clock sharp on the morning of the 11th to march from here in a body, such Members as desire to march, into the Rotunda, and from there take our places in the general line of march to the White House.

I understand it has been suggested that the Members have their automobiles parked back of the State, War, and Navy Building in the region of the Ellipse, in order that they may take them there when they drop out of the line at or in the vicinity of the White House. Members having automobiles, I understand, will receive automobile cards, which will admit them into the grounds. In a general way, I understand, that is to be the program.

Mr. BANKHEAD. We are indebted to the gentleman for that statement.

Mr. TREADWAY. Speaking of a place to park automobiles in the vicinity of the State, War, and Navy Building, will there be any reservation so that Members can do that? It is very difficult to find a parking place anywhere downtown.

Mr. MONDELL. The space that is to be reserved will be reserved for the use of the Members. Just what that space will be I am not informed at this time, but it will be in that locality, back of the State, War, and Navy Building and about the Ellipse, as I understand it.

The SPEAKER. The officer in charge states to the Chair that it might be well to say that the two tickets sent to Members are for themselves, and that they include their own admission, and that it will not be possible for Members to have other tickets. One ticket is for the the Member and one for any friend.

Mr. GARRETT of Tennessee. I was just about to suggest that I think that statement should be made. In other words, every Member should understand that he himself will be required to have a ticket in order to be admitted.

IMMIGRATION.

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. The gentleman from Washington asks unanimous consent to address the House for five minutes. Is there objection?

There was no objection.

Mr. JOHNSON of Washington. Mr. Speaker, I desire to discuss briefly a report appearing in the newspapers this morning, given out by the Associated Press, with regard to immigration. This report deals with statements made in the House of Commons Thursday by Mr. Harmsworth, undersecretary of foreign affairs, concerning the diplomatic protests of that great Government against the rejection by the United States of immigrants from that nation and our refusal to admit certain of them. The report mentions the case of a man named Mark Glanvill, a South African, who undertook to return to the United States in order to resume his studies at a Young Men's Christian Association school in Massachusetts.

When he was detained at Ellis Island for the purpose of being put through the ordinary examination that all immigrants are subjected to even if admissible, he protested, stood on his rights as a British subject, refused to be examined, and asked to be deported. Thereupon the proceedings on the part of the United States ceased, but the suggestion was made that if this man did not want to undertake the examination that we require of all he might go to Canada, a sister nation to the South African Republic; and Mr. Glanvill thereupon undertook to go to Canada, I am told, and Canada rejected him. Great Britain protested to our State Department some time ago, and has made numerous other protests. I have not heard, however, that Britain protests against the rejection of certain of her subjects by Canada. Part of Glanvill's complaint was that he was kept under restraint on the ship that took him back. It was a British ship, so that is not our affair. Glanvill's failure to be readmitted to the United States was the result of his own bullheadedness. Newspapers and churches which are taking up his case should know the facts.

Now, these are being made matters of diplomatic protest and report, and discussion in the British House of Commons, and therefore I think we in the House of Representatives are justified in discussing these and other cases here. We have a right also to reaffirm our protests against the actions of various Governments who are undertaking to unload their weary, worn, and poverty-stricken citizens upon us in spite of our restrictive laws.

Another British case is that of a one-armed soldier, probably a good soldier, who after the war committed an embezzlement in England and fled to the United States, and by some subterfuge was about to be admitted in spite of his embezzlement until it turned out on examination that he had picked up on the boat a French woman and was guilty of concubinage, which is a cause for deportation. They were about to refuse to admit him for that offense, when it turned out that he had gone still further and married the woman and thus committed bigamy, for, after the embezzlement, he deserted a wife and children in England. His case, I understand, is charged up as one more United States immigration outrage, although it may not have yet become a matter of diplomatic exchange.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes; briefly.

Mr. CONNALLY of Texas. The gentleman is referring to cases which the Government took up with the State Department?

Mr. JOHNSON of Washington. Yes; and I am taking a few of them from our standpoint and for our benefit.

Mr. CONNALLY of Texas. I simply wanted to understand whether the British Government had made representations or not.

Mr. JOHNSON of Washington. Yes; I believe the British Government has made formal representations in quite a number of cases. I am making a few representations to my fellow Members of the House.

Next, I want to call attention to the fact that the New York Times announces in a heading to-day that the immigration policy is to be or has been changed, and in spite of the 3 per cent regulations the authorities have received a new order to the effect that the last immigrants may remain at Ellis Island to come in under the next quota, and that that applies particularly to the Greek Government. The Times makes the statement on the authority of a prominent New York lawyer. I would like to say that is not quite the case that the law has been changed or the rules modified.

The only ones sent over into the next month's quota, except a few thousand that came in the first month and were sent over under the authorization of a resolution of Congress, have been cases permissible under the law—individual cases where it was inadvisable to return them, owing to excessive hardship. These have been admitted since July 1 to the total number of only 843.

I think it is necessary to make these statements because every time the Associated Press or one of these great dailies prints a report of that kind it goes all through the country and increases the disturbance by making people believe that individuals can come in in spite of the restrictive laws.

While on this general subject I want to call attention of Members to the fact that since there has been such a hue and cry that our temporary restriction law divides families, and since it has been shown that every time one member of a family gets in he immediately goes to work and helps raise the hue and cry and wants the other members of the family to come in, and that the Bureau of Immigration, instead of weakening, has tightened up, and now will not split families at all if it can be helped.

One thing more that the public ought to know about, and that is that the congested ports in the European districts one year ago are still just as congested as they were then. The congestion at Constantinople has increased, and the great cantonment at Paris erected on money contributed by charitably inclined people for the refugees of Poland is still running full blast. Every effort is being made in Paris to assist them on their way to the United States and to prevent their remaining in France.

Money is sent from this country to assist them. It will come as a matter of some surprise to these good people who contributed the money to know that Shapiro, the agent over there of one of these great charitable societies, has been caught red-handed taking tribute from the steamship companies. These companies always collect, even in the case of poor refugees, all that the traffic will bear. When this scoundrel Shapiro was caught with the goods on him, taking money from charity with one hand and rebates from the steamship companies with the other, the prefecture of the Paris police called upon him to disgorge and made him lay on the table in one day two or three hundred thousand francs of that ill-gotten money.

I mention this to show the fraud that is going on. Fraudulent sales of passports and visés that are still being made by certain people, preying on their own people.

The SPEAKER. The time of the gentleman from Washington has expired.

Mr. JOHNSON of Washington. Mr. Speaker, I ask for five minutes more.

Mr. TOWNER. I ask that the gentleman from Washington have all the time that he desires.

Mr. JOHNSON of Washington. Five minutes will be sufficient.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. JOHNSON of Washington. In addition to that sort of fraud, it will interest some to know that aliens from this country and other centralized European countries are engaged principally in Austria and other broken-down countries in buying from those destitute and stricken people their precious jewels at the very minimum price, and that these jewels are being smuggled into this country every single day of the year in large numbers. Sailors come in carrying hidden jewels and precious stones obtained from these starving people in these war-wrecked countries.

Their own people, as I said, are filling the ports trying to get here. Their Governments try to help them. The United States is the goal. It is a sad situation. I think one of the worst places now is Constantinople. Some people from the United States who went over there this year, and who until they went there never believed in any restriction policy for the United States, are now writing to me as chairman of the Committee on Immigration and Naturalization to the effect that they have changed their minds and that the quicker the United States can shut out still more aliens the better off the United States will be. They have sent me reels of moving pictures showing the conditions in Constantinople, picturing distress to the extreme. They have sent me also pictures from Danzig showing the cleaning-up efforts there. There is an organized effort by all societies and associations to clean up and take care of those refugees. I have also pictures of a new industry there, known as the "nitting industry," showing rows of women engaged in picking the nits out of each other's hair.

We are having protests from many countries. But I have not found that any of these countries are protesting against the Canadian immigration laws, which are identical with ours up to the emergency act which we passed this year. The general immigration act of Canada is as nearly like ours as one can be in another country. It is modeled on ours, but before we passed the 3 per cent restriction they passed an order in council requiring every immigrant to have in his pocket $250, with certain exemptions for families. They are adhering to that, and are turning back great numbers at Canadian ports, while at our ports, in spite of the restrictions, the congestion and trouble at Ellis Island comes largely from the fact that nine-tenths of all who arrive here nowadays have less than $5 each in their pockets, in spite of the fact that we are supposed to require those who come here to show some likelihood that they will be able to sustain themselves at least until they reach their final port or the home of their relatives. The fact that they are coming to us with no money whatever except very small amounts forces their detention at Ellis Island, congests that place, and is one cause of the sensational stories you read in the newspapers every day, particularly in the newspapers which are anxious to break down all of the laws that the United States has that would restrict immigration.

Mr. Speaker, I shall not take up further time, except to say that very early in the winter session I hope we can act on a bill by which the United States will make its examinations—medical, physical, and otherwise—in the ports of all foreign countries which will permit us to do so, and I think those countries which are desirous of sending some immigrants to this country will permit that. If the countries stand on their treaty rights and decline to permit it, we will have to still let them come to Ellis Island, there to be examined, where I hope the examination will be much more rigid than it now is.

I ask unanimous consent to extend my remarks in the RECORD at a later date.

The SPEAKER. Is there objection?

There was no objection.

REFERENCE OF SENATE BILL 2133.

Mr. CONNALLY of Texas. Mr. Speaker, I ask unanimous consent that Senate bill 2133, ceding jurisdiction to the State of Texas over certain lands or bancos acquired by the United States of America from the United States of Mexico, be rereferred from the Committee on Public Lands to the Committee on Foreign Affairs. I preferred this request several days ago, and at the request of the majority leader let it go over for a time.

The SPEAKER. Is there objection to the request of the gentleman from Texas.

Mr. STAFFORD. Has the gentleman conferred with the majority leader as to this proposal at this time?

Mr. CONNALLY of Texas. Yes.

There was no objection.

RELIEF OF CERTAIN LIBERTY LOAN SUBSCRIBERS.

Mr. EDMONDS. Mr. Speaker, I call up the bill H. R. 5775 for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio.

The SPEAKER. The unfinished business is the bill H. R. 5775. The previous question has been ordered on a motion to recommit offered by the gentleman from Illinois [Mr. GRAHAM]. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GRAHAM of Illinois moves to recommit the bill to the Committee on Claims, with instructions to that committee to report the same back forthwith with the following amendment: Insert the word "stockholder" after the word "director," in line 24, page 2.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken; and on a division (demanded by Mr. GRAHAM of Illinois) there were—ayes 22, noes 66.

Mr. GRAHAM of Illinois. Mr Speaker, I object to the vote, and make the point of order that no quorum is present.

The SPEAKER. The gentleman from Illinois makes the point of order that there is no quorum present. Evidently there is not. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll. The question is on the motion to recommit.

The question was taken; and there were—yeas 67, nays 183, answered "present" 1, not voting 181, as follows:

YEAS—67.

Andrew, Mass.	Cramton	Kraus	Robertson
Arentz	Crisp	Kunz	Sanders, Ind.
Begg	Davis, Tenn.	Larsen, Ga.	Scott, Mich.
Bell	Denison	Lawrence	Sears
Black	Evans	McCormick	Stafford
Blanton	Frothingham	Moore, Ill.	Strong, Kans.
Boies	Funk	Moore, Ohio	Sumners, Tex.
Brennan	Garner	Moores, Ind.	Tincher
Brooks, Ill.	Gensman	Morgan	Upshaw
Burns, Tenn.	Gorman	Newton, Minn.	Vinson
Cable	Graham, Ill.	Norton	Volstead
Cannon	Haugen	Oliver	Ward, N. C.
Chindblom	Hoch	Park, Ga.	Williams
Christopherson	Huddleston	Parrish	Williamson
Clague	James	Ramseyer	Wright
Clouse	Johnson, Miss.	Rankin	Yates
Connally, Tex.	Johnson, S. Dak.	Ricketts	

NAYS—183.

Almon	Collins	Garrett, Tenn.	King
Andrews, Nebr.	Colton	Glynn	Kissel
Anthony	Cooper, Ohio	Goodykoontz	Kleczka
Appleby	Cooper, Wis.	Green, Iowa	Kline, Pa.
Aswell	Curry	Greene, Vt.	Knutson
Atkeson	Dallinger	Hadley	Kopp
Bankhead	Darrow	Hammer	Lanham
Barbour	Dickinson	Hardy, Colo.	Lankford
Benham	Dominick	Hardy, Tex.	Larson, Minn.
Bird	Doughton	Hawes	Lazaro
Bowling	Dowell	Hayden	Lea, Calif.
Box	Driver	Hersey	Leatherwood
Briggs	Dunbar	Hickey	Lineberger
Brinson	Dupré	Hill	Little
Buchanan	Dyer	Himes	Logan
Bulwinkle	Echols	Hudspeth	Lowrey
Burdick	Edmunds	Hukriede	Luce
Burroughs	Elliott	Hull	Lyon
Burtness	Ellis	Humphreys	McArthur
Burton	Fairfield	Ireland	McClintic
Campbell, Kans.	Faust	Jacoway	McDuffie
Campbell, Pa.	Favrot	Johnson, Wash.	McFadden
Chalmers	Fisher	Jones, Pa.	McLaughlin, Mich.
Chandler, Okla.	Fitzgerald	Kahn	McPherson
Codd	Fordney	Keller	MacGregor
Cole, Iowa	Free	Kelley, Mich.	Mapes
Cole, Ohio	Freeman	Kelly, Pa.	Martin
Collier	Fulmer	Ketcham	Michener

Millspaugh	Reavis	Smith, Idaho	Treadway
Mondell	Reber	Smith, Mich.	Underhill
Montoya	Reed, W. Va.	Smithwick	Vaile
Nelson, A. P.	Rhodes	Sproul	Vestal
Newton, Mo.	Roach	Steagall	Volgt
O'Connor	Rodenberg	Stedman	Walters
Oldfield	Rogers	Steenerson	Weaver
Osborne	Rose	Stephens	White, Kans.
Overstreet	Rouse	Stevenson	Wilson
Padgett	Rucker	Swank	Wingo
Parks, Ark.	Sanders, Tex.	Sweet	Winslow
Patterson, Mo.	Sandlin	Swing	Wise
Porter	Scott, Tenn.	Taylor, Tenn.	Woodruff
Pou	Shaw	Thompson	Woodyard
Pringey	Shelton	Tillman	Wurzbach
Quin	Shreve	Tilson	Wyant
Raker	Sinnott	Timberlake	Young
Rayburn	Sisson	Towner	

ANSWERED "PRESENT"—1.

Tinkham

NOT VOTING—181.

Ackerman	Fess	Langley	Ransley
Anderson	Fields	Layton	Reece
Ansorge	Fish	Lee, Ga.	Reed, N. Y.
Bacharach	Flood	Lee, N. Y.	Riddick
Barkley	Focht	Lehlbach	Riordan
Beck	Foster	Linthicum	Robsion
Beedy	Frear	London	Rosenbloom
Bixler	French	Longworth	Rossdale
Blakeney	Fuller	Luhring	Ryan
Bland, Ind.	Gahn	McKenzie	Sabath
Bland, Va.	Gallivan	McLaughlin, Nebr.	Sanders, N. Y.
Bond	Garrett, Tex.	McLaughlin, Pa.	Schall
Bowers	Gernerd	McSwain	Siegel
Brand	Gilbert	Madden	Sinclair
Britten	Goldsborough	Magee	Slemp
Brooks, Pa.	Gould	Maloney	Snell
Brown, Tenn.	Graham, Pa.	Mann	Snyder
Browne, Wis.	Greene, Mass.	Mansfield	Speaks
Burke	Griest	Mead	Stiness
Butler	Griffin	Merritt	Stoll
Byrns, S. C.	Harrison	Michaelson	Strong, Pa.
Cantrill	Hawley	Miller	Sullivan
Carew	Hays	Mills	Summers, Wash.
Carter	Herrick	Montague	Tague
Chandler, N. Y.	Hicks	Moore, Va.	Taylor, Ark.
Clark, Fla.	Hogan	Morin	Taylor, Colo.
Clarke, N. Y.	Houghton	Mott	Taylor, N. J.
Classon	Husted	Mudd	Temple
Cockran	Hutchinson	Murphy	Ten Eyck
Connell	Jefferis, Nebr.	Nelson, J. M.	Thomas
Connolly, Pa.	Jeffers, Ala.	Nolan	Tyson
Copley	Johnson, Ky.	O'Brien	Vare
Coughlin	Jones, Tex.	Ogden	Volk
Crago	Kearns	Olpp	Walsh
Crowther	Kendall	Paige	Ward, N. Y.
Cullen	Kennedy	Parker, N. J.	Wason
Dale	Kiess	Parker, N. Y.	Watson
Davis, Minn.	Kincheloe	Patterson, N. J.	Webster
Deal	Kindred	Perkins	Wheeler
Dempsey	Kinkaid	Perlman	White, Me.
Drane	Kirkpatrick	Peters	Wood, Ind.
Drewry	Kitchin	Petersen	Woods, Va.
Dunn	Kline, N. Y.	Purnell	Zihlman
Elston	Knight	Radcliffe	
Fairchild	Kreider	Fainey, Ala.	
Fenn	Lampert	Rainey, Ill.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On motion to recommit:

Mr. TINKHAM (for) with Mr. CLARKE of New York (against).

Until further notice:

Mr. WALSH with Mr. MONTAGUE.

Mr. LONGWORTH with Mr. KITCHIN.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. REED of New York with Mr. DEAL.

Mr. PURNELL with Mr. RAINEY of Alabama.

Mr. OLPP with Mr. CAREW.

Mr. FOSTER with Mr. TAYLOR of Arkansas.

Mr. HAWLEY with Mr. GARRETT of Texas.

Mr. GRAHAM of Pennsylvania with Mr. SABATH.

Mr. TAYLOR of New Jersey with Mr. CULLEN.

Mr. SNYDER with Mr. BRAND.

Mr. VOLK with Mr. LONDON.

Mr. WHEELER with Mr. SULLIVAN.

Mr. SIEGEL with Mr. THOMAS.

Mr. HOGAN with Mr. FIELDS.

Mr. LEHLBACH with Mr. CARTER.

Mr. BLAKENEY with Mr. MCSWAIN.

Mr. DAVIS of Minnesota with Mr. BYRNES of South Carolina.

Mr. FULLER with Mr. RIORDAN.

Mr. VARE with Mr. GILBERT.

Mr. SNELL with Mr. JEFFERS of Alabama.

Mr. MAGEE with Mr. DRANE.

Mr. SINCLAIR with Mr. LINTHICUM.

Mr. KREIDER with Mr. BARKLEY.

Mr. STRONG of Pennsylvania with Mr. CANTRILL.

Mr. BACHARACH with Mr. MOORE of Virginia.

Mr. KIRKPATRICK with Mr. BLAND of Virginia.

Mr. MUDD with Mr. GALLIVAN.

Mr. PARKER of New Jersey with Mr. FLOOD.

Mr. RADCLIFFE with Mr. GOLDSBOROUGH.

Mr. PATTERSON of New York with Mr. JOHNSON of Kentucky.

Mr. NOLAN with Mr. COCKRAN.

Mr. PAIGE with Mr. HARRISON.

Mr. MORIN with Mr. GRIFFIN.

Mr. REECE with Mr. O'BRIEN.

Mr. PERLMAN with Mr. TAGUE.

Mr. BEEDY with Mr. MANSFIELD.

Mr. ACKERMAN with Mr. STOLL.

Mr. BUTLER with Mr. TEN EYCK.

Mr. CONNELL with Mr. MEAD.

Mr. GREENE of Massachusetts with Mr. KINCHELOE.

Mr. KIESS with Mr. JONES of Texas.

Mr. CONNOLLY of Pennsylvania with Mr. KINDRED.

Mr. PERKINS with Mr. TAYLOR of Colorado.

Mr. GRIEST with Mr. TYSON.

Mr. COUGHLIN with Mr. LEE of Georgia.

Mr. HUTCHINSON with Mr. RAINEY of Illinois.

Mr. DUNN with Mr. DREWRY.

Mr. HAYS with Mr. WOODS of Virginia.

Mr. TINKHAM. Mr. Speaker, I desire to withdraw my vote of "aye" and announce a pair. I am paired with the gentleman from New York [Mr. CLARKE], who would vote "no" and I would vote "aye."

The name of Mr. TINKHAM was called, and he answered "present."

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present; the Doorkeeper will open the doors. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. JOHNSON of South Dakota. Mr. Speaker, I demand the yeas and nays.

SEVERAL MEMBERS. Too late.

Mr. JOHNSON of South Dakota. No; I was on my feet, Mr. Speaker, at the time.

The SPEAKER. The gentleman from South Dakota demands the yeas and nays on the passage of the bill. Eighteen gentlemen have arisen, not a sufficient number, and the yeas and nays are refused.

So the bill was passed.

The title was amended so as to read: "A bill for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers & Merchants State Bank, Kenmare, N. Dak."

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

BILLS ON THE PRIVATE CALENDAR.

The SPEAKER. By special order to-day bills on the Private Calendar to which no objection is made are in order.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent that bills on the Private Calendar be considered in the House as in Committee of the Whole House.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that bills on the Private Calendar be considered in the House as in Committee of the Whole House. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the first bill.

LUKE RATIGAN.

The first bill in order on the Private Calendar was the bill (H. R. 2614) for the relief of Luke Ratigan.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. BLACK. Mr. Speaker, I object.

DELAWARE RIVER LIGHTERING CO.

The next business in order on the Private Calendar was the bill (H. R. 2049) for the relief of the Delaware River Lightering Co.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of the Treasury of the United States, from funds not otherwise appropriated, $1,960, under such conditions as the Secretary of the Navy may direct, to the Delaware River Lightering Co., of the city of Philadelphia, State of Pennsylvania, in full pay-

ment for damages done when the Navy tug *Carl R. Gray* collided with and damaged the barge *Ruth*, owned and operated by the said Delaware River Lightering Co.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

DR. O. H. TITTMAN.

The next business in order on the Private Calendar was the bill (H. R. 6245) for the relief of Dr. O. H. Tittmann, former Superintendent of the United States Coast and Geodetic Survey.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. BLACK. Mr. Speaker, I object.

LLOYD E. GANDY.

The next business in order on the Private Calendar was the bill (H. R. 2861) authorizing the Secretary of War to grant to Lloyd E. Gandy, of Spokane, Wash., his heirs and assigns, the right to overflow certain lands on the Fort George Wright Military Reservation, at Spokane, Wash., on such terms as may be prescribed by the Secretary of War, and for other purposes.

The Clerk read the title of the bill.

Mr. HULL. Mr. Speaker, I ask that this bill may be passed over without prejudice.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

W. R. GRACE & CO.

The next business in order on the Private Calendar was the bill (H. R. 1733) for the relief of W. R. Grace & Co.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to W. R. Grace & Co., of 7 Hanover Square, New York City, the sum of $263.73, the amount which said W. R. Grace & Co. paid as customs duty on 180 bales of caraway seed, which was imported on May 15, 1918, the entry on which was liquidated on August 10, 1918, and which was reported for exportation by the Department of Agriculture on November 13, 1918, after the expiration of the 30-day period provided by law for the filing of protests after liquidation of entry.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. CHINDBLOM. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. CHINDBLOM. If a bill is objected to upon this call, this being a special order for the day, does not the bill still retain its place upon this calendar without any further order?

The SPEAKER. The Chair thinks so.

WILLIAM GORDON CORPORATION.

The next business in order on the Private Calendar was the bill (H. R. 1460) for the relief of the William Gordon Corporation.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I rise to obtain information from the chairman of the committee who reported this bill. I notice that the committee did not follow the recommendation of the Secretary of the Treasury, who stated that in his opinion the amount that should be paid to the William Gordon Corporation should be left to his discretion. I believe, after reading the report and the letter of the Secretary of the Treasury, that the William Gordon Corporation is entitled to compensation for the heating they were required to make of the new Interior Department building occasioned by the extension of the contract for its construction, but I am not willing to have the bill go to the extent it does in opposition to the recommendation of the Secretary of the Treasury. I wish to inquire whether the gentleman would be willing to adopt a substitute to conform to the recommendation of the Secretary of the Treasury substantially as follows:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the William Gordon Corporation such sum, not exceeding $8,000, as he may determine will compensate the said corporation for furnishing of temporary heat in the Interior Department building as the result of the extension of time on their contract.

I do not know whether it was the intention of the committee not to follow the recommendation of the Secretary of the Treasury or not, but the bill which was referred to the Secretary of the Treasury for his opinion is the identical bill now up for consideration, and the committee has not made any recommendation so far as amendment of it is concerned.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. STAFFORD. I will yield to the gentleman from Illinois.

Mr. CHINDBLOM. The gentleman who introduced the bill is not here. Does not the gentleman think that suggestion ought to be made when he is here?

Mr. STAFFORD. Mr. Speaker, further reserving the right to object, the fact is that the gentleman from Pennsylvania, the chairman of the committee, is also from the great City of Brotherly Love and may be better acquainted with the facts in this case than the gentleman who introduced the bill. Of course, I do not wish to take advantage of the gentleman from Pennsylvania, who introduced the bill, because of his absence.

If the gentleman from Pennsylvania, the chairman of the committee, says this bill ought to go over because of the absence of the author of the bill, I will most gladly yield to that suggestion.

Mr. EDMONDS. Mr. Speaker, answering the gentleman's inquiry, I will say the committee intended to carry out the instructions of the Secretary and put in the bill the words:

Or so much thereof as may be necessary.

Mr. STAFFORD. I wish to direct the attention of the chairman to the position I have taken. The letter of the Secretary of the Treasury states that he is in receipt of a report on H. R. 1460, and the bill under consideration is H. R. 1460. In the latter part of the report the Secretary says:

While, therefore, recognizing the justice of the claim for relief on the part of the William Gordon Corporation, it is recommended that the bill be so changed as to provide for the payment to the contractors by the Secretary of the Treasury such additional amount as he may determine they have expended in the furnishing of temporary heat as the result of the extension of time on their contract, provided that said amount shall not exceed $8,000.

The department does not wish to express an opinion as to whether only the actual expenses connected with furnishing the heat should be allowed the claimant, or that the overhead charges and profits should be included, and would therefore prefer that Congress include in the legislation a direction as to what shall determine the amount to be allowed. However, $8,000 will be sufficient to settle the claim on either basis.

Mr. EDMONDS. If the gentleman will add "out of any money in the Treasury not otherwise appropriated," which I intended to offer, I will accept his amendment.

Mr. STAFFORD. Does the gentleman think it will have the full approval of the author of the bill?

Mr. EDMONDS. Oh, I think so.

Mr. STAFFORD. I have no objection to inserting the phrase as suggested by the gentleman from Pennsylvania [Mr. EDMONDS].

Mr. BLACK. Mr. Speaker, I would like to ask the gentleman from Wisconsin a question about his proposed substitute. The Secretary of the Treasury in his letter to the chairman of the committee states that it was for Congress to determine whether or not in fixing the amount of this compensation it should include profits or overhead expenses. Now, in the amendment that the gentleman from Wisconsin proposes to offer as a substitute, has he drawn the language in such a way that it will only cover the actual expenses, or would it be proper to allow the inclusion of profits? The Secretary really suggests that Congress express its opinion on that phase of the matter.

Mr. EDMONDS. I think you will find the intention of the committee was not to include profits and expenses, but to give sufficient money to cover all the damage that was sustained by extension of the contract.

Mr. STAFFORD. Answering the inquiry propounded by the gentleman from Texas, as I understand the situation there was an extension of the time of the general contractor in the building of the new Interior Department Building to a certain date, April 1. The William Gordon Corporation had a contract to install the elevators in that building and also to heat the building during the construction, I assume, of the building. The William Gordon Corporation, after the privilege was extended to the original contractor——

Mr. BLACK. I understand all the facts in the case.

Mr. STAFFORD. I am explaining them to the rest of the committee, who may not have that information. After the original contract had been extended, this claimant also applied for an extension of time to complete their contract. That was granted. Now, I only think they are entitled from the Secretary of the Treasury for compensation for the heating of the building up to that time, and not for any damages that they may have suffered by reason of the extension of the construction of the building for the reason that they themselves asked to have the right to have their contract extended also.

Mr. BLACK. The point I make is that the Secretary suggests that this claim, when filed with the department, may include not only the actual expenses but provide for the transaction, and then he suggests it is a matter for Congress to determine.

Mr. EDMONDS. I think I can answer the gentleman very easily. We have the bill before the committee. It amounted to $9,704.20. Included in that was $802 overhead and $882 profit. We deducted those sums and gave an award of $8,000.

Mr. BLACK. With that explanation I am perfectly satisfied.

Mr. CHINDBLOM. Mr. Speaker, further reserving the right to object, when the Treasury Department comes to audit this claim, as they are required to do, practically, by this bill, they may conclude that less than $8,000 is due, even excluding overhead charges and profit. I want to ask the gentleman from Wisconsin whether he would not add a proviso like this, namely: "*Provided*, That no overhead charges or profit shall be included in the payment to said company"?

Mr. STAFFORD. Personally I have no objection to it, but as the substitute prepared by me leaves it to the discretion of the Secretary of the Treasury and limits the amount to not exceeding $8,000 and authorizes him to pay the William Gordon Corporation such sum as he may determine as will compensate the corporation for furnishing temporary heat, I do not think there is any great need of the provision suggested by the gentleman. But yet I have no objection.

Mr. CHINDBLOM. With the statement of the chairman of the committee that it is the intention of the committee that no overhead charges and profit shall be paid, and in the light of this discussion, I have no doubt the Secretary of the Treasury will confine the payment to actual cost.

The SPEAKER. The Clerk will read the bill.

The Clerk read as follows:

A bill (H. R. 1460) for the relief of the William Gordon Corporation.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the William Gordon Corporation, of Philadelphia, Pa., the sum of $8,000, or so much thereof as may be deemed necessary, to fully compensate the said William Gordon Corporation for the installation of the mechanical equipment of the Interior Department Office Building and for furnishing of temporary heat as a result of the extension of time on their contract.

The SPEAKER. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. STAFFORD moves to strike out all after the enacting clause and insert:

"That the Secretary of the Treasury be, and he is hereby, authorized to pay to the William Gordon Corporation such sum, out of any money in the Treasury not otherwise appropriated, not exceeding $8,000, as he may determine will compensate the said corporation for furnishing temporary heat to the Interior Department Office Building as the result of the extension of the time of their contract."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER. The Clerk will report the next bill.

GEORGE VAN DERBURGH BROWN.

The next business on the Private Calendar was the bill (H. R. 3057) for the relief of George Van Derburgh Brown.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, I think this bill is too important to be considered under unanimous consent, inasmuch as it involves a principle that has not been heretofore generally recognized by the Government. Therefore I ask that it be passed over without prejudice.

The SPEAKER. The gentleman from Wisconsin objects. The Clerk will report the next bill.

STEVENS INSTITUTE OF TECHNOLOGY, HOBOKEN, N. J.

The next business on the Private Calendar was the bill (S. 52) for the relief of the Stevens Institute of Technology, of Hoboken, N. J.

The title of the bill was read.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, this bill belongs in the same category as the preceding one, being a very important bill where the principle involved has not been generally recognized. I therefore object.

The SPEAKER. The gentleman from Wisconsin objects. The Clerk will report the next bill.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO. ET AL.

The next business on the Private Calendar was the bill (H. R. 6250) for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent that Senate bill No. 1283, No. 117 on the Private Calendar, be substituted for this bill.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that Senate bill 1283 be considered in lieu of the House bill 6250. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read as follows:

Be it enacted, etc., That, any statute of limitations to the contrary notwithstanding, the Court of Claims is hereby given jurisdiction to hear and determine the claims of the Chicago, Milwaukee & St. Paul Railway Co., in accordance with the decisions of said court in causes numbered 28272, 29636, and 30159, and the claims of the Chicago, St. Paul, Minneapolis & Omaha Railway Co., in accordance with the decision of said court in cause No. 29875, which was affirmed by the Supreme Court of the United States, and the claim of the St. Louis, Iron Mountain & Southern Railway Co., in accordance with the decision of said court in cause No. 24409: *Provided*, That said court in rendering judgment shall enforce the provisions of section 3477, Revised Statutes of the United States, prohibiting the assignment of claims against the United States, and shall render judgment for said claimants only for the amounts in which they, and not any predecessors of theirs, were underpaid, it being the purpose of this act to waive only the statute of limitations and not any other legal defense the United States may have to said claims: *Provided further*, That the same right of appeal to the Supreme Court of the United States as exists in other cases in the general jurisdiction of said court is hereby granted.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote whereby the Senate bill was passed was laid on the table.

Mr. EDMONDS. Mr. Speaker, I ask that the House bill of the same purport be laid on the table.

The SPEAKER. The gentleman from Pennsylvania asks that the House bill of similar purport be laid on the table. Without objection, that will be done.

There was no objection.

The SPEAKER. The Clerk will report the next bill.

RELIEF OF OWNERS OF THE BRITISH STEAMSHIP "CLEARPOOL."

The next business on the Private Calendar was the bill (H. R. 6628) for the relief of the owners of the British steamship *Clearpool*.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. SANDERS of Indiana. Mr. Speaker, reserving the right to object, I would like to inquire of the gentleman from Pennsylvania what is the amount involved?

Mr. EDMONDS. The department in the report to the committee did not give any amount. We have no paper giving any amount at all.

Mr. SANDERS of Indiana. Have you had any investigation as to the approximate amount?

Mr. EDMONDS. No; simply to allow them to go to court. The question would be whether the Government had any claim against the steamship company, or whether the steamship company had any claim against the Government.

Mr. SANDERS of Indiana. I understand; but ordinarily it would be desirable to know the amount involved.

Mr. EDMONDS. I may have a memorandum of it among my papers. We might pass the bill over for the present.

Mr. SANDERS of Indiana. I have no objection.

Mr. BLANTON. I object.

The SPEAKER. The gentleman from Texas objects.

Mr. STAFFORD. Mr. Speaker, will not the gentleman reserve his objection?

Mr. BLANTON. I will reserve it.

Mr. STAFFORD. There have been passed here to-day already two or three bills of substantially the same character as this bill. This bill merely authorizes the hearing of this claim in a United States district court acting as in admiralty proceedings. The rule of practice in the court of admiralty is to determine, as I understand it, which party is negligent, and that party which is more grossly negligent will pay the damages awarded.

This is a case where the navigating officers may have been guilty of some negligence in operation. This does not impose on the Government necessarily any liability. If there is negligence on the part of the claimant or if there is negligence on the part of the navigating officers of the Government vessel that caused the injury, the gentleman will agree that it should be determined by a court.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. I shall be very glad to.

Mr. BLANTON. The gentleman from Wisconsin has just objected to two bills coming up under unanimous consent because of their importance.

Mr. STAFFORD. Yes.

Mr. BLANTON. This is an important bill, involving quite a lot of money.

Mr. STAFFORD. No; no one knows how much is involved. We are referring it to a court to determine.

Mr. BLANTON. The gentleman will remember that this bill has been objected to heretofore on several occasions.

Mr. STAFFORD. I do not recall that. I was not aware of that fact.

Mr. BLANTON. That is true.

The SPEAKER. The gentleman from Texas objects. The Clerk will report the next bill.

EDWARD J. SCHAEFER.

The next business on the Private Calendar was the bill (H. R. 1723) authorizing the payment of compensation to Edward J. Schaefer for the death of Ruth Stone Schaefer through an unlawful shot fired by a soldier in the service of the United States at Camp Alexander, Va.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. I object.

The SPEAKER. The gentleman from Wisconsin objects.

Mr. MacGREGOR. Mr. Speaker, will the gentleman reserve his objection?

Mr. STAFFORD. I will reserve it.

Mr. MONDELL. Mr. Speaker, I think if bills are to be objected to, with the calendar as long as it is, we should not take up the time of the House in discussing them.

Mr. MacGREGOR. The objections of some gentleman may be captious, and, perhaps, after they have been eliminated they may withdraw their objections.

Mr. MONDELL. I understand the gentleman from Wisconsin is certain that he will object to this bill. The gentleman intends to object?

Mr. STAFFORD. Unless I am convinced that the principle involved here is a meritorious one I shall object.

Mr. MONDELL. The report in the case indicates the principle. It is a principle involved in half a dozen of these cases, all of which some gentlemen are objecting to. At some other time we may discuss that principle, but I do not think we can do it to-day when we are trying to pass bills that are not objected to.

Mr. MacGREGOR. Does the gentleman from Wyoming indicate that the gentleman from Wisconsin [Mr. STAFFORD] is going to object to a bill which provides compensation for the murder of one of my constituents?

Mr. MONDELL. The gentleman from Wyoming is not the custodian of the conscience of the gentleman from Wisconsin.

Mr. STAFFORD. I decline to yield further when the gentleman puts me in that light. Certainly the gentleman from New York goes pretty far and shows that he is not acquainted with the bill when he charges me with anything like that.

Mr. JOHNSON of Washington. The gentleman means only to murder the bill and not the constituent. [Laughter.]

Mr. SANDERS of Indiana. Mr. Speaker, I object.

The SPEAKER. Objection is made. The Clerk will report the next bill.

EPHRAIM LEDERER.

The next business on the Private Calendar was the bill (H. R. 5249) for the relief of Ephraim Lederer, collector of internal revenue for the first district of Pennsylvania.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, as to $1,000 of this amount of $1,900 proposed to be credited to the collector of internal revenue there can be no criticism, but as to the remaining $900 I do not know whether a sufficient showing has been made that the collector was exercising the care and attention that he should exercise in the performance of his duty when these 100 sheets of cigar stamps were taken from his stock of stamps in his office.

Mr. EDMONDS. They were not taken from his stock of stamps, but they disappeared in moving from one building to the other.

Mr. STAFFORD. No; the gentleman is mistaken as to that. That statement applies to the $1,000 claim, to which I said there could be no objection.

Mr. EDMONDS. That refers to the other stamps.

Mr. STAFFORD. There can be no objection to the $1,000 item, but as to the $900 item the collector of internal revenue for the eastern district of Pennsylvania received a certain consignment of stamps, and on the second day after he received them they disappeared; but where is there anything in the report to show that he exercised reasonable care in trying to conserve the property of the Government over which he was special custodian?

Mr. EDMONDS. I have here an affidavit prepared by the collector in connection with this case. In connection with the $900 loss he says:

The shortage in question was ascertained on the day when it apparently occurred, to wit, November 7, 1919, on the daily balancing of accounts in the cashier's office by Stamp Deputy John J. Gegan. The said John J. Gegan has been employed in the Internal Revenue Office since 1895, and has been in charge of the Stamp Department for about 22 years; that on balancing the accounts on the said date it was ascertained that the said shortage was apparent. A thorough count and check up was made in the Stamp Division, and on the following day Deputy Collector John J. Hogan, who was then attached to the cashier's office, and who had been a division deputy, and was familiar with the checking up of cigar factories, went to all of the factories which had purchased layers of "class C" stamps on November 7, and found their stamp account to be absolutely correct. The matter was then reported to the deponent, and he instructed the accounting section of the cashier's office to make every possible investigation, so as to ascertain the exact status of the stamp accounts, and to report to deponent. This investigation was carried on over a considerable period of time, and reported to Assistant Supervisor W. C. Hobson when he came to this office several months later; and in pursuance with his suggestion, Stamp Deputy W. F. Austin, of Lancaster, Pa., was brought to the office for the purpose of checking up the stamp account, which, on completion of his checking, still showed a shortage of stamps to the value of $900, as aforesaid. The matter was further called to the attention of the examiner of accounts, J. N. Shawhan, when he came to this office in the latter part of May, 1920. Mr. Shawhan made a thorough count of the stamps and an investigation of the stamp account, and found the same condition as has been above referred to. Stamp Deputy Gegan informed the deponent at the time the shortage was first reported (on or about Nov. 9, 1919), that the class C stamps contained in a package which was sealed on November 7, 1919, was receipted for sealed, and therefore this office had no knowledge at the time the receipt was given as to whether or not said receipt was correct, it being the practice to send the receipts for the sealed packages according to the quantities designated in the accompanying forms sent from the office of the honorable Commissioner of Internal Revenue.

The collector told me personally—I do not remember whether it is in the affidavit or not—that these stamps had no value until they received still further stamping from the office.

Mr. STAFFORD. I fear that by reason of the gentleman having so many of these bills called to his attention he is thinking of the item of $1,000, to which no objection can be made; because as to those stamps they could not be used without further signatures, but as to the 100 sheets of class C stamps they could be used. At least there is nothing in the report to show to the contrary.

I wish to inquire of the gentleman whether this deputy collector, Mr. Gegan, continued in the employ of the Government for some time afterwards, showing that he was a trustworthy official and that no reflection can be placed on those connected with the office?

Mr. EDMONDS. Yes; Mr. Gegan is still employed, or was still employed up to the time of the change in administration. I do not know whether he is there now or not. The affidavit of Mr. Lederer, the collector, says:

Deponent further says that John J. Gegan has been an exceedingly faithful and capable officer and that his record in all respects has been clean and clear, not only during the term of deponent as collector but during the term of all preceding collectors under whom he served.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to credit the account of Ephraim Lederer, collector of internal revenue for the first district of Pennsylvania, by reason of shortage of 100 sheets of class C cigar stamps, each set consisting of 20 stamps, each of said stamps being worth 45 cents, a total of $900. Also for the loss of a book of wholesale liquor dealers' special tax stamps, consisting of 10 stamps, each of the value of $100, and totaling $1,000.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

OWNER OF THE VESSEL MARIA ARTAU.

The next business on the private calendar was the bill (H. R. 5965) for the relief of the owner of the vessel *Maria Artau*.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,901.35 to the owner of the vessel *Maria Artau* as compensation for and in full satisfaction of all claims of such owner for any damages to said vessel sustained as a result of a collision between said vessel and the U. S. S. *Kittery* on August 7, 1917, in Santo Domingo waters, the responsibility for such collision having been placed on the U. S. S. *Kittery* by a naval board after investigation.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

OLD DOMINION PIER A.

The next business on the Private Calendar was the bill (H. R. 369) for the relief of the owner of Old Dominion Pier A.

The Clerk read the title to the bill.

The SPEAKER pro tempore (Mr. MCARTHUR). Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I think anyone who will read the report will come to the conclusion that the claimant ought to be reimbursed in the amount of $500. I do not see, where the Navy officials say that the claimant has a just claim for $500, that we should not compensate the claimant but refer it to the Court of Claims, causing trouble to the Navy officials to present the testimony and putting more work upon the already overburdened Court of Claims. I would like to inquire of the chairman of the committee whether he does not think it advisable to authorize a direct appropriation of $500 to the owner of this pier. There is in the report of Assistant Secretary of the Navy Roosevelt the following language:

There was no damage to the U. S. S. *West Corum* as a result of this collision. Chief Carpenter J. P. Van Sant, United States Navy machine shop, Lamberts Point, Va., examined the pier and reported the damage to be as follows: "For the most part members of the dock have been displaced, very few having been broken, necessitating the use of a derrick to replace and realign them. One piece of timber, 12 by 12 inches and about 20 inches long, was broken; the cost of repairing this damage, in dollars and cents, is estimated at approximately $500.

Then down below in the opinion we find this statement:

The cost of repairing the damage to Old Dominion Pier A will be, according to the estimate made by Chief Carpenter J. P. Van Sant, approximately $500, and it is recommended that reparation be made to the Old Dominion Land Co., of Newport News, Va., for that amount.

So I think the statement in the letter of Assistant Secretary Roosevelt that the claim is $5,000 is a typographical error.

Mr. EDMONDS. I will ask unanimous consent that the bill be passed over without prejudice until we can ascertain the truth.

Mr. SANDERS of Indiana. Reserving the right to object, if the gentleman is withholding consideration of the matter for the purpose of determining whether the amendment ought to be agreed to, I want to say that I do not object to the bill, but I shall object to any amendment which proposes to change a bill referring a matter to the Court of Claims to a bill with a direct appropriation. That is the amendment proposed by the gentleman from Wisconsin.

Mr. STAFFORD. Will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. STAFFORD. I do not know whether the gentleman has read the report, but he is fully within his rights in objecting. I think if he had read the report, having very likely heard my statement as to the recommendation of the board investigating this case, he would come to the conclusion that there is a valid claim against the Government. Then what is the use, where the board of inquiry admits that they have a claim, to refer it to the Court of Claims and take up the time of the Navy Department in presenting testimony, and take up the time of the already overburdened Court of Claims in considering it?

Mr. EDMONDS. I am going to ask unanimous consent that this be passed without prejudice.

Mr. SANDERS of Indiana. Further reserving the right to object, I want to say that I have no objection to the bill, but I want to answer the statement of the gentleman from Wisconsin. If a bill is brought in by the Committee on Claims to pay this directly, I do not think I should object, but I do not think it is a proper practice for the House to take bills reported favorably by the Committee on Claims submitting a claim to the Court of Claims and then accept an amendment to pay the claim directly.

Mr. STAFFORD. Not if it is for no more than 25 cents?

Mr. SANDERS of Indiana. I do not care what the amount is. It will not take the Committee on Claims long to change the bill to make a direct payment.

Mr. EDMONDS. It is very probable that we can find out very soon the proper amount, and if it is a small sum we can report a bill to pay it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania that this bill be passed over without prejudice?

There was no objection.

RELIEF OF THE EMPLOYEES OF THE BUREAU OF LIGHTHOUSES.

The next business on the Private Calendar was the bill (H. R. 3249) for the relief of certain employees of the Bureau of Lighthouses.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following employees of the Bureau of Lighthouses, Department of Commerce, stationed at Bolivar Point Lighthouse, Tex., the several sums appropriated herein, the same being in full payment for the losses suffered by the said employees by loss of personal property needed at the station for lighthouse purposes or reasonably necessary in connection with official duties, namely:

To Mrs. H. C. Claiborne, widow of H. C. Claiborne, keeper, for losses in the storm of September 8, 1900, $503.98; for losses in the storm of August 16, 1915, $903.

To J. P. Brooks, first assistant keeper, for losses in the storm of August 16, 1915, $306.20.

To C. T. Morris, second assistant keeper, for losses in the storm of August 16, 1915, $61.50.

In all, $1,774.68.

And the said sum is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of this act.

The following committee amendments were read:

On page 14, strike out the figures "$503.98" and insert in lieu thereof "$234.48."

In line 15, strike out the figures "$903" and insert in lieu thereof "$191.50."

In line 2, page 2, strike out the figures "$306.20" and insert in lieu thereof "$125.87."

In line 4, page 4, strike out the figures "$61.50" and insert in lieu thereof "$47.50."

In line 5, strike out the figures "$1,774.68" and insert in lieu thereof "$599.35."

Strike out lines 6, 7, and 8 on page 2.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. BRIGGS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

FRED H. GALLUP.

The next business on the Private Calendar was the bill (H. R. 6966) to authorize the President of the United States to appoint Fred H. Gallup major of Field Artillery in the United States Army.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object.

FRANK M. STEWART.

The next business on the Private Calendar was the bill (H. R. 6323) for the relief of Frank M. Stewart.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That homestead entry 04809, independence series, made by Frank M. Stewart for the southwest quarter of section 14, township 32 south, range 37 east, Mount Diablo meridian, California, be, and the same is hereby, validated, notwithstanding the fact that before making the said entry he had perfected a former entry for 160 acres in Oregon.

With the following committee amendments:

Page 1, line 3, after the word "homestead," strike out the word "entry" and insert the word "application."

Page 1, line 4, strike out the word "independence" and insert in lieu thereof the word "Independence."

Page 1, line 9, strike out the word "entry" and insert the word "application."

Page 1, line 10, after the word "Oregon," insert: "*Provided*, That the application thus validated and patent issuing thereon shall be subject to and contain a reservation to the United States of all the oil, gas, and other minerals in the lands so entered and patented and with the right to prospect for, mine, and remove the same."

The SPEAKER pro tempore. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. BARBOUR, a motion to reconsider the vote by which the bill was passed was laid on the table.

TORAHACHI URATAKE.

The next business on the Private Calendar was the bill (S. 1077) to authorize the payment of $5,000 to the Government of Japan for the benefit of the family of Torahachi Uratake, a Japanese subject, killed at Schofield Barracks, Hawaii, on November 25, 1915.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CROWTHER. Mr. Speaker, I object.

ROBERT G. WHITFIELD.

The next business on the Private Calendar was the bill (H. R. 7483) for the relief of Robert G. Whitfield.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Robert G. Whitfield, his heirs, assigns, or legal representatives, from any money in the Treasury not otherwise appropriated, the sum of $261.60 as a refund of a donation which Robert G. Whitfield made to the Government.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

TATSUJI SAITO.

The next business on the Private Calendar was the bill (S. 1078) to authorize the payment of $2,000 to the Government of Japan for the benefit of the family of Tatsuji Saito, a Japanese subject, killed at Camp Geronimo, Mexico, May 25, 1916.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I will ask the chairman of the Committee on Claims how it is that they arrive at the payment of $5,000 in the case of Torahachi Uratake, the Japanese killed at Schofield Barracks, and arrive at only the sum of $2,000, fee and damage, in the case of Tatsuji Saito, a Japanese subject killed at Camp Geronimo, Mexico, while engaged in bootlegging among our soldiers there. These are both subjects of another nation, and if we are liable at all, we ought to be as liable for one as for the other, and the compensation should be the same, it seems to me, even though one was killed while bootlegging in Mexico.

Mr. EDMONDS. The Claims Committee is not subject to any such criticism, because this is reported from the Committee on Foreign Affairs.

Mr. JOHNSON of Washington. So that the matter of the relative value of Japanese laborers killed is not the concern of the Committee on Claims.

Mr. EDMONDS. The Committee on Claims is always consistent.

Mr. JOHNSON of Washington. Mr. Speaker, it is worth while to call attention to these bills. They come up in an official way from the State Department, and, inasmuch as they have been reported, they should be supported on the floor by members of the Foreign Relations Committee. Our Government is liable, and I presume Congress has no recourse but to make some sort of payment. I can not see why one, even though a bootlegger, should not be compensated for as much as the other. The report does not say what was the occupation of the other one.

I am led to call attention to these two bills from the fact that many people are now asking that in the preparation of the new immigration measure a clause be inserted to the effect that any naturalized citizen convicted of crime shall thereafter have his citizenship revoked unless pardoned of the crime by the judge. This suggestion has been made to the committee and hearings have been asked upon it by a distinguished Federal judge. Merely in passing as we go along in settling these claims for aliens killed in the territory of the United States or in territory under the jurisdiction of the United States Army, it might be well to observe that if we pass a law revoking the citizenship of those naturalized citizens convicted of crime, we are likely to have all kinds of these settlements to make.

The SPEAKER pro tempore. Is there objection?

Mr. CROWTHER. Mr. Speaker, I object.

Mr. JOHNSON of Washington. I do not think the gentleman should object.

The SPEAKER pro tempore. The gentleman from New York objects, and that ends it.

J. W. LA BARE.

The next business on the Private Calendar was the bill (H. R. 4845) for the relief of J. W. La Bare.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

BENJAMIN R. BUFFINGTON.

The next business on the Private Calendar was the bill (H. R. 3425) for the relief of Benjamin R. Buffington.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. I object.

I. C. JOHNSON, JR.

The next business on the Private Calendar was the bill (H. R. 7870) for the relief of I. C. Johnson, jr.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. I object.

Mr. DUPRÉ. Mr. Speaker, will the gentleman withhold his objection?

Mr. STAFFORD. Yes.

Mr. DUPRÉ. Mr. Speaker, this bill and the bill which follows, introduced by the gentleman from Pennsylvania [Mr. BUTLER], chairman of the Committee on Naval Affairs, for the relief of Richard T. McCullough, are identical bills. They have been favorably reported to this House by four successive Naval Affairs Committees in different Congresses. In the Sixty-third Congress the gentleman from Mississippi, Mr. Witherspoon, made the report; in the Sixty-fourth Congress my late colleague, Gen. Estopinal, made the report; in the Sixty-fifth Congress the bill was not reported, as that was the war Congress and the committee was otherwise engaged; in the Sixty-sixth Congress, when another political party took charge of matters here, the bill was likewise reported, this time by Mr. PETERS, of Maine, who has recently been named a Federal judge by President Harding, I understand; and in this present Congress the bill is reported by the gentleman from Indiana [Mr. KRAUS]. Never up to this time has either of these bills had the opportunity of being considered on its merits on the floor. The only way these bills have ever been reached was under a unanimous-consent agreement like the present one. Heretofore some gentleman has always interposed an objection and has prevented even a consideration and an explanation of the measures. I had hoped that to-day there would not be this objection made, so that we could consider these two bills, identical in character, on their merits, and then, if after discussion and explanation the House does not see fit to restore to these gentlemen their lost numbers, which is the object of the bills, the House can refuse to pass the bills, but in that event the gentlemen will have been afforded an opportunity to have their cases presented to the Congress.

Under these circumstances I hope the gentleman will withdraw his objection.

Mr. KRAUS. Mr. Speaker, I would like to say for the benefit of the gentleman from Wisconsin that the action that is sought here will not cost the Treasury of the United States a single penny more than is charged against it at this time. It is merely a matter of relative rating of these two officers. A number of officers in the service bear the same rank, and I hope the gentleman will withdraw his objection?

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, the report shows that these two officers were accorded the same treatment as to loss of numbers as has been extended in many, many instances. It is a case of favoritism by legislative action to some special few. If the Committee on Naval Affairs wishes to bring in a bill repealing the law so as to accord all equally, that is one thing; but here just merely to single out persons who in the actual administration of the law failed in their examinations and were demoted as a consequence, and then years afterwards they come here by special bill and ask to have them reinstated——

Mr. DUPRÉ. Mr. Speaker, I hope the gentleman will yield in order to allow me to correct his erroneous impression.

Mr. STAFFORD. I will, but not at present. Years afterwards they come here and, after having failed in examination, get reinstated to the position in rank as though they had not failed just because, perhaps, they have good records. That is, I think, a practice that is not to be commended.

Mr. DUPRÉ. I want to call the attention of the gentleman to the fact that if he has read the report and the report of the Secretary of the Navy on the subject, he will find that those two gentlemen—there are no other cases like it—those two gentlemen were the first cases in which the Navy Department decided to apply strictly the provisions of the Revised Statutes which levied the penalty of the loss of a year in numbers where officers failed on the examinations for promotion to an upper grade. Previous to that, if the gentleman from Wisconsin will look at the report, he will see it was the practice of the examining boards, on their own initiative, when failure by a small margin was disclosed, as in this case, to give an opportunity to take a further examination before making final report to the Navy. The Navy came to the conclusion that it was an undesirable practice and in the case of these two men for the first time applied strictly the provisions of the Revised Statutes. Subsequently it is shown that the boards in similar cases now, instead of making their report that the man has failed in one particular, give him additional questions and give him another opportunity, or rather, added opportunity, instead of depriving him of this great loss of numbers. Furthermore, Congress saw that was a great hardship, because in 1912 an amendment was passed to the section of the Revised Statutes which imposed the loss of a whole year, reducing the penalty to six months for failure to pass the first examination.

Mr. KRAUS. Mr. Speaker, permit me this additional suggestion to both of the gentlemen, that in these two cases the examinations were actually held and the papers graded under the old policy——

Mr. DUPRÉ. Exactly.

Mr. KRAUS. And when the papers reached the department the new policy had been adopted. As a matter of fact, it seems to me it is a real injustice to those men.

Mr. STAFFORD. May I inquire how many cases there are in the naval service where persons have suffered demotion because of the adoption of this new rule as to loss of numbers when they failed to meet the examination requirement in examination for promotion?

Mr. KRAUS. The subcommittee of the Committee on Naval Affairs had information from the department on that subject, and under this provision of law and this modified policy there are just two known cases, and they are both before the House at this time, or will be, for its consideration.

Mr. DUPRÉ. There have been no laches or delay. The gentleman from Wisconsin spoke of these cases coming up years afterwards. The examination of these officers was held in 1909. I came to Congress in 1911, and I have been trying to get this relief from the House ever since, so there has been no delay on the part of the claimant, who is a Louisianian and an old and close friend of mine, and no want of diligence or effort on the part of this Congressman in the premises.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I am not impervious to change after I have taken a position on reading of these reports. I gained the impression there have been many who had been treated the same way as Lieut. Commander Johnson. I do not believe we should single out so long afterwards him or anybody else for preferential consideration by legislative enactment. If, however, as the gentleman from Louisiana and the gentleman from Indiana say, these are the only two instances where persons have suffered as the result of this new rule, I will withdraw my objection.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none, and the Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the President be, and is hereby, authorized to restore Commander Isaac C. Johnson, jr., United States Navy, to a place in the list of commanders in the United States Navy, to rank next after Commander Walter A. Smead, United States Navy.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DUPRÉ, a motion to reconsider the vote by which the bill was passed was laid on the table.

RICHARD P. M'CULLOUGH.

The next business on the Private Calendar was the bill (H. R. 2558) for the relief of Richard P. McCullough.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the President be, and he is hereby, authorized to restore Commander Richard P. McCullough, United States Navy, to a place on the list of commanders of the Navy, to rank next after Commander Walter Albert Smead, United States Navy.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KRAUS, a motion to reconsider the vote by which the bill was passed was laid on the table.

ELLEN M. WILLEY.

The SPEAKER pro tempore. The Clerk will report the next bill.

The next business on the Private Calendar was the bill (H. R. 5659) for the relief of Ellen M. Willey, widow of Owen S. Willey.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Reserving the right to object, I notice that in the letter of Secretary Denby, of date June 30, printed on page 3 of the report, he refers to a letter to the committee, dated May 19, 1921, in which the department disapproved of the relief sought by this bill. I do not find that letter in the report. Can the committee, or some Member of the House, acquaint the House with the contents of it?

Mr. McPHERSON. Mr. Speaker, I thought that letter was a part of the report. But the facts of the case are these:

The Navy Department had consistently, during the administration of Secretary Daniels, opposed the passage of this bill, but the facts of the case are as follows: This man, Owen Willey, during the Civil War was a mate on the *Pocahontas*, operating in Mobile Bay. At that time there was another man, whose name was J. H. Wiley, who held the same rank on the same ship. Commander Gamble was in command of the *Pocahontas* and had recommended Owen Willey for promotion to the rank of ensign. He had about the same time preferred charges against J. H. Wiley on this same ship, and a court-martial was pending against him. Before action was taken on the commander's recommendation for promotion of Owen Willey and before the court-martial was had on J. H. Wiley the man named in this bill, Owen Willey, was allowed to go home on a furlough. While home on a furlough Mr. Willey received a notice that he had been dishonorably dismissed from the Navy. The promotion that was recommended for him before he left the ship was given to J. H. Wiley, who was charged with some crime and who was about to be court-martialed. In other words, it was a mix-up of these two men in their names, notwithstanding the differences in initials and first names. This man Willey demanded a court-martial at that time, but a court-martial was denied him, and he was without remedy.

Along in 1873 or 1874 there was to be held an examination in the Revenue-Cutter Service here in Washington. About 35 or 40 young men applied to take the examination. Owen Willey, this man, had the highest grade in the examination. He went into the Revenue-Cutter Service and served with distinction for 37 years and retired with the rank of captain. At the time he made the application to take this examination Commander Gamble wrote a letter in which he excused Willey's conduct on the ground that he had made a mistake in these two men, because their names were somewhat similar, although dissimilar in fact, and that he had been wrong.

This officer is dead. His widow is an old woman, very poor and deserving, and the effect of the passage of this bill, which is a delayed act of justice to an officer who rendered faithful service as a sailor in the Civil War and in the Revenue-Cutter Service afterwards, will be to give her a pension.

Mr. STAFFORD. Is the gentleman acquainted with the purport of the letter dated May 19, 1921, in which the department disapproved of the relief being sought through this bill?

Mr. McPHERSON. But that letter is based upon previous objections to the bill.

Mr. STAFFORD. Is it a short letter? What is the general purport of it? It is not included in the report. I direct the gentleman's attention to the reference in the last three lines:

I have the honor to inform you that this department's attitude was fully set forth in its letter to your committee dated May 19, 1921, in which it disapproved of the relief being sought through this bill.

The committee brings in a report which does not contain that letter, and I am seeking to ascertain the viewpoint of the present Secretary of the Navy as to this bill.

Mr. KRAUS. Will the gentleman from Missouri yield?

Mr. McPHERSON. Yes.

Mr. KRAUS. My recollection is that it was merely a declaration of the policy of the department to oppose general legislation, and it was based on that fact.

Mr. STAFFORD. If the gentleman states that on good authority it may remove any objection I have to this bill.

Mr. KRAUS. This is a bill to pension the widow of a veteran of the Civil War, and so far as the final action that is taken

is concerned, it is more a matter, you might say, for the Bureau of Pensions than for the Navy Department, although the latter is interested in the basic facts. I want to call the attention of the gentleman to other organizations of the Government that have passed upon this fact. The Treasury Department has passed upon it, and another bureau, which had under its jurisdiction the awarding of medals for service in the Civil War, has passed upon the facts. Both have found that Owen S. Willey had a creditable and honorable record in the service during the Civil War, and it seems to me, with these two organizations passing upon the essential facts, that we can make no mistake, but will merely be doing justice at this late date, by giving consideration to this bill.

Mr. STAFFORD. The statement of the gentleman from Missouri [Mr. MCPHERSON] and the gentleman from Indiana [Mr. KRAUS] has shown to me, at least, that there is merit in this bill, and I withdraw any reservation of objection.

The SPEAKER pro tempore. Without objection, the Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That in the administration of the pension laws the late Owen S. Willey, who served in the United States Navy from July 11, 1860, to April 16, 1863, as an acting master's mate, shall hereafter be held and considered to have been discharged honorably from the naval service of the United States as an acting master's mate on April 16, 1863: *Provided*, That no pay, bounty, pensions, or other emoluments shall accrue prior to the passage of this act.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KRAUS, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER pro tempore. The Clerk will report the next bill.

CAPT. BENJAMIN S. BERRY.

The next business on the Private Calendar was the bill (H. R. 2556) to advance Capt. Benjamin S. Berry to the permanent rank of major.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized, by and with the advice and consent of the Senate, to advance Capt. Benjamin S. Berry, United States Marine Corps, on the lineal list of officers of the Marine Corps, to take rank among the permanent majors of the Marine Corps next after Lauren S. Willis, United States Marine Corps: *Provided*, That the said Benjamin S. Berry shall establish to the satisfaction of the Secretary of the Navy, by examination pursuant to law, his physical, mental, moral, and professional fitness to perform the duties of that grade: *Provided further*, That the said Benjamin S. Berry shall be carried as additional to the number of the grade to which he may be appointed under this act or at any time thereafter promoted: *And provided further*, That said Benjamin S. Berry shall not by the passage of this act be entitled to any back pay or allowances of any kind.

With a committee amendment, as follows:

On page 2, line 2, after the word "further," strike out "That the said Benjamin S. Berry shall be carried as additional to the number of the grade to which he may be appointed under this act or at any time thereafter promoted: *And provided further*". And on page 2, line 7, after the word "kind," insert *"And provided further*, That nothing contained in this act shall operate to increase the number of majors in the United States Marine Corps as now authorized by law."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

Mr. KRAUS. Mr. Speaker, I offer an amendment.

The SPEAKER pro tempore. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KRAUS: Page 1, line 4, after the word "authorized," strike out the words "by and with the advice and consent of the Senate to advance Major" and insert in lieu thereof the words "to place Major," and strike out all of the first proviso beginning with the word *"Provided,"* on line 9, page 1, and ending with the word "grade" on page 2, line 2.

Mr. KRAUS. Mr. Speaker, where the amendment says on line 5 strike out the word "Major," that should be the word "Captain." I ask unanimous consent to modify the amendment accordingly; to strike out the word "Captain" instead of "Major."

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the amendment be reported with the change suggested by the gentleman from Indiana.

The SPEAKER pro tempore. Without objection, the modification will be made.

There was no objection.

Mr. STAFFORD. I ask that the amendment of the gentleman from Indiana with the suggested change be reported.

The SPEAKER pro tempore. The Clerk will report the modified amendment.

The Clerk read as follows:

Page 1, line 4, after the word "authorized," strike out the words "by and with the advice and consent of the Senate to advance Captain," and insert in lieu thereof "to place Captain," and strike out all of the first proviso, beginning with the word *"Provided,"* line 9, page 1, and ending with the word "grade," page 2, line 2.

Mr. STAFFORD. Mr. Speaker, I think that the purpose of the gentleman from Indiana is to insert in lieu of the language stricken out, "to place Major," instead of "to place Captain." Is that the purpose?

Mr. KRAUS. Yes; that is the purpose.

Mr. SANDERS of Indiana. It should be "to place Captain."

Mr. STAFFORD. No. He has been advanced to the majorship since this bill was reported.

The SPEAKER pro tempore. Without objection, that correction will be made.

There was no objection.

Mr. STAFFORD. Mr. Speaker, may we have the amendment again reported as it should be?

The SPEAKER pro tempore. The Clerk will report it.

The Clerk read as follows:

Page 1, line 4, after the word "authorized," strike out the words "by and with the advice and consent of the Senate, to advance Major."

The SPEAKER pro tempore. The Clerk is reporting the amendment of the gentleman from Indiana in the form in which it was sent up to the desk.

Mr. STAFFORD. But since it was sent up we are trying to have it modified.

The SPEAKER pro tempore. It is not proper to have it modified without unanimous consent.

Mr. STAFFORD. It is not necessary to have unanimous consent, because we are proceeding in the House as in Committee of the Whole.

The SPEAKER pro tempore. Does the gentleman from Indiana desire the correction to be made?

Mr. KRAUS. Yes. I so requested the Chair.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

The SPEAKER pro tempore. The Clerk will report the amendment as modified.

The Clerk read as follows:

Page 1, line 4, after the word "authorized," strike out the words "by and with the advice and consent of the Senate to advance Captain," and insert "place Major," and strike out all of the first proviso, beginning with the word *"Provided,"* line 9, page 1, and ending with the word "grade," page 2, line 2.

Mr. KRAUS. Mr. Speaker, this amendment is necessitated because of the fact that since this report was made the captain has been promoted on examination to a higher grade, and now the effect of the bill is merely to fix his lineal position in the promotion list.

The SPEAKER pro tempore. The question is on agreeing to the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

Mr. KRAUS. Mr. Speaker, since that amendment has been adopted, I move that the word "further" be stricken out on line 2, page 2.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

Mr. SANDERS of Indiana. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SANDERS of Indiana. Has the committee amendment been adopted?

The SPEAKER pro tempore. Yes. The committee amendment was adopted some time ago. The question is on the engrossment and third reading of the bill as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The SPEAKER pro tempore. Without objection, the title will be corrected to conform to the text of the bill.

There was no objection.

On motion of Mr. KRAUS, a motion to reconsider the last vote was laid on the table.

The SPEAKER pro tempore. The Clerk will report the next bill.

WIDOW AND HEIRS OF JOSEPH ETIER.

The next business on the Private Calendar was the bill (H. R. 7290) to confirm private land claim of the widow and heirs of Joseph Etier.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the private land claim of the widow and heirs of Joseph Etier, No, 243, class 5, in the report dated December 30, 1815, of the register and receiver at Opelousas, La., acting as commissioners on land claims in the western district of the State of Louisiana, which has been surveyed and segregated as section 40, township 13 north, range 4 east, Louisiana meridian, containing 668 77/100 acres, shall be, and the same is hereby, confirmed, and the Secretary of the Interior shall cause patent to issue for said land to the widow and heirs of Joseph Etier, their heirs, assigns, or legal representatives: *Provided*, That this act, and the patent which may be issued in pursuance of the same, shall only operate as a relinquishment on the part of the United States, and shall in no way prejudice any valid adverse right, if such exist, to the said land; the intent being that title shall insure to the true owners of the land under the laws of Louisiana, including the laws of prescription, in the absence of any interest or estate of the United States.

With a committee amendment, as follows:

Page 2, line 8, strike out the word "insure" and insert in lieu thereof the word "inure."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. WILSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

PAY DIRECTOR LIVINGSTON HUNT, UNITED STATES NAVY.

The next business on the Private Calendar was the bill (H. R. 3754) for the relief of Pay Director Livingston Hunt, United States Navy.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Pay Director Livingston Hunt, United States Navy, the sum of $57.27, to reimburse him for the amount deposited in the Treasury to cover certain payments made for telephone service in officers' quarters, credit for which payments was disallowed in his accounts.

With the following committee amendments:

Page 1, line 5, strike out the words "Pay Director" and insert in lieu thereof the words "Rear Admiral."

Page 1, line 6, after the word "Hunt," insert the words "Supply Corps."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

By unanimous consent, the title was amended so as to read: "A bill for the relief of Rear Admiral Livingston Hunt, Supply Corps, United States Navy."

On motion of Mr. BURDICK, a motion to reconsider the vote by which the bill was passed was laid on the table.

HERBERT LANGLEY, UNITED STATES MARINE CORPS.

The next business on the Private Calendar was the bill (H. R. 7415) to correct and amend the service and military records of Herbert Langley, United States Marine Corps.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. I object.

Mr. McPHERSON. Will the gentleman from Wisconsin withhold his objection?

Mr. STAFFORD. I withhold my objection in order to allow the gentleman to make a statement.

Mr. McPHERSON. Mr. Speaker, this bill is, to my mind, a very meritorious measure. It is recommended by the present Secretary of the Navy and its passage was recommended by the former Secretary of the Navy.

The facts are these: This young man, Herbert Langley, was a son of Dr. Langley, of Granby, Mo. He volunteered in 1917 for service in the World War in the Marine Corps. Instead of being sent to the western front, he was sent to Santo Domingo. The records of the Navy Department show that there was not a mark or blemish upon his record as a soldier. The testimony taken before us of the officers in command of the Marine Corps in Santo Domingo was that this soldier was insane. He was in a hospital for dysentery and for mental treatment. He escaped from the hospital. His escape was discovered within a short time. All the marines in the city were immediately enlisted in the search. All the police force of the city and the Santo Domingo soldiers joined in the search, which was just as thorough as it could be for more than a week, and included a thorough search all along the water front. The colonel and captain and other officers in command say that Mr. Langley was not on the island. They further say that it was absolutely impossible or practically impossible that he could have escaped from the island. He was in uniform. At the time he disappeared there was a transport standing about 3 miles out at sea. They say, however, it was practically impossible that he could have swam out to that transport, got aboard of her, and lived there for nine days without being discovered. It was nine days from the time he escaped until the transport touched another port.

In the harbor at Santo Domingo city there is a strong undertow, and a short time before this man disappeared a young lady school-teacher was bathing there with her class, and in the sight of hundreds on shore her body was seen to be sucked down. She was carried out to sea, and, although search was begun within a few minutes, her body was never found.

The Navy Department, the commandant of the Marine Corps, and the officers in charge on the island one and all are morally certain that this soldier either accidentally fell off the sea wall and was drowned and his body went to sea or that while insane he committed suicide by jumping into the water and that his body was carried out to sea and therefore never recovered. In either case his death was the result of an accident within the meaning of the law and he is not a deserter.

This occurred in February, 1919. The officers in command of the Marine Corps had no other option save to mark him a deserter. The dead soldier was an only son. The false charge of desertion on his service record has brought much pain and great humiliation to his splendid parents. The object of this bill is to erase that stain from the record of a faithful soldier who gave his life in the way I have described, for you and I and the people of this Nation. If he accidentally died he is not a deserter, but he died in the line of duty. If he committed suicide while insane, that in the meaning of the law was an accident in the line of duty, and I sincerely hope the gentleman from Wisconsin will withdraw his objection and allow the House to direct the Navy Department to enter upon its records a true account of the disappearance of Herbert Langley.

Mr. STAFFORD. Mr. Speaker, under the reservation of objection, I wish to say that I read this report very carefully, but failed to find some of the statements made by the gentleman from Missouri [Mr. McPHERSON], who has just addressed the House. It is not a fact, according to the report, that he was confined in the hospital and escaped. According to the report, he was granted a furlough and did not show up after the time of the furlough. The report does not show that he was confined in the hospital because of mental disorder. It is easy enough to get up here and place a Member in a wrong light; but I do not believe the gentleman did that intentionally. Perhaps he has some information which is not contained in the report. In order to set my position right, let me read what the colonel commanding the regiment says in a letter to the father of this soldier, following the disappearance of this young man, the letter being based on the official Army record:

Pvt. Langley was at the time of his disappearance under treatment in the field hospital in this city for dysentery, being shown on the daily sick report as "doing well."

On February 24, 1919, he was granted liberty, which expired the same day, but failed to return at its expiration, and he has not since been seen, nor has any trace or information as to his movements been received.

Now, why have I objected to this bill notwithstanding the statement made by the gentleman from Missouri?

Mr. McPHERSON. If the gentleman will examine——

Mr. STAFFORD. The bill purposes to write into the records of the Navy Department something that is not so, something as to which there is no testimony. That has never been done in this House or in the history of the Government—to write into the record something that is not based on testimony. The bill provides that we shall write into the naval records the statement that—

Herbert Langley died on February 24, 1919, at Santo Domingo City, Dominican Republic, by accident while in the line of duty.

That is based entirely upon conjecture, and therefore I object.

Mr. McPHERSON. If you will read the testimony of the chaplain——

Mr. STAFFORD. I have read the letter of the chaplain.

Mr. McPHERSON. The truth, according to the testimony of all these officers that we had before the committee, was that he had escaped from the hospital and was not on a furlough. The gentleman from Wisconsin is putting up his idea of what happened to this boy against the testimony of all the officers of the Marine Corps and the Navy Department.

Mr. STAFFORD. Never in the history of the Government have we changed the naval record by legislative enactment so that it would state facts that are not so. This bill is founded upon conjecture, just as if a person going to Atlantic City and being seen in the surf is not seen afterwards is to be regarded as drowned because persons have been lost in the undertow.

Mr. McPHERSON. The gentleman must remember that this boy was down there in a hostile country, that he was in uniform, and that he has never been seen since. The testimony that convinced the officers and the Naval Committee that this man was drowned there was testimony that excluded any other theory. He was not on the island; he could not have got away; he was insane.

Mr. STAFFORD. There is nothing in the record that shows he was suffering from mental trouble.

Mr. McPHERSON. There is the testimony of the physician.

Mr. STAFFORD. I have read the doctor's statement, read it before I came in on the floor of the House. It would be presumptuous for me to object to bills if I had not read the reports; it would not be courteous to the committee. Permit me to read the report of the surgeon:

1. This man was admitted to the field hospital, Santo Domingo City, Dominican Republic, four times in all. In November, 1917, he was in the hospital 10 days with malaria; in June, 1918, he was on the sick list 3 days with malaria; in February, 1919, he was on the sick list 5 days with dysentery.

2. After he was returned to duty from this last-mentioned condition he was again sent to the hospital and admitted with the diagnosis of neurasthenia and remained for six days, then disappeared.

3. He seemed to worry about himself and complained of many vague conditions.

Mr. GRAHAM of Illinois. Will the gentleman yield for a question?

Mr. McPHERSON. I will.

Mr. GRAHAM of Illinois. Does this involve any question of insurance?

Mr. McPHERSON. I think he had insurance.

Mr. GRAHAM of Illinois. Government insurance or private?

Mr. McPHERSON. War-risk insurance.

Mr. GRAHAM of Illinois. This act of Congress may establish financial rights against insurance companies?

Mr. McPHERSON. No; the insurance he had was war-risk insurance. There has been no claim for compensation, for the parents are well to do, and this was an only child.

Mr. GRAHAM of Illinois. How much insurance had he?

Mr. McPHERSON. Ten thousand dollars.

Mr. GRAHAM of Illinois. Payable if we pass this act?

Mr. McPHERSON. I do not think that any court on this evidence would refuse to hold that he was dead.

Mr. GRAHAM of Illinois. Has the claim been passed upon?

Mr. McPHERSON. No; there has been no effort to collect it. The passage of the bill is not necessary to collect the insurance, because a court, notwithstanding the objection of the gentleman from Wisconsin, would be convinced on the testimony, which really excludes every reasonable doubt, that this man is dead.

Mr. GRAHAM of Illinois. The ordinary presumption is that the man is dead after seven years.

Mr. McPHERSON. That is a presumption without evidence. Without any evidence absence for seven years raises a presumption of death, but here the evidence shows the man is dead. We resort to presumption only in the absence of evidence. Here we have evidence that excludes every hypothesis save death, and there is no occasion to resort to presumption. He was not on the island and he could not have got away, that was disclosed by the search.

The SPEAKER pro tempore. Is there objection?

Mr. GRAHAM of Illinois. I object.

ALBERT HAMILTON.

The next bill on the Private Calendar was the bill (H. R. 5820) to place Albert Hamilton on the retired list of the United States Marine Corps.

The SPEAKER pro tempore. Is there objection?

Mr. BLACK. I object.

Mr. KRAUS. Will the gentleman withhold his objection?

Mr. MONDELL. Mr. Speaker, if gentlemen propose to object, I do not think it is fair to have bills on the calendar discussed when the discussion is to have no effect on the bill.

Mr. KRAUS. We are going to get through the calendar in about an hour.

Mr. MONDELL. We may, but I do not think we ought to discuss bills that are going to be finally objected to.

The SPEAKER pro tempore. Is there objection?

Mr. BLACK. I object.

CAPT. D. H. TRIBOU.

The next business on the Private Calendar was the bill (H. R. 3509) for the relief of Capt. D. H. Tribou, chaplain, United States Navy.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. I object.

Mr. STEPHENS. Will the gentleman withhold his objection?

Mr. STAFFORD. I will.

Mr. JOHNSON of Washington. The Republican leader objects to withholding objection on the ground that we must hurry along; that it is getting late in the year, with not much accomplished; we must hurry along the bills over to the Senate that can not pass them.

Mr. MONDELL. The gentleman from Wyoming did not object to discussion.

Mr. JOHNSON of Washington. It is human nature for a man to ask to have an objection withheld until he can make a statement.

Mr. MONDELL. But it does not do any good to spend time discussing a bill that is eventually going to be objected to.

Mr. JOHNSON of Washington. Well, let the ax fall quickly, but do not obligate the coroner's jury to do all the murdering. [Laughter.]

Mr. STEPHENS. I asked the gentleman from Wisconsin to withhold his objection because I believe this is a very meritorious case.

The subcommittee of the Committee on Naval Affairs spent a great deal of time in investigating these cases—this case in particular. They have had before them men who have testified as to the character of Capt. Tribou, have heard the case thoroughly, and they recommend the passage of the bill. It is for the benefit of this chaplain. He had in charge the collection of money in the sale of Liberty bonds. He was chosen to perform this duty, and while away from the Naval Home in Philadelphia, where he had the bonds in a safe locked up, some one burglarized the place, stealing the Liberty bonds. Since then this chaplain has made good the Liberty bonds. He has paid for them out of his own pocket, and I know that the members of the committee believe that he should be reimbursed for the expenditure that he has made. It was no fault of his. He was acting for the Government and also for the men in the Philadelphia home who were purchasing the bonds. I hope the gentleman will not object.

Mr. ANDREWS of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. STEPHENS. Yes.

Mr. ANDREWS of Nebraska. Were these coupon or registered bonds?

Mr. STEPHENS. As I understand it, they were coupon bonds.

Mr. ANDREWS of Nebraska. Is it known whether or not any of those coupons have been cashed since the disappearance of the bonds?

Mr. STEPHENS. It has not been called to our attention.

Mr. ANDREWS of Nebraska. That could be ascertained, no doubt, in the Treasury Department, and if any of those coupons have been cashed, the existence of the bonds could be identified and the bank through which they were cashed could be ascertained. By that means it could be ascertained whether or not anybody had been collecting interest on these bonds, and thus it would help to determine whether or not there was a theft. If they were registered bonds, the checks issued in payment, of course, would go to the individual of registry. I assume they were coupon bonds.

Mr. STEPHENS. I assume they were, and I also assume that the loss was not all bonds, but partially cash which he had there.

Mr. ANDREWS of Nebraska. Might it not be that if we should discover that coupon bonds had been cashed, that that would help throw a light on the question of whether there was a theft?

Mr. GRAHAM of Illinois. Mr. Speaker, I object.

Mr. STAFFORD. The gentleman is mistaken. They were notes.

Mr. ANDREWS of Nebraska. What kind of notes?

The SPEAKER pro tempore. The gentleman from Illinois objects, and the Clerk will report the next bill.

CORNELIUS DUGAN.

The next business on the Private Calendar was the bill (H. R. 1290) for the relief of Cornelius Dugan.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. I object.

Mr. KRAUS. I hope the gentleman will withhold his objection.

Mr. MACGREGOR. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Does the gentleman from Wisconsin object?

Mr. STAFFORD. I object. There is no merit in this bill, as I read it.

FRANK FERRIN.

The next business on the Private Calendar was the bill H. R. 2004, for the relief of Frank Ferrin.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Frank Ferrin shall hereafter be held and considered to have been honorably discharged from the military service of the Untied States as a member of Company H, Third Regiment New Hampshire Volunteer Infantry: *Provided,* That no pension shall accrue prior to the passage of this act.

Mr. STAFFORD. I move to amend by inserting after the word "pension," the words "bounty, pay, or other emoluments."

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 7, after the word "pension," insert the words "bounty, pay, or other emolument."

Mr. STAFFORD. Mr. Speaker, that is the customary language used in bills of this character restoring a pensionable status.

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. TIMBERLAKE, a motion to reconsider the vote by which the bill was passed was laid on the table.

AARON S. LINN.

The next business on the Private Calendar was the bill H. R. 6606, for the relief of Aaron S. Linn.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman who is the author of the bill give some explanation of the facts?

Mr. VESTAL. Mr. Speaker, I think the report shows the absolute facts in the case.

Mr. STAFFORD. I read the report, and I notice that he had deserted two different times.

Mr. VESTAL. He served a little less than four years. The facts are that he was granted a furlough for 30 days and went home. While there he was taken ill, and was unable to get back to his regiment. He was marked a deserter, but the records show that there was nothing found against him, no charges filed against him for desertion.

The same thing happened the second time, but immediately he went back and joined his company. While he was away only about a month overtime he went back and joined his company and was wounded at the Battle of Harpers Ferry, and also at the siege of Knoxville.

Mr. STAFFORD. I think there were extenuating circumstances that obviated the charge of his first desertion. What about the second?

Mr. VESTAL. There is an affidavit there in the report which seems to show—I read from the affidavit:

That he received a letter from his home in Ohio stating that his mother was very low with typhoid fever. That his captain went with him to Col. (or Gen.) Moore's headquarters and stated his case and his desire to go home to see his mother, whereupon said Moore gave applicant a pass to go home. That he went home and there remained two days and nights when he returned to Cincinnati, Ohio, supposing his regiment would come to Cincinnati to be mustered out. That he waited a long time and his regiment did not appear in Cincinnati, but was informed that his regiment had gone to Columbus, Ohio, and was there mustered out, being out before he learned the fact of such muster out.

He waited in Cincinnati a long time in uniform. The report does not show that, but that is the fact.

Mr. STAFFORD. The gentleman has that testimony—that he waited there in his uniform?

Mr. VESTAL. Yes.

Mr. STAFFORD. And intended to join his company?

Mr. VESTAL. Absolutely.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Aaron S. Linn, late of Company K, Forty-fourth Regiment Ohio Volunteer Infantry, also known as Company K, Eighth Regiment Ohio Volunteer Cavalry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of that organization on the 5th day of January, 1865.

With the following committee amendment:

Line 10, after the figures "1865," insert: "*Provided,* That no pension shall accrue prior to the passage of this act."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

Mr. STAFFORD. Mr. Speaker, I move to amend the committee amendment by inserting after the word "pension" the words "nor bounty, pay, or other emolument."

The SPEAKER pro tempore. The question is on agreeing to the amendment to the committee amendment.

Mr. JOHNSON of Washington. What does that do? Does it bar a pension in the past and in the future?

Mr. STAFFORD. No; the purpose of all these bills removing a dishonorable discharge is to permit the soldier to have a pensionable status, but not a pensionable status except from the passage of the act.

Mr. JOHNSON of Washington. I thought the rule prevailed in the Pension Committee that the bar was in the future. If a man's record was cured of desertion by the passage of an act in Congress I thought he was even then barred from securing a pension.

Mr. STAFFORD. Oh, the very purpose of all these bills which we have been passing here beyond number is to remove the record of the dishonorable discharge so he may secure a pension from date, but we wish to put in this saving clause as to bounty, pay, and other emoluments so he may not have a claim for back pay.

The committee amendment as amended by the amendent of the gentleman from Wisconsin was adopted.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. VESTAL, a motion to reconsider the vote by which the bill was passed was laid on the table.

ELIJAH C. PUTMAN.

The next business on the Private Calendar was the bill (S. 904) for the relief of Elijah C. Putnam.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none.

The Clerk read as follows:

Whereas Elijah C. Putnam did enlist on the 19th day of November, 1863, at Benton, Ark., and at once entered upon active service, but was not formally mustered in until January 7, 1864, being honorably discharged March 28, 1864, by reason of disbandment of his company; and

Whereas it is held that only those soldiers of the Civil War who served for a period of 90 days or more are entitled to the additional homestead right granted under section 2306, Revised Statutes; and

Whereas this right has been denied Elijah C. Putnam (see Thirty-second Land Decisions, 356), it being held that his service only extended from the date of his muster in to the date of his honorable discharge, a period of 80 days; and

Whereas the records of the War Department show that Elijah C. Putnam actually served for a period of more than 90 days after the date of his enrollment: Therefore

Be it enacted, etc., That the service of Elijah C. Putnam honorably discharged March 28, 1864, is declared amply sufficient to entitle him or his assigns to the benefits of said section 2306, Revised Statutes, and the Commissioner of the General Land Office is hereby authorized to recognize the same.

The committee amendments were read, as follows:

Strike out the preamble, pages 1 and 2; and page 2, line 3, strike out the word "Putnam" and insert "Putman" and amend the title.

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read "An act for the relief of Elijah C. Putman."

On motion of Mr. MONTOYA a motion to reconsider the vote by which the bill was passed was laid on the table.

RICHARD J. EASTON.

The next business on the Private Calendar was the bill (H. R. 1949) for the relief of Richard J. Easton.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to obtain additional information than that given in the report as to the real default of this Richard J. Easton while

he was in charge of this vessel, for which he seeks reimbursement to the extent of $3,842.50.

Mr. SMITH of Idaho. The only additional information that can be furnished is in the personal statement of Mr. Easton himself. He claims that the subordinates were inefficient, and that when he suspected the supplies were being stolen that he employed an extra watchman at his own expense in order to prevent peculations and, if possible, ascertain why there should be an apparent shortage in the supplies. The facts are fully set out in the report of the Secretary of the Navy, which is embodied in the committee report. I happen personally to know the claimant, who has been in the naval service for a great many years. He is nearly 68 years of age, and because of this shortage the company carrying his bond has called upon him to refund the amount of the alleged shortage. Steps have been taken to sell his home, which is the only property he possesses. The matter has been brought to the attention of the company's attorney with the hope of suspending action until congressional relief could be secured for him in order to save the claimant's home.

Mr. STAFFORD. The letter of the former Secretary rather implies that he was guilty of negligence in the performance of his duty; that these peculations from the mess, or whatever they might have been, the stores, had been going on for some time.

Mr. SMITH of Idaho. Yes; that is very true, but the statement of the board of investigation shows there is no direct charge that Capt. Easton in any way benefited by the alleged shortage.

Mr. STAFFORD. Oh, no; there is no charge that he was in any way implicated, no reflection upon Capt. Easton at all as to his being there, but only as to whether he was negligible in any way in looking after the administration of the ship.

Mr. SMITH of Idaho. If the gentleman will observe that section 4 of the report states:

That a series of incompetent stewards, who were discharged when their incompetency was discovered, were primarily responsible for the actual shortage, and that the low rate of pay of stewards prior to July 1, 1916, was responsible for the inability to obtain competent stewards.

I quote further from the letter of the Secretary of the Navy:

The report of the board of investigation also shows that Master Easton, while manifesting some negligence, yet used unusual precautions to prevent any shortage of stores by hiring a watchman from his own pocket and also paid the clerk in charge of the stores extra money monthly out of his own pocket to be most zealous in his duty. The board's report further shows that wastage on board which could not be prevented occurred.

Master Easton has a long and previously clear record with this department, and in view of the fact that the surety upon the bond of Master Eaton, if called upon to make good the deficiency, would undoubtedly then proceed against the principal, Master Easton, and also in view of the fact that Master Easton has been punished by being placed on indefinite furlough without pay, it is recommended that the relief asked for in the above-mentioned bill be granted.

Mr. STAFFORD. Mr. Speaker, I shall give the benefit of the doubt in favor of the captain in view of the straitened circumstances in which he is.

The SPEAKER pro tempore. There being no objection, the Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to eliminate the checkage, amounting to $3,842.50, lodged against the account of Richard J. Easton, late master U. S. S. *Proteus.*

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. SMITH of Idaho, a motion to reconsider the vote by which the bill was passed was laid on the table.

MILES SWIFT.

The next business in order on the Private Calendar was the bill (H. R. 7234) for the relief of Miles Swift.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill. [After a pause.] The Chair hears none.

The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the naval record of Miles Swift, who served in the United States Navy from November 12, 1861, until August 15, 1864, be corrected, and that in the administration of the pension laws he shall hereafter be held and considered to have been honorably discharged from the naval service of the United States: *Provided*, That no back pension, pay, bounty, or other emolument shall accrue or become due or payable by virtue of the passage of this act.

Mr. SEARS. Mr. Speaker, I move to strike out the last word. Mr. Speaker, I notice we are passing a good many bills here, and I have no objection to this bill, appropriating money to certain people because the Government was to blame. I wonder if any Member of the House can tell us how long it will be before these parties get their money. I have a claim which I took up with the Treasury Department of something like $400 overpaid as income tax. The department admits that this amount was overpaid. I followed it for about a year, and they tell me now they will pay this four hundred and some odd dollars when Congress shall appropriate about $12,000,000 to meet just such cases. I was wondering how far we were getting when we appropriate sums of $3,000 to these parties toward the actual payment of just claims? I did not want to object to this bill, and shall not, for I believe this and similar bills should be considered on their merits and not simply delayed by an objection. These are all meritorious. I have listened to them, and I think something should be done to reimburse people who have overpaid the Government where the Government admits it. I have several similar bills, but it seems impossible to reach them.

I have one bill, Mr. Speaker, that I have had up for three sessions of Congress. I have urged a favorable report on it, I have received favorable reports on it, but I have never been able to reach it on the calendar. It has passed the Senate, I think, once or twice. My good friend, the chairman of this committee, has been very nice and courteous to me; he is an able chairman and is in no way to blame for these conditions, as the objection of any Member is all that is necessary. While the Treasury Department admits they collected something like $1,000 more than they ought to have collected, and that the party ought to be reimbursed, I can not get anywhere with it. These people are writing me stating that it seems to them that the Government should be just as fair to them as the Government expects them to be to it.

Mr. ROACH. Will the gentleman yield?

Mr. SEARS. I yield.

Mr. ROACH. I will state to the gentleman that I recently had a claim of $900 liability, and that the payment was ordered, and that within the last few days the payment has been made.

Mr. SEARS. I want to thank the gentleman. But I wish to say that it was only day before yesterday that I was assured by them that although mine had been up for many, many months, it could not be paid without the appropriation that I have mentioned.

The SPEAKER pro tempore. The time of the gentleman from Florida has expired.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. SWING, a motion to reconsider the vote by which the bill was passed was laid on the table.

ELLIS B. MILLER.

The next business on the Private Calendar was the bill (H. R. 7589) for the relief of Maj. Ellis B. Miller.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Reserving the right to object, I would like to inquire of some gentleman whether this bill is akin to those two bills that were passed earlier in the afternoon granting an advanced rank by reason of failure to qualify in examinations?

Mr. STEPHENS. I do not think it is of the same character. The gentleman from Iowa [Mr. SWEET], I think, can explain it to you.

Mr. SWEET. I will say to the gentleman from Wisconsin that I do not think this bill is exactly like the other two bills. When the examination was held he was in the Philippines. It was held before the board under the rules and regulations as they were understood at that time in the Philippines, no notice having been received of any change having been made in them. Meanwhile, before the report on the examination was announced it was reported that the rules had been changed. He was ordered to the United States and came back here and took the examination again. He passed the examination physically and mentally, but it happened that there was an unpaid tailor's bill of something like $234, which was called to the attention of the examining board. Upon that basis he did not receive promotion, although he passed the examination physically and mentally in every respect.

Mr. STAFFORD. How long had he been out of the Naval Academy when he failed to pay his tailor's bill?

Mr. JOHNSON of Washington. Is this a bill to pay a tailor's bill?

Mr. STAFFORD. This lieutenant was refused promotion for a year because he failed to pay a naval tailors' bill.

Mr. JOHNSON of Washington. That is just it, and I am afraid if we get too busy in these bills we will get into trouble with one branch of the Government. The investigation shows

that the Government consists of the President, the Senate, and the Director of the Budget, and if we pass a bill such as this we are liable to have it turned down by the Director of the Budget. [Laughter.]

Mr. SWEET. I will say to the gentleman that this is not a question for the Director of the Budget.

Mr. JOHNSON of Washington. Then it is a proper bill for the House to pass?

Mr. SWEET. It is. And I may say in this connection that the Secretary of the Navy has approved this bill. At one time it passed the Senate but was not passed by the House. In fact, it never came before the House. It has also been unanimously recommended by the committee, and I do not see any reason why it should not pass.

Mr. STAFFORD. Mr. Speaker, while I do not approve of the general policy of restoring grades or advancing naval officers after they have been denied promotion by reason of some infraction of the regulations, yet when the Secretary of the Navy states positively to the Committee on Naval Affairs that he earnestly recommends that such be done, of course I submit, and I withdraw the objection.

The SPEAKER pro tempore. The objection being withdrawn, the Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 7589) for the relief of Maj. Ellis B. Miller.

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to nominate and, by and with the advice and consent of the Senate, commission Ellis B. Miller as a lieutenant colonel in the United States Marine Corps, as of date of June 4, 1920: *Provided*, That the said Ellis B. Miller shall take rank on the lineal list of lieutenant colonels in the United States Marine Corps next after James K. Tracy, the officer who immediately preceded him on the list of first lieutenants on May 13, 1908: *Provided further*, That the said Ellis B. Miller shall be carried as an additional number in the grade to which he may be appointed under this act, or at any time thereafter promoted: *And provided further*, That the said Ellis B. Miller shall not by the passage of this act be entitled to any back pay or allowances of any kind.

Also the following committee amendments were read:

On page 1, after the words "*Provided further,*" in line 11, strike out: "That the said Ellis B. Miller shall be carried as an additional number in the grade to which he may be appointed under this act, or at any time thereafter promoted."

And insert:

"That the said Ellis B. Miller shall establish to the satisfaction of the Secretary of the Navy by examination, pursuant to law, his physical, mental, moral, and professional fitness to perform the duties of a lieutenant colonel in the United States Marine Corps: *And provided further.*"

And on page 2, line 9, after the word "kind," insert:

"*And provided further*, That nothing contained in this act shall operate to increase the number of lieutenant colonels in the United States Marine Corps as now authorized by law."

The SPEAKER pro tempore. Without objection, the committee amendments are agreed to.

There was no objection.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. STEPHENS, a motion to reconsider the vote by which the bill was passed was laid on the table.

J. S. CARPENTER.

The next business on the Private Calendar was the bill (H. R. 3508) for the relief of Capt. J. S. Carpenter, Pay Corps, United States Navy.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 3508) for the relief of Capt. J. S. Carpenter, Pay Corps, United States Navy.

Be it enacted, etc., That the accounting officers of the Treasury Department be, and they are hereby, authorized and directed to allow Capt. J. S. Carpenter, Pay Corps, United States Navy, the sums of $168.48, the same being the sum disallowed by said accounting officers in the accounts of said naval officer on account of payments made on or about November 8, 1918, through error, on forged pay receipts, of money due to the following-named men in the amounts set opposite their respective names: No. 2960, J. F. De Mille, $49.98; No. 2369, A. J. Johnson, $35.96; No. 3148, J. G. Lee, $40.94; and No. 8490, J. J. Murphy, $41.60, for which said Capt. J. S. Carpenter, Pay Corps, United States Navy, was found not to be responsible.

Also the following committee amendments were read:

Strike out lines 1 and 2 on page 1 and insert:

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*"

Line 6, strike out the word "Captain" and insert in lieu thereof the words "Rear Admiral."

Line 7, strike out the word "Pay" and insert in lieu thereof the word "Supply."

In line 5, on page 2, strike out the word "Captain" and insert in lieu thereof the words "Rear Admiral."

In line 6, strike out the word "Pay" and insert in lieu thereof the word "Supply."

The SPEAKER pro tempore. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read as follows:

A bill for the relief of Rear Admiral J. S. Carpenter, Supply Corps, United States Navy.

On motion of Mr. STEPHENS, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER pro tempore. The Clerk will report the next bill.

J. L. HOLMES.

The next business on the Private Calendar was the bill (S. 513) granting a deed of quitclaim and release to J. L. Holmes of certain land in the town of Whitefield, Okla.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I wish to inquire what the equities are that should prompt the Government to deed these lots which are in the Government's name to the claimant as named in this bill?

Mr. WHITE of Kansas. I would like to state, Mr. Speaker, in reply to the inquiry of the gentleman from Wisconsin, that the reason for the passage of this bill is very clearly set forth from the Assistant Secretary of the Interior, under date May 5, 1921. I do not believe, Mr. Speaker, that it will be necessary to read this report beyond the statement briefly to the effect that the deed was issued through a mistake by the townsite commissioner. This is stated in the report. The Government was a preferential purchaser because there were improvements on this land. But it is stated in this report, as the gentleman will see, on the second page, the Government did not own, and never had owned, the improvements, and therefore had no preferential right to buy the land and in fact did not buy it as before stated:

It is apparent from information obtained that the United States did not purchase the lots and never paid for the improvements, and that therefore the issuance, upon the payment made by Mr. Farrel, of the deed conveying the property to the United States was a mistake.

Mr. STAFFORD. As I now recall, these lots were conveyed to the Government with some sort of a building that was constructed through the donations of the local people for the use of the Government agency.

The value of the building was something like $500, and the Government by reason of that fact took a preferential right to purchase them. I would like to inquire of the gentleman as to what the real value of these lots is to-day. Of course, if it is an insignificant question we will pass it over hurriedly.

Mr. WHITE of Kansas. I will say to the gentleman that the Government made no claim whatever and disavows any claim. The only necessity for this legislation is that through a mistake, as stated here, upon the payment of the purchase price, which is fixed in the law authorizing the organization of these townsites, which it is not necessary to refer to—I presume the gentleman is familiar with the act.

Mr. STAFFORD. What is the value of the lot to-day?

Mr. WHITE of Kansas. I could not tell you, sir. Nor is the question of value in any way involved.

Mr. BLAND of Indiana. Mr. Speaker, I demand the regular order.

Mr. SMITH of Idaho. Mr. Speaker, I hope that the gentleman from Indiana will not insist upon the regular order for a moment.

The SPEAKER pro tempore. The regular order is, Is there objection?

Mr. STAFFORD. Mr. Speaker, the bill is rather of a nonessential character, and I do not object.

The SPEAKER pro tempore. The Chair hears no objection. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to execute, acknowledge, and deliver, in the name of the United States of America, a deed of quitclaim and release to J. L. Holmes, of Whitefield, Okla., his heirs and assigns, of all the right, title, and interest in and to lots 2 and 3, block 14, in town site of Whitefield, Okla., which was granted to the United States of America by a deed from the Choctaw and Chickasaw Nations to the United States of America, dated the 21st day of September, A. D. 1904, and approved by the Secretary of the Interior, said lots having been erroneously conveyed to the United States instead of E. E. Farrell, who subsequently sold and transferred same to J. L. Holmes.

With a committee amendment as follows:

On page 2, line 3, after the word "of," insert the word "to."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill as amended.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. WHITE of Kansas, a motion to reconsider the last vote was laid on the table.

The SPEAKER pro tempore. The Clerk will read the next bill.

LIEUT. COL. HENRY C. DAVIS.

The next business on the Private Calendar was the bill (H. R. 5210) for the relief of Lieut. Col. Henry C. Davis.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. I object.

The SPEAKER pro tempore. The gentleman from Wisconsin objects. The Clerk will report the next bill.

AARON KIBLER.

The next business on the Private Calendar was the bill (H. R. 478) for the relief of Aaron Kibler.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman who introduced this bill give to the House a brief statement of the facts that warrant its adoption?

Mr. SMITH of Idaho. My colleague [Mr. FRENCH], who introduced the bill, is sick and absent from the House. In examining the bill and report, I think the real merit lies in the fact that this soldier served three years and was honorably discharged, and that he was absent without authority during his second enlistment.

Mr. STAFFORD. I now recall the bill. The testimony is that his superior officer was one of that unruly kind that made life miserable for the privates, and that the former attorney general of Iowa referred to him as being of a worthless, drunken sort. I think there may be some little basis for this soldier deserting at the close of the war after three years' service. I withdraw the objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That in the administration of the pension laws and the laws governing the National Home for Disabled Volunteer Soldiers, or any branch thereof, Aaron Kibler shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of Company G, Sixth Regiment Iowa Volunteer Infantry: *Provided*, That no pension shall accrue prior to the passage of this act.

With a committee amendment, as follows:

Line 7, after the word "States," insert the words "in his final service."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, to add at the end of line 10 the words "and no bounty, pay, or other emoluments shall accrue to him."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

Mr. SMITH of Idaho. Mr. Speaker, will the gentleman, instead of that amendment, insert the usual amendment after the word "pension"—the words "bounty or other emoluments"? That is the usual language.

Mr. STAFFORD. There are some bills which carry the phraseology of the amendment I have just proposed. I withdraw that amendment and offer the following:

Insert after the word "pension" the words "bounty, pay, or other emoluments."

The SPEAKER pro tempore. Without objection, the amendment proposed by the gentleman from Wisconsin will be agreed to.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. SMITH of Idaho, a motion to reconsider the vote by which the bill was passed was laid on the table.

ALVAH B. DOBLE.

The next business on the Private Calendar was the bill (H. R. 5768) to amend and correct the military record of Alvah B. Doble.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. The gentleman from Wisconsin asks unanimous consent that this bill be passed over without prejudice. Is there objection?

There was no objection.

SEARCY HOSPITAL FOR THE COLORED INSANE, ALABAMA.

The next business on the Private Calendar was the bill (H. R. 6961) granting certain lands to the State of Alabama for the use of the Searcy Hospital for the Colored Insane.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object——

Mr. BLAND of Indiana. I demand the regular order.

The SPEAKER pro tempore. The gentleman from Indiana demands the regular order. Is there objection?

Mr. STAFFORD. I object.

Mr. McDUFFIE. Will the gentleman withhold his objection?

Mr. STAFFORD. The gentleman from Alabama should address his request to the gentleman from Indiana [Mr. BLAND].

The SPEAKER pro tempore. The gentleman from Indiana demanded the regular order and the Chair put the question, and the gentleman from Wisconsin objected.

Mr. McDUFFIE. Mr. Speaker, I ask the gentleman from Indiana to withhold his demand and let us take up this bill.

Mr. BLAND of Indiana. I will withdraw it for a moment.

Mr. STAFFORD. Mr. Speaker, I reserved the objection in order to ascertain from the gentleman from Alabama some information which I think the House ought to have. I desire to ask the gentleman from Alabama whether these lands are valuable or not?

Mr. McDUFFIE. No; these lands lie in the bed of a stream. The State of Alabama has a very splendid institution for the care of the colored insane at Mount Vernon, Ala. It was at one time an Army hospital. The site was selected in 1830 under the direction of the President.

In 1895 Congress directed the Secretary of War to convey to the State of Alabama this reservation, which was an abandoned military reservation, to be used for public purposes. It is a matter of interest probably that the Government used it until 1895 for the purpose of keeping confined some Apache Indians, among whom was their chief, Geronimo. Since that time the institution has been used by the State of Alabama for a hospital for the colored insane. These 180 acres of land adjoin the reservation. The land is a part of the reservation which has been abandoned and is practically worthless.

Mr. STAFFORD. Under general law this land could have been sold upon public appraisal, and I suppose the reason why it has not been sold is because it is not of any value.

Mr. McDUFFIE. Practically of no value whatsoever. It is simply desired to put a fence around it and keep depredators off the property.

Mr. STAFFORD. I withdraw the reservation.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The bill was read as follows:

Be it enacted, etc., That the following-described lands contiguous to the Searcy Hospital for the Colored Insane, to wit, all of fractional section one, township one north, range one west, Saint Stephen's meridian, south of Cedar Creek and west of John Chastang's private land grant, containing 181.41 acres, be, and the same are hereby, granted to the State of Alabama for the use of the said hospital, and the Secretary of the Interior is hereby directed to issue a patent to said State for the same: *Provided*, That the said State shall not have the right to sell or convey the lands herein granted, or any part thereof, or to devote the same to any other purpose than as hereinbefore described, and in the event of attempted alienation or failure to use said lands for the purposes hereinbefore described the same shall revert to the United States.

With the following committee amendment:

On page 1, line 5, after the word "west" insert the words "Saint Stephen's meridian."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. McDUFFIE, a motion to reconsider the vote by which the bill was passed, was laid on the table.

G. FRED ROACH AND OTHERS.

The next business on the Private Calendar was the bill (H. R. 7780) for the relief of G. Fred Roach and others.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to obtain some general information about the operation of the desert-land law.

Mr. VESTAL. Mr. Speaker, I will ask the gentleman from Idaho [Mr. SMITH] to make that statement.

Mr. STAFFORD. I have read the report, and it inclines me to favor the bill; but I should like to inquire of the gentleman from Idaho as to what is required in order to perfect an entry and get title under the desert-land law.

Mr. SMITH of Idaho. Mr. Speaker, the desert land law provides that an entry may be made on arid lands, or lands which require irrigation in order to make them productive, to the extent of 320 acres. It also provides that each year for three years there shall be expended upon the land $1 for each acre entered, and within five years from date of entry water must be placed upon the land in sufficient quantity to raise crops in order to secure title.

Mr. STAFFORD. That is sufficient information for my purposes, because the bill shows that these men have a meritorious defense for not complying with the requirements of the law, because they entered service in the World War. I withdraw the reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The bill was read as follows:

Be it enacted, etc., That G. Fred Roach, who made desert-land entry Salt Lake City serial 016552 for the east half southeast quarter, southwest quarter southeast quarter, southeast quarter southwest quarter, and the west half southwest quarter of section 13, and the east half southeast quarter section 14, township 21 south, range 5 west, Salt Lake meridian; Grant H. Geddes, assignee of Richard S. Webber, who made desert-land entry Salt Lake City serial 016516 for the north half section 24, township 21 south, range 5 west, Salt Lake meridian; A. William Malone, who made desert-land entry Salt Lake City serial 016517 for the south half section 24, township 21 south, range 5 west, Salt Lake meridian; and Mabel S. Roach, who made desert-land entry Salt Lake City serial 016553 for the northeast quarter, east half northwest quarter, and northeast quarter southwest quarter section 25, township 21 south, range 5 west, Salt Lake meridian, all of which entries were allowed on April 6, 1916, be, and they are hereby, authorized to complete title to the lands embraced in their respective entries upon the payment of the sum of $1.25 per acre for the lands so entered to the receiver of the United States land office at Salt Lake City, Utah, within 90 days from the approval of this act.

With the following committee amendment:

On page 2, line 14, after the word "payment," insert "of any balance unpaid."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. VESTAL, a motion to reconsider the vote by which the bill was passed was laid on the table.

OLIVER A. CAMPBELL.

The next business on the Private Calendar was the bill (H. R. 5125) for the relief of Oliver A. Campbell.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. The gentleman from Wisconsin asks unanimous consent that this bill be passed over without prejudice. Is there objection?

There was no objection.

SALE OF LANDS ON WIND RIVER RESERVATION.

The next business on the Private Calendar was the bill (H. R. 4069) authorizing the Secretary of the Interior to sell certain lands on the Wind River Reservation, Wyo.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. I reserve the right to object.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. JOHNSON of Washington. This is a bill for the sale of lands on Wind River Reservation, Wyo. The report contains nothing from the Secretary of the Interior in regard to this question I particularly want to ask, which is, where do the proceeds go, into the tribal fund of these Indians or into the Federal Treasury?

Mr. STAFFORD. I should say as a general proposition that funds derived from the sale of lands belonging to Indians would redound to the benefit of the Indians.

Mr. JOHNSON of Washington. And go into the fund held in the Indian Bureau which is withheld from the Indians.

Mr. BLAND of Indiana. Mr. Speaker, I call for the regular order.

The SPEAKER pro tempore. The gentleman calls for the regular order. Is there objection?

Mr. STAFFORD. I object.

ALBERT H. RAYNOLDS.

The next business on the Private Calendar was the bill S. 901, an act for the payment of certain money to Albert H. Raynolds.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. STAFFORD. I object.

AMENDING THE INDIAN APPROPRIATION BILL.

The next business on the Private Calendar was the bill S. 1894, an act to amend section 26 of an act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs," etc.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 26 of the act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1922," approved March 3, 1921, be, and the same is hereby, amended by adding to the list of members of the Quapaw Tribe therein enumerated, after the words Lucy Lottson Beaver, the names of three omitted members, to wit, Minnie Griffin, Lewis Quapaw, and Leona Quapaw, in order that the said named Indians may have the full benefit of the 25-year extension period provided by the act.

The SPEAKER pro tempore. The question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

NASH MOTORS CO.

The next business on the Private Calendar was the bill (H. R. 3279) to refund certain duties paid by the Nash Motors Co.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. UNDERHILL. Mr. Speaker, I ask unanimous consent that this bill be passed over.

The SPEAKER pro tempore. Is there objection?

There was no objection.

M. FEITEL HOUSE WRECKING CO.

The next business on the Private Calendar was the bill (H. R. 1372) for the relief of the M. Feitel House Wrecking Co.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the M. Feitel House Wrecking Co., out of any money in the Treasury not otherwise appropriated, the sum of $282.41, same representing a shortage of 236 cords of wood sold by the Government but never delivered to said M. Feitel House Wrecking Co., on August 18, 1920.

With the following committee amendment:

Strike out the figures in line 6, page 1, "$282.41," and insert "$292.41."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DUPRÉ, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ROLPH NAVIGATION & COAL CO.

The next business on the Private Calendar was the bill (S. 1408) authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collision.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. GRAHAM of Illinois. Reserving the right to object, what is the necessity of this bill? This seems to be a bill to authorize a company to sue in the district court of the United States. Under the existing law can not the company go into the Court of Claims?

Mr. EDMONDS. No; it is a case of collision between a United States boat and a private ship of some kind. There is a dispute as to the cause of the collision; neither side agrees that they were in the wrong, and the only way and place to settle that is in a court of admiralty.

Mr. GRAHAM of Illinois. There is no relief under existing law?

Mr. EDMONDS. None at all; we have passed hundreds of these bills.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

An act (S. 1408) authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collisions.

Be it enacted, etc., That the claim of Rolph Navigation & Coal Co., a corporation organized and existing under and by virtue of the laws of the State of California, with its principal place of business in the city and county of San Francisco, in said State, owner of the barkentine *Hesperian*, for damages caused by collision between said vessel and the destroyer *Rizal*, a naval vessel belonging to the United States, in the Bay of San Francisco on the 26th day of November, 1919, may be sued for and submitted to the United States district court in and for the northern district of California, sitting as a court in admiralty, and acting under the rules in admiralty, governing said court, in an action in which said Rolph Navigation & Coal Co. is hereby authorized to commence against the United States for the recovery of said damages. Said court shall have jurisdiction to hear and determine said action and enter its judgment or decree therein for the amount of such damages, if any, as shall be found to be due against the United States in favor of said Rolph Navigation & Coal Co., or against the Rolph Navigation & Coal Co. in favor of the United States, upon the same principles and according to the measure of liability prevailing in like cases in admiralty between private parties and with the same right of appeal: *Provided*, That such notice of said action shall be given upon or after the commencement of said action to the Attorney General of the United States, as may be provided by order of said court, and it shall be the duty of the Attorney General upon receipt of such notice to cause the United States attorney in such district to appear for and defend the United States in such action: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

SEC. 2. That the claim of said Rolph Navigation & Coal Co., owner of the coal barge *Alden Besse*, for damages caused by collision between said vessel and the destroyer *Buchanan*, a naval vessel belonging to the United States, in the Bay of San Francisco on the 1st day of September, 1919, may be sued for and submitted to the United States district court in and for the northern district of California, sitting as a court of admiralty, and acting under the rules in admiralty governing said court, in an action which said Rolph Navigation & Coal Co. is hereby authorized to commence against the United States for the recovery of said damages. Said court shall have jurisdiction to hear and determine said action and enter its judgment or decree therein for the amount of such damages, if any, as shall be found to be due against the United States in favor of said Rolph Navigation & Coal Co., or against the Rolph Navigation & Coal Co. in favor of the United States, upon the same principles and according to the measure of liability prevailing in like cases in admiralty, between private parties, and with the same rights of appeal: *Provided*, That such notice of said action shall be given upon or after the commencement of said action to the Attorney General of the United States, as may be provided by order of said court, and it shall be the duty of the Attorney General, upon receipt of such notice, to cause the United States attorney in such district to appear for and defend the United States in such action: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

SEC. 3. That said Rolph Navigation & Coal Co. may unite the several causes of action arising out of the aforesaid collisions in the same complaint or libel.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ARTHUR J. BURDICK.

The next business on the Private Calendar was the bill (H. R. 4356) for the relief of Arthur J. Burdick.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I ask that this bill be passed without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

JOHN BURKE.

The next business on the Private Calendar was the bill (H. R. 6523) for the relief of John Burke, former Treasurer of the United States, for lost bonds without the fault or negligence on the part of said former Treasurer.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. JOHNSON of Mississippi. Mr. Speaker, I ask that the bill be first reported.

The SPEAKER pro tempore. Is there objection to the bill being reported [After a pause.] The Chair hears none, and the Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay the sum of $5,000, or so much thereof as may be necessary, for the purchase, at not more than par and accrued interest, of second Liberty loan converted 4¼ per cent bonds to the face amount of $5,000, and for the payment of an amount of interest equivalent to the interest of $5,000, face amount of such bonds, from November 15, 1918, to the interest payment date next preceding the delivery of such bonds, for the purpose of the relief of John Burke, former Treasurer of the United States, on account of the loss of second Liberty loan converted 4¼ per cent coupon bonds Nos. 1141320, 1141321, 1141322, 1141323, and 1141324, in the denomination of $1,000 each, contained in a sealed registered package forwarded to the Treasury Department by the Peoples National Bank, of Hillsboro, Ill., to be held as security for deposits of postal savings funds to be placed with said bank, which registered package containing said bonds was lost without fault on the part of the said John Burke, former Treasurer of the United States.

That the Secretary of the Treasury be, and he is hereby, authorized to pay the sum of $2,950, or so much thereof as may be necessary, for the purchase, at not more than par and accrued interest, of second Liberty loan bonds to the face amount of $2,700, and for the payment of an amount of interest equivalent to the interest on $2,700 face amount of such bonds from May 15, 1920, to the interest payment date next preceding the delivery of such bonds, and the sum of $250, or so much thereof as may be necessary, to be used by the Secretary of the Treasury for the purchase, at not more than par and accrued interest, of third Liberty loan bonds to the face amount of $250 and for the payment of an amount of interest equivalent to the interest on $250 face amount of such third Liberty loan bonds from March 15, 1920, to the interest payment date next preceding the date of delivery of such bonds for the purpose of the relief of the Treasurer of the United States on account of the loss of second Liberty loan coupon bonds Nos. 12603, 12604, 12605, and 378701, in denominations of $500 each, 704008, 704024, 830898, 830922, 2087501, and 2087515, in denominations of $100 each, 1230424 and 1230425, in denominations of $50 each, and third Liberty loan coupon bonds Nos. 333481 and 333482, in denominations of $100 each, and 60891, in the denomination of $50, representing a part of the contents of a sealed registered package forwarded to the Treasury Department by the First National Bank of Fairmount, N. Dak., to be exchanged for registered bonds of like denominations, which registered package was lost without fault or negligence of John Burke, former Treasurer of the United States.

With the following committee amendments:

Page 4, lines 4 and 5, strike out the words "sixty thousand eight hundred and ninety-one" and insert in lieu thereof the words "six hundred and eight thousand one hundred and ninety-one."

Page 4, line 7, strike out the words "representing a part."

The SPEAKER pro tempore. Is there objection to the present consideration of the bill.

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

CORRECTION OF ACCOUNT OF JOHN BURKE.

The next business on the Private Calendar was the bill (H. R. 6524) to permit the correction of the general account of John Burke, former Treasurer of the United States.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the proper accounting officers of the Treasury Department are authorized and directed to examine and state an account of the items of unavailable funds as set forth in House Document No. 756, Sixty-sixth Congress, second session, and letter from the Secretary of the Treasury addressed to the Speaker of the House of Representatives, dated January 5, 1921, and to credit the general account of John Burke, former Treasurer of the United States, with the amount thereof: *Provided*, That the credit herein authorized shall be made in such manner as to debit the individual or depositary chargeable therewith upon the books of the Treasury Department: *Provided further*, That upon the recovery or payment of any part of said unavailable funds the same shall be deposited in the Treasury in such manner as to debit the Treasurer of the United States in his general account and to credit the individual or depositary charged therewith upon the books of the Treasury Department.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. Can the chairman of the committee give any explanation as to the reason why the Guaranty Trust Co. refused to pay the forged check which it cashed, when all of the other banks acknowledged as to other checks that the indorsement was a forgery and paid back the sum to the Government?

Mr. EDMONDS. I think that the case is now on appeal in the court in New York. Is not that the case the gentleman speaks of?

Mr. STAFFORD. I direct the gentleman's attention to the report on page 4:

Checks stolen from outgoing office mail of disbursing officer, raised in amounts and cashed on forged indorsements, $5,027.68.

Some time during the month of December, 1918, one Edward Eric Verrill, an officer in the Army, stole checks after the same had been put in the outgoing mail box of Disbursing Officer James E. Young, Quartermaster Corps, symbol No. 20258, and after getting cashiers in different banks to O. K. the checks he raised them and then cashed them until he received approximately $65,000. These checks, of course, came into the Treasurer's Accounting Division and reclamation was made upon the banks, and all of the banks involved recognized their liability and refunded the amounts paid on the checks excepting the Guaranty Trust Co. of New York, which refused to pay.

Legally the Guaranty Trust Co. was just as liable to refund to the Government as these other banks, and I am inquiring the reason for the Guaranty Trust Co. taking that exceptional position.

Mr. EDMONDS. In answer to the gentleman I would say that I went over all these cases personally with Mr. Burke——

Mr. STAFFORD. There is no question but that Mr. Burke should be relieved of responsibility, but as far as the instant case is concerned the Government is crediting the account of the Treasurer with the amount paid by him, whereas in the other instances the Government has received the money from the banks.

Mr. EDMONDS. I call the gentleman's attention to the fact that this man has been arrested, and they claim to have sufficient security in his automobile and other effects.

Mr. STAFFORD. Oh, yes; that same claim might have been raised by all of these other banks who cashed the various checks of which this man was a forger, but the Guaranty Trust Co. was the only one that objected to meeting this legal obligation in cashing a forged check drawn on the Government.

Mr. EDMONDS. I am afraid that I can not answer the gentleman's question.

Mr. STAFFORD. I do not think anybody can answer it. It is only a case where a great corporation declines to pay its legal obligation to the Government, whereas all of the other banks have paid their legal obligations and credited it to profit and loss.

Mr. EDMONDS. I would say to the Members of the House that the country is to be congratulated upon having as faithful and honest a servant as Mr. Burke. He personally came up to the committee and went over all these different accounts with us. He may have told me something about the Guaranty Trust Co. case, but I do not remember what it is now.

Mr. STAFFORD. I do not wish my inquiry to be taken as having any reflection on John Burke, because there can not be any reflection upon him. The reflection is on the Guaranty Trust Co. for failing to meet its legal obligation.

Mr. CROWTHER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CROWTHER. Is this discussion in order after the vote has been announced by the Chair upon the engrossment and third reading of the bill?

The SPEAKER. The vote was not announced.

Mr. CROWTHER. Did not the Chair announce the vote?

The SPEAKER. No.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BULWINKLE. It appears in the report that this man who forged checks had the cashiers in the various banks O. K. the checks before he raised them, but in the forgery of the checks which the Guaranty Trust Co. cashed the cashier did not O. K. them, and he did not raise them. He did not get the cashier of that company to O. K. the checks. The gentleman will find that in the next paragraph, on page 4 of the report.

Mr. STAFFORD. That is a different case, is it not?

Mr. BULWINKLE. No; that goes on in explanation of this.

Mr. STAFFORD. It explains the reason why the Guaranty Trust Co. failed to pay?

Mr. BULWINKLE. I read from the report:

The amount of the checks, No. 50041, dated December 12, 1918, for $95.44, and No. 50047, dated December 12, 1918, for $4,932.24, which were cashed by the Guaranty Trust Co., and for which they refused to settle, is $5,027.68. These checks were made out before they were put in the mail box, and hence the indorsements are forgeries, as well as the amounts to which the checks were raised.

The cashier of the Guaranty Trust Co. did not O. K. the checks before they were cashed, and that is the reason the Guaranty Trust Co. did not pay.

Mr. STAFFORD. That is a distinction without a difference, I believe. Mr. Speaker, I withdraw the pro forma amendment.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

HEIRS AND ASSIGNS OF N. FERRO.

The next business in order on the Private Calendar was the bill (H. R. 8217) to authorize the payment of $872.96 to the Government of Italy for the relief of the heirs and assigns of N. Ferro.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none.

The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay, upon the request of the Secretary of State, to the Italian Government, out of any money in the Treasury not otherwise appropriated, the sum of $872.96 to reimburse the heirs and assigns of N. Ferro, deceased, formerly Italian consular agent at Gulfport, Miss., for expenses incurred in repairing the damages to the Italian bark *Fenice*, caused by collision with the United States barge *No. 15*.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

RELIEF OF THE CHINESE GOVERNMENT.

The next business in order on the Private Calendar was the bill (H. R. 8221) for the relief of the Chinese Government.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I would like to ask the chairman of the Committee on Claims if this bill includes any sum for the payment on account of any death of any subject of the Chinese Government?

Mr. EDMONDS. It does.

Mr. JOHNSON of Washington. How much?

Mr. STAFFORD. Fifty-three dollars and fifty-five cents United States currency.

Mr. JOHNSON of Washington. Well, over on the next page, Calendar No. 109, there is a bill for the relief of the widow of Chang Tshu Tsao at Hankow, China. This is a case where a sailor threw Mr. Tsao overboard when he went to the ship to collect a little money——

Mr. BLAND of Indiana. Mr. Speaker, I demand the regular order.

Mr. JOHNSON of Washington. And we propose to pay this widow $500.

Mr. EDMONDS. That is right.

Mr. JOHNSON of Washington. I do not object, but I think the chairman of the Committee on Foreign Affairs should be here to look after these bills.

Mr. EDMONDS. It is not a bill of the Committee on Foreign Affairs; it is a claims bill.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Chinese Government, out of any money in the United States Treasury not otherwise appropriated, the sum of $2,413.79 for damages resulting from the sinking of a Chinese junk by the U. S. S. *Palos* in the Yangtse River, China, on October 19, 1917.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

OWNERS OF STEAMSHIP "TEXAS."

The next business in order on the Private Calendar was the bill (S. 2153) authorizing the owners of the steamship *Texas* to bring suit against the United States of America.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the claim of the owners of the steamer *Texas*, arising out of a collision between said steamer and the United States steamer *Frederick der Grosse*, off Tompkinsville, Staten Island, in the harbor of New York, on the 3d day of September, 1917, for and on account of the losses alleged to have been suffered in said collision by the owners of said steamer *Texas* by reason of damages to and detention of said steamer, may be submitted to the United States District Court for the Southern District of New York, under and in compliance with the rules of said court sitting as a court of admiralty; and that the said court shall have jurisdiction to hear and determine the whole controversy and to enter judgment or decree for the amount of the legal damages sustained by reason of said collision, if any shall be found to be due either for or against the United States, upon the same principle and measure of liability, with costs as in like cases in admiralty between private parties, with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

CANADIAN PACIFIC RAILWAY CO.

The next business in order on the Private Calendar was the bill (H. R. 7923) for the relief of the Canadian Pacific Railway Co.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted etc., That the Secretary of the Treasury is hereby authorized and directed to pay to the Canadian Pacific Railway Co., out of any money in the Treasury not otherwise appropriated, the sum of $336, and such sum is hereby appropriated to reimburse the Canadian Pacific Railway Co. for customs fine in connection with shipment of steel castings forwarded to Seattle under Vanceboro immediate transportation entry No. 168, of August 3, 1918, erroneously imposed by the collector of customs at Vanceboro, Me.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

MRS. E. H. JACKSON.

The next business in order on the Private Calendar was the bill (H. R. 8173) for the relief of Mrs. E. H. Jackson.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $43, which by her was paid to John J. Langston, a recruiting sergeant in the United States marine service, for the purpose of defraying the transportation home of her son, and which amount the said sergeant appropriated to his own use, and thereafter deserted, and is now a deserter, there being more than a sufficient amount due by the Government to said sergeant at the time of his desertion to reimburse the said Mrs. E. H. Jackson, but which pay was forfeited to the Government at the time said sergeant deserted.

Mr. CHINDBLOM. Mr. Speaker, I would like to inquire whether the gentleman from Texas is here; if so, I would like to ask him a question.

Mr. BOX rose.

Mr. CHINDBLOM. I mean the gentleman who introduced the bill?

Mr. BOX. I did not introduced the bill.

Mr. CHINDBLOM. I wanted to know if any effort has been made to collect this money from the sergeant?

Mr. EDMONDS. The sergeant is still a deserter. We have not been able to find him. He is a deserter now.

Mr. CHINDBLOM. Was any effort ever made to get the money from him?

Mr. EDMONDS. We have not found him yet.

Mr. CHINDBLOM. There is some effort to find the gentleman from Texas.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

WIDOW OF CHANG TSU TSAO.

The next business in order on the Private Calendar was the bill (H. R. 8216) for the relief of the widow of Chang Tsu Tsao, of Hankow, China.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. SANDERS of Indiana. Mr. Speaker, reserving the right to object, is not payment usually made to the Government in place of the individual?

Mr. EDMONDS. In this case the form of the bill was recommended by the department; that is all I know.

Mr. SANDERS of Indiana. It occurred to me the usual practice was to make the money payable to the Chinese Government.

Mr. EDMONDS. I believe representation was made by the Government to the State Department and the State Department proposed this form of the bill. They evidently knew what they were doing and they said they wanted to hurry it out because it would aid our relations between the two nations.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That an appropriation is hereby authorized, out of any money in the Treasury not otherwise appropriated, of the sum of $1,000, to be paid to the widow of Chang Tsu Tsao, a Chinese citizen of Hankow, China, as indemnity for the death of her husband, which was caused by his being thrown from a vessel of the United States Navy by an enlisted man of said Navy on or about September 4, 1920.

The committee amendment was read as follows:

In line 5, page 1, strike out "$1,000" and insert "$500."

The question was taken and the amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

BUFFALO HOUSEWRECKING & SALVAGE CO.

The next business on the Private Calendar was the bill (H. R. 1721) to authorize the refund of a part of the purchase price of Camp Mills to the Buffalo Housewrecking & Salvage Co.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. CRAMTON. Mr. Speaker, reserving the right to object, is the bill in question based on the fact that certain mess kitchens were claimed to have been sold when they were not used in the camp in question? Is the chairman of the committee prepared to say that when the sale was made of this camp that there was no inventory or no written evidence of what the bid for the purchase of the camp would cover?

Mr. EDMONDS. The committee did not go into that very much, because the department itself certified to the Auditor of the Treasury Department a refund to these people, and the auditor of the department refused to pay it because he had no funds. It is very evident that the department, if they had had funds, would have repaid this party. It was simply because there were no funds in the Treasury Department for that particular purpose.

Mr. CRAMTON. And the gentlemen of the committee have not called for any written evidence of what was the nature of the contract, although the payment requested here is to be made upon such contract?

Mr. EDMONDS. The presumption of the committee would naturally be that if the department had funds down there and could have paid this, they would have paid it, and we would never have heard of it. If the department is willing to certify they owe this man so much money, certainly we have no defense from paying it.

Mr. CRAMTON. As I understand, the department certified it by setting up certain facts of the verbal conversation of some subordinate officer. There must be a written contract.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. OSBORNE. Will the gentleman withhold it in order that I may make a unanimous-consent request?

Mr. STAFFORD. I withhold it.

Mr. OSBORNE. I ask unanimous consent that the gentleman from Alabama [Mr. MCDUFFIE] be permitted to extend his remarks in the RECORD on the subject of the rivers and harbors of Alabama by inserting an address which he delivered recently.

The SPEAKER. Is there objection to the gentleman extending his remarks on the subject indicated? [After a pause.] The Chair hears none.

Mr. STAFFORD. Mr. Speaker, I withdraw the demand temporarily, because this is the last bill under consideration.

Mr. CROWTHER. Mr. Speaker, I make the point of no quorum.

Mr. SWING. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the unknown soldier.

The SPEAKER. The gentleman from California asks unanimous consent to extend his remarks in the RECORD on the subject of the unknown soldier dead. Is there objection? [After a pause.] The Chair hears none. The gentleman from New York [Mr. CROWTHER] makes the point that there is no quorum present. The Chair will count.

Mr. MONDELL. I hope the gentleman will withhold that point of order. It is now 4 o'clock. I was in hopes we could run until about 5 and get through this calendar.

Mr. CROWTHER. I will withdraw it; but this is the second bill of my colleague's that did not receive consideration. Other bills get through.

Mr. MONDELL. There is only one bill on this calendar that I had an interest in, and that was objected to. I am not making any complaint at all.

Mr. CROWTHER. I withdraw the point.

Mr. MONDELL. I think gentlemen are objecting in good faith—I am sure they are—and if they object to our bills in good faith, really, we have no grounds of objection.

Mr. CRAMTON. There has been no objection made, but we have been trying for a few minutes to get information. If time will be granted to get that information, objection may not be made; but if we are cut short objection will be made now.

Mr. EDMONDS. The report shows in the last paragraph as follows:

The Board of Sales, after careful consideration, approved an allowance to the Buffalo House Wrecking & Salvage Co. of the amount realized by the Government from the sale of the kitchens in question,

which, as noted in the foregoing list, was determined to be $1,800. In the meantime, the purchase price of $327,300 had been covered into the Treasury to the credit of miscellaneous receipts, and for this reason no deduction could be made therefrom. There was no appropriation from which payment of the claim could be made by the War Department. The claim was certified to the Auditor for the War Department for payment, but he had no funds available for that purpose. During the last session of Congress there was a bill introduced for the relief of the claimant which was favorably reported upon by the War Department.

Of course, if the Government has no defense in the War Department, there is nothing we could say or do that would in any way prevent their collection if they had legal redress in court.

Mr. CHINDBLOM. As I understand the report—and I would like to ask the chairman of the committee—the Government sold to this salvage company mess kitchens which had already been sold to other persons, and these mess kitchens had yielded to the Government the sum of $1,800, and it is now proposed to credit the salvage company with $1,800 by paying that amount?

Mr. EDMONDS. That is it exactly.

Mr. CRAMTON. The only question is I have not understood that the sales of camps of this kind included a lot of miscellaneous property that was attached to the camp. It does not appear in the report, and the chairman of the committee is not prepared to say whether there was a written inventory of the articles covered by the bid. If so, it seems to me the House is entitled to that information as to whether or not these mess kitchens were included in the written inventory.

Mr. EDMONDS. If the gentleman will read further in the report——

Mr. CHINDBLOM. The report does say that Lieut. Robert Brown, at the direction of the utilities officer in charge, told the prospective purchaser that the mess kitchens were included in the sale of the camp, and took him around and showed him what they were.

Mr. CRAMTON. Does the gentleman think that in any ordinary court that evidence would stand in preference to the written contract?

Mr. CHINDBLOM. I do not think we are proceeding here generally the way we do in court.

The SPEAKER. Is there objection to the consideration of the bill? [After a pause.] The Chair hears none.

The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 1721) to authorize the refund of a part of the purchase price of Camp Mills to the Buffalo Housewrecking & Salvage Co.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Buffalo Housewrecking & Salvage Co., of Buffalo, N. Y., the sum of $1,800, as refund to said company because of the sale of certain buildings at Camp Mills by the Government, after inspection of the camp by the above-named company, which purchased Camp Mills, and after the said company had been informed that said buildings were included in the sale of said camp.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER. The Clerk will report the next bill.

CLEVELAND TRINIDAD PAVING CO.

The next business on the Private Calendar was the bill (H. R. 6437) for the relief of the Cleveland Trinidad Paving Co., of Cleveland, Ohio.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 6437) for the relief of the Cleveland Trinidad Paving Co., of Cleveland, Ohio.

Whereas on February 7, 1910, a permit was granted to the Cleveland Trinidad Paving Co., of Cleveland, Ohio, by the Department of the Interior, to remove sand from a tract of land reserved for the Cheyenne Indian School on certain conditions, including the payment by said company of the sum of $100 per acre for such privilege. Said tract of land embraced 10.95 acres in the State of Oklahoma and the said paving company thereafter paid to the department the sum of $1,095 to the superintendent of the Cheyenne and Arapahoe School, who placed the same in the fund known as "Miscellaneous receipts, class 4"; and

Whereas by some misunderstanding as to the proper description of the tracts of land covered by the permit issued to the said paving company by the Department of the Interior, the greater part of said land was sold under an act of Congress, approved June 17, 1910, which act provided for the sale of certain tracts of land no longer required for use in connection with the Cheyenne and Arapahoe Indian School, and that by reason of said sale the said company was deprived to a very large extent of the privileges for which it had paid the said sum of $1,095; and

Whereas the records of the department show that the company could reasonably anticipate procuring some 100,000 cubic yards of commercial sand from said tract, while, due to the above-cited circumstances, slightly over 6,000 cubic yards was obtained by the company; and

Whereas the records of the Interior Department further show it was the intention of the department to withhold from the sale the tract of land covered by the permit issued to the Cleveland Trinidad Paving Co. in order to protect the rights of the company under its permit; and

Whereas the said company, by reason of the issuance to it of the said permit, incurred large expense in the construction of a railroad spur, the purchase and shipment of valuable machinery which was installed by the company on said tract of land, and by reason of the failure of the Interior Department to withhold said tract of land from the sale of lands authorized under the said act of June 17, 1910, the said company was deprived of the privileges it was entitled to under the terms of said permit and thereupon filed its claim for the sum of $3,017, exclusive of the depreciation of its machinery as a reasonable amount of the loss said company sustained thereby: Therefore

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay to the Cleveland Trinidad Paving Co., of Cleveland, Ohio, out of any money in the Treasury not otherwise appropriated, the sum of $3,017.

With a committee amendment, as follows:

Strike out all of the preamble, and on page 3, line 6, strike out "$3,017" and insert in lieu thereof "$775."

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. Without objection, the preamble will be stricken out.

There was no objection.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. EDMONDS, a motion to reconsider the last vote was laid on the table.

GEORGE CISZEK AND ANNA CISZEK.

The next business on the Private Calendar was the bill (H. R. 6686) for the relief of George Ciszek and Anna Ciszek.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I think the House will be interested in having some explanation of the bill.

Mr. SEARS. Mr. Speaker, I ask for the regular order.

The SPEAKER. The gentleman from Alabama demands the regular order.

Mr. STAFFORD. If the gentleman demands the regular order, I will make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Wisconsin makes the point of order that there is no quorum present.

Mr. SEARS. Mr. Speaker, I withdraw my request. The gentleman from Wisconsin has been talking all the afternoon.

Mr. BLAND of Indiana. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection?

Mr. STAFFORD. I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. STAFFORD. I will withdraw it temporarily.

The SPEAKER. The gentleman from Wisconsin withdraws his point of order that there is no quorum present. Is there objection to the consideration of the bill?

Mr. STAFFORD. I object.

The SPEAKER. The gentleman from Wisconsin objects. The Clerk will report the next bill.

FRANK CARPENTER.

The next business on the Private Calendar was the bill (S. 1247) for the relief of Frank Carpenter.

The title of the bill was read.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the bill be passed over without prejudice. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the next bill.

CHARLES R. POWELL.

The next business on the Private Calendar was the bill (H. R. 1459) for the relief of Charles R. Powell.

The title of the bill was read.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, this is a bill reported by the Committee on the Public Lands yesterday. The gentleman from Oklahoma [Mr. GENSMAN], the author of the bill, is here. I would like to have some explanation of the bill.

Mr. GENSMAN. Mr. Speaker, this bill permits a man by the name of Charles R. Powell to make a homestead entry in what is known as "The Big Pasture" in the old Kiowa, Comanche, and Apache Indian country in Oklahoma.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. GENSMAN. I will.

Mr. STAFFORD. Are there any oil rights pertaining to this land?

Mr. GENSMAN. There are oil rights to be conveyed in the sale of the land; but I may say to the gentleman from Wisconsin that some friends and myself have had it demonstrated to our satisfaction that there is no oil on the north bank of Red River; it seems to have all been found on the Texas side.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of an objection.

Mr. GENSMAN. Mr. Speaker, I wish to make a further statement for the benefit of the Members, as this is a meritorious bill and I do hope no one will further object to its passage. It is getting late, and I hope we can pass this bill before we adjourn.

This act is for the purpose of permitting Charles R. Powell to purchase the southwest quarter of section 35, township 2 south, range 13 west, Indian meridian, Cotton County, Okla., at the original price bid by Bernard J. Specking, the said Specking having bid the land in at a sale which was well advertised, and after paying one-fifth of the purchase price, amounting to $324, and having been contested for failure to reside upon and cultivate same, forfeited his rights to the Government. While there is no reason in the records for Mr. Specking having failed to establish residence upon this land, by examination of the land in question and the records of near-by lands one can easily see why Mr. Specking chose to forfeit his payment and right to the land, the reason being he bid too much for it, there being no land in that vicinity bringing as much as the tract purchased by Specking, which fact is stated in an affidavit filed with the honorable Secretary of the Interior and executed by Charles F. Blick, who purchased the northwest quarter of the same section. Mr. Blick resided upon his homestead for several years and knew the relative values of the land in that section of the country. Another way to reach a fair value of this land is to obtain the records from the General Land Office showing a recent appraisement of the southeast quarter of section 13, township 3 south, range 13 west, which has recently been made by the Indian Department as provided by the act of March 3, 1919.

This tract was originally purchased by Charles O. Gooding and covered by entry No. 06616, Guthrie, Okla., land office. Samuel M. Hardin contested this entry under the act of March 3, 1919, and Mr. Gooding, having bought the land at too high a price, relinquished the same. Mr. Hardin asked for reappraisement, and the Indian Department reduced the price of same from $2,000 to $1,318 and allowed $100 of that amount for fence on the land. Thus, it will be seen that in every instance where land was forfeited in the big pasture it was where same had been purchased at too high a price considering its improved condition. Since Charles R. Powell is now a resident upon this land and has complied in every way with the homestead laws in such cases, the passage of this act will only give him his rights as he could have exercised as a homesteader had it not been for the fact that the land office erred in canceling the entry of Specking at the time Virgie Faulkinbury contested the entry of Specking. Said land could not have been legally contested at that time except for fraud, which mistake was corrected in many instances by reinstatement of entries. Had the entry of Specking been restored and left intact as it should have been and Specking defaulted in residence and cultivation as he has, then the present claimant, Charles R. Powell, could have obtained a right to same under the act of March 3, 1919, and eventually secured patent after proof of as much as 14 months' residence and cultivation and by paying the original purchase price. Since he has resided upon, cultivated, and improved the said tract amply, as shown by the report of the honorable Secretary of the Interior, to make proof under the homestead laws and is now ready and willing to pay the original purchase to the Government, if permitted to do so, and obtain title for a home for himself and his family, it seems that the only fair and equitable thing to do would be to enact this measure for his relief, and thus make one more home owner.

I have several precedents for such legislation as this, but I will only cite one for your information in the big pasture, and that is in the case of S. S. Markley, a bill for his relief having been passed at the recent session of Congress, permitting him to purchase the northeast quarter of section 3, township 3 south, range 12 west, at the original price bid by Mr. Ross, Mr. Ross having forfeited his right in the same manner as Mr. Specking and there being no law permitting anyone to enter same under the homestead laws. Mr. Markley now holds title to this land, and the Government, the State, county, and community having profited by the vesting of the title in another home owner and taxpayer.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to sell to Charles R. Powell, within a period of 90 days from and after the passage of this act, at the original purchase price, the southwest quarter of section 35, township 2 south, range 13 west, Indian meridian, Cotton County, Okla., and issue to him a patent therefor.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. GENSMAN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ADJOURNMENT OVER UNTIL WEDNESDAY NEXT.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Wednesday next.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn to meet on Wednesday next. Is there objection?

Mr. MONDELL. I do this, Mr. Speaker, in the belief that the tax bill is not likely to reach the House until Wednesday. I doubt if the Senate will pass the tax bill on Monday, but if it does the probability is it could not be prepared, in view of the great number of amendments, in time to be messaged over to the House until very late Tuesday, if at all, so that I do not think there will be any delay if we stand adjourned until Wednesday.

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, if the bill should be messaged to the House on Wednesday—of course, it could only then be messaged if we adjourn over until then—would it then be the expectation of the gentleman that on Thursday the movement would be made to send it to conference?

Mr. MONDELL. That was my thought.

Mr. GARRETT of Tennessee. The gentleman desires, as I understand, that the bill be received and printed. My information is that the bill probably will pass the Senate Monday night, but, of course, I do not know whether it will.

Mr. MONDELL. We have been optimistic in regard to the passage of the bill through the Senate, and have been hoping for its passage for some time, but I doubt if it will pass Monday. If it does, it will be late Monday night.

Mr. GARRETT of Tennessee. Then we can be assured——

Mr. MONDELL. Of course, as the gentleman knows, we have assured Members on both sides that we would transact no important business on Tuesday, which is election day.

Mr. GARRETT of Tennessee. If we could get the measure, of course there would be no reason for our not being in session on Tuesday, with the understanding that there should be no business done. The particular thing in which I am interested—and I am asking it for the benefit of many Members—is this: If the bill does come back on Wednesday, then will the movement to send it to conference come up on Thursday?

Mr. MONDELL. Yes; it will.

Mr. GARNER. Will the gentleman allow me to ask him a question?

Mr. MONDELL. Certainly.

Mr. GARNER. The gentleman knows the conditions, and he proposes to give us at least 24 hours to look over the measure to see what kind of an instrument it is after it has been printed.

Mr. MONDELL. I think that it would be proper not to take it up until Thursday.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted to Mr. SHELTON for two weeks, on account of important business.

ADJOURNMENT.

Mr. EDMONDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 13 minutes p. m.) the House, under the order previously made, adjourned until Wednesday, November 9, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

257. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting a recommendation for certain changes in House bill 4809, entitled "A bill to amend sections 8 and 9 of the Panama Canal act, to regulate divorce in the Canal Zone, and for other purposes," and transmitting copy of the bill as it would read after changes are made, also draft of bill to amend the national prohibition act, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII the Committee on the Public Lands was discharged from the consideration of the bill (S. 2133) ceding jurisdiction to the State of Texas over certain lands or bancos acquired by the United States of America from the United States of Mexico, and the same was referred to the Committee on Foreign Affairs.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. JOHNSON of Kentucky: A bill (H. R. 9036) to prohibit the use of publicly owned vehicles for private purposes in the District of Columbia; to the Committee on the District of Columbia.

By Mr. GARRETT of Texas: Joint resolution (H. J. Res. 221) directing the Secretary of War to furnish clothing to ex-service men while patients in Public Health Service hospitals; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DALE: A bill (H. R. 9037) granting a pension to Mary F. Sullivan; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 9038) for the relief of J. W. Thompson; to the Committee on War Claims.

By Mr. GENSMAN: A bill (H. R. 9039) granting a pension to Alonzo Smith; to the Committee on Pensions.

By Mr. KEARNS: A bill (H. R. 9040) granting a pension to Samuel C. Shattler; to the Committee on Invalid Pensions.

By Mr. MANN: A bill (H. R. 9041) granting an increase of pension to Frances Vander Made; to the Committee on Invalid Pensions.

By Mr. SINNOTT: A bill (H. R. 9042) granting an increase of pension to John Prater; to the Committee on Pensions.

Mr. TAYLOR of Tennessee: A bill (H. R. 9043) granting a pension to Hannah Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9044) granting an increase of pension to Phoebe Bradfute; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 9045) granting an increase of Pension to Hattie B. Search; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2954. By Mr. BEGG: Memorial of Sill Post, No. 57, Grand Army of the Republic, Department of Ohio, praying for a maximum and general pension of $72 per month to all survivors of the Civil War and of $50 per month to all surviving widows of such Civil War veterans; to the Committee on Invalid Pensions.

2955. By Mr. DYER: Resolution adopted by the Central Council of Friends of Irish Freedom, of Kansas City, Mo., relative to the Panama Canal; to the Committee on Interstate and Foreign Commerce.

2956. By Mr. GALLIVAN: Petitions from 34 business houses of Boston, urging the passage of the Smoot taxation bill; to the Committee on Ways and Means.

2957. By Mr. HADLEY: Resolution of the Methodist Episcopal Church of Marysville, Wash., indorsing the proposed constitutional amendment to prohibit sectarian appropriations and urging its immediate passage (H. J. Res. 159); to the Committee on the Judiciary.

2958. By Mr. KELLY of Pennsylvania: Resolutions of Sons of Temperance of Pennsylvania, protesting against Treasury ruling on medicinal wine and beer; to the Committee on the Judiciary.

2959. By Mr. KISSEL: Petition of the Cyclops Steel Co., of New York City; to the Committee on Ways and Means.

2960. Petition of the National Importers & Traders (Inc.), of New York City; to the Committee on Ways and Means.

2961. Also, petition of Abraham & Straus (Inc.), of Brooklyn, N. Y.; to the Committee on Ways and Means.

2962. By Mr. LARSEN of Georgia: Resolution adopted by the First Baptist Church of Cochran, Ga., indorsing the proposed constitutional amendment to prohibit sectarian appropriations and urging its immediate passage (H. J. Res. 159); to the Committee on the Judiciary.

2963. By Mr. LOWREY: Petition of the First Baptist Church of Washington, D. C., asking that the Senate and House petition the President and the Secretary of State to use their good offices to have the Conference for Limitation of Armament opened with prayer; to the Committee on Foreign Affairs.

2964. By Mr. MOORE of Virginia (by request): Petition of Charles T. Jesse and other voters of Arlington County, Va., opposing any increase of the tax on medicinal alcohol, or any other medicinal preparations; to the Committee on Ways and Means.

2965. By Mr. MORIN: Communication from the George H. Alexander Co. and 20 other manufacturers of western Pennsylvania, protesting against the surtax of 50 per cent and urging its reduction to 25 per cent; also that the corporate income tax should not exceed 10 per cent; to the Committee on Ways and Means.

2966. By Mr. SMITH of Idaho: Resolutions adopted by Mullan Branch of American Association for the Recognition of the Irish Republic, Mullan, Idaho, opposing the Penrose refunding bill; to the Committee on Ways and Means.

2967. By Mr. TINKHAM: Resolution presented by the committee on resolutions and unanimously adopted at a business session in connection with the annual meeting of the Associated Industries of Massachusetts at the Copley-Plaza Hotel, Boston, Mass., relative to the maximum surtax in the pending tax bill; to the Committee on Ways and Means.

2968. By Mr. TOWNER: Petition of J. B. McNeal and 250 other citizens of Appanoose County, Iowa, protesting against the passage of the Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2969. By Mr. WRIGHT (by request): Resolution of the Tabernacle Baptist Church, of Carrollton, Ga., indorsing the proposed constitutional amendment to prohibit sectarian appropriations and urging its immediate passage (H. J. Res. 159); to the Committee on the Judiciary.

SENATE.

MONDAY, *November 7, 1921.*

(Legislative day of Friday, November 4, 1921.)

The Senate reassembled at 10 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	New	Simmons
Ball	Heflin	Newberry	Smith
Borah	Hitchcock	Nicholson	Smoot
Bursum	Johnson	Norbeck	Spencer
Cameron	Jones, N. Mex.	Norris	Sutherland
Capper	Jones, Wash.	Oddie	Swanson
Culberson	Kenyon	Overman	Townsend
Cummins	Keyes	Page	Trammell
Curtis	Ladd	Penrose	Walsh, Mass.
Edge	La Follette	Phipps	Walsh, Mont.
Ernst	Lenroot	Pittman	Warren
Fernald	Lodge	Poindexter	Watson, Ga.
France	McCumber	Pomerene	Watson, Ind.
Frelinghuysen	McKellar	Ransdell	Weller
Gerry	McKinley	Reed	Willis
Gooding	McNary	Sheppard	
Hale	Moses	Shields	
Harris	Nelson	Shortridge	

Mr. TRAMMELL. I wish to announce that my colleague [Mr. FLETCHER] is temporarily detained on official business at the Shipping Board.

The VICE PRESIDENT. Sixty-nine Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the bill (S. 513) granting a deed of quitclaim and release to J. L. Holmes of certain land in the town of Whitefield, Okla., with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 904) for the relief of Elijah C. Putnam, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed without amendment Senate bills of the following titles:

S. 1283. An act for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co.;

S. 1408. An act authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collisions;

S. 1894. An act to amend section 26 of an act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs," etc.; and

S. 2153. An act authorizing the owners of the steamship *Texas* to bring suit against the United States of America.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 478. An act for the relief of Aaron Kibler;

H. R. 1372. An act for the relief of the M. Feitel House Wrecking Co.;

H. R. 1459. An act for the relief of Charles R. Powell;

H. R. 1460. An act for the relief of the William Gordon Corporation;

H. R. 1721. An act to authorize the refund of a part of the purchase price of Camp Mills to the Buffalo Housewrecking & Salvage Co.;

H. R. 1733. An act for the relief of W. R. Grace & Co.;

H. R. 1949. An act for the relief of Richard J. Easton;

H. R. 2004. An act for the relief of Frank Ferrin;

H. R. 2049. An act for the relief of the Delaware River Lightering Co.;

H. R. 2556. An act to advance Maj. Benjamin S. Berry to the permanent rank of major;

H. R. 2558. An act for the relief of Richard P. McCullough;

H. R. 3249. An act for the relief of certain employees of the Bureau of Lighthouses;

H. R. 3508. An act for the relief of Rear Admiral J. S. Carpenter, Supply Corps, United States Navy;

H. R. 3754. An act for the relief of Rear Admiral Livingston Hunt, Supply Corps, United States Navy;

H. R. 5249. An act for the relief of Ephraim Lederer, collector of internal revenue for the first district of Pennsylvania;

H. R. 5659. An act for the relief of Ellen M. Willey, widow of Owen S. Willey;

H. R. 5775. An act for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers and Merchants State Bank, Kenmare, N. Dak.;

H. R. 5965. An act for the relief of the owner of the vessel *Maria Artau;*

H. R. 6323. An act for the relief of Frank M. Stewart;

H. R. 6437. An act for the relief of the Cleveland Trinidad Paving Co., of Cleveland, Ohio;

H. R. 6523. An act for the relief of John Burke, former Treasurer of the United States, for lost bonds without the fault or negligence on the part of said former Treasurer;

H. R. 6524. An act to permit the correction of the general account of John Burke, former Treasurer of the United States;

H. R. 6606. An act for the relief of Aaron S. Linn;

H. R. 6961. An act granting certain lands to the State of Alabama for the use of the Searcy Hospital for the Colored Insane;

H. R. 7234. An act for the relief of Miles Swift;

H. R. 7290. An act to confirm private land claim of the widow and heirs of Joseph Etier;

H. R. 7483. An act for the relief of Robert G. Whitfield;

H. R. 7589. An act for the relief of Maj. Ellis B. Miller;

H. R. 7780. An act for the relief of G. Fred Roach and others;

H. R. 7870. An act for the relief of I. C. Johnson, jr.;

H. R. 7923. An act for the relief of the Canadian Pacific Railway Co.;

H. R. 8173. An act for the relief of Mrs. E. H. Jackson;

H. R. 8216. An act for the relief of the widow of Chang Tsu Tsao, of Hankow, China;

H. R. 8217. An act to authorize the payment of $872.96 to the Government of Italy for the relief of the heirs and assigns of N. Ferro; and

H. R. 8221. An act for the relief of the Chinese Government.

PETITIONS AND MEMORIALS.

Mr. LODGE presented letters and telegrams in the nature of petitions of the Oak Square Methodist Episcopal Church, of Brighton; Methodist Episcopal Church, of Barre; Women's Class, Baptist Church, of Mattapan; Federated Church, of Blackstone; Stanton Avenue Methodist Episcopal Church, of Dorchester; Harvard University Christian Association, of Cambridge; Central Methodist Church, of North Easton; Methodist Episcopal Church, of Berlin; First Methodist Episcopal Church, of Holyoke; Waldo Congregational Church, of Brockton; First Baptist Church, of Worcester; Epworth Methodist Episcopal Church, of Cambridge; Congregational Church, of Holden; St. Mark's Methodist Episcopal Church, of Brookline; Grace Methodist Episcopal Church, of Cambridge; Pleasant Street Baptist Church, of Worcester; Men's Bible Class, Congregational Church, of Agawam; Congregational Church, of East Weymouth; Prospect Congregational Church, of Cambridge; Bulfinch Place Church, of Boston; First Baptist Church, of Revere; First Congregational Church, of Woburn; Calvinistic Congregational Church, of Fitchburg; North Methodist Episcopal Church, of Fall River; Union Methodist Episcopal Church, of East Boston; First Baptist Church, of Beverly; Church of the Advent, of Boston; Roxbury Presbyterian Church, of Boston; Baptist Church, of North Billerica; First Presbyterian Church, of Lynn; Congregational Church, of Auburndale; Newton Square Baptist Church, of Worcester; First Congregational Church, of West Tisbury; Union Congregational Church, of Winthrop; Wesleyan Class, Methodist Sunday School, Middleboro; North Congregational Church, of Winchendon; all in the State of Massachusetts, praying for the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. BALL presented 45 memorials of sundry citizens of Washington, D. C., and Takoma Park, Md., remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. WILLIS presented a resolution of the Cleveland (Ohio) Federation of Labor, protesting against the issuance by United States District Judge Anderson, of Indianapolis, of an injunction against the United Mine Workers of America forbidding continuation of their attempts to unionize the coal mines in Mingo County, W. Va., etc., which was referred to the Committee on Education and Labor.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LODGE:

A bill (S. 2684) for the relief of the owner of the schooner *Itasca* and her master and crew; to the Committee on Claims.

By Mr. KING:

A bill (S. 2685) providing for the cleaning and repair of public monuments in the District of Columbia, and making an appropriation therefor; to the Committee on Appropriations.

By Mr. JONES of Washington:

A joint resolution (S. J. Res. 133) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred as indicated below:

H. R. 478. An act for the relief of Aaron Kibler; to the Committee on Military Affairs.

H. R. 1372. An act for the relief of the M. Feitel House Wrecking Co.; to the Committee on Claims.

H. R. 1459. An act for the relief of Charles R. Powell; to the Committee on Public Lands and Surveys.

H. R. 1460. An act for the relief of the William Gordon Corporation;

H. R. 1721. An act to authorize the refund of a part of the purchase price of Camp Mills to the Buffalo Housewrecking & Salvage Co.; and

H. R. 1733. An act for the relief of W. R. Grace & Co.; to the Committee on Claims.

H. R. 1949. An act for the relief of Richard J. Easton; to the Committee on Naval Affairs.

H. R. 2004. An act for the relief of Frank Ferrin; to the Committee on Military Affairs.

H. R. 2049. An act for the relief of the Delaware River Lightering Co.; to the Committee on Claims.

H. R. 2556. An act to advance Maj. Benjamin S. Berry to the permanent rank of major; and

H. R. 2558. An act for the relief of Richard P. McCullough; to the Committee on Naval Affairs.

H. R. 3249. An act for the relief of certain employees of the Bureau of Lighthouses; to the Committee on Claims.

H. R. 3508. An act for the relief of Rear Admiral J. S. Carpenter, Supply Corps, United States Navy; and

H. R. 3754. An act for the relief of Rear Admiral Livingston Hunt, Supply Corps, United States Navy; to the Committee on Naval Affairs.

H. R. 5249. An act for the relief of Ephraim Lederer, collector of internal revenue for the first district of Pennsylvania; to the Committee on Claims.

H. R. 5659. An act for the relief of Ellen M. Willey, widow of Owen S. Willey; to the Committee on Naval Affairs.

H. R. 5775. An act for the relief of Liberty loan subscribers of the North Penn Bank, of Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio; Robbinsdale State Bank, Robbinsdale, Minn.; and Farmers and Merchants' State Bank, Kenmare, N. Dak.; and

H. R. 5965. An act for the relief of the owner of the vessel *Maria Artau;* to the Committee on Claims.

H. R. 6323. An act for the relief of Frank M. Stewart; to the Committee on Public Lands and Surveys.

H. R. 6437. An act for the relief of the Cleveland Trinidad Paving Co., of Cleveland, Ohio;

H. R. 6523. An act for the relief of John Burke, former Treasurer of the United States, for lost bonds without the fault or negligence on the part of said former Treasurer; and

H. R. 6524. An act to permit the correction of the general account of John Burke, former Treasurer of the United States; to the Committeee on Claims.

H. R. 6606. An act for the relief of Aaron S. Linn; to the Committee on Military Affairs.

H. R. 6961. An act granting certain lands to the State of Alabama for the use of the Searcy Hospital for the Colored Insane; to the Committee on Public Lands and Surveys.

H. R. 7234. An act for the relief of Miles Swift; to the Committee on Naval Affairs.

H. R. 7290. An act to confirm private land claim of the widow and heirs of Joseph Etier; to the Committee on Public Lands and Surveys.

H. R. 7483. An act for the relief of Robert G. Whitfield; to the Committee on Claims.

H. R. 7589. An act for the relief of Maj. Ellis B. Miller; to the Committee on Naval Affairs.

H. R. 7780. An act for the relief of G. Fred Roach and others; to the Committee on Public Lands and Surveys.

H. R. 7870. An act for the relief of I. C. Johnson, jr.; to the Committee on Naval Affairs.

H. R. 7923. An act for the relief of the Canadian Pacific Railway Co.;

H. R. 8173. An act for the relief of Mrs. E. H. Jackson;

H. R. 8216. An act for the relief of the widow of Chang Tsu Tsao, of Hankow, China;

H. R. 8217. An act to authorize the payment of $872.96 to the Government of Italy for the relief of the heirs and assigns of N. Ferro; and

H. R. 8221. An act for the relief of the Chinese Government; to the Committee on Claims.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. SIMMONS. Mr. President, I desire to call up the amendment which I offered the other day, relating to adjusted compensation of soldiers.

The VICE PRESIDENT. The Secretary will report the amendment.

The READING CLERK. On page 294, after line 11, insert:

TITLE XV. ADJUSTED COMPENSATION.

PART I.—GENERAL PROVISIONS.

DEFINITIONS.

SEC. 1500. This act may be cited as the "World War adjusted compensation act."

SEC. 1501. As used in this title—

The term "veteran" includes any individual, a member of the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918; but does not include (1) any individual at any time during such period or thereafter separated from such forces under other than honorable conditions, (2) any conscientious objector who performed no military duty whatever or refused to wear the uniform, or (3) any alien at any time during such period or thereafter discharged from the military or naval forces on account of his alienage; and

The term "adjusted service pay" means the amount of the payment to which the veteran would be entitled under the provisions of Part II of this title.

OPTIONAL PLANS.

SEC. 1502. Each veteran shall have the right to avail himself of any one, but only one, of the following plans:

(1) To receive "adjusted service pay," as provided in Part II;

(2) To receive an "adjusted service certificate" as provided in Part III;

(3) To receive "vocational training aid," as provided in Part IV;

(4) To receive "farm or home aid," as provided in Part V; or

(5) To receive "land settlement aid," as provided in Part VI.

APPLICATION BY VETERAN.

SEC. 1503. (a) The veteran's choice among the plans enumerated in section 1502 shall be made by application filed with the Secretary of War, if he is serving in, or his last service was with, the military forces; or with the Secretary of the Navy, if he is serving in, or his last service was with, the naval forces.

(b) Such application may be made at any time after the passage and approval of this act.

(c) An application shall be made (1) personally by the veteran, or (2) in case physical or mental incapacity or absence from the continental United States prevents the making of a personal application, then by such representative of the veteran and in such manner as the Secretary of War and the Secretary of the Navy shall jointly by regulation prescribe. An application made by a representative other than one required by any such regulation shall be held void.

(d) The Secretary of War and the Secretary of the Navy shall jointly make any regulations necessary to the efficient administration of the provisions of this section.

PROOF OF VETERAN'S CHOICE OF PLAN.

SEC. 1504. (a) As soon as practicable after the receipt of a valid application, the Secretary of War or the Secretary of the Navy, as the case may be, shall transmit to the Secretary of the Treasury, if the veteran has chosen an adjusted service certificate, or to the Federal Board for Vocational Education if the veteran has chosen vocational-training aid, or to the Secretary of the Interior if the veteran has chosen farm or home aid, or land settlement aid, a certificate setting forth:

(1) That the applicant is a veteran;

(2) His name and address;

(3) The plan chosen; and

(4) The amount of adjusted service pay to which he would be entitled if he had chosen that plan.

(b) Upon receipt of such certificate, the officer or board to which it is transmitted shall proceed to extend to the veteran the benefits conferred by the plan chosen, at the time, in the manner, and under the conditions provided for in the part of this title covering such plan.

PUBLICITY.

SEC. 1505 (a) The Secretary of War and the Secretary of the Navy shall, as soon as practicable after the passage and approval of this act, jointly prepare and publish a pamphlet or pamphlets containing a digest and explanation of the provisions of this title, accompanied by such statements as to the comparative advantages of each of the plans enumerated in section 1502, as may be of assistance to veterans in making their choice among such plans; and shall from time to time thereafter jointly prepare and publish such additional or supplementary information as may be found necessary.

(b) The officer or board having charge of the administration of any plan or part thereof enumerated in section 1502 shall transmit to the Secretary of War and the Secretary of the Navy as soon as practicable after the passage and approval of this act full information and explanations as to the matters of which such officer or board has charge, which shall be considered by the Secretary of War and the Secretary of the Navy in preparing the publications referred to in subdivision (a).

(c) The publications provided for in subdivision (a) shall be distributed in such manner as the Secretary of War and the Secretary of the Navy may determine to be most effective to inform veterans of their rights under this title.

STATISTICS.

SEC. 1506. Immediately upon the passage of this act the Secretary of War and the Secretary of the Navy shall ascertain the individuals who are veterans as defined in section 1501, and, as to each veteran, the number of days of overseas service and of home service, as defined in section 1520, for which he is entitled to receive adjusted service pay; and their decisions shall not be subject to review by the accounting officers of the Treasury.

ADMINISTRATIVE REGULATIONS.

SEC. 1507. Any officer or board charged with the administration of any plan under this title, or of any part thereof, shall make such regulations, not inconsistent with this title, as may be necessary to the efficient administration of the matter of which such officer or board has charge.

DEDUCTION OF OVERPAYMENTS.

SEC. 1508. After computing the amount of payment to be made to the veteran under any one of the plans enumerated in section 1502, or after using his adjusted service pay as the basis for any computation under this title, there shall be deducted from the amount thus obtained the amount of any overpayment previously made in respect to the service of the veteran in the military or naval forces.

SEC. 1509. Any officer or board charged with the administration of any plan under this title or of any part thereof shall make a full report to Congress on the first Monday of December of each year.

SEC. 1510. No sum payable under this title to a veteran, or to his estate, or to any beneficiary named under Part III, shall be subject to attachment, levy, or seizure under legal or equitable process.

PART II.—ADJUSTED SERVICE PAY.

SEC. 1520. As used in this part—

The term "overseas service" means service on shore in Europe or Asia, exclusive of China, Japan, and the Philippine Islands; and service afloat, including the period from the date of embarkation for such service to the date of disembarkation on return from such service, both dates inclusive; and

The term "home service" means all service not overseas service.

SEC. 1521. There shall be paid to any veteran, upon application in accordance with the provisions of section 1503 and in addition to any other amounts due him in pursuance of law, the following sums for

each day of active service, in excess of 60 days, in the military or naval forces of the United States after April 5, 1917, and before July 1, 1919, as shown by the service or other record of the veteran: $1.25 for each day of overseas service and $1 for each day of home service, but the amount payable to a veteran who performed no overseas service shall not exceed $500, and the amount payable to a veteran who performed any overseas service shall not exceed $625.

SEC. 1522. (a) No such payment shall be made to—

(1) Any commissioned officer above the grade of captain in the Army or Marine Corps, lieutenant in the Navy, first lieutenant or first lieutenant of engineers in the Coast Guard, or passed assistant surgeon in the Public Health Service, or having the pay and allowances, if not the rank, of any officer superior in rank to any of such grades—in each case for the period of service as such;

(2) Any individual holding a permanent or provisional commission or permanent or acting warrant in any branch of the military or naval forces, for the period of service under such commission or warrant after the accrual of the right to pay thereunder;

(3) Any civilian officer or employee of any branch of the military or naval forces, contract surgeon, cadet of the United States Military Academy, midshipman, cadet of the Coast Guard, member of the Reserve Officers' Training Corps, member of the Students' Army Training Corps (except an enlisted man detailed thereto), member of the United States Guards, member of a development battalion (except an officer or enlisted man detailed thereto), member of the United States Disciplinary Barrack Guard, Philippine Scout, member of the Philippine Guard, member of the Philippine Constabulary, member of the Porto Rico Regiment of Infantry, member of the National Guard of Hawaii, member of the insular force of the Navy, member of the Samoan native guard and band of the Navy, or Indian Scout—in each case for the period of service as such;

(4) Any individual entering the military or naval forces after November 11, 1918—for any period after such entrance;

(5) Any individual originally entering the service for special or limited service only—for the period of such special or limited service not overseas service;

(6) Any individual performing home service not with troops and receiving commutation of quarters or of subsistence—for the period of such service;

(7) Any member of the Public Health Service—for any period during which he was not detailed for duty with the Army or the Navy;

(8) Any individual granted a farm or industrial furlough—for the period of such furlough;

(9) Any individual detailed for work on roads or other highway construction or repair work—for the period during which his pay was equalized to conform to the compensation paid to civilian employees in the same or like employment, pursuant to the provisions of section 9 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes," approved February 28, 1919;

(10) Any individual who has been absent from duty on account of disease resulting from his own intemperate use of drugs or alcoholic liquors or from other misconduct—for the period of such absence; or

(11) Any individual who has been absent without proper authority for more than one day, or in confinement under sentence or awaiting trial and disposition of his case, if the trial resulted in conviction—for the period of such absence or confinement.

(b) The periods referred to in paragraphs (5) and (6) of subdivision (a) may be included in the case of any individual if and to the extent that the Secretary of War and the Secretary of the Navy jointly find that such service subjected such individual to exceptional hazard. A full statement of all action under this subdivision shall be included in the reports of the Secretary of War and the Secretary of the Navy required by section 1509.

(c) In computing the payments to any veteran under this part effect shall be given to all paragraphs of subdivision (a) which are applicable.

(d) If part of the service is overseas service and part is home service, the home service shall first be used in computing the sixty days' period referred to in section 1521.

(e) For the purpose of computing the sixty days' period referred to in section 1521, any period of service after April 5, 1917, and before July 1, 1919, in the military or naval forces in any capacity may be included, notwithstanding payment for such period, or a part thereof, is prohibited under the provisions of subdivision (a) of this section, except that the periods referred to in paragraphs (2), (3), and (4) of subdivision (a) shall not be included.

(f) For the purpose of section 1521, in the case of members of the National Guard or of the National Guard Reserve called into service by the proclamation of the President dated July 3, 1917, the time of service between the date of call into the service as specified in such proclamation and August 5, 1917, both dates inclusive, shall be deemed to be active service in the military or naval forces of the United States.

SEC. 1523. (a) The payments authorized by the provisions of this title shall be made in installments, beginning on the 1st day of July or January next succeeding the fifteenth day after the date of filing the application, but not before January 1, 1923, as follows: (1) If the total amount payable is $500 or over, in 10 equal quarterly installments; and (2) if the total amount payable is less than $500, in quarterly installments of $50; except that any installment necessary to complete the payments may be less than $50.

(b) If before the completion of the installment payments the veteran is separated from the military or naval forces under other than honorable conditions, or is discharged therefrom on account of his alienage, no further installments shall be paid. Payment shall be made by the Secretary of War if the veteran is serving in, or his last service was with, the military forces; and by the Secretary of the Navy, if he is serving in, or his last service was with, the naval forces.

SEC. 1524. If the veteran dies, after making application in accordance with the provisions of section 1503 for adjusted service pay and before receiving all the installment payments, the payments authorized by the provisions of this part shall be made to his estate.

SEC. 1525. No right to adjusted service pay under the provisions of this part shall be assignable or serve as security for any loan. Any assignment or loan made in violation of the provisions of this section shall be held void. The Secretary of War and the Secretary of the Navy shall not pay the amount of adjusted service pay to any person other than the veteran or his estate or such representative of the veteran as the Secretary of War and the Secretary of the Navy shall jointly by regulation prescribe.

PART III.—ADJUSTED SERVICE CERTIFICATES.

SEC. 1530. The Secretary of the Treasury, upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 1504, is hereby directed to issue, without cost to the veteran designated therein, an adjusted service certificate (hereinafter in this part referred to as a "certificate") of a face value equal to the sum of (1) the adjusted service pay of the veteran increased by 40 per cent, plus (2) interest thereon for 20 years at the rate of 4½ per cent per annum, compounded annually (such amount being approximately equal to three and thirty-eight hundredths times the adjusted service pay of the veteran). The certificate and all rights conferred under the provisions of this part shall take effect as of the 1st day of July or January next succeeding the date of filing the application, but not before January 1, 1923. The veteran shall name the beneficiary of the certificate and may from time to time, with the approval of the Secretary of the Treasury, alter such beneficiary. The amount of the face value of the certificate shall be payable (1) to the veteran 20 years after it becomes effective or (2) upon the death of the veteran prior thereto to the beneficiary named; except that if such beneficiary dies before the veteran and no new beneficiary is named, or if the beneficiary in the first instance has not yet been named, the amount of the certificate shall be paid to the estate of the veteran.

SEC. 1531. There is hereby established in the Treasury a revolving fund, to be known as the "adjusted service certificate loan fund" (hereinafter in this part referred to as the "fund"). The Postmaster General is authorized to make loans out of such fund upon the certificate of any veteran. The amount of such loans to any one veteran outstanding at any one time shall not exceed—

(a) If the loan is made during the third to fifth years, inclusive, after the certificate becomes effective, 90 per cent of the sum of (1) the adjusted service pay of the veteran, plus (2) interest thereon from the date the certificate becomes effective, to the time of the making of the loan, at the rate of 4½ per cent per annum, compounded annually; or,

(b) If the loan is made during the sixth to twentieth year, inclusive, after the certificate becomes effective, 80 per cent of the sum of (1) the adjusted service pay of the veteran increased by 40 per cent, plus (2) interest thereon from the date the certificate becomes effective, to the time of the making of the loan, at the rate of 4½ per cent per annum, compounded annually.

SEC. 1532. Moneys in the fund shall be available to make all loans upon certificates. The Postmaster General is hereby authorized to set aside out of the fund such reserve moneys as may be required to make such loans, and the Secretary of the Treasury is authorized to invest the remainder of the moneys in the fund in interest-bearing obligations of the United States. Such obligations may, at the discretion of the Secretary, be sold and the proceeds reinvested in other interest-bearing obligations of the United States, and shall be sold and the proceeds made available for the purposes of the fund, whenever the Postmaster General certifies that in his opinion further amounts are required for the purposes of the fund. Any moneys in such fund not deemed necessary by the Secretary of the Treasury for the purposes of this part shall be covered into the Treasury as miscellaneous receipts.

SEC. 1533. No loan shall be made upon any certificate within two years after the certificate becomes effective. Application for loans may be made to any postmaster of a first, second, or third class post office. The veteran shall give a note for the repayment of the loan upon an amortization plan by means of a fixed number of annual installments sufficient to cover (1) interest on the unpaid principal at the rate of 4½ per cent per annum and (2) such amount of the principal as will extinguish the debt within an agreed period not exceeding the life of the certificate. The veteran may, however, pay any or all installments of the principal previous to their due date. The Postmaster General shall by regulation prescribe the form of application and the duration, number, and amount of installments, and such other conditions as he deems advisable, of the loan. All payments in respect to the loan shall be made through a first, second, or third class post office. Any moneys received for the repayment of the loan shall be covered into the fund. Whenever the Postmaster General finds that the borrower is in arrears for more than two years in his installments upon the note or has violated any other conditions thereof, he shall certify such fact to the Secretary of the Treasury, who shall thereupon declare the certificate of the borrower to be forfeited.

SEC. 1534. No certificate issued or right conferred under the provisions of this part shall be negotiable or assignable or serve as security for a loan other than one made under the provisions of section 1531. Any loan made in violation of any provision of this section shall be held void. Whenever the Secretary of the Treasury finds that any such certificate or right has been negotiated or assigned, or has served as security, in violation of a provision of this section, the rights of the veteran under this part shall be forfeited.

SEC. 1535. In the case of the death of the borrower or the forfeiture of his certificate or rights under this part, any loan made upon the certificate and the note in respect thereto shall be deemed canceled. The Secretary of the Treasury shall thereupon reimburse the Postmaster General for all unpaid installments upon any canceled loan; and in case such loan has been canceled as a result of the death of the borrower the Secretary of the Treasury shall deduct the amount of such reimbursement from the amount of the face value of the certificate in respect to which the loan is made.

SEC. 1536. Any certificate issued under the provisions of this part shall have printed upon its face the conditions and terms upon which it is issued and to which it is subject.

SEC. 1537. If the veteran dies, after making application in accordance with the provisions of section 1503 and before the certificate becomes effective, the amount of the adjusted service pay of the veteran shall be paid by the Secretary of the Treasury to his estate.

PART IV.—VOCATIONAL TRAINING AID.

SEC. 1540. The Federal Board for Vocational Education (hereinafter in this title referred to as the "board") upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 1504, is hereby directed to pay to the veteran designated therein (if he is not receiving the benefits of the vocational rehabilitation act, as amended) the sum of $1.75 for each day of his attendance (on or after Jan. 1, 1923), on a course of vocational training previously approved by the board as suitable for such veteran. Such payment shall be made without deduction for Sundays, holidays, or vacations not exceeding two weeks in duration, or for absence for other cause which the board deems justifiable; but the total payment shall not exceed 140 per cent of the amount of adjusted service pay which the veteran would be entitled to receive if he had chosen that plan.

Payments under this section shall be made monthly, or at more frequent intervals, as the board may determine generally or in special cases.

SEC. 1541. The board shall establish such regulations as will insure the regular attendance of the veteran on his course of training, and no sum or sums shall be payable under this part unless the board has

been furnished proof of such regular attendance. For each day of unjustifiable absence the veteran shall forfeit the sum payable for that day, and shall receive no reimbursement for it in any other form.

SEC. 1542. (a) If the payment under section 1540 plus the amounts forfeited under section 1541 is less than 140 per cent of the adjusted service pay, either by reason of the duration of the course approved or by reason of the veteran's discontinuing, with the approval of the board, his attendance on his course of training, he shall be entitled to receive an amount equal to the difference between (1) his adjusted service pay and (2) that proportion thereof which the payments made or accrued under section 1540 plus the amounts forfeited under section 1541 bear to 140 per cent of his adjusted service pay: *Provided*, That from the amount thus computed there shall be deducted an amount equal to the sums forfeited under section 1541.

(b) Such amount shall be paid to him by the board in such installments and at such times as will place him upon the same basis as if he has originally chosen to receive adjusted service pay as provided in part 2.

SEC. 1543. If before the completion of the payments under this part the veteran is separated from the military or naval forces under other than honorable conditions, or is discharged therefrom on account of his alienage, no further payments shall be made under this part.

SEC. 1544. (a) If the veteran dies, after making application in accordance with the provisions of section 1503 and before any payments have been made or have accrued under this title, the amount of the adjusted service pay of the veteran shall be paid by the board to his estate.

(b) If the veteran dies, after the course of training has begun, his estate shall be paid by the board the same amount as would have been paid to the veteran under subdivision (a) of section 1542, treating for such purposes the date of his death as the date of discontinuance of attendance on his course of training.

(c) The amounts payable under this section shall be payable in the same manner as provided in subdivision (b) of section 1542.

SEC. 1545. (a) The board is hereby authorized to cooperate with State boards for vocational education in such manner as will secure their assistance in the approval of courses of training for veterans, and other assistance in carrying out the provisions of this part.

(b) Whenever any State provides funds for assistance to veterans in attendance upon approved courses or provides for free tuition in approved educational institutions, the board is authorized and directed to cooperate with the State board for vocational education of such State in securing the maximum educational opportunities to veterans entitled to the benefits of this part.

PART V.—FARM OR HOME AID.

SEC. 1550. The Secretary of the Interior upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 1504, is hereby directed, on or after January 1, 1923, to pay to the veteran designated therein, in one payment or in installments, an amount equal to his adjusted service pay increased by 40 per cent.

Such payment shall be made for the purpose, and only for the purpose, of enabling the veteran to make improvements on a city or suburban home, or a farm not selected under part 6, or to purchase or make payments on such a home or farm.

SEC. 1551. No such payment shall be made unless and until the Secretary of the Interior has approved the purpose for which it is desired by the veteran, and has suitable assurance that the money will be expended for such purpose. The Secretary of the Interior may, at the option of the veteran, or on his own motion, make the payment directly to the vendor or other persons to whom such payment is due from the veteran.

SEC. 1552. For the purpose of enabling him to pass upon the desirability of the investment he may make use of the services of land bank appraisers of the Federal Farm Loan Board, to be designated by such board.

SEC. 1553. (a) If the veteran dies, after making application in accordance with the provisions of section 1503 for farm or home aid and before a contract has been entered into with the approval of the Secretary of the Interior, the amount of his adjusted service pay shall be paid by the Secretary of the Interior to the estate of the veteran in such installments and at such times as will place the beneficiaries thereof upon the same basis as the veteran would have been if he had originally chosen to receive adjusted service pay as provided in Part II, but no such payment shall be made if the veteran has been separated from the military or naval forces under other than honorable conditions or discharged therefrom on account of his alienage.

(b) If before the veteran's death a contract has been entered into with the approval of the Secretary of the Interior, and payments under this part on such contract are still due, such payments shall be made by the Secretary of the Interior to the vendor or other person to whom such payments are due from the veteran.

PART VI.—LAND SETTLEMENT.

SEC. 1560. On the opening of public or Indian lands to entry or the restoration of public lands theretofore withdrawn from entry such opening or restoration shall, in the order therefor, provide for a period of not less than 60 days before the general opening of such lands to disposal, in which period veterans who have chosen the benefits of this part shall have a preferred right of entry under the homestead or desert land laws, if qualified thereunder, except as against prior existing valid settlement rights and as against preference rights conferred by existing laws or equitable claims subject to allowance and confirmation.

Such preference right for such period shall also be accorded on all reclamation projects now in existence or hereafter established, whether such reclamation is made by irrigation, drainage, or other method.

Upon certification from the Secretary of War or the Secretary of the Navy, as provided in section 1504, approved by the Secretary of the Interior, there shall be paid by the Secretary of the Treasury, on or after January 1, 1923, to the veteran designated therein, in one payment or in installments, an amount equal to his adjusted service pay increased by 40 per cent. Such payment shall be made for the purpose, and only for the purpose, of enabling the veteran to make payments in connection with the lands as to which preference has been given under this section, or for the improvement of any such land, and shall be made only if the Secretary of the Interior has suitable assurance that the money will be expended for such purpose.

PART VII.—MISCELLANEOUS PROVISIONS.

SEC. 1570. The officers and boards having charge of the administration of any of the provisions of this title are authorized to appoint such officers, employees, and agents in the District of Columbia and elsewhere, and to make such expenditures for rent, furniture, office equipment, printing, binding, telegrams, telephone, law books, books of reference, stationery, motor-propelled vehicles or trucks used for official purposes, traveling expenses and per diem in lieu of subsistence at not exceeding $4 for officers, agents, and other employees, for the purchase of reports and materials for publications, and for other contingent and miscellaneous expenses as may be necessary efficiently to execute the purposes of this title and as may be provided for by the Congress from time to time. With the exception of such special experts as may be found necessary for the conduct of the work, all such appointments shall be made subject to the civil service laws, and preference shall, so far as practicable, be given to veterans.

SEC. 1571. Whoever knowingly makes any false or fraudulent statement of a material fact in any application, certificate, or document made under the provisions of Part I, II, III, IV, V, or VI, or of any regulation made under any such part, shall, upon conviction thereof, be fined not more than $1,000, or imprisoned not more than five years, or both.

SEC. 1572. There is hereby appropriated such amount as may be necessary to carry out the provisions of this title, to be paid out of and to be a first charge upon the interest received by the United States on obligations of foreign Governments. If at any time the amount of such interest is not sufficient to meet the appropriation hereby made, the Secretary of the Treasury shall issue certificates of indebtedness under section 5 of the second Liberty bond act, as amended, to be redeemed, so far as practicable, out of interest payments on such obligations of foreign Governments.

Mr. SIMMONS. Mr. President, I do not desire to enter into a discussion of the merits of the bonus proposition, because I do not think it necessary. That question has been fully discussed in this Chamber. It has been much more fully discussed in the country at large.

In the beginning of the agitation with reference to the readjustment of soldiers' compensation there was ground for doubt as to whether the soldiers themselves desired it, and there was equal ground for doubt as to whether the people of the country desired it. I think that the ground for any doubt has long since disappeared. I think it has been made manifest that the soldiers desire and expect and demand it. I think it has been made reasonably manifest that the people of the country have come to the conclusion that if the soldiers want it they should have it, and therefore wish it given to them.

Without reference to individual views upon a question, we must recognize the fact, and I think every Senator recognizes that fact, that under our system of Government we should, if we can do so without violating our oath of office, without doing violence to our conscientious convictions, follow the known wishes of our constituents and let our action reflect their views. I make these remarks with reference to the bonus without any intention to undertake to discuss the merits of the proposition.

It has been stated upon the floor of the Senate that I voted to recommit to the committee the bonus bill introduced by the Senator from North Dakota [Mr. MCCUMBER]. That is true. I voted to recommit the bill because I was impressed by the statement of the Secretary of the Treasury and of the President with reference to the deplorable condition of the Treasury. Their statements with reference to the condition of the Treasury agreed with my own view upon that question growing out of my knowledge of the financial condition of the Government, acquired during eight years as chairman of the Finance Committee during Democratic control and since 1919 as ranking Democratic member of that committee.

I knew perfectly well then, as I have known since, that if taxes were to be reduced we could not add any such additional sum as the bonus bill carried to our tax burden. I knew that under the existing law the taxes levied would not provide more than enough income to pay the estimated expenditures of the Government. I knew if we added two or three hundred million dollars to the expenditures of the Government that we would necessarily have to increase the taxes to raise additional revenue and that the demand of the people for a reduction in taxes was in vain. I thought, in the interest of the taxpayer—who I believed to be overburdened, who I know wanted a reduction and ought to have a reduction—and in the interest of the business of the country, taxes ought not to be increased if that result could be avoided. I knew that to provide for the payment of this large additional sum through taxation, as the bonus proposition as presented to the Senate did provide, would greatly embarrass the situation; but, Mr. President, there were other reasons why I voted to recommit.

In the first place, I thought the bill was an unbalanced bill. I had said so and had contended that it was so in the committee. I think so yet. I thought that the bill ought to be corrected in this respect. In the second place, I did not believe then, and I do not believe now, that the bonus ought to be paid out of taxes wrung from the people in the now distressed business condition of the country, a condition which I believe will continue, more or less, for the next year or two. I believed then, and I believe now, that the bonus ought to be paid out of the interest on the debt due us by foreign countries. I had said so on previous occasions in committee.

Shortly after that bill was recommitted I received a letter from a distinguished soldier in my State—a man who had long

been connected with the military establishment of my State, who went overseas—in which he asked me the question whether my vote to recommit the bill meant that I intended to vote against the bonus. I answered him in a letter dated the 3d day of August, 1921, of which I am going to put into the RECORD so much as relates to this subject. The part of the letter which I shall read is as follows:

MY DEAR COLONEL: I am in receipt of your courteous letter expressing the hope that my recent vote to recommit the soldiers' bonus bill did not indicate a purpose on my part to vote against soldiers' adjusted pay legislation.

In answer I take pleasure in assuring you it did not. I voted to recommit the bill because President Harding and Secretary of the Treasury Mellon, who are primarily responsible for financing reconstruction, had each expressed in the most emphatic terms to Congress their unqualified opinion that the proposed bonus bill if enacted into law at this time would seriously embarrass the Treasury in its financial operations, and because my information and experience, acquired as chairman of the Finance Committee of the Senate during the World War and as ranking minority member of that committee since March, 1919, strongly corroborated and confirmed their statements in this behalf.

For these reasons I have felt impelled to acquiesce in the suggestion and insistence made by the President and the Secretary that this legislation should be held in abeyance for the immediate present. I assume that the considerable number of Senators on both sides of the Chamber, Senators who are known to be friendly to the soldiers' adjusted pay legislation, and who voted to recommit the bill, did so for substantially the same reasons that moved me so to vote. * * *

It is to be hoped that the debt due us by foreign Governments will soon be funded and most of the upward of $10,000,000,000 involved in those obligations put upon an interest paying basis. When this is done this interest will probably take care of the cash payments which the bill spreads over two years.

The hope has been expressed by a number of Senators that the large sum which will become available following the funding of the foreign debts due us might make it feasible for the Government to exercise greater liberality, especially toward those ex-service men who saw service overseas.

There is more in the letter on that line, which I shall not read for the lack of time.

The VICE PRESIDENT. The Senator's time has expired.

Mr. SIMMONS. Mr. President, I will now take my 10 minutes upon the bill if that be permissible.

The VICE PRESIDENT. The Senator has 10 minutes on the bill.

Mr. SIMMONS. Mr. President, there is another part of this letter which I shall not read, but shall put into the RECORD, which I think will completely answer any charge that in occupying a position which I do to-day I am playing any politics.

The VICE PRESIDENT. Without objection, permission to insert in the RECORD the portion of the letter desired is granted.

The full text of the letter is as follows:

UNITED STATES SENATE,
Washington, D. C., August 3, 1921.

MY DEAR COLONEL: I am in receipt of your courteous letter expressing the hope that my recent vote to recommit the soldier's bonus bill did not indicate a purpose on my part to vote against soldiers' adjusted pay legislation.

In answering, I take pleasure in assuring you it did not. I voted to recommit the bill because President Harding and Secretary of the Treasury Mellon, who are primarily responsible for financing reconstruction, had each expressed in the most emphatic terms to Congress the unqualified opinion that the proposed bonus bill if enacted into law at this time would seriously embarrass the Treasury in its financial operations, and because my information and experience acquired as chairman of the Finance Committee of the Senate during the World War and as ranking minority member of that committee since March, 1919, strongly corroborated and confirmed their statements in this behalf. For these reasons I felt impelled to acquiesce in the suggestion and insistence made by the President and the Secretary that this legislation should be held in abeyance for the immediate present. I assume that the considerable number of Senators on both sides of the Chamber, Senators who are known to be friendly to soldiers' adjusted pay legislation and who voted to recommit the bill, did so for substantially the same reason that moved me so to vote.

In passing, I might say that the bill then pending for adjusted compensation and which I voted to recommit is not, in my judgment, a well-balanced bill in that it discriminates unjustly against those who most need present assistance and in favor of those who are more favorably situated. It seems to me unjust that the ex-service man whose pressing wants compel him to take cash should receive less than his better situated comrade who can by waiting two years under the borrowing provisions of the adjusted certificate plan draw in cash nearly 40 per cent more than the adjusted cash payment and still have his 20-year paid-up policy, less the amount borrowed. If there is to be a discrimination, it seems to me that it should be in favor of the weak rather than in favor of the strong.

It is hoped that the debts due us by foreign Governments will soon be funded and most of the upward of $10,000,000,000 involved in those obligations put upon an interest-paying basis. When this is done this interest will probably take care of the cash payment which the bill spreads over two years. At the end of those two years the borrowings authorized under the adjusted certificate plan will begin and this interest will be available and probably sufficient to cover the amount which the Government would for a few years have to advance on this account.

The bill has been sent back to the committee, and it is hoped that the compensation of those whose necessities compel them to ask cash and those able to wait a relatively short time will be more nearly balanced and equalized, and if there must of necessity be inequality or discrimination the measure may be so redrafted as to give the advantage to those who need it most.

The hope has been expressed by a number of Senators that the large sums which will become available following this funding of the foreign debts due us might make it feasible for the Government to exercise greater liberality, especially toward those ex-service men who saw service overseas, and without reducing the amount given those who remained at home allow a greater differential than 25 cents a day in favor of those who endured the hardships, privations, and dangers of actual participation in war.

I am confident the bill will, without any great delay, be reported back with amendments and betterments and put upon its passage under financial conditions which will enable those who wish to support it to do so without feeling that they are perpetrating an apparently unjustifiable discrimination between two groups of ex-service men on the one hand and on the other hand embarrassing the administration in dealing with the financial situation, the perplexities of which at the present time are staggering and which if not wisely and courageously met may lead to a disastrous financial debacle. President Harding, himself a friend of just and timely legislation for our ex-service men, would not, I am sure, have made the appeal he did for postponement if he had not felt that the situation imperatively demanded it. Responsibilities such as his will not permit the settlement of questions gravely affecting the exigencies of a critical public situation upon the basis of a personal desire. I myself keenly felt the force of this when, as chairman of the Senate Finance Committee, during the war and during the first year thereafter I bore the chief responsibility in the Senate for devising, formulating, and piloting through that body legislation to raise the stupendous budgets required to finance that greatest of all military undertakings.

We were then confronted with the task of financing ourselves and allies in fighting a world war. We are now confronted with the scarcely less difficult task of financing our own reconstruction and aiding in the rehabilitation in the interest of humanity and our own safety and well-being of a world struggling against the forces of disorganization, anarchy, and bankruptcy.

I wish, my dear Colonel, especially to express to you my appreciation of the assurances you convey to me in your letter that, speaking out of long acquaintance with me, you know my final action with reference to the legislation in question would reflect my conscientious convictions. In all frankness I would rather my constituents and countrymen would think thus of my public acts than for them always to approve those acts.

I also wish to thank you for sending me a copy of your letter to the Hon. Hallet S. Ward, giving your reasons in favor of the legislation in question. Your statement has greatly impressed me, and I wish to say to you in all sincerity that no one has in my judgment, and in my judgment no one will be able to state the case of the ex-service man more forcefully and persuasively than you have done in your letter to Mr. Ward.

With assurances of cordial agreement with you with respect to the great claims upon their Government of the men whose gallantry contributed so decisively to the winning of the war and my wish to go as far as my sympathetic judgment will permit me to go in legislative recognition of their claims, I am,

Yours, very sincerely,

F. M. SIMMONS.

Hon. WILEY C. RODMAN,
Washington, N. C.

Mr. SIMMONS. Mr. President, I know that it is said that the adjusted compensation bill will come back. At the time I voted to recommit I did not question that; nor do I question it now. I do not believe, as some Senators on this side of the Chamber have said they believe, that the soldiers' adjusted compensation bill has been buried and will not be resurrected. I think it will be resurrected; I think that both political parties in the country are for that measure, and, if they were not for it, public sentiment sooner or later would force them to be. But, Mr. President, I do not believe there is any purpose upon the part of the majority party in this body to enact such legislation as would enable the soldier to get his money as quickly as he would get it if the amendment to the bill proposed by me were adopted. What the soldier is demanding now is speed. I believe he has reached a firm conviction that he is going to get his money some day or other, but he needs it now; he needs it now probably worse than he ever will need it. He can not get it immediately under any scheme; he can not get it immediately, but we can expedite the time of its payment.

Mr. President, it will not do for Senators on the other side to say that we are going to raise this money by taxation. They have no such purpose, in my judgment. I think the President of the United States indicated in his address at the time the bill was recommitted that he had in mind the very scheme that I propose in my amendment, to pay the money by the application for that purpose of the interest upon indebtedness due us by foreign Governments.

The Senator from North Dakota [Mr. MCCUMBER], who originally reported the soldiers' compensation bill to the Senate and who framed it, for it was turned over to him by the committee, and with reference to it he is really the acting chairman, in his speeches made on Saturday last and to-day indicated that it was his idea that it should be paid in this way.

I have heard no suggestion to the contrary recently. I had supposed that probably this would be the ultimate scheme until some suggestion was made in the discussion here a day or so since that the money to meet the payment of adjusted compensation should be provided by a sales tax. I know, as all Senators should know, the majority are not going to raise this money by taxation; why, because if they intended to do it by taxation why did they not provide for it in the pending bill?

Why did they not provide in this bill for raising by taxation a sufficient amount to meet the cash payment, if they intended to meet it in that way?

This bill certainly covers the fiscal years 1922 and 1923, and there is not a line in it to indicate any intention to raise money for this purpose; so that if we search the revenue bill which is about to be adopted for a provision to raise money to pay the soldiers' adjusted compensation, we will see that there is no purpose on the part of the Republican majority to pay the soldier anything out of the taxes collected during the year 1922 and the year 1923.

Now the suggestion to meet this obligation by the imposition of a sales tax is made. Mr. President, to my mind, that is absurd. There was a powerful element in the country that wanted a sales tax; they wanted to be taxed upon everything they sold, but they were not asking for a tax upon themselves without getting a consideration which they thought was full and complete; they were willing to have a sales tax which they could pass on to the consumer, but only upon condition that they should be relieved of certain other taxes they knew would otherwise be imposed upon them. That was the condition. But if the proposition is a sales tax to raise additional money for the soldier, if the proposition is to impose a tax on the manufacturers of the United States, or the profiteers, solely for the purpose of raising additional money for the payment of soldiers' bonus, not many manufacturers or business men will be found to support any such proposition.

Senator, we know and the country knows that the Republican Party represents and stands for policies favored by big business, and it is not going to voluntarily pass legislation not satisfactory to those interests. You will never pay the soldiers' bonus with a sales tax. The only way that you will ever pay it is in the way proposed by this amendment. It is a logical way to meet this obligation. It is the wise way under present conditions in which to do it. We can pay the bonus out of the interest on our indebtedness of foreign Governments to us without embarrassing, without handicapping, without throwing a clog in the wheel of the business of the United States, and without taking one dollar out of the taxes paid by any citizen or taxpayer. It would be paying it out of a fund that was contributed by all the people, rich and poor alike. There is the widow's mite in that fund; there is a pauper's begged penny in that fund; there are the earnings of the sweat of the face in that fund, as well as the earnings of big business and the profiteer. It is the proper fund to appropriate and to consecrate, so far as it is necessary, for this holy purpose. It was the money that paid the expenses of our allies and enabled them to fight those great battles that saved civilization until we came and joined our invincible hosts to theirs and won the final victory. It is a sacred fund.

Mr. President, I hope that this amendment will be adopted. It is what I believe both parties wish with reference to this matter; and if you can put an amendment on this bill that will accomplish a purpose that both parties seem to have, and in the credit for which both parties will probably participate when it is consummated, why, in the name of Heaven, should you not do it quickly to-day, instead of six months hence?

Mr. McCUMBER. Mr. President, I agree with the Senator from North Carolina entirely that when the President asked that the bill go back to the committee for the purpose of delay he had in mind the settlement of our foreign debts and the use of the interest arising therefrom to apply upon the soldiers' compensation bill. Immediately there was introduced into both branches of Congress a bill to enable the Secretary of the Treasury to bring about an adjustment of the debts and their interest—an adjustment that could be made at the present time, an adjustment which would require the action of all of the countries interested. That has been delayed and delayed and delayed. It ought to have passed two months ago. If we pass it now we can still utilize that interest; but if we fail to pass it, then if we pass the soldiers' compensation bill we shall have to look for other means of taxation.

It is for that reason that I urge as earnestly as possible speedy action upon this settlement proposition; and if we get it it will not be necessary to raise a penny more by taxation.

Mr. LODGE. Mr. President, I have no desire to delay the Senate by entering into any elaborate discussion of the question involved in this amendment. I desire merely to say that whenever we pay the bonus, as we undoubtedly shall, I want the payment to be a real payment. I want the soldiers to get the money, and the money should be provided. This proposition is simply under pretense of giving them a bonus—to give them an uncertainty, an indefinite note of hand. No one can tell when we shall get either the principal or the interest on those great foreign credits which we issued. We can not collect them by force. We are not going to war in order to collect those credits. Therefore we must collect them by some arrangement made in the best way we can make it, through the legislation which, I hope, will be speedily passed; but the time of payment of those credits is necessarily indefinite. We may get some money very speedily in the way of interest. We shall not begin to get the total interest on the fund; and to promise, under guise of giving the soldiers the bonus, that they shall have that money from the foreign loans is practically giving them nothing.

Mr. SIMMONS. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from North Carolina?

Mr. LODGE. Yes.

Mr. SIMMONS. The amendment provides that if the amount of interest received from the foreign debts to us is not sufficient, the Secretary of the Treasury may issue certificates of indebtedness to make up the deficiency, to be paid out of the next installment. If the Senator will pardon me further, the Senator from North Dakota estimates that the cash payments will amount to about $200,000,000 a year. Whether we collect all of that interest in any one year or not, it would certainly be sufficient to pay that. The full amount of it would be about $600,000,000.

Mr. LODGE. Mr. President, I return to my objection: If we are to arrange to pay the bonus, let it be arranged so that it will be paid whenever we promise to pay it, out of the Treasury of the United States, so that the soldiers will get real money, for which we are responsible, and not, as I said before, an indefinite note of hand, based on the uncertain return from the credits which we hope to collect, and which it will probably take a long series of years to secure.

Mr. SHORTRIDGE. Mr. President, I crave the indulgence of the Senate for a few moments, which must necessarily be limited, to address myself to the amendment before the Senate, and to make a few observations touching matters which are connected with and involved in its immediate consideration.

I venture to recall to Senators that when the bonus bill came into this body, and a motion was made to recommit it, the Senator from Iowa [Mr. KENYON] offered an amendment to that motion, which will be found in the RECORD in the edition of July 15. The motion to recommit was doubtless made and I think carried very largely because of the cogent reasons presented here, earnestly and patriotically, by the President of our country. Those reasons convinced the learned Senator [Mr. SIMMONS] who has just addressed us, and they convinced others, many of whom then as now were in favor of the measure; though, lest I forget, I hasten to add that I thought then and I think now that the so-called bonus bill can be materially improved, made more acceptable to those for whose benefit it is designed, and more acceptable to the thoughtful minds of Senators. At any rate, the motion was made to recommit; and, because of his devotion to the purpose of the bill, the good Senator from Iowa offered an amendment to the effect that the committee should be instructed to return the bill into this body within a definite time—on or before January 1, 1922—all to the end that it might be again taken up, considered, improved, it may be, and transmuted into law.

The amendment of the Senator was in these words, as stated from the desk:

> The Senator from Iowa moves to amend the motion by adding:
> "And that the Committee on Finance is instructed to report on or before the first Monday in January, 1922, a new adjusted compensation bill."

I am not very familiar with parliamentary rules or methods of procedure here; but, favoring the bill and favoring the suggested amendment—which was, by way of instruction, respectfully given to the committee—along with six other Senators, I voted for the amendment, the purpose of which you now recall. Strangely enough to the far western mind, practically the whole Senate, Republican and Democrat, voted against that very amendment of the Senator from Iowa. The record is to be found at page 3874, and the names of the Senators voting are set down on that and the succeeding page. The upshot of the matter was that 7 of us voted thus to direct the committee, 69 Senators voted against that instruction, and 19 Members of the Senate were absent or did not vote.

I recall this, not to embarrass anybody, not to indulge by innuendo in criticism of anybody, but in order, if I may, to have it here and now set down that then I took the position which is here recorded.

And now we are brought to this hour, and we have before us a revenue measure, a measure of very great and far-reaching importance, important to every man and woman and child in the Republic, affecting as it does every State from

Maine to California, from Florida to Washington, affecting every industry of our country. I know, if I know anything—and my knowledge is born of confidence and respect for the Members of this body—that every Senator is concerned in this bill for no other reason than that it shall make for the welfare of the Nation and the people thereof, not the rich nor the poor exclusively, but all the people of the Nation.

It is a revenue measure, and because it is such I do not think it wise to engraft upon it measures of the kind suggested by the amendment immediately before us. Nor do I think it wise to engraft upon it other amendments which may be offered, if they have for their object a departure from the main purpose of the revenue bill, the purpose of which was, is, and must continue to be the raising of adequate revenue to pay the legitimate expenses of our Government.

With deference I advance the thought, and by repetition would emphasize it, that we should keep before us the immediate purpose of the bill now pending, and not divert our minds by other matters, certainly not permit ourselves to get into controversies which develop a spirit which is more or less fatal to sound logic and to sound reasoning—collateral matters, important in and of themselves, to be hereafter taken up and considered, but not, in my judgment, now to be engrafted upon this immediate measure.

The VICE PRESIDENT. The Senator's time on the amendment has expired.

Mr. SHORTRIDGE. I now wish to speak on the bill itself, Mr. President.

The VICE PRESIDENT. The Senator from California is recognized to speak on the bill.

Mr. SHORTRIDGE. All the resources of lofty and loving eloquence have been exhausted in paying tribute to the soldiers and sailors of our Republic, and poetry has laid its immortal wreath upon the tomb of the dead and the brow of the living. No words of ours uttered in this Chamber can tell what love we have for the dead, nor can we add to the pure glory of the living. The one is unspeakable, the other is as fadeless as the stars.

We owe a great duty to the soldiers and the sailors of this Republic, Mr. President. To the dead we owe the tribute of our tears. We owe a great and sacred duty to the dependent wife or children of the dead, and that duty a grateful nation must and shall perform.

To the living we owe a great and sacred duty; first, of course, to those who came back wounded, wrecked in body, perhaps in mind. That is a duty which this nation must and shall perform.

We owe a great and sacred duty also to those who providentially came back, not wounded, but who have suffered loss of time, in a material sense suffering. Wherefore I am in favor of this kind of legislation, unreservedly, without hesitation, and certainly without any desire to exalt myself or to flatter myself that my love, my devotion, my sense of gratitude, is deeper or profounder than that of any other Member of this body, or of anyone else, humble or great, in this land. We owe this duty to the living; we must and we shall perform it in all good time.

The war was not fought by partisans—by the Democrats of North Carolina, nor by the Republicans of California. It was not fought by Republicans or by Democrats. The sons of the Republic—they came, Mr. President, from your State, the great State of Washington (Mr. POINDEXTER in the chair). They came from Idaho, they came from every State, gladly, proudly, singing, to fight, to suffer, and to die for their flag—for your flag and for my flag—and, if it were possible, they added a new luster to that flag.

They returned, not as Republicans, not as Democrats; they returned as Americans, lifting high the flag which has never known defeat, holding it up in the sky that loves it. They returned, and as soldiers and sailors they are, not Republicans, not Democrats, but proud, upstanding, patriotic Americans. They came from Alabama, too, the Democrats and the Republicans; and my eloquent friend who sits here [Mr. HEFLIN] will pardon me if I tell him now that he must not impute to one of my name the voting for any measure at the behest or command of others, for if he will read the judicial history of Alabama he will see my name there, and the blood of my kindred was there.

Mr. HEFLIN. And a good man he was, too.

Mr. SHORTRIDGE. So, Mr. President, for reasons so logically presented by the Senator from North Dakota [Mr. MCCUMBER], reasons presented without passion, obviously without any desire to make political capital, for the reasons which he has presented and others which I think might be added, I can not bring myself to believe that now is the time to adopt this or other similar amendments to the revenue measure. In good time a bill, the one in committee, will be reported out. It is not, in my judgment, a perfect bill. I think it can be improved. I think it will be improved, and I think, as now advised, that the moneys due us from European nations should be and will be made available and be devoted to the payments to be made under a bonus or an adjusted compensation bill to be enacted. In respect to that feature of the measure, I find myself in accord with many of the thoughts expressed by the Senator from South Carolina and by my learned friend the Senator from Tennessee [Mr. MCKELLAR].

Mr. SIMMONS. Mr. President, may I call the attention of the Senator to the fact that I am from North Carolina?

Mr. SHORTRIDGE. I beg the Senator's pardon. It has been such a long time between invitations by the governor of one of those States to the governor of the other that I sometimes get a little bit confused.

Mr. SIMMONS. I was not aware that the Senator from California had extended me an invitation.

Mr. SHORTRIDGE. I hope to have that pleasure after the adjournment.

Mr. President, I find myself in accord with the thoughts expressed by these two Senators, thoughts which I entertained, if I may say so, many, many months ago, that the debts due us by foreign nations should be paid, and that the interest, now aggregating, I think, over $1,000,000,000 should be the more speedily paid, and that it might well be devoted to meeting the requirements of a so-called bonus bill.

I pause to say that I do not like the term "bonus," nor do I like the phrase "adjusted compensation." It suggests the idea of an account stated, of a debt incurred and paid; for permit me to say that we never shall be able to pay this debt. When these young men are old and feeble, as most of the veterans of the Civil War are, this nation will continue to owe them much and will continue to assist them, and as they walk down into the shadows of the evening of life will aid them, will comfort them, will vote vast sums of money to them and to their dependents. So that this is neither a "bonus" bill nor is it an "adjusted compensation" bill, but it is a proposed measure of recognition and of reward and of inadequate compensation for invaluable services rendered the Republic.

Mr. President, I respectfully suggest to thoughtful Senators that we should not delay the passage of this revenue measure. We should dispose of these amendments which seek to tack on to it matters in a sense not germane, matters which are foreign to the main purpose, and then we should unitedly bring about an adjustment of the foreign debts; we should cooperate to that end, and there should be no political discussion on that proposition. Men may differ as to the ways and means, or the amount of pressure we should bring to bear, but we should cooperate toward speeding a funding or refunding of the payment of moneys admittedly due us, and then cooperate, without regard to partisanship, above all partisanship, in the framing and early enactment of a measure called the bonus or adjusted compensation bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SHORTRIDGE. I thank the Senators for their attention.

Mr. NELSON. Mr. President, I regret that I have not been able to enthuse over this bonus propaganda. To me, as an old soldier of the Civil War, there has been something repellant in the agitation which has been carried on by some of the posts of the American Legion—not all of them—for this bonus.

Over half of the soldiers in the Army during the late war never went out of the country. They lived here in fine barracks, had good cooking, good food, slept on cots, and suffered no hardship beyond drilling and standing guard. They had war risk insurance, they had family allowances, they had the advantages of the Young Men's Christian Association, the Salvation Army, and the Knights of Columbus.

When I compare the experience of these men with that of the soldiers of the Civil War, and the pay they got, it seems to me remarkable that the men who are now agitating for this bonus can take the stand they do. During the first few months of the Civil War the pay of the American soldier was about $11 a month. Afterwards it was increased to $13 a month, and finally to the maximum of $16 a month; but at that time gold was at a premium of from $2.30 to $2.40, and the soldiers of those days were paid in the depreciated paper currency. The maximum pay they got in those days, as I said, was $16 a month.

What did they get in the late war? The lowest pay any private got was $30 a month, and if he was a married man, if he had a wife or children or dependent parents, he got a family allowance in addition to his regular pay. Besides he got a

bonus of $60 when discharged, something not accorded to the soldier of the Civil War.

In the matter of food, we had no bacon, we had no ham in the days of the Civil War. We got salt pork in the barrel in brine, and we got salt beef of the same kind. The only other meat that we got was when we were in localities where we could round up some cattle and kill them and get a little fresh beef in that way. The only vegetables that we had were rice and beans. We had no canned goods. There was one thing we had which was a great curse to the soldier. We had the Army sutlers, from whom we had to buy our supplies in the way of the little extras we wanted or needed, a little tobacco, a little candy, and other little knickknacks, on which there was three or four hundred per cent profit.

Did those veterans of the Civil War, when they came back home, set up a clamor for an enormous bounty like these soldiers are doing? No. When they came back home from the war they proved themselves to be a balance wheel in the life of the Republic, and they did their share without seeking for an enormous bonus when the country was overloaded with debt.

Aside from pensions, which were only given to those who were disabled, there was nothing akin to this in the days following the Civil War until nearly 30 years after that war was over, when the act of 1890 was passed. Prior to that it was simply a question of pensions to the soldiers who had been disabled and to the widows of those soldiers who had died in the service. In 1890 there was some legislation enacted in the shape of more liberal pensions. In the latter part of the war the Government paid a larger bounty for enlistments than in the early part of the war. Acts were passed to equalize these bounties for those who enlisted in the early part of the war, to whom no bounty had been paid, and to others who enlisted a little later in the war to whom a small bounty had been paid in order to equalize that matter. But beyond that there was nothing done in the shape that is now asked by the soldiers of the American Legion.

Then consider the poor Confederate soldiers. They came home to a devastated country. They got no relief whatever. To be sure, their States in time passed laws providing for the crippled and disabled veterans, but beyond that none of those who were Confederate soldiers got any help.

The Northern soldiers, when we came marching home again, were content to cooperate with our fellow citizens in building up the country and we did not ask for an enormous bonus.

Mr. President, those veterans who went over to France and were disabled should be taken care of. I am as anxious as anybody can be to do justice to them and to do it in every way possible. Then, too, if we could segregate them I should be very glad if we could do something for the soldiers who actually did fighting over there, who participated in the battles on the St. Mihiel salient, who participated in the campaign around Chateau-Thierry and in the great final drive in bottling up the Germans in the Argonne. My heart goes out to those fighting soldiers, but I declare my heart can not go out to the 2,000,000 soldiers who stayed here in America in comfortable, pleasant barracks and had nothing more to do than a little drilling and to stand camp guard.

I wish to say another thing to my very good friend from North Carolina [Mr. SIMMONS], who has pending an amendment proposing, as I understand it, to use the money received from our foreign loans or the interest on them to pay the proposed bonus. Senators talk about these foreign loans as though they were something horrible. I wish to tell the Senator from North Carolina something about those foreign loans.

Mr. SIMMONS. Mr. President, will the Senator let me correct him? The Senator said my amendment gave the interest——

Mr. NELSON. I understood that the Senator proposes to give the proceeds of the foreign loans to these soldiers.

Mr. SIMMONS. Not at all. It only appropriates annually enough to meet the payments provided in the bill which was reported to the Senate and recommitted.

Mr. NELSON. In the first place, I wish to get the Senator from North Carolina back on terra firma. If the Senator will examine the records as I have, he will find that the larger part of these loans were made after the armistice. The moneys were advanced to Governments in Europe, both the old and the newly established, to enable them to purchase supplies to keep them from starving, and most of the proceeds of those loans were devoted to buying American products. Most of the money was spent in this country to buy American products for those poor countries in Europe, old and new, to keep them alive. The result was that we got the benefit from it indirectly for the farmers of the country by getting better prices for our products in 1918, 1919, and 1920. The money was largely devoted to that purpose.

The loans were made on short-time securities, on all kinds of bonds and certificates. Some of the Governments were regularly organized Governments, long established, like France, Italy, and England. Others were new Governments in embryo, which had just been established. The most we could say of some of them was that they were de facto governments, and the Government of the United States advanced money to them. It so happened that some of the Balkan States were in the greatest danger of starving and needed the most help. The Government advanced money and took such securities as they could obtain from those Governments or the organizations that were passing as governments.

The practical way to do with our foreign loans is to fund them and get them into some regular form of bonds against those Governments which have now been established and thus put them in proper form. We all know what the conditions are in Europe.

The PRESIDING OFFICER. The Senator's time has expired. However, he has 10 minutes on the bill if he desires to use that time.

Mr. NELSON. I shall take 10 minutes on the bill.

We all know what are the conditions in Europe. Europe is not able to pay us at the present time. When Europe gets rehabilitated in time, those Governments will be able to pay us. What we ought to do now is to get the loans that were made to the de facto governments and de jure governments in such a condition that they will be tangible and can be handled and will give us an income in the future.

I have listened to some Senators who have been talking wildly and saying why not make them pay the interest. As the Senator from Massachusetts [Mr. LODGE] said, we can not collect that interest from those people except through voluntary means. We can not go to war about it. We can not send a sheriff to collect it by an execution as we would collect a judgment. We have to negotiate the matter. The first process will be to put those loans, regular and irregular, into some tangible permanent shape, and refund them, so that in time we can collect the interest, and whatever we get out of it we will need to pay the interest on our own foreign debts which we ourselves owe.

Coming back now to the soldiers——

Mr. SIMMONS. Mr. President, I do not desire to interrupt the Senator unless he is willing that I should do so.

Mr. NELSON. I have so little time that I will ask the Senator to pardon me if I do not yield. Otherwise I would be very glad to yield to my good friend from North Carolina.

Coming back to the bonus bill, I have had letters from a great many of the soldiers who served in the war who look at this question as I do. They feel that it is inopportune at this time at all events or in the near future to ask for any bonus. They feel that the country in its present condition is not able to pay such a bonus. More than that they have the patriotic spirit which ought to possess every American citizen. They feel that it is the duty of every American to serve his country in time of war, and that he should not serve it for money; that he should not serve it as a mercenary, but should serve it through a pure patriotic spirit, from pure patriotic principles. Those are the sentiments which possess many of the soldiers of the recent war. Some of their leaders are playing politics, passing resolutions in conventions which they are holding, and then the politicians get hold of them. They think it is a great fortune to make these soldiers believe, "Oh, we Democrats are your friends. These blasted Republicans do not care a continental for you. We will vote for you and your bonus. We will vote to have the excess profits put into your hopper; we will vote to have the foreign loans put into your hopper; we will do everything under the sun for you boys who were mustered into the Army during the war."

I have faith enough in the major part of the American soldiers who were in our grand Army during the war to believe that in their innermost hearts they despise being made the football of politics, and in the end some of the politicians who are now clamoring for the bonus will find that the soldiers will not thank them for their efforts. They will feel, as we veterans of the Civil War felt, that it was their duty to serve the country without money and without price, as a matter of principle and as a matter of patriotism. I believe, if anything is to be accorded to them in addition to what they received during the war in the way of salary and insurance and allowances, they are willing to wait and bide their time until the country gets in an easy condition, when the Government can afford to do something for them, as it did for the veterans of the Civil War 30 years after that war was over.

Mr. President, as an old soldier I can not help expressing my sentiments on this question. I believe that a great majority of the soldiers of the recent war feel about the matter as I do, and the politicians will find to their sorrow that they have made a mistake in assuming that the soldiers can be bunkoed and fooled by this bonus question, by proposing to assign to it the excess-profits taxes, by proposing to assign to it our foreign loans and everything else under the sun for the purpose of making the soldier boys believe that the politicians are their friends.

Mr. President, I have been greatly disappointed. When the veterans of the Civil War returned to their homes they took up the burdens of civil life among their fellow citizens and proved themselves to be industrious, law-abiding citizens and a balance wheel in the life of the Republic. It could be said of them, as was said of the soldiers of Oliver Cromwell. After the Stuarts came into power and it became necessary to disband the old Cromwellian army, the Stuarts and their followers felt that that army of veterans would be a danger in the community after they were disbanded; that they would be a menace to society. But the historian Macaulay states, and states truly, that they were mistaken. They found as they passed through the different parts of England in the little villages and towns that where there was an industrious tinker, an industrious blacksmith, an industrious carpenter, where they found thrifty and industrious men any place, they were generally some of Oliver Cromwell's old soldiers. So following the close of the Civil War, both in the North and in the South, when an industrious, thrifty, and prosperous man stood out prominently amongst his fellows it was generally true that he was one of the old soldiers who had fought in that war, either as a defender of the Stars and Stripes or as a follower of the Stars and Bars. Such a man was not found to be clamoring for a bonus as are soldiers of the World War to-day. Two millions of those soldiers never left the country; they lived in their barracks in glorious peace, surrounded with many of the facilities of a modern hotel. Give them a bonus! Why, Mr. President, to me it seems a most unreasonable claim, not creditable to the soldiers of the late war.

Mr. WALSH of Massachusetts. Mr. President, it is very pertinent to inquire why this amendment providing for adjusted compensation for our war veterans should be considered in connection with this revenue bill. It seems to me the answer is very simple. We are undertaking for the first time since the close of the World War to readjust our finances; to find out what we owe; and to find out where and how we shall raise the money with which to pay our debts. When we are undertaking for the first time since the end of the war to formulate a program for taxing our people, if it is not pertinent now to ask the question, Do we owe any further compensation to our soldiers who won the war, when is it ever going to be pretinent?

Mr. President, the question is very fittingly presented here for discussion, because now, if ever, when we are shaping our financial policy for the future, we must consider the serious and great financial obligations that this measure of adjusted compensation involves. Not only is that a sound reason for considering the question, but, to quote the words of the Finance Committee itself, they state that the payment of an adjusted compensation to our soldiers is a just and an unquestioned moral and financial obligation of this Nation. If that is so, when are we to discuss "a just and unquestioned moral obligation," and how to meet it, if not when we are seeking to levy and distribute the burdens of our Government through taxation?

The Senator from Indiana [Mr. WATSON], in a very brilliant speech on Saturday night last, undertook to call to task the slowness with which certain Democratic States had responded to the wishes and desires of the soldiers for compensation and relief. He inadvertently forgot that he was placing the Democratic States of this country in very good company, because if the Democratic States have been derelict in having failed to provide a bonus for our soldiers they are in the company of the Republican national administration, which has up to date failed to provide such a bonus. Their answer an be the answer that comes from the other side of the Chamber—"In good time"; "wait"; "our financial obligations will not permit it"; "our finances are not sufficiently strong to accept and undertake this burden at the present time."

Mr. President, this obligation, moral and financial, is based upon the theory that our soldiers who enlisted in defense of the country during the World War were put in the position of being denied all the economic gains and advantages which inured to those of the American people who remained at home, and that, when they returned from the war, they had equally to accept the economic burdens and losses that followed in the wake of the war. To argue in favor of adjusted compensation to our soldiers seems to me to be absolutely unnecessary. We have but to ask ourselves one question: Who of all the people in all America during the World War were paid the lowest and the meanest wage? The very men whom we called to the service and defense of our lives and our property were paid the poorest wage received by any Americans during the war. Not only that, but the incapacitated, the weak, of the very class and age of our soldiers who remained at home were rewarded with the highest wage ever paid to employees in America, and in many cases paid by the Government itself to the clerks who kept the records of those on the firing line. On what theory of justice can we defend a policy that gives a financial reward to those who serve at a desk in Washington because they are not physically fit to endure the hardship of battle?

We can not justify; we can not defend the policy that compels the defenders of a Nation to bear all the economic losses as well as all the dangers and hardships of war. It is absolutely indefensible. It might have been acceptable in the days that have gone by, when kings and emperors could demand their subjects to go to war and battle for them at whatever price they fixed; but in this enlightened age and under democratic institutions the soldiers who defend a Government from complete catastrophe do not propose, in addition to their heroic service, to permit those who remained at home to revel in the economic gains which come in times of war from the unusual prosperity which follows in its train. Democracy and democratic institutions no longer will permit or tolerate that the soldiers, the defenders of the Government, shall bear all the hardships and all the dangers and as well the financial losses and economic burdens that grow out of wars.

Ah, the people of the world are making progress in the assertion of these rights in these days. When we ask men to fight for democracy we must do and practice equality, and that is doing democracy. We can not say to these men, "Your reward is the spiritual reward that you have done a great service." Spiritual reward is personal; the consciousness of having done a great deed, a noble work, comes to a man himself; no nation gives it to him; no vote of Congress gives him that spiritual reward; it is the consciousness that is his own and that comes from the knowledge of having done his duty conscientiously and faithfully and having served his country unstintingly in a great and noble cause.

Let a man jump into the water and save your drowning child—a great and noble deed. Sickness follows; he falls a victim to disease. Is your obligation completed with paying the doctor's bills, with nursing and restoring to health the man whose heroism saved the life of one dear and near to you? Have you not also an economic obligation, that of giving to that man every dollar which he has lost during the period when he served you and during the period that he suffered in consequence of his heroic act? You are bound in honor to restore him to his former economic status as far as your means allow it.

I, for one, Mr. President, propose to discuss and agitate and urge our Government to cancel the economic debt it owes to its soldiers without delay. I say it is the business of a grateful people and a generous Government after a war is over and ended victoriously to bind up the wounds of the bleeding, to bury the dead, to restore to health those who are incapacitated, and to make an earnest effort to pay the economic losses of those who served them and defended their homes and their country.

Three measures are suggested here by which——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WALSH of Massachusetts. Then I will take the 10 minutes allotted to me on the bill, Mr. President.

Three ways, as I started to say, are suggested here by which we can meet this obligation: First, the Senator from Missouri [Mr. REED] says, "Now that we are readjusting our financial program; now that the war is over and we are finding out what our debts are and what our revenues are to be, stop," he says, "and do not take this tax off the profit-making corporations; do not take the excess-profits tax off, but retain it and apply the proceeds to the payment of this debt which we owe our soldiers." That proposal has been voted on; it has been rejected; it is dead apparently forever; and there is no hope of a soldiers' compensation ever coming out of that source until at least political conditions change, for the majority party has repudiated this method of raising revenues.

What is the next proposition? A sales tax. It is ridiculous. Any serious-minded man who is familiar with the influences in

American politics knows that a sales tax will never pass this Congress for this purpose, and I will state the reason why. Who is behind the sales-tax movement? Who is clamoring and asking for a sales tax in Congress and outside of Congress? The big business interests of this country. They are the propagandists who are asking for it, and these big business interests of this country are the bitterest opponents of the soldiers' bonus. Why does big business want a sales tax? They want a sales tax as a substitute for what they allege are the present burdensome taxes on business, but no one is so foolish as to think or contend that the business men have been pleading with us for a sales tax merely that another tax could be placed upon them; they have been demanding such a tax as a substitute tax for what they consider a much more burdensome system of taxation; and yet the majority party say that by and by they will ask these business men not to take a sales tax as a substitute for other burdensome taxes, but as another tax in addition to those which they already bear, in order to compensate our war veterans.

Mr. President, it is to laugh; it is ridiculous. The same pressure, the same influences that have been exerted here in behalf of a sales tax, will be exerted with tremendous force against this proposition of linking this so-called bonus debt with the sales tax.

The business interests, the big business interests—not all the business interests are lacking in unselfish appreciation and gratitude—are powerful. Their power and influence kept this soldiers' compensation proposition out of the national platform of the Republican convention of a year ago, and I fear they kept it out of the Democratic platform of a year ago.

I must give you credit for some political sagacity over there. Whether you like the bonus or not, you at least have vision. You at least appreciate that the American people favor it. You will pass a bonus act I have little doubt when the next national election approaches. You will do it not because you believe in the proposition, but you will do it to corral for the Republican Party the influence and votes of 4,000,000 soldiers and their millions of friends for the next 50 years. A babe in politics could have known and would have known two years ago that just as surely as the sun shines our soldiers will have their miserable, inadequate pay adjusted, because it is so apparent that those who served us in the Army and Navy lost economically every day that they remained in the service of our country, because it is the determined purpose of the American people to remove the injustice and economic inequalities we compelled our defenders to bear in addition to their military service. Public opinion will demand you act before you go to the country again, and Senators on this side intend to give that public opinion expression and direction until you do act.

Tell me what debt is more binding on man or Government than the debt of wage, than compensation? One of the sins that cry to heaven for vengeance is the denial of a just and honest wage to the man who labors for and serves you.

What is the third plan suggested by which to meet this obligation? I pass from the sales-tax proposition. Mark my words: The sales tax never will be accepted. Business interests will plainly tell you and you will agree, "In the beginning of the new era of prosperity, after the depression we have passed through, we can not afford the burden of another tax to meet this compensation."

What is this third plan? It is the source suggested by the Senator from North Carolina [Mr. SIMMONS]—an amendment which I joined him in proposing to the Senate. It is, very briefly stated, the application of the interest money which we receive from our foreign loans to pay this compensation. I am not one of those in this body who think that this interest is never going to be paid. I say, and I have the opinion of a Secretary of the Treasury to confirm me, that there is not the slightest doubt but that France and Great Britain will begin the payment of their interest after the two-year period has expired when they were immune or claimed to be immune by consent of the former administration from the paying of this interest, and that two-year period expires in a few months. Next year the interest on a large part of these debts is to be paid. It is an untouched fund. If this money goes to meet current expenditures, it is lost forever to the soldiers, because once it is applied to the current expenses of this Government we shall have to explain to the people why we are raising their taxes, as we would have to do if we should then try to pass a soldiers' compensation bill through this body.

Mr. SIMMONS. And we would have to pass another revenue bill to raise the money.

Mr. WALSH of Massachusetts. Exactly; and we would have to pass another revenue bill. This interest is to be paid. It is going to be paid next year. This amendment proposes that we assume this obligation next year.

Mr. FRELINGHUYSEN. Mr. President——

Mr. WALSH of Massachusetts. I can not yield to the Senator; I am sorry. I have only two or three minutes.

Mr. FRELINGHUYSEN. Only for a question.

Mr. WALSH of Massachusetts. This amendment proposes that both the interest upon this obligation and our debt to our soldiers shall go hand in hand, and one shall balance the other. Will it meet the obligation? Only in three years until the year of maturity twenty years later—mark my words—will the amount that the Treasury will have to appropriate be in excess of $50,000,000, under the plan that the Secretary of the Treasury and the Senator from North Dakota believe will be the plan accepted by the soldiers—less than $50,000,000 in all but three years. This money will be paid if for no other reason than pride. Great Britain and France will not allow Americans and the people of the world to throw in their faces their refusal to pay the interest upon this debt. It will be paid without question; and incidentally the adoption of this amendment will be notice to them that the payment of the interest will be acceptable.

I am not in favor of pressing them unduly. I am not in favor of making the payment even of this interest burdensome to them. I am not in favor of playing the rôle of hounding our debtors. They were our allies. They fought side by side with us. We ought to ask for the payment of this interest as we would press a friendly debtor in our personal relations with a fellow man, and in no other way and in no other manner. It will be notice to them that the payment of the interest will be acceptable, and that we propose to appropriate it to meet a very sacred and a very holy and a very great obligation; and how appropriate it will be also, because the money that was loaned to these allies, that will now bring us interest, came from whom? From the soldiers themselves; from all our people, including the mites of the widow and the poor.

Mr. President, do our soldiers need this additional compensation? Before one of the committees of which I have the honor to be a member a few days ago an officer of the United States Army stated to us that they had to withdraw from soldiers their applications for Liberty loan bonds, because the allotment which they had given to their families at home and the allotment necessary to pay their insurance was more than the amount of the monthly wage due them. Because, Mr. President, they were penniless and had not the funds to meet any other obligations.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. WALSH of Massachusetts. Mr. President, I hope the amendment will be adopted, and that we can once for all settle and adjudicate this question by notice to our soldiers and to the country that we propose to use this fund for this purpose.

Mr. WILLIS. Mr. President, I had not thought to occupy any of the time upon this amendment; but an observation just made by the distinguished Senator from Massachusetts [Mr. WALSH] seems to me of such a character that it ought to receive a moment's attention.

I understood the Senator to say—not quoting his language, but this is the substance of it—that he should agitate continually in favor of the cancellation of this debt, meaning by that the debt which we owe the soldiers. I understood that to be his statement, or the substance of it. I may have misunderstood the Senator—I certainly do not desire to misquote or misrepresent him.

Mr. President, that is not at all my concept of this situation. That is a debt which can not be canceled. Does the Senator from Massachusetts mean to suggest that by the payment of the $350 or $400 contemplated in this legislation we shall be able to cancel the debt that we owe the soldiers? In my own State to-morrow we shall vote for a State adjusted compensation law that will involve an expenditure of somewhere between thirty and forty million dollars for the benefit of Ohio's ex-service men. My vote has already been cast by absent voter's ballot in favor of that legislation.

Mr. WALSH of Massachusetts. Mr. President——

Mr. WILLIS. I yield.

Mr. WALSH of Massachusetts. I do not think the Senator means to misquote me. I thought I said, certainly I intended to say, that the payment of this adjusted compensation would cancel in part the debt resulting from the economic losses which our soldiers suffered during the time they were serving and defending the country. The debt I discussed had no relation whatever to the debt of gratitude which every grateful citizen owes to our soldiers and which can never be compensated for.

Mr. WILLIS. Mr. President, it seems to me that proposition is wider of the mark than the other. Men went into the Army who were earning $2,000 and $5,000, and some of them $10,000

a year. They gave up these incomes willingly and accepted $30 per month for a patriotic service while men of less earning power who stayed at home were paid $10 or $15 per day in war industries conducted under the extravagant "cost-plus" system. Does the Senator mean to say that by paying the little amount that is provided in this bill we are going to cancel that debt and equalize the soldiers' pay with the inflated wages paid at home? I think the Senator has absolutely the wrong concept of the relationship between the soldier and the Government.

As I was about to say when interrupted, we are voting in the State of Ohio to-morrow on the question of a soldiers' bonus. My vote will be in the ballot box in favor of that expenditure by the State of some thirty or forty million dollars. Did I put that vote into the box on the theory that by so doing I would be able to cancel the debt that we owed to the soldiers of Ohio? Why, of course not. That is not the idea of it. That is a debt that can not be paid; and when I vote, as I shall vote here very soon, in favor of a soldiers' bonus which will be written upon the statute books of this country, I shall vote not upon the theory that by so doing I am going to cancel any debt, because it is a debt that can not be canceled. Because of his patriotic service in the Nation's defense the soldier has suffered through the discrepancies in wages which I have pointed out, an economic loss. By adjusted compensation legislation the Nation endeavors to equalize in part this discrepancy and remedy this wrong.

Wages at home increased in some cases 500 or 600 per cent, but in the Army they did not so increase. Men should not be penalized economically for rendering patriotic service.

In that connection, since it has been referred to by numerous Senators in this debate, I wonder if it would not be interesting to see just what the President said upon this question when he addressed the Senate. I have taken the pains to read it. There is nothing in any statement made by the President of the United States that indicates that we are not to have legislation on the subject of a soldiers' bonus. I quote from his address delivered here in the Senate when I read the following sentence:

> In a personal as well as a public manner—

Some of us know exactly the matter to which reference is made in that sentence—

> In a personal as well as a public manner, which ought to be a plight of good faith, I have commended the policy of generous treatment of the Nation's defenders, not as a part of any contract—

The President of the United States very properly spurns the idea that by voting three or four hundred dollars to each soldier we are going to cancel a debt. Great heavens! What will Senators say, if they believe in that proposition, when a few years later pension bills are introduced here? And such legislation ought to come, and will come, and ought to be supported. If Senators now say that they propose to cancel the debt and discharge the obligation owing the soldiers, on what theory will they base their votes when called upon to vote in favor of pension legislation? I shall vote in favor of that legislation, and the party to which I belong will favor it. It has written upon the statute books substantially all the pension legislation that we now have—incidentally, I may say, generally in the face of the opposition of Senators on the other side of the Chamber. So it is not a contract; but, proceeding with the reading, the President says:

> Not as a part of any contract, not as the payment of a debt which is owing, but as a mark of the Nation's gratitude. Every obligation is to the disabled and dependent. In such reference as has been made to general compensation there has been a reservation as to the earliest consistent time for such action if it is taken.

Then, on the next page of the document, I read:

> After a survey of more than four months, contemplating conditions which would stagger all of us were it not for our abiding faith in America—

I beg you to note this, Senators, particularly. He says:

> I am fully persuaded that three things are essential to the very beginning of the restored order of things. These are the revision, including reduction, of our internal taxation, the refunding of our war debt, and the adjustment of our foreign loans. It is vitally necessary to settle these problems before adding to our Treasury any such burden as is contemplated in the pending bill.

That was the position of the President. He did not say, he has never said, so far as I am aware, in public or private that he, or the party of which he is the leader, was opposed to the bonus proposition; and if he had so spoken, there are those in the party for whom he could not have properly spoken, because I say frankly that when the adjusted compensation legislation comes before the Senate in a proper way and in proper form, not as an amendment to a great revenue bill, I shall support it, as I have supported similar legislation in my own State. But it should not come before the Senate until the three problems the President has pointed out are either solved or are well under way toward solution.

Before I take my seat, Mr. President, I want to make another observation. There has been much discussion here to lead the public to believe that the party in power has been negligent, that but little has been done for the soldiers. When I recite some of the things which have been done, I do not wish to be understood as thinking or saying that all has been done which ought to be done; but it is not fair that Senators stand on the other side of the Chamber and hold out the idea that the soldier has not been properly provided for in the appropriation of funds.

I find, for example, from the report of the committee of which the distinguished junior Senator from Massachusetts [Mr. WALSH] is an honored member, that some 85,000 men are now in training at governmental expense. I find on page 63 of that report the statement that during the fiscal year ending June 30, 1920, the sum of $105,000,000 was expended by the board for the work of rehabilitation, and so on. I find other items. I find, for example, that we have 29,000 men in hospitals receiving proper care. Already liberal appropriations have been made. I recall one appropriation of $18,000,000 for hospitals alone. Just how all of that money has been expended we are now seeking to find out. If further appropriations are necessary Senators on both sides of the aisle will gladly vote for them. There is no disposition in any quarter to curtail legitimate expenditures made on behalf of the soldiers.

I find that already, under the provisions of existing law, there have been paid out by the Veterans' Bureau for medical service something like $71,000,000; that over $170,000,000 have been paid out for vocational training; that there have been $585,000,000 spent by way of allotments and disbursements to soldiers.

The VICE PRESIDENT. The Senator's time on the amendment has expired.

Mr. WILLIS. I will use just a moment or so of my time on the bill, Mr. President. The report shows that there have been paid out $521,000,000 by way of compensation and insurance, or a total expenditure of $1,350,000,000. We are now expending almost $35,000,000 a month. I do not want Senators to misunderstand me. I am not complaining about that—I am proud of it—and if we need to appropriate $50,000,000 a month Senators on both sides of the aisle are ready to vote for it. I am taking issue with the proposition advocated here by gentlemen from time to time that the party in power is niggardly in its appropriations for ex-service men and is opposing legitimate expenditures for the benefit of the soldier. That is not the fact, and Senators ought to know that is not the fact. We are spending $35,000,000 a month—more than $400,000,000 a year—for the soldiers, and we will make it $800,000,000 a year if that amount is necessary to take care of them. I object to Senators trying to make a little cheap political capital out of a situation which should appeal not at all to partisanship but only to patriotism.

Touching the work of the Veterans' Bureau, I find that on the 4th of March there were more than 200,000 cases pending; and if anything shall be said touching the treatment of the soldier it ought to be remembered that whatever inequalities have come they have come very largely because of the incompetence and inefficient organization of that bureau when the opposite party had control of it. It has taken some time to get it to functioning efficiently. Now, as Senators know, the bureau is practically up to date in the transaction of its business.

There have been requested some 975,000 medical examinations. Of that number there are only 30,000 now awaiting review. Seven thousand new hospital beds are in use and 6,000 more are appropriated for and the work of construction is well under way. I am speaking of these things to call the attention of Senators to the fact that, while there have been mistakes in the performance of the work, those mistakes have been corrected so far as possible, and on neither side of the Chamber is there any disposition to stint in the matter of expenditure for the soldiers' benefit; and when the time comes, as it will very soon come, to act upon the adjusted-compensation proposition in a proper manner, I, for one, shall cast my vote in favor of the proposition, as I have already cast my vote as a citizen of my native State for the payment of the bonus by the State to Ohio soldiers.

Mr. HEFLIN. Mr. President, I desire to offer an amendment to the amendment of the Senator from North Carolina.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. Insert the following at the end of the amendment of the Senator from North Carolina:

That for the purpose of providing adjusted compensation for the ex-service men of the United States who served in the World War the Secretary of the Treasury is hereby requested and required to proceed as speedily as possible to collect the interest due to the United States on the obligations of foreign Governments. Said interest, when collected as herein provided, shall be applied to the settlement of the bonus or soldiers' adjusted compensation.

Mr. HEFLIN. Mr. President, the Senator from North Carolina has suggested a plan by which we can give to the soldiers a fair and just settlement without taking any money out of the pockets of the taxpayers of America.

A great deal is being said about excusing the indebtedness of foreign Governments, wiping out all the obligations due to us. Some tell us that the foreign countries are unable to pay us any interest. Those foreign countries are rapidly getting upon their feet.

I think it comes with poor grace from anybody, I do not care whether he is a Democrat or a Republican, to stand in this Chamber and talk of the poor condition of foreign countries and of the injustice which would be done if we should call upon them to pay the interest due this country, when 500,000 of our ex-soldiers are out of employment.

We are told that charity should begin at home. It is the duty of every man to provide well for those dependent upon him, and the Bible tells us that the man who will not do that is worse than an infidel. Do we propose to put the 500,000 ex-soldiers in the category of those who decline to provide for their households? Here they are seeking an opportunity to make a living for themselves and families. They are out of employment and suffering for the common necessities of life, suffering in the land that they saved with their valor. They are 500,000 strong, a half a million young Americans, roaming this free land out of employment, with nothing to do that will earn for them a decent living. Yet we are told by Senators on the other side that we are trying to play politics. If I were an ex-soldier I would not care what you called it. You might call it politics; you might call it something else; but if I were out of employment and were hungry and needed clothes and needed shelter I would kiss the hand of him who brought those things to me, whether he played politics while doing it or not.

Mr. President, if there is any politics in this thing it is on the side of those who have excused $450,000,000 to the profiteers. There is not any justice on earth in that. It can not be defended in any court of public opinion where justice prevails. Nobody can stand up before an audience which believes in justice and fair play and honesty and defend a vote which will take taxes off of profiteers and let them hold for themselves that tremendous sum of money and withhold it from the Government, while 500,000 of the country's defenders walk the streets begging for something to do and something to subsist upon. That is where the politics is, because in the average heart in America there is a feeling of appreciation and gratitude for the soldier who defended the country. It is a sentiment which belongs to the brave, patriotic man. But where do you get the sentiment that causes you to excuse the profiteer? It is the power of his purse in politics, and nothing else under the sun.

Mr. WATSON of Georgia. Mr. President, will the Senator yield?

Mr. HEFLIN. I am glad to yield to my friend from Georgia.

Mr. WATSON of Georgia. Let me offer this idea to the Senator from Alabama. If we vote down the amendment offered by the Senator from North Carolina upon the ground alleged by the senior Senator from Massachusetts [Mr. LODGE], the whole world will construe that vote as being a prelude to a cancellation of these debts.

Mr. HEFLIN. Absolutely, Mr. President. I do not know what sort of promises were made by the Republican Party in the campaign last fall. I know they promised nearly everything. That is the cause of the trouble they are having now and the trouble they will have in the next election. Whenever they heard a murmur anywhere on the roadside, they stopped and talked to the man complaining. To every fellow who had a complaint to make they listened, and as soon as they got through listening they turned to him and promised to correct the evil or the thing complained of, and now they are confronted with so many promises that they are unable to fulfill them. They have fulfilled a few of them, as I stated the other night. They promised the big profiteers that they would take off the excess-profits tax and they have kept faith with them, but they have broken faith with the soldier; three long years have gone and still the soldier must wait.

The big holding companies did not have to wait. They have had $20,000,000 turned back into their coffers. The profiteer was the first served by the Republican leaders. They even made the big holding companies wait until the profiteers got what they wanted.

The profiteer stood rapping at your door and you opened it. You bade him come in and take a seat and you heard what he had to say. You have obeyed his behest and the profiteer is smiling down upon you his unqualified approval. He is well pleased with what you have done. But the soldier is not pleased. In the convention at Kansas City he condemned your party leaders, and yet here you are parading around and loudly proclaiming that you are the real friends of the soldiers.

Well, the soldier himself who offered his life upon the battle fields of France indorses our course and condemns yours by that action at Kansas City. Call it politics, if you please. I would rather have the good will and the approval of the boy who offered his life for me and my country than to have the approval of all the profiteers of the country.

Mr. President, the Washington Post of this morning had an article by the Associated Press headed "Farmers to burn corn this winter instead of coal." The Republican Party has been in power in the House and Senate for nearly three years. It has been in power in every branch of the Government since March 4 of this year. The farmers of the West, who have been enterprising and industrious, who have gone out and by the sweat of their brow labored to produce the wherewith to feed both man and beast, came up at the harvest time with an abundant crop, ready for the market, entitled in all fairness to receive a price that would yield a profit, but, that being denied them under a Republican administration, we find them driven to the necessity of burning their corn, of destroying by fire food for which hungry mouths are yearning.

The VICE PRESIDENT. The Senator's time on the amendment has expired.

Mr. HEFLIN. I will take a little of my time on the bill.

The farmers of the West are driven to the necessity of burning corn, out of which bread could be made, corn that could be fed to hogs and cattle to produce meat to feed mankind; driven under your party's control to burn it like wood or coal. Is that politics? I am announcing to you a solemn fact.

What are these soldiers going to do? They are out of employment. You tell them to go to the farms. What is the farmer doing under your administration? He is selling his produce below the cost of production and burning his corn because he is too poor to buy coal.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Georgia?

Mr. HEFLIN. I gladly yield to my friend from Georgia.

Mr. WATSON of Georgia. I beg to call the attention of my friend to the fact that the suggestion of the senior Senator from Massachusetts [Mr. LODGE] deserves special attention at this time, because he has been appointed a member of the commission on disarmament, and it has been stated in the public press that that commission intends to consider the question of canceling the foreign debts.

Mr. HEFLIN. I thank my good friend from Georgia for the suggestion. What are these boys to do? The occupation of farming is not profitable. Shall we advise them to go to the farms?

Mr. SIMMONS. Mr. President——

Mr. HEFLIN. I yield to the Senator from North Carolina.

Mr. SIMMONS. I wish to ask the Senator from Georgia if he has any apprehension at all that the representatives of our Government would so far forget their duty to the people of the country as to agree to the cancellation of that debt?

Mr. WATSON of Georgia. Mr. President, answering my friend from North Carolina, I will say that after having heard the votes and the speeches of Senators upon the other side of the Chamber I do have those apprehensions, especially as the senior Senator from Utah [Mr. SMOOT] has stated that he can demonstrate that it would injure us if those debts were paid.

Mr. HEFLIN. Mr. President, it looks to me like there is some room for doubts and misgivings about the proposition. We desire to use a part of this foreign indebtedness or the interest upon it, at least, which now amounts to about $1,400,000,000, I believe. Why not take $500,000,000 of it, or something like that, and begin the payments to the soldiers immediately? As I suggested Saturday, the minute that the country knows that the Congress has passed such a bill, whether the money is available three months hence or six months hence, the soldiers can go to the banks in the various communities of the country and obtain money to live on during the winter.

The former soldiers are out of employment. The farming occupation is unprofitable. What are the boys to do while you are permitting the foreign countries to hold back the money that

is due to this Government? What are they to do, Senators? Why not vote for this amendment? This plan will not tax anybody in the United States. This money—$10,000,000,000—is now due our Government. The interest has accrued, as I have said, to the extent of about $1,400,000,000. Why not collect the interest, as provided in my amendment, which is now a part of the Simmons amendment, and use it to pay our indebtedness to the soldiers of our country? If you really want to do justice by the soldiers and square the account with them, here is an opportunity to do it without taking a dollar in taxes out of the pockets of the people here at home.

Mr. FRELINGHUYSEN. Mr. President, the plan to pay the obligation under the proposed adjusted compensation amendment as offered by the Senator from North Carolina [Mr. SIMMONS] differs from the plan of the Senator from Missouri [Mr. REED] in this regard: As proposed by the Senator from Missouri the plan is that the amount be collected through the medium of the excess-profits tax, while the Senator from North Carolina now proposes, in order to meet this obligation, if it shall be imposed, that we pay it out of the interest collected on our foreign loans, which to-day amount to $11,000,000,000, nearly $1,000,000,000 of which is deferred interest.

This indebtedness of $11,000,000,000 is owing by 19 countries, England, France, and Italy owing about 80 per cent of it. The interest amounts to practically $550,000,000 a year. The loans were made at 5 per cent, with the exception of a part of the loans to three countries. The following loans are at 6 per cent: Austria, $24,000,000; Czechoslovakia, $2,873,000; and Hungary, $1,685,000. All of the rest of the loans are at 5 per cent. The interest on those loans has been due for two years and payment of which has been deferred for that length of time. The total debt has increased from $10,141,000,000 to $11,084,000,000.

The money which was loaned to these foreign Governments during the war and since the armistice is money which was borrowed from the people, and bonds were issued for it. The Government is to-day paying the interest on the money which was borrowed from the people to lend to these foreign Governments. That is the practical result. I claim that the interest due on the Liberty loans and the Victory loan, which we must very soon refund, is a first lien on this interest from the foreign loans. However, that is not the point which I desired to make.

Everyone knows the condition of Europe. There is a great deal of optimism expressed by Senators on the other side of the Chamber as to the possibility of the payment of this interest. I hope it will be paid, but if it is not paid, what happens under the plan of the Senator from North Carolina? Section 5 of the fifth Liberty loan act is applied.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from North Carolina?

Mr. FRELINGHUYSEN. Certainly.

Mr. SIMMONS. I wish to say that the statement of the Senator from North Dakota [Mr. MCCUMBER] shows that if one-fourth of the soldiers take cash the amount necessary to meet the cash payments in 1922 will be $108,000,000; if one-third take cash, the amount necessary will be $160,000,000; if one-half take cash, the amount will be $239,000,000. There is no doubt, and the Secretary of the Treasury himself expressed to the committee no doubt, that Great Britain, as soon as the two years' extension expires, will pay her interest. Great Britain owes us over $4,000,000,000, and interest upon Great Britain's debt for the next year alone will be about sufficient to pay the first installment of the bonus.

Mr. FRELINGHUYSEN. Mr. President, I appreciate the fact that the interest on the money we loaned Great Britain will practically take care of the first cash payment under the adjusted compensation bill, but as a business man I claim that it is not good business for the Government to assume the probability that it will be paid. We should not make the adjusted compensation bill contingent upon the payment of that interest, nor should we undertake to apply its provisions until that interest is actually paid.

Mr. SIMMONS. I assume the Secretary of the Treasury would not have said what he did to the committee unless he had been absolutely assured that Great Britain would pay her interest after this two years' extension of time had expired.

Mr. FRELINGHUYSEN. There are many contingencies involved, Mr. President, and I myself think that it is extremely doubtful whether such interest will be paid. We know at least that Italy and France and other countries may not pay interest due us by them, and if they do not, we must certainly continue to pay our own people the interest on the money which we borrowed to loan to European countries. And further and more important, we should use this money for sinking fund and reduction thereby of our national indebtedness, which will benefit all citizens, the soldiers included.

Mr. SIMMONS. Mr. President, I think there is no reasonable apprehension entertained by the Treasury Department that any nations except the small nations will be unable to pay or will refuse to make their interest payments next year.

Mr. FRELINGHUYSEN. Mr. President, if they shall not do so, what will be the alternative? The alternative which is provided in the plan of the Senator from North Carolina is that under section 5 of the second Liberty bond act, which authorizes the Secretary of the Treasury to issue Treasury certificates, he may issue such certificates for the purpose of meeting the payments. It simply means that under the plan of the Senator from North Carolina we have either got to borrow the money or to tax the people in order to carry out the provisions of the adjusted compensation legislation.

Mr. President, I think the proposition only confuses the situation. If we are going to face this issue, let us face it directly and not rely remotely upon the income from interest with which to pay our obligations to the soldiers. At the present time, I believe that it would be disastrous further to tax the people or to ask the people to loan us money with which to pay a gratuity or a bonus to the soldiers. Our financial condition is such that it should be at least delayed even by those who believe in the proposition. I firmly believe that sound finance and common sense demand that it be thus postponed. I simply arose to say that the effort of the Senator from North Carolina is an indirect plan to get the bonus through. It is not the straightforward way. I am opposed to it at this time, and I want my opposition on that question to be quite clear.

Mr. SIMMONS. Mr. President, I simply wish to interrupt the Senator from New Jersey to say that the provision in my amendment with reference to issuing certificates of indebtedness, if agreed to, would apply only to the deficit that might occur in any one year; and the amendment directs that in such a contingency the certificates shall be paid out of the next installment of interest.

The VICE PRESIDENT. The Senator's time to speak on the amendment has expired.

Mr. FRELINGHUYSEN. I will now speak on the bill.

Mr. SIMMONS. In my mind, there is no possibility of any deficit in the payment of interest except in the first year; and I do not believe there will be any for that year; but should there be a deficit, it would measure the difference between the payment of the interest due by Great Britain and the full payment of the bonus.

Mr. FRELINGHUYSEN. The Senator from North Carolina will admit that the estimate by the Finance Committee with regard to revenue to be produced by this bill contemplated a deficit.

Mr. SIMMONS. That has nothing to do with this matter; the deficit anticipated in the revenue bill is not embraced in the provisions of my amendment. My amendment provides only for the issuance of the certificates for the purpose of meeting any deficit that there may be in the interest payments in order to meet the installment of the bonus for that year.

Mr. FRELINGHUYSEN. But I understand if such certificates are issued that eventually either bonds must be issued to replace them or the people must be taxed for that purpose.

Mr. SIMMONS. The provision is that in case such certificates of indebtedness are issued for that purpose they shall be paid out and the money reimbursed to the Treasury out of the next installment of interest.

Mr. FRELINGHUYSEN. Mr. President, I do not care to speak further upon this question except merely to express my opposition to the amendment offered by the Senator from North Carolina; but in view of the fact that so many attacks have been made on Senators upon this side of the Chamber, especially upon my position in the matter, in regard to the delay involved by our votes to recommit the bonus bill at the present session, I wish to insert in the RECORD a letter which I wrote to Mr. John Mulligan, Department of New Jersey, Veterans of Foreign Wars, which fully explains my position on the bonus bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and permission is granted.

The letter referred to is as follows:

UNITED STATES SENATE,
Washington, D. C., July 15, 1921.

Mr. JOHN MULLIGAN,
Department of New Jersey, Veterans of Foreign Wars,
496 Eighteenth Avenue, Newark, N. J.

MY DEAR SIR: Replying to your recent letter, no one is more willing than I to be not merely just but generous to those who risked their lives for the Nation. The record of the party of which I am a member is proof that the veterans will receive fair treatment. Veterans who risked their all in the performance of duty surely expect me and all

representatives to perform our duty courageously and conscientiously. What is our duty?

The President advises, the Secretary of the Treasury advises, and the great majority of able men who have studied the situation advise that the passage of the bonus bill at the present time would expose the Nation to the risk of financial disaster. If now passed, even the veterans would lose, for I am convinced that their share in the losses which would result from the great depression that would ensue would exceed any profit they might derive from the bill.

What is more, we can not afford to place the Nation in a position where it may be unable to fully perform its duty to the disabled veterans. Convinced that the enactment of the bonus bill at the present time simply invites disaster, I can not believe that veterans who are in good health and who have given thought to the matter will urge immediate action which may and probably will impair the ability of the Nation to do what it should for the disabled. Our duty is first to them, and until it is evident that in addition to caring for them we can also assist all others, those who are in sound health should wait.

The advice of the President in his message to the Senate on the 12th is most timely, and I commend it to your careful consideration.

Very truly, yours,

J. S. FRELINGHUYSEN,
United States Senator.

Mr. SPENCER. Mr. President, I am in favor of the bonus for the ex-service man. I do not like the references which have been made to it as the cancellation of a debt, as if there were a definite amount which we owe those men which we could cancel by the payment of $400 or $500. In no sense is it a debt which can be canceled, whether we look at the great service which those men rendered or the financial and economic sacrifices which they made. It is rather but a partial recognition of the Nation's grateful appreciation of what they did and what they sacrificed.

The amendment of the Senator from Alabama [Mr. HEFLIN] to the pending amendment offered by the Senator from North Carolina [Mr. SIMMONS] is but another illustration, to my mind, of the unfairness to the soldiers as well as the unwisdom from a legislative standpoint of seeking to attach this great measure of national appreciation for the ex-service man as an appendage upon some other bill. It deserves to stand upon its own foundation. It has reasons of its own to support it that are established in justice and in right. If we attach it as an appendage to the bill which is now before us, the title of which reads, "An act to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes," we are placing it legislatively where, in my judgment, it has no business to be. A bill for the recognition of the ex-service man is before the Congress. The Committee on Finance of the Senate have it now upon its recommitment to that body. It is there to receive that consideration which it deserves from its own inherent worth. It will in due time be reported to the Senate and passed.

Now comes the amendment of the Senator from North Carolina to tie it up with the interest which we are to receive from the debt which foreign nations owe to us, and the Senator from Alabama adds on to that a provision that for the purpose of paying the bonus we shall immediately collect that interest. Of course the debt of foreign nations to the United States will be paid; of course the interest on that debt will be paid. What the exact amount is has not yet been determined; the rate of interest has not yet been agreed upon; the method of payment is something that must yet be determined as between friends. In a great emergency we loaned an enormous sum of money to our allies—by whose side we were fighting—and its repayment to us will be made, but it must be made under such terms and at such times as are, so far as possible, mutually satisfactory to the two parties to the original obligation. Whoever heard of one friend in a time of great emergency loaning to a partner and associate a certain sum of money and then, in connection with the repayment of that loan, fail to recognize the original friendship which prompted it and turn his back upon the original mutual obligation which was the cause of the loan? The debt due us will be repaid, but it will not be repaid as from an enemy debtor; it will be repaid in manner and in time as between friends. There are many interrelations between our debtors which are dependent upon the solution of the questions incident to the payment of their debt to us, and all require separate and undivided consideration. They can not be properly acted upon as a rider to this revenue bill.

Neither the amendment of the Senator from North Carolina nor the amendment which is proposed by my distinguished colleague from Missouri [Mr. REED] can, so far as I am able to determine, hasten the time when actual benefit will accrue to the ex-service men. On page 11, the amendment of the Senator from North Carolina reads:

The payments authorized by the provisions of this title—

And those payments, I may add parenthetically, are the payments of the bonus to the ex-service man—

shall be made in installments, beginning on the 1st day of July or January next succeeding the fifteenth day after the date of filing the application, but—

And I pause for a moment to emphasize the concluding words of the sentence—

not before January 1, 1923.

Precisely the same language is used in the amendment which my distinguished colleague has introduced and which associates the payment of the bonus with the collection of an excess-profits tax.

Mr. REED. Mr. President, let me put the Senator right in connection with his last statement. He holds in his hand the printed amendment as it was originally filed, but the dates to which he is referring were changed in the amendment as it was submitted to the Senate. The amendment was hastily prepared, and those dates were put in it originally, but before we voted corrections were made and the attention of the Senate was called to the corrections.

Mr. SPENCER. May I ask my colleague what was the amended date provided in the amendment?

Mr. REED. Next July the payments would begin.

Mr. SPENCER. July, 1922?

Mr. REED. Yes.

Mr. SPENCER. I gladly make the correction that in the amendments, both of the Senator from North Carolina and the Senator from Missouri, as originally presented the dates have been changed from the 1st of January, 1923, to the 1st of July, 1922. But what I wanted to say applies equally as well to the latter date, for in no event can any ex-service man under either one of the amendments suggested secure any benefit before July 1, 1922.

Mr. REED. The provisions as to vocational aid and farm aid would become effective as of January, 1922—next January. It is only the cash payment that would be postponed until the following July.

Mr. SPENCER. I am right in saying that, so far as the payment of money is concerned, not a dollar would be available to an ex-service man before July 1, 1922.

Mr. REED. That is correct. If he took cash, it would not be paid until that time, because there would be no revenue that would be available in a sufficient amount, the revenues being absorbed by appropriations that are made. I merely wanted the Senator to get the dates accurately. I think the error he fell into was a very natural one, because he was following the text as printed, but that has been changed.

Mr. SPENCER. I am indebted to my colleague for the correction. I merely repeat that so far as the actual money is concerned, those who want the cash payment will not find any cash payment under either amendment available until July 1, 1922; and, as I am now informed, there can be no doubt about that date.

I have some doubt myself as to whether the excess-profits tax——

The PRESIDING OFFICER (Mr. MCNARY in the chair). The time of the Senator from Missouri has expired on the amendment. He has 10 minutes on the bill, if he so desires to take it.

Mr. SPENCER. I will use a part of the time on the bill.

As I was about to say, I have some doubt so far as the excess-profits tax is concerned whether there can ever be realized enough to pay the bonus. I am aware that there are differences of opinion about that. So far as I myself am concerned, I do not like the idea of tying up the bonus with the payment of interest to us by other nations, which has not yet been agreed upon, either with regard to its rate or with regard to the time of its payment. I believe that the bonus ought to be determined upon its own merits. I believe that what this Nation gives to the ex-service men, not as a cancellation of any debt that is due to them but as a recognition of the Nation's gratitude for their service and self-sacrifice, is entitled to consideration upon its own inherent merits; and I believe that long before the 1st of July, 1922, comes—that is the date which it is agreed is the earliest date upon which any ex-service man could secure a dollar under either one of these bills—this body will pass a bonus bill for ex-service men that will give to them a part, at least, of the recognition that they deserve.

Mr. JONES of Washington. Mr. President, I voted against the motion to recommit the bonus bill. I was paired in favor of the amendment offered by the Senator from Missouri [Mr. REED], and if I had been at liberty to vote I would have voted for that amendment. I took these positions for reasons that were entirely sufficient for me. I am not going to detail them to the Senate at this time.

I shall vote against the amendment of the Senator from North Carolina [Mr. SIMMONS] largely because it has not had the consideration of any committee of the Congress, as such a matter should have. This is a very important proposition, important not only to the Government but important to the soldier.

Mr. SIMMONS. Mr. President, I want to say that my amendment adopts the bonus bill as it was reported to the Senate by the Finance Committee, and simply adds to it the provision with reference to the method of making the annual payments.

Mr. JONES of Washington. Yes; but, Mr. President, the method of making the payments is a very important proposition which has not had the consideration of the Senate in any way, shape, or form. As a matter of fact, the adjustment of this foreign indebtedness, both of interest and of principal, is one of the very important problems confronting this Congress.

I want to see legislation brought in here that will properly meet this question. We can have no assurance of that until such proposals have been considered by a proper committee. Largely for these reasons I am going to vote against the amendment of the Senator from North Carolina and any other amendments of similar kind that are presented to this bill at this time.

We have had assurances here by many Senators that in the very near future legislation will be brought forward and enacted taking care of the bonus proposition. I will vote for the levying of almost any sort of tax that will take care of this proposition. I want to suggest one or two things that I should like to see in any tax bill that is prepared to meet this proposition.

I should like to see a tax levied for the specific purpose of meeting this obligation that will touch as many of the people of this country as possible, exempting, however, every soldier from the payment of that tax so far as we can do it. Every man or woman should be glad to have a direct part in doing something for the boys who fought the battles of the Republic. On that theory I would vote for a sales tax levied for the specific purpose of creating a fund to meet this obligation. That probably could not be framed in such a way as to relieve the soldiers from the tax. I simply suggest this for those who may consider and have to do with the framing of this legislation—that an income tax be placed upon incomes over a certain amount for the specific purpose of creating a fund to meet this obligation. This could be framed so as to relieve the great majority, at any rate, of the soldiers from the payment of this tax, and also an additional inheritance tax could be imposed that would relieve all of our soldiers from the payment of money into this fund.

I make these suggestions for consideration by those who will have the framing of this legislation in the future.

Mr. REED. Mr. President, may I ask the Senator a question?

Mr. JONES of Washington. Certainly.

Mr. REED. Why not include a tax on excess profits in this plan?

Mr. JONES of Washington. Mr. President, as I say, I was in favor of the Senator's amendment, including that; and if the business situation warrants, and it can be framed up in such a way as to impose a tax of that sort, and it appears to be a wise thing from a business and financial standpoint, which considerations must be taken into account, I shall be heartily in favor of it, because a tax like that would not be very much of a burden upon very many of the soldiers who will be taken care of by such legislation. Not only do I want just treatment or compensation to be accorded our soldiers, but I want it to be given to them by those who owe it to them, namely, the rest of the people.

Mr. STANLEY. Mr. President, I have listened through many weeks of time and long hours to reasons why this thing can not be done. No member of the majority has yet dared to say or will dare to say that he is against an adjusted compensation, that it is wrong in principle, that it is not a valid debt of honor to those who have served their country. You owe these men money. Does the majority understand that? Every man who was compelled to incur the perils and hardships, the agonies, the diseases, the wounds, and in nearly 100,000 cases death, did it because you made him do it, although he was willing enough if he had not been made. You compelled him to lose money just as certainly as you compelled him to risk his life and give his time. He was earning from $4 to $20 a day if he was a skilled laborer, and God knows how much if he was a business man, and you made him incur this loss. You can not repay him for his wounds. You can not repay him for the long nights of waiting, for the nostalgia, for the homesickness. You can not pay him for shattered nerves; you can not pay him for a wounded body; you can not pay him for impaired health. You can not reward him for lungs eaten up by poisonous gases. All these things are debts we owe that we never can pay; but you can figure out the difference between what he would have earned if you had let him alone and what he was compelled to lose because you conscripted him. There never was a debt of honor it was so despicable to welsh, and you dare not openly proclaim the thing you are going to do—welsh it.

Oh, you say, "We are going to give the soldiers the bonus. Just wait until we find some impossible way."

"Mother, may I go out to swim?"
"Yes, my darling daughter;
Hang your clothes on a hickory limb,
And don't go near the water."

The soldier asks for a bonus. "Yes, my darling hero. You can have a bonus just as soon as Mellon and the President and the profiteers find some way to pay it without hurting them, by and by."

The Senator from Missouri [Mr. SPENCER] says he is in favor of giving them a bonus, but he does not want a bonus attached to another bill. He wants it all by its little self, nothing else—just a holy and a sacred thing, set up like a statue in a niche, with the proper atmosphere all around it. But he forgets he has already had that very chance. A soliders' bonus, nothing but bonus, not a line in it about anything else, passed overwhelmingly by a Republican Congress, and the Senator from Missouri rejected it. He was told to vote against it, and we have every reason to believe that in acting upon the command of his President he accepted the reasons of his President.

If he did not accept the reasons of his President, he acted without reason—blind, unquestioning obedience, unworthy of a Senator—and if he did accept his reasons, he has said by that acceptance that he is going to vote for it when the President says it is right. If the President's reasons upon which he acted are valid, if the President's statements can be construed in the light of a common-sense construction, he will never be in favor of this bonus until it will not incur any financial obligation, until it will in no way affect the value of bonds and other securities. Of course we never can pay $4,000,000,000 without feeling it. Of course we never can pay this amount of money or incur obligations to pay it without having a greater or less effect upon other obligations. The President for all practical purposes has said he never will stand for it, and he repeated it still more emphatically in a speech here at Atlantic City, the proper atmosphere for such an utterance.

Mr. President, the Senator from North Carolina [Mr. SIMMONS] has provided a way by which this can be done without affecting your obligations in one way or another. England owes us $4,000,000,000, which she will pay. Nobody doubts that. When the English Government ceases to make English consols good, when she ceases to pay her debts, her Empire is done, and she knows it. She dare not face repudiation. The proper pressure will bring the money. Four billions of money she owes us; 5 per cent on that would be $200,000,000 a year. That would pay this bonus, and more than pay it, according to the statements of the chairman of this committee. England is paying her own soldiers a bonus out of our money, and the Senator from North Carolina simply provides that as this interest comes in from England and other nations it can be applied to this debt, and if there is not enough of it coming in the Secretary of the Treasury can issue certificates of indebtedness until it does come in and pay it.

The national credit will not be affected. More than that, the President has said that he is willing to consider the payment of this bonus only when we have gotten all our other debts paid, and all the debts other nations owe us paid. If he is willing to take the principal of the debt and pay the bonus with it, why would he object to paying it with the interest? Here is an opportunity to evade the inveterate opposition of the President and the Secretary of the Treasury. We can pay this just debt with a small part of the interest due us by foreign nations.

How would England dare to refuse to pay this much needed and petty gratuity to the men who bared their breasts yonder when it seemed that the Germans were about to take the channel ports? If they had reached Abbeville, an arm of the sea only would have separated the armies into two divided and isolated columns. The English stood with their backs to the sea. Just before our Army landed a member of the British Parliament rose and said, "The question is not how we will get more soldiers to the Continent, but how we will ever get those there home." Defeat and ruin stared them in the face, and we took our place on that battle line between the advancing armies of Germany and the ruin of the British Isles, and that wall of flesh saved the puissance of the Queen of the Seas. She would be too vile to live, she would be unworthy of the proud tradition of a thousand years if she did not pay it,

and what more appropriate than to take that money, which would be more willingly paid for that purpose than for any other, and pay it to the men who earned it? You can pay it, or you can "welch" a debt you dare not deny. Take your choice and face 4,000,0000 wronged heroes and your indignant countrymen "with an eye of parchment and a cheek of stone."

Mr. EDGE. Mr. President, before the Senator takes his seat, I would like to ask him a question.

The PRESIDING OFFICER (Mr. ASHURST in the chair). Does the Senator from Kentucky yield to the Senator from New Jersey?

Mr. STANLEY. I am through, Mr. President; but I yield.

Mr. EDGE. I think I overheard the Senator state that England is paying her soldiers a bonus.

Mr. STANLEY. That is my understanding.

Mr. EDGE. I was about to ask the Senator if he knew what type of bonus she is paying?

Mr. STANLEY. No; I do not know. She is paying to those who are out of employment, and she is paying her soldiers. She is not as tender as we are of those who have, and is more tender of those who have not.

Mr. EDGE. She is undoubtedly expending a great deal of money for rehabilitation, but I did not understand she was paying any bonus.

Mr. STANLEY. Mr. President, this is not to be taken out of my time.

Mr. EDGE. If the Senator is positive she is paying a bonus——

The PRESIDING OFFICER. Let us have an understanding. The time of the Senator from Kentucky on the amendment having expired, does he wish this to be taken out of his allotted time on the bill?

Mr. STANLEY. No, Mr. President. I am perfectly willing to answer a question if the Senator from New Jersey will provide the time.

Mr. EDGE. This may be taken out of my time.

The PRESIDING OFFICER. Then this is taken out of the time of the Senator from New Jersey.

Mr. EDGE. Now, allow me to propound the question again. If the Senator is familiar with the type of bonus, I am very much interested to have him tell the Senate what it is. According to my understanding, they are not paying a bonus, but they are expending a large amount of money in rehabilitation, as we are. I was very much interested to know if they were paying a bonus.

Mr. STANLEY. I speak from common report in the papers and advices I have received from Senators that England is paying a gratuity of some kind to her soldiers. I may have used the word "bonus," but I should not have done so. What we are to pay our soldiers will not be a bonus. I do not know that England is paying a bonus. No country ever can or ever will give these men a bonus. This is adjusted compensation. Just how England is compensating her soldiers I do not know, but I understand that she is taking care of the men who fought, is providing for their necessities. I do not know the method.

Mr. EDGE. Something similar to our war risk insurance?

Mr. STANLEY. It may be. I do not know the details of any compensation provided.

Mr. FLETCHER. Mr. President, just at this time I feel like directing attention to some words full of eloquence and force that were delivered on an occasion when they were most impressive and which are strikingly appropriate now. I refer to the address of the President of the United States to the Senate on July 10, 1919. I make no excuses for taking the time, even though I would hasten the final disposition of the pending measure, to read a portion of that great address. The President said, with his unequaled power and eloquence, on that occasion:

> The hopes of the nations allied against the Central Powers were at a very low ebb when our soldiers began to pour across the sea. There was everywhere amongst them, except in their stoutest spirits, a somber foreboding of disaster. The war ended in November eight months ago, but you have only to recall what was feared in midsummer last, four short months before the armistice, to realize what it was that our timely aid accomplished alike for their morale and their physical safety. That first, never-to-be-forgotten action at Chateau-Thierry had already taken place. Our redoubtable soldiers and marines had already closed the gap the enemy had succeeded in opening for their advance upon Paris—had already turned the tide of battle back toward the frontiers of France and begun the rout that was to save Europe and the world. Thereafter the Germans were to be always forced back, back—were never to thrust successfully forward again. And yet there was no confident hope. Anxious men and women, leading spirits of France, attended the celebration of the Fourth of July last year in Paris out of generous courtesy, with no heart for festivity, little zest for hope. But they came away with something new at their hearts; they have themselves told us so. The mere sight of our men, of their vigor, of the confidence that showed itself in every movement of their stalwart figures and every turn of their swinging march, in their steady comprehending eyes and easy discipline, in the indomitable air that added spirit to everything they did, made everyone who saw them that memorable day realize that something had happened that was much more than a mere incident in the fighting, something very different from the mere arrival of fresh troops. A great moral force had flung itself into the struggle. The fine physical force of those spirited men spoke of something more than bodily vigor. They carried the great ideals of a free people at their hearts, and with that vision were unconquerable. Their very presence brought reassurance; their fighting made victory certain.
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> They were recognized as crusaders, and as their thousands swelled to millions their strength was seen to mean salvation. And they were fit men to carry such a hope and make good the assurance it forecast. Finer men never went into battle; and their officers were worthy of them. This is not the occasion upon which to utter a eulogy of the armies America sent to France but perhaps, since I am speaking of their mission, I may speak also of the pride I shared with every American who saw or dealt with them there. They were the sort of men America would wish to be represented by, the sort of men every American would wish to claim as fellow countrymen and comrades in a great cause. They were terrible in battle, and gentle and helpful out of it, remembering the mothers and the sisters, the wives and the little children at home. They were free men under arms, not forgetting their ideals of duty in the midst of tasks of violence. I am proud to have had the privilege of being associated with them and of calling myself their leader.
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> But I speak now of what they meant to the men by whose sides they fought and to the people with whom they mingled with such utter simplicity, as friends who asked only to be of service. They were for all the visible embodiment of America. What they did made America and all that she stood for a living reality in the thoughts not only of the people of France but also of tens of millions of men and women throughout all the toiling nations of a world standing everywhere in peril of its freedom and of the loss of everything it held dear, in deadly fear that its bonds were never to be loosed, its hopes forever to be mocked and disappointed.

Mr. President, our soldiers did not ask their Government to send them to France. They did not ask their Government to enlist them in the Army. They were perfectly willing to serve, most of them who went and many who did not were even anxious to go to France and to render this great service to their country and to the world; but they were requested to go by their Government. They were chosen to go. They were the selected men who composed the Army and Navy of the United States. Of all their comrades and associates and fellow citizens within certain ages, they were chosen and selected by their Government to render that service at that critical period in the world's history, and in these circumstances I do not feel that we should reject or turn the cold shoulder to any reasonable request those men may make. From the farms and fields, the counting room, the shops, the professions, and even the pulpit—from every walk of life and every vocation they came bounding to answer the call of their country. They performed their hazardous task with unsurpassed courage, to the honor of their country and their own glory.

They have requested this adjusted compensation. This is the proposition which they have submitted, which they have presented to the Congress, which they feel they are entitled to have accepted.

Mr. WALSH of Massachusetts. And which is acceptable to their leaders.

Mr. FLETCHER. It is, as the Senator suggests, acceptable to their leaders, and to the membership of the American Legion—a proposition which is entirely reasonable and just and fair—and I submit the least we can do is, without hesitation, to extend this recognition to the brave men who maintained all the high traditions of the American soldier upon the battle field, and in every phase of the supreme service which they rendered in the manner pointed out by their superb leader in the address I have quoted.

So, Mr. President, I shall with great pleasure vote for this amendment, as I voted for the amendment offered by the Senator from Missouri [Mr. REED], and I will vote for any sort of amendment in any form, which will carry into effect the very reasonable request of these men and accomplish what they seek, because they are entitled to this recognition.

Mr. NORRIS. Mr. President, it is true that the motion to attach the adjusted compensation bill to another bill by way of amendment is just a little out of the ordinary legislative procedure. If it were not for the peculiar circumstances which have surrounded the so-called bonus bill from the beginning, I would feel more inclined to look with favor on the argument that it should not be tacked onto another bill; but the same bill which has been offered as an amendment was pending before the Senate in the regular way. It was before us for many days. It came to us after months of consideration by the Finance Committee. It was open to all the amendments which apply to a bill under any other legislative conditions. In the face of that the Senate voted to recommit the bill, and many of those who voted to recommit it, perhaps a majority of them, and those who are going to vote against the pending amendment, or at least a majority of them, say that they are in favor of the proposition which they are going to vote against, or were in

favor of it when they voted to recommit it, and that they are going to bring it again before the Senate and pass it before the time fixed in the bill under which any payments could be made, to wit, July 1, 1922.

I confess, Mr. President, that when I listen to those arguments, made over and over again, I can not help feeling suspicious. If that statement be true, if that is the course we contemplate taking, then why in the name of reason and common sense did the Senate not pass the bill when it had it before it, and had an opportunity to put it on the statute books, and give notice to the soldiers and to the world that at the particular time provided in the bill it would go into effect?

The Senator from North Carolina, who voted in favor of recommitting the bill, as I understand him, gives as one of the reasons for so doing the fact that we did not have an opportunity then to provide for the payment of the money by setting aside the interest from foreign loans to take care of it.

I wish to call the attention of the Senate and I wish I could call the attention of the country to the fact that at the time that bill was recommitted there was an amendment pending, offered by myself, which provided for the payment of the bonus so-called out of interest on our foreign loans. That amendment contained an instruction to the Secretary of the Treasury to proceed to collect the interest on those foreign loans and apply it to the payment of that bonus. We could not have finished consideration of that bill, had it not been recommitted, without reaching a vote under a roll call on that amendment.

I regret that some of the Senators, who have come over now apparently and are going to vote for the pending amendment, did not see fit then to help us to vote down the motion to recommit the bill and incorporate that kind of an amendment in the bill then, when it could have been done directly. But since we have been denied even the privilege of voting in a direct way upon the interest proposition when the bill was before us, I feel that we are justified now in voting for it or for any other proposition which, by the recommitting of the bill under the peculiar circumstances, we were denied the privilege of doing.

It was asked then and it is asked now by those who are opposed to the setting aside of this interest, particularly by the Senator from Massachusetts [Mr. LODGE] then and now both, suppose these foreign countries do not pay their interest, shall we go to war? If I may be permitted to answer that, I would say no, we will not go to war. I can not conceive of those countries not paying the interest. I can not conceive of their declining to pay, even if we do no more than to make a simple request of them to pay it. I can not grasp any conception of our late allies having our money and not paying any interest until now, when they borrowed it under a statute that had it been enforced by our officials would have required them to pay the interest at the same rate and at the same time that our own Government pays interest upon the money that it borrowed from its own people. Much as Senators seem to think this is the first time the question has been before us, I must remind them that we discussed my amendment when we had the bonus bill before us. We discussed it for a considerable length of time.

If those countries should refuse to pay interest we would be in the same position that we would be if our people refuse to pay taxes. Suppose the American people stopped paying taxes, how would the Senator from Massachusetts get his salary? Suppose the American people refused to pay their debts? I can not conceive of any reason why England should refuse to pay her debts any more than I can conceive why a taxpayer in America should refuse to pay his taxes. What would we do? It seems to me it is almost an insult to our foreign allies even to intimate that they are not going to pay the interest on what they owe us.

It is said that a former Secretary of State has promised those countries that they do not need to pay the interest, at least not yet. If such a promise has been made, it has been made without authority and contrary to law.

The statute that authorized the loaning of this money provided for its refunding. In my judgment we need no law to refund this debt. It is extremely appropriate, it seems to me, that we should direct the Secretary of the Treasury to collect this money, apply it in the payment of the obligations created by the so-called bonus bill, and if we do not get enough in that way we will pay it in the manner provided by the bill itself, out of any money that may be in the Treasury not otherwise appropriated, the same as we pay our own salaries.

It seems to me, therefore, that Senators come with ill grace now, although I welcome them to the fold, who voted before to recommit the bill and think there are any different conditions now. Under the circumstances that surround this legislation, since it was committed under conditions which I can not take the time now to narrate, but which every Senator understands, which in my judgment were not to our credit or to the credit of the Government, it seems now that I am justified in voting for it under any circumstances, under any conditions, either as the principal proposition without any provision for the collection of the money, or as an amendment to any bill that may be before the Senate. If Senators desire to avoid that course, which I deem is an irregular course, then let them bring out of the pigeonhole of the Finance Committee the slumbering bill itself, and let us face the issue and vote it up or down as we ought to have done instead of recommitting it.

Mr. REED. Mr. President, we are listening to some very remarkable arguments with relation to this proposition. When it was proposed to pay the soldiers' bonus out of an excess-profits tax which was then in existence and which is now in existence and will be in existence until the 1st of next January, and which the amendment I offered proposed to extend to cover future years, we were told that that method of payment would not do.

Then we were told that it was the intention to bring in a soldiers' bonus bill and pass it immediately and to pay the bonus out of a sales tax, although the sales tax had been rejected by a decisive vote here and was utterly rejected in the House of Representatives.

When it is now proposed to pay the bonus out of the interest on foreign loans we are told that that shall not be done, and yet the very Senators who tell us it shall not be done tell us that it ought to be done and will be done within a few months.

The Senator from North Dakota [Mr. MCCUMBER] said this morning in his speech said also on Saturday last that it is the plan of the President to pass a bonus bill and pay it out of the very source from which the Senator from North Carolina proposes to draw.

Do Senators think that those who hear them are incapable of putting these different statements together? The argument is made that we must have a meeting with our creditors and refund their obligations. Then we are told right in connection with that by the very same Senators that they will not vote for the amendment of the Senator from North Carolina because it will be an uncertain source of income and that they do not propose to offer the soldier anything so unreliable as that, and yet they tell us that as soon as they get that foreign debt refunded they are going to pass a bonus bill and pay the expense from these same foreign loans.

Mr. SIMMONS. Mr. President——

Mr. REED. I yield to the Senator from North Carolina.

Mr. SIMMONS. I wish to remind the Senator that there is a bill pending in the Senate now which it is said must be passed during the session to refund those debts.

Mr. REED. That is true. Let us see, Mr. President. If a nation will repudiate a debt because acknowledged in one form of obligation, it will repudiate the debt no matter what the form of obligation given. If I will repudiate my promissory note of the present day, I will repudiate the renewal of that note. If I am a dishonest scoundrel and do not intend to pay my debt now, I will be the same kind of a scoundrel when the obligation is written on a different sort of paper.

Either this obligation is an obligation of an honest Government that intends to pay and will pay or it is the obligation of a dishonest Government. If it is the obligation of an honest Government, then it will be paid. So far as I am concerned, I should like to have the obligation of Great Britain or of France for almost any sum of money.

What is the present form of the obligation? It is just as sacred as any obligation that can be written. It is, in fact, a written obligation to-day. We passed a bill authorizing the Secretary of the Treasury to make these loans and provided therein that he should—

> take from such foreign Governments their obligations hereafter issued bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued by authority of this act.

In accordance with that—and I wish to impress this upon Senators who are trying to dodge the matter—a written obligation was taken in which those Governments solemnly recited that they were receiving this money, and that they agreed to pay it, and that they agreed to issue upon demand the particular forms of bonds provided for in the law I have just quoted. That obligation could be taken into any court in the world if it were an obligation issued by an individual and sued upon and recovered upon without any new instrument whatsoever being taken. We have that obligation; but it is said we do not know when we are going to obtain the interest under the obligation. The interest is now due, and no agreement or pretended agreement of any kind has been made that in any way affects the collection of that interest after the 1st of

January next. That being the case, we must expect the interest to be paid; but if Senators desire to have these debts funded—that is, new obligations issued—and that is so easy to accomplish that it may be done before next July, then why not pass this legislation and then proceed to take the new bonds in the place of the present obligations which we hold and be ready to pay out as soon as the interest flows in?

Mr. SIMMONS. Mr. President——

Mr. REED. I yield to the Senator from North Carolina.

Mr. SIMMONS. I want to say to the Senator that the Liberty bond act conferred upon the Secretary of the Treasury all the power he needs in order to refund these bonds. It does not, however, confer upon him the power to exchange one set of bonds for other bonds.

Mr. REED. The Senator from North Carolina is correct. The Liberty bond act gives the Secretary of the Treasury authority to take the obligations of those Governments, and to take them in the terms of the obligations which we have issued, in order to get the money.

The VICE PRESIDENT. The Senator's time for the discussion of the amendment has expired.

Mr. REED. I want to take 10 minutes on the amendment which has been offered by the Senator from North Carolina [Mr. SIMMONS].

Mr. President, either these obligations are worth something——

Mr. LENROOT. A parliamentary inquiry. As I understand, the Senator from Missouri said he was going to speak upon the bill for 10 minutes.

Mr. REED. No, sir. I am asking to speak upon the amendment of the Senator from North Carolina. If I can not speak on that now, I shall wait until the pending amendment to the amendment shall have been disposed of.

Mr. LENROOT. Certainly the Senator can not speak upon a question not before the Senate. He can speak now only upon the bill.

Mr. REED. Very well. I can resume my remarks later. I think the suggestion of the Senator from Wisconsin is correct.

The VICE PRESIDENT. The question is on the amendment of the Senator from Alabama [Mr. HEFLIN] to the amendment of the Senator from North Carolina [Mr. SIMMONS].

Mr. SIMMONS. I will accept the amendment, and I ask for the yeas and nays on the amendment as modified.

The VICE PRESIDENT. The Senator from North Carolina asks for the yeas and nays on the amendment as modified.

The yeas and nays were ordered.

Mr. JONES of New Mexico. Mr. President, I am not sure but that a mistake has been made in ordering the yeas and nays, because I want to propose an amendment to the amendment which has been offered by the Senator from North Carolina.

Mr. REED. I suggest that the ordering of the yeas and nays does not interfere with the Senator from New Mexico doing so.

Mr. JONES of New Mexico. Very well. On page 17, line 12, of the amendment offered by the Senator from North Carolina, I move to strike out the numerals "1923" and insert the numerals "1922," so that as to the vocational-training feature of the adjusted compensation bill it will provide that it shall be effective on the 1st of next January. Mr. President, I have taken a very earnest interest in this legislation.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, I will accept that amendment.

Mr. JONES of New Mexico. Very well, but I should like to speak on the amendment to the amendment for a few moments.

The VICE PRESIDENT. Does the Chair understand that the amendment to the amendment is accepted by the Senator from North Carolina?

Mr. SIMMONS. I do not accept it for the present.

Mr. JONES of New Mexico. Mr. President, this situation is not going to be passed over lightly by the country. Excuses may be offered here, but there is another tribunal which will pass judgment upon the validity of these excuses. I do not intend at this time to argue the merits of adjusted compensation. I have done that heretofore. I believe there are only a few Members of this body who have expressed themselves in opposition to adjusted compensation at this time or at any other time. I do not care to address myself to those few, because I consider that it would be useless to do so. However, I do want to direct to the attention of those Senators who have expressed themselves as being in favor of the adjusted compensation measure the situation which is now presented in the Senate and concerning which they have offered their excuses.

The measure providing for compensation to the soldiers is opposed on the ground that the Treasury of the United States at this time can not afford to bear the burden. The Senator from Missouri [Mr. REED] on Saturday last presented an amendment providing a method for raising the necessary funds for that purpose. The Senator from North Carolina [Mr. SIMMONS] now presents another method. On Saturday night last and during the day other Senators proposed other means for raising the necessary money. Nearly all Senators seemed to feel that some plan should be devised for raising the money. If we accept their statements without any question of good faith, we must assume that they expect that the money shall be raised in some way and that the time is not far distant when such a measure as the soldiers' adjusted compensation bill shall be adopted and when the money will be raised.

The provision for raising the money by an excess-profits tax has been discarded. That provision of the present law could have been continued. Another proposal is now made. It is true that there is no provision now for collecting the interest due us by foreign Governments, but I have no doubt that some provision will be made in the near future. The amendment of the Senator from North Carolina, however, does provide that, if the money is not forthcoming from that source, it shall be paid by the issuance of Treasury certificates. I submit there is no reason to believe that the necessary funds can not be made available under the provisions of the amendment of the Senator from North Carolina.

We must recall that the money loaned to our foreign allies was loaned to them for the purpose of prosecuting the Great War. We let them have the money for the purpose of preserving their countries, for the defense of their homes and their wives and children——

The PRESIDING OFFICER (Mr. HARRISON in the chair). The Senator's time on his amendment has expired.

Mr. JONES of New Mexico. The Senator from North Carolina, I believe, has indicated his willingness to accept the amendment which I proposed. With that understanding, I will now speak upon the amendment of the Senator from North Carolina.

As I was saying, we loaned this money to our allies for the purpose of aiding them in the prosecution of the war. Now, the proposition is that when they pay the interest upon it so much of the amount paid as is necessary shall be used for the purpose of making the payments under the adjusted compensation measure. May I offer the suggestion that the passage of such a measure making such provision will be an inducement for our allies to make their payments?

I have not the slightest doubt, if this measure is passed, that when the people of Great Britain, of France, and of Italy, and our other allies find out that we are going to appropriate the money so repaid to aid and compensate those who helped preserve the homes of their countries they will be glad to pay the interest. I have no doubt that the taxpayers of France when they find out that the proceeds are to be devoted to this laudable purpose, a purpose in which they were directly interested, will feel that they ought to make these payments, and there will follow the payments made to this country prayers of thanksgiving on the part of the taxpayers of France for the service which was rendered to them by the gallant soldiers of America.

Mr. President, as to the provision of this bill regarding the issuance of certificates until that money becomes available, I believe there should be no hesitation. This country is not bankrupt. Its credit is increasing from day to day. Take up the latest financial report, and you will find that every certificate that is now outstanding is selling above par in the open market. Just a few days ago the Treasury of the United States offered for sale in this country $200,000,000 of certificates, most of them bearing only 4¼ per cent interest. They were offered to the general public, and the subscriptions for the $200,000,000 amounted to $800,000,000. It shows that the people of this country are ready to buy these low-interest bearing securities of our Government. When upon an offer of $200,000,000 you get subscriptions amounting to $800,000,000, it shows that the people of this country are not in dire distress; that they are willing to take these securities. Moreover, Mr. President, in the very bill which is now before the Senate to raise revenue, we are proposing to raise enough money to pay all of the current expenses of the Government, and there is a specific provision for the retirement of $265,000,000 of our permanent debt.

In a speech which I delivered here on the 12th of last July I showed how the permanent debt of this country had been reduced. It has been reduced over $2,000,000,000 since the bonds of this country were issued. The floating debt has been reduced over a billion and a half of dollars. In this bill we are providing for the retirement of $265,000,000 a year of the permanent funded indebtedness of the country. It has already been pointed out many times that under this bill it will not be necessary to pay out, on account of this adjusted compensation feature, more

than $108,000,000 during the calendar year of 1922; that the cash payment in any year will not exceed two or three hundred million dollars; that it will gradually be decreased, and it will not be a burden upon the Treasury of this country.

I want to call attention to one fact—that if we are going to pass this bill at all, it should not be deferred. It should be passed now. The amendment which I propose, and which has just been accepted by the Senator from North Carolina, provides that beginning on the 1st of January, 1922, the vocational educational provision shall go into operation. I want the people of this country to understand that if we are ever going to give any assistance under that title of the bill it ought to be done now. There can be no excuse for deferring that provision.

Take the young men of this country out of school, as we did, by the thousands and hundreds of thousands. Put them into the ranks of our armies. By so doing we took from their young manhood the very months and years which should have been devoted by them and would have been devoted by them to preparing themselves for future activities in life. You deprived them of the opportunity of going to school. There are thousands of them to-day who want to complete their education.

When are you going to do it? Next year the average age of the veterans who went into that war will be 28 years. When are you going to educate them or aid in their education? If it is to be done effectively, it should be done now. And how better can you do it than by passing this bill now and provide for payment by collecting the indebtedness which is due to this Government from our allies in the war?

Many things may be said as to why this proposition is made. The Senator from North Dakota [Mr. McCUMBER] on Saturday night said that he did not want to do this thing until after the bill was passed giving the Secretary of the Treasury the right to refund this indebtedness. As has been stated, the Secretary now has all the authority of law which he should have for any such purpose. But they have proposed a special law, a law to put it in the power of the Secretary of the Treasury to refund that indebtedness in any way that he might see fit to do. They want to use the compensation bill as a lever to force that legislation upon the Congress and upon the country. The Senator from Indiana [Mr. WATSON] on Saturday night said that what he wants to do is to use this bill as a means to bring about a sales tax law. He said that a number of Senators went to the President of the United States last summer and begged him to come before the Congress to cause the recommittal of the bonus bill, and undoubtedly he had in mind the sales-tax provision then. The combination was then being formed.

The PRESIDING OFFICER (Mr. HARRISON in the chair). The time of the Senator from New Mexico has expired.

Mr. WATSON of Georgia obtained the floor.

Mr. KENYON. Mr. President, will the Senator permit me, in my time, to ask a question of the Senator from North Carolina?

Mr. WATSON of Georgia. Certainly.

Mr. KENYON. I notice that the amendment of the Senator from Alabama [Mr. HEFLIN] requests and requires the Secretary of the Treasury to collect this money. I am wondering if the Senator from North Carolina would not be willing to leave out the word "required"?

Mr. SIMMONS. I will say to the Senator that I should be willing myself, but I should like to defer to the Senator from Alabama, whose amendment I accepted. I myself have no objection in the world to it, because I am certain that the Secretary would regard a request from Congress as a requirement.

Mr. KENYON. I do not believe we ought to require the Secretary of the Treasury to do something that he can not do, and, of course, we can not immediately proceed to collect this money, even if we do it with armies or navies.

Mr. SIMMONS. The Senator will notice that the amendment of the Senator from Alabama is in these words:

> That for the purpose of providing adjusted compensation for the service men of the United States who served in the World War the Secretary of the Treasury is hereby requested and required to proceed as speedily as possible to collect the interest—

And so forth. I would have supposed that meant that he was to use the usual methods of persuasion to collect the money.

Mr. KENYON. I am much obliged to the Senator from Georgia.

Mr. WATSON of Georgia. Mr. President, we might as well deal plainly with one another, and call spades by their right name. The fight on this floor is between the nations who owe our Government and the nations who owe the loans that are floated by the international banking firm of J. P. Morgan & Co.; and those private lenders are represented in the Cabinet by Secretary Mellon, who wants to have full control of these loans, thus putting it into the hands of J. P. Morgan & Co.

That is calling a spade a spade.

Something has been said here about using force upon England, France, and Italy in the collection of these loans. We do not have to use force. England is cornering our money in developing, in Mesopotamia and elsewhere, competitive wheat fields and cotton fields that will make it harder for the farmer of the South and the West to earn a livelihood. All that we would have to do would be to tell Great Britain in diplomatic terms that unless she honors her obligations we will send her ambassador home and recall ours, and let her face with shame the public opinion of the civilized world. Andrew Jackson once brought France to terms in just that way. What one President did, another can do.

Mr. President, there is nothing like putting a coal of fire on a terrapin's back to make it move. I am now going to put that coal of fire on the back of the Republican terrapin—I mean, that part of the Republican Party which is favoring the men who are making excessive profits at the expense of the soldier boys whose valor on the field made it possible for those men to make those excessive profits.

It is a sound principle of common sense and of law that extraordinary service deserves extraordinary pay; and that a man, wounded in my service without fault upon his part in carrying out my orders, is entitled to compensation at my hands.

Mr. President, I have not the time to read all the telegrams and letters that are pouring in upon me, and I will not at this time read those that come from the South. I will read as many as I can of those that come from the great Northwest and from the North and from the East. Then I will ask permission to have them put in the RECORD, not in print so fine that the common man can not read them, but in 8-point type, such as my own remarks will require.

Here is a telegram from Laramie, Wyo.:

"Statements as made by you are correct. Do not consider that any indecent statement was made, as same can be verified by members of the Ninety-fifth Aero Squadron stationed north of Toul, France, in May, 1918. Tommy Dobbs can verify; [so] can Maj. Davenport Johnson, United States Air Service; Capt. John Mitchell, Lynn, Mass., and many other parties, verify your assertions. I can also verify the meeting of Black Jack at Revigny, which is very far from a firing line. My service is from May 8 until they run down the curtain on November 11. Service on the front from February 16, 1918, until November 11. Number, United States Army, 23052.

"R. R. BEDDO."

From Lopez, Pa., comes a similar letter, which I beg to have printed in the RECORD.

Mr. President, here is a queer thing. In the New York Times of November 6 a colonel in the Army—P. K. McCully, jr.—said he was prison officer at Gievres, and that there was no gallows there at all.

In Atlantic City, N. J., there is a doctor—Louis Cleff—who verifies my statements.

Another doctor verifies them in the New York Globe of November 4, and from Beaumont, Tex., comes another statement which verifies them. I beg leave to have those printed in the RECORD in 8-point type.

The PRESIDING OFFICER. The Senator from Georgia asks that certain letters and papers from which he has read be printed in the RECORD in 8-point type. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[New York Times, Sunday, Nov. 6, 1921.]

NO GALLOWS AT GIEVRES—PRISON OFFICER ASSERTS ONLY DEATH SENTENCE WAS COMMUTED.

ANDERSON, S. C., *November 5.*

Senator WATSON of Georgia has been hoaxed if he has accepted as evidence the yarn of a veteran that soldiers were hanged at Gievres "by wholesale," or at all, said Col. P. K. McCully, jr., to-day. Col. McCully was prison officer at Gievres from October 14, 1918, to January 1, 1919, had the custody of the records, and possesses a copy of a statistical history of the camp which he compiled on November 8, 1918, and submitted to superior authorities.

"I knew the ground thoroughly and am fairly certain there was no gallows, gibbet, nor other lethal structure there," he said. "Only one prisoner under sentence of death was admitted during my tour of duty as prison officer, and his sentence was commuted. The records which came into my custody indicated there had been no deaths among the prisoners from any cause prior to my arrival."

[Washington Times.]

HANGED AFTER ARMY TRIAL.

BEAUMONT, TEX., *November 5.*

Dr. E. T. Miller, of Beaumont, who was one of the surgeons attending the 7-year-old French girl attacked by an American Negro soldier near La Rochelle Hospital in France in December, 1918, said yesterday the Negro was tried by court-martial and hanged.

He declared this was the only crime that happened in the La Rochelle area that he knew anything about and that he never heard of unjust treatment of American soldiers.

—

SOLDIER ATROCITY.

No. 3 MALVERN TERRACE,
Atlantic City, N. J.

EDITOR THE PRESS: I just have read an article in your valuable paper about Senator WATSON investigating some soldiers' deaths who were hanged or otherwise killed without a court-martial.

If you will allow me a little space in your paper, I will tell your readers that I have seen such an injustice committed right in my battalion, where a soldier was bayoneted in front of my company, and if called to testify I will certainly tell all I know about it. Lots more besides me witnessed this. Thank you.

LOUIS CLEFF.

—

[New York Globe, Nov. 4, 1921.]

TELLS OF HANGINGS—DOCTOR CONFIRMS EXECUTION OF FOUR AT IS-SUR-TILLE.

"The hanging of four soldiers of the American Expeditionary Forces in Is-sur-Tille, the advance supply depot of the American forces, was confirmed to-day by Dr. Carroll E. Krichbaum, of Milburn, N. J., who is on the staff of Flower Hospital here.

"The hangings were first brought to light here by four former members of the Thirty-fourth Engineers, who now live in Passaic, N. J. In all four cases, however, the punishment was inflicted after due trial and review by competent military authority, Dr. Krichbaum declared. In each instance the culprits had been convicted either of felonious attacks upon women or girls, or else of murder.

"Dr. Krichbaum, as a medical officer, was stationed in May, 1918, at Is-sur-Tille, France. The Thirty-fourth Engineers was on duty there.

"Two Negroes and one white man were hanged in one day at this post, though Dr. Krichbaum thought their crimes had been committed elsewhere. A detail of troops drawn up in a hollow square surrounded the gallows, and the hangings were public."

Mr. WATSON of Georgia. Mr. President, the country is going to hear all of this. Senators on this side have been called demagogues. That does not apply to me. If I live, I am to be here for five more years after this year expires. I have no motive, political or personal, in ventilating these matters. My motive is one which should appeal to every right-minded Senator and citizen, to purify, as far as possible, the public service.

From Lansing, Mich., comes this:

"You bear expenses I will testify before committee appointed to investigate hanging of Yanks. I have documentary evidence of two men hung without trial. Was witness. Wire answer. I served six years with Regular Army. Will come at once.

F. B. FITCH."

Here is a letter from a boy now in Virginia. He has broken bread at my own table, at my home in Georgia, as so many soldiers have done. He says in the letter that his brother, to whom I have just telegraphed, said that he saw four dead soldiers and was told by the guard that they were hanged on the gallows. He said:

"My brother himself was sent to the honey wagon"—

Whatever that may mean.

"reduced from sergeant to private, and had some of his pay taken from him."

The PRESIDING OFFICER. The Chair advises the Senator from Georgia that his time on the amendment has expired.

Mr. WATSON of Georgia. Then I will ask for my additional time on the bill.

The PRESIDING OFFICER. The Senator has that right, and he is recognized for 10 minutes on the bill.

Mr. WATSON of Georgia. Here is a letter from Bearden, Tenn., in which the writer says:

"Noting from the press that you are aiming to disclose some of the atrocities of the American Expeditionary Forces in France, I offer assistance. I have conversed with many boys who saw service in France. They tell of many crimes they observed and of how they were forced to eat swill from French kitchens while American food was not far off."

He signs his name, J. D. Wyrick. He works for a lumber company.

Mr. President, there is a letter here which shows how men were shot down because they fell exhausted from long marches. They were not only left to die by the roadside, but were shot. There is one letter here which I will not put in the RECORD, because it is unfit to print, though I will show it to any Senator who wants to see it. It shows how at least one officer defiled the food of the men so that even a dog could not have eaten it.

The Senator from Montana [Mr. MYERS] says he is against a bonus on principle. What principle? Does he know any more about principle than George Washington knew? Everybody here knows, or can easily ascertain, that George Washington obtained a bonus of 10,000 acres of land for his services in the old French and Indian War.

Has the Senator from Montana [Mr. MYERS] read the Old Testament? In almost every case where the Jews went to war they were promised a bonus before they went, and were paid it after they came home. In nearly every war the victors were given a bonus in some form or other. You can call it by whatever name you please—bounty, compensation, bonus, pension, home, or hospital—what is it, after all, but the same thing? Abraham Lincoln's favorite resort for quiet and rest from the arduous cares of his duties was the Soldiers' Home in this city, which is now one of the most beautiful spots on earth. Is not the providing of a home like that a bonus? I myself visited the beautiful soldiers' home near Old Point Comfort, in Virginia.

Henry W. Grady, of my State, who, as another Georgian—John Temple Graves said, "loved the South and the North, interloving each other"—was the founder of our soldiers' home at Atlanta, which was a bonus to the homeless soldier. You will find such homes all over this land.

The Senator from Indiana [Mr. WATSON] reproached my State by name, alluding to me by name, because we had done nothing for the ex-service men of the World War. In the first place, it is the business of the Federal Government to take care of that. In the second place, our State has been so completely robbed under commercial methods by the very profiteers to whom you are giving preference instead of to the soldier that we have a deficit of $3,000,000, and we are even now sacrificing some of the State's best property to make good that deficit, and the profiteering corporations have the money of which our people have been robbed.

Mr. President, I will not longer take the time of the Senate, understanding as I do that I have permission to print these other documents in the RECORD in 8-point type.

The PRESIDING OFFICER. The Senator from Georgia asks unanimous consent to print in 8-point type certain exhibits. Is there objection?

Mr. WATSON of Georgia. They are cumulative to those I have already had printed.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

NORFOLK, VA., *November 5, 1921.*

DEAR SIR: With great interest I have read several of your speeches in the United States Senate relative to the mistreatment of soldiers in France from several CONGRESSIONAL RECORDS which I happened to see, and wish to say that as a former American soldier I hope that you will press the charges and that the guilty parties be punished.

From my personal observations and experiences I do not doubt one word of your statements, though I witnessed no such severe instances as those which you named. However, in the Headquarters Detachment of the Thirty-sixth Artillery Brigade, Coast Artillery Corps, of which I was a member, the officers required the men to act as servants for them from the time we arrived in France until we departed. In no instances were the services voluntarily rendered or paid for, as both Federal laws and military regulations prescribe. These statements I can easily prove by any of the former members of the unit, one of whom is now a resident of Washington, D. C. I may also add that one of these officers is also a resident there, and his father, a former Congressman, on one occasion visited him over there and ate at a table with officers upon which enlisted men were forced to wait and serve. This man was a Congressman at the time.

We had been in France exactly one week when we were reminded by an officer, "Remember, you are not in the United States now"; this in a threatening manner.

I could tell you of many more instances of mistreatment of enlisted men, especially in regard to the voyage back to this

country, had I only the time to do so. Perhaps, if you would be willing for me to do so, I might run up to Washington some Sunday and talk over some of these matters with you. Excuse my using vulgar slang to a man of your standing, but I am better able to express it when I say that you seem to be the only man with "guts enough" to make these charges.

Thanking you for your work in behalf of the former service men, I am.

Very truly, yours,

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NEW YORK, *November 4, 1921.*

MY DEAR MR. WATSON: Reading in the daily papers in regards as to American soldiers being murdered, as I call it, without a trial, let me try and help you bring another case to light.

I wish you would take up the case of Pvt. August Wolf, of Veterinary Hospital 2A, and see how he was murdered by an officer named Baldthaser, who ordered an M. P. (military policeman) named Von Riper to shoot him when Wolf refused to be manhandled when ordered under arrest.

What made me write this letter to you was because that over in his mother's home there hangs a large certificate reading that August Wolf had died or been killed while performing his duties at the front, and as a member of the same company I wish to state frankly that the nearest that we ever came to the front was about 50 miles.

His mother resides at No. 5705 New Utrecht Avenue, Brooklyn.

Having no more to say and hope to read of this letter in the papers in the near future, I close.

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Hon. Senator WATSON:

I read about your investigation about the cruelties in France against our own soldiers. * * * I have seen enough of our fine officers. Lots of poor fellows got shot or hung.

Wishing you good luck, I am,

Yours, truly, ——— ———.

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NEW YORK, *November 5, 1921.*

MY DEAR SENATOR: As a man who served overseas in a fighting unit, I write this letter to you hoping it will aid in your fight to bring before the people of this country a keener realization of the brutality of war.

I am a stock broker and an investment bond dealer. My statements can be made under oath or otherwise. To me war means the befouling of finer instincts, as well as a hopeless waste of money. The handwriting of a great God is on the wall as never before that war is futile. Can we not believe in a greater power than our own as trying to guide us in our lives here? Nations can develop without war. War is old-fashioned, stupid. You can do a great work. Go to it without flinching.

In Camp Bassens, France, a Sergt. Krupa had been out on a large drunk the night before. He was in charge of the prison camp area the following day. The mess line was eagerly awaiting eats. Krupa had his gat on the hip watching the line. Some one laughed a little. Krupa commanded "silence" to about a hundred men. Many of these men had done magnificent duty at the front. There were white and colored amongst them. Inflamed with the "hang over," Krupa was nervous and excitable. The chuckle of a big colored fellow irritated Krupa. A private, a sentry, doing his post turn, came within several yards of Krupa and had turned to go back along his post. Krupa rushed after the sentry, grabbed his rifle off his shoulder, rushed back at the line of men in line at the mess, said, "You * * * I'll show you if you can laugh at me," pulled down the safety catch on the rifle, and the next—"thud." A bullet pierced the lungs of a great big fine chap standing at the door of the bunk house. I helped to hold the stricken soldier for a few minutes as the blood spurted from a hole in his chest. In a little while his life was gone. I was mad. I looked at Krupa for a long time. I saw only brute strength in this man. There was no soul there. The men were wild. I pulled my gat and said, "Men, stand back; go back of the bunk houses," or something like that. My revolver was in my fist and cocked. An old-time soldier, who had been in the Army a long time, a prisoner, was near me, within a few inches. He said in a kindly tone, "Son, put the gun up; there has been enough murder around to-day." I did put up my gun, and am glad of it.

The riot went no further. A captain came along soon. Krupa was taken off the post a while. Col. Green and others made a quick examination. Krupa came back into the camp area exonerated as having done this thing accidentally. He again paced the camp area with his gun on his hip in charge as usual. What could the men do? At every corner were sentries outside the wire fence with loaded rifles. The prisoners were in for petty things as well as greater offenses. Krupa was their boss, and he had just killed a man.

I told the captain what I thought of the matter, and the captain agreed with me that Krupa was a dangerous man. Not so Col. Green. His idea of Krupa was that he wanted him on his personal staff, and undoubtedly Krupa and the colonel would have made a keen pair.

This man who was killed had a family at home, so I understand. He was a railroad man—a brakeman or fireman—a six-footer.

I would like to see the Army record of this thing; and it may be possible to find this somewhere.

Just to let you know that I am with you in any attempt you may make to show up matters, I write this letter, and for the good of the cause of the elimination of asinine war.

Krupa and I were in Company D, Three hundred and forty-eighth Infantry. We neither had been to the front.

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J. W. Hinchey was a member of the Thirty-fourth Engineers, Company M, stationed at Camp Williams, France. The two men that were hanged took place at a French camp named Camp President Wilson and was a public hanging. I was not an official witness, but saw what took place and could identify the photograph of the gallows. Took place either in May or June, 1919.

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CARROLLTON, GA., *November 4, 1921.*

DEAR SIR: I notice that some of our worthy Senators seem to doubt your word as to cruelty of American soldiers overseas. I want to state that I saw Pvt. Fitzergald, of Indianapolis, Ind., killed. His outfit was the Sixty-fifth Engineers. He was killed by Sergt. Miller, of Pittsburgh, Pa., who was a Polack, but went by the name of Miller.

Pvt. Fitzgerald was a married man, having three children. There was a letter taken from his pocket next day that stated these facts.

If ever Sergt. Miller was court-martialed we never heard of it. But I understood that the colonel patted him on the back and said, "I wish I had a hundred more like you."

The cause of this boy getting killed was a Negro stepped in front of me to get something to eat, or at least try to. The sergeant jerked the sentry's gun, brought at thrust at the same time, asking the Negro what in the h—— are you doing here? The Negro run. The sergeant turned around with gun, pulled the safety off, and pulled the trigger. Pvt. Fitzgerald was standing in front of gun and was killled. We were working from 6 to 6 and getting one sandwich for dinner. Capt. Tyler was in charge of the prison camp. I understand his home was in San Francisco, Calif.

For information concerning another prison camp—St. Touba—have Lieut. Col. Hubbard show the investigation he held, caused by three prisoners writing to Maj. Gen. Rhodes, without going through proper channels and through French mail. Here water was over hip boots a good part of winter, being half fed, allowed no tobacco; boys begged it from German prisoners. Wishing you success, I am,

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BIRMINGHAM ALA, *November 4, 1921.*

HON. THOMAS WATSON,

United States Senate, Washington, D. C.

DEAR SIR: As I understand that there will be an investigation of your statements before the Senate with reference to the "hanging and shooting" of the soldiers of the United States while in France without trial or court-martial.

As I believe you are right, I will tell you of an instance where there was an enlisted man shot and killed by a major of the Fifty-eighth Infantry without a reasonable cause.

My brother-in-law, Zebra S. Shell, private, Company E, of Fifty-eighth Infantry, was an eyewitness to the actual shooting of the enlisted man. His address is Piedmont, Ala., and he will be glad to come before the committee and tell of the shooting of the soldier. The only excuse that the major had for shooting the soldier was that after the company had been on a forced march for 24 hours and the man was completely fatigued and had to fall "out," and just because he told the major that he could not go any farther, the major pulled a gun and shot

the soldier dead, and the soldier begging him not to shoot, as he was very sick and could not stand upon his feet.

This was told to me by my brother-in-law just after his return to the United States after the war. And, if I remember right, he said that the major who done the killing was later wounded or killed while in action.

But the fact that the killing was done and without a trial of any kind will show in part that your charges are true with reference to the executions of the soldiers, no matter if the officer was later killed or missing in action.

I myself will be glad to come to Washington and go before the committee and repeat the story as told to me just after the close of the war.

Trusting that this information will be of some use to you and that you will call on me if you think I could be of any help in the matter.

Yours, very respectfully,

——— ———.

(Ex-private, Troop A, First Cavalry, Regulars.)

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NEW YORK CITY, *November 4, 1921.*

DEAR SENATOR WATSON: As I am an ex-soldier and am very willing to go at any time my country needs me again, it is only natural that I should take interest in your good work in behalf of the ex-service men of the United States.

I am very much interested in your statements of the abuse and hangings of American soldiers in France during the war and also after the war. I am going to tell you of one instance of one of our men being killed without a court-martial long after the war was over. I was in the Medical Detachment of Veterinary Hospital 2B, stationed for 11 months in the town called Treveray, France. The hospital was being split in half to make two hospitals, and half of our men were being moved to another town to form another veterinary hospital. All of the men except four or five were moved to the new town, and the four or five that was left were to move on the very day that this poor soldier was murdered. It happened this way—and you can judge for yourself whether the military police was right and justified in what he done: A few of the soldiers that was leaving the town which they had been in so long was bidding their friends, both American and French, good-by, and must have drank a little too much. This soldier—Wolf was his name—was placed under arrest by a military policeman named Van Riper. Wolf, of course, under the influence of liquor, did not like the idea of being locked up, and he did not walk fast enough to suit the military policeman, and he (the military policeman) became very abusive to Private Wolf, and Wolf resented it and having some hot words with Van Riper, the military policeman, when along came our captain, and seeing what was going on between the soldier and two military policemen, said to Van Riper, "Oh, don't fool with him, give it to him," meaning for Van Riper to shoot Wolf, which he did right there and then.

I was the orderly on the ambulance that took Private Wolf to the hospital at Gondrecourt, where he died the following night; and, to make things worse, Private Van Riper did not come to trial for nearly six months after he killed Private Wolf, and then he was discharged; and in the six months before the trial Van Riper still continued to act as military policeman.

I want to say right here that Capt. Balthaser was a lucky man that some of the French people did not shoot him for his cowardly act in telling Van Riper to shoot Wolf. The whole town was up in arms against Capt. Balthaser when they found out what he had done. There was many of our poor American soldiers killed and abused by some of the men we had for officers in France.

I wish you could look up the War Department's record and see what the report was on Wolf and how he came to his death. I can furnish the full details by getting some of the boys who were in the same company with me. If you wish me to come before any committee or furnish you with more details concerning this case, I will gladly do so. I can speak now where I did not dare speak before.

Good luck to you. (Signed) ——— ———.

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INDIANAPOLIS, IND., *November 3, 1921.*

DEAR SIR: I hope your investigation of legal lynchings overseas will result in some good.

It might interest you to know that I saw a most cruel execution of a soldier from your State.

The scaffold was erected days in advance of the hanging. On the morning of the hanging the soldier was brought out and forced to stand in front of the scaffold at least an hour. One could not have been subjected to a more torturesome death. He was dropped from the scaffold three times and tortured intensely for perhaps 30 minutes. The hangman's rope was cut into bits and passed around as souvenirs. Many persons, including general, field, and staff officers, as well as many soldiers and civilians, witnessed this scene.

Very respectfully, ——— ———.

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WASHINGTON, D. C., *November 4, 1921.*

DEAR SENATOR WATSON: I send you these few lines now to thank you, and especially your secretary, for what you did for me in adjusting my claim with the Veterans' Bureau. I was held in the hospital for four months the last time, and sometimes had to go hungry. I managed to get a transfer to a hospital in Washington so that I may have my claim adjusted. I was insulted and told by one of the examiners in the bureau that if I stayed in the hospital and just think I was injured, I would be. I will furnish his name.

I was in a hospital in France with one arm and hand bound and in sling; was ordered by nurses to sweep floors, clean spittoons, and did not get enough to eat. I heard these same nurses plotting to chloroform a major at a dance they were to attend the night following.

Very truly, yours, ——— ———.

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BOSTON, MASS., *November 4, 1921.*

Hon. Mr. WATSON,
United States Senator from Georgia,
Washington, D. C.

DEAR SIR: A word about Prussianism in the Army. I would like to inform you of a first lieutenant by the name of Kimball, Battery B, Fifty-fifth Artillery, Coast Artillery Corps, who emptied his pistol into his own men, wounding a private by the name of Wilson in the arm for running toward the enemy.

Also, Col. Sevier, of the same regiment, while passing through England, hundreds of miles from the front, issued orders for the officers to shoot any stragglers who should happen to fall out of ranks, and a captain by the name of John Stitt, of New Bedford, who had two men fall out from exhaustion, was relieved of command because he did not comply with the order.

Look up the Kimball incident and get in communication with Capt. John Stitt, New Bedford, Mass., and if they are afraid to face the music I will make myself known and go to Washington to testify in your assistance. Get that dirty gang before they get you.

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ATLANTA, GA.

SENATOR WATSON: After reading a piece in the paper in reference to men being hung in France without court-martial I would like to say while in France, at Mehun Sur Yerve, Camp A. P. O. 741, I know that numbers of men died there through neglect of attention, and I would like to say further if you could have been there and seen some of the same things as I you would no doubt have the same impression as I. If you had to sleep in barracks with about two blankets and a straw tick, and in wintertime at that, and never get sick you would have to be made of iron to stand it. I can truthfully say, although I am still alive and have lost my health to a certain extent, I feel that I have never yet received a fair deal in my case, and furthermore some day I feel that we will all be rewarded for what we thought was right and went to France to fight, sleep in fields, trenches, and box cars, eat what we could get and under any kind of treatment that we would take. I am sure if there was a vote taken you would find that two-thirds would say the same as I myself would say.

I know that men stood in the rain and waited for medical attention when it was enough to kill any human, and then be sent to their barracks where it was cold and where you would not put your own horse to sleep; it was war no doubt, but under conditions they could have been better; no officer stood what the enlisted men, and no one can tell me that they did, and I am sure if I could ever have the chance to talk to you I could say more. I am very glad that you are the man you are and trying to do what is right for the benefit of the ex-soldiers, some who are no more. I trust and hope that you will do all you can for them. And I am sure some day you will be rewarded for your good work. I was over there about 17 months and my Army service was three years and two months. I trust that you will succeed in your good work.

Yours, very truly, ——— ———.

MR. BENJAMIN HAYS, 1312 THIRTY-FOURTH STREET, CITY, THE CIVILIAN BOSS WHO INTERCEDED IN HAVING THE BOY SENT TO THE HOSPITAL.

WASHINGTON, D. C., *November 5.*

Hon. Senator WATSON.

DEAR SIR: Admiring your stand toward the soldiers, I wish to call your attention to a case that happened at Camp Meigs, this city. If you will call on or have the person (address below) tell you the story, I think you will say that it was as brutal as anything that happened in France. This boy was knocked and beaten, dragged around on the road cinders until the blood ran out of his clothes; was prodded with bayonet, and the wounds got in such condition the person I refer you to below, who was a civilian boss there, told the captain that if there was not something done for that fellow he would take the matter to the civilian authorities. He was sent to the Walter Reed Hospital and died in a few days. I wish you would call on this man and hear the story, and if that is not proof enough I have a boy who was an eyewitness, who will be glad to tell the story. I am withholding my name for reasons, but if this should interest you I will see that my boy comes here and tells the story.

Very respectfully,

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WEST ROXBURY, MASS.,
November 5, 1921.

DEAR SENATOR: You are to be congratulated upon the grand stand you are making in the name of righteousness and justice. It is rather to be deplored that we haven't got more American Senators and Representatives who have got the courage and the fearlessness to state the truth as you do. The sentiments of more than 3,000,000 ex-soldiers and their friends are back of you. There were many outrageous acts endured by the American soldiers in France that the American public is not aware of. The brutalities that were experienced by many soldiers will never be known, because the victims of these brutalities are lying in their silent graves.

I have been railroaded to military prison known as the Disciplinary Barracks, Fort Alexandria, Coblenz, Germany. While I was there I have seen soldiers shot and wounded because they wouldn't stand at attention in the mess line. I have seen their hand tied to their side, with puttees around their legs, and kept standing at attention for hours at a time when temperature was 95° in the shade, until they would drop in a heap unconscious. I have seen soldiers who were dragged out of their beds at midnight and given cold showers and cruelly beaten for absolutely nothing. It was a common occurrence to see men made to double time in hot July days for hours at a time until they dropped unconscious and beaten unmercifully. I myself have been driven insane and attempted to commit suicide, and later was taken to a hospital, where I have been confined as an insane patient for about 11 months, due to the horrible treatment I experienced there. I am still at the hospital trying to recover my health.

The German and the Prussianized methods or barbarities had nothing on the cruelties practiced at this disciplinary barracks. There was another soldier driven insane, but I do not remember his name. At one time I reached such a point that it was thought that I was going to die. If I was to recall some of the monstrosities practiced there it would make one's hair stand up. Most of the soldiers at this disciplinary barracks were there for trifling incidents and none had more than six months to serve.

In any event that I can be of any assistance to you in your exposures of the gross mistreatment of American soldiers I will only be too glad to give you any assistance that you may need. I am willing to take any oath, if necessary, as to the truth of these statements and am willing to give names of those responsible for the conditions there.

Wishing you the best of luck in all your endeavors and hoping that this letter will find you in the best of health, I am,

Sincerely, yours,

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ATLANTA, GA., *November 5, 1921.*

Mr. TOM WATSON,
Washington, D. C.

DEAR SIR: I see in the papers there is some dispute about men being shot in France without trial. I spent 18 months in France myself, and went from Columbia, S. C. I was in the Field Artillery. When we landed in France the weather was cold. We camped in some old buildings, with cement floors. The Army officers had provided no wood for us to make fires, as they should, so we went at night about 3¼ miles up on a hill and stole wood to dry out the building, and slept in safety. In a few days the French missed the wood and reported us to our officers. So the next morning we was all lined up and asked if we got the wood. Each boy was forced to lie and say "No." That night a guard was put in the woods, but we went back after more wood, but we went another way. One of my company was shot in the woods and one was captured. We all ran back to the camp and said nothing. The next morning just before sunrise the other boy was shot, and they was both brought down dead. The boy that was shot in the morning was Odes Brownlee. I don't know the other's name.

Now, I would like to say to the President of the United States Senate in the name of Almighty God if those two boys was tried they was tried in the woods between the setting and the rising of the sun.

I don't know you, Mr. WATSON. I never saw you in my life. I have no interest in you more than to see justice done.

What I have written here is the truth, the whole truth, and nothing but the truth, so help me Almighty God in the name of truth.

May God bless you all.

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GEORGIA, *McDuffie County:*

Personally appeared before me, the undersigned, an officer of this State authorized to administer oaths, E. B. Lazenby, who first being sworn on oath, says that he is a resident of McDuffie County, Ga., and that he served overseas in the American Expeditionary Force to France, and he makes the following statement voluntarily and of his own free will and accord and without reward or hope of reward, the statement being as follows: The sword of Damocles in the shape of court-martial ever hung over the heads of soldiers.

I was twice threatened with court-martial by an Irish Catholic officer named Haggerty simply because I wrote something to my mother, which in his opinion he thought should be deleted.

My letters were mutilated for the sole reason that I gave a description of an artillery camp in France, and portrayed things in their true light. We had been instructed that we could write home and tell these things. In fact, there was an order from the colonel of our regiment that we could do so.

Another time I wrote a letter to a soldier friend in France and told him of a poor Bowery kid who knew nothing of horses having his head crushed from being thrown from a horse. I was threatened with court-martial for this.

I heard Army officers curse men and threaten to shoot them when just in rear of battle lines. I cite an instance: Officer Gilly, lieutenant, Battery D, Three hundred and twenty-first Field Artillery.

I was hounded and persecuted because I was from the home of TOM WATSON.

We were underfed while upon the front. Oft'times no bread; sometimes one slice of stale brown or black bread, with some putrid "corn willie," and sloppy bread pudding that even a dog would not eat in this country. There was no excuse for such when there were mountains of good food rotting in the ports. The officers got theirs.

The officers had cots to sleep upon and tons of baggage that we privates had to carry around for them to have comforts.

We were allowed to go ragged when there were two or three suits for every soldier in France. I had to steal shoes and trousers, because my supply seargeant had a grudge against me. Some of my officers were callous or indifferent, but on the whole my lot was exceedingly fortunate in comparison with what I witnessed among others.

It would take volumes to relate everything that was repugnant to a decent man. The Army in France has crushed the life, esprit, or the morale of many a former high-toned citizen.

E. B. LAZENBY.

Sworn to and subscribed before me, this 4th day of November, 1921.

E. H. MILLER,
Notary Public, State of Georgia, at large, Thomson, Ga.

GEORGIA, *McDuffie County:*

This is to certify that I have known Mr. E. B. Lazenby for about 10 years and have always had him rated among people as a conscientious, honest, truthful, and high-class citizen. Prof. Lazenby has taught school in every section of Georgia and is known as a diligent educator everywhere he has served the public.

B. J. STEVENS, *Attorney at Law.*

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GEORGIA, *McDuffie County:*

Personally appeared before me, the undersigned, an officer of this State authorized to administer oaths, Meynard Booker,

who, first having been duly sworn, on oath says that he is a resident of Lincoln County and State of Georgia, and that he served overseas in the American Expeditionary Forces to France as a private; and that for several weeks he and the men in his company didn't get enough of food and some of the men were forced to steal food when they could to satisfy the pangs of hunger; and that this deponent himself upon hearing of the Pennsylvania troops, some of whom was stationed near his camp, being fed by some of the Negro regiments, decided to try as much as once to get a good square meal, and went down to where the Negro regiment was stationed and asked for a meal, which was given him; and he also found to his surprise that the Negro troops were given plenty of food, and all of which was good food. This deponent wishes to state that the Negro cooks were very nice to the hungry white troops, and when they could would give them all they wanted to eat. And that finally, when the stores of food were to be moved, guards were stationed along the line of removal to keep the hungry troops from eating the food to satisfy their hunger. And that there was no need of any of the troops going hungry, as this deponent believes that there was plenty of food for all in the ports and Army stores.

This affidavit is made in the interest of truth and without reward or hope of reward.

MEYNARD BOOKER.

Sworn to and subscribed before me this 4th day of November, 1921.

E. H. MILLER.

Notary Public, State of Georgia at Large, Thomson, Ga.

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MACON, GA., *November 3, 1921.*

Hon. THOMAS E. WATSON,
Washington, D. C.

DEAR SENATOR: Just a few lines, as I have been reading the newspapers, I see that you are doing your bit for the soldiers, so I will give you something to work on. I applied for enlistment about February 7, 1918, at the draft board, Moline, Ill. I quit a job switching cars for the Rock Island Railway Co. I was then sent to Charlotte, N. C. There I was examined for military service. I was sworn in the 13th of February, 1918. Later, after being in the service, I was taken down sick. I was in and out of the hospital several times, so one day they put me up before a board of doctors. They recommended me for a surgeon's certificate of disability; marked me quarters; told me to go back to my company and wait for my discharge. Later on orders came to pack up to go overseas. They said everybody fall in; after everybody had fallen in the company commander said all names I call fall out; so he never called my name, so I marched to the Southern Railway yards and loaded on the train. Before the train left he came around and said, "———, I don't know what to do with you; you were recommended for a surgeon's certificate of disability, but I haven't received it." I told him if he didn't know what to do with me, I was sure I didn't know. So I went with my outfit to Camp Mills, N. Y., then was loaded on a transport, landed in Southampton, England. Later on was stationed about 75 miles back of lines; then was stationed under the English to demonstrate the Lewis machine gun and to show us how to fight. So one morning, on the 31st day of May, 1918, a bunch of us was put with an English sergeant to take instructions from him how to operate a Lewis machine gun. I noticed that they were awfully interested where they placed me and another soldier, but didn't give it a thought that they were trying to kill us. But, after taking a few instructions, all of a sudden the gun went off, shot me through the left arm and the other fellow three places in the foot. About five bullets went through my gas mask. The other soldier's name is ———; he lives in Indiana, but I don't know what town. I don't understand why they were instructing about a gun and using ball ammunition. I judge that there were as much as a dozen shots came from that gun. I wish you would investigate this matter. My native State is Florida. I am now suffering with paralysis in my left hand and bad eyesight. I was with the Fourth Division, Company K, Fifty-ninth Infantry.

Yours, very truly,

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ATLANTA, GA., *November 4, 1921.*

Senator THOMAS E. WATSON,
United States Senate, Washington, D. C.

DEAR SENATOR: I have been reading the newspaper accounts of your charges in the Senate relating to unauthorized execution of soldiers in our Expeditionary Forces in France, and think I should relate to you an experience which I had while located at Gievres, France, in 1919, which seems to partially substantiate the charges which you have made.

While in charge of a warehouse at Gievres, France, where I slept at night, I was awakened about sunup one morning by loud cries of a man, and went out to investigate the matter. There was a thick forest of several acres about 50 to 100 yards from the warehouse in which I was sleeping, and I found that the cries were coming from that place. When I undertook to investigate the cause of the cries, I was stopped by a marine, who was on guard duty, and was informed that the man who had been crying out was to be hung. Later I related this experience to some members of my company, and they come down and went into the woods referred to, and not only saw the scaffold, but some of them got upon it and had their photographs taken. This scaffold remained in the woods as long as I was located at Gievres, and I saw it a number of times. I don't know whether or not anybody else was hung on this scaffold, but I was told by a marine, at the time of the hanging referred to, that another man was to be hung the following Friday on the same scaffold, and I heard, generally, that others were actually hung upon it.

I have never understood why this scaffold was built in the particular place referred to, as it was approximately 2 miles from the prison.

I might say further that I was told by one of the marines who was in the party guarding this execution, that the man to be hung had been forced to dig his own grave the day before. Whether or not that statement was true, I can not say, and would not even venture to express an opinion on that point. I am merely repeating substantially what this guard told me.

For obvious reasons I do not care to become involved in this matter, but felt that I should give you this information for whatever it might be worth to you.

Very respectfully,

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WASHINGTON, D. C., *November 5, 1921.*

DEAR SIR: I take the liberty of inclosing herewith several newspaper clippings which I feel confident will interest you, especially at the present time.

The shipment of this soldier's body C. O. D. to his home and parents ought to be exposed and the facts given to the Senate.

I will recall to mind that 10 days after war was declared with Germany the Secretary of War, Mr. Baker, placed an order for 200,000 coffins with a firm at Framingham, Mass. Plenty coffins, but no guns. What disposition was made of this enormous supply of coffins, as I understand none were shipped overseas? They might have spared one of them for this boy's body.

Very respectfully, yours,

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BATON ROUGE, LA., *November 4, 1921.*

DEAR SIR AND FRIEND: For one I wish to congratulate the manly stand you are taking for those who were unable to defend themselves from such dastardly and untimely end.

I soldiered under Gen. Pershing for nearly two years over in the Philippine Islands, and at one time our quarters were but a stone's throw from his residence, so I happen to know him and of him pretty well. My main object in writing this is, after reading the contemptible newspapers, especially the inclosed clipping, I feel it my duty to just mention an incident over in the islands, which my word need not be taken for, but you can verify same by getting the Manila Times or any of the papers in Manila printed during the years of 1912 and 1914, and you will find how they roasted the supposed-to-be wonderful general he is not. For over a year poor privates were being chopped down like dogs by the natives and nary a word did he say, not less try to prevent same; but during one night they got bold enough to knock close to his haven of rest and chopped up Capt. Watson and a lieutenant, whose name I can not remember. It was then only did he get busy and surround the hill of Boc-Sac, located in Jolo, P. I., and cleaned those natives out, both guilty and innocent. They at least numbered 3,000. That's the kind of general he is. When and as long as a poor private got it in the neck it was all right, but when they started to knock on his own doors he got busy and made a big job of it; and, of course, got a big write up for the wonderful general he is—back home in the United States of America.

Right here in this city is a boy who was "over there" and saw two unfortunates made to build their own scaffold, and can vouch for at least another hanging that took place right in

the vicinity of where he was stationed, and beyond doubt can be proven by many of his comrades. Yet I bet Pershing would say that is a lie. I would not be afraid to bet that man never smelled gunpowder all the time he was in France, not less go to the front. It was fine for him to be back of the lines partaking of all the fat of the land while the poor unfortunates were treated like dogs; and now for him to be showered with all kinds of riches and entertainments of every description, while the many thousands upon thousands who bled like dogs are suffering for want. I wonder if he would say that's a lie?

It is pitiful this land of ours is not composed of at least a few thousand public men of your station and backbone. Surely it would be the best country in the world if it was, and God surely will not let your wonderful undertakings and work go unrewarded. So keep up the good work, and I am sure it won't be long when you will have all those that have covered things up taking to the woods for shelter, if they are not already routed.

With my every good wish—and I am positive with every other "buddy" in and out of the ranks—for your complete success, and may God always bless you and yours, I remain,

An ex-private of the old Infantry,

———.

GEORGIA, *McDuffie County:*

Personally appeared before me, the undersigned officer authorized to administer oaths in the State of Georgia, A. A. Young, of said county, who first being duly sworn says on oath that he was in the Army of the United States from July 22, 1918, until August 27, 1919, and was for about 11 months overseas in France and Germany; that deponent belonged to First Division and was a member of Second Machine Gun Battalion, Company C.

That deponent knows that it was the rule of that part of the Army to which he belonged to imprison privates and work them, under guard, for at least three months before trial, and in a number of cases there was never a trial. It was the general practice of officers from second lieutenant up to point out any man to the guard, and without preferring any charges have him imprisoned; that in a number of these cases, or alleged cases, the man imprisoned could not tell, if his life was at stake, what he was being punished for.

Deponent further deposes and says that one of his captains was named Hale who ordered that the mules be put in houses and that the men sleep in the mud and water, saying that it would cost only $11.20 to get a man over there while it would cost over a hundred dollars to get a mule over there; that these orders were carried out, the mules being put in the houses and the men in the mud and water.

Deponent further deposes and says that while he was in France he learned that the foodstuffs of America, which were shipped to France, went first to a place of division where there was a French officer in charge and was there divided, the rough food being given to the Army and the food fit to eat being divided out among the fashionable hotels of France; that this fact is generally known among the soldiers of this division, almost any of whom, I presume, will verify this statement.

Deponent further deposes and says that he with his division marched from Sedan, France, to Monbaur, Germany, which required 43 days; that while on this march deponent was barefooted and practically naked and hungry; that he was supposed to get at least one meal a day (according to what he was told by the officers), but in place of getting this one meal he did not hardly get one meal in two days; that while on this said march deponent has seen men fall from the line of march because of sickness, hunger, or sore feet, and has seen them kicked out of the path of the march by the soldiers coming on behind; in fact, this was the practice, and it was the rule to never stop when a man had fallen out of the line of march, never to step around him, but to keep your step, if to keep it your foot had to trample in the fallen man's face.

That while deponent was with his said division in Germany, at Hohr, on or about the last day of December, 1918, on Sunday, while it was sleeting and snowing, he, with said division, were ordered to stand "at attention" from 8 o'clock in the morning until 4 in the afternoon, to await the passing of Gen. Pershing, who never came; that during this time said soldiers were without food, not being allowed to eat.

A. A. YOUNG.

Sworn to and subscribed before me this the 4th day of November, 1921.

B. J. STEVENS,
Notary Public, State of Georgia at Large, Thomson, Ga.

ATLANTA, GA.

DEAR SIR: There were about 10 soldiers who made up the party of inquisitives at Gievres, France, that went on an investigation tour about June 24, 1919, having as an objective the alleged gallows upon which it was asserted by many soldiers some 21 American expeditionary soldiers had already been hanged and a whole jail full awaiting their fated morning.

I was in the party. We left camp about 9.30 o'clock and in 45 minutes had left all camp buildings, or buildings of any kind, and were nearing a grove of pine trees, which was about 150 or 200 yards in diameter. On approaching it there was nothing to be seen which might have confirmed the assertion that in it was a gallows, except that we noticed an armed guard or two patrolling the edge. There were no houses near by, and seemingly nothing to guard, so we deduced that the gallows must really be there.

The guards did not hail us and we proceeded to the grove center. It was on approaching that center that we discerned a scaffoldlike structure, which was in the middle of a clearing about 30 or 40 yards in diameter. At the gallows, as it proved to be, was another armed guard, who did not object to any of our sight-seeing desires and even affably answered our questions. He said that on 21 consecutive mornings 21 American soldiers had been marched to the gallows at sunrise, had been noosed and sent to another world. It sounded odd to us because we had not heard of American military punishment or execution being given in the form of hanging.

While at the gallows I utilized my little folding camera, bought in Paris, and asked a boy to take a picture of the party assembled on the gallows. He did and the picture I sent you is the one taken then, the negative of which I think I have now at my home.

Even in the United States, when I told people of the hangings which seem to have occurred eight months following the armistice, and as proof presented the photograph of the gallows, which I said would not have been constructed for nothing, many of the people here laughed and said I had experienced hallucinations.

In talking to a military police, who was a marine, after I had visited the gallows, he told me that what the guard at the gallows had said was true, and said also that a lieutenant colonel was awaiting his turn on the gallows. "Why a lieutenant colonel?" I asked. He then said that the officer had executed three soldiers without proper authority, and that later it was proven that the three men were not guilty of the alleged crime, the nature of which I did not learn.

The only surprise I experienced in hearing that story was the fact that the officer had been brought to trial and sentenced to hang. As for the three men, common soldiers, being done away with without proper conviction, I could easily conceive of that from the autocratic way in which officers in general treated enlisted men. If it was dark and you couldn't see an officer and inadvertently failed to salute him, you received particular ——. I even had such an incident to happen to me while at Camp Oglethorpe, Ga.

As for the dislike of American officers in France by enlisted men, it was general, and there were very few exceptions. They received pay sufficient to enable them to get good food and sleep in good quarters. At Decize, France, where I was first stationed in July, 1918, the food served us was intolerable, and I came near dying as a result of consuming, or trying to consume, it. If we could have received our pay immediately, or at the first of the month, as was promised us when we enlisted, we could very easily have gone to a French village and bought decent food. The case was, however, that when at Decize my pay and that of my comrades was held up because of delay in keeping the pay roll up with the movement of troops. At one time I received no pay for five months, and that happened to be during the spring of 1919, following the end of the war. Many soldiers were denied their pay for seven months; that I heard from many comrades; and many no doubt went without pay for a year.

When detailed to the Thirty-ninth—I believe—Division, in a little town near Bourges, in the spring of 1919, I was introduced to a good example of the American Army housing problem of the American soldiers. Men there died like fleas from influenza, caused by the bad housing of the common soldiers. My detail was quartered in an old mill which was full of cracks. The wind would come in at will, and one could hardly sleep from the cold drafts which would come up through the floor. It was in that town that hospital headquarters was located in an improvised building, the floor of which was Mother Earth.

If I remember correctly, the hospital beds there also rested on Mother Earth. When soldiers would die, they were carted to a small tent and there await their transportation to the grave. This particular tent had no floor except the earth, and often it was so crowded with dead soldiers that as many of the bodies rested in the open as in the tent. It was a sight I could never forget.

As an example of the nefarious and autocratic American Army system in France, one only has to say that American enlisted men were prohibited from going with American nurses and Red Cross women in general, which gave the officers, many of whom were complete ignoramuses, a monopoly on them.

I reenlisted for a year after being honorably discharged on July 15, 1919, at Camp Mills, Long Island, and volunteered for the Silesian expedition, which embarked for Germany from New York about October 18, 1919. I was a member of the Fiftieth Infantry; the Fifth Infantry, or part of it, also formed part of the expedition. Going over on the *George Washington* transport, I think it was the name, we got food which respectable people wouldn't feed to cats in America. In war time such was possibly permissible, because of the hurry, etc. But when such things were enacted almost one year after the end of the war, we soldiers naturally felt lumps in our throats and manufactured frowns on our faces.

The condition abroad was aggravated by the fact that the officers were eating oranges, cake, and ice cream. The enlisted men were receiving something which verged on slop. To top all, there was a lack of bread, or a disposition on the part of those in charge to refuse the enlisted man enough to live on.

The result was that a mutiny of the enlisted men almost took place. A body of despairing men broke open the hold where the food was kept and many oranges disappeared. It was necessary to place a double guard, armed to the limit, on the bakery, and every device to secure bread from the bakery was employed by the hungry men. Eventually there was a conference, and a slightly better brand of food was given out.

While stationed with a motor-truck company in the French barracks at Nievre, France, during November and December, 1918, a striking incident occurred during the former month. An officer of a supply company there was shot by a buck private, and the private immediately dispatched with his own life.

The story I received concerning the episode from the boy's comrades was that the boy had been detailed day after day for one year to work in the company's kitchen, which is the most disgusting work in the Army. In France we usually spent 14 hours of drudgery in a company kitchen, and when work was over we were tired out and very dirty. I heard that time and again the boy had appealed to his commander for a furlough and was always refused. Life in an Army kitchen in France was perfectly miserable, and so the boy called his officer to his quarters and told him that he was too sick to work that day. The officer told him to work anyway, and it was then that the boy killed his commander and then shot himself.

Prior to the shooting, I understand, the boy had gone on sick roll, but was told by the examining physician that he was not sick enough to stay on the roll. That was a common occurrence, and even in this country I have had temperature close to 100° and was yet forced to continue work. The latter happening took place in the spring of 1920 at Camp Dix, N. J., when I was in Company C, Forty-fifth Infantry.

Shortly after the shooting episode at Nievre, France, I had occasion to consider myself receiving unjust treatment. I went to the military headquarters and was there told that I would have very little chance of getting anything by bringing on a court-martial. I then besieged my commanding officer, told him that I considered I was being illtreated, and in one week I was, to my happiness, transferred to Bourges, France.

At Bourges, France, I was present when an officer got mad and cussed and swore at a sergeant. The latter was not daunted and threatened to have his officer court-martialed. The officer shut up, and the sergeant had better judgment than to try to bring conviction to an officer through the channel of court-martial.

Is it any wonder that an ex-enlisted man should dislike the Army system and the autocracy of the officers? If I can help it, I will not enter the American Army again.

Best wishes.

CLIFFORD L. NEAR, Jr.

GEORGIA, *Fulton County:*

Personally appeared Clifford L. Near, jr., who, being duly sworn, says the above is true to the best of his knowledge and belief.

B. F. BENNETT,
Notary Public, Fulton County, Ga.

STATE OF FLORIDA, *County of Hillsborough:*

Before me, the undersigned authority, this day personally appeared Murray Gordon, who, being first duly sworn, deposes and says as follows: That on December 11, 1918, I was on furlough in Paris, France, and for some reason overstayed my furlough 48 hours. On my way to report back to my outfit I was arrested at the station and was sent to the prison Rue St. Aun, where the American provost marshal was stationed. While at that prison, where I spent four days, I have seen with my own eyes where men have been brought in at night and have been unmercifully beaten by different guards of the prison without any reason. We laid in those cells for 24 hours without any food. Amongst 24 of us that were in that room that night only 1 was charged with robbery, the rest of us were just absent without leave for a few hours or by missing trains that left Paris without having time enough to check out from the American provost marshal. I saw a man who was brought in the second day, and the second lieutenant, whose face I know but do not remember his name, tried to find out something from this man, and he brought him into a bathroom and threw him in the bathtub with his clothes and everything on, and we could hear his screams from our cell, which I saw was only about 50 yards away from there.

The next day we were transported to the Bastile prison, where I stayed almost two weeks. We were packed in a cell where, when the French Government used that prison, they only had two men, and they packed in 15 or 20 of us in that cell. While I stayed at that prison I saw where men have lined up on sick call and the officers told them to be sure they were sick or they'd make them sick. During my two weeks at that prison I saw every night men being clubbed, and I could hear their screams and yells all over the house. I was hit in the face myself in that prison because I didn't fall into the chow line fast enough to get my chow. My feet were swollen bad because I had my shoes on for almost three weeks; couldn't get any medical attention. When I walked out of that cell, walking lame, a marine pushed me and knocked me over; told me to snap it out.

From the Bastile prison I was sent to Shells, 25 kilometers from Paris, and stayed there until after Christmas. While President Wilson, on Christmas Day, was inspecting the American troops at Chaumont, where Gen. Pershing's headquarters were located, which town was only a little way from the prison camp, 500 men were walking around in that stockade without any leggings in mud knee-deep, shivering from the chill and cold and hungry; while the permanent party and officers were having a nice turkey dinner the men were picking pieces of bread and pieces of meat out of the garbage cans and eating it. I have also seen with my own eyes truck load after truck load of food and quartermaster's supplies which arrived at that prison and were unloaded at the permanent party's quarters, and men were starving, eating most anything they could get hold of, picking stuff up around the permanent party's quarters and eating it. A Young Men's Christian Association man attempted to issue some chocolates to the men on Christmas Day and he was stopped and not allowed to do so. I have also seen a man being abused by the guards and put in solitary confinement in a small pup tent in the mud, and in two hours afterwards this man cut his own throat, and when they took him out of the tent to take him to a hospital they allowed no man to go near that tent. I have also seen a sergeant major and two other sergeants who escaped at night and could not get away from that town. Guards were sent out to hunt them, and when they brought them back they put them in one of those little stables where the French owner of the building used to have his cows and hogs, and they sent in three or four men with clubs, and when those men were let out of these at chow time they were black and blue.

My record of those places is with the Adjutant General's Office, but I have true copies.

In another instance I have seen a young man of 16 years old who had been on sentry duty for 24 hours in a pouring rain, and there was a stack of hay out there on that prairie where a lot of men claimed there were Germans hiding; that young man that night fell asleep on the post and the corporal guard found him asleep and disarmed him and turned him in. This particular man stayed at the guardhouse for a couple of weeks. According to Army regulations in war time his sentence carried death. He never had a court martial at that post and he disappeared suddenly and no one has ever heard from him since. His own cousin, who remained with the outfit, has never heard from him, and we did hear some rumors going around the outfit that his mother, who lived at San Francisco, had appealed to the President in his behalf.

In an affidavit I can not give details of everything that I have seen and know, but if necessary I am willing to appear personally and do so, and if necessary will bring all letters and papers which I have received from the Adjutant General and copies of my prison records to Washington.

MURRAY GORDON.

Sworn to and subscribed before me this 4th day of November, A. D. 1921.

[SEAL.] F. R. TAYLOR,
Notary Public, State of Florida at Large.

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NEW YORK, *November 3, 1921.*

Hon. T. WATSON,
Washington, D. C.

HONORABLE SIR: You will kindly pardon me for encroaching upon your valuable time through this letter. Really I wished to speak to you personally yesterday; on account of the present crisis, I am forced to attend my work in order not to lose my position.

For about two years I was an operative of the division of criminal investigations, provost marshal department, with the American Forces in Germany, first as an enlisted man, afterwards as a civilian employee.

Most esteemed sir, I believe to be one of the few "innocents" who really knows about the scandalous behavior and dishonesty that prevailed among some of our so-called high-ranking and distinguished officers, and I do not believe that they are courageous enough to challenge anyone. I investigated personally the famous "liquidation commission graft," the 31 stolen railroad cars with American Red Cross supplies, the Bergdoll case, and many others. Ordinarily when some high official seemed to be implicated in any of the investigations an order came to drop the case, and very frequently the files disappeared. In case of necessity, I can furnish enough evidence to substantiate my statements.

Esteemed sir, in closing I would ask again your forgiveness for having infringed upon your valuable time.

With assurances of my profoundest esteem, I beg to remain,

Your most obedient servant,

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LAWRENCEVILLE, GA., *November 5, 1921.*

I have seen Otis, Jule, and Pudoo about the soldier killed in France without a trial. That took place before they reached there, but they heard about it immediately. They tell me that Louis Goldberg, of No. 18 Banks Street, Paterson, N. J., saw the occurrence and can give you valuable information and names of others who witnessed it.

The young man who was killed was a conscientious objector and refused to carry a gun and pack, but was willing, as I understand, to do anything else. Lieut. Tracy tried to make him take it, and he refused, and was slapped by the lieutenant, who then sent a sergeant down to make the soldier take gun and pack, but he would not do so, and the sergeant thrust a bayonet through him, killing him. The sergeant was bumped off in first battle. Lieut Tracy is still living, so far as I can find out. If you still want affidavits from Otis, Jule, and Pudoo, let me know and I will send them.

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THE BRICKYARD AT NOYERS.

FEBRUARY 20, 1919.

I read with interest the article written in regard to St. Aignan. I must confess it is a fair interpretation of conditions at the camp; in fact, it is the first article that I have read that appeared unbiased. That an investigation into minute details was conducted is evident to one who has been through "the mill," and careful effort has been made to ascertain facts in regard to this celebrated "mud hole."

During the investigation two places were overlooked, just outside of the main camp, in the village of Noyers, about, I believe, 2 kilometers from St. Aignan. This village is used as a billeting area for troops destined to be returned to the States. One reaches this village only after going through "the mill" and while awaiting arrival of records from central record office.

It is evident that the investigator has not heard of the celebrated "brickyard" at Noyers. Hundreds of men know the place; have lived in it—I mean, rather, were forced to live in it. Not to mention this place in the article leads me to believe that the investigator saw and visited such places as the camp authorities wanted him to visit. Investigators in France invariably see the best, not that they do not desire to see the dregs as well, yet some officer is usually at hand to "steer" them in the proper channels. I have witnessed investigations.

If while on the road adjacent to the railroad the investigators had continued until they reached the church in Noyers, they would have been abreast of an open yard facing the left side of the road. It is the home of the famous brickyard. As far as I could determine, the two buildings in use were part of a farm; the buildings are long, narrow, and two stories high. The yard was a sea of mud. In this billeting area, which was or is officially known as area 2, section 3, housing about 400 men or over, are casuals, discharged from hospitals as unfit for present duty and awaiting shipment home.

I arrived at this domicile about 7 p. m. one evening in company with several other men. We were ordered to find our own quarters in this area. We, my "bunkie" and I, located in the ground floor of one of the buildings. This building was the filthiest hole I was ever forced to live in, and that's a broad statement considering sanitation in France. We entered the lower floor through a hole in the wall, walking in mud up to our shoe tops. Small pools of urine and fecal matter were present outside of this entrance.

As I stepped down into this room—or "hole," I should say—four men were playing cards by candle light. Every available inch of space had apparently been occupied. One of the men playing cards I recognized as being from my division. "Any roomr in here for two fellows?" I asked. "Yes; I guess we can make room for two," was the reply. Pointing to two bedticks, he informed us that we could use that space and the straw ticks.

The entire floor was covered with ticks, some filled with straw, others without. The ticks were lying in rows, one alongside the other. There was barely enough room for a man to walk to his bunk without treading on some other fellow's bunk. The floor consisted of dirt, not clean earth, but moldy, filthy dirt, which contained vermin of many years' habitation, which the mere superficial scraping of a broom could not remove. The walls were covered with cobwebs; sunshine never penetrated the lower portion of this building. The light seeped in through cracks. Some parts of the room were in continuous darkness. There were no facilities for heating the place. Another feature was the dirt. After one had rolled up on the tick for the night a constant stream of dirt seeped through the crevices in the floor above. An occupant upstairs left a trail of dirt as he walked across the floor to his tick. In the morning the eyes of my "bunkie" and my own would be filled with dirt. Our blankets were covered with it. The dampness and darkness was depressing, light being only furnished by candles. Nearly 200 men lived for weeks in this hole. The rest were billeted in another building under similar conditions.

I passed through the delousing process and emerged with new clothing. After occupying this "hole" for two days I, at my own request, revisited the delousing plant for a bath, as my body and clothes needed cleansing to prevent spread of "cooties."

One evening about 9.30 two officers visited the place, evidently on inspection. "Any 'cooties' down here, boys?" was asked. There was a chorus of ayes. Twenty minutes before the officers appeared, one fellow had picked 42 "cooties" off his undershirt. He informed the officers, who replied that it was a hell of a hole to keep men in. One was compelled to stay within or outside the building at all times, because of the possibility of one's name being called to join a company to be returned home. The men, being eager to go home, remained within the limits at all times. If you were absent when your name was called, you were "out of luck"—you didn't go. My "bunkie" and I so arranged matters that one of us was on the watch at all times. Our food was good and wholesome and we usually received plenty, even though we were compelled to wait an hour or two to get it. At 4 p. m. roll call was held, usually 6 p. m. one finished supper, which means that we stood two hours "down the alley."

Our sleeping billets were the worst I have ever been forced to sleep in. They were filthy and rotten and a disgrace to the Army. Moreover, they were an insult to the men, nearly all of whom had done their "bit" at the front, been in a hospital, and were then sent to such a hole.

There are no excuses for the place—nothing but dynamite could eradicate the filth. There is plenty of acreage near this town upon which tents or barracks could be erected. It has been accomplished at other towns. Plenty of labor was available. I shall never forget the two weeks I was forced to live there, nor will several hundred others. Some had lived there six weeks. It is a black mark against the Army. It is the only

complaint I make, because I consider it inexcusable that men be forced to live there.

My experiences in the "hole" occurred in December. In the latter part of that month I was ordered into a casual company at St. Aignan and placed in command as first sergeant until officers were assigned. It might interest you to know that I had 150 men. We placed 10 men in the Sibley tents. I went to the supply officer and the best he could furnish me with was 4 stoves for 15 tents. Very little coal or wood were obtainable. Some days none was available. The officers were sorry, but the situation was beyond them. On Christmas day for dinner, in company with several thousand others, I received a small portion of burned corned beef, some potato-water gravy, one slice of bread, no coffee. I waited over an hour to get this, standing in mud shoe-top deep. I was very glad to get that meal. I mention this because, according to some printed descriptions, people assume that we were served in a cafeteria. It is not a complaint on my part; it is a statement of facts.

There are hundreds of men in New York, Pennsylvania, Delaware, and Virginia who were initiated into the filth at the "brickyard" and who remained silent, fearing that complaint would endanger their chances of getting home. No doubt it would; so nobody made the complaint.

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HANFORD, CALIF., *November 1, 1921.*

DEAR FRIEND: This evening when I returned home I picked up the evening paper and the first thing I saw was an article about the hanging of soldiers in France, and what drew my attention so much was when you mentioned "Hard Boiled" Smith's name, as I had the great unnecessary pleasure of spending a few weeks as a prisoner under him at Camp No. 1.

When you said he was never punished enough you were quite right.

I can give you the names of four other men who were at that time in my company; also fell in the clutches of Hard Boiled Smith, or, as he termed himself, "the guy mid der hard knuckles."

You will note I started this letter "Dear friend." Anyone saying Smith was never punished enough and is willing now to go after him surely is a friend of mine.

I can give you all the information I know about him if you wish—how I got into his prison camp and how I got out with 35 others from my regiment of Twenty-third Engineers, of whom Col. Kerr was in command.

If you desire any information, kindly let me know.

Yours, respectfully,

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NOVEMBER 6, 1921.

HONORABLE SIR: I understand several former officers disagree with you about hangings in Gievres, France, or that they have seen any gallows anywhere in this camp. Personally I have not seen any gallows or heard about shootings or hangings at that place, as I served there only till April 10, 1919.

A former private of Company A, Thirty-fourth Regiment Engineers, who served there with the rest of his company till July, 1919, told me that one Sunday in May or June, 1919, they all had a treat to see a gallows in the military prison in Gievres.

I can furnish you with facts about a soldier by the name of Kendricks, of Company A, Thirty-fourth Engineers, who took sick one day in October, 1918, was examined by Capt. Sabin, medical officer of the regiment. The captain marked him "Duty," which meant healthy enough to work in the railroad yard loading cars. This poor boy felt too weak, so he asked Capt. Smith, commander of the company, to let him stay in the barrack. The latter gave him the permission, but the poor boy died on the same day of pneumonia. This Capt. Sabin wanted to be very patriotic, and the only way he could serve his country best was to accuse the men of being malingerers—trying to dodge duty.

There were at least two more victims in the regiment who paid with their lives on account of not receiving proper medical attention from this captain or any of his assistants.

I am confident that any enlisted man, including the top sergeant, will gladly corroborate my statements about this poor boy Kendricks.

Yours, very respectfully, ——— ———.

Mr. LA FOLLETTE. Mr. President, I move to strike out in the pending amendment the words "requested and required." Those words, as I remember, were suggested by the Senator from Alabama [Mr. HEFLIN] and accepted by the Senator from North Carolina [Mr. SIMMONS] and are now a part of the perfected amendment. I move to strike those words out and to substitute therefor the words "authorized and directed," as those are the usual words employed.

I will address myself for a few moments to that amendment, and I trust that I will be able to prevail upon the Senator from North Carolina to accept the suggestion.

I want to say, just preliminary to that, Mr. President, that I deprecate the application of the word "bonus" to the bill that is designed to compensate the soldiers. I deprecate the term which has been embodied in the bill itself, "adjusted compensation." I believe it should be entitled "A bill to provide a measure of just compensation," and I think that there is ample precedent in the prompt action of other countries for our doing at least as much for our soldiers as is provided for in the amendment under consideration.

Canada did not wait two or three years after the war was over in order to deal justly by her soldiers. She provided some measure of justice at the outset of the struggle.

On the 7th of September, 1917, the Senator from Georgia (Mr. Hardwick) offered an amendment to the revenue bill then pending providing a 10 per cent additional tax upon all incomes over $25,000, the proceeds thereof to be devoted to paying additional compensation to soldiers of $50 per month. It was computed by experts at the time that such a tax would yield $194,000,000 in revenue, and that the amount required to pay $50 per month additional to the soldiers would be $155,000,000 for the year 1917.

Mr. President, that amendment, proposed by the Senator from Georgia on the 7th day of September, was offered by him at my suggestion. I had prepared the amendment. It succeeded in obtaining five votes in the Senate.

What was Canada doing for her soldiers right at that time? Canada at that time was paying $33 a month to her soldiers. In addition to that she was providing life insurance. She did not take the premium payment or any part of the premium payment from the pay of the soldiers. She provided for the payment of the premiums by municipal levies. In addition to that Canada provided a patriotic fund for taking care of the families of soldiers. That patriotic fund was called the Canadian patriotic fund. It was created in the first place by voluntary contributions and augmented by province and municipal levies. The several funds and allowances provided by Canada for her soldiers from the beginning of the war were sufficient to provide $65 per month to the family of a private soldier with three children.

We have waited and delayed; we have argued back and forth about the source from which to derive the money to pay this additional compensation to the soldiers of our country.

Mr. President, although my own State voted a bonus to the soldiers, they have had the wisdom to make those who profited out of the war pay that bonus by taking it out of the surtaxes.

Mr. WATSON of Georgia. Mr. President, I hope my friend from Wisconsin will not forget that Canada has already given more than 4,000,000 acres of land to the ex-service men.

Mr. LA FOLLETTE. I thank the Senator for calling my attention to that fact.

The Senator from Indiana [Mr. WATSON] the other evening cited the splended record made by the wealthier States of the country in taking care of their soldiers as an accomplishment of the Republican Party. He seems to think tha. relieved the Federal Government and the party in control from its responsibility to have enacted such legislation. I can not agree with that conclusion. I do not feel that it reflects any credit upon the Republican Party that such action was made necessary by the failure of the Federal Government to enact this legislation. It is to the credit of the States that they should have come to the aid of the soldiers, but to my mind it is rather an indictment of the Congress of the United States and the political party in control of the Government that this matter of justice to the soldiers should have been so long deferred that the States felt it incumbent upon them to tax the people of their respective Commonwealths in order to pay to the service men an added compensation which it was the plain duty of the Federal Government to do.

The picture which the Senator from Iowa [Mr. KENYON] so eloquently presented on the floor of the Senate Saturday evening is typical of the situation among the veterar : of the late war in every State in the Union.

Mr. President, I now desire to address myself for a few moments to the attitude of the Republican Party and the administration toward this particular legislation, and by that I mean, of course, the measure known as the adjusted compensation bill. If there is any meaning to be attached at all to the words used by the President of the United States when he, as I contend, so improperly intruded himself into the debates of the Senate in opposition to the adjusted compensation bill, then pending, it is

that he does not recognize any obligation upon the part of the Government to provide any additional compensation for our soldiers. In the speech which the President delivered in the Senate for the purpose of defeating the adjusted compensation bill he made it perfectly plain that he does not believe that the Government owes anything to the soldiers of the country; that there is any obligation to be discharged; that the soldiers are entitled as a matter of right to compensation which will in some measure put them on an equal footing with those who remained at home and enjoyed the opportunities which were offered to those in civil life during those years. He said in plain English——

The PRESIDING OFFICER (Mr. ASHURST in the chair). The Senator's time on the amendment has expired. Does he wish to be recognized on the bill?

Mr. LA FOLLETTE. Has it expired on my amendment to the amendment of the Senator from North Carolina? If it has I desire to be recognized upon the amendment of the Senator from North Carolina.

The PRESIDING OFFICER. The Senator's time on his own amendment has expired, but he is now recognized on the amendment of the Senator from North Carolina.

Mr. LA FOLLETTE. I think I shall pause for a vote on my amendment now.

Mr. SIMMONS. Mr. President, the original amendment to my amendment was offered by the Senator from Alabama [Mr. HEFLIN], and I accepted it.

The PRESIDING OFFICER. The Senator has that right.

Mr. SIMMONS. I accept the suggestion of the Senator from Wisconsin and I concur in that, so I will accept his amendment.

Mr. LA FOLLETTE. Now, if I can be recognized, I should like to speak for 10 minutes on the amendment of the Senator from North Carolina.

The PRESIDING OFFICER. The Senator is now recognized for 10 minutes on the amendment of the Senator from North Carolina.

Mr. LA FOLLETTE. Mr. President, I was just saying that it was perfectly plain from the language used by the President when he came into the debate on the bonus bill on the 12th day of last July that he does not consider that our Government owes any additional compensation to the soldiers as a matter of right—as an obligation which the Government should recognize. His attitude, as plainly indicated by the language of his address, is, that if we do anything for the soldiers we do it as a gratuity, we do it as a favor. He said:

> In a personal as well as a public manner, which ought to be a plight of good faith, I have commended the policy of generous treatment of the Nation's defenders, not as a part of any contract, not as the payment of a debt which is owing, but as a mark of the Nation's gratitude. *Every obligation is to the disabled and dependent.*

No obligation to men unless they are disabled and dependent! Then he further said:

> In such reference as has been made to general compensation there has been a reservation as to the earliest consistent time for such action *if it is taken*. Even without such reservation, however, a modified view would be wholly justifiable at the present moment, because the enactment of the compensation bill in the midst of the struggle for readjustment and restoration would hinder every effort and greatly imperil the financial stability of our country. More, this menacing effort to expend billions in gratuities will imperil our capacity to discharge our FIRST OBLIGATIONS TO THOSE WE MUST NOT FAIL TO AID.

What are the obligations? To reduce taxes? How to reduce taxes? This bill is an expression of what was in the President's mind and what was in his Secretary's mind—to reduce taxes by cutting down the taxes upon the incomes of the very rich and by taking off the taxes from the profiteers. That, he said, is our first obligation.

I deny that, Mr. President. I say that our first obligation is to pay just compensation to the soldiers. I say that it should be paid out of the war profits and not out of the general taxes. That is where our first obligation rests. Why, Mr. President, talk about an obligation to relieve the rich from taxes; we never made the corporations, we never made the owners of great incomes pay appropriately under any of the war taxation measures which we adopted. We levied a tax in 1917 of 33 per cent on war profits. Great Britain that same year imposed a tax of 80 per cent on war profits. In 1918 we raised that tax to 48 per cent on war profits, and England maintained her tax at 80 per cent. We have continued our tax upon excess profits which has averaged about 48 per cent down to the present time. England has held hers steadily at 80 per cent. We are advised now that she has repealed her war-profits tax. I have been given contradictory statements upon that proposition. One would hardly believe that it is so difficult to get at the facts, but if England has repealed her excess-profits tax, then it is absolutely certain that she has put, not a 15 per cent tax on her corporations, as we propose, but a 30 per cent tax on her corporations. In other words, she has taxed the owners of great incomes, the great war profiteers, the holders of large estates when they are transmitted through inheritance to others, from twice to three times as much as we have taxed the wealth of this country, and with that example before us, we have the President breaking into the debates in the Senate with a speech in which he declares that our first obligation is to take off the war-profits tax from the war profiteers before we can appropriate money to more adequately compensate our soldiers for their great sacrifices.

Mr. President, there has been a good deal of talk in the course of these debates about the small amount of money that many of these corporations make. That does not take into account the fact that by the very terms of the legislation which we have had on the statute books since we enacted the first war revenue bill they could charge off against expenses, against amortization, against depreciation, unlimited sums. I have here in my notes the fact that one of the corporations that I looked up particularly, the American Metal Co., paid over $300,000,000 as a salary to the president of the company, and the law permitted them to do it. Of course, we provide in the law that if the internal-revenue collector believes that corporations are charging up too much to expenses he can disallow the deduction, but everybody knew when we wrote that into the law that it would be a dead letter; that it could not be enforced; that it would be impossible for the Commissioner of Internal Revenue to examine the accounts of all the corporations. There are three or four hundred thousand of these corporations paying out hundreds of thousands of dollars for salaries and countless items of expenses, with all the details of depreciation, how would it be possible for the Internal Revenue Commissioner to pass upon such matters?

Mr. KENYON. Mr. President, the Senator from Wisconsin said $300,000,000 salary. Did he mean that or did he intend to say $300,000?

Mr. LA FOLLETTE. I meant to say $300,000. I misspoke myself.

Mr. PENROSE. It does not make any difference.

Mr. LA FOLLETTE. It does make a difference. It would not to you, but I want to be accurate. I thank the Senator from Iowa for the correction. [Laughter and applause in the galleries.]

The VICE PRESIDENT. The rules of the Senate require the galleries to remain silent.

Mr. LA FOLLETTE. How much time have I left, Mr. President?

The VICE PRESIDENT. Two minutes.

Mr. LA FOLLETTE. I will manage to be heard again on some other amendment.

Mr. President, what I want to say is this: I do not believe that we have lost permanently the struggle to make the war profiteer bear the burden of this obligation to the ex-service men. We may see it defeated in the Senate to-day, but it shall be a living issue before the country; it may be revived at any time. We shall come back to it again and again in legislation until, Mr. President, some measure of justice shall be done.

But we have lost the battle to make these war profiteers pay this measure of justice to the soldiers for the moment, and, because I believe that the next best source from which to pay that debt is from the interest due us on our foreign loans, I shall support the amendment proposed by the Senator from North Carolina [Mr. SIMMONS].

Mr. President, I will fight with all the power that there is in me before we shall be finally driven, according to the manifest plan as announced by Congressman FORDNEY, as foreshadowed by Mellon, and, I think, as plainly to be deduced from the President's own words, to load onto the people of this country a sales tax, out of which shall be paid just compensation to the soldiers of the country.

Mr. SIMMONS. I wish to accept the amendment offered by the Senator from New Mexico [Mr. JONES] to my amendment.

Mr. PENROSE and others. Vote!

The VICE PRESIDENT. The question is on the amendment of the Senator from North Carolina [Mr. SIMMONS] as modified. The yeas and nays having been ordered, the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). My general pair with the senior Senator from Oklahoma [Mr. OWEN] has released me on this vote. I am, therefore, at liberty to vote and vote "nay."

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. In his absence I withhold my vote.

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr.

ELKINS], which I transfer to the senior Senator from Alabama [Mr. UNDERWOOD] and vote "yea."

Mr. KENDRICK (when his name was called). I have a pair with the senior Senator from Illinois [Mr. MCCORMICK], who is unavoidably absent. I transfer that pair to the senior Senator from Oklahoma [Mr. OWEN] and will vote. I vote "yea." I wish also to announce that the senior Senator from Oklahoma, if present, would vote "yea."

Mr. PENROSE (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. I note that he is absent. I transfer my pair with him to my colleague [Mr. CROW], who is likewise absent, and will vote. I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. SIMMONS (when his name was called). I transfer my general pair with the junior Senator from Minnesota [Mr. KELLOGG] to the junior Senator from South Carolina [Mr. DIAL], and will vote. I vote "yea."

Mr. SMITH (when his name was called). I have a general pair with the Senator from South Dakota [Mr. STERLING]. In his absence, being unable to obtain a transfer, I withhold my vote. Were I at liberty to vote, I should vote "yea."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD] and will vote. I vote "nay."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. MCKINLEY. I have a general pair with the junior Senator from Arkansas [Mr. CARAWAY], which I transfer to the junior Senator from Oklahoma [Mr. HARRELD], and vote "nay."

Mr. MYERS. If the junior Senator from Connecticut [Mr. MCLEAN], with whom I have a general pair, were present, he would vote as I intend to vote. I am, therefore, at liberty to vote, and vote "nay."

Mr. MCKELLAR. I desire to announce the unavoidable absence of the junior Senator from Arkansas [Mr. CARAWAY] because of illness. If he were present, he would vote "yea."

Mr. MCCUMBER (after having voted in the negative). I find that my pair, the junior Senator from Utah [Mr. KING] has not voted. I transfer that pair to the junior Senator from Connecticut [Mr. MCLEAN] and allow my vote to stand.

Mr. CURTIS. I desire to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK].

Mr. GERRY. I desire to announce that the Senator from Nebraska [Mr. HITCHCOCK], whose pair with the Senator from New York [Mr. WADSWORTH] has just been announced, if present, would vote "yea."

The result was announced—yeas 29, nays 42, as follows:

YEAS—29.

Ashurst	Heflin	Norris	Stanley
Broussard	Johnson	Overman	Swanson
Capper	Jones, N. Mex.	Pittman	Walsh, Mass.
Culberson	Kendrick	Pomerene	Walsh, Mont.
Fletcher	Kenyon	Reed	Watson, Ga.
Gerry	Ladd	Sheppard	
Harris	La Follette	Shields	
Harrison	McKellar	Simmons	

NAYS—42.

Ball	Frelinghuysen	Myers	Shortridge
Borah	Gooding	Nelson	Smoot
Brandegee	Hale	New	Spencer
Bursum	Jones, Wash.	Newberry	Sutherland
Cameron	Keyes	Nicholson	Townsend
Cummins	Lenroot	Norbeck	Warren
Curtis	Lodge	Oddie	Watson, Ind.
Edge	McCumber	Page	Weller
Ernst	McKinley	Penrose	Willis
Fernald	McNary	Phipps	
France	Moses	Poindexter	

NOT VOTING—25.

Calder	Elkins	McLean	Trammell
Caraway	Glass	Owen	Underwood
Colt	Harreld	Ransdell	Wadsworth
Crow	Hitchcock	Robinson	Williams
Dial	Kellogg	Smith	
Dillingham	King	Stanfield	
du Pont	McCormick	Sterling	

So the amendment of Mr. SIMMONS as modified was rejected.

Mr. MCKELLAR. I send to the Secretary's desk an amendment, which I ask to have read.

The VICE PRESIDENT. The Secretary will read as requested.

The READING CLERK. On page 7, after line 7, it is proposed to insert the following:

(c) That the Secretary of the Treasury be, and he is hereby, authorized, directed, and instructed at the earliest practicable moment to secure from the several foreign Governments, namely, Belgium, Cuba, Czechoslovakia, France, Great Britain, Greece, Italy, Liberia, Rumania, Russia, and Serbia, to which Governments moneys were loaned by the United States, under and by virtue of several war emergency acts of Congress, passed in the years 1917 and 1918, long-time interest-bearing bonds of such Governments as provided in said acts, the interest on such bonds to be paid by said Governments semiannually at rates not less than those fixed in said acts.

That in making settlements with the several foreign Governments aforesaid the Secretary of the Treasury is hereby authorized and directed to take interest-bearing bonds for the past-due interest on said loans and the future interest up to January 1, 1922, such bonds to be of like tenor and effect as the bonds for the principal loaned to said Governments, and the interest thereon to be paid semiannually in like manner.

That the Secretary of the Treasury is further authorized and directed to secure from such foreign Governments as may be indebted to the United States, bonds of like tenor and effect and of like rates of interest and payable in like manner, for the following indebtedness: (1) Obligations received from the Secretary of War and from the Secretary of the Navy on account of the sale of surplus war material; (2) obligations held by the United States Grain Corporation; (3) obligations received by the Treasurer from the American relief administration; (4) obligations due the United States or any other account from such foreign nations.

The Secretary of the Treasury is further authorized and directed to secure bonds, of like tenor and effect and like rates of interest, for the indebtedness due the United States from the following nations: Armenia, Austria, Esthonia, Finland, Hungary, Latvia, Lithuania, and Poland.

That the Secretary of the Treasury is hereby authorized to accept, in addition to said bonds, any securities from such foreign Government as collaterial and as a guaranty of the prompt payment of said bonds and interest thereon.

That of said bonds the Secretary of the Treasury shall set apart $2,000,000,000 in amount thereof to be used in the payment of a bonus to the soldiers of the late war with Germany, under such conditions as the Congress may hereafter direct.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Tennessee.

Mr. MCKELLAR. Mr. President, on Saturday I discussed at some length this amendment. I will only shortly state again the substance of what I then said.

The amendment provides for the taking by the Secretary of the Treasury of bonds for all the indebtedness owed by our allies to us under the provisions of the acts of 1917 and 1918. In other words, it directs the Secretary of the Treasury to take bonds under the contract that we have already made by Congress with these foreign nations—nothing more and nothing less. In my judgment there can be no fairer way than to perform our part of the contract, and it can not be unfair or unjust to insist that our foreign allies perform their part of the contract under which this money was loaned to them. There will be a little more than $11,000,000,000 of these bonds. There was something over nine billions to begin with, but principal and interest up to January 1, 1922, will amount to enough to bring up the total to $11,000,000,000; and then I provide, as to two billions of these bonds, as follows:

That of said bonds the Secretary of the Treasury shall set apart $2,000,000,000 in amount thereof to be used in the payment of a bonus to the soldiers of the late war with Germany under such conditions as the Congress may hereafter direct—

That is to say, under the McCumber bill, if the Finance Committee and the majority of the Senate provide that that bill shall go through, then the amendment merely directs the paying of the bonus out of this $2,000,000,000 of bonds. It furnishes an ample amount. It will not impose taxation upon the American people. It simply provides that we are to collect what is honestly due us. There is no better way in which this compensation to the soldiers can be paid. The ex-service men will be satisfied with it. The bonds taken, indorsed by the United States, will be worth dollar for dollar, as we all know, and perhaps a premium. Surely nothing could be more fitting than that just two-elevenths of this indebtedness, just two billions out of the eleven billions, shall be devoted to the payment of the soldiers who made such sacrifices and who made such a contract possible.

Our soldiers served and saved the nations of Europe who were allied with us. If this Congress takes $2,000,000,000 of those bonds given for that indebtedness by which we helped to save them and puts it in the hands of the soldiers, there can not be a doubt on earth that every single nation that owes us the bonds will pay the interest as and when it falls due and will pay the principal at maturity. They would never hesitate for a moment when they know even a part of it goes to our soldiers who went 3,000 miles to fight for them. In my judgment there can not be any better way or any fairer way to deal with our allies than upon the terms under which we have already contracted to deal with them, and then there can not be any fairer or any more just way to deal with the ex-soldiers themselves than to give them this adjusted compensation out of the money, or a part of the money—a very small part, compara-

tively—of the money that we owe to them. Surely the majority is willing to give them a promise about it. Surely they are willing to set apart $2,000,000,000 in these bonds for the benefit of the soldiers. Up to date they have not had even a promise. Now, you surely will be willing to give these soldiers a promise of something definite. That is all this amendment does. It sets aside $2,000,000,000 of that indebtedness and makes it a trust fund out of which to pay a compensation to the American soldiers under conditions to be hereafter named by you. You name your own terms. All that this amendment does is to make sure the bonds will be forthcoming.

I do not believe there is a taxpayer in this country of large or small degree who would not confirm a plan of this sort. There can not be any objection to it. The difference between it and the Simmons plan is that we take the whole step at once; we pay in bonds instead of paying the cash as collected from interest. There may be some doubt about whether all the interest will be paid the first year, but there can not be any doubt about it if you will pay over to the soldiers the bonds as provided in this amendment.

I have already explained the matter fully. I do not intend to go over the argument that I made on Saturday. I simply ask for a yea-and-nay vote when the other Senators are through speaking.

Mr. PENROSE. Mr. President, the bill to regulate the refunding of the foreign debt was reported by me from the Finance Committee of the Senate on August 20 last. The minority party, to which the Senator who has just spoken belongs, has persistently obstructed the taking up of that measure for consideration.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. PENROSE. After the remarkable effrontery displayed in the statement just made I do not feel disposed to yield.

Mr. McKELLAR. Of course, the Senator can characterize what I have said as effrontery, but when he does so he does himself a great injustice, and I greatly regret to hear a Senator on this floor perform in any such way.

Mr. PENROSE. Mr. President, on August 20 last, in the discharge of my duty and at the request of the Treasury Department, after a consideration of some time in the committee and after taking the testimony of the Secretary of the Treasury and others, with the minority members of the committee present and being afforded a full opportunity to be heard, the bill was reported, with one amendment. Not only have the minority party in this Chamber, to which the Senator who has just taken his seat belongs, prevented my getting this measure up for consideration, but they have prevented its coming up even for the purpose of offering amendments to have it safeguarded more thoroughly, if in their opinion it required it, or to devote the funds which might accrue from the collection of these debts to any purpose for which they could command a majority of votes in this body. Only now, at the last moment, in connection with a revenue measure with which this proposition has no connection, for pure purposes of demagogism, in my opinion at least, they intrude this issue upon the Senate and the country.

I make the charge, Mr. President, without any hesitation, because the facts bear me out in the statement which I make. Since August 20 the measure on which the Senator now expatiates in such glowing terms has been prevented by him and by those with whom he is associated from seeing the light of day even for consideration.

Had this bill become a law, as it might easily have become, and the Secretary of the Treasury, with such safeguards as a majority in this Chamber and in the House have seen fit to surround it, been authorized as provided in the bill, this money might be on its way now toward our shores, to be available in the Treasury of the United States for such purposes as Congress might determine; but the Senator from Tennessee and his party have prevented, have delayed, have obstructed, have entirely rendered impossible the beginning of the most ordinary negotiations toward collecting the money justly due the United States, of which the majority was making every effort to secure the prompt payment. Had that money now, or even part of it, been in the Treasury of the United States, as well it might have been, it might have been available had a majority of this Chamber determined upon a suitable occasion to apply it to the necessities of the soldiers or to any other purpose; and I can not see any logic or any but the shallowest and most transparent reasoning in the statements just made by the Senator.

Mr. WALSH of Massachusetts and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. The Senator from Massachusetts.

Mr. WALSH of Massachusetts. Mr. President, I am surprised at the statement of the Senator from Pennsylvania. I fear he has not measured his words. To rise in this Chamber and claim that the minority Members of this body are responsible for the delay in action upon the refunding loan bill is preposterous and absurd.

True, the measure was reported to this body late in August; but I challenge the Senator from Pennsylvania to state a day and a time when he ever rose in his place and moved that this bill be taken up for consideration in this body.

Mr. PENROSE. Mr. President, the fact that I did not formally request consideration of the measure was due to the fact that I knew the absolute futility of it. Without mentioning names, members of the Senator's own party informed me that the bill could not be brought up at that time, and the RECORD will show that days have been occupied here in prolix speeches, arriving nowhere, upon this measure in order to delay its consideration or utilize it as a vehicle to delay other measures pending before this body.

Mr. WALSH of Massachusetts. Mr. President, there is no question but that the statement of the Senator from Pennsylvania would give the impression to this country that the minority Members of this body have held up that bill.

Mr. PENROSE. Which they have.

Mr. WALSH of Massachusetts. They have never had an opportunity to debate it or to discuss it, because the Senator from Pennsylvania, in charge of it, has never laid it properly and in the usual manner before the Senate. Everyone here knows that the order in which bills are discussed here and moved for final decision rests entirely with the majority party. Six members of that committee have filed a minority report to the refunding bill. It is one of the most bitterly contested questions before the Senate. Immediately upon its presentation by the committee a recess of the Senate was taken for three weeks, with many votes of Senators upon this side opposing that recess; and when we returned here this revenue bill, the Panama tolls bill, and the foreign treaties were placed before us, and there has not been an hour's delay in the discussion of these measures. I deny the allegation as a Member of the minority, that in any manner, any way, or any shape has the minority been responsible for delaying action upon the so-called refunding bill; but the responsibility is on the Republicans for delaying action in the committee and in delaying action upon this floor on that measure. The reason why the refunding loan bill has not been acted on is because of inaction, and inaction is not chargeable to a minority in a legislative body.

You have the votes to control legislation. You control a majority of this body. You are responsible for the legislation passed here. You could have kept us here those three weeks. You could have kept us here nights. You could have kept us here many hours during all this time and fought this issue out if you really wanted to pass that measure before this revenue bill was taken up.

I repeat, I am surprised that the Senator from Pennsylvania should suggest or intimate, indirectly or remotely, as to a measure that has never been called up here for action, and never has there been a word said in its favor on the floor, that the minority here is responsible for the delay or for procrastination. Whatever may be said about delay on other measures or prolonged speeches does not constitute an answer to the allegation made here that this measure has been held up or has been blocked from being long ago enacted into law because the Democratic minority Members have attended to their duties, have debated and discussed public questions that came before them, while the Senator from Pennsylvania has never moved to take from the calendar this very important measure.

Mr. PENROSE and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. Does the Senator from Massachusetts yield? And if so, to whom?

Mr. WALSH of Massachusetts. I yield the floor.

Mr. PENROSE. Mr. President, it is quite evident that the suggestion that a bill involving the enormous sum of $11,000,000,000, more or less, due the United States, was delayed by the factious and demagogic opposition of the minority, has at last gotten under the hides of some gentlemen, and I am glad to know that at last a realization is evident of the heinous character of the course pursued to the detriment of the interests of the country. I make that statement because the record bears it out. The contents of the CONGRESSIONAL RECORD are swollen with long, idle speeches on this funding bill. I will ask the Senator from Massachusetts whether he, and whether his party, will join me in agreeing to-day to fix a day for a vote upon the funding bill or to consider it.

Mr. WALSH of Massachusetts. I think the Senator from Pennsylvania will be generous enough to state that I have not consumed time on this floor in prolonged debate.

Mr. PENROSE. The Senator has been in bad company.

Mr. WALSH of Massachusetts. I have been much interested in this bill, and have suggested some amendments which I hoped would assist somewhat in perfecting it. I want to say to the Senator that I shall be glad to help to expedite the passage of this bill and to get speedy votes upon every amendment offered, but I shall not agree to any hour or any time which would mean the limiting of debate, or limiting beyond 10 minutes the debate by each Member on every amendment offered to this revenue bill.

I think that in the closing hours of this long debate every amendment should be fully discussed; there ought to be free debate and there ought to be a record vote on every amendment. The American people have a right to a decision from their Congress. They have a right to have every question discussed fully and voted upon, and if we can not do it to-night we can do it to-morrow, and if we can not do it to-morrow we can do it the next day. I say to the Senator that I will cooperate with him fully to expedite the consideration of this bill, as I have done from the first day this measure came before the Senate, and assist him in hastening debate and reaching votes on pending amendments.

Mr. PENROSE. The Senator's conscience reproaches him unnecessarily. What I asked him was——

Mr. McKELLAR. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. McKELLAR. In whose time is the Senator from Pennsylvania speaking?

Mr. PENROSE. I believe I have the floor.

The VICE PRESIDENT. The Senator from Pennsylvania, having spoken once, is not entitled to the floor in his own right.

Mr. PENROSE. Mr. President, I rose to make an inquiry.

The VICE PRESIDENT. The Chair understood the Senator rose to make an inquiry of the Senator from Massachusetts.

Mr. PENROSE. I want to address an inquiry to the Senator from Massachusetts.

Mr. McKELLAR. I object, unless it is taken out of the Senator's own time.

Mr. PENROSE. That can be done.

The VICE PRESIDENT. Does the Senator from Massachusetts yield?

Mr. WALSH of Massachusetts. I will take my own time and I will relieve the Senator from having charged to him the time that may be consumed in answering his questions.

Mr. PENROSE. I would like to ask the Senator from Massachusetts whether he will help me to have a motion agreed to, after the disposal of the revenue revision measure, to make the debt funding bill the unfinished business? Then we can give the proceeds to the soldiers, or use the money for any other purpose.

Mr. WALSH of Massachusetts. If the majority Members on the other side of the Chamber decide that the most pressing measure before the American people is the refunding bill, I shall agree to do my part to have it brought up, to have the discussion commenced, and to bring the matter to a speedy adjudication. If there is any criticism of the Congress that is justifiable, in my opinion, it is that we dilly and dally and waste our time and do not get decisions on the petitions of our people for redress. My conception of the Congress is that it is a court of the people, where matters are brought which can not be tried in our courts of justice. I believe in calendars in courts, and I believe in calling the calendar, hearing the issues, and rendering decisions upon them. I do not care, so far as I am concerned, if every amendment is voted down, but I do believe in action, in decision, and the one criticism of the American Congress to-day that is undermining its influence is as to its lack of decision on public questions.

Mr. PENROSE. I am glad to have the Senator's promise to help expedite this and other measures, and I shall avail myself of his good intentions at an early date and at every opportunity.

Mr. McKELLAR. Mr. President, I desire to occupy some of my time on the bill.

The VICE PRESIDENT. The Senator has 10 minutes on the bill.

Mr. McKELLAR. I desire to say simply this, that I was never more astounded than at the characterization made by the Senator from Pennsylvania. It is unjustified by any facts which appear in this record. His committee reported out the refunding bill just before the recess, and he did not call it up. He has had the tax bill up, and he has not brought the bond refunding bill up at all. The record shows he has not brought it up. He has not attempted to get it up, and it would have been silly for him to have attempted to get it up, because he has had the tax bill before us for nearly seven weeks, and he could not have displaced the tax bill, and he has not tried to displace the tax bill. Therefore his statements are entirely unsupported by anything which appears in the record, and the statements made by him are not founded on any facts in or out of the record.

I do not blame the Senator from Pennsylvania very much, because he has not been here a great deal of the time. He has not kept up with this tax bill, much less with the refunding bill. It is his misfortune, perhaps, but he is not cognizant of the facts in the case and he should not make these wholly unwarranted statements.

He said this amendment had just been brought in. This amendment has been pending for weeks. If the Senator had kept up with the tax bill and the amendments thereto as he should have, if he had been in the Chamber as he should have, if he had given it any consideration as he should have as a legislator, he would not have made those statements. They are wholly without foundation.

This amendment has been debated, though not a great deal, and the Senator knows I never take up much time of the Senate on any matter. So far as his characterization of this amendment as being a matter of "effrontery" is concerned, I just say it is wholly without warrant of any kind, nature, or description, and wholly unbecoming the Senator from Pennsylvania to make it.

Mr. JONES of New Mexico. Mr. President, the Senator from Pennsylvania made a blanket charge, which included every Member of the minority, that the action of the minority was demagoguery. He characterized everything which the minority membership have been doing with that term. I say in all sincerity to the Senator from Pennsylvania that I believe his remark was unworthy of him. I can not feel that it is in keeping with the ordinary courtesy and consideration of the distinguished Senator.

In the first place, this bill, when it came before the Senate came without any explanation. The chairman of the Finance Committee made no explanation of this most important measure, a measure containing provisions which would affect seriously a great many people of the United States. After the bill came before the Senate, the distinguished Senator from Pennsylvania offered about 75 amendments to the bill, without explanation.

I have listened to the debate on this measure, and I have yet to point to anything which could be considered in the nature of a desire to delay the final action upon the bill. The debate has necessarily been extended, because the provisions of the bill are so numerous and so far-reaching in their importance. I simply want in this simple statement to resent the remark of the Senator from Pennsylvania.

Mr. HEFLIN. Mr. President, we have listened to a very remarkable statement made by the Senator from Pennsylvania. He said that if the refunding bill had been acted on it might have been passed, and if it had been passed the money might now have been on the way to the United States, and some of it might have been used, after it arrived, to make a payment to the soldiers.

> Of all sad words of tongue or pen,
> The saddest are these: "It might have been."

Let us talk about what can be now. We have offered you three concrete and feasible plans for paying this soldiers' adjusted compensation.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. HEFLIN. I yield.

Mr. McKELLAR. Mr. President, I want to call the attention of the Senator from Alabama and the Senate to the fact that the so-called refunding bill was introduced on June 21; it was reported on August 19, just five days before we took a recess. It was not brought up by him in these five days. We stood in recess until September 21, 1921, and on reassembling immediately took up the tax bill and other bills which had preference over the funding bill. At any rate the Senator did not bring up this bill or attempt to. I call the Senate's attention to the fact that not only has the Senator from Pennsylvania not been active himself, allowing practically two months to elapse before he reported the bill, keeping it before his committee two months, but he reported it out just as we were about to take a recess, and has made no effort to get it up. If it is as important a bill as he says it is, he has been guilty of the grossest kind of negligence in not calling it up, and if he wanted to use the collections of interest for a soldiers' fund, as he now claims he does, he has been grossly negligent of the soldiers' interests in not trying to get it for them.

Mr. HEFLIN. I thank my friend from Tennessee for his suggestion.

Mr. President, there is nothing in the way to prevent foreign countries from paying us this money now. There is due this Government now between $1,000,000,000 and $1,400,000,000 of interest upon this debt, and the Senator from Pennsylvania can not hide behind the fact that we have not passed the bill which has come over from the House recently.

What does that bill provide? It provides for the appointment of a commission to take up this whole foreign indebtedness matter, to adjust it; it can wipe the debt out, if it chooses, and then come back and say to the American people, "We have decided to cancel this debt of foreign countries, and we decided not to collect a dollar of interest. We have excused the indebtedness."

The Senator from Pennsylvania asks us to give power to a commission headed by the Secretary of the Treasury, a man who has been criticized and condemned recently by the American Legion, composed in part of soldiers whose heroic courage saved that flag from defeat in the hour of the Nation's peril.

We are asked to give power to this commission which would permit it to say to the foreign countries we present to you this money or indebtedness with our compliments.

Mr. President, I have seen the Republican Party vote down an amendment offered by the Senator from Missouri [Mr. REED] which sought to pay this adjusted compensation out of excess-profits taxes.

I saw them to-day with their votes put to death an amendment offered by the Senator from North Carolina as amended by myself a provision which made certain the payment of this debt to our soldiers without taxing the people of the United States one 5-cent piece. I am going to see you in a moment vote down an amendment of the Senator from Tennessee which provides for the acquirement of the bonds of foreign countries and using them to obtain the money to pay this indebtedness to our soldiers, 500,000 of whom are out of employment, while we are asking for them justice here to-day.

Senators, if you continue this treatment how do you expect the soldier to believe that you are his friend? How do you expect the American people to believe that you are the friend of the American soldier? We will not judge you by what you tell us. The Bible says, "By their fruits ye shall know them." You voted down the excess-profits plan. That is one. You voted down the foreign indebtedness interest plan. That is two. You are going to vote down the bond plan of the Senator from Tennessee. That is three. And next fall at the polls it will be with you and ought to be "three strikes and out."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. MCKELLAR].

Mr. MCKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. MCKELLAR (when Mr. CARAWAY's name was called). The junior Senator from Arkansas [Mr. CARAWAY] is detained at home by illness. He is paired with the junior Senator from Illinois [Mr. MCKINLEY]. I will let this announcement stand for the day. If the junior Senator from Arkansas were present, he would vote "yea" on this amendment.

Mr. EDGE (when his name was called). Making the same announcement as on the previous roll call, I vote "nay."

Mr. KENDRICK (when his name was called). Making the same announcement as before regarding the transfer of my pair, I vote "yea."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. Being unable to obtain a transfer, I withhold my vote.

Mr. SIMMONS (when his name was called). Making the same announcement as to my pair and transfer as on the previous vote, I vote "yea."

Mr. SMITH (when his name was called). I have a general pair with the Senator from South Dakota [Mr. STERLING]. In his absence, being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I would vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the last ballot with reference to my pair and its transfer, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. SUTHERLAND. Making the same announcement as before with reference to my pair and transfer, I vote "nay."

Mr. MCKINLEY. I have a general pair with the junior Senator from Arkansas [Mr. CARAWAY], which I transfer to the junior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. CURTIS. I wish to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK].

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS], which I transfer to the senior Senator from Alabama [Mr. UNDERWOOD] and vote "yea."

Mr. RANSDELL. I transfer my pair with the junior Senator from Delaware [Mr. DU PONT] to the senior Senator from Ohio [Mr. POMERENE] and vote "yea."

Mr. GLASS. Making the same announcement as on the previous vote, I withhold my vote.

Mr. GERRY. I desire to announce that the Senator from Nebraska [Mr. HITCHCOCK] is paired with the Senator from New York [Mr. WADSWORTH]. If present, the Senator from Nebraska would vote "yea."

The result was announced—yeas 25, nays 44, as follows:

YEAS—25.

Ashurst	Heflin	Pittman	Swanson
Broussard	Jones, N. Mex.	Ransdell	Walsh, Mass.
Culberson	Kendrick	Reed	Walsh, Mont.
Fletcher	La Follette	Sheppard	Watson, Ga.
Gerry	McKellar	Shields	
Harris	Norris	Simmons	
Harrison	Overman	Stanley	

NAYS—44.

Ball	Frelinghuysen	McNary	Poindexter
Brandegee	Gooding	Moses	Shortridge
Bursum	Hale	Nelson	Smoot
Cameron	Jones, Wash.	New	Spencer
Capper	Keyes	Newberry	Sutherland
Cummins	King	Nicholson	Townsend
Curtis	Ladd	Norbeck	Warren
Edge	Lenroot	Oddie	Watson, Ind.
Ernst	Lodge	Page	Weller
Fernald	McCumber	Penrose	Williams
France	McKinley	Phipps	Willis

NOT VOTING—27.

Borah	du Pont	Kenyon	Smith
Calder	Elkins	McCormick	Stanfield
Caraway	Glass	McLean	Sterling
Colt	Harreld	Myers	Trammell
Crow	Hitchcock	Owen	Underwood
Dial	Johnson	Pomerene	Wadsworth
Dillingham	Kellogg	Robinson	

So Mr. MCKELLAR's amendment was rejected.

Mr. LENROOT. Mr. President, I offer the following amendment.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). The amendment offered by the Senator from Wisconsin will be reported.

The ASSISTANT SECRETARY. On page 21, line 2, after the comma insert "or stock or shares in a corporation," so that if amended it will read:

> The term "capital assets" as used in this section includes property acquired and held by the taxpayer for profit or investment (whether or not connected with his trade or business), but does not include property held for the personal use or consumption of the taxpayer or his family, or stock or shares in a corporation, or stock in trade of the taxpayer, or other property of a kind which would be properly included in the inventory of the taxpayer if on hand at the close of the taxable year.

Mr. LENROOT. Mr. President, this amendment affects what is known as the capital-gain provisions of the pending bill which are entirely new, not found in the existing law, and which provide that upon a gain derived through sale of capital assets only 40 per cent of such gain shall be treated as net income for the purpose of taxation under the bill. In other words, an income derived through capital gain will pay only 40 per cent of the taxes that an ordinary income would pay.

The reason for that, as is well known by the Senate, is that under existing law sales of property, real estate, mining property, and so forth, are prevented and sales are not made because of the requirement of existing law that the full gain shall be accounted for and taxed as income. I have been in sympathy with the committee in its view that some change should be made to facilitate the sale of property of that character, but it goes very much further than that.

Under the provisions of the bill as it stands to-day, corporations are taxed a maximum of 15 per cent upon their income. The excess-profits tax has been repealed. The bill has been very bitterly assailed on the other side of the aisle because of the discrimination in favor of corporations and against the individual taxpayer and partnership. I am very frank to say that the only answer which can be made to the charge is that while the taxes upon the corporations are very much less than the tax upon an individual engaged in the same business, nevertheless the only way a stockholder can get any benefit from the income of a corporation is through a dividend which must be made sooner or later, and that when made that dividend carries a surtax exactly as does the income of the individual, and the longer the dividend is deferred the higher the bracket it reaches. In other words, if three years' income is disposed of in one dividend, the taxpayer will have to pay a higher rate than if there had been an annual distribution. But, Mr. Presi-

dent, under the bill as it stands to-day this is what will happen: There will be no large corporations in the United States that will hereafter distribute cash dividends; they will all distribute stock dividends instead of cash, and under the bill as it stands when the stock dividend is sold, or when the original stock may be sold and the stock dividend takes its place, there will then be taxed as a gain—and that is the only way we can reach stock dividends under the decision of the Supreme Court—only 40 per cent of the amount realized. That is the situation as it stands to-day, unless this amendment or some other amendment accomplishing the same purpose shall be adopted. A corporation that distributes stock dividends can never be made to pay the true amount that it ought to pay by reason of that distribution; but a tax of not more than 40 per cent will be paid. No one can justify that, Mr. President. There is no reason why stock dividends when sold and a gain made should not be taxed to the individual as income, for that is really what they are.

As I said a moment ago, unless this amendment be adopted there will be very few cash dividends paid in the future. Stock dividends will be issued instead. Then, when the stock is sold, instead of accounting for the full amount, the seller will, under the bill as it stands, be compelled to account for only 40 per cent of that amount.

Then, in addition to that, Mr. President, I see no reason why a 100 per cent gain on the sale of stock should be excluded. I know of no reason why any man, speculating upon the stock exchange in New York the difference between his entire capital assets on the 1st day of the last January and his capital assets on the 1st day of next January, measuring his income by reason of those transactions, should be enabled to get away with the payment of only 40 per cent of the amount of taxes that a man engaged in business must pay. Yet that is what the bill in its present form does. I know of no way to avoid that, Mr. President, except through the amendment which I have proposed, and that is to take out of the 40 per cent provision entirely the sale of the stock of corporations.

Mr. WALSH of Massachusetts. Mr. President——

Mr. LENROOT. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. The Senator from Wisconsin will recall that upon motion by myself earlier in the proceedings a limitation of two years was put upon the time when the capital assets could be sold.

Mr. LENROOT. Yes.

Mr. WALSH of Massachusetts. We thought at that time that that would prevent just the thing the Senator has pointed out. Does the Senator feel that the two-year time limit would not reach the speculative stock gains?

Mr. LENROOT. I will tell the Senator just why that will not accomplish the purpose. Take a man who has held his stock, we will say, for two years and received stock dividends of 100 per cent. Instead of selling the stock dividends and getting the income, he can sell his original stock and substitute his stock-dividend stock for his original investment. Therefore, the amendment of which the Senator has procured the adoption will not impose more than a 40 per cent tax upon that man, notwithstanding the limitation that is imposed by the Senator's amendment.

Mr. WALSH of Massachusetts. I think at the time the amendment was adopted we agreed that there was a possible weakness in it, and I am very glad the Senator from Wisconsin has offered this amendment, which I think strengthens and corrects the evil suggested.

Mr. McCUMBER. Mr. President——

Mr. LENROOT. I yield to the Senator from North Dakota.

Mr. McCUMBER. From what I could hear of the reading of the amendment, and from my conversation with the experts, I think the amendment is all right, but there is a possibility that there may develop some aspect in which it will need a little modification at the hands of the committee of conference.

Mr. LENROOT. I appreciate that; but I should like to get the matter in conference.

Mr. McCUMBER. So far as I am concerned, while I can not, of course, speak for the committee, I am in favor of accepting the amendment offered by the Senator from Wisconsin and letting it go to conference.

Mr. LA FOLLETTE. The amendment ought to be accepted. It is an improvement of one of the many bad provisions of this bill.

Mr. McCUMBER. All tax bills are bad; I appreciate that.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LENROOT. I will yield the floor if the committee is willing to accept the amendment. I do not care to occupy further time upon it.

Mr. SMOOT. Mr. President, the Committee on Finance during the discussion of this provision was aware that there was a chance of corporations declaring stock dividends, which, if held longer than two years, as the Senator from Massachusetts [Mr. WALSH] has pointed out, could evade a part of the tax. I have tried to figure out whether this amendment will cover just what I know the Senator from Wisconsin has in mind and what I think is the proper thing to cover. In my opinion, the language used will hardly cover it; but I am perfectly willing, as the Senator suggests, that the matter should go to conference. Then we may frame the proper wording to cover the conditions, for the Senator from Wisconsin has stated the facts exactly as they exist, and has shown exactly what will happen; there is no doubt of that at all. Therefore, I hope the Senate will accept the amendment.

Mr. SIMMONS. Mr. President, I simply desire to say that the amendment which has just been offered by the Senator from Wisconsin was by him shown to me a little while ago, and I thought I would have an opportunity to look into it before it was called up, but I have been busy about other matters before the Senate and I did not do so. I think that probably the amendment is entirely proper. As I understand the Senator from North Dakota the matter will be looked into in conference, and I take it that if we adopt it it will be with the understanding the conferees may and will revise it so far as it requires revision in order to meet the end desired.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LENROOT].

The amendment was agreed to.

Mr. POMERENE. Mr. President, I do not rise to offer an amendment, but to reserve a separate vote in the Senate on the amendment to section 1000. I do not recall the number of the paragraph, but the part on which I desire a separate vote is that which increases the capital-stock tax from $1 to $2 per $1,000. I desire simply to make the reservation broad enough so as to permit of a separate vote on that provision. It seems to me that it can be demonstrated that under it an injustice may be done to the stockholders of corporations.

Mr. FRELINGHUYSEN. Mr. President, I offer the amendment which I send to the desk, and I desire to say that it is the same amendment which was offered by me one evening last week. It provides that partnerships may within four months reorganize as corporations and gain the benefit of a corporation tax from January 1, 1921. There was a similar retroactive provision, but for a much longer time, in the act of 1918.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 78, after line 20, it is proposed to insert the following:

SEC. 229. That in the case of the organization as a corporation within four months from the passage of this act of any trade or business in which capital is a material income-producing factor, and which was previously owned by a parnership or individual, the net income of such trade or business from January 1, 1921, to the date of such organization may at the option of the individual or partnership be taxed as the net income of a corporation is taxed under Titles II and III; in which event the net income and invested capital of such trade or business shall be computed as if such corporation had been in existence on and after January 1, 1921, and the undistributed profits or earnings of such trade or business shall not be subject to the surtaxes imposed in section 211, but amounts distributed on and after January 1, 1921, from the earnings or profits of such trade or business accumulated after December 31, 1920, shall be taxed to the recipients as dividends; and all the provisions of Titles II and III relating to corporations shall so far as practicable apply to such trade or business: *Provided*, That this paragraph shall not apply to any trade or business the net income of which for the taxable year 1921 was less than 20 per cent of its invested capital for such year: *Provided further*, That any taxpayer who takes advantage of this paragraph shall pay the tax imposed by section 1000 of the revenue act of 1918 as if such taxpayer had been a corporation on and after January 1, 1921.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey.

Mr. TRAMMELL. Mr. President, I should like to know why the Senator restricts his amendment to partnerships that did not make 20 per cent or more during the year 1921?

Mr. FRELINGHUYSEN. I understand that provision is incorporated in the amendment, so that no excuse will be afforded a corporation to avoid paying the excess-profits tax.

Mr. TRAMMELL. Mr. President, I am in favor of the main purpose which is sought to be accomplished by the amendment, namely, that those engaged in business as partners may be treated the same as corporations are treated in regard to taxation under the provision for a 15 per cent tax; but I do not see why we should deny that privilege to a partnership that did not make at least 20 per cent in the year 1921. Why is it desired to preclude partnerships which carry on trade or business and have been earning only reasonable profits and to give the privilege conferred by the amendment upon those which have been making 20 per cent or more, probably many of which have been

profiteering and charging exorbitant profits or making unreasonable profits? That is a feature of the amendment which, it seems to me, is objectionable.

Mr. FRELINGHUYSEN. If the Senator will yield, I will say that that provision was put in as a protective feature, because it is in the existing law. If the Senator objects to it I should be very glad to take that part of it out. I send the 1919 act to the desk and ask that section 330 be read for the information of the Senate.

Mr. SIMMONS. Mr. President, I should like to ask the Senator what part it is proposed to take out. I am familiar with his amendment as he offered it a few days ago.

Mr. FRELINGHUYSEN. It is that part which provides that the concerns must have earned 20 per cent on their capital.

Mr. TRAMMELL. I think that is a very objectionable feature of the amendment myself. Of course, that is only my opinion in regard to it, however.

The PRESIDING OFFICER. Did the Senator from New Jersey ask that an extract be read from the desk?

Mr. FRELINGHUYSEN. Yes; I ask that section 330 of the present revenue law be read from the desk.

The PRESIDING OFFICER. The Secretary will read as requested.

The reading clerk read as follows:

SEC. 330. That in the case of the reorganization, consolidation, or change of ownership after January 1, 1911, of a trade or business now carried on by a corporation, the corporation shall for the purposes of this title be deemed to have been in existence prior to that date, and the net income and invested capital of such predecessor trade or business for all or any part of the prewar period prior to the organization of the corporation now carrying on such trade or business shall be deemed to have been the net income and invested capital of such corporation.

If such predecessor trade or business was carried on by a partnership or individual the net income for the prewar period shall, under regulations prescribed by the commissioner with the approval of the Secretary, be ascertained and returned as nearly as may be upon the same basis and in the same manner as provided for corporations in Title II, including a reasonable deduction for salary or compensation to each partner or the individual for personal services actually rendered.

In the case of the organization as a corporation before July 1, 1919, of any trade or business in which capital is a material income-producing factor and which was previously owned by a partnership or individual, the net income of such trade or business from January 1, 1918, to the date of such reorganization may at the option of the individual or partnership be taxed as the net income of a corporation is taxed under Titles II and III; in which event the net income and invested capital of such trade or business shall be computed as if such corporation had been in existence on and after January 1, 1918, and the undistributed profits or earnings of such trade or business shall not be subject to the surtax imposed in section 211, but amounts distributed on or after January 1, 1918, from the earnings of such trade or business shall be taxed to the recipients as dividends, and all the provisions of Titles II and III relating to corporations shall so far as practicable apply to such trade or business: *Provided*, That this paragraph shall not apply to any trade or business the net income of which for the taxable year 1918 was less than 20 per cent of its invested capital for such year: *Provided further*, That any taxpayer who takes advantage of this paragraph shall pay the tax imposed by section 1000 of this act and by the first subdivision of section 407 of the revenue act of 1916, as if such taxpayer had been a corporation on and after January 1, 1918, with a capital stock having no par value.

If any asset of the trade or business in existence both during the taxable year and any prewar year is included in the invested capital for the taxable year, but is not included in the invested capital for such prewar year, or is valued on a different basis in computing the invested capital for the taxable year and such prewar year, respectively, then under rules and regulations to be prescribed by the commissioner with the approval of the Secretary such readjustments shall be made as are necessary to place the computation of the invested capital for such prewar year on the basis employed in determining the invested capital for the taxable year.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN].

Mr. JONES of New Mexico. Mr. President, I have not given very careful consideration to the amendment of the Senator from New Jersey, and I should like to have some further explanation regarding it. If it is what I think it is, it seems to me to be only a step in the direction in which I think we should go, a step in the direction of equality of taxation. If there is an advantage in being a corporation over being a partnership, it has been my disposition all along to let the parties take advantage of whatever situation would be of most benefit to them.

I may state at this time that I have an amendment pending here which is intended to carry out that general idea. I do not suppose any partnership would want to incorporate unless there were advantages to be gained by that incorporation. It rather indicates and furnishes very concrete evidence of the fact that there is this great disparity in our taxation laws as between the partnership and the corporation, so I have an amendment, which is upon the table and which I expect to present a little later, giving these parties the right to make returns as it may be to their advantage. I think that unless such an amendment as mine be adopted, we ought to do what the Senator from New Jersey proposes; but his amendment presupposes that there will be a vast benefit by a partnership acting as a corporation, and therefore that the advantage will be so great as to warrant the partnership in organizing as a corporation, and he wants to make it retroactive and include the business of 1921.

I do not believe that we ought to have our revenue law so framed as to furnish an inducement for concerns doing business to reorganize and do business in another form. If people want to do business as a partnership, the taxation laws should be such as not to force them to change their form of doing business. They should be permitted to make a return as a corporation without actually organizing a corporation and losing all the benefit which they thought they were obtaining from doing business as a partnership. If the amendment which I intend to propose shall be adopted, it will make this sort of thing wholly unnecessary.

Unquestionably, the Senator from New Jersey has in mind some partnerships that would be taxed at a much higher rate as partnerships than they would be if permitted to organize as a corporation; and I believe that that will become very much more accentuated after the passage of this bill. The discrimination under this bill as between individuals and partnerships on the one hand and corporations on the other is the most glaring thing which has ever been proposed in revenue legislation, I believe; and if this bill is passed as it comes from the committee, and as it seems it will pass, practically all of the copartnerships and individuals doing business in this country will have to organize as corporations. I think that is an outrageous situation. I do not believe that we should force these people to change the form in which they transact business; but if this bill goes through as it is now the business concerns of this country will do just what the Senator from New Jersey is proposing that they may do. Those who are doing business as partnerships will reorganize and do business as corporations. They will be forced to do it. I see no reason why they should not be permitted to do it, but I do not think we ought to force them to do it; and while I do not believe that there would be any serious objection to the amendment of the Senator from New Jersey, I do think that there is objection to the provisions of this bill which make it necessary to propose such an amendment as that.

Taxation should be equal, to begin with. It should bear equally upon partnerships and corporations, and there should be no inducement to change from one way of doing business to another. If, however, you are going to do this thing, if you are going to show favoritism and give an inducement for people to do business as a corporation, then I think the amendment of the Senator from New Jersey is nothing but fair. It enables these concerns to reorganize, to form corporations, and get the benefit of the lower tax which the Congress proposes to impose upon corporations. I say that the doing of this thing, which gives an inducement for such reorganizations, is unwarranted and ought not to be in any revenue law; but evidently we are going to have it. We are going to have it, so that a great many concerns in this country doing business as partnerships will have to reorganize and become corporations. I do not think it should be done, and I do not believe we ought to force those people to transform their business and change their whole way of doing business simply because of the discrimination in the revenue laws of the Federal Government.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. SIMMONS. Mr. President, when this matter was before the Senate heretofore I made some observations with respect to it. I wish now to add to those remarks only some few further thoughts, resulting from further reflection.

The Senator from New Mexico [Mr. JONES] is undoubtedly right. After the year 1921, when the excess-profits tax will no longer be in force, the discrimination against partnerships and in favor of corporations will be almost unspeakable; and it amazes me that the committee is willing to let this bill go through without any more serious effort than has been made to correct this great inequality which will exist after it goes into full effect on the 1st day of January, 1922.

For the year 1921 the excess-profits tax is in force; and, as was pointed out by the Senator from Wisconsin the other day, if a partnership should be permitted retroactively to incorporate, as proposed in this amendment, of course that partnership converted into a corporation would have to pay the excess-profits tax in addition to the tax which it would have to pay as a partnership. That, of course, makes the inequality during this year much less than it would be next year; but, Mr. President, the inequality will still exist. We tried to remedy that inequality in the old law by exempting partnerships from the excess-profits tax, and I think we accomplished that, because

the excess-profits taxes at that time were very high; but the excess-profits tax now for the year 1922 will be a negligible factor in bringing about equality as compared to the period from 1918 to 1920. It will not bring equality.

Mr. President, with a proviso in this bill not permitting a partnership retroactively to incorporate unless its earnings from its business were as much as 20 per cent upon its invested capital, assuring that such concerns as take advantage of this provision will have to pay an excess-profits tax upon at least 12 per cent of their earnings upon their invested capital, I think no injustice and no wrong would come from permitting partnerships to take advantage of this privilege for the purpose of bringing about something like parity with corporations in the payment of taxes.

The Senator from New Mexico [Mr. JONES] is absolutely right. After this bill gets into full operation the inequalities will be so great, the discrimination in favor of the corporation as against the partnership and the individual will be so striking, that there will be a rush in this country on the part of partnerships, and on the part of individuals who can do it, to convert their businesses into corporations. It will be their only refuge.

In competition, equality of taxation is just as important as equality in the cost of production, and if the individual business man of this country is to be taxed 38 per cent upon his profits, in competition with the corporation taxed upon the same amount of earnings practically 17 per cent, of course the individual will be greatly handicapped.

If a partnership with a tax of 35 per cent upon its earnings of a million dollars, I will say—for that is the figure used in the table which I presented here—has to do business in competition with a corporation, while a corporation doing business with an income of a million dollars will pay less than 20 per cent, of course that will be a handicap to the partnership, and we may expect not only the individual but the partnership to try to rid itself of that inequality in competition, and after this year I believe that most of the businesses of this country which can do so will assume the corporate form.

I do not believe that would be a healthy thing to happen, I do not wish to see it happen, and I hope something will be done to more equally tax these different groups of taxpayers.

In the meantime, Mr. President, I do not think the proposition of the Senator from New Jersey, with the proviso to which I have referred, is a proposition which we can justly turn down.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN].

The amendment was agreed to.

Mr. JONES of New Mexico. Mr. President, in connection with this subject I desire now to have the amendment which I have proposed presented to the Senate.

The PRESIDING OFFICER. The Secretary will state the amendment.

The reading clerk read as follows:

(e) An individual or partnership engaged in any trade or business may at any time after January 1, 1922, file with the Commissioner of Internal Revenue a statement declaring an election to be, for all the purposes of this title, an association with respect to such trade or business, and thereafter, for the taxable year in which such election is made and for succeeding taxable years, such association shall be taxable with respect to such trade or business as a corporation under Part III of this title, and also subject to all other provisions of this title relative to corporations. Any distribution of profits made by such association to the individual or individuals comprising it shall constitute dividends under this title, and shall be included in gross income of the distributee as of the date when the cash or other property is unqualifiedly separated from the other property of such association as the property or to the credit of the distributee outside of such trade or business.

(f) An election once made under subdivision (c) of this section shall not be subject to change by such association or by the individual or individuals comprising it, and shall be binding upon such individual or individuals and upon their personal representatives with respect to such trade or business, and upon any other individual or individuals entering into any new partnership with such electing individual or individuals or with their personal representatives with respect to such trade or business, unless and until the commissioner advises such association in writing that owing to changes in the ownership or nature of such trade or business, or in the provisions of this title affecting the same, it is necessary or just that it be relieved from such election.

Mr. JONES of New Mexico obtained the floor.

Mr. SIMMONS. I wish to ask the Senator from New Mexico if he will not permit me to make a brief statement.

Mr. JONES of New Mexico. I will be glad to.

Mr. SIMMONS. Mr. President, during my absence from the Chamber the chairman of the Committee on Finance [Mr. PENROSE] made some strictures upon the minority, charging that we have deliberately, and with malice aforethought, prevented him from getting up the so-called refunding bill. I want to give the Senate the history of that bill.

It was introduced in the Senate on June 21 and referred to the Committee on Finance. On June 29 we began hearings. We had hearings for one day, on June 29. Then we adjourned those hearings until July 14. On July 14 we had hearings for another day, and then we adjourned them again, and on August 19, by direction of the committee, the chairman reported that bill to the Senate.

The bill which the chairman of the committee, in the recklessness of his statement, said he had been unable to secure consideration of by the Senate because of the obstructive tactics of the minority, was presented on August 19, and I state to the Senate that from that day to this, three long months, not a single, solitary effort has been made by the chairman of the Committee on Finance to secure the consideration of the bill by the Senate. He has not asked that it be taken up; he has not done one thing to bring about its consideration, and when under those circumstances he comes into the Senate and makes this serious charge and reflection upon the minority, there is no way to account for it except by attributing it, as I do, to a reckless disregard of the facts, as in the case of many other statements he has made upon the floor.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Montana?

Mr. JONES of New Mexico. I yield.

Mr. WALSH of Montana. I want to submit a few remarks in connection with the strictures of the Senator from Pennsylvania upon what he charges as factional and obstructive tactics upon this side of the Chamber touching the bill under consideration.

My experience here for eight years, during six of which the control was on this side of the Chamber, leads me to regard with some patience these animadversions from the other side of the Chamber concerning obstructive tactics.

The session of the Congress ending on the 4th of March, 1915, concluded with an obvious filibuster on the other side of the Chamber against what was known as the shipping bill.

The session concluding on the 4th of March, 1917, ended with another filibuster, operated from the other side of the Chamber, against what was known as the armed ships bill.

The session of 1919 terminated with another filibuster from the other side of the Chamber.

Long speeches have been made on this side in connection with the discussion of this measure, many of them, in my own judgment, too protracted. But that is a fault that is not confined exclusively to the speakers upon this side of the Chamber. Of course, with respect to most measures, the greater part of the time is consumed by those who are opposing the measure rather than by those who are advocating it, so it is not at all strange that more time should have been consumed upon the Democratic side in discussing this measure than upon the Republican side.

But, Mr. President, let us institute a few comparisons for the purpose of illustration. Apparently there has not been any undue time spent in the consideration of the bill now before the Senate. Indeed, compared with other important revenue measures, it has progressed with unusual celerity. It was reported to the Senate on the 22d day of August, 1921, and finally reported from the Committee on Finance on the 26th day of September, 1921.

The McKinley bill, the important revenue measure of its time, was reported to the Senate on the 17th day of June, 1890, and passed on the 10th day of September, 1890, a period practically of three months.

The Wilson tariff measure was reported to the Senate on March 20, 1894, and passed by the Senate on July 3, 1894, about three months later.

The Dingley tariff measure was reported to the Senate on May 4, 1897, and passed July 7, 1897, rather unusually rapid work.

The Spanish-American revenue measure, of course, was passed quickly, being a war measure. It was reported on the 12th day of May, 1898, and passed the Senate June 4, 1898.

The Payne-Aldrich measure was reported to the Senate on April 12, 1909, and passed the Senate July 8, 1909, practically three months from the date it came to the Senate.

The Underwood tariff measure, reported by a Democratic Congress, the opposition to which came from the Republican side, as a matter of course, came to the Senate on July 11, 1913, and passed on September 9, 1913, a period of about two months.

The revenue measure of 1916, known as the Kitchin revenue measure, was reported to the Senate on August 16, 1916, and passed September 5, 1916, rather rapid work.

The revenue measure of 1917, a war measure, presented in the midst of the war, was reported to the Senate July 3, 1917, and was not passed by the Senate until September 9, 1917, a period of over two months.

In other words, Mr. President, it took practically as long to pass the Kitchin bill, a war revenue measure, in the midst of the war, as has been consumed in the consideration of the pending measure.

Mr. SIMMONS. May I remind the Senator that during a part of the time when this bill has been pending we were handling two other measures, the tolls repeal bill and the German treaty?

Mr. WALSH of Montana. That is true. Those two measures were before the Senate during the time this measure has been before the Senate.

The Kitchin revenue measure of 1918 was reported to the Senate December 6, 1918, and passed by the Senate quite rapidly, on December 23, 1918.

So, Mr. President, when the Senator from Pennsylvania charges Senators upon this side with effrontery—a plain violation of the rules of the Senate, I take it, not to speak of the courtesy that is due from one gentleman to another—it must be regarded as the mere vaporings of a political speech.

Moreover, Mr. President, those of us who had an opportunity to observe the Senator from Pennsylvania harbor no feeling of resentment at these outpourings on his part. We appreciate they are not spoken with sincerity. We understand perfectly well that they are put in the RECORD merely that the country may be in some manner or other impressed by them.

Mr. JONES of New Mexico. Mr. President, I have made some considerable argument heretofore on the great disparities apparent in the bill. I do not care to discuss the matter at any considerable length, not even for the 10 minutes allotted to me, because Members of the Senate realize that there is very great discrimination, which in hundreds and thousands of cases will result in extreme hardship unless there is either a reorganization of the business or the owners of the business can make their returns in the form in which they could make them if they were to reorganize.

I do not believe that the people of the country desire to force the business of the individual and partnership into corporate form. I think it is unwise to force that sort of a situation. Senators talk about watered stock and about monopoly and all that sort of thing, as well as unlimited individual liability, things which have become perfectly abhorrent to many of the people of the country. Why force the business interests who are now doing business as partnerships and individuals to organize into corporations when by the provisions of the amendment which I submit they can go on doing business and pay their taxation at the same rate as a corporation, without having to change their form of doing business?

If the amendment is agreed to, I shall then propose another amendment permitting corporations to make their returns as partnerships if they wish. We have now a provision of law permitting personal service corporations to make returns as partnerships. It is true that we are going to repeal it as to the years following the present year, but I do not see why we should. Why not make that reciprocal? The Congress has recognized that some kinds of corporations should be permitted to make returns as partnerships, and we have permitted them to do it. It has been in the law and it is in the law now, and if we are going to recognize the justice of allowing some corporations to make returns as partnerships why should we not permit partnerships to make returns as corporations?

I sincerely trust that the acting chairman of the committee will not oppose the amendment. It goes right to the point of equality in taxation, and the people of the country, in my judgment, want that thing above everything else. They are willing to bear their burdens if they know that everybody else with the same degree of prosperity is bearing the same burden, but I submit that nobody can furnish an excuse or reason for an absolute disparity and an absolute favoritism for those people who happen to be doing business in corporate form.

Mr. McCUMBER. Mr. President, the Senate by the viva voce vote has just adopted the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN], an amendment that differs only a little from the amendment offered by the Senator from New Mexico. Both of them provide that a partnership may pay its taxes as a corporation. I think the amendment went through with little consideration. I opposed it the other day and gave my reasons for my opposition. I have not changed my mind about those reasons. Certainly we ought not to put upon the bill two propositions worded in different ways covering the same subject matter. We would scarcely know which one we are supposed to stand by.

Mr. JONES of New Mexico. I think there is a vast difference. There is no similarity in fact between the two amendments. The amendment proposed by the Senator from New Jersey simply provided certain advantages which partnerships might get if they did organize as corporations. My amendment proposes to make it unnecessary for them to organize as corporations. The Senator's amendment gives advantages to partnerships which may organize as corporations. My amendment gives the advantages without forcing a change in organization.

Mr. McCUMBER. The two certainly ought not to be in the same bill, in my opinion. I have no doubt that if we now take the Frelinghuysen amendment which was offered, it may open up the whole subject for conference, and any other amendment might be made to that to make it conform to the provisions desired by the Senator from New Mexico if necessary, but it does seem to me improper to place the two of them together on the same bill.

I stated, and I reiterate the statement, that I doubt if it is a proper thing in this bill to provide that a partnership may do business as a partnership until the 1st day of January, 1922, and if the partners decide that if their business had been incorporated the individual partners would not pay as much upon dividends as they are compelled to pay as the partners in the partnership, that they may therefore cease to be a partnership and may incorporate, and have four months after the 1st day of January, 1922, to make their returns.

If, as I said, they do make up their minds in favor of that change for the purpose of saving the taxes, they can do so under the proposed amendment. If that is the right kind of law, to say to individuals that they can wait until the end of the year, wait until the law is passed, and then determine which way it would be best to avoid the tax—if we allow that and then go no further and say to the corporation it shall not have that right to dissolve and to pay taxes as a partnership, it seems to me we are playing fast and loose with the revenue law. For that reason it seems to me decidedly improper to allow either a partnership or a corporation to determine at the end of the year whether it shall adopt one measure or the other; and, of course, the force which will produce the decision will be whether it will be advantageous or disadvantageous.

Mr. JONES of New Mexico. Mr. President, will the Senator yield?

Mr. McCUMBER. Certainly; I yield.

Mr. JONES of New Mexico. I desire to call the Senator's attention to the fact that the amendment which I proposed does not apply annually. After the election is once made the election continues. I desire to call the attention of the Senator to another fact, that the effect of the Frelinghuysen amendment which we have just agreed to is only temporary. It only provides for one year, and certainly intends to be retroactive to the first of this year. There is no inconsistency between the amendment of the Senator from New Jersey and the one which I have offered.

I sincerely trust that the Senator from North Dakota will not oppose my amendment on the ground that there is any conflict between the two or that there is any overlapping of the two, because there is neither. The amendment of the Senator from New Jersey simply provides what shall be done if the corporations are formed before the next return day. Mine provides what shall be done in the event there is no reorganization at all. They are not inconsistent, and they do not overlap. The amendment of the Senator from New Jersey is only to meet the particular case where they do want to incorporate. I earnestly hope the Senator will not confuse the two and try to give the impression that there is any overlapping of the two amendments.

Mr. McCUMBER. Mr. President, they are both retroactive. They both refer to the taxes that shall be paid on business that was done previous to the change of organization, and that is my principal objection to them. It does seem to me that all laws of this character ought to be prospective and not retroactive. I have read both of the amendments and I think there is an inconsistency between them. I am willing to have the matter voted upon, and if it shall be put in we will go to conference on it.

Mr. LENROOT. Mr. President, I wish to ask the Senator from New Mexico if his amendment would not give advantages to individuals and partnerships that corporations do not enjoy? Under the Senator's amendment there will be allowed the advantages of part 3 as to a corporation, and while having those advantages they will not be called upon to pay a capital-stock tax as other corporations must pay. It gives them a distinct advantage over corporations. Does the Senator contend that that is fair?

Mr. JONES of New Mexico. I am quite willing to say that the question of the capital-stock tax was not considered. I do not believe that my amendment would make the business pay any capital-stock tax, and I do not think that it should, because

unless we have a corporate organization I do not see why they should pay a capital-stock tax. The amendment does provide, however, that—

they shall be taxable with respect to such trade or business as a corporation under part 3 of this title and also subject to all other provisions of this title relative to corporations.

Mr. LENROOT. But that has nothing to do with the capital-stock tax, for that is not a part of this title.

Again, the amendment proposes that an individual may be permitted to treat himself as a corporation for the purpose of taxation, and the amendment further provides that any distribution of profits shall be regarded as dividends for taxation. Here is a man in business who has $100,000 invested. He makes $50,000 profit, and after he has elected to consider himself a corporation for the purpose of taxation he says, "I am going to reduce my capital investment and I will withdraw $50,000 of my original capital." What does the Senator think would be the result of such a transaction on his part under the Senator's amendment?

Mr. JONES of New Mexico. I beg the Senator's pardon. My attention was diverted and I did not hear his question.

Mr. LENROOT. I will restate it. An individual is engaged in business with a capital investment of $100,000. He has profits during the year of $50,000. The Senator's amendment provides that any distribution of profits shall be taxed as dividends; but suppose the individual should say, "I am going to withdraw $50,000 of my original investment of capital," and he does. What would be the result?

Mr. JONES of New Mexico. Precisely the same result as if that business were organized as a corporation. If he withdraws dividends, then he pays personal taxes upon those dividends in connection with his other income.

Mr. LENROOT. The Senator must have misunderstood me. I asked if he withdrew one-half of his capital from the business, what would be the result?

Mr. JONES of New Mexico. If he withdrew one-half of his capital from the business, it would have precisely the same result that would follow if the corporation distributed its capital stock or its invested capital. It would operate precisely the same as in the case of a corporation.

Mr. LENROOT. It would not be taxable.

Mr. JONES of New Mexico. It is not taxable now.

Mr. LENROOT. But now the individual is taxable upon the $50,000 profit, irrespective of his investment. The trouble with the proposition is that a man may, without any form of incorporation, perpetrate the fiction of treating himself as a corporation for one purpose and an individual for another.

Mr. JONES of New Mexico. The Senator from Wisconsin must realize that thus far all individuals and partnerships who have been doing business have paid their surtaxes of every kind and description upon all the earnings which they have been making ever since we have had an income tax law.

Mr. LENROOT. The Senator surely does not want to take my time to tell me that; I am aware of that; I appreciate the situation that the Senator desires to remedy, but in attempting to remedy that situation we ought not to get into an impossible one. That is the point I am trying to make.

Mr. JONES of New Mexico. The Senator realizes that a corporation when it distributes its capital does not have to pay any further tax upon it, and it would be just the same with an individual; but I desire again to call the attention of the Senator from North Dakota to the fact that he is wrong in concluding that this amendment of mine is retroactive. If the Senator will read the provision of the amendment, on lines 5 and 6, he will see that it is not retroactive. The amendment reads in this way:

(e) An individual or partnership engaged in any trade or business may at any time after January 1, 1922, file with the Commissioner of Internal Revenue a statement declaring an election to be, for all the purposes of this title, an association with respect to such trade or business, and thereafter, for the taxable year in which such election is made and for succeeding taxable years.

So the amendment is not retroactive. The amendment of the Senator from New Jersey [Mr. FRELINGHUYSEN] is temporary and retroactive, but my amendment is not. The amendment only goes into operation after the election has been made and only for the taxable year in which the election is made. It does not go into effect until after the 1st of next January. So I hope the Senator will recognize the situation.

Mr. McCUMBER. If the Senator will allow me, I desire to say that I recognize the situation. I think, however, that both the Senator and myself are not acting in accordance with the unanimous-consent agreement, because the Senator spoke once on his amendment and I spoke once on it, and I do not think, under the unanimous-consent agreement, either of us has a right to make another speech on it.

The VICE PRESIDENT. The Chair understood that the Senator from North Dakota was speaking in the time of the Senator from New Mexico and that the Senator from New Mexico spoke in answer to an inquiry of the Senator from Wisconsin.

Mr. McCUMBER. The Senator from Wisconsin has spoken in between, but I do not know in whose time. Now, I will simply say, in a minute, in reply, suppose the organization is effected in December of 1921, it will cover all of the taxable year of 1921.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from New Mexico.

Mr. JONES of New Mexico. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Oklahoma [Mr. HARRELD], and vote "nay."

Mr. HARRIS (when his name was called). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the junior Senator from South Carolina [Mr. DIAL], and vote "yea."

Mr. HARRISON (when his name was called). I again announce my pair with the Senator from West Virginia [Mr. ELKINS]. Being unable to secure a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement as heretofore in regard to my pair, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair with the senior Senator from Rhode Island [Mr. COLT] I withhold my vote. If permitted to vote, I should vote "yea."

Mr. WILLIAMS (when his name was called). In the unavoidable absence of the Senator from Pennsylvania [Mr. PENROSE], with whom I have a pair, I am not at liberty to vote. If I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. KENDRICK. I am paired with the Senator from Illinois [Mr. McCORMICK]. Being unable to secure a transfer of that pair, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. SIMMONS. I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is unavoidably absent. Being unable to obtain a transfer of that pair, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. HARRISON. I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Nevada [Mr. PITTMAN], and vote "yea."

Mr. MYERS. I have a pair with the Senator from Connecticut [Mr. McLEAN]. He is not present, and I therefore withhold my vote.

Mr. McKINLEY. Making the same announcement as heretofore concerning my pair and its transfer, I vote "nay."

Mr. RANSDELL. I transfer my pair with the Senator from Delaware [Mr. DU PONT] to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. McKINLEY. I desire to announce that the senior Senator from Illinois [Mr. McCORMICK] is detained from the Senate on account of having to attend a funeral. If he were present, he would vote "nay."

Mr. CURTIS. I desire to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK].

Mr. GERRY. I wish to add to the announcement just made by the Senator from Kansas that if the Senator from Nebraska [Mr. HITCHCOCK] were present and at liberty to vote, he would vote "yea."

The result was announced—yeas 21, nays 37, as follows:

YEAS—21.

Ashurst	Harrison	Pomerene	Walsh, Mass.
Broussard	Heflin	Ransdell	Walsh, Mont.
Fletcher	Jones, N. Mex.	Reed	Watson, Ga.
Frelinghuysen	King	Sheppard	
Gerry	Ladd	Stanley	
Harris	McKellar	Underwood	

NAYS—37.

Ball	Gooding	Moses	Smoot
Brandegee	Hale	New	Spencer
Bursum	Jones, Wash.	Newberry	Sutherland
Cameron	Keyes	Nicholson	Townsend
Capper	La Follette	Norbeck	Warren
Curtis	Lenroot	Oddie	Watson, Ind.
Edge	Lodge	Page	Willis
Ernst	McCumber	Phipps	
Fernald	McKinley	Poindexter	
France	McNary	Shortridge	

NOT VOTING—38.

Borah	Elkins	Myers	Smith
Calder	Glass	Nelson	Stanfield
Caraway	Harreld	Norris	Sterling
Colt	Hitchcock	Overman	Swanson
Crow	Johnson	Owen	Trammell
Culberson	Kellogg	Penrose	Wadsworth
Cummins	Kendrick	Pittman	Weller
Dial	Kenyon	Robinson	Williams
Dillingham	McCormick	Shields	
du Pont	McLean	Simmons	

So the amendment of Mr. JONES of New Mexico was rejected.

Mr. JONES of New Mexico. Mr. President, notwithstanding the vote just taken, I am going to propose another amendment. On page 64, line 24, I move to strike out the word "such" and insert the word "any." We have in this bill a most peculiar provision. Section 220 of the bill provides:

SEC. 220. That if any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its stockholders or members through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 25 per cent of the amount thereof, which shall be in addition to the tax imposed by section 230 of this title and shall be computed, collected, and paid at the same time and in the same manner and subject to the same provisions of law, including penalties, as that tax: *Provided*—

And I ask the attention of Senators to the proviso—

That if all the stockholders or members of such corporation agree thereto, the commissioner may, in lieu of all income, war-profits and excess-profits taxes imposed upon the corporation for the taxable year, tax the stockholders or members of such corporation upon their distributive shares.

There we have a provision that if there is a corporation organized for the purpose of defeating the high surtaxes, and the parties are found out, they may then make a return as a partnership, if the stockholders want to do it. If you are going to extend that privilege to a corporation which was organized for the purpose of violating our revenue laws, why should you not extend it to all corporations?

I therefore move to strike out the word "such" and insert the word "any."

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 64, line 24, before the word "corporation," it is proposed to strike out the word "such" and in lieu thereof to insert the word "any."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New Mexico.

Mr. JONES of New Mexico. I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement as to my pair, I vote "yea."

Mr. KENDRICK (when his name was called). I have a general pair with the senior Senator from Illinois [Mr. MCCORMICK], who is absent. Being unable to secure a transfer, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. MCKINLEY (when his name was called). Making the same transfer as before, I vote "nay."

Mr. MYERS (when his name was called). I have a pair with the Senator from Connecticut [Mr. MCLEAN], who is absent. I am not able to obtain a transfer, and therefore withhold my vote.

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I announce my pair with the Senator from Minnesota [Mr. KELLOGG], which I transfer to the Senator from Texas [Mr. CULBERSON], and will vote. I vote "yea."

Mr. SMITH (when his name was called). Making the same announcement as before, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement as before with regard to my pair, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HARRISON. I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "yea."

Mr. ERNST. I transfer my pair with my colleague, the senior Senator from Kentucky [Mr. STANLEY], to the junior Senator from Maryland [Mr. WELLER], and will vote. I vote "nay."

Mr. MOSES (after having voted in the negative). I transfer my pair with the Senator from Louisiana [Mr. BROUSSARD] to the Senator from Minnesota [Mr. NELSON], and will let my vote stand.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from New York [Mr. WADSWORTH] with the Senator from Nebraska [Mr. HITCHCOCK].

The result was announced—yeas 20, nays 38—as follows:

YEAS—20.

Ashurst	Heflin	Pomerene	Swanson
Fletcher	Jones, N. Mex.	Reed	Underwood
Gerry	King	Sheppard	Walsh, Mass.
Harris	McKellar	Shields	Walsh, Mont.
Harrison	Overman	Simmons	Watson, Ga.

NAYS—38.

Ball	Frelinghuysen	McKinley	Shortridge
Brandegee	Gooding	McNary	Smoot
Bursum	Hale	Moses	Spencer
Cameron	Jones, Wash.	New	Sutherland
Capper	Kenyon	Newberry	Townsend
Curtis	Keyes	Nicholson	Warren
Edge	La Follette	Oddie	Watson, Ind.
Ernst	Lenroot	Page	Willis
Fernald	Lodge	Phipps	
France	McCumber	Poindexter	

NOT VOTING—38.

Borah	du Pont	McLean	Smith
Broussard	Elkins	Myers	Stanfield
Calder	Glass	Nelson	Stanley
Caraway	Harreld	Norbeck	Sterling
Colt	Hitchcock	Norris	Trammell
Crow	Johnson	Owen	Wadsworth
Culberson	Kellogg	Penrose	Weller
Cummins	Kendrick	Pittman	Williams
Dial	Ladd	Ransdell	
Dillingham	McCormick	Robinson	

So the amendment of Mr. JONES of New Mexico was rejected.

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to add to the bill a new section, as follows:

SEC. —. That the sum of $50,000, or so much thereof as may be necessary, is hereby appropriated for the purpose of paying the ex-service men who are entitled to the same the $60 additional compensation authorized under the provisions of section 1406 of an act to provide revenue, and for other purposes, approved February 24, 1919. Payments made from this appropriation shall be made in conformity with the provisions of the said section 1406.

Mr. TRAMMELL. Mr. President, this amendment involves the question as to whether or not we will provide funds for the purpose of meeting promptly the payment of the $60 additional pay that was provided for in the amendment which was adopted to the revenue act of 1919. As Senators will recall, we provided as an amendment to the revenue act of 1919 for an allowance of $60 to each ex-service man. Recently it has been brought to my attention by a soldier whom I have been trying to assist—and I have heard of some other cases—that while his claim is in order and has been duly approved for the $60 it can not be paid, in view of the fact that there has been a lapse of the appropriation from which it should have been paid.

Under those circumstances, it seems to me that we should provide funds immediately, and not wait until we pass a deficiency appropriation bill at some later date. If we await the passage of a general deficiency bill upon this subject later on, we shall probably have a delay of several months, and a number of soldiers who are entitled to their pay will be deprived of drawing that $60 each until we pass an appropriation for the purpose of meeting the payment.

I have a letter on this subject from the Comptroller General which really explains the situation. It is a copy of a letter dated October 21, 1921, addressed to my colleague [Mr.

FLETCHER], who is also interested in behalf of trying to assist this young man.

The letter reads as follows:

DEAR SENATOR: I have the honor to advise you that this division issued certificate No. 42193 October 21, 1921, and forwarded the same to the Secretary of the Treasury, Division of Bookkeeping and Warrants, for the settlement of the claim of A. De Castro for discharge gratuity as former fireman, third class, United States Naval Reserve Force.

As the appropriation from which this claim is payable has lapsed, it will have to be reported to Congress for an appropriation, and as soon as such appropriation shall be made a warrant in the sum of $60 will be forwarded to Mr. De Castro at 803 Catherine Street, Key West, Fla., without any further action from him.

Sincerely, yours,

(Signed) J. R. MCCARL,
Comptroller General.

That really presents the case. I do not think we should delay the matter of making the appropriation to pay ex-service men who under the law are entitled to this additional compensation; and I offer the amendment with the hope that the funds may be provided for immediate settlement with those who have not been so fortunate as to receive their pay heretofore.

Mr. McCUMBER. Mr. President, will the Senator tell me why he places the sum at $50,000—what information he has that $50,000 is needed for the purpose, or that many times $50,000 is not needed?

Mr. TRAMMELL. I placed it at that sum because I thought that would take care of all the cases that were approved up to the time Congress acted upon the general deficiency appropriation bill and made provision for them. That was my object in doing it. I placed it at that sum because I thought it would give an immediate settlement to those who have had claims already approved or who may present them before action may be taken hereafter.

Mr. McCUMBER. Mr. President, so far we have maintained our purpose to have this a revenue-producing bill and not an appropriation bill. I hope we shall maintain that to the end. I can see nothing to be gained by converting it into an appropriation bill or into a general legislation bill. If there are soldiers who have not been paid by reason of the lapse of the previous appropriation, the provision of which the Senator speaks should be put in the urgent deficiency bill. That bill is being ground out in the House at the present time. In all probability it will reach the Senate and be disposed of a considerable time before this tax bill will be disposed of by the conferees. Nothing would be gained by it, and it certainly is most improper to attach it as an appropriation to a revenue-producing bill.

For that reason, I hope that the Senator upon second thought—as did the Senator from Arizona [Mr. ASHURST] the other day, in withdrawing an amendment for hospitals for the soldiers—will conclude that there is a proper place for those bills, and that he will gain time, so far as securing the remedy is concerned, by placing his bill before the proper committee, having a quick investigation, which they can get from the War Department, ascertaining just what will be necessary and putting it into the appropriation bill.

Mr. WARREN. Mr. President, I wish to commend the Senator for his care in looking out for the soldiers, and I trust that there are not many of them who have not received $60 bonus we have provided heretofore.

What the Senator from North Dakota has said is entirely true, and, indeed, he might have gone further, because the War Department has already sent to the House an estimate of something like $2,000,000 for various items where the appropriation lapsed because of the ending of the fiscal year on July 1, or where something of importance has occurred making an immediate appropriation necessary.

When the House has framed the bill covering that estimate it will come over to the Senate immediately, and the intention is to pass it through the Senate quickly, without much debate. The bill can be brought up promptly, because, as the Senator knows, appropriation bills have preference over other measures.

In all probability there will also be an urgent deficiency bill soon after the commencement of the next term, but the present year's deficiencies will undoubtedly be taken care of in this bill now being made up, which, as the Senator from North Dakota has said, will pass, no doubt, long before the tax bill will become a law.

Mr. TRAMMELL. Mr. President, if that is the case, this amendment on this bill will not do any harm. My amendment provides for the appropriation of $50,000, or so much thereof as may be necessary, and if the object I have in mind is taken care of through some other measure more quickly than we can get the relief by this amendment, then no harm would be done.

It is quite a different situation from the one presented by the Senator from Arizona a few days ago. This is to provide an appropriation to meet an already authorized benefit in the way of an additional compensation allowance to soldiers. Some of them have been so unfortunate that they have not yet received the money to which they are entitled. I do not think we should delay for one moment. It is an obligation which should be paid, and paid promptly.

Mr. LODGE. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. LODGE. The language of the agreement is:

Thenceforward no Senator shall speak more than once or for a longer period than 10 minutes upon any amendment that may be pending.

The VICE PRESIDENT. The Senator from Florida having spoken once on his amendment, he is not now in order.

Mr. TRAMMELL. I move to amend the amendment I have sent to the desk by inserting the figures "$100,000" in place of "$50,000." I propose that as an amendment to my own amendment, and now I shall speak to that.

Mr. McCUMBER. Mr. President, I raise the point that that is the same amendment.

The VICE PRESIDENT. The Senator can not amend his own amendment; he can modify it.

Mr. TRAMMELL. I do not know but what I can amend my own amendment, or propose a suggestion to it.

The VICE PRESIDENT. The Senator can modify it.

Mr. LODGE. Of course, if a verbal modification of an amendment could be made so as to give a Senator another 10 minutes, the agreement would be valueless.

The VICE PRESIDENT. It does not give the Senator another 10 minutes. The question is on agreeing to the amendment.

Mr. TRAMMELL. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. McKELLAR (when Mr. CARAWAY's name was called). I desire to announce the absence of the Senator from Arkansas on account of illness, and I ask that this announcement may stand for the day.

Mr. HARRIS (when his name was called). Making the same announcement as to my pair and its transfer, I vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair and transfer as before, I withhold my vote.

Mr. McKINLEY (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "nay."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT], and in his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. In his absence, being unable to obtain a transfer, I am compelled to withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement as before with reference to my pair, I transfer it to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). I am at liberty to vote on this amendment, and therefore vote "yea."

The roll call was concluded.

Mr. MOSES. Making the same announcement as before, I vote "nay."

Mr. GLASS. I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM], and in his absence, not knowing how he would vote, I withhold my vote.

Mr. ERNST. Making the same transfer of my pair as on the previous vote, I vote "nay."

The result was announced—yeas 22, nays 39, as follows:

YEAS—22.

Ashurst	King	Reed	Underwood
Fletcher	La Follette	Sheppard	Walsh, Mass.
Gerry	McKellar	Shields	Walsh, Mont.
Harris	Overman	Smith	Watson, Ga.
Heflin	Pittman	Swanson	
Jones, N. Mex.	Pomerene	Trammell	

NAYS—39.

Ball	Capper	Ernst	Gooding
Brandegee	Cummins	Fernald	Hale
Bursum	Curtis	France	Jones, Wash.
Cameron	Edge	Frelinghuysen	Keyes

Ladd	Moses	Page	Sutherland
Lenroot	New	Phipps	Townsend
Lodge	Newberry	Poindexter	Warren
McCumber	Nicholson	Shortridge	Watson, Ind.
McKinley	Norris	Smoot	Willis
McNary	Oddie	Spencer	

NOT VOTING—35.

Borah	du Pont	Kenyon	Robinson
Broussard	Elkins	McCormick	Simmons
Calder	Glass	McLean	Stanfield
Caraway	Harreld	Myers	Stanley
Colt	Harrison	Nelson	Sterling
Crow	Hitchcock	Norbeck	Wadsworth
Culberson	Johnson	Owen	Weller
Dial	Kellogg	Penrose	Williams
Dillingham	Kendrick	Ransdell	

So Mr. TRAMMELL'S amendment was rejected.

Mr. WALSH of Massachusetts. Mr. President, I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The Secretary will read the amendment.

The reading clerk read as follows:

SEC. 413. That on and after January 1, 1922, a tax equal to the sum of the following is hereby imposed upon the transfer of property by gift by every person, whether a resident or nonresident of the United States:

One per cent of the amount by which the gifts exceed $20,000 but do not exceed $50,000;

Two per cent of the amount by which the gifts exceed $50,000 and do not exceed $150,000;

Three per cent of the amount by which the gifts exceed $150,000 and do not exceed $250,000;

Four per cent of the amount by which the gifts exceed $250,000 and do not exceed $450,000;

Six per cent of the amount by which the gifts exceed $450,000 and do not exceed $750,000;

Eight per cent of the amount by which the gifts exceed $750,000 and do not exceed $1,000,000;

Ten per cent of the amount by which the gifts exceed $1,000,000 and do not exceed $1,500,000;

Twelve per cent of the amount by which the gifts exceed $1,500,000 and do not exceed $2,000,000;

Fourteen per cent of the amount by which the gifts exceed $2,000,000 and do not exceed $3,000,000;

Sixteen per cent of the amount by which the gifts exceed $3,000,000 and do not exceed $4,000,000;

Eighteen per cent of the amount by which the gifts exceed $4,000,000 and do not exceed $5,000,000;

Twenty per cent of the amount by which the gifts exceed $5,000,000 and do not exceed $8,000,000;

Twenty-two per cent of the amount by which the gifts exceed $8,000,000 and do not exceed $10,000,000;

Twenty-five per cent of the amount by which the gifts exceed $10,000,000.

SEC. 414. The amount of the gifts subject to the tax imposed by section 413, in the case of residents, shall be the sum of all the gifts made by the taxpayer during the calendar year. If the gift is made in property, the fair market value of the property at the date of the gift shall be considered the amount of the gift subject to tax.

SEC. 415. The amount of the gifts subject to the tax imposed by section 413, in the case of a nonresident, shall be the sum of all gifts made by the taxpayer during the calendar year of property situated within the United States.

SEC. 416. The tax imposed by section 413 shall not apply to (1) contributions or gifts made with the calendar year to or for the use of (a) the United States, any State, Territory, or any political subdivision thereof, or the District of Columbia for exclusively public purposes; (b) any corporation or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earning of which inures to the benefit of any private stockholder or individual; or (c) the special fund for vocational rehabilitation authorized by section 7 of the vocational rehabilitation act, nor (2) to gifts which are taxable under the provisions of section 402 (c).

SEC. 417. The tax imposed by section 413 shall be paid by the donor on or before the fifteenth day of the third month following the close of the calendar year, and shall be computed, collected, and paid on the same basis, in the same manner, and subject to the same provisions of law, including penalties, as the tax imposed by section 401.

Mr. WALSH of Massachusetts. Mr. President, this amendment relates to a subject which was often considered by the members of the Finance Committee, and discussed in and out of this Chamber at great length. It is an amendment which proposes to tax gifts. It seeks to place an excise tax upon gifts of money or property made by donors to relatives and friends for the purpose of having their tax burdens lessened by lowering their incomes so as to fall within an income bracket that would lessen materially their tax.

I need not at this late hour, in view of the earlier discussion of this matter, dwell at length upon the extent to which gifts have been made for the purpose of evading taxation. I want to quote a sentence or two from the Secretary of the Treasury, Mr. Mellon, on this subject:

> Taxpayers on large incomes and businesses are finding a hundred different methods of legally reducing their obligations to the Government. One of the most common methods found in vogue by Treasury experts was for men of large incomes to create trusts for members of their families, thus reducing their own net income and consequent liability for taxes.

Were it not for the fact that they have so very many difficult and intricate problems confronting them, I believe the committee would have found a way to put a tax upon gifts.

Mr. McCUMBER. Mr. President, I would like to have some information from the Senator as to the rates.

Mr. WALSH of Massachusetts. The rate fixed in the amendment is 1 per cent upon gifts between $20,000 and $50,000. There is no tax whatever on gifts less than $20,000. The rate above $50,000 is graduated up to 25 per cent on $10,000,000.

Mr. McCUMBER. What I want to get at is this: Is the tax imposed upon any gift, whether it is the passing of property through a legacy or a gift which might be made, for instance, by the Senator to one of his children? Would such a gift be taxed?

Mr. WALSH of Massachusetts. Yes.

Mr. McCUMBER. I just wanted to get that clear in my mind.

Mr. WALSH of Massachusetts. Any gift of over $20,000 made to any person would be taxed. I might say that I do not think there will be any serious question about the rate, for the figures are very moderate, having purposely made the rate very small in order to try out the experiment of taxing gifts.

In nearly every State in the Union gifts or legacies made at death are taxable, and this amendment simply seeks to tax inter vivos gifts—those made during the donor's lifetime.

The making of gifts is perfectly legal. It does not often happen that gifts are made voluntarily of large sums of money. There is something in human nature, even in the nature of a parent, a father or a mother, that leads them to cling to their possessions and their wealth and not distribute their money until death comes. It is very rarely that substantial gifts are made, even to one's own relatives, during one's lifetime, except for the purpose of evading taxes or lowering the tax rate which would be imposed in case no gifts were made and the estate was kept intact.

Hundreds of millions of dollars have been lost to the Government through the making of gifts and the creating of trusts. No effort has been made whatever to stop this evasion, and this is the last chance to limit that abuse that everybody has denounced and that has become notorious.

Let me give some figures in a concrete case to show what can be done in the way of evading taxes in this way. Let me tell you what a Senator on this floor told me. He informed me that he had at one time an opportunity to make $60,000 by making gifts—that is, to save $60,000 in his tax bill by making gifts to his children.

Let us take the case of the taxes upon an individual's income upon $100,000. Under the provisions of the bill as reported by the committee the normal and surtax upon that sum of money would be $20,780. If that man made an irrevocable trust of one-half of that sum or made a gift of $50,000, the individual would pay $5,500 on his net income and $5,500 would be paid by the trustee of the trust fund, making the total $11,000, a saving of $9,780 in taxes by splitting his estate in two and making an irrevocable trust or gift.

I am not going to discuss the question longer. The illustrations I have given could be multiplied very many times. Do we want to stop the making of gifts for the purpose of escaping taxation? The Secretary of the Treasury has pointed out to us the extent of this abuse. Some one has estimated that we are losing about $600,000,000 yearly in this way. Are we powerless to stop it when we know that it is absolutely done for the evasion of taxes by the ultra rich? Who can complain against a tax of 1 per cent upon a gift of $50,000? On a gift of $50,000 a tax of $500 would be a trifle for the right to make a gift to a relative or friend which would cause a substantial loss in the Government's income revenues.

I think there is a good deal of sympathy in favor of this proposition on the other side of the aisle. I should like to have the acting chairman of the committee accept the amendment if he will do so. I believe that many Republicans feel a good deal as I do about it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. I yield; but I hope the Senator will bear in mind that I have only 10 minutes.

Mr. LA FOLLETTE. In the event that a small consideration is provided as a sort of shield to take the gift out of the amendment as proposed by the Senator, would not the amendment as proposed be very easily evaded?

Mr. WALSH of Massachusetts. I think it is possible that it could be evaded.

Mr. LA FOLLETTE. I should like for that reason to propose to the Senator an amendment. I have an amendment of the same character which imposes a very much higher rate than

the rate contained in the amendment proposed by the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I have tried to make the rate very moderate, having in mind that it is an innovation and having in mind also that it would be difficult to get anything agreed to here that was not moderate.

Mr. LA FOLLETTE. I would suggest to the Senator that at the end of section 414 of his amendment there be added the following:

Where property is sold or exchanged for a consideration less than 50 per cent of, or materially disproportionate to, the fair market value of the property so sold or exchanged, then the amount by which such fair market value exceeds the consideration received shall be included in computing the amount of gifts made during the calendar year.

I think that would meet the objection suggested. I suggest it to the Senator, if he will be willing to accept it as an amendment.

Mr. WALSH of Massachusetts. For the purpose of strengthening and sustaining the provisions of my amendment I accept the amendment offered by the Senator from Wisconsin.

I wish to close with one further word. Let us not pass this revenue bill without at least making some attempt to correct this abuse. We have failed to correct the abuse growing out of the purchasing of tax-exempt securities. We have now an opportunity to tax these gifts. I wish to impress upon Senators that the rate is very moderate, and that, in my opinion, if the amendment is placed on the bill it will serve to prevent men making gifts to keep their fortunes in the lower surtax brackets and will have a tendency to bring in very much more revenue to the Government. I can conceive of no objection to the amendment unless we wish to abandon all hope or any attempt whatever to tax the abuse that has grown up of escaping just taxation through the making of gifts.

Mr. President, I yield the floor.

Mr. JONES of New Mexico. Mr. President, I wish to say just a word. This amendment is in line with the situation to which I have at different times called attention, and brings clearly to mind the abuses which ought to be remedied. This is one of the methods whereby the high surtaxes have been evaded. It is only one, however.

The Secretary of the Treasury has called our attention pointedly to the fact that the surtaxes are being evaded. Now, instead of cutting off the surtaxes because they are being evaded, why should we not try to make it impossible to evade them? Is not that the common sense thing to do? The Senator from Massachusetts has pointed out one situation in which there are violent abuses. I have previously pointed out another situation in which there are violent abuses of the law; that is, where they have been putting their investments into corporations which make no distribution of their incomes. They have been putting their money into nondividend-paying corporations. Corporations have been retaining their revenues, their income undistributed, and the stockholders have been avoiding those surtaxes on the income of the corporations. I have proposed and the amendment will be offered in a little different form before we get through with the bill, to place a tax upon the undistributed income of corporations. That is designed for the purpose of preventing the evasion of the payment of surtaxes.

The amendment proposed by the Senator from Massachusetts is to prevent evasion in another way. I submit that we ought to surround our revenue laws with all the safeguards possible to prevent people from bringing about discrimination under the law in their own behalf. So long as the law permits these things to be done, we can not blame the taxpayer for doing them. But if we find that it works an evasion of the spirit of the law, if it prevents the Government from getting revenue, why should we not have these provisions in the law, so that if the evasion continues, it would be a violation of the law. It is not a violation of law now to make these gifts for the purpose of evading taxation. It is not against the law now to organize a corporation and put money into it and keep it there to evade the payment of the high surtaxes. But if we want to get these surtaxes, if we want taxation to be equal, then I say let us by law prevent a situation which warrants and invites these evasions of the terms of the revenue law.

I think the amendment of the Senator from Massachusetts should be adopted.

Mr. McCUMBER. Mr. President, the committee had already provided in the bill that any gift made within two years of the death of an individual shall be presumed to be made in anticipation of death, and the estate receiving such gift shall be taxed the same as though it had been retained by the owner until his death. I think that is going back far enough.

Nor is this all. There is another provision in the bill that where a gift is made and the gift is disposed of by the donee at any time thereafter, or at an advanced price over what it was worth at the time it was given, the donee shall be compelled to pay a proper tax on that transaction.

The Senator proposes to go further than this and practically to say to every man, "You are prohibited from making any gifts," and it does not make any difference what it is, except in the few instances which he has mentioned.

If there is a man who is worth a million dollars and he has an only daughter, who gets married, and he gives her an estate that is worth $50,000, he will have to pay a tax on that. If he is worth a quarter of that sum and gives his only child $25,000, he will have to pay a tax upon it. Notwithstanding the fact that he may have paid a surtax upon every dollar that he is giving away, he must pay them a second tax.

I can not see any merit in a proposition of that kind. The income that a man makes is taxed. His estate which he leaves at his death is taxed. Even though he may have given half of it or three-quarters of it away two years prior thereto, it will still be taxed. I think there ought to be some allowance for each individual to use what he has earned, what he has paid taxes upon once, to do with it as he sees fit, to give it away or expend it in any way that he sees fit, without a further tax levy.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Massachusetts.

Mr. WALSH of Massachusetts. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. In his absence I withhold my vote.

Mr. HARRIS (when his name was called). Making the same announcement as to my pair and its transfer as heretofore, I vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair as heretofore, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. MYERS (when his name was called). The Senator from Connecticut [Mr. McLEAN], with whom I am paired, is absent, and as I am unable to obtain a transfer I withhold my vote.

Mr. SIMMONS (when his name was called). Making the same announcement as to my pair as heretofore, and being unable to secure a transfer, I withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement concerning my pair as before, I transfer my pair to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement in regard to my pair as on the preceding ballot, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. McKINLEY. I have a general pair with the junior Senator from Arkansas [Mr. CARAWAY], who is not present. I therefore withhold my vote.

Mr. RANSDELL. I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. Noting his absence from the Chamber, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. If permitted to vote, I should vote "yea."

Mr. WILLIS. I desire to announce the absence of the senior Senator from South Dakota [Mr. STERLING] on account of illness. I will let this announcement stand for the day.

Mr. McKINLEY. I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Pennsylvania [Mr. CROW], and vote "nay."

Mr. CURTIS. I desire to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK].

The result was announced—yeas 35, nays 31, as follows:

YEAS—35.

Ashurst	Jones, Wash.	Norris	Swanson
Broussard	Kenyon	Overman	Townsend
Capper	King	Pittman	Underwood
Cummins	Ladd	Pomerene	Walsh, Mass.
Fletcher	La Follette	Reed	Walsh, Mont.
Harris	Lenroot	Sheppard	Watson, Ga.
Heflin	McKellar	Shields	Williams
Johnson	McNary	Smith	Willis
Jones, N. Mex.	Norbeck	Stanley	

NAYS—31.

Ball	France	Moses	Phipps
Brandegee	Frelinghuysen	Nelson	Poindexter
Bursum	Gooding	New	Shortridge
Cameron	Hale	Newberry	Smoot
Curtis	Keyes	Nicholson	Spencer
Edge	Lodge	Oddie	Sutherland
Ernst	McCumber	Page	Warren
Fernald	McKinley	Penrose	

NOT VOTING—30.

Borah	du Pont	Kendrick	Stanfield
Calder	Elkins	McCormick	Sterling
Caraway	Gerry	McLean	Trammell
Colt	Glass	Myers	Wadsworth
Crow	Harreld	Owen	Watson, Ind.
Culberson	Harrison	Ransdell	Weller
Dial	Hitchcock	Robinson	
Dillingham	Kellogg	Simmons	

So the amendment of Mr. WALSH of Massachusetts was agreed to.

Mr. McKELLAR. I offer the amendment which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment proposed by the Senator from Tennessee will be stated.

The ASSISTANT SECRETARY. On page 80, line 5, it is proposed to strike out the semicolon after the word "members" and to insert a colon and the following language——

The VICE PRESIDENT. The amendment is not now in order unless the vote by which the committee amendment was agreed to shall be reconsidered.

Mr. McKELLAR. Then I will not offer the amendment now, but shall wait until we get the bill in the Senate and offer it then, unless the Senator from North Dakota [Mr. McCUMBER] is willing that the vote whereby the committee amendment was agreed to shall be reconsidered and have the amendment to the amendment considered now.

The VICE PRESIDENT. The Secretary will state the amendment proposed by the Senator from Tennessee [Mr. McKELLAR] to the amendment of the committee.

The ASSISTANT SECRETARY. The committee amendment reads as follows:

(5) Cemetery companies when operated exclusively for the benefit of their members:

It is proposed to add, after the word "members" and the colon, the words:

Provided, That any incorporation chartered solely for burial purposes as a cemetery incorporation and not permitted by its charter to indulge in any business not necessarily incident to that purpose, shall be exempt from taxation upon its income, but nothing in the foregoing shall exempt shareholders individually in such corporation from taxation upon any dividend or distribution accruing to them from profits made by the corporation. Such incorporations shall be exempt from corporation tax upon their capitalization.

Mr. McCUMBER. We have been pretty liberal in the matter of the reconsideration of amendments which have been agreed to so as to enable any question to be fully discussed and disposed of, if possible, as in Committee of the Whole. I therefore will consent to the reconsideration of the vote by which the committee amendment in this instance was agreed to, and I think the chairman of the committee will do the same.

Mr. PENROSE. Yes.

Mr. McKELLAR. I ask unanimous consent that the vote by which the committee amendment on page 80, lines 4 and 5, was agreed to may be reconsidered.

The VICE PRESIDENT. Without objection, it is so ordered. The question recurs on agreeing to the amendment of the Senator from Tennessee to the committee amendment.

Mr. McKELLAR. Mr. President, I merely desire to make a brief explanation of the amendment.

In former days cemetery companies were not conducted as they are now. Take my State, for instance. We have there a statutory law under which cemeteries are made substantially charitable organizations in this way: The law provides in the State of Tennessee that one-fourth of all the cash proceeds of the cemetery company shall be applied to a trust fund and that trust fund is to be used for the perpetual upkeep of the cemetery. To tax these quasi charitable corporations, it seems to me, is a very great hardship. Under the laws of Tennessee—and I think the laws of certainly nearly all other States have a similar provision—cemeteries are exempted from all State taxation, and very properly so, because a cemetery is substantially a State institution.

We tax, I think, nearly everybody in this bill; we tax nearly everyone's income; we tax his property and in many instances we tax the property when it passes from the decedent to his next of kin or to his heirs. It seems to me that surely we might stop at the grave and not tax the grave after the dead have been put away.

In a very able and learned judicial opinion my colleague, the senior Senator from Tennessee [Mr. SHIELDS], once held that taxes ought to stop at the grave, and that the grave should not be so desecrated.

So I am asking the Senate to agree to this amendment. Mind you, if any profits are made it is provided by the amendment that they shall be taxed as profits; the profits and dividends are made taxable, just as is the income of any individual.

Mr. WALSH of Montana. Mr. President, let me inquire of the Senator: That is in the hands of the stockholder?

Mr. McKELLAR. In the hands of the stockholder.

Mr. WALSH of Montana. After the distribution?

Mr. McKELLAR. Yes.

Mr. WALSH of Montana. Let me inquire of the Senator if these corporations do actually pay dividends?

Mr. McKELLAR. My recollection is that the one that I have particularly in mind has paid a dividend of 15 per cent altogether in about the last 30 years.

Mr. WALSH of Montana. But these corporations are organized for profit, are they not?

Mr. McKELLAR. I think they are, frequently; but——

Mr. WALSH of Montana. Some of them pay enormous dividends.

Mr. McKELLAR. No; I think not. I think the dividends that they pay are very, very small.

Mr. WALSH of Montana. The Senator is speaking about corporations in his own State?

Mr. McKELLAR. Yes; and I think that is so all over the country. My information is that the amount of dividends they pay is very, very small. At all events, they are taxable as income in the hands of those who receive the dividends.

Mr. WALSH of Montana. Oh, yes; but so are all distributive dividends of all corporations.

Mr. McKELLAR. Yes; that is true.

Mr. President, that is the situation. If the Senate feels that it should tax the incomes of these cemetery companies, a large portion of which is required to be invested so as to keep up the cemeteries perpetually, which ought to be done, of course, it can do so; but I say that there ought not to be a tax placed on them. The taxes are burdensome, and I do not think they should be imposed, and I ask that that may not be done.

Mr. SPENCER. Mr. President, may I ask the Senator a question?

Mr. McKELLAR. Surely.

Mr. SPENCER. Would the Senator have any objection to adding to his amendment, after the word "incorporation," the words "whose stockholders receive no dividends"?

Mr. WILLIAMS. That is in it.

Mr. SPENCER. No; that is not in it. In other words, as I recollect the Senator's amendment as it was read, a cemetery company that does pay dividends to its stockholders would be exempt from taxation under the Senator's amendment. Now, everybody knows that where a corporation buys land by the acre and sells it by the square foot there is a profit that is simply phenomenal; and if that profit goes to the stockholders, of course, the cemetery company ought to pay a tax. If that profit goes to the beautification of the cemetery, then I agree with the Senator from Tennessee.

Mr. McKELLAR. I will say to the Senator that under the laws of Tennessee one-fourth of all the profits is taken out and put in a trust fund for the perpetual keeping up and beautification of the cemetery itself.

Mr. SPENCER. Then the Senator would have no objection to adding to his amendment, after the word "incorporation," the words "whose stockholders receive no personal advantage"?

Mr. McKELLAR. Oh, no; I do not think that should be done. I think a man who will use his land or my land and invest one-fourth of the profits in the perpetual beautification of a graveyard or cemetery is entitled to the greatest credit in the world and ought to be allowed to make some profit. In the case of one of the cemetery companies of which I happen to know and to which my attention has been called, my recollection is that there has been 15 per cent made in the last 32 years. I think that is a very, very small income. They have had to pay taxes on that as other people pay taxes on their income, and I think that is a very, very small income.

Mr. SPENCER. I agree with the Senator from Tennessee; that is a very small profit; but under the Senator's amendment it would be quite possible for that corporation to pay a thousand per cent dividend a year and still have it exempt from taxation.

Mr. McKELLAR. It would be possible, but not probable. It never has been done, and I doubt if it ever will be done.

Mr. President, I have here a letter from the operator of one of these cemetery companies which I ask unanimous consent to have published in the RECORD. It is short.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

Hon. KENNETH MCKELLAR,
United States Senate.

DEAR SENATOR: Whether organized to operate for profit or not, a cemetery is essentially a quasi charitable, public concern and is usually a public charge and burden, either established and maintained by States, municipalities, and communities or by individuals on cooperative plans. The history of the past has been that throughout the United States cemeteries established and operated in either of these ways have not only been public or private burdens, but have been often deficient in character of development and maintenance, and all over the United States, in almost every city and vicinity, there are many such old cemeteries illy developed and with no adequate fund for their maintenance, many of them degenerated into melancholy ruins and neglect. For this reason the legislatures of some of the States, as Tennessee, in order to encourage individual capital to combine to provide this essential for the public and to relieve the States themselves and the municipalities and the communities from the necessity of establishing and conducting cemeteries at the public expense, have provided for the incorporation of cemetery companies or made other provisions by which individual capital may combine for the establishment and maintenance of cemeteries with the possibility of having the investment returned to the founders in the process of their operations, and to whom any possible profit may accrue. The Supreme Court of Tennessee, recognizing this quasi charitable and public character of a cemetery business in the case of Forest Hill Cemetery Co. *v.* J. H. Creath, trustee, et al. (127 Tennessee, 686), which was a case endeavoring to enforce an assessment of taxes against said cemetery, and notwithstanding said company is owned by stockholders and may distribute to them any net proceeds that may accrue, and for this reason it was strenuously insisted should be held liable for taxes, the court decreed as follows:

"It appears to the court, and the court doth so decree, that all lands of the complainant Forest Hill Cemetery Co., and all improvements thereon, are held for a charitable purpose within the meaning of the constitution of Tennessee, which authorized the legislature to exempt from taxation property held for purely religious purposes, charitable, scientific, literary, or educational."

And in re Railroads *v.* Cemetery Co., 116 Tennessee, 400, the court held that "the cities themselves might have been invested with the power to conduct the business, but the legislature * * * deeming that the duties imposed could be better discharged under the management of private persons gave to such persons in the present instance these powers to be exercised for the convenience of the cities or the public."

But such companies are subjected to restrictions and limitations and requirements inherent in the nature of their business and others which are stipulated under their charters and the laws such as are not imposed upon any other kind of business. As in Tennessee cemetery companies may not own and operate more than 200 acres of land and may not be located within specified distance of cities or towns, and under their charters 25 per cent of all sales are required to be set aside for perpetual care and protection of the cemetery after all other sources of revenue shall have been exhausted, so that only three-fourths of its capital property is left from which to provide for the cost of the property, all of the expenses of development and maintenance, interest charges, etc., and such companies can not borrow money on mortgage of the land to facilitate its business as any other business may do, the Supreme Court of Tennessee construing their charters in re Railroads *v.* Cemetery Co. (116 Tenn., 400), having so decreed as follows: "It is insisted that the power given to mortgage contained in the charter indicated that the cemetery was not intended for public use. We do not think anything could be mortgaged but the proceeds of lots not devoted by the charter to the purpose of maintenance. The nature of the rights secured by the charter to lot owners is such as to forbid the mortgaging of anything else."

The Cemetery Co. is compelled to hold, develop, and maintain its limited amount of land until required for burial purposes only and to suffer, besides, the loss of interest on its investment throughout the slow and restricted process.

In same case as above, the court said: "It is clear that when the incorporators of the defendant company organized under the charter and the company bought land pursuant to the powers vested that land at once became dedicated to cemetery purposes for the interment of the bodies of the dead and for the beautification of the grounds as a ministration to the sensibilities of the living. A purchase under such circumstances could mean nothing else." Therefore, the land could not be sold for any other purpose, and was also held in this case not to be subject to condemnation for any other public use.

Therefore it is plain that there is no way by which the net income of a cemetery business can be determined, for the reason that its capital property can not be liquidated. The theory and basis upon which the net income of any other business at the end of the fiscal year is determined is that its property, of which annual inventory is taken and appraised, may at that time, in an open market, be liquidated and turned into money at its appraised value. This a cemetery may not do, as explained above, and what might appear at the end of its fiscal year as a profit when the receipts are larger than the expenses and the deduction of the proportional cost price of the lots sold has been made may result in ultimate loss, because none of its remaining land, which is its capital property, can be realized on in an open market, and it therefore would be impossible for the cemetery to liquidate its business as any other business may do, though it is compelled nevertheless, as aforesaid, to continue to hold its property and to provide for maintenance and the future development of all unimproved parts. In the case of Forest Hill Cemetery Co., above cited (127 Tenn., 686), the court said: "We have not here involved, it should be especially noted, a corporation for profit that is free at will to throw off or terminate the responsibilities." And in the same case, as follows: "It may not mortgage its land or dispose of it for any purpose but the burial of the dead." And in the same case: "All the lands of the complainant Forest Hill Cemetery Co. and all improvements thereon are held for charitable purposes within the meaning of the law."

No other business is subjected to such limitations as these, and every other business may, as aforesaid, at any time liquidate, as aforesaid, thereby determining at its will its profit or loss, and is not required to continue beyond the point of active and profitable operation, as cemeteries must do. Any other business may turn over its capital repeatedly during the term of its existence, making continued profit on such new investment or output.

In contradistinction to this attitude of the States under the Federal present income-tax laws all cemeteries "operating for profit are liable," those "operating for mutual benefit are exempt." Thus cemeteries, in the language of the court quoted above, conducted "for the convenience of the cities and the public," and operating under limitations and requirements stipulated by their charters and the law and other limitations and restrictions that are inherent in the nature of that kind of business as explained above, being forced to pay taxes on their "net incomes" (always an uncertain quantity for the reasons above explained), must operate in competition to other cemeteries in the same communities which are expressly exempted under the act of Congress from taxes on their incomes. This, if not prohibitive, is in any case a condition of disadvantage and disparagement that it would be difficult, if possible, for any business to survive, and therefore it is submitted must be against public policy. And this in Tennessee under its constitution and laws as construed by the Supreme Court quoted above is plainly contemplated. The effect must be to seriously limit the capacity and policy of every cemetery business now in existence having to pay the tax, to improve, beautify, and handsomely maintain its grounds, and would effectually deter capital from in the future organizing to provide and maintain this great public necessity which in either case would be public misfortune and against the purpose and policy of the State in providing for the organization of cemetery companies under their charters as quoted above.

Forest Hill Cemetery Co. was chartered by the State of Tennessee February 10, 1892, and having been a going concern for 28 years, and one of the most handsomely developed and successful cemeteries in the entire country, during the whole period of that time up to and including the year 1919 distributed a total of only 15½ per cent in dividends, which is less than one-half of 1 per cent on the stockholders' investment, and there is no officer of the company who has received a salary, other than the secretary and treasurer, who are not stockholders; yet this company, because its sales and receipts during the last few years have been in excess of its operating expenses and the proportioned original cost of the land, has been required to pay the Federal income taxes, whereas all of which annual excess may, as indicated above, in the long stretch of years in the future result in ultimate loss.

After 28 years Forest Hill Cemetery, in the slow process of public requirement for burial space, has sold only about one-sixth of its land, and must continue its function to serve the public in this way indefinitely, at which rate more than a hundred years would be required to dispose of its capital property, and after that it still must continue to function. In any community it requires more than a generation to dispose of the land of a cemetery of average size, and that has been essentially the experience of all communities. Nevertheless, through all such time under the existing laws cemeteries like Forest Hill would be required to pay income taxes each year that its income might exceed its current expenses and the proportioned part of the cost of the whole, and in addition thereto pay annually corporation tax on its capital irrespective of profit and irrespective of the fact that under the limitations of its charter and the nature of its business it is deprived in the meantime of the possibility of liquidating its assets (land) as at any time any other business may.

Prior to the Government's assessment of the income tax and the corporation capital tax this was never a business freely entered into by capital and seldom at all except in communities where dire necessity existed to adequately or better provide disposition and respect for the dead, and future continuance of these taxes must result in inhibition. In the opinions of the court, quoted above, there are numerous cases of other States cited confirmatory thereof.

The stock in trade of any other kind of business need only be acquired in quantity to supply current and contemporaneous demand, whereas a cemetery must acquire at its foundation all that it may ever sell and continue to hold with cumulative expense and carrying charges and maintenance for all time. Forest Hill after 29 years has sold only about one-sixth of its land.

The railroad that sought to condemn right of way through an outlying part of this cemetery which in 50 years can not come into use tried to buy the right of way, at more than the entire stock of the company could have been sold for and at a time when it was conducting the cemetery at an annual loss and had never earned a dividend, yet it could not sell.

Respectfully submitted. LAURENCE LAMB.

Mr. SMOOT. Mr. President, I want the Senate to notice that the provision that has already been adopted by the Senate goes this far:

> Cemetery companies owned and operated exclusively for the benefit of their members.

There is no tax whatever upon such a cemetery, and the proposition made by the Senator from Tennessee simply means this: Half a dozen men in any city can form themselves into a company. They can go out upon some hill; they can buy the land at a nominal value per acre; they can sell that land in graveyard lots, and at such a price that after two or three years, when perhaps a quarter of the land is sold, nearly every sale of the lots thereafter is clear gain. I know of cities in the West where I think they have been the most profitable investments that I know of; and not only that, but they take only a part of the interest that they draw upon the gains to take care of the lots.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. MCKELLAR. I desire to ask this question: Do the laws of Utah, for instance, require cemetery companies to take a portion of the proceeds of sales and devote them to a trust fund for the perpetual maintenance and keeping-up of the cemetery?

Mr. SMOOT. Why, Mr. President, in my State it is voluntary, and it is also a part of the agreement when the burial ground is sold.

Mr. MCKELLAR. It ought to be by law.

Mr. SMOOT. The party puts in the agreement, and the purchaser must sign it, that he will pay so many dollars each year for the care of the lot. As I say, that is a part of the agreement, and that is compelled to be done.

Mr. McKELLAR. I think where the Senator's position is faulty is that his State ought to provide for the keeping up of the cemeteries in the up-to-date and modern way.

Mr. SMOOT. Mr. President, I think that if we are going to impose a tax upon all kinds of business, of every name and nature, we ought to impose a tax upon the company that goes and buys land and makes excessive profits upon the burial lots. I can not see one thing that would justify the adoption of the amendment offered by the Senator from Tennessee. If I did not know that there were great profits in this business, if I had not made an investigation of it, I would not take this position; but what first made me do it was the fact that I was asked to go into a company of that kind.

Mr. POMERENE. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. POMERENE. The Senator has just called attention to the language of the amendment as it was adopted some days ago. I think at the time I referred to this language. I think it ought to be amended in one respect to which I shall now refer. It reads:

Cemetery companies owned and operated exclusively for the benefit of their members.

I have in mind a cemetery in my own city which is operated for the benefit of its members, but not exclusively so; that is, they have a potter's field where they bury paupers or those who are not able to pay their burial expenses. I am afraid that under the definition as it is here, that cemetery might be subject to this tax. I do not think it ought to be.

Mr. SMOOT. Does the Senator mean that they take cases that are destitute, and that fall under the provisions of a city charter, and the city pays the expense?

Mr. POMERENE. It is not a city charter; it is chartered by the State, but it is a city cemetery. Under the provisions of their charter they take the proceeds of the sale of these lots and they use that as an endowment fund to beautify and keep in repair the cemetery, and in addition to that they bury paupers or others who are in destitute circumstances.

Mr. SMOOT. But it is not for profit?

Mr. POMERENE. Oh, no; not a dollar is profit.

Mr. SMOOT. Then I would not care if that were exempted.

Mr. POMERENE. There has never been any dividend. I know one of the leading business men who was the president of this association for 25 years or more. It was a sort of a hobby with him. He gave his time to it, and took an interest in it. He never got a dollar's profit out of it.

Mr. SMOOT. I should like to have the Senator from Ohio draw an amendment to cover that case; but let us dispose of this one first. I want to suggest to the Senator that the amendment offered by the Senator from Tennessee is not of that character at all, and I want a vote upon that first, because I can not see any justification whatever for exempting that kind of business from taxation.

Mr. WILLIAMS. Mr. President, it is very well now and then to recur to the topic of conversation and to the real question before anybody. This amendment reads:

Provided, That any incorporation—

I ask the attention of the Senator from Utah to this—

Provided, That any incorporation chartered solely for burial purposes as a cemetery incorporation and not permitted by its charter to indulge in any business not necessarily incident to that purpose shall be exempt from taxation upon its income, but nothing in the foregoing shall exempt shareholders individually in such corporation from taxation upon any dividend or distribution accruing to them from profits made by the corporation. Such incorporations shall be exempt from corporation tax upon their capitalization.

Mr. SMOOT. That simply means that a corporation, for instance, doing a wholesale dry-goods business can not start one of these other corporations in connection with it and be exempt from taxation. That is not the way they do it. The organization of these cemetery companies is for the purpose of carrying on the business of the cemetery company, and that simply identifies them. I do not know of a single cemetery company that is running in connection with another corporation. They are corporations by themselves.

Mr. WILLIAMS. Mr. President, this amendment has nothing to do with the dry goods business. It has nothing whatever to do with any other sort of business except a cemetery business. It says:

That any corporation chartered solely for burial purposes as a cemetery incorporation—

Mr. LODGE. That is precisely the point. It is to exempt from taxation the people who make money out of the burial of the dead.

Mr. WILLIAMS. Mr. President, if I thought that that was the object of this amendment, which bears my name, I should be very much ashamed of ever having offered it. If I had the slightest idea that I had offered an amendment in the United States Senate to exempt from taxation anybody that wanted to make an income out of the dead, I should be more ashamed of it than if I had been a Massachusetts Republican offering a tax law in order to tax the people generally in order to make an income from the living. I should be worse ashamed, even; but I do not find that this bears that construction at all. To be perfectly confidential with the Senate, I had in mind a cemetery in the State of Tennessee, in the city of Memphis, an old cemetery within whose bounds a great many of my relatives have been buried. I want to have that cemetery, as a cemetery used for purely burial purposes, exempt from taxation. They never have distributed dividends sufficient to make it subject to taxation, but I put in this amendment a provision that no stockholder should be exempt from taxation on account of what he had received. Some of my forefathers and a great many of my collateral ancestors are buried there, and I know that that little cemetery should not be taxed as if it were a profit-making corporation. It never has been a profit-making corporation, and it is not one now.

Mr. SMOOT. Then, if it has not made any profits, it will not pay any taxes.

Mr. WILLIAMS. I beg the Senator's pardon. If it will not pay anything else, it will pay a corporation tax on its capitalization.

Mr. President, away back three-quarters of a century ago that cemetery was started. It has received the bodies, after their souls departed, of a great many distinguished antecedents of mine. Away back yonder, when Andrew Jackson was living and when Gen. Tom Winchester was living, they bought the land.

The Senator from Utah a moment ago said something about the increase in the price of land. It undoubtedly has increased immensely in value since the time they bought it. It was almost Indian land when it was turned into a cemetery.

I will read this amendment once more, so that the Senate can catch it. It reads as follows:

That any incorporation chartered solely for burial purposes as a cemetery incorporation and not permitted by its charter to indulge in any business not necessarily incident to that purpose shall be exempt from taxation upon its income, but nothing in the foregoing shall exempt shareholders individually in such corporation from taxation upon any dividend or distribution accruing to them from profits made by the corporation.

Mr. President, that simply means that if the corporation has never made money enough to be able to distribute any profits, has never made profits enough to declare any dividends, it shall be exempt.

I know that in certain States in the Union a bad practice has grown up, that of allowing three or four or five men, as the Senator from Utah said a moment ago, to meet and incorporate as a cemetery corporation, and then undertake almost any business in the world; but that is not the case I am striking at in this amendment. If Senators will read the amendment carefully, they will see that every corporation of that sort is excluded. I am informed that out West, perhaps in the Senator's State, men incorporate cemetery associations as profit-making enterprises, but down in the good old-fashioned States of Tennessee and Mississippi, so far as I know, that has never occurred, any more than that my plantation graveyard should be regarded as a profit-making enterprise.

My object in offering this amendment is to reach a case where a number of people come together and form a cemetery corporation merely and solely to bury people, and to make no profit out of it, except, perhaps, incidentally the profits accruing from the appreciation of the value of the real estate. In this particular case to which I have reference, where the real estate was bought while Andrew Jackson was living, there would be an immense appreciation, of course; but they did not purchase the land with that in view; that was not their purpose.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. McCUMBER. Mr. President, I want the attention of the Senator from Tennessee who offered this amendment. I am quite certain that the Senator from Tennessee does not desire that a corporation which was organized and purchased some beautiful spot for a cemetery for $10,000 in acreage, and immediately sells burial lots for $200,000, should be excused from paying a tax upon the profit it makes. I therefore suggest an amendment, which I hope the Senator will accept, and if he will I think there will be no objection to his amendment, using the usual words which are used when we desire to exempt a corporation or an individual who acts merely for charitable pur-

poses. I propose to strike out, on line 5, after the word "income," the following words—

but nothing in the foregoing shall exempt shareholders individually in such corporation from taxation upon any dividend or distribution accruing to them from profits made by the corporation.

Then insert, after the word "purpose," on line 4, just above what I propose to have stricken out, these words—

no part of the net earnings of which inures to the benefit of any private stockholder or individual.

The amendment then would read:

That any incorporation chartered solely for burial purposes as a cemetery incorporation and not permitted by its charter to indulge in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private stockholder or individual, shall be exempt from taxation upon its income. Such incorporations shall be exempt from corporation tax upon their capitalization.

That would obviate the objection which is made upon this side of the Chamber, and I think would effectuate the very laudable purpose which the Senator from Tennessee has in view.

Mr. McKELLAR. That would have the effect of exempting all that part of the profits which go to the trust fund to keep up the cemetery?

Mr. McCUMBER. Certainly, because that would not inure to the benefit of any stockholder or individual. It would simply inure to the benefit of the organization for the purposes set forth.

Mr. McKELLAR. I understand the Senator's proposition, but I am afraid that the language he suggests would not effectuate it.

Mr. WILLIAMS. As far as I am concerned, I am willing to accept the modification suggested by the Senator. I want to go further, so as to make my purpose perfectly certain. I suggest that after the word "incorporation," in the first line, we insert the word "hitherto," so that it will read:

That any corporation hitherto chartered.

I am so anxious, Mr. President, to avoid even any appearance of trying to make a profit out of the dead that I do not want any possibility of it.

Mr. McCUMBER. It would not be necessary to put in the word "hitherto," because if it applies to one corporation it ought to apply to another, and I can see no objection to it whatever if it is amended as I have suggested.

Mr. WILLIAMS. Very well. I have no objection to the modification suggested by the Senator from North Dakota.

Mr. McCUMBER. I hope the language I have suggested striking out will be left out.

Mr. McKELLAR. So far as I am able to do so, I am glad to accept the amendment suggested by the Senator from North Dakota.

Mr. KING. In my own time, may I inquire of the Senator whether the amendments offered by the Senator from Tennessee and the Senator from Mississippi and the Senator from North Dakota have for their object the exemption of the corporation itself from any corporate taxes?

Mr. McCUMBER. The object is to exempt them from any corporate taxes so long as they are exclusively engaged in the business referred to, and so long as all of their income is used to beautify the cemetery, and to be expended upon the cemetery, and no part of its profits are to inure to the benefit of any stockholder or individual.

Mr. KING. But suppose some of its profits are distributed in the form of dividends; while it is true that the distributees would pay their normal taxes or their surtaxes according to the extent of their incomes, I see no reason why the corporation itself in a case of that kind should not pay its corporate tax.

Mr. McCUMBER. It would.

Mr. McKELLAR. It would, except under the terms of the amendment suggested by the Senator from North Dakota.

Mr. McCUMBER. If the profits are distributed, it comes without the provision of this amendment.

Mr. KING. If that is the case, I have no objection.

Mr. McCUMBER. It permits the profit to be used for public purposes and for the most worthy purposes for which it could be used, the keeping up of the cemetery.

Mr. KING. I had in mind the statement of my colleague, and I can corroborate his remark. I know that many of the corporations have charged extravagant prices for the lots which they have sold, and have made very large profits. Corporations of that character ought to pay the same as other corporations organized for the purpose of making profits, whether in trade, or commerce, or anything else.

Mr. McCUMBER. If all profits are utilized for beautifying the cemetery and keeping it up, they ought not to have to pay.

Mr. KING. That is a different thing.

Mr. McCUMBER. That is all there is now to the amendment. The Senator from Tennessee accepts the amendment to the amendment?

Mr. WILLIAMS. I accept it.

Mr. McKELLAR. I am willing to accept it.

Mr. McCUMBER. Now, I ask the Senator to agree to strike out the word "incorporation" wherever it occurs, and to insert in lieu thereof the word "corporation," so that it will conform to the language generally used throughout the bill.

Mr. McKELLAR. I accept that.

Mr. WILLIAMS. I agree to that.

Mr. POMERENE. I ask the chairman of the committee to accept a further amendment. If it does not meet with his approval, it can be taken care of in conference. On line 4, insert the words "cemetery companies owned or operated exclusively for the benefit of their members, or which are not operated for profit."

Mr. McCUMBER. That, I think, is merely repeating what is in the amendment already.

Mr. POMERENE. I would say so, except for the peculiar language in lines 4 and 5.

Mr. McCUMBER. I have no objection.

Mr. POMERENE. It can be stricken out in conference, if the Senator is of opinion that it is not necessary.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

Mr. KING. Mr. President, there is an important amendment to be considered, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll and the following Senators answered to their names:

Ashurst	Hale	Myers	Smith
Ball	Harris	Nelson	Smoot
Brandegee	Harrison	New	Spencer
Broussard	Heflin	Newberry	Stanley
Bursum	Johnson	Nicholson	Sutherland
Cameron	Jones, N. Mex.	Norbeck	Swanson
Capper	Jones, Wash.	Norris	Townsend
Cummins	Kenyon	Oddie	Trammell
Curtis	Keyes	Overman	Walsh, Mass.
du Pont	King	Page	Walsh, Mont.
Edge	La Follette	Penrose	Warren
Ernst	Lenroot	Poindexter	Watson, Ga.
Fernald	Lodge	Pomerene	Watson, Ind.
Fletcher	McCumber	Ransdell	Weller
France	McKellar	Reed	Williams
Frelinghuysen	McKinley	Sheppard	Willis
Glass	McNary	Shortridge	
Gooding	Moses	Simmons	

The VICE PRESIDENT. Seventy Senators having answered to their names, a quorum is present.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to reconsider the vote by which that provision of the bill on page 148 was adopted in order that I may offer an amendment to it.

Mr. McCUMBER. That is one of the bloc amendments which was considered and reconsidered, but I think we might as well dispose of it now as to have a motion in the Senate. So I have no objection to another reconsideration.

The VICE PRESIDENT. Without objection, the vote by which the provision referred to was adopted will be reconsidered.

Mr. LA FOLLETTE. I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be reported.

The READING CLERK. On page 148, after line 17, insert the following proviso:

Provided, That in addition to taxes heretofore levied by this section a tax of 10 per cent shall be imposed upon the value of the securities of such estates so transferred, by whatsoever authority issued, which securities have not been taxed under the Federal income or excess profits tax laws, and which were issued prior to the passage of this act; and that upon such tax exempt securities issued subsequent to the passage of this act the additional tax so levied shall be 15 per cent: *Provided further*, That the foregoing provision shall not apply to bonds issued under the authority of the Federal farm loan act approved July 17, 1916, or any acts amendatory thereof, or to stocks issued under the authority of a Federal reserve act, approved December 23, 1913, or any acts amendatory thereof.

Mr. KING. Mr. President, I call for order. This is an important amendment, and I think we ought to be advised of the contents of it and ought to have an opportunity to hear whatever may be said relative to it.

Mr. LA FOLLETTE. I asked for the reading of the amendment because I was desirous that Senators, who will be called upon presently to vote upon it, may understand its provisions. I doubt if half a dozen of the Senators now present heard the reading by the Secretary. I ask now to have it again reported.

The VICE PRESIDENT. It will be again read.

The reading clerk again read the proposed amendment.

Mr. LA FOLLETTE. Mr. President, the purpose of the amendment is to compel securities which have not paid taxes during the life of their owners to make up for it by an extra transfer tax upon the death of the owner. It applies solely to tax-free securities. I think that every Senator and I know that every member of the Committee on Finance has been profoundly impressed by the importance of dealing in some way with the vast amount of wealth which is being invested in tax-free securities and is escaping altogether bearing any part of the burdens of the support of Government.

Various estimates have been made of the amount of these tax-free securities. The Senator from New Hampshire [Mr. MOSES], speaking the other day upon this subject, said that the tax-exempt securities held in this country amount to $16,000,000,000. On the same day the Senator from New Mexico [Mr. JONES] stated that he had seen estimates that the amount of tax-exempt securities was $20,000,000,000.

Mr. WATSON of Georgia. Mr. President——

Mr. LA FOLLETTE. I yield, but I must remind the Senator that I have only 10 minutes.

Mr. WATSON of Georgia. I know it, and I shall ask a very brief question. How does the Senator escape the legal question——

Mr. LA FOLLETTE. I shall come to that in just a moment.

Mr. WATSON of Georgia. Very well.

Mr. LA FOLLETTE. I quote now from a memorandum furnished me by the Legislative Reference Library:

> There are at present $14,000,000,000 worth of tax-exempt bonds, enough to absorb the entire wealth of persons in the United States having an income of $100,000 or more, thus enabling all those wealthy persons who would otherwise pay the highest income taxes to avoid paying any taxes whatever. If these bonds were all held by persons with such incomes and the average return on those bonds was 5 per cent, the minimum of taxes to the Federal Government would be $280,330,000 and the maximum $464,240,000. In 20 years this would amount to a minimum of $4,000,000,000 and a maximum of over $9,000,000,000 in taxes.

I quote from the New York Evening Post of March 19, 1921, the following:

> Guy Houston, president of the American Association of Joint Stock Land Banks, in 1920 estimated the taxes from securities of all kinds outstanding as follows:

Municipal, county, and State bonds	$7,000,000,000
Special assessment bonds on cities	1,000,000,000
Municipal bank securities	3,000,000,000
Building and loan associations' securities	1,700,000
First and last Liberty loan bonds	4,000,000,000
Federal reserve banks' stock	87,000,000
Farm loan bonds	300,000,000

The two last items in the list I have exempted from the amendment which I have offered. I have just one more authority to quote upon this subject.

The Wall Street Journal, under date of August 19, 1921, reports a meeting of the Chicago Mortgage Bankers' Association addressed by its president, George H. Taylor, who said—and I quote his words:

> Were the tax-exempt privilege entirely withdrawn, there would be approximately $16,000,000,000, aside from Liberty bonds, amenable to taxation. This at the normal income tax rate would yield nearly $1,000,000,000 annually and would relieve the people of huge tax burdens and divert amazingly large sums from nonproductive to productive uses.

I find in the testimony before the House Ways and Means Committee a statement by a banker and member of one of the large bond houses in this country, Bache & Co. Mr. Bache is at the head of one of the large financial institutions of the country. He states here that he has prepared, as he is drifting toward the close of life, to put all his investments into tax-exempt securities, so that his estate will not have to pay any inheritance tax to the Federal Government. He was asked how much he had spent in promoting the sales-tax propaganda——

> Mr. BACHE. I have spent more than I can afford to, in view of my taxes, because I am getting out of business, putting my money into municipal bonds as fast as I can.

Again, he said:

> You may amend your Constitution to make future municipal bonds tax bearing, but you can not make past ones. I am not a lawyer, but you can not make the sixteen billions, or whatever amount there is outstanding, to be taxed. That is quite large enough to cover our large fortunes.

That is where they propose to put their large fortunes. Now, can they be reached? I say they can. Under the decisions of the Supreme Court, by other court decisions, and by law, Mr. President, from an early date in this country it has been determined that property of a State or municipality may not be taxed, because to do so would be to tax instruments of government. From this it has been made to follow that for the Federal Government to impose a tax upon securities issued by a State or a municipality is in effect a tax upon such State or municipality and consequently is a power which the Federal Government can not exercise. The leading case upon this subject is entitled The United States *v.* Railway Company (84 U. S., 97). All Senators are familiar with it. The amendment which I propose is not a tax upon property at all, but it is a tax upon the privilege of transferring property either by will or under intestate law. In such a case it would come, rather, under the head of excise taxes and not properly as being a property tax at all.

Mr. President, I will stop to let the chairman of the committee have the floor if he wants it. He indulges in conversation that can be heard all over the Chamber every time a Senator is speaking, without regard to whether a Senator shall be heard or not.

Everybody knows that the leading case on this subject is that of Knowlton against Moore, One hundred and seventy-eighth United States, which holds that the United States as well as the State may levy inheritances taxes, and that the tax is not one on property at all, but is on the privilege of succession and is in the nature of an excise.

In Flint *v.* Stone Tracy Co. (220 U. S., 107) the Federal corporation tax is carefully considered and held to be constitutional, the court saying, on page 158, that the tax is within the class which Congress is authorized to levy and collect under article 1, section 8, of the Constitution, and described generally as "taxes, duties, imposts, and excises" upon which the limitation is that they "shall be uniform within the United States." This last case is not directly in point, but is valuable for its discussion of the principles of taxation.

The VICE PRESIDENT. The Senator's time has expired.

Mr. LA FOLLETTE. I will occupy such time as I may for the further explanation of my amendment under the provision that I may speak upon the bill.

The VICE PRESIDENT. The Senator is entitled to 10 minutes on the bill.

Mr. LA FOLLETTE. I ask to have account kept of my time, that I may reserve whatever I may have left after I shall have finished, for I shall only occupy a moment.

The VICE PRESIDENT. The Senator is entitled to speak only once on the bill.

Mr. LA FOLLETTE. Well, I shall have to submit to that, because I want to go on for a moment.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. The Senator from Wisconsin has the floor.

Mr. LA FOLLETTE. I yield for the time being. There may be some amendments offered to this amendment; but let me say—I hope I may be indulged for a second—if any Senator wants to suggest an amendment to the amendment which I have proposed which proposes to fix a 10 per cent tax and a 15 per cent tax—a 10 per cent tax on outstanding tax-exempt securities and 15 per cent——

Mr. PENROSE. I rise to a question of order.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. PENROSE. It is that the Senator from Wisconsin has exceeded his time by several minutes under the rule.

Mr. LA FOLLETTE. I have not exceeded my time by several minutes, though I have exceeded it by a few seconds; but I will yield to the order of the Chair and surrender the floor.

The VICE PRESIDENT. The Senator's time has expired.

Mr. WALSH of Montana. Mr. President, evidently the Senator from Wisconsin was intending to discuss, briefly at least, the question of the power of Congress to levy taxes of this character. As to that there is no doubt whatever.

There is undoubtedly a very legitimate market for securities of the character referred to in this amendment, securities that bear a low rate of interest, that ordinarily are purchased and go into the hands of the trust companies and savings banks and trusts for individuals and other persons who are under guardianship. They are not a legitimate field of investment for men of great wealth who are desirous of escaping Federal taxation. Certainly something ought to be done to discourage, at least so far as we can, the investment of funds in securities of this character which ought to be invested in industrial and other securities.

The question is addressed to the Senate as to whether we have the power to enact a statute of this character. Mr. President, the provisions of the bill as they now stand will reach undoubtedly securities of this character which may be in the hands of a decedent at the time of his death; in other words, if a man dies having no estate whatever except such ordinarily tax-exempt securities, they would still be subject to the tax provided in the bill as it is now written; but it will be borne in mind that from the time these securities were issued down to

the time of the death of the decedent they have escaped Federal taxation altogether, and accordingly that particular kind of scurity ought to bear a heavier burden when it is transmitted on the death of the owner of the property.

The subject was exhaustively considered by the Supreme Court of the United States in the case to which the Senator from Wisconsin has referred, the case of Knowlton against Moore, reported in One hundred and seventy-eighth United States, page 41, but the particular subject had special consideration from the Supreme Court in a decision on a case heard at the same time, entitled Plummer against Coler, reported in One hundred and seventy-eighth United States, page 115. The principle is succinctly stated and in a brief manner in Judson on Taxation, as follows:

SEC. 582. State securities are not exempt from Federal inheritance taxes: The exemption of State agencies and instrumentalities from Federal taxation does not extend to the exemption of State and municipal securities from a Federal inheritance tax. These last are subject to Federal taxation on the same principle that Federal securities are subject to a State inheritance tax. The tax is upon the right of inheritance and not upon the property inherited.

Mr. POMERENE. The Senator did not give the page from which he read. Will he state it?

Mr. WALSH of Montana. I read from section 582 of Judson on Taxation.

Mr. President, the exact question was not determined in Plummer against Coler, to which I have referred, reported in One hundred and seventy-eighth United States, page 115, but what was decided in that case is briefly expressed in the syllabus, from which I read:

The right to take property by will or descent is derived from and regulated by municipal law; and, in assessing a tax upon such right or privilege, the State may lawfully measure or fix the amount of the tax by referring to the value of the property passing and the incidental fact that such property is composed, in whole or in part, of Federal securities, does not invalidate the State tax or the law under which it is imposed.

So, Mr. President, if an estate consists altogether of Government bonds which the State can not tax at all, those Government bonds may be made to pay an inheritance tax as they pass from the former owner to the party upon whom the property devolves pursuant to will or the inheritance law. In other words, it is decided in this case that the State can tax Federal securities; that is, an inheritance tax may be levied on their passing; and it follows of necessity that the Federal Government, accordingly, can impose an inheritance tax upon State securities on the passage of State securities or other obligations of that character. There is no possibility of distinction between the two, so that the case of Plummer against Coler may be regarded as a direct adjudication of the question before us.

Mr. McCUMBER. Mr. President, I should like to hear the Senator upon the other proposition, whether we can segregate State securities and impose upon them a higher rate of taxation or a higher rate for the passing of those securities by death than we do upon other property of equal value?

Mr. WALSH of Montana. I do not see why we can not make a classification. The point is that securities that are not exempt from taxation pass under one rule and under one amount, while property which is exempt from taxation ordinarily passes under another rule. It has occurred to me that that forms a perfect basis for a different classification of rates.

Mr. McCUMBER. If that is true, we can destroy the real value to the State of that character of securities when it desires to sell them.

Mr. WALSH of Montana. That was the argument that was made in the cases of Knowlton against Moore and Plumer against Coler, namely, that if the States were permitted to impose an inheritance tax upon property of this character at all it might utterly destroy the value of the security; but the Supreme Court said that that contention was too remote, and they would not pay any attention to it. That was the argument upon which the case proceeded. It was contended that if the power was granted to the States thus to tax securities of the United States in the course of devolution it would destroy the value of Federal securities. I have not the time to refer to the case, but I could quote the language of the court in the case to which I have referred.

Mr. POMERENE. The inheritance tax is upon the corpus of the estate, and it is entirely regardless of the character of the securities.

Mr. WALSH of Montana. Really, it is not on the corpus of the estate, but it is upon the right to take it, and it is measured by the amount of the corpus of the estate.

Mr. POMERENE. The Senator has expressed the idea more accurately than I did.

Mr. WALSH of Montana. So that, so far as the legal aspect is concerned, there is no objection to this amendment, and upon its merits I do not believe that anything substantial can be urged against it.

Mr. WATSON of Georgia. Mr. President, the point in the case has not been touched at all, and that is this:

A bond is a contract, and the terms of it are carried on the face of the bond. Whether or not the Federal Government should issue tax-free securities is not the question here before us to-night. Whether States, counties, and cities should do it is not the question. The amount has nothing whatever to do with it. The question is, Can a bond which is tax free by the contract made between the State or the Government and the man or the woman who pays over his or her money on the faith of that contract be changed?

The Constitution says that we can not impair the obligation of a contract. If I had a $1,000 tax-free bond—which I do not have—it would, in my possession and ownership, be free from tax. The Senator from Montana will not dispute that, nor will the Senator from Wisconsin.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. WATSON of Georgia. Yes.

Mr. WALSH of Montana. The very question which the Senator now is discussing has also been decided by the Supreme Court. It was held in the case of Federal securities that were expressly declared to be exempt from all taxation that the Federal Government could tax them nevertheless.

Mr. WATSON of Georgia. Where is the decision?

Mr. WALSH of Montana. In Knowlton against Moore.

Mr. WATSON of Georgia. I should be glad to have the Senator read it.

Mr. WALSH of Montana. I will do so later; not just now.

Mr. WATSON of Georgia. I should be glad if the Senator would. That is simply an indirect way of doing what you can not do directly. If a $1,000 bond in my ownership is tax free, and it goes at my death to my grandchildren, that provision of the contract remains inviolate until the bond matures; otherwise you impair the obligation of that contract.

Mr. LENROOT. Mr. President, I desire to offer an amendment to the amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The READING CLERK. It is proposed to amend the pending amendment by striking out, on line 2, the words "of 10 per cent shall be imposed upon," and inserting "equivalent to 10 per cent of."

Mr. LA FOLLETTE. I accept that amendment, Mr. President.

Mr. EDGE. Mr. President, will the junior Senator from Wisconsin explain just wherein that differs from the amendment as originally offered by the senior Senator from Wisconsin?

Mr. LENROOT. Mr. President, the original amendment in its terms imposed a tax of 10 per cent upon the value of these tax-exempt securities. I believe that we have the right to impose an estate tax, and to measure the amount of that tax by anything we choose, so long as it is applied upon all estates in the same way; so that my view of this amendment is that we are merely measuring an additional tax upon the entire estate by the value of the exempt securities.

Mr. EDGE. In other words, then, we are rather beating around the bush; and if there is any question of constitutionality—which I can not discuss—of tax-exempt securities already held we will raise the estate taxes by an amount equal to an additional 10 per cent, thus covering those same tax-exempt securities indirectly.

Mr. LENROOT. We do not raise them 10 per cent upon the entire estate, but we raise the tax upon the entire estate in an amount equal to 10 per cent of the value of the tax-exempt securities.

Mr. EDGE. That is what I meant.

Mr. BRANDEGEE. Mr. President, is not the distinction to be drawn in this way, that the tax is not upon the tax-exempt securities, but it is upon the privilege of inheritance?

Mr. LENROOT. That is the purpose of the amendment.

Mr. WALSH of Montana. Mr. President, since the junior Senator from Wisconsin has offered an amendment to the amendment of the senior Senator from Wisconsin I desire to address myself to that amendment.

Reference has already been made to the case of Murdock against Ward, heard at the same time as Knowlton against Moore, and reported in the same volume.

The argument in this case turns at last upon the proposition that, by the exempting clauses in the statutes and on the face of the bonds, the United States entered into a contract with those who should buy and hold the bonds that neither principal nor interest should be taxed. Whether the United States, in the exercise of the power of taxation, can be estopped by a contract that such power shall not be exercised, we need not consider, because the contract in this case does not, as we

view it, mean that a State may not, or the United States may not, tax inheritances and legacies, regardless of the character of the property of which they are composed.

The point being, as suggested by the Senator from Connecticut just now, that the tax is not on the property at all, but upon the right to have it devolve upon the successor in interest.

That some of the holders of United States bonds may have paid franchise taxes to the States and others may have paid State or Federal inheritance and legacy taxes has nothing to do with the contract between the United States and the bondholders. The United States will have complied with their contract when they pay to the original holders of their bonds or to their assigns the interest, when due, in full and the principal, when due, in full.

So here, in the case of State securities, the contract is between the State and the person to whom the securities are issued. The State is obliged to pay these securities to whomever they may be due; but a tax levied on the right to take them must be paid, not by the party with whom the contract was made at all but by some one else, with whom no contract was made, but who claims to have the right to acquire these securities either by virtue of a will or by virtue of the inheritance laws of the State.

Mr. BRANDEGEE. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. The Senator from North Dakota has just suggested to me this question: Suppose the State stipulates in the bond that the purchaser of the bond shall be free from any Federal inheritance tax; what will the Senator say about that?

Mr. WALSH of Montana. Of course, no declaration that a State might make to the effect that the bonds should be exempt from Federal taxes could be of any force or effect whatever. The power of the Federal Government to impose taxes, if it has that right, as a matter of course can not be impaired or restricted in any way by any declaration or any action whatever on the part of the State.

Mr. McCUMBER. Mr. President, suppose that the State law which provides for the issuance of a bond provides that the bond and interest thereon shall be free from any tax, inheritance or otherwise, and stops right there, and the bond carries a rate of interest so low that it would appeal to people who desired to be freed from both classes of tax. Can the Government of the United States come in and destroy the very purpose that the State had in view in selling those bonds at a lower rate of interest, and perhaps receiving a greater amount because of their being tax free?

Mr. WALSH of Montana. That is the same question that was addressed to me by the Senator from Connecticut. It does not make any difference what the State declares about the tax-exempt character of these bonds; it can not affect the power of the Federal Government, and, of course, the purchasers of these bonds must have known that. Notwithstanding that declaration, which was intended to mean that the State itself would not levy any inheritance tax upon the bonds or upon the right to succeed to their ownership, no man with any discretion or knowledge even of business would believe that that declaration upon the part of the State was binding on the Federal Government and that the Federal Government would not levy any inheritance tax upon the acquisition of property of this character.

Mr. BRANDEGEE. If the Senator will permit me at that point——

Mr. WALSH of Montana. I yield.

Mr. BRANDEGEE. I have given the matter no consideration, but if the State does make a contract to that effect, and if the Constitution of the United States says that Congress shall not pass any law impairing the obligation of a contract, how does the Senator reconcile the constitutional provision with the claim that he makes?

Mr. WALSH of Montana. Of course, I should say, in the first place, that the contract would be nugatory, because it is beyond the power of the State government to prevent the Federal Government from levying such taxes as under the Constitution it may levy; and, of course, the purchaser with knowledge of the law knows that that is the case.

Mr. BRANDEGEE. Of course, I am aware of the fact that the provision of the Constitution is not that the National Government shall not pass a law impairing the obligation of a contract, but that no State shall pass such a law; but in my opinion it would be held that the National Government likewise could not pass a law impairing the obligation of a contract.

Mr. WALSH of Montana. Mr. President, I merely desire to say, in answer to that, that no one can contend that the provision of the Constitution preventing the States from impairing the obligation of contracts is applicable. The State does not impair the obligation of the contract at all. The provision is that no State shall impair the obligation of a contract. The State is not impairing it. If it is impaired in any way, the contention is that the Federal Government has impaired it.

Mr. BRANDEGEE. Yes; but I say what the Federal Constitution would prohibit the States from doing it prohibits itself from doing, in my opinion.

Mr. WATSON of Georgia. Mr. President, a hasty examination of this decision does not seem to show that the question of tax-free obligations was passed on.

Mr. WALSH of Montana. I understood so. The language seems quite plain.

Mr. WATSON of Georgia. I say that is the result of a hasty examination. I have had only a moment to look at it.

Mr. WALSH of Montana. The court says:

The argument in this case turns at last upon the proposition that, by the exempting clauses in the statutes and on the face of the bonds, the United States entered into a contract with those who should buy and hold the bonds that neither principal nor interest should be taxed.

And they dispose of that by saying the point is not well taken.

Mr. WATSON of Georgia. In that case there was a divided decision, and the Chief Justice went the other way.

Mr. JONES of New Mexico. Mr. President, referring to the query of the Senator from Connecticut [Mr. BRANDEGEE], I do not know that any State has ever issued any bonds guaranteeing the holder of the bonds in specific terms against an inheritance tax by the United States; and I should like to inquire of the Senator from Connecticut if he knows of any such case.

Mr. BRANDEGEE. Why, no, Mr. President; I do not; but my information about that would be of no value. I have not heard of any. I have not made any inquiry about it. My inquiry was simply suggested by the Senator from North Dakota, who put a supposititious case.

Mr. JONES of New Mexico. Then I will ask the Senator from North Dakota if he knows of any such case.

Mr. McCUMBER. Mr. President, I am not the owner of any of those securities, so I have not examined any of them to see just what their terms are, nor have I examined the laws of the several States. I can very easily understand why, if a State felt that the Government was going to levy any kind of a tax upon its securities it would be very quick to find means by which it would declare that its securities should be free from both the ordinary tax and the tax upon estates.

Mr. BRANDEGEE. It could not do that. A State could not exempt its own securities.

Mr. JONES of New Mexico. Mr. President, I was led to ask this question because I should think it would be a very unusual procedure for the States to go beyond the usual form of legislation upon this subject. I can not recall any case where there has been any reference to the tax laws and the inheritance laws of the United States, and I think the objections which are raised in that regard are wholly without any concrete cases to support them. If we are permitted to levy an estate tax at all, it would seem to me that that does not constitute any tax upon the obligation of the State. It is either a tax upon the transfer of the property or it is not.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Georgia?

Mr. JONES of New Mexico. I yield.

Mr. WATSON of Georgia. First stating that I think that is evidently an evasion instead of an argument, I want to call the attention of my friend the Senator from Montana [Mr. WALSH] to the fact that the court expressly refused to consider the very question which I raised.

Mr. JONES of New Mexico. I have heretofore called attention to what I thought the Federal Government should do in these circumstances; that is to say, instead of taxing the estates, taking the transfer of the property from the ancestor to the heir, we should tax income, should levy an inheritance tax, a special tax upon the income which the heirs receive by way of inheritance. Such a provision would eliminate all these questions; but I have never contended that a law of this sort would be unconstitutional; I think it is constitutional.

I believe, however, that the better way to reach the proposition is by an inheritance tax rather than by an estate tax, because this tax of 10 per cent which the Senator from Wisconsin proposes is a tax upon the estate regardless of the number of heirs, and to that extent may be an unequal method of taxation. If there are a large number of heirs, they are taxed upon the total of the estate; and as I have previously argued we should have an inheritance tax, and that would remove the inequality to which I have referred, and it seems to me it would remove all question of taxation of these securities, because in such case it would be a tax upon income received no matter from what source. But I must say that I can not see any constitutional objection to this sort of a tax.

I would like to make a parliamentary inquiry, Mr. President. Is the amendment of the Senator from Wisconsin [Mr. LENROOT] pending?

The VICE PRESIDENT. It is not. That amendment was accepted.

Mr. JONES of New Mexico. This is a very important matter, and inasmuch as we tax corporations upon their total income a flat 15 per cent, for the purpose of giving an opportunity for fuller discussion of this matter, I move to change this tax of 10 per cent proposed by the Senator from Wisconsin to 15 per cent.

Mr. LODGE. Mr. President, I suppose everyone who has given any attention to this question, even the most superficial, realizes the extreme injustice that is caused by this great body of tax-exempt securities, and I know that many efforts have been made to reach them in some way; but the decisions of the courts, and the Constitution, seem to stand in the way of taxing them, certainly in the hands of living persons.

In the case of Pollock against Farmers' Loan & Trust Co., the decisions in the cases involving the taxation of municipal bonds are summed up in a very able opinion. But this is not the question of a tax on the securities. It rests, as all inheritance taxes must, on the right of transfer, as the Senator from Connecticut has pointed out.

The senior Senator from Wisconsin [Mr. LA FOLLETTE] called my attention to a recent case, which seems to me of such importance that I am going to take the liberty of reading it to the Senate. It is in Two hundred and fifty-fourth United States, the case of Watson and others, executors of Watson, against the State Comptroller of the State of New York, and came up on a writ of error. The Supreme Court said, in that decision:

> The occasion and the purpose of the statute are shown by the court of appeals. An owner of investments is not required either to list them for assessment locally under the general property tax law or to present them for stamping under the investment tax law. Whether the investments of a resident are taxed during his life depends either upon his own will or upon the vigilance and discretion of the local assessors. This condition led to loss of revenue by the State and to inequality in taxation among its citizens. To remedy both evils this additional transfer tax was imposed upon investments of a decedent which had wholly escaped taxation. It is insisted that the tax is discriminatory because under it other property of the same kind bequeathed to persons standing in the same relationship to the decedent will not be taxed. But the power to classify for purposes of taxation is fully established. The executors admit, as they must, that a classification is reasonable if made with respect to the kind of property transferred; or to the amount or value of property transferred; or to the relationship of the transferees; or to the character of the transferee, for instance, as engaged in charity. (Magoun *v.* Illinois Trust & Savings Bank, 170 U. S., 283, 300; Billings *v.* Illinois, 188 U. S., 97; Campbell *v.* California, 200 U. S., 87.) But their list does not exhaust the possibilities of legal classification. (See Beers *v.* Glynn, 211 U. S., 477, 484; Keeney *v.* New York, 222 U. S., 525; Maxwell *v.* Bugbee, 250 U. S., 525. Compare Hatch *v.* Reardon, 204 U. S., 152.) Any classification is permissible which has a reasonable relation to some permitted end of governmental action. It is not necessary, as the plaintiff in error seems to contend, that the basis of the classification must be deducible from the nature of the things classified; here the right to receive property by devolution. It is enough, for instance, if the classification is reasonably founded in "the purposes and policy of taxation." (Pacific Express Co. *v.* Seibert, 142 U. S., 339, 354; Kidd *v.* Alabama, 188 U. S., 730, 732; Clement National Bank *v.* Vermont, 231 U. S., 120, 136–137; Farmers Bank *v.* Minnesota, 232 U. S., 516, 529–530.)
>
> And what classification could be more reasonable than to distinguish, in imposing an inheritance or transfer tax, between property which had during the decedent's life borne its fair share of the tax burden and that which had not?

That seems to cover the principle in this case pretty clearly.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from Georgia?

Mr. LODGE. In one moment. I have not concluded the reading of the case, and I should like to finish the citation.

> It does not follow, as is also argued, that the act in question imposes a property tax merely because its existence may induce owners of investments to present them for taxation under the investment tax law. Nor is it to be deemed a law imposing a penalty merely because the decedent's estate may under it be required to pay more in taxes than the deceased would have paid if he had presented his property for taxation under the investment tax law. Whether this additional transfer tax would be obnoxious to the fourteenth amendment if it could be deemed a property tax or a penalty we have no occasion to consider.

That decision seems to me to be of great importance as establishing the right to classify property when imposing a tax on the transfer of property, not on the property itself but on the right to transfer.

Mr. WATSON of Georgia. Will the Senator allow an interruption?

Mr. LODGE. Certainly.

Mr. WATSON of Georgia. That does not touch this case at all.

Mr. LODGE. Very likely; I thought it did.

Mr. WATSON of Georgia. I have no doubt the Senator from Massachusetts thought so, but this Senator does not think so.

Mr. LODGE. I supposed it included it; but we all have a right to our opinions.

Mr. WATSON of Georgia. Of course we have, and I have a right to mine. I did not intend in the least degree to be discourteous to the Senator, but I wanted to point out to him that that decision does not touch this case, for the reason that nothing is said there about tax-exempt securities.

Mr. LODGE. I beg the Senator's pardon. He could not have listened to what I read. It specially mentions tax-exempt securities.

Mr. WATSON of Georgia. I did not hear that part of it. The court did not decide that question in the other case, and did not decide it in this, as I understood it.

Mr. LODGE. The language of the court is:

> To remedy both evils this additional transfer tax was imposed upon investments of a decedent which had wholly escaped taxation.

Mr. WATSON of Georgia. Investments which have escaped taxation are not the same as investments which are tax exempt.

Mr. WALSH of Massachusetts. They could have been taxed during the lifetime of the decedent.

Mr. LODGE. Not necessarily.

Mr. WATSON of Georgia. That is a very different proposition from tax-exempt securities.

Mr. WALSH of Massachusetts. I agree with the senior Senator from Massachusetts in his interpretation, but the fact is that the property involved consisted of securities which could have been but were not taxed during the decedent's lifetime.

Mr. LODGE. There is no mention here of the precise property involved.

Mr. WALSH of Massachusetts. It refers to certain property that escaped taxes which, under the laws of New York, was taxable.

Mr. WATSON of Georgia. There is plenty of property which escapes taxation and which, if found, can be taxed. That often happens. But, Mr. President, the proposition is this: It is fundamental, constitutional law, that when the Federal Government, or a State government, or county government, or town government makes the contract, and gets your money on the faith of that contract, and a part of the contract is that that bond shall not be taxed, as long as that bond runs that obligation runs with it. That obligation is a part of the contract, and if the Congress endeavors to impair the obligation of the contract the Supreme Court will, in my judgment, knock the law all to pieces.

Mr. LODGE. Mr. President, I think it is carrying the Pollock case pretty far to say that a State can make a contract which can exclude the right of taxation on the part of the United States. They have no power to make a contract in a case of that sort beyond their own boundaries. Whether it shall be respected by the United States is another question; but certainly the case I have read indicates that the principle of classification for the inheritance tax is well recognized.

Mr. SMOOT. Mr. President, I want to ask the senior Senator from Wisconsin a question, and he can answer it in my time. I noticed when the amendment was read that it exempted farm loan bonds. Those farm loan bonds are held by the same people who hold the other tax-exempt bonds of the Government, purchased in the same way. Why should they be exempted?

Mr. LA FOLLETTE. I will answer that very plainly, Mr. President. If the amount of the investment in these bonds was as inconsiderable as that which is invested in farm loan and Federal reserve bonds, there would have been no thought of resorting to any method of reaching the property that is so invested; it would have been so inconsiderable as to be unimportant. Therefore, I thought it would be entirely proper to exempt them from taxation, because I thought it would embarrass the sale of those bonds if the amendment which I propose applied to them, and the condition of agriculture is such to-day that I did not wish to impose any such additional burden on it. That is the plain English of it. I thought it entirely proper to exempt those from the scope of this proposed amendment.

Mr. SMOOT. I think that when we are legislating it ought to be upon principle, and I do not believe that we ought to pass a law that we can tax a horse but that we can not tax a colt.

Mr. LA FOLLETTE. If the Senator from Utah interposes an objection to that provision in my amendment, and makes an objection to it, I am so anxious to have this matter dealt with by the Senate in a serious way, because I believe it is one of the most important problems with which we have to deal in this matter of taxation, that I will myself withdraw that proviso from the amendment.

Mr. SMOOT. That is perfectly satisfactory, but I wish to say to the Senator that I have been very much interested for a long time in the question of tax-exempt securities and the drying up the revenues of the Government. During this session of the Congress I have offered a resolution providing for a constitutional amendment authorizing the taxation in the future of tax-exempt securities. Of course, I think they ought to be taxed. I think the Constitution ought to be amended, because if it is not amended and we go on issuing these bonds as they are being issued to-day, it will not be long until that fountain of revenue to maintain the Government of the United States will gradually dry up and we will have to raise our revenues from some other source.

Mr. KING. Mr. President, I am very much in sympathy with the object of this amendment and regret that there are such large holdings becoming exempt from taxation. I have been inclined to support the proposition to amend the Constitution of the United States in order that tax-exempt securities might be subject to Federal taxation. However, there are many powerful and persuasive arguments that may be urged against a policy that would subject State and municipal securities to the taxing power of the Federal Government, and there are some who have indicated that in the long run the Federal Government would suffer by a policy which denied it the right to issue tax-exempt securities. However, I shall not enter upon a discussion of that question.

I have not had occasion to examine the question under discussion or the authorities cited by the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Montana [Mr. WALSH], and I do not know just how far those decisions support the position for which those Senators are contending. There is a legal question of great importance involved in the proposition to subject the securities of States and political subdivisions thereof to Federal taxation. It would seem at first blush that the assertion by the Federal Government of this power is dangerous to the integrity of the States and other political subdivisions.

Remembering as we do that the power to tax is the power to destroy, and keeping in mind the principles enunciated by Chief Justice Marshall in the McCullough case, it would seem to be the course of wisdom and prudence to scrutinize with the utmost care propositions such as those involved in the amendment offered by the Senator from Wisconsin. It is essential that sovereign States and their political subdivisions should have the power to issue bonds and other securities. The States have vital functions to perform. They are charged with the responsibility of looking after domestic and internal affairs. The life and health and education of the people are committed to the States. Who shall say that their functions and responsibilities are not as important as those of the Federal Government? They more closely enter into the lives of the people than does the Federal Government. Their preservation is important. It is as vital to our form of government that the States be preserved in all of their vigor and power and sovereignty as it is that the Federal Government shall be unhampered in the exercise of its national authority. The Federal Government must issue bonds and other securities from time to time, and it would be fatal to its authority, and perhaps to its existence, if the States of the Union could tax without restraint such securities. So the States might be destroyed if there were no limitations upon the power of the Federal Government to tax the securities and obligations of the States and their municipal governments.

The founders of this Republic perceived the importance of maintaining the sovereignty of the States, and realized that that sovereignty might be destroyed if the power existed in the Federal Government to lay the heavy hand of taxation upon its bonds and securities. It can easily be conceived how a strongly centralized government desiring to weaken, if not destroy, the States could insidiously attack them under the guise of taxation and ultimately devitalize them if there were no limitations upon the power of the Federal Government to tax the States. It is a dangerous thing to commit to the Federal Government the authority to diminish or destroy the value of State securities. It is contended, however, that the Federal Government does not tax the securities of the States and State municipalities under this amendment, but that it seeks only to tax the "transfer" of State securities. There is no purpose, it is claimed, to tax State bonds or other State securities while they are in the hands of the living, but that such securities become the subject of Federal control for purposes of taxation when the owner dies. It may be said that this is an evasion of the spirit, if not the letter of the law, and permits to be done indirectly what may not be done directly. It would seem that if Congress may not tax such securities when in the hands of the living it should not tax them when they pass to the ownership or control of the heirs or the estate of the deceased.

It would seem that if the transfer of the shares of State securities upon the death of the owner is subject to taxation, it is an indirect, if not a direct, attempt by the Government to tax the securities themselves. One of the reasons why State securities are not taxed is because it would diminish the value of such securities, and it is not conceivable that the States would permit the Federal Government to destroy the value of their securities. The States are as interested in obtaining par, or perhaps more than par, for their securities as is the Federal Government in securing the highest prices for its securities. Obviously if the Federal Government should tax the State securities in the hands of the living or at the time of their issue it would diminish their value, and it seems to be clear that if the Federal Government may tax such securities during the process of devolution occasioned by death of the owners, the value of such securities, even at the time of issue or in the hands of the purchaser, would be diminished. The value of State securities in part is found in the fact that they are not only tax exempt but it has been believed that they were not subject to taxation when transferred by probate court procedure or other transfer brought about by the demise of the owner.

Let me present an illustration of the point I have in mind. Suppose the Senator from Wisconsin [Mr. LA FOLLETTE] should desire to leave his family a fund from which they might derive an income for their support. He might invest in the securities of his own State or of the municipalities of the State of Wisconsin. If, however, it were known that the Federal Government would, upon his demise, be permitted to "classify," to use the expression of the Senator from Massachusetts [Mr. LODGE], such securities and place them in a different category from other property and impose upon them a perhaps confiscatory tax under the guise of taxing the transfer of the securities, then the Senator might refrain from purchasing such securities; and his action undoubtedly would be followed by others, and still others, until finally there would be little, if any, sale for the securities and the State of Wisconsin and its municipalities would thus be seriously injured. It would almost amount to a direct attack upon the validity of the State securities, and certainly an attack upon their value; and an attack upon their value if it progresses far enough to materially affect the same becomes tantamount—in its effect, at least—to an attack upon the validity of the bonds, and therefore an assault upon the States.

It would seem that if the Federal Government may classify State securities and differentiate them from other property and impose a heavy transfer tax upon the theory that they had escaped taxation in the hands of the purchasers from the State, it would possess the power to destroy all State securities, and that this power to destroy the States would soon reduce them to impotency. They would become mere anemic and pallid organisms fit only to be devoured by an omnipotent government.

Mr. LODGE and Mr. WATSON of Georgia addressed the Chair.

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Massachusetts, because he rose first.

Mr. LODGE. I shall be very brief. Apparently the Senator draws a distinction between bonds already issued and those about to be issued; that is, bonds now issued and bonds of future issue.

Mr. KING. I can see that there might be a distinction, conceding the power of the Federal Government. I should be glad if the Federal Government could tax many of these tax-exempt securities and I am in sympathy with any legal and just plan to reach the same. However, the point I am trying to make is that there is danger of legislation that will impair the power of the States and their political subdivisions and destroy in part at least the value of their securities. I fear that State securities, if we concede the power of the Federal Government to impose unlimited burdens on the transfer, will lose their value in part.

Mr. LODGE. I am drawing a distinction between those already issued and those to be issued.

Mr. KING. I am inclined to think that there might be such a distinction.

Mr. LODGE. I stated that it was a question of the right of classification, but I have, I confess, very grave doubts about the right to tax any bonds already issued.

Mr. KING. I hesitate to express an opinion upon the question because I have not given it sufficient consideration, and I shall not do so. I yield now to the Senator from Georgia.

Mr. WATSON of Georgia. I wish to suggest what the Senator has largely anticipated, that if the Federal Government can tax at all it can tax all the value out.

Mr. KING. Absolutely.

Mr. WATSON of Georgia. The power to tax is a power to destroy.

Mr. LODGE. There is no doubt about that.

Mr. WATSON of Georgia. If we once set an example or establish a precedent and make the law, others may come here and abuse it, and those securities may have their value taxed out of them and thus the innocent holders of those securities may be robbed under form of law.

Mr. LODGE. It could only be done in the case of a transfer. It is perfectly well settled that in the case of a living man it can not be done.

Mr. KING. If we concede the power of the Federal Government to tax State tax-exempt securities, then under the pretext of taxing the transfer of such securities the tax might be placed so high that it would be practical confiscation of the securities.

Mr. LODGE. They could not tax those that already exist.

Mr. WATSON of Georgia. Transferring the contract can not change the obligation thereof.

Mr. KING. If we may tax the transfer which may result from death, why may we not tax the transfer while the man is living? Securities are bought and sold and transfers made by men while living.

Mr. WATSON of Georgia. Precisely.

Mr. LODGE. The right to transfer is one thing and the State—I do not mean the State in our sense, but the Government—the Government can control it. They could not transfer the property if it were not for the probate laws.

Mr. KING. Mr. President, I share in part the views expressed by the Senator from Wisconsin and deprecate as he does the evils that result from the concentration of wealth in the hands of a few. And I agree that there may arise difficult problems because of the enormous holdings by comparatively few individuals of tax-exempt securities, Federal and State.

I object to many of the provisions of this bill because of the exemptions and deductions permitted and because of the discriminations which seem to me to deny all maxims of equality in taxation. I have opposed features of this bill because I have regarded them as unjust and as granting special privileges to wealth. It may be that upon further examination of this question—and as I said at the beginning of my remarks, I have had no opportunity to examine into the subject—I may be willing to support this amendment or measures of similar character.

When legislation is proposed that apparently strikes at the States, or weakens their sovereignty, or confers upon the Federal Government power to interfere with the local and domestic affairs of the States, it arouses my suspicions and compels me to carefully scrutinize the same. I confess that I am jealous of the rights of the States because I perceive an almost irresistible movement which has for its object the devitalization of the States and the transference of the power and authority reserved by the people to themselves and possessed by the States to a Federal Government which seems to be reaching out for greater power.

One would think from the projects constantly submitted from all parts of the land that there were no limitations upon the Federal Government and that its authority was unrestricted. There is a growing tendency to deny constitutional limitations and to attack the very spirit which underlies our form of Government. Many of the people seem entirely willing to reduce the States to pitiful and helpless appendages of the National Government. They seem anxious to transfer to the National Government the authority belonging to the States and to surrender those rights, privileges, and prerogatives which, if exercised, develop a vigorous, patriotic, and self-governing people, competent to deal with all political and economic problems and able to hold aloft the standard of liberty. I desire further opportunity to examine this question before I am willing to support the amendment.

The amendment will be popular and will find many reasons in its behalf. It may be that my apprehensions are not well founded and that there are preponderating reasons warranting the adoption of the amendment. However, for the present I shall withhold my assent because it looks as though it is calculated to militate against the integrity and authority of the State and the political subdivisions therein and will affect injuriously the securities issued by the States and their municipalities.

Mr. WATSON of Georgia. Would it not be immoral as well as unethical to do a thing like that?

Mr. KING. It would seem, Mr. President, that to destroy the value of tax-exempt securities issued by the States and their municipalities would not only be unethical, if not immoral, but would also justify the contention that the legality of such act was subject to question.

Mr. CUMMINS. Mr. President, I have given some thought to this particular subject, and I have no doubt whatever with regard to the constitutionality of the proposed legislation. We already are taxing State securities in the way proposed in the amendment. We have been doing it for a long time. I think there is no longer any doubt respecting our power to tax the transfer of an estate to descendants or devisees, even though that estate be composed entirely of tax-exempt securities.

I think the analysis of the subject presented by the Senator from Montana [Mr. WALSH] is entirely conclusive. The only doubt I have had with regard to the amendment was introduced by the exemption of the Federal farm loan bonds. The only question that can ever arise with respect to the matter, in my judgment, is one of classification. If the Supreme Court finds that the classification is a reasonable one, the legislation, I think, will endure any scrutiny that will ever be put upon it. I do not think that we could tax an inheritance composed entirely of State securities and exempt the Federal securities which were also tax exempt. That would not be a reasonable classification. I believe that the Supreme Court would overturn it if it should ever reach that tribunal.

I am not sure that the single exception of Federal farm loan bonds would render the classification unreasonable, but I am so anxious to find some way by which these tax-exempt securities can be made to contribute to the burdens of government that I was very glad when the Senator from Wisconsin withdrew that part of his amendment. I think it is an eminently just provision. We are trying to distribute these burdens as equitably as we can. It is not an easy task, and we are not doing it very successfully at best, but this is one of the provisions which will help to make the bill equitable.

I have had a great deal of difficulty as we have gone on voting here in determining how I should vote, for I was opposed oftentimes to the original proposition and opposed to the amendment as well, and under those circumstances it was very difficult for me to determine just what I ought to do. However, I have no doubt whatever with regard to this particular provision, and I earnestly hope that it will become a part of the bill before it is passed.

Mr. WALSH of Montana. Mr. President, the pending matter, as I understand, is the amendment of the Senator from New Mexico [Mr. JONES]. I take the liberty of addressing myself to the Senate a few moments longer upon the amendment of the Senator from New Mexico.

The PRESIDING OFFICER. The present occupant of the chair is under the impression that the suggested amendment by the Senator is not permissible, being beyond the scope of amendments, namely, an amendment in the third degree.

Mr. WALSH of Montana. I did not understand that any point of order was raised.

The PRESIDING OFFICER. The Chair does not raise it, but thought it proper to call it to the attention of the Senate.

Mr. McCUMBER. Mr. President, I assume, if the Senator from Montana will allow me, that the Chair is supposed to rule in accordance with the unanimous-consent agreement, and of course the Senator from Montana would not violate that unanimous-consent agreement under any circumstances. A unanimous-consent agreement has been entered into that no Senator shall speak more than once nor longer than 10 minutes on any amendment.

Mr. WALSH of Montana. I am speaking now to the amendment offered by the Senator from New Mexico.

Mr. McCUMBER. But the amendment of the Senator from New Mexico is an amendment to the pending amendment, as I understand. If it is an amendment to the pending amendment, of course we are discussing the same amendment. I do not understand that we can offer an amendment to an amendment and discuss it 10 minutes, and then offer another one and discuss that 10 minutes, and keep on without a violation of the unanimous-consent agreement.

Mr. WALSH of Montana. I venture to say that it has been the construction always given to these matters, that an amendment to an amendment may be offered and debated, just the same as the original amendment which it seeks to amend.

Mr. McCUMBER. I have never understood that under a unanimous-consent agreement of this kind; otherwise such an agreement is almost worthless.

The PRESIDING OFFICER. The Chair is not disposed to cut off discussion or debate on this particular amendment, but deems it his duty to advise the Senate of the status of the matter.

Mr. LENROOT. A parliamentary inquiry. Does the Chair hold that if an amendment is offered to the amendment the unanimous-consent agreement prevents the discussion of that amendment because 10 minutes have been occupied on the original amendment?

The PRESIDING OFFICER. The Chair is not disposed to decide that matter.

Mr. LENROOT. Very well; I thought not.

The PRESIDING OFFICER. The Chair does not know what the ruling or the custom of the Senate has been, nor is he out of hand disposed to make a ruling.

Mr. WALSH of Montana. I submit that the amendment of the Senator from New Mexico——

Mr. McCUMBER. I raise the point of order so that it may be decided, Mr. President.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Brandegee	Harrison	Nelson	Smith
Broussard	Heflin	New	Smoot
Cameron	Jones, N. Mex.	Newberry	Spencer
Capper	Jones, Wash.	Nicholson	Stanley
Cummins	Kendrick	Norbeck	Sutherland
Curtis	Kenyon	Norris	Townsend
du Pont	Keyes	Oddie	Trammell
Edge	King	Overman	Walsh, Mass.
Ernst	La Follette	Page	Walsh, Mont.
Fernald	Lenroot	Penrose	Warren
Fletcher	Lodge	Phipps	Watson, Ga.
France	McCumber	Pittman	Watson, Ind.
Frelinghuysen	McKellar	Reed	Weller
Gerry	McKinley	Sheppard	Willis
Gooding	McNary	Shields	
Hale	Moses	Shortridge	
Harris	Myers	Simmons	

The PRESIDING OFFICER. Sixty-five Senators having answered to their names, a quorum is present.

Mr. McCUMBER. I now make the point of order that under the unanimous-consent agreement the Senator from Montana, having spoken once, can not speak again while the amendment is pending, and I am asking the Senator from Montana to take that view of the matter in order that we may keep sacred our unanimous-consent agreement. That agreement reads—quoting only so much of it as is pertinent:

> And that from the hour of 10 o'clock a. m. on the last-named calendar day, and thenceforward, no Senator shall speak more than once or for a longer period than 10 minutes upon any amendment that may then be pending or that may be offered, or more than once or for a longer period than 10 minutes upon the bill.

What amendment is now pending to the bill? The amendment to the bill now pending is the amendment which has been offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. WALSH of Montana. Mr. President——

Mr. McCUMBER. Just a moment. I want to make my point clear.

Mr. WALSH of Montana. Let me say that that is the real question. The amendment of the Senator from Wisconsin is not the question now pending at all.

Mr. McCUMBER. I have the floor now, and I will make the question clear before I get through, if the Senator will allow me.

The very fact that the Senator from New Mexico desires to perfect the amendment by changing a word in it does not change the fact that that is the matter now pending. Let us see what is the purpose and spirit of the unanimous-consent agreement. Suppose the Senator had originally presented his amendment with a rate of 5 per cent and spoken for 10 minutes, and then moved to change the rate to 6 per cent and spoken for another 10 minutes, and then moved to change the rate to 7 per cent and spoken another 10 minutes, and so on. In that way there could be violated what was intended by the unanimous-consent agreement; that is, to get through with this bill—and that was the only purpose of it—and convert a 10-minute rule, which we all expected would result in the final disposition of this bill, into a 40-minute or a 400-minute rule, simply by changing the figure in the rate proposed by the amendment.

Mr. LODGE. Will the Senator yield to me for a moment?

Mr. McCUMBER. I yield to the Senator.

Mr. LODGE. If the Senator will allow me, I merely wish to say a word. If proposing an amendment to an amendment is to give the right to a Senator to speak for 10 minutes, the whole spirit of the unanimous consent, in my judgment, is destroyed; it is rendered valueless.

Mr. LENROOT. I call the attention of the Chair to the point which the Senator from North Dakota makes. The language of the unanimous-consent agreement is "any amendment that may then be pending or that may be offered." What that refers to is the amendment that was pending at 10 o'clock this morning and that might then be pending at 10 o'clock this morning. Then the agreement goes on to cover what may be offered after 10 o'clock this morning. It clearly gives a right to speak for 10 minutes upon any amendment, whether it is an amendment to the original bill or an amendment to an amendment. We have never had a unanimous-consent agreement in the Senate that has not followed exactly that procedure.

Mr. McCUMBER. If that be true, the unanimous-consent agreement is valueless.

Mr. LODGE. If that be correct, the unanimous-consent agreement is not worth the paper upon which it is printed.

Mr. JONES of New Mexico rose.

Mr. LENROOT. Just a word. When the unanimous-consent agreement was entered into the present occupant of the chair will remember, because I recall that he participated in the debate, it was suggested that the privilege might be abused. Some Senator said there might be amendments offered that would delay the passage of the bill. I then suggested—I think the RECORD shows it—that if that were so the abuse could easily be prevented by a Senator moving to lay amendments upon the table, and thereby prevent debate where the amendments were not offered in good faith.

Mr. JONES of New Mexico. Mr. President, I desire also to call attention to the answer that was made to the present occupant of the chair, which was that such a privilege would not be abused, and it has not been abused. I am sure that no Senator will abuse it. I understood the agreement just as the Senator from Wisconsin [Mr. LENROOT] has stated it.

Mr. WALSH of Montana. Mr. President, I desire to say just a word, if the Chair will bear with me. An argument has been made that the contention we strive for can not be maintained because thereby the debate would be prolonged indefinitely. That is no argument at all, because the debate may be prolonged indefinitely in exactly the way suggested by the Senator from North Dakota [Mr. McCUMBER], whether his contention is sustained or not. Let us suppose that this amendment is voted down. Then the Senator from New Mexico, if he cares to do so, may offer an amendment in exactly the same language as the amendment tendered by the Senator from Wisconsin, the rates of which shall be only 15 and 20 per cent or 11 and 16 per cent, and that would give rise to debate again. Indeed, Mr. President, that has been done repeatedly here; that is to say, an amendment has been offered to a particular provision of the bill, with certain rates within certain brackets; that has been voted down, and then another amendment has been tendered with slightly different rates. That is no answer to the question at all.

Of course, Mr. President, the privilege may be abused; it may be abused under the contention that we make with respect to the proper construction to be given to the unanimous-consent agreement, and it may be abused under the contention of the Senator from North Dakota; but that is no argument at all. Let me put this question to the present occupant of the chair: If the Chair were to be interrogated now, "What is the question before the Senate?" what would he be compelled to answer? He would be compelled to answer, "The question before the Senate is on agreeing to the amendment offered by the Senator from New Mexico to the amendment offered by the Senator from Wisconsin." Why is not every Senator entitled to 10 minutes to discuss that amendment to the amendment? How can we differentiate between an amendment to the bill itself and an amendment to an amendment which is tendered? The unanimous-consent agreement is that 10 minutes shall be accorded each Senator upon any amendment. I claim that privilege.

Mr. McCUMBER. Mr. President, I make the additional point of order that the amendment of the Senator from New Mexico is in the third degree. The amendment of the Senator from Wisconsin, as I recall, proposes to amend an amendment offered by the committee, and therefore an amendment to that amendment is an amendment in the third degree, if I have the record correctly in mind.

Mr. WALSH of Massachusetts. I should like to ask the Senator from North Dakota if a Senator on this floor proposed an amendment and the Senator from North Dakota spoke 10 minutes against it and then some other Senator proposed an amendment to that amendment could not the Senator from North Dakota rise and tell the committee's position on the amendment to the amendment?

Mr. McCUMBER. I am simply saying that an amendment to a pending amendment is not in order. That is the only question involved in my last statement.

Mr. President, I would just as soon have a ruling and have the matter disposed of.

Mr. LA FOLLETTE. The Chair may make any ruling desired, but it will not save a minute's time; I will tell the Senator that.

Mr. McCUMBER. That may be the case.

Mr. LA FOLLETTE. That is the case.

Mr. McCUMBER. That may be the case. I fully realize that the Senator from Wisconsin may take all the time and offer as many amendments as he wishes.

Mr. LA FOLLETTE. The Senator may rest assured that I will do so.

Mr. McCUMBER. I have tried to hurry the matter along——

Mr. LA FOLLETTE. The Senator is trying to hurry it now.

Mr. McCUMBER. So that an agreement into which we entered may not be abused. That is all there is to it. I think I have a right to stand upon that agreement.

Mr. LA FOLLETTE. Let the Senator see how far he will get.

Mr. McCUMBER. That may be; we may not get anywhere.

Mr. JONES of New Mexico. Mr. President, it seems to me this discussion of a parliamentary rule is taking a great deal more time than the amendment ought to take up; but in order to demonstrate that this amendment is not proposed for the purpose of consuming time, or anything of that sort, I withdraw the amendment and will let the Senate vote upon the amendment of the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I want to say, for the record, that I requested the Senator from New Mexico before he left the Chamber 15 or 20 minutes ago to withdraw this amendment, in order that we might have a vote.

I have sought no delay here. I want a vote upon this proposition. I regard it of vital importance that we should foreclose great wealth from the opportunity to escape taxation, and that is what this amendment does.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin, as modified.

Mr. LA FOLLETTE. I ask for the yeas and nays, Mr. President.

Mr. LENROOT. Mr. President, by reason of the amendment that I proposed, that was accepted by my colleague, two other formal amendments are necessary. If necessary, I ask unanimous consent to have those incorporated.

In line 2, after the word "section," insert the words "there shall be imposed."

In line 9, before the word "fifteen," insert the words "equivalent to."

These are merely formal amendments, to correspond with the language used in the first part of the amendment.

Does my colleague accept those amendments?

Mr. LA FOLLETTE. I accept those amendments, Mr. President; and I ask for the yeas and nays upon the amendment as modified.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as before as to my pair, I vote "yea."

Mr. MYERS (when his name was called). I have a pair with the Senator from Connecticut [Mr. McLEAN], who is absent. As I am unable to obtain a transfer, I withhold my vote.

Mr. PENROSE (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. He is not in the Chamber. I therefore transfer that pair to the junior Senator from Pennsylvania [Mr. CROW], and I will vote. I vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent. I am unable to obtain a transfer, and withhold by vote.

Mr. SMITH (when his name was called). Making the same announcement as before, and being unable to secure a transfer, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. HALE. I have a pair with the senior Senator from Tennessee [Mr. SHIELDS]. I have not been able to transfer that pair, and I therefore withhold my vote.

Mr. HARRISON. I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Texas [Mr. CULBERSON] and will vote. I vote "yea."

Mr. McKINLEY (after having voted in the negative). I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Oklahoma [Mr. HARRELD] and will let my vote stand.

Mr. SMITH. I transfer my pair with the Senator from South Dakota [Mr. STERLING] to the Senator from Alabama [Mr. HEFLIN] and will vote. I vote "yea."

Mr. LODGE (after having voted in the negative). I observe that my general pair, the Senator from Alabama [Mr. UNDERWOOD], is absent. I transfer that pair to the Senator from Washington [Mr. POINDEXTER] and will let my vote stand.

Mr. DU PONT (after having voted in the negative). I have a general pair with the Senator from Louisiana [Mr. RANSDELL]. I thought that he was here, but he is not; so I shall have to withdraw my vote.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Illinois [Mr. McCORMICK] with the Senator from Wyoming [Mr. KENDRICK].

The result was announced—yeas 25, nays 33, as follows:

YEAS—25.

Ashurst	Jones, N. Mex.	Newberry	Sheppard
Capper	Jones, Wash.	Nicholson	Smith
Cummins	Kenyon	Norbeck	Walsh, Mass.
Fletcher	La Follette	Norris	Walsh, Mont.
Harris	Lenroot	Overman	
Harrison	McNary	Pomerene	
Johnson	Moses	Reed	

NAYS—33.

Ball	Gooding	Oddie	Townsend
Brandegee	Keyes	Page	Warren
Bursum	King	Penrose	Watson, Ga.
Cameron	Lodge	Phipps	Watson, Ind.
Curtis	McCumber	Shortridge	Weller
Ernst	McKellar	Smoot	Willis
Fernald	McKinley	Spencer	
France	Nelson	Stanley	
Frelinghuysen	New	Sutherland	

NOT VOTING—38.

Borah	Edge	Ladd	Simmons
Broussard	Elkins	McCormick	Stanfield
Calder	Gerry	McLean	Sterling
Caraway	Glass	Myers	Swanson
Colt	Hale	Owen	Trammell
Crow	Harreld	Pittman	Underwood
Culberson	Heflin	Poindexter	Wadsworth
Dial	Hitchcock	Ransdell	Williams
Dillingham	Kellogg	Robinson	
du Pont	Kendrick	Shields	

So Mr. LA FOLLETTE'S amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. KENYON. Mr. President, before the amendment as amended is agreed to I should like to ask the Senator from Wisconsin if he proposes to offer an amendment covering this question as to securities issued subsequently to the passage of the bill?

Mr. LA FOLLETTE. No; I do not.

Mr. KENYON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 148, after line 17, it is proposed to insert:

Provided, That in addition to taxes heretofore levied by this section there shall be imposed a tax of 15 per cent upon the value of the securities of such estates so transferred, by whatsoever authority issued, which securities have not been taxed under the Federal income or excess-profits tax laws and which were issued subsequent to the passage of this act.

Mr. KENYON. Mr. President, that is exactly the same as the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE], except that it applies only to securities issued after the passage of this act; and on that I ask for the yeas and nays.

Mr. LODGE. Mr. President, as anyone can see from what I have said before in regard to the amendment of the Senator from Wisconsin, I think that tax-exempt securities are productive of very great injustices, and I wish we could find some way of taxing them that is reasonable. The amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] would appear to meet that object, but the more I considered it the more impossible it seemed to destroy by retroactive legislation the value of securities already issued, and which depended upon the contract already made between the State and the purchaser of the bonds. I do not see how that can possibly be done. For that reason, I voted against the amendment. The amendment of the Senator from Iowa [Mr. KENYON] avoids that by mak-

ing it in the future, and I should be glad to vote for it if more consideration had been given and I felt better assured of the constitutionality of the amendment. I think that matter ought to be decided, for I think something must be done to prevent this deluge of securities which lead to wasteful local expenditures, owing to the ease with which such bonds are now sold from the fact that they carry a general tax exemption. At this stage I do not feel confident enough in regard to it, in my own opinion, to vote to put it upon this bill. I only desired to make that explanation of my vote.

Mr. KENYON. I ask for the yeas and nays, Mr. President.

Mr. REED. I want to suggest an amendment to the Senator from Iowa. The language is "securities issued." Securities are frequently issued a long time before they are actually negotiated or sold by the State; at least that construction could be given. A State issues its certificates, and then they may hold them two or three years before they negotiate them.

Mr. TOWNSEND. I do not understand that it applies simply to State securities.

Mr. REED. The Senator is correct. I was speaking purely from recollection, and just for illustration. I am not trying to state the exact language. I would have to have the bill before me to do that.

Mr. BRANDEGEE. Mr. President, may we have the Secretary state the amendment again?

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 148, after line 17, insert a colon and the following proviso:

Provided, That in addition to the taxes heretofore levied by this section there shall be imposed a tax of 15 per cent upon the value of the securities of such estates so transferred by whatsoever authority issued, which securities have not been taxed under the Federal income or excess-profits tax laws, and which were issued subsequent to the passage of this act.

Mr. REED. I beg to suggest the amendment to the Senator from Iowa.

Mr. KENYON. I have no objection to it, but I really do not see the necessity of it. Does the Senator want to add the language "issued and negotiated"?

Mr. REED. No; "issued or negotiated."

Mr. BRANDEGEE. Let me suggest to the Senator from Missouri that there is no limit to the time of negotiation. You never could tell when the negotiation had been completed until the actual sale.

Mr. REED. I have in mind an issue of over $50,000,000 of bonds. They were issued; they were taken to the market. Those offering the bonds did not get the price they thought they ought to get, and they have simply withheld the bonds from sale.

Mr. KENYON. Those bonds would have been issued prior to the taking effect of this act, and it would not apply at all.

Mr. REED. Exactly, and I think the act ought to apply, because they have not been sold, and no moral reason can be offered why they should be held free from the tax, if the securities that are sold the same day in the market, but which were issued subsequent to the approval of this act, are taxed.

Mr. KENYON. The Senator wants this to apply to bonds which have been sold?

Mr. REED. Certainly.

Mr. BRANDEGEE. My point was simply that the word "negotiation" was rather indefinite as applied to such a contract. I have no objection to making it apply to any contract which has been made.

Mr. KENYON. Why not, then, use the words "issued and sold"?

Mr. REED. I think that language would cover my criticism.

Mr. BRANDEGEE. "Issued and subscribed for," or some such language.

Mr. SPENCER. That would not cover what the Senator from Missouri has in mind, because the bonds which he has in mind would have been issued prior to the taking effect of this act, but sold since. Evidently that amendment would not cover it.

Mr. KENYON. The bonds the Senator has in mind have been issued.

Mr. REED. They have.

Mr. KENYON. Consequently, they would be subject to the tax.

Mr. SPENCER. No; because they were issued prior to the taking effect of the act.

Mr. REED. We are all so tired we are not thinking very clearly. I think a provision covering bonds "sold by" the governmental agency, whatever it is—because you do not want to tax everything that is sold by anybody else—would cover the situation.

Mr. SPENCER. "Sold by the original obligor."

Mr. REED. Yes; "sold by the original obligor." That will do.

Mr. KENYON. If the Senator will offer that amendment, I will accept it.

Mr. McCUMBER. Mr. President, I shall vote against this amendment for the same reason that actuated me in voting against the other amendment, and I want to state it most briefly.

The Supreme Court decision which held that the Government or a State could not tax an instrumentality of another State or of any other jurisdiction was based upon the principle that to a certain extent, at least, such taxation would affect the instrumentality or function of another sovereignty, and that the Government of the United States has no right to tax an instrumentality of a State government, as it might thus destroy the effectiveness of that State government.

To illustrate: Suppose my State issues bonds for a million dollars, bearing 5 per cent interest, which are nontaxable. It can then sell them for a hundred cents on the dollar. If they were taxable by another State or by the Federal Government, possibly it could not sell them for more than 90 cents on the dollar. Therefore their exemption from taxation is for the very purpose of enabling the State to market them at par.

Suppose we say that they shall not be subject to taxation by the Government or by any other authority, but may be taxable under an estate tax, and that we can make it 10 per cent, or 20 per cent, or 40 per cent, or even 90 per cent. Possibly you would not destroy their selling value, but you would affect it, and you would violate the principle just as much by the imposition of the estate tax as by the imposition of any other kind of a tax, and there ought to be some instrumentality of a State free from any and all taxes for its own protection. That is why I have voted against amendments of this kind and will continue to vote against them, not on the ground that they are impairing the obligations of a contract, but that they are impairing the right of a State to say that one of its instrumentalities may not be taxed in any form whatever, past or future, and I do not want to deprive the State of the right to exempt its own instrumentalities.

Mr. SMITH. Mr. President, I wish to take this occasion to state that I voted for the last amendment which was proposed under an entire misapprehension. I heartily agree with what the Senator from North Dakota has just said. Though it may be indirect, this is certainly taxation by the Federal Government of the instrumentality of a State. It is not accurate to say that it is a mere matter of taxing the transfer of securities. In justice to myself I feel that I should state that I voted under a misapprehension.

I shall therefore vote against this proposition, which involves identically the same principle. It is self-evident, needs no argument, everyone knows that it means an attack upon an instrumentality of a State.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from Wisconsin?

Mr. SMITH. I do.

Mr. LENROOT. We are now taxing the same kind of securities under the present law. Would the Senator favor exempting all tax-exempt securities from the present estate taxes?

Mr. SMITH. I would exempt the instrumentalities of the State, according to the constitutional provision that the securities of a State shall be free from the interference of the Federal Government. The minute you admit the principle that the Federal Government can tax the instrumentality of a State, and carry it through, you concede that it has the power to destroy entirely the State government.

Mr. WATSON of Georgia. Mr. President, this amendment in effect would authorize the Federal Government to say to the States, "You shall not issue securities of a certain sum. Your cities shall not do it. Your counties shall not do it." The moment Congress gave this Government that right, we would lose almost every shred of State sovereignty. We would at least surrender to the Federal Goverment rights which have been those of the States and their subdivisions ever since the foundation of the Government.

Another thing, Mr. President. It has been said here repeatedly that such a law was passed two years ago, during the war period. A great many of us think that many of the laws passed under the tremendous pressure of the war period were unconstitutional. But the war is over. If Congress did wrong in 1916, that is no reason why Congress should do wrong now.

President Harding went into office under the motto "Let us return to the Constitution." Let us do that very thing. Let us help him to do it. Let us get back to the Constitution. Let

us reclothe the States, as far as we can, with all the sovereign rights which they reserved to themselves when they voluntarily created this Government under limited terms.

Mr. SPENCER. I want to suggest an amendment to the Senator from Iowa. The reason of it is this: Undoubtedly this amendment of his, as it is now drawn, does limit the negotiability, so far as its value is concerned, of the security issued by a State. Of course, if the State of Missouri were to issue its securities, which are now tax exempt, either during life or when they pass by inheritance or by bequest, if we tax the estates which have those tax-exempt securities and eliminate the tax exemption when they pass by inheritance or by bequest, we have in a sense diminished their salability; that is unquestioned; there can not be any doubt about that.

I have no great objection to announcing to the country, if the Congress wants to do it, that hereafter the securities of States which are tax exempt during the life of the owner shall have a tax imposed upon them when they pass from their owner after his death. But it is not fair to do that all of a sudden. It is not fair to do that, as the amendment of the Senator from Iowa provides, immediately upon the passage of this act, which may be next week, which probably will be this month. It is not fair to say that thereupon all those securities shall lose the tax-exempt character which they now have, and upon the strength of which many States, Missouri included, have already issued their bonds. In Missouri the bonds are not yet sold, but they will be sold, though not until after this act is approved.

If the amendment of the Senator from Iowa prevails—and I use this as an illustration—when those Missouri bonds are sold, as they will be next month, they will have lost their tax-exempt provision, so far as a State and inheritance is concerned. That is not fair. It is not fair to make the amendment apply to an issue of bonds which has already been arranged for, which have already been issued, which are already in existence, or on the eve of issue and the sale of which has already been arranged for and is about to be consummated.

What I suggest to the Senator from Iowa, if it meets his good judgment, and if it does not I am not going to offer it as an independent amendment, is that he insert in his amendment, which now reads, "which was sold by the original authority issuing them," the words "after six months subsequent to the passage of this act."

Fairly that takes away from the operation of the amendment those issues the arrangements for which have already been completed. In other words, anything that is sold within the next six months after the amendment becomes the law, if at all, will not be subject to the amendment, but it does apply to serve notice to the country that for the future, after six months, the amendment will apply.

Mr. OVERMAN. Mr. President, does the Senator think the adoption of the amendment will affect the sale of bonds issued by counties and States?

Mr. SPENCER. It is perfectly clear that they would have less salability in the future if the amendment is agreed to. Of course they will. I can buy a tax-exempt security to-day with the knowledge that I can leave it to my children and that it will be tax exempt in my hands and when it passes through my estate. When this amendment becomes the law, the latter exemption is lost and that security will have no exemption when it passes through my estate, and just in proportion as that affects its value will its salability be diminished.

Mr. KENYON. Mr. President, I think there is a great deal of merit in what the Senator says, and I ask unanimous consent to withdraw the amendment which I have offered, and, as I have now perfected it, I will offer another amendment instead of that one.

The PRESIDING OFFICER. The Senator has the right to withdraw his amendment and to offer another.

Mr. KENYON. I withdraw it and will offer the following amendment.

The PRESIDING OFFICER. The amendment will be reported.

The ASSISTANT SECRETARY. On page 148, after line 17, insert the following proviso:

Provided, That in addition to taxes heretofore levied by this section there shall be imposed a tax equivalent to 15 per cent upon the value of the securities of such estates so transferred by whatsoever authority issued, which securities have not been taxed under the Federal income or excess-profits tax laws, and which were sold after six months subsequent to the passage of this act by the authority issuing the same.

Mr. KENYON. On that amendment I ask for the yeas and nays.

Mr. LENROOT. Mr. President, just a word. For weeks Senators on the other side of the Chamber have been insisting that the Republican side has been attempting to free wealth of its just proportion of taxes, and they have insisted, in amendment after amendment, upon imposing still greater taxes upon wealth than have been proposed upon this side. But now we have a situation where the Senator from South Carolina [Mr. SMITH], and others agreeing with him, take the position that although men of very great wealth investing their millions in tax-exempt securities may pay nothing for the support of the Federal Government and can not be made to pay for that support because of the tax-exempt character of the securities which they hold, they insist that even when we have the power, if it be granted that we have, to tax their heirs or legatees through an estate tax, something upon which their testator has escaped taxation, that nevertheless they not only would oppose this amendment but they would repeal existing law which does tax as a part of the estate all of these tax-exempt securities now held.

I do not know how some Senators upon the other side of the aisle are going to reconcile the professions which they have been making for weeks here upon this floor with the position which they now take.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Iowa, upon which the yeas and nays have been requested.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. Not knowing how he would vote on this question and he being absent, I must withhold my vote. If permitted to vote, I should vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Washington [Mr. POINDEXTER] and vote "nay."

Mr. McKINLEY (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "nay."

Mr. MYERS (when his name was called). I am unable to obtain a transfer of my pair with the Senator from Connecticut [Mr. McLEAN], and in his absence I withhold my vote.

Mr. PENROSE (when his name was called). Again making the announcement of my pair and its transfer, I vote "nay."

Mr. OVERMAN (when Mr. SIMMONS's name was called). My colleague [Mr. SIMMONS] is necessarily absent. He is paired with the junior Senator from Minnesota [Mr. KELLOGG].

Mr. SMITH (when his name was called). Making the same announcement as I did before with reference to my pair, and being unable to secure a transfer, I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "nay."

The roll call was concluded.

Mr. KENDRICK. Making the same announcement as to my pair and its transfer, I vote "yea."

Mr. HALE. Making the same announcement as before with reference to my pair, I withhold my vote.

Mr. HARRISON. Transferring my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Texas [Mr. CULBERSON], I vote "yea."

Mr. HARRIS. Making the same announcement as to my pair and transfer, I vote "yea."

Mr. TRAMMELL. I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the junior Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. SMITH. I transfer my pair with the Senator from South Dakota [Mr. STERLING] to the Senator from Missouri [Mr. REED] and vote "nay."

Mr. CURTIS. I wish to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK], and that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 32, nays 32, as follows:

YEAS—32.

Ashurst	Jones, N. Mex.	New	Sheppard
Capper	Jones, Wash.	Newberry	Shortridge
Cummins	Kendrick	Nicholson	Spencer
Fletcher	Kenyon	Norbeck	Swanson
Gooding	La Follette	Norris	Trammell
Harris	Lenroot	Pittman	Walsh, Mass.
Harrison	McNary	Pomerene	Walsh, Mont.
Johnson	Moses	Ransdell	Willis

NAYS—32.

Ball	France	McKellar	Smith
Brandegee	Frelinghuysen	McKinley	Stanley
Bursum	Gerry	Nelson	Sutherland
Cameron	Heflin	Oddie	Townsend
Curtis	Keyes	Overman	Warren
du Pont	King	Page	Watson, Ga.
Ernst	Lodge	Penrose	Watson, Ind.
Fernald	McCumber	Phipps	Weller

NOT VOTING—32.

Borah	Dillingham	Ladd	Shields
Broussard	Edge	McCormick	Simmons
Calder	Elkins	McLean	Smoot
Caraway	Glass	Myers	Stanfield
Colt	Hale	Owen	Sterling
Crow	Harreld	Poindexter	Underwood
Culberson	Hitchcock	Reed	Wadsworth
Dial	Kellogg	Robinson	Williams

So Mr. KENYON's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. KENYON. I reserve a separate vote on the amendment just voted on when the bill reaches the Senate.

The PRESIDING OFFICER. The question is on the amendment of the committee as amended.

The amendment as amended was agreed to.

Mr. ASHURST. I wish to propound an inquiry to the Senator in charge of the bill as to the language found on page 33, line 5, in the clause beginning with the word "Income" down to and including the word "spouse" on line 9. It is my information and understanding that that has been stricken from the bill. Am I correct in that supposition?

Mr. McCUMBER. The Senator is correct.

The PRESIDING OFFICER. That clause has been stricken from the bill.

Mr. McCUMBER. Mr. President, I desire to offer an amendment. I move to strike out, on page 38, all of paragraph (2) as amended, and to insert in lieu thereof the following:

(2) All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities other than obligations of the United States issued after September 24, 1917, the interest upon which is wholly exempt from taxation under this title.

I send the amendment to the desk.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota.

Mr. McCUMBER. Mr. President, a word of explanation. The law as it now stands exempts from taxation all interest received on Liberty bonds, and so forth. The House bill allows no exemption for interest on Liberty loan securities. The Committee on Finance then reported that interest paid on loans incurred for the purchase of tax-free securities could be deducted. The Trammell amendment, which was adopted, provides that the only interest which may be deducted is the difference between the interest received and the interest paid. On a further investigation it was found that the law upon the statute books which was passed at the time we provided for the issuance of the Liberty loan bonds and the Victory bonds was to the effect that interest paid upon money borrowed for the purpose of purchasing those bonds should be exempt from taxation.

The Treasury Department in making its "drive" to secure the necessary sale of Liberty bonds declared in its advertisements that the interest paid on any money borrowed for the purpose of assisting in that drive should be allowed as a deduction from incomes. It seems to me that as the matter now stands, with the amendment which has been adopted, the provision I have moved to strike out would be a violation of the law and the agreement made at that time. The amendment is for the purpose of striking out all the section and to leave in force the old law, which allows a deduction of all interest paid upon loans which were secured to buy Liberty bonds without reference to what interest the holder received upon the bonds. The whole provision ought to go out, and we ought to leave the law as it now is.

Mr. KING. I am not sure that I understand the Senator; and, in my own time, may I inquire of him whether the effect of his amendment would be to extend deductions to those who having acquired bonds originally purchased from the Government, after they have passed through a number of hands, take those bonds to the bank and borrow money upon them and put it into some business?

Mr. McCUMBER. No, Mr. President. If I borrowed a thousand dollars to purchase Liberty bonds at the time they were issued by the Government, if I renew the same indebtedness, so long as it continues, the interest which I pay upon that may be deducted under the present law. Under the proposed law, as amended by the amendment of the Senator from Florida, I could only deduct the difference between the interest which I paid upon my obligation and the interest which I received upon the Liberty bonds.

An original purchaser of bonds may have been compelled to pay 6 or 7 or 8 or 10 per cent for the money borrowed, while he receives only 4½ per cent interest on the bonds, and where the borrowings were very heavy and the debt has not yet been paid the provision which has been adopted is extremely hard upon such a purchaser and, I think, in violation of the law as it then stood and of the agreement which was accepted when individuals borrowed for the purpose of purchasing Liberty bonds.

Mr. PENROSE and other Senators. Vote!

Mr. TRAMMELL. Mr. President, I am going to have a few words to say before we have a vote. Some Senators like to sit around and cry "vote" all the time whenever they think some other Senator is going to speak in a way that does not particularly please their fancy. I do not propose to be disturbed by demands to vote.

Mr. President, if it is desired to preserve the pledge which it is contended was made to the American people in connection with the purchase of Liberty and Victory bonds, then why the necessity for extending the provision of law to the speculators who have purchased such bonds since the war? Certainly the Government held out no pledge to the speculators who have been purchasing Government bonds at ridiculously low prices, that if they went into the market and purchased the bonds at eighty-three, eighty-four, or eighty-five dollars the Government would exempt the interest on all the money they borrowed for that purpose. I submit that if we feel there is a moral obligation—and, of course, there is no legal obligation—to remit the interest to those patriotic citizens who borrowed money for the purpose of purchasing bonds during the war, that obligation does not extend to the speculators in bonds who borrowed money for that purpose.

I do not believe, however, that we are doing any injustice to anyone when we provide that the interest shall be exempt only to the extent of the amount that is paid upon the indebtedness over and above what is received upon the Government obligation. Of course, if we do not so provide, if we take the other position, we have made the Government bonds available for speculative purposes upon borrowed capital. The purchaser receives his interest tax free, and, in addition to that, the Government exempts to him 6 or 8 per cent interest that he borrowed for the purpose of purchasing Government bonds.

It is my opinion that Congress can not be too generous toward those who patriotically during the time of need on the part of their Government borrowed money for the purpose of purchasing bonds; and I am not complaining that of any relief that it is attempted to extend to that class of our citizens; but my position is that we should so qualify the law that the deduction should not be allowed in the interest of speculators in bonds, bond brokers, and, I may say, in many instances, bond sharks, because it was due largely to their manipulations that Government bonds were held down at such a low price for two and a half or practically three years after the war.

I say, if we are going to strike out entirely the amendment which has been agreed to, certainly we should put a provision in the law that the exemption shall apply only to the purchasers of bonds at par. That will reach back to the original purchase by our patriotic citizens who were actuated by motives which impelled them to do all they could within their power to assist the Government. They are deserving of consideration; but, so far as the speculators who have borrowed money and are borrowing money now for the purpose of purchasing bonds are concerned, they certainly should have no more interest deducted than the difference between the interest paid and the interest received upon the securities. I hope the Senate will take no action that will so far destroy the amendment which has been adopted as to give the speculators the benefit which may properly be given to the original purchaser. I hope the motion will be defeated.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from North Dakota.

Mr. SMOOT. Mr. President, the Senator from Florida says that there is no legal obligation on the part of the Government to allow a deduction of the interest paid on money borrowed to purchase Government bonds. I myself thought so when I spoke here the other day, but I wish to call the attention of the Senate to the law as it exists to-day. That law specifically exempts the interest that is paid for carrying Liberty bonds or Victory notes.

In section 234, under the heading "Deductions allowed," the existing law reads as follows, and this is the law under which the bonds have been purchased:

(2) All interest paid or accrued within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917) the interest upon which is wholly exempt from taxation under this title as income to the taxpayer, or, in the case of a foreign corporation, the proportion of such interest which the amount of its gross income from sources within the United States bears to the amount of its gross income from all sources within and without the United States.

When this question was up before I referred to a circular that had been issued by the Treasury Department in connection with the sale of the Victory notes under the Victory loan campaign.

A day or two after that I put into the RECORD the exact wording of the circulars that were issued to the American people, in which the Treasury Department asked the American people to purchase these tax-exempt notes, and in the circular are given a number of tables showing the advantages that accrued to the purchaser of these notes because of the very fact that they were tax exempt, and from the further fact that if they were compelled to borrow money from a bank or any other place, whatever rate of interest they paid would be exempt by way of deduction from their income. That has been the practice ever since the act of 1918 became a law; that is the practice to-day; and the motion of the Senator from North Dakota now is simply to strike out, on page 84, paragraph 2, which will leave the law just as it is to-day.

Mr. McCUMBER. I insert the law, then, as it is to-day.

Mr. SMOOT. And to insert the law just as it is to-day. By the way, so that I will not forget it, I will call the Senator's attention to the fact that the same amendment, if this is agreed to, must be offered for the individual.

Mr. McCUMBER. In two other places.

Mr. SMOOT. Yes.

Mr. KING. Mr. President, would it interrupt my colleague if I should ask him a question?

Mr. SMOOT. Not at all.

Mr. KING. The position which my colleague takes, it seems to me, is perfectly sound, but the position of the Senator from Florida, as I understand, is that if the amendment offered by the Senator from North Dakota should prevail, individuals who now go and buy bonds for the purpose of speculation, and take those bonds to a bank and pledge them as collateral to secure the loan, would be allowed a deduction of the interest paid to the bank.

Mr. SMOOT. Under the existing law; yes. As far as I am concerned, if the notes had not been issued under that law—and the value of the notes is based on the law itself—then the position taken by the Senator from Florida would be perfectly proper; but just as surely as this amendment as reported by the House becomes law, the Victory notes will immediately drop in value. It will not affect the speculator, because the speculator will get out from under, but it will affect the man who has carried those notes from the day that he purchased them, and has been paying interest upon the obligation. I know that there are a great many persons that are doing that to-day.

Mr. President, so that the record at this time may show just what inducements were held out to the American people to purchase these tax-exempt bonds at a low rate of interest during the war, I ask that the Secretary may read the provisions of the circular which I send to the desk.

Mr. OVERMAN. Mr. President, I should like to ask the Senator from Utah a question. Does the Senator contend that that law would exempt, not the man who purchased the bonds when the campaign was on, but the speculator who bought the bonds at 84 cents on the dollar and then took them to the bank and borrowed the money? Would that interest be exempt?

Mr. SMOOT. Mr. President, of course the 3½ per cent tax-exempt Victory notes have never been down to 84 cents on the dollar.

Mr. OVERMAN. Well, when they were 90 cents on the dollar?

Mr. SMOOT. No; they were even higher than that. This is what would be the result: The price of the bond is based upon the law under which the bond was purchased.

Mr. OVERMAN. That is, by the original purchaser?

Mr. SMOOT. No; by any purchaser. It makes no difference who it is, whether it is the original purchaser or a purchaser from the original purchaser. The price depends upon what the rate of interest will be to the purchaser; and the law to-day specifically says that all interest that is paid upon money borrowed for the purpose of carrying these tax-exempt securities shall be allowed as an exemption. The amendment, as I say, simply carries out existing law.

If the Secretary will read the two paragraphs that I have marked, the Senate can see just what was said to the American people.

Mr. OVERMAN. I think that means the original purchaser. I have some of those bonds. I borrowed the money to pay for them. If I turn around and sell them to John Smith and John Smith takes them to the bank and borrows money on them, then is his interest to be exempt?

Mr. SMOOT. Mr. President, the result of a proposition of that kind would be that John Smith would not give as much for the bonds to the original holder as he will if he has that exemption, and the law says that he shall have it.

I ask that those two paragraphs be put into the RECORD. I will not have the time of the Senate taken to read them.

The PRESIDING OFFICER. If there be no objection, the matter will be printed in the RECORD.

The matter referred to is as follows:

A. The direct saving to individuals from an investment in Victory notes—in normal tax in the case of the 4¼'s and in both taxes in the case of the 3½'s.

The 4¼ per cent Victory notes, besides bearing the highest rate of interest carried by a United States obligation since the Civil War, are exempt from normal tax. This means an advantage in the case of individual holders subject to income tax ranging from 4 per cent in the case of those subject to the lowest normal tax to 8 per cent in the case of the higher incomes. In other words, 4¼ per cent income exempt from normal tax is equivalent to income subject to normal tax and surtax ranging from 4.95 per cent when subject to the lowest rates to about 6.15 per cent when subject to the highest rates.

Victory notes of the 3½ per cent class are wholly exempt from both normal and surtax. This exemption is a clear advantage in income as contrasted with fully taxable investments bearing the same rate of interest ranging in the case of individual holders subject to income tax from 5 per cent in the case of those subject to the lowest 1919 rate of surtax to 73 per cent in the case of those subject to the highest 1919 rate of surtax. In other words, 3½ tax-exempt income is equivalent to taxable income ranging from 3.94 per cent when subject to the lowest rate of surtax to 13.89 per cent when subject to the highest rate of surtax. See Table I.

D. Advantage from deductibility of carrying charges.

For the purpose of computing net income subject to income and excess-profits taxes, all interest paid or accrued within the taxable year is deductible from gross income, except interest on indebtedness incurred or continued to purchase or carry tax-exempt securities other than obligations of the United States issued after September 24, 1917. It is therefore permissible for a purchaser of either the 3½ or the 4¼ notes to borrow the purchase price and deduct interest paid from his gross income without being subject to any tax upon the income received from 3½ notes so purchased and carried and without being subject to the normal tax upon the income received from 4¼ notes so purchased and carried. This applies to corporations liable to excess-profits tax as well as to individuals liable to surtax.

Mr. REED. Mr. President, as I understand the proposition now before the Senate, it is to accept the present law without the amendment which was originally reported by the committee.

Mr. SMOOT. That is it.

Mr. REED. The law as it stands is:

All interest paid or accrued within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917) the interest upon which is wholly exempt from taxation under this title as income to the taxpayer.

If the law is passed now, and we reenact this law, this privilege will continue indefinitely—that is, the privilege of taking the bond, putting it into the bank, borrowing the money, collecting the interest on the bond without paying any taxes, and deducting from your tax returns the entire interest paid to the bank. That presents a very different question from the proposition reported by the committee originally, for the proposition brought in by the committee added this to the act:

Provided, That in the case of returns made for the taxable year 1921 or 1922, there shall be allowed as a deduction interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, even though the interest therefrom is so wholly exempt.

As I understand that phraseology, it is intended that the privilege to which I have referred shall cease after next year, and there was no objection by anybody as to the fairness of that proposition.

Mr. McCUMBER. Mr. President, if the Senator will allow me, that is really what I intended, and I think the amendment which I have offered is subject to the criticism that it does not carry out that intent. My intention was to have it cover only original borrowings for the purpose of carrying on this campaign to raise the money; and with the Senator's permission and with the permission of the Senate—then it will all be in conference—I should like to change my amendment by inserting, after the figures "1917," the words "and originally subscribed for by the taxpayer." That is really what I intended, and in my opinion that is as far as it should go.

Mr. REED. Mr. President, that meets the objection that I was raising. Now, just a word that I think is worth uttering here.

We passed an act levying taxes and in that act we provided for credit upon returns of interest paid to banks in order to carry these Government bonds. That act was passed before the bonds were sold, and therefore every man who went to the bank and borrowed money to carry the bonds was entitled to rely upon the provisions of that act for at least a reasonable length of time; but I do not think he had the right to rely upon that tax law never being changed. It was quite a different proposition from writing the obligation in the bond itself. I think, therefore, we are perfectly justified in passing the amendment as it has been suggested—that is, to give these people who borrowed the money an opportunity to get their obligations discharged—but I am utterly opposed to carrying that privilege on indefinitely, because it might result in very great loss to the Government.

I am in favor of the amendment as now proposed.

The PRESIDING OFFICER. The question is on the amendment of the Senator from North Dakota as finally modified.

Mr. TRAMMELL. I should like to have the amendment stated again.

The PRESIDING OFFICER. The Secretary will state the amendment as modified.

The ASSISTANT SECRETARY. On page 38, beginning on line 9, it is proposed to strike out subdivision (2) in the House bill as amended and to insert in lieu thereof the following:

(2) All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after Sept. 24, 1917, and originally subscribed for by the taxpayer), the interest upon which is wholly exempt from taxation under this title.

Mr. REED. I am not sure the amendment is in proper form, but it can go to conference in that form.

Mr. TRAMMELL. Mr. President, how does that restrict it to the original purchaser? There is so much confusion in the Senate Chamber that we can not hear the amendment as it is being read.

The PRESIDING OFFICER. There will be order in the Senate Chamber. The Secretary will read the portion of the amendment referred to by the Senator from Florida.

The Assistant Secretary read as follows:

Other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota as modified.

The amendment as modified was agreed to.

Mr. McCUMBER. Mr. President, that necessitates two other amendments of the same character, on different pages; and I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 84, strike out all of paragraph (2) as amended and insert in lieu thereof the following:

(2) All interest paid or accrued within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917) and originally subscribed for by the taxpayer, the interest upon which is wholly exempt from taxation under this title.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCUMBER. I also offer the following amendment, which is substantially the same, to apply to another section.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 106 strike out all of paragraph 8 as amended and insert in lieu thereof the following:

(8) All interest paid or accrued within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917) and originally subscribed for by the taxpayer interest upon which is wholly exempt from taxation under this title.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCUMBER. On page 7, paragraph (b), I ask unanimous consent for a reconsideration of the vote by which the amendment of the committee on lines 19 to 23, inclusive, was disagreed to.

The VICE PRESIDENT. Without objection, the vote will be reconsidered.

Mr. McCUMBER. Now, I offer the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 7, lines 19 to 23 were stricken through when the bill was reported, and upon a vote the amendment was disagreed to, retaining the House text, as follows:

(c) Amounts distributed in the liquidation of a corporation shall be treated as in part or in full payment in exchange for stock or shares, and any gain or profit realized thereby shall be taxed to the distributee as other gains or profits.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee striking out those lines.

Mr. McCUMBER. That was disagreed to, but after that there was a further amendment inserted which changed to a considerable extent the law, which now makes it proper to agree to the committee amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. McCUMBER. Now, Mr. President, I move that we reconsider the vote by which the amendment on page 7, lines 9 and 10, and down to the word "corporation," on line 11, was agreed to.

The VICE PRESIDENT. The Secretary will state the amendment which was agreed to.

The ASSISTANT SECRETARY. The amendment was as follows: On line 9, strike out the word "distribution," and insert the words "distribution, except on a bona fide liquidation of the corporation," and a comma.

The VICE PRESIDENT. Without objection, the vote by which the amendment was agreed to will be reconsidered.

Mr. McCUMBER. Now, I ask that the committee amendment just stated be disagreed to.

The amendment was rejected.

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. Amend by adding a new section, as follows:

SEC. —. That the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated for the purpose of paying to ex-service men who are entitled to the sum of $60 additional compensation authorized under the provisions of section 1406 of an act to provide revenue, and for other purposes, approved February 24, 1919. Payments made from this appropriation shall be made in conformity with the provisions of the said section 1406.

Mr. SMOOT. May I ask the Senator if that is not the same amendment he offered during the day?

Mr. TRAMMELL. It is the same amendment, except that I have raised the amount to $100,000. The original amendment provided for $50,000.

Mr. WARREN. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Wyoming?

Mr. TRAMMELL. I want to say a word about it, but I yield to the Senator.

Mr. WARREN. This matter has been acted upon once to-day, except that the amount was different in the amendment heretofore offered. It is an amendment which would result in preventing the soldiers for a time from getting the pay which they otherwise would, as I explained in my remarks earlier in the day.

A deficiency appropriation bill will undoubtedly be passed in a short time, while this, even though it should be consented to in conference, would not become law until a long time after the deficiency bill is passed. I hope the amendment will be defeated.

Mr. TRAMMELL. Mr. President, while this subject has been acted upon once before to-day in a different amount, that is no precedent for its defeat at the present time.

At the suggestion of the acting chairman of the committee, the Senate has spent the last 20 or 30 minutes undoing something it did a few days ago. I have heard of little rumblings from the bond brokers and speculators since we adopted the amendment the other day in regard to the exemption of indebtedness incurred by the purchase of bonds. I have not, however, heard from any of the patriotic citizens who borrowed money for the purpose of purchasing the bonds during the war.

I offered this amendment because I think the Senate should act, and act hastily, to provide funds to make the payments to the soldiers who are entitled to them. We have not found any such delay as would probably result from defeating this amendment in regard to dealing with and providing for reorganizations of corporations. Only this afternoon the Senate adopted an amendment extending the advantages of the laws applicable to corporations in regard to taxation to corporations which were organized any time this year. It was not suggested that those

corporations were not in existence and that that was retroactive, that it was the height of favoritism; but it seems to me that every time a suggestion is made in behalf of the soldiers of the country some technicality is raised or some excuse is given as to why we should not do anything for the soldiers.

It was upon a revenue bill that the amendment was adopted which allowed the soldier the $60 additional compensation. I introduced a bill, about the second day after the armistice was signed, to pay some little tribute to our soldiers as a token of the Nation's gratitude, and some few weeks later, when the revenue bill was pending, seeing no disposition on the part of those in control of the committees to do anything to assist our soldiers as they were being discharged, many of them penniless, I offered the amendment from which resulted the $60 additional pay which the soldiers were allowed, and it was attached to the revenue bill.

I have since felt that probably that was just the psychological moment to get even that little pittance for the American soldier, because since that time there has never been a disposition on the part of the majority to do anything whatever to assist the soldier. It has always been put off to a more convenient day. It is always a matter of excuses, and that "it will be the next in order."

Now, something like three years have elapsed—it is within a few days of three years—since the war ended, as far as actual hostilities were concerned, and our soldiers have received only the $60 pittance which was provided for in an amendment to a revenue bill, which was enacted in the early part of 1919.

It just happens, however, that all the soldiers have not received that $60. Some of them—who, for reasons I am not familiar with, did not receive this sum but have approved applications upon file—are now denied payment because the comptroller takes the position, as set out in a letter which I furnished this afternoon to go into the record that the appropriation has lapsed from which the payments were to be made. We have already passed a law providing the allowance, and it is only a question of making the appropriation. If Congress is going to be honorable and regard as sacredly its promises to the soldiers of the country as it does its promises to the money lenders and the investors in Government bonds, then certainly it will have to make the appropriation. So why delay? Why not make this appropriation now, place it upon this bill, and allow the men who are entitled to it to receive their pay without delay?

It is suggested that we will have the provision in a deficiency appropriation bill. It is highly probable that that will be under consideration for some time and that there will be some months' delay. Of course, it might be claimed that it would be sooner, but if it should happen to be enacted sooner than this bill shall become a law, then the two will not conflict in the least.

What I desire is to see something done whereby these loyal, patriotic boys who fought for their country and are entitled to this money shall be paid, and paid expeditiously, and I do not care to have any technicalities or excuses offered against this payment. I would not think of offering any.

There have been a good many changes made in this bill and changes made in the law. We have sought to change the law in many respects. We just inserted a provision in regard to the bonds. I think those who borrowed money to purchase bonds as a patriotic duty deserve every consideration on the part of the Government, but I do not think the speculators do, and I think even now you have left your amendment in such form, considering the other law, that the speculator in Government securities will have his entire interest deducted, even though he bought them at less than par and purchased them as a matter of speculation and was not the original purchaser.

Under the law you get interest deducted which you have paid upon investments. If the speculator gets any bonds, then his interest is deducted, and it is absolutely misleading to try to make it appear that this provision applies to the original purchaser of the bonds. You are going to exempt the interest paid by speculators in bonds.

Mr. President, if we are going to exempt interest as a deduction to speculators in bonds, we should write into this bill before it is enacted into law a provision requiring that the exemption shall not apply unless they pay par for the bonds. They are not entitled to it. They want to go around over this country speculating in bonds, driving down the price of bonds below par. They should not be shown that favoritism on the part of the Government.

So we should, in the interest of getting a good price for the bonds and upholding the value of our Government securities, make that provision apply only when they pay par for the bonds at the time of purchase, and that would have a tendency to stimulate the bond market.

Mr. SMOOT. Mr. President, Congress appropriated the money to pay every soldier $60 a month. There was not a claim made by the soldier before the lapse of the appropriation to take the full amount, nor will there be claims made by the soldier to take what was appropriated by Congress, even though the amendment of the Senator be agreed to at this time.

But that is not the question. This is not an appropriation bill, and if the amendment were put upon this bill the bill would not, in my opinion, become a law as quickly as will the deficiency appropriation bill that is to be passed by the House in a very few days and come to the Senate. So anyone who is desirous of getting this money for the soldier quickly will vote against the amendment of the Senator from Florida and vote for a similar amendment on the deficiency appropriation bill. I will assure Senators that it is coming and will be passed without a question of doubt within a very few days after it comes from the House of Representatives.

Again, I wish to say, for the information of the Senate, that in the amendment which has just been agreed to there has been nothing provided which allows a speculator an exemption for the interest he paid upon the money that he used in the purchase of bonds. The amendment was limited to the original purchaser. The original purchaser paid to the Government of the United States dollar for dollar in the purchase of his bonds. If he purchased a thousand-dollar bond, the original purchaser of that bond paid $1,000 for it. No one is given an advantage; no one has been shown favoritism in the amendment that was just agreed to.

Of course, Mr. President, I hope the amendment will be rejected.

Mr. TRAMMELL. Mr. President, will the Senator yield for an inquiry?

Mr. SMOOT. Certainly.

Mr. TRAMMELL. I know the amendment applies to the original purchaser, as the Senator said, but does not the law as applied to an interest indebtedness authorize one to exempt that upon which he is paying interest?

Mr. SMOOT. That was a 1918 law and was enacted in conformity with the official notice of the Treasury Department as to what the purchaser would receive in case he bought those low-interest bonds. Now this Congress is going to repeal that law, and after January 1, 1922, there will not be any exemption except for this year in the case of an original purchaser.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. SMOOT. Mr. President, I am going to offer now the third form of sales tax. As I spoke on October 11 in detail with reference to this particular amendment, I am going to ask that the amendment be received at this time.

Mr. ASHURST. What is the amendment?

Mr. SMOOT. The 3 per cent manufacturers' sales tax.

The VICE PRESIDENT. The amendment will be read.

The READING CLERK. Strike out from page 28, line 8, to and including page 30, line 20, and insert in place thereof the following:

(2) For the calendar year 1922 and each calendar year thereafter a surtax equal to the sum of the following:

One per cent of the amount by which the net income exceeds $6,000 and does not exceed $8,000;

Two per cent of the amount by which the net income exceeds $8,000 and does not exceed $10,000;

Three per cent of the amount by which the net income exceeds $10,000 and does not exceed $12,000;

Four per cent of the amount by which the net income exceeds $12,000 and does not exceed $14,000;

Five per cent of the amount by which the net income exceeds $14,000 and does not exceed $16,000;

Six per cent of the amount by which the net income exceeds $16,000 and does not exceed $18,000;

Seven per cent of the amount by which the net income exceeds $18,000 and does not exceed $20,000;

Ten per cent of the amount by which the net income exceeds $20,000 and does not exceed $22,000;

Eleven per cent of the amount by which the net income exceeds $22,000 and does not exceed $24,000;

Twelve per cent of the amount by which the net income exceeds $24,000 and does not exceed $26,000;

Thirteen per cent of the amount by which the net income exceeds $26,000 and does not exceed $28,000;

Fourteen per cent of the amount by which the net income exceeds $28,000 and does not exceed $30,000;

Fifteen per cent of the amount by which the net income exceeds $30,000 and does not exceed $32,000;

Sixteen per cent of the amount by which the net income exceeds $32,000 and does not exceed $36,000;

Seventeen per cent of the amount by which the net income exceeds $36,000 and does not exceed $38,000;

Eighteen per cent of the amount by which the net income exceeds $38,000 and does not exceed $40,000;

Nineteen per cent of the amount by which the net income exceeds $40,000 and does not exceed $42,000;

Twenty per cent of the amount by which the net income exceeds $42,000 and does not exceed $44,000;

Twenty-one per cent of the amount by which the net income exceeds $44,000 and does not exceed $46,000;
Twenty-two per cent of the amount by which the net income exceeds $46,000 and does not exceed $48,000;
Twenty-three per cent of the amount by which the net income exceeds $48,000 and does not exceed $50,000;
Twenty-four per cent of the amount by which the net income exceeds $50,000 and does not exceed $52,000;
Twenty-five per cent of the amount by which the net income exceeds $52,000 and does not exceed $54,000;
Twenty-six per cent of the amount by which the net income exceeds $54,000 and does not exceed $56,000;
Twenty-seven per cent of the amount by which the net income exceeds $56,000 and does not exceed $58,000;
Twenty-eight per cent of the amount by which the net income exceeds $58,000 and does not exceed $60,000;
Twenty-nine per cent of the amount by which the net income exceeds $60,000 and does not exceed $62,000;
Thirty per cent of the amount by which the net income exceeds $62,000 and does not exceed $64,000;
Thirty-one per cent of the amount by which the net income exceeds $64,000 and does not exceed $66,000;
Thirty-two per cent of the amount by which the net income exceeds $66,000.

On page 78, lines 23 to 25, inclusive, and page 79, lines 1 to 7, inclusive, strike out said page 78, lines 23 to 25, inclusive, and page 79, lines 1 to 7, inclusive, and insert in the place thereof the following:

"SEC. 230. That in lieu of the tax imposed by section 230 of the revenue act of 1918 there shall be levied, collected, and paid for the calendar year 1921, and for each calendar year thereafter, upon the net income of every corporation a tax of 10 per cent of the amount of the net income in excess of the credits provided in section 236."

Pages 130 to 145, inclusive, strike out all of said pages 130 to 145, inclusive, and insert in place thereof the following:

"TITLE III.—EXCESS-PROFITS TAX REPEAL.

"SEC. 300. Title III of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 167, line 20, to page 175, inclusive, strike out said page 167, beginning with line 20, to and including page 175, and insert in place thereof the following:

"TITLE V.—TRANSPORTATION AND INSURANCE TAX REPEALS.

"SEC. 500. Title V of the revenue act of 1918 is repealed to take effect January 1, 1922."

Page 177, to and including page 180, line 7, strike out all of said pages 177 to 179, inclusive, and page 180, lines 1 to 7, inclusive, and insert in place thereof the following:

"SEC. 603. Sections 628 to 630, inclusive, of Title VI of the revenue act of 1918 are repealed to take effect January 1, 1922."

Page 190, line 18, to and including page 196, line 7, strike out said pages 190, beginning with line 18, to and including page 196, line 7, and insert in place thereof the following:

"TITLE VIII.—ADMISSION AND DUES TAX REPEAL.

"SEC. 800. Title VIII of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 196, line 8, to and including page 211, line 14, strike out said pages 196, beginning with line 8, to and including page 211, line 14, and insert in place thereof the following:

"TITLE IX.—MANUFACTURERS' AND PRODUCERS' TAX.

"SEC. 900. That in addition to all other taxes there shall be levied, collected, and paid (a) upon every commodity manufactured or produced when sold, leased, or licensed for consumption or use without further process of manufacture, a tax equivalent to 3 per cent of the price for which such commodity is sold, leased, or licensed, such tax to be paid by the manufacturer or producer, and (b) upon every commodity manufactured or produced in a country other than the United States, when imported into the United States for consumption or use without further process of manufacture, a tax equivalent to 3 per cent of the value at port of entry of such commodity, such tax to be paid by the importer.

"SEC. 901. (a) That this title shall not apply to sales, leases, or licenses made during any year in which the total price for which the taxable sales, leases, or licenses are made does not exceed $6,000, nor to sales of refined gold or silver.

"(b) If any manufacturer, producer, or importer of any commodity taxable under this title customarily sells, leases, or licenses such commodity at wholesale at the place of manufacture, production, or importation, and also at wholesale at another place, or at retail, the tax in the case of any commodity sold, leased, or licensed otherwise than at wholesale at the place of manufacture, production, or importation shall be computed on the price for which like commodities are sold, leased, or licensed at wholesale at the place of manufacture, production, or importation; or if sold by him at retail only, the tax shall be computed on the fair market price at which like commodities are customarily sold, leased, or licensed at wholesale at the place of manufacture, production, or importation.

"(c) If any person who manufactures, produces, or imports any commodity taxable under this title (1) sells, leases, or licenses such commodity to a corporation affiliated with such person within the meaning of section 240 of this act at less than the fair market price obtainable therefor, the tax thereon shall be computed on the basis of the price at which such commodity is sold, leased, or licensed by such affiliated corporation; and (2) if any such person sells, leases, or licenses such commodity, whether through any agreement, arrangement, or understanding, or otherwise, at less than the fair market price obtainable therefor, either, first, in such manner as directly or indirectly to benefit such person or any person directly or indirectly interested in the business of such person, or, second, with intent to cause such benefit, the amount for which such commodity is sold, leased, or licensed shall be taken to be the amount which would have been received from the sale, lease, or license of such commodity if sold, leased, or licensed at the fair market price obtainable therefor.

"(d) Every individual, firm, or corporation liable for any tax imposed under this title shall make monthly returns under oath in duplicate and pay the taxes imposed by such title to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made in such time and place and in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

"(e) Taxes levied under this title shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month from the time when the tax becomes due.

"SEC. 902. (a) That the taxes imposed by this title shall not apply to sales, leases, or licenses made by (1) the United States; (2) any foreign Government; (3) any State or Territory or political subdivision thereof or the District of Columbia; (4) any hospital; (5) Army or Navy commissaries and canteens; or (6) any corporation organized and operated exclusively for religious, charitable, scientific, or educational purposes no part of the net earnings of which inures to the benefit of any private stockholder or individual; (7) any public utility; or (8) any farmer as to the product of his farm.

"(b) The tax imposed by this title shall not apply to sales, leases, or licenses of any article taxable under Title VI of the revenue act of 1918 (except sections 628 and 630) or Title VII of this act.

"(c) The taxes imposed by this title shall not apply with respect to articles sold, leased, or licensed for export and in due course so exported.

"SEC. 903. That in the case of any erroneous payment of any tax imposed by this act any person making such erroneous payment may take credit therefor against taxes due upon any subsequent return.

"SEC. 904. That the provisions of this title shall become effective on and after January 1, 1922.

"SEC. 905. Title IX of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 212, line 13, to and including page 222, line 2, strike out from page 212, beginning with line 13, to page 222, line 2, inclusive, and insert in place thereof the following:

"SEC. 1001. Sections 1001 to 1005, inclusive, of the revenue act of 1918 are repealed."

Page 222, line 3, strike out the words "Sec. 1004" and insert in place thereof the words "Sec. 1002."

Page 228, line 17, strike out the words "Sec. 1005" and insert in place thereof the words "Sec. 1003."

Page 230, line 16, strike out the words "Sec. 1006" and insert in place thereof the words "Sec. 1004."

Page 231, line 22, to and including page 249, line 2, strike out all of said pages 231, line 22, to page 249, line 2, inclusive, and insert in place thereof the following:

"TITLE XI.—STAMP TAX REPEAL.

"SEC. 1100. Title XI of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Page 292, strike out lines 7, 8, 10 to 15, inclusive, 18, 19, and 21.

Page 292, strike out line 20 and insert in lieu thereof:

"Sections 1006, 1007, and 1008 of Title X (being the so-called narcotic taxes)."

Mr. SMOOT. Mr. President, the statement has been made by Senators on both sides of this Chamber that business men, and particularly manufacturers, do not understand my tax plan, that they are under the misapprehension that it relieves business, reduces the surtaxes, and affords a real reduction in the tax burden and a simplification in making out of a tax return.

I could introduce thousands of letters from business men showing that they do understand the business situation and the entire taxation problem better than has been evidenced in debate upon the floor of the Senate. For the information of the junior Senator from Massachusetts [Mr. WALSH] I will read a message received from the Boston Chamber of Commerce, showing the chamber's attitude toward the principle of a sales tax:

> We wish to emphasize the fact that the Boston Chamber of Commerce by referendum voted 2,000 to 120 for legislation incorporating principles of sales tax; believe that such legislation would be simpler more equitable and more easily administered than present revenue law and would thus hasten return of business to normal. We believe this vote expresses sentiment of business men in this locality.
>
> (Signed) EVERETT MORSS,
> *President Boston Chamber of Commerce.*

I have in my files similar messages from many other associations. I have thousands of letters from business men, from professional men, and a few from workingmen and farmers' organizations, men in all walks of life and representing practically every State in the country. I have an enormous number of newspaper editorials showing a widespread understanding of my proposal and almost unanimous disapproval of the tax bill which the Senate is about to adopt. The people and the papers from one end of this land to the other understand my plan and understand the effect of the pending bill.

A solid Democratic vote, combined with the votes of certain Republicans, has already defeated two attempts made by me to give the American people and American business a real revision of our tax system. I have shaped those two proposals to meet the bill as previously acted upon by the Senate. Certain Senators on the Democratic side have characterized the one-half of 1 per cent turnover tax as worse than the 1 per cent manufacturers' tax.

When you vote against a sales tax on its merits, you defeat the only method of obtaining the revenue for the soldiers' bonus by taxation, or else you will have to later withdraw your opposition and approve a sales tax as a practical method of raising revenue.

I now offer the last chance for the Senate to determine the practicability of a sales tax, which some of those on the Democratic side describe as better than a turnover tax; I give Senators the opportunity to afford to American business, and so to American labor and to the American farmer, the relief which it

is said business men understand my plan to present. I present a plan which will fulfill the pledges of both political parties. You may vote on this proposal, the original bill introduced by me, and hereafter maintain your silence except as you oblige yourselves to reply to the business man's and the workingman's inquiry, "What did you do?"

I therefore present the 3 per cent manufacturers' tax, the repeal of all the varieties of war taxes, the repeal of the excess-profits tax as of January 1, 1921, the retention of the corporation income tax at the flat rate of 10 per cent, and the surtax rates on individual incomes as originally agreed upon by the Finance Committee with the maximum rate of 32 per cent.

The effect of this amendment upon the bill in its present form should at least satisfy the objection of the Senator from North Carolina [Mr. SIMMONS], since the capital stock tax will be retained, bringing in $75,000,000, the elimination of the $2,000 exemption for corporations will mean $30,000,000 more, and the increase in the tax on alcoholic liquors will bring $30,000,000 additional, so there will be at least $135,000,000 increased revenue for 1923, over the estimates set forth in my speech of October 11.

The Treasury Department expert has estimated that a 1 per cent turnover tax on goods, wares, and merchandise will bring in $900,000,000 a year. Then a 3 per cent turnover tax would mean $2,700,000,000 a year. I estimate the 3 per cent manufacturers and producers' tax to yield $759,000,000 a year, and as that estimate includes production and importations as well as manufactured articles I believe the estimate to be most conservative in view of the expert's estimate as to the yield of a turnover tax at one-third the rate of the tax proposed by me.

The tax bill as now before the Senate is not a revision such as the American people have a right to expect from the pledges of both political parties and the campaign speeches of presidential and congressional candidates for office. The pending bill merely involves administrative changes, a reduction in the higher surtaxes, the repeal of the transportation taxes, certain excise taxes, and the excess-profits tax.

The bill gives no relief for business, outside of the transportation tax repeal and some slight exceptions, until 1923. In the year 1923, 100,000 corporations will have their taxes reduced by reason of the excess-profits tax repeal. In the year 1923 over 100,000 other corporations will have their taxes increased through the imposition of a 15 per cent tax instead of 10 per cent, or a 50 per cent increase in their taxes.

Not until that year 1923, and then only slightly, will the capital of individual investors be relieved for investment in productive enterprises giving employment to the unemployed by the reduction in the higher surtaxes. And let me say right here, that the sole reason why the Committee on Finance recommended the maximum surtax rate at 32 per cent was in order to induce wealthy investors to put their money in productive enterprises instead of in tax-exempt securities, thereby encouraging industrial development and affording employment for more people. That purpose has been nullified by accepting the bloc amendment fixing the highest surtax at 50 per cent.

So far as accomplishing the purpose of the committee is concerned, the highest rate may as well be 65 per cent as under the present law, as 50 per cent. I desire to remind Senators that the 50 per cent maximum will not accomplish the desired purpose. It is purely a compromise in rates. It means a reduction in taxation for the very wealthy, but the full responsibility for relieving wealth must rest upon the Senate as a whole, since the Senate as a whole has adopted that 50 per cent maximum.

I wish to remind Senators, also, that the proposal to repeal the excess-profits tax first came from the Democratic administration, which found that tax to be inequitable, unscientific, and unworkable.

The first proposal to repeal all the transportation taxes came, I believe, in my original bill, but the Senator from North Carolina [Mr. SIMMONS] made a similar proposal shortly afterward. My original bill also proposed the repeal of all other miscellaneous forms of taxation.

I am just reminding the Senators that every repeal in the present bill came from this side of the Chamber, as my original proposal was all inclusive.

Considerable has been said in this Chamber about making the bonus bill a matter of politics. I want to say right now that this tax bill has been too much considered from the standpoint of politics, rather than with a view to carrying out the pledges of both political parties and of giving the American people a real revision of our tax system for peace times through the repeal of all forms of war taxation.

I have conscientiously attempted to provide such a revision as I believe the American people expect this Congress to enact. I have no pride of authorship in my proposal. I have approached the tax problem in an entirely nonpartisan way, but purely as a business problem from the standpoint of both the administration and the public.

Not a single practical and constructive proposal has been advanced from the Democratic side of the Chamber to relieve the present situation by the enactment of a proper revision of our tax system for peace times.

I believe and I charge that the solid Democratic opposition to my proposal is actuated from the viewpoint of politics and not from that of the best interests of the American people.

My proposal would mean a real revision of our tax laws, a relief for business, a release of capital for investment in productive enterprises, giving more employment and increased prosperity for the farmers, since they can prosper only as the consumers whom they serve can prosper.

I desire to make no further comments on the proposal, as I went into the matter at great length on October 11. I am satisfied merely to put the matter to a vote. The entire responsibility for not giving the American people a real revision and simplification of our tax system for peace times, for not carrying out the pledges contained in the platforms of both political parties, may now rest upon the vote as recorded in the Senate proceedings.

My duty would not be fully performed unless I presented the exact plan which has received such widespread indorsement, and I therefore ask for a vote on this bill. I shall not ask for the yeas and nays. We have had two yea-and-nay votes on the sales-tax plan, and I shall be content with a viva voce vote of the Senate.

Mr. MOSES. Mr. President, I call for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was rejected.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to amendment. If there are no further amendments as in Committee of the Whole, the bill will be reported to the Senate.

Mr. JONES of New Mexico. Mr. President, I desire to call attention to a situation which has developed somewhat recently by reason of a decision of the Supreme Court of the United States. It is also pertinent to a provision of the revenue bill which the Finance Committee has offered as an amendment and which has been adopted by the Senate.

If Senators will bear with me, I desire to call their attention to a matter which has been made somewhat prominent recently by a decision of the Supreme Court. Heretofore there has been a provision of law permitting a taxpayer who has paid internal revenue taxes under protest to bring suit against the collector who collected the taxes from him. In such case if the district court of the United States should give a certificate of reasonable cause judgment in that case became a judgment against the United States and was payable without further appropriation by Congress. Recently the Supreme Court has held that if the collector who collected the money has died his successor could not be sued and that in such case the claimant could only recover by bringing suit in the Court of Claims. If he does that he can not recover any interest on the money during the time which the Government has held it.

There has been put into this bill a provision for the payment of interest by the United States in case of a refund. That clause will be found on page 276 of the bill, where it is provided:

> That upon the allowance of a claim for the refund of or credit for taxes paid interest shall be allowed and paid upon the total amount of such refund.

That provision has been adopted by the Senate. Therefore, clearly it is the view of the Senate that in case of the unlawful collection of an internal-revenue tax it shall be refunded with interest. That is the provision we have put in, but that covers only the case where the refund is made by the Commissioner of Internal Revenue or through the machinery provided for such refund. It leaves this situation: If a taxpayer had paid such a tax and he is entitled to a refund he may bring suit in the United States district court against the collector to whom he paid it and recover that sum with interest; but if the collector to whom he paid it goes out of office or dies, then he can not sue the successor of that individual collector, and, of course, can not recover any interest. If he goes into the Court of Claims, he can not recover any interest, and he can not sue the United States in the district court if the claim amounts to more than $10,000.

What is here proposed is that we shall remedy that situation by providing that where the collector to whom the revenue was paid has died then the claimant may sue the United States. It

simply brings about an equitable situation and prevents the taxpayer from having to suffer the hardships which would be brought upon him simply through the accident of the death of the collector to whom he paid the money. I offer the amendment for the purpose of remedying that situation.

Mr. SMOOT. Has the Senator both amendments there?

Mr. JONES of New Mexico. I have. I will say to the Senator from Utah that I think I shall offer the second prepared amendment first. I may say that these amendments have been prepared by the expert draftsmen in connection with the Attorney General's office, and are arranged so as to meet the situation and do justice to the various taxpayers of the country.

Mr. SMOOT. I have no objection to the amendments. I have the amendments here, and I was going to offer them myself in just a moment; but the Senator from New Mexico may offer both amendments, if he wishes to, and I hope the Senate will adopt them.

The VICE PRESIDENT. The amendment proposed by the Senator from New Mexico will be stated.

The ASSISTANT SECRETARY. On page 261, after line 16, it is proposed to insert the following new subdivision:

(c) Paragraph 20 of section 24 of the Judicial Code is amended by adding at the end thereof the following new paragraph:

"Concurrent with the Court of Claims, of any suit or proceeding, commenced after the passage of the revenue act of 1921, for the recovery of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority or any sum alleged to have been excessive or in any manner wrongfully collected under the internal-revenue laws, even if the claim exceeds $10,000, if the collector of internal revenue by whom such tax, penalty, or such was collected is dead at the time such suit or proceeding is commenced."

The amendment was agreed to.

Mr. JONES of New Mexico. The amendment just agreed to is very simple. The other amendments are amendments to section 1324 of the pending bill on page 276. That section requires some clerical amendments. Really the amendments I desire to propose are merely designed to adjust the section.

Mr. SMOOT. If the Senator will send the amendments up, I I shall follow them as they are being read.

Mr. JONES of New Mexico. There are several amendments combined in one, but they all carry out the purposes designed.

First, however, it will be necessary to reconsider the vote by which section 1324 was adopted. I ask unanimous consent that the vote by which that amendment was adopted may be reconsidered.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was adopted will be reconsidered.

Mr. JONES of New Mexico. Now, to that section I offer the amendments which I send to the desk and which I ask may be adopted en bloc.

Mr. SMOOT. That is all right.

The VICE PRESIDENT. The amendments proposed by the Senator from New Mexico will be stated.

The ASSISTANT SECRETARY. On page 276, in the heading on line 16, after the word "Refunds," it is proposed to insert "and judgments"; on page 276, line 17, before the word "That," to insert "(a)"; on page 277, after line 16, to insert:

(b) Section 177 of the Judicial Code is amended to read as follows:

"No interest shall be allowed on any claim up to the time of the rendition of judgment by the Court of Claims, unless upon a contract expressly stipulating for the payment of interest, except that interest may be allowed in any judgment of any court rendered after the passage of the revenue act of 1921 against the United States for any internal revenue tax erroneously or illegally assessed or collected, or for any penalty collected without authority or any sum which was excessive or in any manner wrongfully collected, under the internal revenue laws.

Mr. SMOOT. That is all right, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New Mexico to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. McCUMBER. I have another amendment to offer. On page 8, line 8, I move to insert a new subdivision to read as follows:

(c) A stock dividend shall not be subject to tax, but if after the distribution of any such dividend the corporation proceeds to cancel or redeem its stock at such time and in such manner as to make the distribution and cancellation or redemption essentially equivalent to the distribution of a taxable dividend the amount received in redemption or cancellation of the stock shall be treated as a taxable dividend to the extent of the earnings or profits accumulated by such corporation after February 28, 1913.

Mr. President, nothing has developed at the present time to necessitate this proposed amendment, but conditions are ripening, I think, among a number of corporations for them to declare stock dividends which, under the late decision of the Supreme Court, would not be taxable, and then, we will say in a month or a short time thereafter, to redeem the stock, in other words, cancel the stock. In that way, under the law as it now stands, and under the Supreme Court decision, a stockholder would not be compelled to pay a tax upon the income so derived. The amendment is for the purpose of preventing the provision relating to the exemption of stock dividends from being used for a fraudulent purpose where the dividend is simply declared and then the stock taken up or traded back again in some way so that the stockholder will be free from the tax. I think it is a proper amendment to be adopted.

SEVERAL SENATORS. Vote!

The ASSISTANT SECRETARY. The amendment comes in on page 8 after line 8 as subdivision (c).

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. If there be no further amendments to be offered as in Committee of the Whole, the bill will be reported to the Senate.

The bill was reported to the Senate.

The VICE PRESIDENT. The bill is in the Senate. The question is on concurring in the amendments made as in Committee of the Whole.

Mr. LENROOT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. LENROOT. Do I understand a reservation was made of the committee amendment, being subdivision (b) on page 79, lines 6 and 7?

The VICE PRESIDENT. There was no reservation made of that amendment.

Mr. LENROOT. I desire to reserve that amendment in the Senate.

Mr. REED. Mr. President, when the bill was before the Senate as in Committee of the Whole, I reserved a separate vote on the amendment offered by the Senator from Massachusetts [Mr. LODGE], the purpose of which was to exempt holding companies from the corporate-stock tax to the extent that the stock held by them and subsidiary companies had been taxed. In order to bring the matter before the Senate, I move to strike out the amendment agreed to as in the Committee of the Whole in the following words:

But if the taxpayer owns at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of any other domestic corporation liable to the tax imposed by this section, the fair average value for the preceding year ending June 30 of the stock so owned by the taxpayer shall be deducted.

Mr. LODGE. Mr. President, before that amendment is taken up, I desire to make a parliamentary inquiry: Ought we not first to concur in the amendments which have not been reserved?

The VICE PRESIDENT. The Chair is of opinion that that would be a better procedure to follow.

Mr. REED. Mr. President, the bill is in the Senate and open to general amendment?

Mr. LODGE. Certainly.

Mr. REED. And the statement was repeatedly made by the Vice President that it was not necessary to make any reservations?

Mr. LODGE. After we get into the Senate. I am merely speaking of the method of procedure that amendments not reserved to which there is no objection are usually agreed to en bloc. That does not interfere with reserving any amendment. Senators may reserve any amendment they desire to reserve.

Mr. REED. I know of no particular reason why that procedure should not be followed.

Mr. LODGE. That has been the procedure universally followed.

Mr. McCUMBER. Let us dispose of those amendments to which there is no objection, and then the Senator from Missouri may offer any amendment he desires.

The VICE PRESIDENT. Will the Senate agree to concur en bloc in all amendments made as in Committee of the Whole, except those as to which reservations have been made? The Secretary will state those amendments which have been reserved.

Mr. SUTHERLAND. I desire to reserve a vote on paragraph 22, page 201.

The ASSISTANT SECRETARY. The following reservations have been specifically made:

By Mr. LENROOT the amendment on page 115, subdivision (f).

Mr. LENROOT. Mr. President, I will not press that reservation.

The VICE PRESIDENT. The Senator from Wisconsin withdraws his reservation of the amendment referred to.

The ASSISTANT SECRETARY. By Mr. LA FOLLETTE, on page 125, under the heading of "Returns to be public records."

By Mr. REED, on page 212, inserting, after line 12, under the heading "Special taxes," the amendment relative to holding companies.

By Mr. REED, on page 198, line 6, whereby the committee amendment was agreed to, striking out the tax on chewing gum.

By Mr. POMERENE, on page 212, inserting in the amendment an excise tax on incomes exceeding $3,000,000.

By Mr. EDGE, on page 201, lines 15 to 22, perfumes, petroleum jellies, and so forth.

By Mr. LENROOT, on page 79, lines 6 and 7.

By Mr. SUTHERLAND, on page 201, paragraph 22.

Mr. SUTHERLAND. That is the same one to which I have just referred.

The VICE PRESIDENT. Are there any others?

Mr. WALSH of Massachusetts. I reserve the amendment that was lost by one vote on page 153.

The VICE PRESIDENT. An amendment that is offered and lost does not have to be reserved.

Mr. WALSH of Massachusetts. I thank the Chair.

The VICE PRESIDENT. The question is on concurring in all other amendments made as in Committee of the Whole.

The amendments not reserved were concurred in.

Mr. REED. Mr. President, I asked for a separate vote upon this proposition, because the vote was exceedingly close, and I hoped that on reflection we might obtain a different result.

In plain, simple English the amendment offered by the Senator from Massachusetts [Mr. LODGE], which was adopted, and which I am now moving to strike out, provides that holding companies shall be exempted from the corporate stock tax upon their corporate stock to the extent of the taxes paid upon the stock held by them of their subsidiaries.

This excise tax is based upon the theory that the Government is taxing a corporation for the privilege of doing business as a corporation, and accordingly a rate of taxation has been fixed so that the corporation pays $1 of taxes for each 1,000 of its capital stock. The tax is exceedingly light upon the small corporation, of course.

When we come to consider the great corporations which are organized for the purpose of promoting trust transactions, and which constitute the greatest menace there is to-day to the industrial world and to the whole economic situation, it is proposed that in the case of these holding companies, organized for the purpose of moving in unison the tremendous power of a dozen or perhaps a hundred corporations—for it could be extended that far, and in one or two instances has been extended nearly that far—the corporate right to wield, under the direction of a single mind, all of the corporate power of the aggregation shall be exempted from taxation to the extent that taxes are paid on the stock of the subsidiaries.

It is entirely conceivable that a corporation might be organized with a capital stock of a billion dollars, that the stock of the subsidiary companies might amount to a billion dollars, and it might all be held by the holding company; but the holding company exercises the exceedingly valuable and sometimes dangerous privilege of uniting the forces of all the subsidiary companies in one management, and for that privilege—which is the highest corporate privilege that can be exercised, and the most dangerous—it is proposed to exempt it from taxation.

Mr. President, I do not intend to argue that proposition at length. I want to say that if there is any company in the world that ought to pay a high corporate-stock tax it is the company that produces nothing, that creates nothing, that simply unites small competitive concerns and destroys competition, and then has the privilege of exercising a tremendous, concentrated power in the control of the business of the people of the United States. So, Mr. President, I have asked for a separate vote, and I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LODGE. Mr. President, this amendment, which I offered and which was adopted, was simply for the purpose of relieving the injustice of double and triple taxation which undoubtedly and admittedly exists. Putting in this amendment has nothing to do with the power of a holding company; they would have power just the same, but it cures the evil, and, as I say, the injustice of this double taxation.

What I had in mind particularly were the railroads and the public utilities—I mean the street railways—which represent very large interests and which are heavily burdened now both by State and by National laws, which, as everyone knows, are not making great amounts of money, and upon which this double and sometimes multiple taxation falls with very great severity.

It is to them that the relief will come; but striking out my amendment will have no effect whatever on the existing control by the parent company or the holding company of railroads or public utilities or any other form of company.

Double taxation is not favored in any of the States that I know of, or in any system of taxation. I think it extremely unjust that it should be put on in this case, and I always thought so, at the time the bill was framed with the original construction of which I had something to do.

I do not want to take the time of the Senate, but I think it is an injustice that ought to be remedied, and a relief that might well be given to the railroads and the public utilities, who suffer most, by far the most, from this double taxation.

Mr. STANLEY. Mr. President, the corporation is necessary to the transaction of the immense business of to-day. It is a part of modern civilization. It is like a great engine; it is like the elements of fire and water, absolutely essential, dangerous when abused, by virtue of its enormous power. I am not here to inveigh against the corporation because I am inclined to call the attention of the country at times to abuses of its power.

There is as much to be said in favor of the stock corporation as against it, perhaps, or more; but there is little that can be said in favor of the holding company pure and simple. It differs from the corporation. The corporation is a fiscal institution, established, and here to stay. The holding company is in most cases merely a device. It was conceived in iniquity and born in sin. The charters of a great number of holding companies, their very operations, have been declared an offense akin to a crime. The creation of the Northern Securities Co. was an offense before a single train was ever moved. The organization of the Standard Oil Co., the organization of the United States Steel Corporation, was in its very incubation literally begotten in sin. The purpose was to evade the provisions of the Sherman Act.

Here are 15 or 20 independent concerns. They can not agree to limit output or to fix prices or to limit purchases or to sell on a scale without violating the law; so they simply put all their securities in a hotch-potch, put them into the coffers of a great holding company, and take, in lieu of these securities which are the basis of the holding company's property, certificates of ownership, and this corporate entity controls the output, fixes prices, and does for a thousand corporations all the things which, if they had attempted to do without the device, would have been in violation of the law.

The Sherman Act received a death blow and any effort to prevent combinations in restraint of trade has been paralyzed more successfully by the organization and institution of the holding company than by any other device. There may be instances in which the holding company is necessary; there may be instances in which its operation is beneficent; but on the whole it is an institution that was designed, beginning in the brain of Victor Morawetz and other great lawyers, for no other purpose than to evade the law and to hothouse and incubate monopolies and combinations in restraint of trade.

I view with regret and with alarm the institution of commissions to control every kind of business, to turn over to the Federal Government a great power of granting plenary indulgence to men to form combinations and to violate the law. I am in favor of a return to the Constitution. I am in favor of allowing business, great organizations, no matter how large or rich or powerful, to attend to their own business so long as they keep within the law; but you will never restore that individuality, that independence of action, that individual initiative, to great businesses until you have restrained the operation of the holding company, and to exempt this thing from taxation is, to my mind, not only unwise but unspeakably iniquitous.

Mr. TOWNSEND. Mr. President, I voted against the Lodge amendment because it occurred to me that we should not change the law in that respect at this time. I recognized that in some cases we would have double taxation; in other cases just taxation would be evaded. But when the amendment was agreed to I felt that it was my duty, for the purpose of making provision for the taxes which would be lost, to vote for the increased corporation tax of $1 on all corporations having a capital stock in excess of $3,000,000.

I do not think both of those amendments ought to prevail. Indeed, my own judgment is that neither of them should be enacted into law, but we ought to leave the law as to the taxation of holding companies as it is now, the same as we should leave the tax of $1 per thousand on corporations with capital in excess of $3,000,000.

As I remember, we will lose $20,000,000 through this amendment and we will make $20,000,000 by the other amendment. I think that if we could leave the law as it is in these respects we would be doing the wise thing under the circumstances. Therefore I shall not hesitate to vote to reconsider this amendment

of the Senator from Massachusetts [Mr. LODGE], and I hope that then a motion will be made to repeal the provisions by which we increased capital-stock tax.

Mr. LENROOT. I will say that the increase in the capital-stock tax on corporations owning assets in excess of $3,000,000 was made upon my motion, and I made that motion because of the necessity of making up the revenue lost by the adoption of the amendment now again pending. I agree with the Senator in his argument, and if this amendment is rejected I shall ask that the amendment increasing the capital-stock tax shall also be rejected, leaving the law as it now stands.

Mr. TOWNSEND. That is my desire, and that is the reason why I rose at this time to make this statement.

Mr. POMERENE. Mr. President, in view of the fact that the question with regard to the tax on the holding company is so interwoven with the increased franchise tax on certain corporations, it may perhaps be well for me to say now what I intended to say on that subject.

I have asked to have reserved the vote on the amendment presented by the junior Senator from Wisconsin [Mr. LENROOT], whereby the franchise tax upon all corporations having assets in excess of $3,000,000 should be doubled. If that amendment shall prevail, we will have this anomalous situation: The tax on corporations with assets of less than $3,000,000 is fixed at $1 per $1,000; the tax on all corporations having assets in excess of $3,000,000 is made $2 per $1,000.

The result is that if I have $1,000 in a corporation with assets amounting to less than $3,000,000 the assets represented by that $1,000 of capital stock are chargeable with a $1 tax.

On the other hand, if my friend the Senator from Missouri has $1,000 of the capital stock of a corporation having assets in excess of $3,000,000, and his stock is worth $1,000, the same as mine, his corporation is taxed at the rate of $2 per $1,000.

If it were possible that all the large corporations were profiteering corporations or corporations which have excessive incomes, then there might be some excuse for that, but as a rule it is the corporation of large capitalization and of small earning power which will be penalized by this amendment. I think it is wholly unfair, and for that reason I reserved the amendment of the Senator from Wisconsin [Mr. LENROOT] for a special vote.

I hope the amendment offered by the distinguished Senator from Massachusetts may be defeated, and that upon a revote the other amendment may be defeated.

Mr. McCUMBER. I understood that it was the amendment offered by the Senator from Massachusetts which we were to vote upon.

Mr. REED. I have moved to strike that amendment out.

The VICE PRESIDENT. The Secretary will state the pending question.

The ASSISTANT SECRETARY. The motion of the Senator from Missouri is as follows:

> I move to amend the amendment inserted on page 212, after line 12, by striking therefrom the following words:

Then follow the words of the amendment offered by the Senator from Massachusetts [Mr. LODGE].

The VICE PRESIDENT. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS], which I transfer to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD], and vote "nay."

Mr. McKINLEY (when his name was called). I have a general pair with the junior Senator from Arkansas [Mr. CARAWAY], who is not present. I transfer that pair to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. MYERS (when his name was called). Notwithstanding my pair with the Senator from Connecticut [Mr. McLEAN], I am at liberty to vote on this question, and, therefore, I will vote. I vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. In his absence, being unable to secure a transfer, I withhold my vote.

Mr. SMITH (when his name was called). I have a general pair with the Senator from South Dakota [Mr. STERLING]. In his absence I withhold my vote, being unable to secure a transfer. If at liberty to vote, I would vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as on the last vote with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New York [Mr. WADSWORTH] with the Senator from Nebraska [Mr. HITCHCOCK];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN].

Mr. GERRY. I desire to announce that the Senator from Nebraska [Mr. HITCHCOCK] and the Senator from Oklahoma [Mr. OWEN] if present would vote "yea" on this question.

Mr. KENDRICK. I have a general pair with the senior Senator from Illinois [Mr. McCORMICK], and as I am unable to secure a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

The result was announced—yeas 32, nays 31, as follows:

YEAS—32.

Ashurst	Heflin	Lenroot	Shields
Broussard	Johnson	McKellar	Stanley
Capper	Jones, N. Mex.	Norris	Swanson
Cummins	Jones, Wash.	Overman	Townsend
Fletcher	Kenyon	Pittman	Walsh, Mass.
Gerry	Keyes	Pomerene	Walsh, Mont.
Harris	King	Reed	Watson, Ga.
Harrison	La Follette	Sheppard	Willis

NAYS—31.

Ball	Frelinghuysen	Myers	Phipps
Brandegee	Gooding	Nelson	Poindexter
Bursum	Hale	New	Smoot
Cameron	Lodge	Newberry	Spencer
Curtis	McCumber	Nicholson	Sutherland
Ernst	McKinley	Oddie	Warren
Fernald	McNary	Page	Watson, Ind.
France	Moses	Penrose	

NOT VOTING—33.

Borah	Edge	LcLean	Sterling
Calder	Elkins	Norbeck	Trammell
Caraway	Glass	Owen	Underwood
Colt	Harreld	Ransdell	Wadsworth
Crow	Hitchcock	Robinson	Weller
Culberson	Kellogg	Shortridge	Williams
Dial	Kendrick	Simmons	
Dillingham	Ladd	Smith	
du Pont	McCormick	Stanfield	

So Mr. REED'S motion to strike out was agreed to.

Mr. McCUMBER. Mr. President, I wish to take a moment, in fairness to all Members of the Senate, again to call attention to the unanimous-consent agreement and to make the suggestion that a mere request to reserve for another vote in the Senate any question which has been agreed to or defeated in the Committee of the Whole would not, under the unanimous-consent agreement, bring the matter up for a further debate, giving a further 10 minutes to a Senator. That did not apply to the matter before the Senate just now, for the reason that the debates upon that were had before we entered into the unanimous-consent agreement.

Mr. POMERENE. Mr. President, I do not think that admonition will apply to me.

I move to amend the amendment inserted on page 212, after line 12, by striking therefrom the following words: "and not in excess of $3,000,000, and $2 for each $1,000 of such value in excess of $3,000,000."

Mr. President, I stated a moment ago what the purpose of the amendment would be when offered. I do not intend to repeat what I then said. I think with all due respect that the present legislation, so far as it relates to corporations, is subject to this criticism. It increases by 50 per cent the tax on corporations and particularly those of lower earning power. It is true that it applies to all, but it cuts all the excess-profits taxes so that all corporations earning 15 per cent or more are benefited by the pending bill; and now, to add insult to injury almost, there is an attempt to double the taxes on the stock of those corporations with assets in excess of $3,000,000, and that embraces the most of the corporations of lower earning capacity. I think I need not say more.

Mr. LENROOT. Mr. President, as I stated a moment ago, this amendment was adopted after the amendment proposed

by the Senator from Massachusetts [Mr. LODGE] was adopted exempting the holding company from taxation on the value of the capital stock of their subsidiary corporations. When I offered that amendment I will say very frankly that I did it because I believed the increase of the capital stock tax would really affect those holding companies and make them pay a greater measure of what they ought to pay, in my judgment, than they would pay under the amendment that has just been adopted. Inasmuch now as this amendment has been defeated by the Senate, I am quite willing that the amendment of the Senator from Ohio shall also be rejected.

Mr. SIMMONS. Mr. President, I do not agree with the Senator from Wisconsin. I think whether the Pomerene amendment is adopted or the provision remains as the Senate has voted it in the bill, the increase in the capital-stock tax on corporations made by a solemn vote of the Senate ought not to be rescinded. I do not know to what extent the adoption of the Lodge amendment may have influenced some Senators to vote for the capital-stock tax amendment, but I do believe, independently of the Lodge amendment and assuming that the capital-stock tax amounted to $75,000,000, that the amount of taxes which will hereafter, under the provisions of the bill, be paid by the corporations of the country is out of proportion to the taxes that will be paid by partnerships and individuals.

I do not wish to go over the argument which I have presented heretofore once or twice. I have tried to show and I think I have successfully shown to the Senate heretofore that the taxes which we impose upon corporations in the pending bill are only about one-half of those which we impose upon individuals and less than two-thirds of those which we impose upon partnerships.

We had a tax against the capital stock of corporations heretofore that raised $75,000,000 revenue. That tax has been retained, and by reason of this increase in the tax upon the capital stock of corporations whose income exceeds $3,000,000 we have added about $20,000,000, so that the capital-stock tax of corporations will hereafter be, if this amendment is retained in the bill, $95,000,000 as against $75,000,000 heretofore. Therefore, we will have added by this amendment only $20,000,000 to the taxes upon corporations. We added $30,000,000 more to the taxes upon corporations when we repealed the exemption allowed corporations whose income was in excess of $25,000. That makes $50,000,000. Then we added a 5 per cent tax upon the income of corporations, which amounted to $267,000,000. That makes $317,000,000 that we have added to corporations.

But we have taken off of the corporations about $450,000,000, so that we have relieved the corporations of more than $130,000,000 of taxes. Under existing law with the low excess profits that are now being made and upon which taxes are being paid, the corporations of the country would pay very much less taxes than the individuals or even the copartnerships. Under these circumstances I do not think we ought to be taking any more taxes off of the corporations of the country.

This tax is not a hardship upon the corporations. It is only a tax of $1 per $1,000 of stock value upon corporations whose income is less than $3,000,000 and only $2 per $1,000 of stock value upon those whose income is in excess of $3,000,000. Can anybody say that $2 upon each $1,000 worth of stock is an excessive tax for a great corporation like the Steel Trust, enjoying one of the most valuable privileges that was ever conferred upon an organization or citizen?

This is not a tax upon property. It is a tax for the privilege of doing business. If $1 per $1,000 of stock value upon the small corporations for the privilege of doing the small business in which they are engaged is a fair tax, I maintain that $2 per $1,000 of capital stock value upon a corporation like the great Steel Corporation, a giant holding company with scores of subsidiaries, is not an unreasonable sum for the great privilege and franchise granted it by the Government.

Mr. President, as long as an individual is paying 38 per cent upon his income, while a corporation earning the same amount of money is paying less than 20 per cent, while a copartnership with the same amount of capital and making the same earnings is paying 34 and 35 per cent, I can not believe that a corporation which is taxed only about 18 per cent ought to be further exempted from taxation.

So far from reducing the taxes of corporations in this condition of affairs, I think we ought to increase them. I desire to say now that from the beginning of the discussion up to the present time the one fundamental thing that I have insisted upon, in season and out of season, has been that whatever tax we might levy should be levied with approximate equality as among the three great groups of taxpayers in this country, namely, individuals, copartnerships, and corporations.

No one in the Senate will dare to say, in the light of the facts that have been presented here, the figures that have been furnished us by the actuary of the Treasury, that corporations will pay under this bill anything like their share of the taxes of the country. Will anybody say that the corporations of the country are earning less money than the partnerships and individuals? Will anybody say that these great corporations are less able to pay these taxes than partnerships and individuals who are engaged in business in the country?

Now, unless it can be shown that these figures are incorrect, that the corporations are paying their equal share, then that class of institutions which are doing over one-half of the business of the country will have been unjustly relieved of their fair share of taxation.

The VICE PRESIDENT. The time of the Senator from North Carolina has expired.

Mr. REED. Mr. President, I regret that an effort should be made to take out of the bill this particular clause. In a word, it is proposed that when a corporation has $3,000,000 of capital stock value it shall pay $2 on each $1,000 of stock value above $3,000,000. Below that sum it pays $1, and below that sum every other corporation pays $1 per $1,000 of stock value. Now let us see if there is any injustice in it as a matter of principle.

We tax the individual a larger percentage as his income increases. He is the same man and enjoys the same privileges, but as his income increases as the value of his estate increases, we increase the tax as to the rate as well as the amount. We levy a cumulative or increasing tax upon the estates of individuals. The small estate bears a small percentage, the large estate bears a large percentage; and when we come to this tax and propose to levy a higher corporation stock tax upon the big corporation than we do upon the small corporation we are simply admitting the same principle we have applied to the individual living and to the individual dead.

But, Mr. President, there is another consideration. The right to organize and maintain a very large corporation carries with it certain advantages that the smaller corporation does not enjoy. It is because there are advantages attaching to the mere massing of wealth that wealth is massed in these great corporations. One of the advantages is that the business is so disseminated and scattered that a loss in any particular place may not destroy the business, because it can be made up from gains in other places. Hence an investment in a large corporation, such as the Steel Corporation, is much less likely to become a total loss than an investment in the small corporation, which may be broken down by some catastrophe, local in its character, and short in its duration. Therefore the privilege of having a great corporation with an enormous capital is a privilege that carries with it a special and particular value.

We have been told from the inception of this debate, as an excuse for not imposing an excess-profits tax, that the excess-profits tax will not be collected from the very great concerns, because they have so swollen their capital that when the profits are divided on that enormous capital the rate of profit disappears and that therefore the excess-profits tax does not reach them.

Now, when it is proposed to levy a pitiable increase of an additional dollar upon a thousand dollars of stock so that we will get a little money from these concerns that have overcapitalized themselves for the very purpose of escaping taxation, or of swindling the public, we find Senators here, with tears in their eyes, ready to appeal for them. If this tax of $2 on those corporations be repealed, it will put into the Steel Trust coffers over a million dollars a year; it will put into the Standard Oil group considerably more than a million dollars a year; it will put an enormous sum into the tobacco companies; it will benefit every great corporation in this country that is overcapitalized. The amendment which I propose is the only way we can reach them as matters now stand.

Senators talk about the railroads, and claim that this proposition will hurt the railroads. Mr. President, if it did impose a little additional tax on the railroads, they would in turn put it on the public in their rates. I would be willing to accept an amendment which would provide that in case the earnings of any corporation are regulated and limited by law it should be exempted from this extra dollar of tax; but, so far as I am concerned, while I recognize the fact that the railroads just at this present moment, because of the experience through which they have been going, may be hard pressed for money, I have not yet reached the conclusion that we must make them the special beneficiaries of unusual care by the Government.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I do.

Mr. STANLEY. I wish to call the Senator's attention on this point to the fact that we have already eliminated the transportation tax, and the railroads can very well afford to pay this proposed tax.

Mr. REED. Yes; we have taken off the transportation tax of $280,000,000 a year, and this tax will not harm them.

The cold proposition that we are to vote on here is whether we shall levy a tax that in a small and almost infinitesimal degree will reach the overcapitalized and tremendously big corporations of this country. The Senator from North Carolina [Mr. SIMMONS] has repeatedly said upon this floor, and no Senator has dared challenge his statement, that this bill proposes to levy taxes upon corporations lighter than the taxes upon individuals. Every attempt that we make to put a tax upon a corporation is resisted by a solid block of votes. I impugn no man's motive, but I desire to say that if the directors of the Steel Trust and of the Standard Oil Co. had sat on the other side of this Chamber, they would have voted in nearly every instance the same way that gentlemen over there have voted. Mr. President, this tax ought to be retained, though Senators on the other side of the Chamber may take it off; they have the power to take it off.

Mr. JONES of New Mexico. Mr. President, in every measure which I have presented here in connection with this bill, I have suggested that in taxing corporations we should not lose sight of the fact that corporations are aggregations of stockholders. I have sought in every conceivable way to equalize the taxes between individuals and partnerships and the stockholders of corporations. I proposed an amendment which would relieve corporations of any income tax at all, the theory being that the corporation was a mere aggregation of stockholders and, if its net income was all distributed to its stockholders, the stockholders then should be treated precisely the same as individuals and partners deriving income from any other source. The theory on which I did that was that whenever we levy any tax upon a corporation as such we are losing sight of the principle of equality among taxpayers. If we can raise the revenue easily without taxing the corporation at all, with a certain minor exception, to which I will refer and have always referred, we should not tax the corporation, because in the corporation, and especially the large corporations, there are thousands of stockholders who have no income but that which they receive from small holdings in the corporation, and any tax upon the corporation is a tax upon those small stockholders.

We specially exempt any individual who has an income of less than $2,000 a year and who has a family from the payment of any income tax. The Senate has decided not to levy an excess-profits tax; it has decided not to levy a tax upon the undistributed income of corporations, but has decided to levy a flat tax upon all net income of all corporations. The effect of that is, in my judgment, to increase by 50 per cent the tax on all corporations in this country which are earning only a modest return upon their invested capital, and it is that class of corporations on which we are proposing to put this additional capital-stock tax.

Take the railroads of the country to-day. They are earning less than 8 per cent upon their invested capital. We have by the provisions of this bill increased the taxes on those corporations by 50 per cent. Take the Steel Corporation to which my friend from Missouri has referred. Despite present business conditions under this bill we increase its tax by 50 per cent over and above what it would pay except for the provisions of this bill. It is my humble judgment that we have increased the taxes now on the big corporations more than we should. We have increased them by 50 per cent, and when we increase the tax upon the net income of the railroads of the country we are levying an additional tax upon transportation. The same situation exists as to the other large corporations; with the provisions of this bill as it is now we are increasing their taxes by 50 per cent. I think that is wrong; I do not believe that it can be justified.

But I have taken the position that the large corporations perhaps might pay some revenue because of their size. They have some advantage in business; they are put in a position to wield greater power upon the business interests of the country, and for that reason I was willing to vote in favor of the amendment to put an additional tax upon the capital stock of the large corporations; but I did so upon the theory that that should be the only tax levied upon corporations because they were corporations; but now, the provisions of the bill, as the Senate has adopted it thus far, have increased the taxes of the corporations by 50 per cent, and in these times of adversity I think that is more than enough.

Mr. REED. Mr. President, does the Senator think that when the Republican majority took the excess-profits tax off they did not do anything for the corporations?

Mr. JONES of New Mexico. I think, Mr. President, they did not do anything for the large corporations.

Mr. REED. Why, Mr. President, they paid excess profits taxes only last year.

Mr. JONES of New Mexico. Yes; that is true; but——

Mr. REED. And they have the power to make excess profits to-morrow because they can put their prices up any time they want to do so.

Mr. JONES of New Mexico. They have the power to make excess profits, but they are not making excess profits. If there were an excess-profits tax applied to these corporations, I know it would be far better than what has been done.

I think it is an indefensible position to take off the excess-profits tax and levy this flat tax of 15 per cent in lieu of it; to take off the tax on the excess profits of those concerns that are making high profits and put it upon those that are making less than a reasonable profit. I say that it is indefensible, but it has been done, and you have raised the tax already by 50 per cent upon these corporations. I do not believe that can be justified; and this additional capital-stock tax is simply augmenting this gross, and I feel like saying infamous, thing that the Senate has already done.

Mr. SIMMONS. Mr. President, does the Senator mean to tell the Senate that when we have, according to our estimates, levied taxes upon corporations which will yield $100,000,000 less than it was estimated the taxes in the present law would yield, we have increased the taxes of corporations 50 per cent instead of reducing them?

Mr. JONES of New Mexico. Mr. President, I stated in the beginning that I looked upon corporations as an aggregation of stockholders. The Senator from North Carolina apparently does not.

The VICE PRESIDENT. The time of the Senator from New Mexico has expired.

Mr. KING. Mr. President, I should like to ask the Senator from New Mexico in my time—if I may surrender my time to him for the purpose of answering it—if he will explain a little further the question just suggested by the Senator from North Carolina?

Having answered that, I should like to ask the Senator whether there is any fixed relation between capital stock and profits and if the attitude of the Senator from Missouri did not assume a fixed relation between the amount of the capital stock and the profits; that is to say, if there was a large corporation, necessarily the profits would be larger than those of a small corporation, and he attempted to put corporations in the same category as individuals. I want to ask whether the Senator thinks the position of the Senator from Missouri was correct?

Mr. JONES of New Mexico. I am very glad the Senator from Utah has asked the question and will permit me to answer it in his time.

I do not believe that the tax laws of this country relating to corporations should be founded upon the principle suggested by the Senator from North Carolina. It is not right that we should simply say that here are a lot of corporations in the country, and we want them to pay so much tax, and here are the individuals of the country, and we want them to pay so much tax, and because we do not raise this amount of tax from the corporations we are therefore doing something that we ought not to do.

If Senators will listen for just a moment, there are corporations and corporations. Take the large corporations of this country: They are owned by thousands and in many cases more than a hundred thousand stockholders. It may be that those stockholders have put into a corporation of that kind dollar for dollar of every share of stock that has been issued. The investment is there, and if they are earning only a modest income upon that invested capital they should be treated as modest individual income taxpayers. You can not justify the taxation of a corporation merely because of its size, except in a small degree. You must not forget the hundreds of thousands of individual stockholders there. That is why I have always insisted that the income of a corporation which is not distributed should be taxed, because there is no other way of getting at it, because they keep the undistributed dividends there for the purpose of evading taxation.

Mr. McCUMBER. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. McCUMBER. The point of order is to ascertain who is speaking—whether it is the Senator from Utah [Mr. KING]

whose time is now being counted or whether it is that of the Senator from New Mexico?

Mr. JONES of New Mexico. I was answering a question of the Senator from Utah.

Mr. KING. Mr. President, I have the floor, and I yielded to the Senator from New Mexico to answer two questions which I propounded.

Mr. McCUMBER. I raise the point of order that the Senator can not parcel out time in that way.

The VICE PRESIDENT. The point of order is well taken. A Senator can not farm out the time.

Mr. JONES of New Mexico. I do not think the time is being parceled out, Mr. President. The Senator from Utah asked me to explain certain matters, and that I have been attempting to do.

The VICE PRESIDENT. On objection, that can not be done.

Mr. REED. Mr. President, I ask for the yeas and nays on this question.

The yeas and nays were ordered.

Mr. POINDEXTER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Washington will state it.

Mr. POINDEXTER. What is the question?

The VICE PRESIDENT. The Secretary will state the question.

The ASSISTANT SECRETARY. In an amendment agreed to as in Committee of the Whole, on page 212, after line 12, it is proposed to strike out these words:

and not in excess of $3,000,000, and $2 for each $1,000 of such value in excess of $3,000,000.

Mr. POINDEXTER. Are we voting now upon the amendment of the Senator from Wisconsin?

The VICE PRESIDENT. The motion is to strike out that amendment.

Mr. POINDEXTER. How can we strike it out before it is in?

The VICE PRESIDENT. It is in. It was put in as in Committee of the Whole.

Mr. POINDEXTER. As in Committee of the Whole, but it is not adopted in the Senate until it is voted upon in the Senate. We have already adopted en bloc the amendments upon which a separate vote was not reserved. A separate vote was reserved upon this amendment. We have not taken a vote upon the amendment. It has not been adopted in the Senate. It is not in the bill in the Senate.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. POINDEXTER. I yield.

Mr. LENROOT. This amendment was an amendment to an amendment which was adopted as in Committee of the Whole, and the only way in which it can be gotten out is by this motion.

Mr. REED. Mr. President, the situation then stands that the motion is made to strike out, and a vote in the affirmative would put us back in the position of the $1 tax. A vote in the negative will let the bill stand at $2.

Let us be sure that we have that correctly. I am making an inquiry of the Chair. As I understand, a vote in the affirmative will allow the tax to stand at $1 below $3,000,000 and $2 above. Is the motion made in the affirmative or in the negative form? That is what I can not understand.

The VICE PRESIDENT. It is made in the affirmative, to strike out certain words that were inserted on motion of the Senator from Wisconsin. Senators in favor of the motion will vote "yea"; those opposed will vote "nay." The yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. SWANSON (when the name of Mr. GLASS was called). My colleague [Mr. GLASS] is unavoidably detained from the Senate. He is paired with the Senator from Vermont [Mr. DILLINGHAM].

Mr. HARRIS (when his name was called). Making the same announcement as to my pair, I vote "nay."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair, I withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Connecticut [Mr. McLEAN] and will vote. I vote "yea."

Mr. McKINLEY (when his name was called). Transferring my pair to the Senator from Oklahoma [Mr. HARRELD], I vote "yea."

Mr. MYERS (when his name was called). Notwithstanding my pair with the Senator from Connecticut [Mr. McLEAN], I am at liberty to vote on this question. I vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG], who is absent. I am unable to secure a transfer, and I therefore withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement as before, and being unable to secure a transfer, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. TRAMMELL (when his name was called). I transfer my pair with the Senator from Rhode Island [Mr. COLT] to the Senator from Oklahoma [Mr. OWEN] and will vote. I vote "nay."

The roll call was concluded.

Mr. PENROSE. Making the same announcement as before as to my pair, I vote "yea."

Mr. HARRISON. I transfer my pair with the Senator from West Virginia [Mr. ELKINS] to the Senator from Texas [Mr. CULBERSON] and will vote. I vote "nay."

Mr. EDGE. A few moments ago I transferred my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Oklahoma [Mr. HARRELD]. I am informed that the junior Senator from Oklahoma is already covered, so I will make my transfer to the senior Senator from Rhode Island [Mr. COLT], and allow my vote to stand.

Mr. GERRY. I have been requested to announce that the Senator from Nebraska [Mr. HITCHCOCK] is paired with the Senator from New York [Mr. WADSWORTH], and that if present the Senator from Nebraska would vote "nay" on this question.

Mr. CURTIS. I have been requested to announce that the Senator from Vermont [Mr. DILLINGHAM] is paired with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 44, nays 24—as follows:

YEAS—44.

Ball	Frelinghuysen	McNary	Poindexter
Brandegee	Gooding	Moses	Pomerene
Bursum	Hale	Myers	Shortridge
Cameron	Jones, N. Mex.	Nelson	Smoot
Capper	Jones, Wash.	New	Spencer
Cummins	Kenyon	Newberry	Sutherland
Curtis	Keyes	Nicholson	Townsend
Edge	Lenroot	Oddie	Warren
Ernst	Lodge	Page	Watson, Ind.
Fernald	McCumber	Penrose	Weller
France	McKinley	Phipps	Willis

NAYS—24.

Ashurst	Heflin	Norris	Stanley
Broussard	Johnson	Overman	Swanson
Fletcher	King	Pittman	Trammell
Gerry	La Follette	Reed	Walsh, Mass.
Harris	McKellar	Sheppard	Walsh, Mont.
Harrison	Norbeck	Shields	Watson, Ga.

NOT VOTING—28.

Borah	Dillingham	Kendrick	Simmons
Calder	du Pont	Ladd	Smith
Caraway	Elkins	McCormick	Stanfield
Colt	Glass	McLean	Sterling
Crow	Harreld	Owen	Underwood
Culberson	Hitchcock	Ransdell	Wadsworth
Dial	Kellogg	Robinson	Williams

So the amendment to the amendment made as in Committee of the Whole was agreed to.

The VICE PRESIDENT. Unless there are further amendments at this time, the question is on concurring in the amendment as amended.

The amendment as amended was concurred in.

Mr. REED. I offer an amendment, which I send to the desk, which was reserved for a separate vote, although I believe that it was unnecessary in this instance to have reserved it.

Let me say to the Clerk, unless there is some change in the print he has, that the amendment will come properly on page 131, after line 3. The misleading feature is that the excess-profits tax is continued under the preceding portion of the bill to January 1, 1921. I do not change that, but the clause I now propose to insert at the end of the provision for 1921 covers 1922 and succeeding years.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 131, after line 3, insert the following:

For the calendar year 1922 and for each calendar year thereafter excess-profits taxes shall be levied as follows: Twenty per cent of the net income in excess of 50 per cent of the invested capital.

Mr. REED. Mr. President, that brings up a question on which we once voted, but as to which I hoped there would be enough votes changed, on reflection, so that we could keep an excess-profits tax where the profits were above 50 per cent.

This would make the law so generous that even a profiteer should not object to it. Under this amendment a corporation could make a clear profit, over and above all expenses of every character, of 50 per cent before it would have to pay any tax whatsoever, except the flat tax of 15 per cent. When it had made 50 per cent then it would begin paying an excess-profits tax.

Appeals have been made for the small corporation. It has been said that the small corporation is the corporation that makes the large profits; but certainly when you allow the small corporation 50 per cent net before you apply any additional taxes and then only take $1 out of $5 of what they make above the 50 per cent nobody ought to shed any tears over that sort of a tax.

Mr. President, I insist again—and I merely state it to call it to the attention of the Senate—that the great trouble with the country to-day is the profiteer. Farm products have gone down almost to nothing. Raw cotton is down, but cotton goods are up. Hides have gone down so that they are scarcely worth taking off the animal, but shoes are still $12 and $18. Wool has gone down to a ridiculously low figure, but every kind of dress goods made of wool remains at war figures. Farming implements have gone down, and everything we buy at retail is sold to us to-day almost at war prices; yet the raw materials have gone down almost to prewar prices, and in some instances below.

I repeat what I said several days ago, that we have been engaged in the Senate in the last few months in passing laws to regulate profiteers. You passed a rent law which I believed was unconstitutional then, and I believe so now, to regulate rents, and the rent hog, if you please, is no worse than the clothing-store hog. I do not like to employ that term, because it sounds hard in a place of this kind.

We are told that the railroads are not making money; we are told that the great majority of the corporations are not making large profits; but there is a class of institutions in this country making enormous profits. The excess-profits tax for this year, if levied at the old rates, would raise $450,000,000. That means that somebody was profiteering in this country to the extent of a good deal over a billion dollars.

This would raise about a hundred million dollars. Not a penny of it would be paid by a taxpayer of this country unless that taxpayer had made more than 50 per cent upon his capital invested. I simply want once more to test the sense of the Senate as to whether they propose to relieve the profiteer even from a tax upon his profits above 50 per cent.

Mr. PENROSE. Mr. President, the statement of the Senator from Missouri is calculated to convey the idea that the country abounds with corporations making 50 per cent. As a matter of fact, they are extremely rare, if not entirely nonexistent. They exist largely, and only, perchance, in the imagination of the Senator from Missouri.

The purpose of this legislation is to entirely purge the tax system of the excess-profits feature, which has turned out to be meretricious and bad and unfortunate from every aspect; and to retain it with its complications of administration for some kind of a strange animal which does not exist except in the imagination of some one hunting the monsters in corporate existence, and strange though logical forms, would not be reasonable.

It may sound well in certain circles, far from where an exact, logical knowledge of tax subjects is predominant, but it hardly becomes a body like the Senate of the United States, which is engaged in serious legislation.

Mr. REED. Mr. President, I have 10 minutes on the bill which has not been at all employed, and I shall take that now.

The Senator from Pennsylvania states that I am hunting something which exists in the imagination. It exsts in the city of Washington. It exists in every city of the United States. The expert of the Treasury estimated that we would receive a hundred million dollars from this tax, which the Senator says is purely a zoological specimen existing in the imagination.

Mr. PENROSE. Mr. President, the experts absolutely deny that they made any such statement.

Mr. REED. The Senator from Pennsylvania is about as polite to-night as he has been for several days. The expert I have quoted is not near the Senator and he has not spoken to him. I am quoting the one man we have relied on for accurate estimates. If we would raise $450,000,000—and that was admitted on all hands—under the excess-profits tax as it now exists, we certainly have profiteers, and we have plenty of them.

The Senator intimates that this can not be administered, and yet we are living under a much more complicated law which we are administering to-day. What do Senators mean by standing in their places and saying that a law can not be administered which is being administered now?

The Senator says that this proposition may be popular in some places where they do not understand taxes. I suppose he means among the ignorant masses of the people. But there are places in the country where they do understand taxes, where they study taxes, where they study excess-profits taxes. It is in the directorates of the great rich and powerful concerns that are to-day exacting unjust profits.

I am making no fight upon wealth, I repeat; I am making no fight upon institutions merely because they are large; but I say that when an institution exacts 50 per cent of profit, be it a large one or a small one, it ought to begin to pay an increased rate of taxation. You levy, I repeat, upon the individual in proportion to his income. You levy upon the dead man in proportion to the size of his estate.

When you undertake to touch one of those concerns that is making excess profits through a corporate organization, undoubtedly the Senator from Pennsylvania knows of audiences where they understand the question, and understanding it, every man who has been celebrated for his adherence to corporations has been found in the Senate voting against any form of excess-profits taxes. I do not say that every man who has voted against an excess-profits tax is a man who has a corporate leaning, but I do say that every man with a corporate leaning has voted against the excess-profits tax.

I do not intend tamely to submit to any intimation that a tax on 50 per cent profits is a bit of imagination. Fifty per cent profits are being exacted in this town to-day, and every man with common sense who has had to buy anything knows they are being exacted daily and hourly and, as has just been suggested to me, the rent inquiries themselves clearly show it.

Mr. STANLEY. Mr. President, if no excess profits are being made or if they are rare birds, as the Senator from Pennsylvania [Mr. PENROSE] would indicate, but little harm can be done by imposing a tax upon a prosperity and a profit that does not exist.

Now, Mr. President, this condition as I see it prevails in the country right now. A short time ago we had a plethora of profiteers. I have not been inclined to denounce the man who earned great profits by that term if such profiteering does not imply a deliberate attempt by conspiracy with others engaged in similar business to bull the market.

During the time coal was sky high great mining concerns deliberately attempted to keep down the kiting of coal. I know of great concerns that sold coal at from $1 to $5 a ton less than they could have obtained for it in an open market because they believed it was an unhealthy condition.

A short time ago it was a buyers' market and everybody profiteered, if profiteering means making 10 or 20 or 50 per cent upon the investment. The farmer who had land worth $100 an acre made $100 clear money. The laborer who had a wage previously valued at $2 a day made from $5 to $10 a day. Now things have changed. This inordinate demand of hungry Europe, forced for the time to buy its necessities and munitions from us, is gone, and the tide of prices ebbs, and every business that is controlled by the law of supply and demand, whose prices are fixed by normal, natural, and legal conditions, will find its finished product down, and it should go down naturally as if drawn by gravity, with the fall of its raw material, the fall of its rents, the fall of the cost of labor.

But, Mr. President, the fact remains that in spite of the fact that raw material for all these concerns has gone down, every fiber, whether of wool or cotton or of silk, has gone down, fuel has gone down, lumber has gone down, the products of the farm—foodstuffs, cereals, grains, and things of that character, hemp and cotton and corn—have gone down and are still going down, labor has dropped, and yet certain commodities made from cheaper material and cheaper labor stay up. When this tide recedes and leaves a few businesses high and dry, what does it mean? It means that those businesses have combinations with others in the same business sufficiently powerful to resist the gravity of business law—the great law of supply and demand. It means that they have evaded the law. It means that they have the power, by the control of an essential commodity, by the manipulation of patents, by expanding in the form of trusts or otherwise, that enables them to make still greater profits.

You have it right here in Washington. You have just had an inquiry that shows that building materials are cheaper and labor is cheaper, and yet they attempted to raise rents 50 per cent, and you propose to give a bonus, you propose to exempt from taxation, you propose to exempt from the operations of the present law this sort of people. I tell you that the profiteer who is profiteering now is nine times out of ten a commercial crook

or commercial gambler. It is either a game of chance, where the risk is so great as to make it a kind of gambling, or it is a crooked combination that is coining the sweat of unrequited toil, that is appropriating the raw materials of the farm at less than the cost of production by some illegal or at least some immoral strangle hold upon that business, and to allow a few monopolies, to allow a few crooked combinations in restraint of trade to continue to profiteer upon a falling market is to reward not legitimate business but it is to give an honorarium for crime. This is the most abominable and astounding proposition presented in the Senate since I have been a member of this body.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. REED].

Mr. REED. On that I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. KENDRICK (when his name was called). I make the same announcement as to my pair, and withhold my vote. If permitted to vote, I should vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Connecticut [Mr. McLEAN], which will permit the Senator from Montana [Mr. MYERS] and myself to vote. I vote "nay."

Mr. McKINLEY (when his name was called). Making the same announcement as before, I vote "nay."

Mr. MYERS (when his name was called). I transfer my pair with the Senator from Connecticut [Mr. McLEAN] to the Senator from Alabama [Mr. UNDERWOOD] and vote "yea."

Mr. PENROSE (when his name was called). I transfer my pair with the Senator from Mississippi [Mr. WILLIAMS] to my colleague [Mr. CROW] and vote "nay."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SIMMONS (when his name was called). Announcing my pair as heretofore and my inability to procure a transfer, I withhold my vote.

Mr. SMITH (when his name was called). Announcing my general pair as heretofore and my inability to obtain a transfer, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Announcing my pair as before and my inability to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. SWANSON. I desire to make the same announcement with reference to my colleague [Mr. GLASS] that I made on the previous vote.

Mr. TRAMMELL. I find that I can transfer my pair to the senior Senator from Oklahoma [Mr. OWEN], which I do, and vote "yea."

Mr. CURTIS. I wish to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK].

The result was announced—yeas 30, nays 38, as follows:

YEAS—30.

Ashurst	Johnson	Norbeck	Stanley
Broussard	Jones, N. Mex.	Norris	Swanson
Capper	Kenyon	Overman	Trammell
Fletcher	King	Pittman	Walsh, Mass.
Gerry	La Follette	Pomerene	Walsh, Mont.
Harris	McKellar	Reed	Watson, Ga.
Harrison	McNary	Sheppard	
Heflin	Myers	Shields	

NAYS—38.

Ball	Frelinghuysen	Nelson	Smoot
Brandegee	Gooding	New	Spencer
Bursum	Hale	Newberry	Sutherland
Cameron	Jones, Wash.	Nicholson	Townsend
Cummins	Keyes	Oddie	Warren
Curtis	Lenroot	Page	Watson, Ind.
Edge	Lodge	Penrose	Weller
Ernst	McCumber	Phipps	Willis
Fernald	McKinley	Poindexter	
France	Moses	Shortridge	

NOT VOTING—28.

Borah	Dillingham	Kendrick	Simmons
Calder	du Pont	Ladd	Smith
Caraway	Elkins	McCormick	Stanfield
Colt	Glass	McLean	Sterling
Crow	Harreld	Owen	Underwood
Culberson	Hitchcock	Ransdell	Wadsworth
Dial	Kellogg	Robinson	Williams

So Mr. REED's amendment was rejected.

The VICE PRESIDENT. The question is on concurring in the amendment which the Senate has just had under consideration.

The amendment was concurred in.

Mr. EDGE. I offer an amendment to section 230, which was reserved for a vote in the Senate.

The VICE PRESIDENT. The amendment proposed by the Senator from New Jersey will be stated.

The ASSISTANT SECRETARY. Three Senators have made reservations regarding section 230—"tax on corporations." The Senator from New Jersey [Mr. EDGE] offers the following amendment:

On page 79, line 3, after the figures "1921" and the comma, insert the following: "and for each calendar year thereafter" and a comma.

On page 79, line 5, strike out the semicolon and the word "and" and insert a period.

On page 79, strike out lines 6 and 7, which are in the following words:

"(b) For each calendar year thereafter, 15 per cent of such excess amount."

Mr. EDGE. Mr. President, the effect of the amendment which I have offered, if adopted, would be to retain the present corporation tax of 10 per cent. The bill now in the Senate as is well understood proposes to increase the general corporation tax to 15 per cent. I was very much impressed with the argument of the Senator from New Mexico [Mr. JONES] a few moments ago in which he, in my judgment, very logically presented the indisputable fact that this tax, computed on any percentage, so far as that is concerned, is absolutely unscientific. It is all a matter of capitalization. In these days of peace to raise the general corporation tax without any consideration as to capital, but simply on the net income, on the capitalization of large corporations of, perhaps, hundreds of millions of dollars, and of small corporations with a capital of a few thousand dollars, and to tax all of them 15 per cent; in other words, in a time of peace, to increase the tax carried by a war measure 50 per cent, seems to me to be absolutely indefensible.

I recall the debate a few days ago when the Senator from Massachusetts submitted an amendment to this same section for the purpose of attempting somewhat to limit the corporations to which the increased tax should apply, and also when the Senator from Wisconsin presented a similar amendment. I am perfectly willing to admit that there was logic in the attempts of those Senators to provide some modification of the tax on a corporation with a small capital as compared to the tax on a corporation with a large capital when their relative net income is computed. I venture to say that every Senator on this floor has had letter after letter from corporations in the State which he represents calling attention to the fact that the repeal of the excess-profits tax really interested them but little, especially in these days when business has been gradually deteriorating, when the net incomes and the net profits of many corporations are under 8 per cent.

Hundreds and thousands of them I do not doubt to-day have a net income under 8 per cent; but suddenly, in times of peace, three years after a war, when we are compelled to impose unusual taxes, we say to all the corporations of the country, irrespective of the amount of their capital—and that is the entire question when we attempt to analyze it—that they shall pay the Government 50 per cent more than they paid during the time of war.

I thoroughly appreciate that a tax of 10 per cent is not any more scientific than a tax of 15 per cent, so far as that is concerned, and I do not attempt to defend it; but I do say that in these days, when we are attempting to rewrite a revenue measure and to lower taxation along lines where we can figure that it is possible to do it and still secure the necessary revenue to administer the Government, and when we are reducing the budget as we are reducing it, there can be no logical excuse for raising by 50 per cent the one tax which we all on both sides of the Chamber admit is absolutely unscientific.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from North Carolina?

Mr. EDGE. I yield.

Mr. SIMMONS. I desire to ask the Senator a question. My understanding is that the Senator from Pennsylvania [Mr. PENROSE], the chairman of the Committee on Finance, stated

a few days ago that if we placed the tax on corporations at 15 per cent, there would be a margin above the estimate of what was required to defray the expenses of the Government for this fiscal year of only $10,000,000. Now, it is estimated that the 5 per cent tax on corporations will raise $267,000,000. With that additional tax stricken out, we shall have a deficit of $257,000,000 unless we impose some other tax for the purpose of raising the amount which would be necessary to make up that deficit.

Mr. EDGE. Mr. President, I thoroughly appreciate that fact, but I recall an old axiom that still appeals to me as having a great deal of merit, that two wrongs do not make a right, and while I appreciate that these reductions——

Mr. SIMMONS rose.

Mr. EDGE. I am trying to answer the question of the Senator from North Carolina.

While I appreciate that the reduction of the tax from 15 per cent to 10 per cent will probably mean less in revenue by approximately $250,000,000, I still insist, speaking from my personal viewpoint, that the logical method of making up that deficit, instead of unscientifically taxing all classes of corporations without any consideration of their capital or of their net income as compared to their capital, would be to adopt a common-sense plan of a consumption or sales tax whereby everybody through purchasing would pay their proportionate tax.

Mr. SIMMONS. But that is a tax which has been voted down, not once but three times.

Mr. EDGE. I appreciate that it has been voted down, but that does not deter me at all at this eleventh hour from still registering my protest against another tax which is admittedly unscientific and unfair, when, in my judgment, it would have been very much better for the business interests of the country, both large and small, if we had adopted the other type of tax.

I am not going to ask for the yeas and nays; I never trespass upon the time of the Senate any more than is necessary to put forward the views that I may have of business and public problems, but I wanted to offer this amendment, and simply ask for a viva voce vote.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New Jersey.

The amendment was rejected.

Mr. LENROOT. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 79, at the end of line 7, it is proposed to strike out the period and insert a colon and the following proviso:

Provided, That the tax shall be 10 per cent of such excess amount in the case of any corporation, other than an insurance company subject to the tax imposed by sections 243 and 246, the net income of which for the taxable year is less than 8 per cent of the amount used as a basis for computing its capital-stock tax for the year beginning on July 1 of such taxable year.

Mr. PENROSE. Mr. President, I will accept that amendment for the purpose of giving it careful and thorough consideration in conference.

Mr. SIMMONS. Mr. President, with the permission of the Senator from Wisconsin, I should like to ask the chairman of the committee what the loss in revenue will be in the event the amendment shall be adopted?

Mr. PENROSE. I am unable to state to the Senator the exact figures.

Mr. LENROOT. Mr. President, I understood the Senator from North Carolina had an estimate some time ago, as I recall, of $130,000,000.

Mr. SIMMONS. I think the Senator is mistaken; I have no recollection of an estimate of that kind, although I may have had; I can not say positively.

Mr. LENROOT. It is a very substantial amount, I will say to the Senator.

Mr. SIMMONS. How does the Senator propose to make that up, or does he propose to do so?

Mr. LENROOT. In the first place, for the calendar year 1923, there will be ample revenue to make up the deficit, because, beginning with the calendar year 1923, as the bill now stands, there will be a surplus of something like $140,000,000.

Mr. SIMMONS. Then the Senator's amendment does not apply until 1923?

Mr. LENROOT. Oh, no; it applies immediately. I am very frank to say that if in conference the amendment should be accepted as now offered it may be necessary to restore some of the excise taxes that have been stricken out of the bill, and yet it will be remembered that the original bill, as reported by the committee, would have yielded a surplus of $53,000,000.

Mr. SIMMONS. Mr. President, I am not going to disagree with the Senator from Wisconsin about one proposition. I think that the class of corporations that he has put in the 10 per cent category are entitled to some preferential treatment, but I apprehend that there might be some trouble about the revenue. If the revenue were made up in some other way, I should not see any very serious objection to the Senator's proposition, because the corporations which the Senator singles out are in the class that are not paying the excess-profits tax.

Mr. LENROOT. No; that are not earning more than 8 per cent.

Mr. SIMMONS. Therefore they are not paying excess profits, and they do not get the same benefit from the repeal of that tax as do other corporations. So the 5 per cent tax added to them is rather a hardship, and I felt that it was a hardship that ought to be relieved against. I hope that we may find the revenue, but I fear there will be embarrassment about that.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Wisconsin yield to me for a moment?

Mr. LENROOT. Yes.

Mr. WALSH of Massachusetts. Do I understand the Senator's amendment to provide that the corporation net income tax shall be 15 per cent, except in certain cases enumerated in the proviso, in which it shall be 10 per cent?

Mr. LENROOT. I will say that it covers the same ground as did the amendment of the Senator from Massachusetts, except that he based his amendment upon the amount of invested capital. My amendment is based upon the average value of the capital stock, which must be determined in any event by the Treasury Department under existing law.

Mr. WALSH of Massachusetts. My amendment had this additional good quality that the amendment of the Senator from Wisconsin has not, that in certain cases my amendment provided for a tax of 20 per cent on corporations—profiteering corporations—that were escaping the excess-profits tax. Such corporations would in certain cases have to pay a 20 per cent tax under my amendment, instead of the 15 per cent tax.

Mr. KING. Mr. President, will the Senator from Wisconsin yield?

Mr. LENROOT. I yield.

Mr. KING. How does the Senator reconcile this with the provisions of the bill providing for a 15 per cent tax?

Mr. LENROOT. There is no conflict at all. This amendment provides that in the case of any corporation earning less than 8 per cent upon the average value of its capital stock, determined as provided by section 1000 of the bill, such a corporation shall not have imposed upon it the increased 5 per cent but shall continue to pay a 10 per cent tax; but as to all corporations earning more than 8 per cent, they will pay the 15 per cent tax.

Mr. KING. Then the amendment would reach particularly public-service corporations?

Mr. LENROOT. Yes; under existing circumstances it would cover most of them.

Mr. KING. And railroads and other public-service corporations?

Mr. LENROOT. It would.

Mr. President, I have just this to say:

Unless this amendment or some amendment similar to it is adopted the conferees will have no jurisdiction whatever to give relief to any corporation that is not earning a reasonable return. If this amendment is adopted, the conferees may then work it out, taking into consideration the matter of revenue. Of course they may adopt this amendment, or they may adopt some other plan that may be devised, so as to take care of these corporations that have never made excess profits and that are not making unreasonably high earnings now.

Mr. WALSH of Massachusetts. Mr. President, while I am in hearty agreement with the Senator from Wisconsin, and his amendment covers pretty much the ground of my amendment, and I think we both are striving to reach the same goal, I think my amendment has an advantage over his. Therefore I am going to move it as a substitute in a very friendly spirit. My amendment provides for a graduated tax and makes the rate of tax 20 per cent in certain instances, so that the difference between the amendment of the Senator from Wisconsin and mine is briefly this:

Both amendments keep the present rate, namely, 10 per cent on all corporations that have not heretofore paid an excess-profits tax, or that have not earned 8 per cent upon their capital stock. In all other cases than that, his amendment provides for a flat tax of 15 per cent. My amendment provides for a flat tax of 15 per cent up to $300,000 of net income, and a tax of 20 per cent in excess of $300,000. Therefore I move my amendment, which I have sent to the desk and ask to have read, as a substitute.

Mr. SIMMONS. Mr. President, I understand that if this amendment of the Senator from Massachusetts is adopted, the relief for corporations with an earning of less than 8 per cent provided in the amendment of the Senator from Wisconsin will be given in the Senator's amendment, and the loss of revenue resulting from that—to wit, $130,000,000—will practically be made up by the additional 5 per cent that the Senator imposes upon corporations with an earning in excess of $300,000.

Mr. WALSH of Massachusetts. Exactly. A large part of it will be made up by that increase of 20 per cent in the rate.

The VICE PRESIDENT. The question is on the motion of the Senator from Wisconsin [Mr. LENROOT] to amend the amendment. Therefore, the amendment of the Senator from Massachusetts is not in order.

Mr. WALSH of Massachusetts. I understand, then, that I shall have to wait until a vote is taken upon the amendment of the Senator from Wisconsin, and then present my amendment.

Mr. McCUMBER. Mr. President, upon that I want to say one word before we vote.

The Senator from Wisconsin admits that this amendment will bring about a reduction of approximately $130,000,000 in revenue. The Senator from Wisconsin also says that we shall have to hunt around in some other realm and possibly reinstate some of the taxes we have stricken off in the Senate in order to make up the deficiency.

I believe there will be a great deal of difficulty in that; and although we all admit that if a corporation or an individual does not make over 8 per cent upon his investment it seems rather hard to tax him, nevertheless individuals will have to pay the tax whether they make 8 per cent or 3 per cent or 1 per cent, provided it is a profit; and it seems to me that we are going to be greatly embarrassed in the conference if we are forced to hunt around and find something that either the House or the Senate has not condemned in order to levy a tax upon it.

Mr. REED. Mr. President, I should like to inquire whether this bill is to be written in Congress or whether it is to be written by the conferees after we have gotten through with all this work? The talk we have been hearing here indicates that it is intended to get into conference and rewrite this bill.

Mr. TRAMMELL. Mr. President, if it is in order, I should like to propose an amendment to the amendment offered by the Senator from Wisconsin.

The VICE PRESIDENT. It is not in order.

Mr. TRAMMELL. Then, Mr. President, I will speak to the amendment of the Senator from Wisconsin.

It is my opinion that if the amendment proposed by the Senator from Wisconsin is adopted, we will exempt probably 90 or 95 per cent of the large corporations in this country from taxation of more than 10 per cent upon their net earnings, and we will not in any great percentage of the cases reduce the taxation upon the smaller corporations. It is a well-known fact in business circles that the smaller concerns, in order to prosper, necessarily have to make larger profits than the more extensively capitalized corporations; and the average corporation with a capitalization of $25,000 or $50,000 will in all probability, if it is prosperous, make more than 8 per cent, and will have to contribute then 15 per cent of its net earnings, while the corporation with, probably, $5,000,000 capital will not make 8 per cent, and will only have to pay upon a basis of 10 per cent upon its capital.

We know that in the business world large aggregations of capital, as a rule, do not expect so large a percentage upon their capital as does capital being operated in small sums; and I believe that the adoption of this amendment would work even a greater discrimination against the corporations of small capital, and it would certainly make even more glaring and more indefensible the discrimination which exists under the provisions of this bill against individuals and partnerships engaged in trade, because they would have the advantage of no such protection. The rate of taxation upon them would be a great deal higher. So I take the position that if it is a matter of trying to assist corporations that are struggling, and, you might say, those that are infant corporations, we could meet that by placing a limitation upon the capitalization of corporations that will enjoy the benefit of this exemption.

While I understand that the Chair has ruled it out of order, I had proposed to offer an amendment which would make this amendment read that corporations with $100,000 capital or less, in the event that they did not make in excess of 8 per cent net income, should be subject only to a tax of 10 per cent upon their net earnings. I hope the amendment of the Senator from Wisconsin will not be adopted, because I think it will work even a greater discrimination against the small corporations conducting businesses of moderate size, and it will discriminate in favor of large corporations that have great capitalization.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Wisconsin [Mr. LENROOT] has very magnanimously suggested and agreed that I ask unanimous consent to have my amendment put first, as it is an amendment that is somewhat stronger than the amendment offered by the Senator from Wisconsin; and as we are in perfect accord about the end and purpose in view here I ask unanimous consent that the amendment offered by me be put first and voted upon, and if that fails the amendment offered by the Senator from Wisconsin can be put to the Senate.

Mr. WILLIS. Mr. President, before that consent is granted I should like to know whether any estimate has been made upon the amendment now proposed to be offered as to how much it will reduce the revenue?

Mr. WALSH of Massachusetts. At one time I was informed that it would not reduce it at all, that it would make no difference; but I think since the qualifying clause has been added, the proviso limiting the net-income tax rate upon corporations with earnings of less than 8 per cent on their capital stock, there will be a loss of approximately $50,000,000 to $75,000,000 of revenue. That is my information.

Mr. WILLIS. I shall not object to the request, as far as I am concerned. I think we ought not at this eleventh hour to go to slicing off fifty millions here and a hundred millions there without knowing where we are. I shall vote to oppose the amendment.

The VICE PRESIDENT. Does the Senator from Wisconsin temporarily withdraw his amendment?

Mr. LENROOT. I have no objection to the amendment of the Senator from Massachusetts being voted upon first.

The VICE PRESIDENT. The question is on the amendment of the Senator from Massachusetts, which will be stated.

The ASSISTANT SECRETARY. The Senator from Massachusetts moves to strike out lines 6 and 7 and to substitute the following therefor:

(b) For each calendar year thereafter, 10 per cent of such excess amount by which the net income does not exceed $100,000, 15 per cent of such excess amount by which the net income exceeds $100,000 and does not exceed $300,000, and 20 per cent of such excess amount by which the net income exceeds $300,000: *Provided*, That a corporation which did not make a net taxable income of more than 8 per cent on its invested capital for the taxable year shall not be taxed on its net income more than 10 per cent.

Mr. WALSH of Massachusetts. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HARRISON (when his name was called). Making the same announcement as before, I vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as before as to my pair, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. McKINLEY (when his name was called). Making the same announcement as before, I vote "nay."

Mr. MYERS (when his name was called). I make the same announcement with regard to my pair that I did on the last vote, and vote "yea."

Mr. RANSDELL (when his name was called). Making the same announcement with regard to my pair, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as to my pair and my inability to procure a transfer, I withhold my vote. If I were at liberty to vote, I would vote "yea."

Mr. SMITH (when his name was called). Making the same announcement as heretofore, and being unable to obtain a transfer, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the senior Senator from Oklahoma [Mr. OWEN] and vote "yea."

The roll call was concluded.

Mr. SWANSON. I desire to make the same announcement regarding my colleague [Mr. GLASS] that I made on the previous vote.

Mr. LODGE. I make the same announcement as on the previous vote, leaving the Senator from Alabama [Mr. UNDERWOOD] paired with the Senator from Connecticut [Mr. McLEAN], and I vote "nay."

The result was announced—yeas 30, nays 36, as follows:

YEAS—30.

Ashurst	Johnson	Norris	Swanson
Broussard	Jones, N. Mex.	Overman	Townsend
Capper	Kenyon	Pittman	Trammell
Fletcher	King	Pomerene	Walsh, Mass.
Gerry	La Follette	Reed	Walsh, Mont.
Harris	McKellar	Sheppard	Watson, Ga.
Harrison	Myers	Shields	
Heflin	Norbeck	Stanley	

NAYS—36.

Ball	Frelinghuysen	McNary	Phipps
Brandegee	Gooding	Moses	Poindexter
Bursum	Hale	Nelson	Shortridge
Cameron	Jones, Wash.	New	Smoot
Curtis	Keyes	Newberry	Spencer
Edge	Lenroot	Nicholson	Sutherland
Ernst	Lodge	Oddie	Warren
Fernald	McCumber	Page	Watson, Ind.
France	McKinley	Penrose	Willis

NOT VOTING—30.

Borah	Dillingham	Ladd	Stanfield
Calder	du Pont	McCormick	Sterling
Caraway	Elkins	McLean	Underwood
Colt	Glass	Owen	Wadsworth
Crow	Harreld	Ransdell	Weller
Culberson	Hitchcock	Robinson	Williams
Cummins	Kellogg	Simmons	
Dial	Kendrick	Smith	

So the amendment of Mr. WALSH of Massachusetts was rejected.

Mr. REED. Mr. President, I desire to inquire how long it is expected to keep us in session to-night? I understand there are a great number of amendments yet to be offered; it is 10 minutes to 12 o'clock; and if we stay in session until we finish the consideration of the bill and the amendments that are pending, we are likely to be here all night. I suggest that as we have made great headway to-day we ought to quit.

Mr. SIMMONS. Does not the Senator think we might vote on the amendment of the Senator from Wisconsin before we adjourn?

Mr. REED. For my own part, I would like to have an opportunity to study it. It was offered here on the floor under the 10-minute rule. I make the inquiry as to what is the intention of the acting chairman.

Mr. McCUMBER. Mr. President, I think everyone expected that we would get through with the bill to-day. We have called witnesses from all over the United States to appear before the Committee on Finance on the agricultural schedule. We have kept them here now for nearly a week, each day expecting to take up that schedule of the tariff bill and to hear the testimony. The committee has been kept here much longer than it expected, and it seems to me that now, under the 10-minute rule, with the number of amendments which are still outstanding, we ought to be able to close the matter up to-night. I hope we may do that, even though we all feel that it is a great inconvenience.

Mr. REED. Mr. President, of course the majority has control of the situation. All we can do is to abide by its decision; but we are carrying this almost to the point of cruelty, in the face of the fact that there has been no waste of time. I use the term "cruelty" advisedly. It might cause some smiles, but I have seen similar tactics carried on in the Senate, and I have seen two or three Senators die as a result of it.

I do not expect to die as a result of our work on this bill; I can stand it quite as well as any man in the Chamber; but my understanding is now that if we go on, we shall probably have to stay all night; and I do not think there will be much business done in any hearing to-morrow if we stay here all night.

Mr. President, I want to make a parliamentary inquiry. I want to know the parliamentary status of the amendment which is now sought to be amended by the Senator from Wisconsin. Has it not already been accepted in the Committee of the Whole, and is it not a part of the bill?

The PRESIDING OFFICER (Mr. JOHNSON in the chair). It has been accepted in the Committee of the Whole, but it is open to amendment in the Senate.

Mr. REED. Exactly; but if it has been accepted in the Committee of the Whole and incorporated into the bill, and an amendment is offered to it in that shape, why is not an amendment to the amendment permissible? Would it not be in the same condition in a parliamentary sense as though an amendment had been offered to the general text of the bill, and an amendment was then offered to that amendment?

Mr. LENROOT. Will the Senator yield?

Mr. REED. Certainly; I am just making a parliamentary inquiry.

Mr. LENROOT. I call the attention of the Senator from Missouri to the fact that the amendment made as in Committee of the Whole is now pending, and my amendment is an amendment to that amendent.

The PRESIDING OFFICER. The amendment has not yet been concurred in in the Senate.

Mr. REED. If the amendment was concurred in, would it then be open to further amendment?

The PRESIDING OFFICER. Not without a reconsideration of the vote by which it was concurred in.

Mr. REED. I simply wanted to know what the ruling might be, in order that I might govern myself accordingly.

Mr. SIMMONS. Before we vote on the amendment offered by the Senator from Wisconsin I want to state that in a conversation I have just had with the actuary he told me that the loss of revenue as a result of this amendment would be $175,000,000, instead of $130,000,000. I think that under those circumstances the best thing to do is to retain the amendment made as in Committee of the Whole, and if the amendment offered by the Senator from Wisconsin is defeated that would be the result.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin to the committee amendment.

Mr. LENROOT. Mr. President, I desire to say that the amendment I now offer is exactly the amendment offered by the Senator from Massachusetts in his proviso, except that my amendment is based upon the average value of capital stock, while his was based upon invested capital.

Mr. REED. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I am unable to obtain a transfer, and therefore withhold my vote.

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair, I withhold my vote.

Mr. LODGE (when his name was called). Making the same announcement as before, I vote "yea."

Mr. McKINLEY (when his name was called). Making the same announcement as before, I vote "nay."

Mr. MYERS (when his name was called). Making the same announcement in regard to my pair that I made on the last roll call, I vote "yea."

Mr. PENROSE (when his name was called). Making the same announcement as to my pair and transfer, I vote "yea."

Mr. RANSDELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. SIMMONS (when his name was called). Announcing my pair as heretofore and my inability to obtain a transfer, I withhold my vote. If I were permitted to vote, I would vote "nay."

Mr. SMITH (when his name was called). I announce my pair as before and my inability to obtain a transfer. I therefore withhold my vote. If permitted to vote, I would vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement in regard to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. HARRIS. I wish to announce that my colleague [Mr. WATSON] is necessarily absent. He is paired with the Senator from Vermont [Mr. PAGE].

Mr. CURTIS. I wish to announce that the Senator from New York [Mr. WADSWORTH] is paired with the Senator from Nebraska [Mr. HITCHCOCK], and that the Senator from Vermont [Mr. DILLINGHAM] is paired with the Senator from Virginia [Mr. GLASS].

Mr. GERRY. I wish to announce that the Senator from Nebraska [Mr. HITCHCOCK] is paired with the Senator from New York [Mr. WADSWORTH]. If the Senator from Nebraska were present and permitted to vote, he would vote "nay."

The result was announced—yeas 23, nays 39, as follows:

YEAS—23.

Brandegee	La Follette	Newberry	Phipps
Edge	Lenroot	Nicholson	Pomerene
Ernst	Lodge	Norbeck	Smoot
Frelinghuysen	Moses	Norris	Walsh, Mass.
Hale	Myers	Oddie	Warren
Keyes	Nelson	Penrose	

NAYS—39.

Ashurst	Gooding	McNary	Spencer
Ball	Harris	New	Stanley
Bursum	Heflin	Overman	Sutherland
Cameron	Johnson	Pittman	Swanson
Capper	Jones, Wash.	Poindexter	Townsend
Curtis	Kenyon	Ransdell	Trammell
Fernald	King	Reed	Walsh, Mont.
Fletcher	McCumber	Sheppard	Watson, Ind.
France	McKellar	Shields	Willis.
Gerry	McKinley	Shortridge	

NOT VOTING—34.

Borah	Dillingham	Kendrick	Stanfield
Broussard	du Pont	Ladd	Sterling
Calder	Elkins	McCormick	Underwood
Caraway	Glass	McLean	Wadsworth
Colt	Harreld	Owen	Watson, Ga.
Crow	Harrison	Page	Weller
Culberson	Hitchcock	Robinson	Williams.
Cummins	Jones, N. Mex.	Simmons	
Dial	Kellogg	Smith	

So Mr. LENROOT'S amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to section 230, corporation taxes, as amended.

The section as amended was concurred in.

Mr. EDGE. Mr. President, I offer the following amendment.

The PRESIDING OFFICER (Mr. MCNARY in the chair). The amendment will be reported.

The ASSISTANT SECRETARY. On page 201 two Senators have made reservations regarding paragraph 22, Senators EDGE and SUTHERLAND. The Senator from New Jersey [Mr. EDGE] moves, on page 201, line 5, in the amendment to the committee amendment, after the word "except," to insert the words "petroleum jellies" and a comma.

Mr. EDGE. Mr. President, this is simply an amendment to perfect an amendment already adopted by the Senate as in Committee of the Whole. The Senate has already eliminated from section 2 the provision subjecting these articles to a tax of 4 per cent. In the exception at the end of the section the same words should appear in order to perfect the paragraph. My amendment is simply to carry out that thought.

The amendment to the amendment was agreed to.

The amendment as amended was concurred in.

The PRESIDING OFFICER. The Secretary will state the next amendment reserved for vote in the Senate.

The ASSISTANT SECRETARY. The Senator from Wisconsin [Mr. LA FOLLETTE] reserved an amendment on page 125 under the heading "Returns to be public records."

Mr. LA FOLLETTE. Mr. President, I ask to have that amendment reported. There are two amendments which were taken together as presented in Committee of the Whole and voted upon together. If they can be considered together in the Senate, I shall be glad to have that done.

The PRESIDING OFFICER. The amendment will be reported.

The ASSISTANT SECRETARY. On page 125, under the head of "Returns to be public records," strike out lines 2 to 25, both inclusive, and on page 126 strike out lines 1, 2, and 3 and insert in lieu thereof the following:

SEC. 257. That when the returns of any person shall be made as provided in this title, the returns, together with any correction thereof which may have been made by the commissioner, shall be filed in the Treasury Department and shall constitute public records and be open to inspection as such under the same rules and regulations as govern the inspection of public records generally.

On page 126, line 10, after the word "addresses," insert "and amount of income."

Mr. LA FOLLETTE. I ask that the Secretary may read that provision as it would read if the proposed amendment should be agreed to.

The ASSISTANT SECRETARY. So that portion of the amendment would read:

The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the names and the post-office addresses and amount of income of all individuals making income-tax returns in such district.

Mr. LA FOLLETTE. Upon this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KING. Mr. President, just one word. The Senator from Wisconsin the other day presented in a very strong manner the multitudinous arguments in favor of this amendment. It is not a novel proposition. The law during the Civil War and for a long time subsequent thereto made available for consideration the returns which were filed, returns which were of the same character as those contemplated by this act.

In the States the returns made by the taxpayers are open to the public. I think the experience in all our States has demonstrated the wisdom of provisions of this character. I think it makes for honesty, for integrity of the taxpayer, and it relieves the people from the suspicion which so often pervades our taxation system that many are seeking to avoid the payment of a just and fair tax.

Mr. President, there has been a feeling and expression has been given to it repeatedly during this debate, that many of the large corporations as well as many of the large individual taxpayers have not dealt fairly or honestly in the rendition of their tax returns. I believe that this provision would do very much to mitigate the criticism which has been offered, and lead people to a better understanding and certainly to a better feeling with respect to taxpayers and the methods of collecting taxes, particularly from the rich.

When the Senator from Wisconsin submitted his argument no reply was made, and, in my opinion, none can be made. I can not for the life of me understand what opposition there can be to a measure which makes for fair taxation and is in the interest of an honest and fair return, to the end that a just and fair tax may be collected from the taxpayers of our country.

Mr. ASHURST. Mr. President, upon this question I entertain the same view that I held in September, 1916, when the same question was before the Senate. The then junior Senator from Wisconsin, Mr. Husting, whose untimely and tragic death we all regretted, introduced an amendment proposing to make income-tax returns public. After rereading my speech upon that amendment I am convinced that I can add nothing to that argument, and I am going to read a few of the sentences which I uttered that night:

Mr. President, the previous remarks in behalf of this amendment have covered the ground so well that it would seem to be a work almost of supererogation for me to say much more; when we establish the policy of an income tax, as we have by our constitutional amendment and statutes made thereunder, as a logical, necessary, and inevitable result it should follow that the returns under the income tax should be made public.

As has been asked here, Is this public business we are about? It is. Why, then, say to the public that they shall not have access to the tax return? Are such returns "private" public documents? No, Mr. President; they are not private public documents. They ought not to be private. Go into the assessor's or tax collector's office of the various counties in the States of the Union and you can ascertain all the facts from the tax returns. Any citizen may walk into a tax collector's office, assessor's office, or the office of the clerk of the board of supervisors and say, "Let me see your tax books, please; let me see the assessment of Mr. John Smith, Mr. William Jones, or Mr. HENRY ASHURST."

The humblest citizen of the State is accorded that privilege in every county in which I have ever been in this Union. Why, then, Mr. President, should these great interests that wield such tremendous power be permitted to file an affidavit and a return and make payment of taxes upon that return when it is not subject to review, not subject to investigation?

If the full light of publicity were thrown upon the return, if many inquiring eyes were turned upon it, the truth would be discovered. If there be nothing wrong about the return, why this secrecy?

Mr. REED. Mr. President, I want to offer one observation that may or may not appeal to Members of the Senate. We are dealing here with the problem of raising a revenue of $4,000,000,000; we are levying taxes to apply to all classes of citizens, yet we do not know the amount of taxes that are paid. We are denied knowledge as to the taxes which are paid by particular interests. We have been guessing at them as best we could. When the Committee on Finance was dealing with the bill and we asked for information from the experts with reference to how an excess-profits tax would affect corporations and what classes of corporations would be affected by it, we were not permitted to have the names of the corporations; they were given to us by number. We had to grope in the dark; we are groping in the dark now. Disputes have occurred on this floor as to what particular corporations of the larger sort would be affected by a particular amendment and how they would be affected. We who are engaged in the business of levying these taxes have denied ourselves the source of accurate information. I say that it is a stupid piece of business for Congress to undertake to legislate with reference to taxes and not have access to tax returns.

It is true we got an amendment into the bill under which we could obtain tax returns by a resolution of Congress. Why should they not be open to the Congress? If we are ever to get them by resolution of Congress, why is it not proper now to pass a law so that we shall have them without passing such a resolution on some special occasion? We ought to know what we are doing. We ought to know how the amendment proposed by the Senator from Wisconsin [Mr. LENROOT] a few moments ago would affect the small corporations of the country. We know nothing about them except what we can get out of Poor's Manual or some other book that does not give us complete information. To talk about legislating with reference to taxation and then to refuse to find out the effect of the present law and the amount of taxes that have been paid seems to me

to be stupidity of the grossest character. So I submit the amendment offered ought to be adopted.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as heretofore regarding my pair and its transfer, I vote "yea."

Mr. HARRISON (when his name was called). Making the same announcement concerning my pair as heretofore, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair as heretofore, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as to my pair and its transfer as heretofore, I vote "nay."

Mr. McKINLEY (when his name was called). Making the same announcement as heretofore with regard to my pair and its transfer, I vote "nay."

Mr. RANSDELL (when his name was called). I transfer my pair with the Senator from Delaware [Mr. DU PONT] to the senior Senator from Texas [Mr. CULBERSON] and will vote. I vote "yea."

Mr. SIMMONS (when his name was called). Making the same statement that I made before as to my pair and my inability to secure a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. SMITH (when his name was called). I have a general pair with the Senator from North Dakota [Mr. STERLING]. Being unable to secure a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. HARRIS (when the name of Mr. WATSON of Georgia was called). My colleague [Mr. WATSON of Georgia] is unavoidably absent. He is paired with the Senator from Vermont [Mr. PAGE].

The roll call was concluded.

Mr. SUTHERLAND. Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

Mr. EDGE. Making the same announcement as heretofore regarding my pair and its transfer, I vote "nay."

Mr. SWANSON. I desire to announce that my colleague [Mr. GLASS] is unavoidably detained from the Senate. He is paired with the senior Senator from Vermont [Mr. DILLINGHAM]. I will ask that this announcement stand for the remainder of to-day's session.

Mr. MYERS. Making the same announcement concerning my pair and its transfer as on the last vote, I vote "yea."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New York [Mr. WADSWORTH] with the Senator from Nebraska [Mr. HITCHCOCK];

The senior Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The junior Senator from Vermont [Mr. PAGE] with the Senator from Georgia [Mr. WATSON].

The result was announced—yeas 28, nays 34, as follows:

YEAS—28.

Ashurst	Jones, N. Mex.	Myers	Reed
Broussard	Jones, Wash.	Norbeck	Sheppard
Capper	Kenyon	Norris	Shields
Fletcher	King	Overman	Stanley
Gerry	La Follette	Pittman	Swanson
Harris	McKellar	Pomerene	Walsh, Mass.
Heflin	McNary	Ransdell	Walsh, Mont.

NAYS—34.

Ball	Frelinghuysen	Nelson	Smoot
Brandegee	Gooding	New	Spencer
Bursum	Hale	Newberry	Sutherland
Cameron	Keyes	Nicholson	Townsend
Curtis	Lenroot	Oddie	Warren
Edge	Lodge	Penrose	Watson, Ind.
Ernst	McCumber	Phipps	Willis
Fernald	McKinley	Poindexter	
France	Moses	Shortridge	

NOT VOTING—34.

Borah	du Pont	Ladd	Sterling
Calder	Elkins	McCormick	Trammell
Caraway	Glass	McLean	Underwood
Colt	Harreld	Owen	Wadsworth
Crow	Harrison	Page	Watson, Ga.
Culberson	Hitchcock	Robinson	Weller
Cummins	Johnson	Simmons	Williams
Dial	Kellogg	Smith	
Dillingham	Kendrick	Stanfield	

So Mr. LA FOLLETTE'S amendment was rejected.

The VICE PRESIDENT. The question is on concurring in the amendment as amended.

The amendment as amended was concurred in.

Mr. JONES of New Mexico. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 79, after the word "amount," in line 7, it is proposed to insert the following proviso in the committee amendment——

The VICE PRESIDENT. The amendment of the Senator from New Mexico is not in order unless there shall be a reconsideration of the vote by which the amendment agreed to as in Committee of the Whole was concurred in in the Senate.

Mr. JONES of New Mexico. Mr. President, I was necessarily out of the Chamber for a few moments, and during that time apparently, according to the announcement of the Chair, section 230 was concurred in without a record vote. I hope unanimous consent may be given to reconsider the vote whereby the amendment was concurred in for the purpose of acting upon the amendment I desire to offer.

The VICE PRESIDENT. Is there objection?

Mr. PENROSE. I object.

Mr. JONES of New Mexico. I move that the vote by which section 230, as amended, was concurred in may be reconsidered.

The VICE PRESIDENT. The question is on the motion of the Senator from New Mexico.

Mr. JONES of New Mexico. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. HARRISON (when his name was called). Making the same announcement as heretofore, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair as heretofore, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as heretofore in regard to my pair and its transfer, I vote "nay."

Mr. McKINLEY (when his name was called). Making the same announcement as before, I vote "nay."

Mr. MYERS (when his name was called). I make the same announcement with regard to my pair as on the last roll call, and vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as heretofore, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SMITH (when his name was called). Making the same announcement as I made heretofore as to being unable to obtain a transfer, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer as on the last ballot, I vote "yea."

Mr. HARRIS. Making the same announcement as heretofore in regard to my pair and its transfer, I vote "yea."

The roll call was concluded.

Mr. HARRISON. I find that I can transfer my pair to the senior Senator from Texas [Mr. CULBERSON]. I do so and vote "yea."

Mr. GERRY. I desire to announce that the Senator from Louisiana [Mr. RANSDELL] is paired with the Senator from Delaware [Mr. DU PONT]. I ask that this announcement may stand for the day.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New York [Mr. WADSWORTH] with the Senator from Nebraska [Mr. HITCHCOCK];

The Senator from Vermont [Mr. PAGE] with the Senator from Georgia [Mr. WATSON]; and

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS].

Mr. HARRIS. I desire to announce that my colleague [Mr. WATSON of Georgia] is unavoidably absent. He is paired with the Senator from Vermont [Mr. PAGE]. I will let this announcement stand for the day.

The result was announced—yeas 25, nays 36, as follows:

YEAS—25.

Ashurst	Jones, N. Mex.	Overman	Swanson
Broussard	Jones, Wash.	Pittman	Trammell
Fletcher	Kenyon	Pomerene	Walsh, Mass.
Gerry	King	Reed	Walsh, Mont.
Harris	La Follette	Sheppard	
Harrison	McKellar	Shields	
Heflin	Myers	Stanley	

NAYS—36.

Ball	Cameron	Ernst	Frelinghuysen
Brandegee	Capper	Fernald	Gooding
Bursum	Curtis	France	Hale

Keyes	Moses	Oddie	Spencer
Lenroot	Nelson	Penrose	Sutherland
Lodge	New	Phipps	Townsend
McCumber	Newberry	Poindexter	Warren
McKinley	Nicholson	Shortridge	Watson, Ind.
McNary	Norris	Smoot	Willis

NOT VOTING—35.

Borah	du Pont	Ladd	Smith
Calder	Edge	McCormick	Stanfield
Caraway	Elkins	McLean	Sterling
Colt	Glass	Norbeck	Underwood
Crow	Harreld	Owen	Wadsworth
Culberson	Hitchcock	Page	Watson, Ga.
Cummins	Johnson	Ransdell	Weller
Dial	Kellogg	Robinson	Williams
Dillingham	Kendrick	Simmons	

So the motion to reconsider was rejected.

The ASSISTANT SECRETARY. The last amendment reserved and unacted upon is found on page 198, reserved by the Senator from Missouri [Mr. REED]. The question is on concurring in the action of the Senate in striking out the amendment of the committee placing a tax of 2 per cent on chewing gum or substitutes therefor.

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). The question is on concurring in the amendment made as in Committee of the Whole.

Mr. REED. Mr. President, I simply want to know the form of the vote. Is the proposition that the tax shall be stricken out, so that an affirmative vote would be to strike it out, or is the proposition to restore it?

The PRESIDING OFFICER. The question is on concurring in the action of the Senate as in Committee of the Whole, which did strike it out.

Mr. REED. Very well. I do not intend to discuss it.

Mr. McCUMBER. Then a vote in the affirmative sustains the action of the Committee of the Whole in striking it out and a vote in the negative is against it.

The PRESIDING OFFICER. The Chair so understands.

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as before, I vote "yea."

Mr. HARRISON (when his name was called). Making the same announcement as before, I transfer my pair to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. KENDRICK (when his name was called). Making the same announcement as on the last roll call, I withhold my vote.

Mr. LODGE (when his name was called). Making the same announcement as before as to my pair, I vote "yea."

Mr. McKINLEY (when his name was called). Making the same announcement as before, I vote "yea."

Mr. MYERS (when his name was called). Making the same announcement as before with regard to my pair, I vote "nay."

Mr. SIMMONS (when his name was called). Making the same announcement with reference to my pair I withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement as I have heretofore made, and being unable to obtain a transfer, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the last ballot relative to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New York [Mr. WADSWORTH] with the Senator from Nebraska [Mr. HITCHCOCK];

The Senator from Vermont [Mr. PAGE] with the Senator from Georgia [Mr. WATSON]; and

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 34, nays 26, as follows:

YEAS—34.

Ball	Frelinghuysen	Nelson	Smoot
Brandegee	Gooding	New	Spencer
Bursum	Hale	Newberry	Sutherland
Cameron	Harris	Nicholson	Townsend
Curtis	Keyes	Oddie	Warren
Edge	Lodge	Penrose	Watson, Ind.
Ernst	McCumber	Phipps	Willis
Fernald	McKinley	Poindexter	
France	Moses	Shortridge	

NAYS—26.

Ashurst	Fletcher	Heflin	La Follette
Broussard	Gerry	Jones, Wash.	Lenroot
Capper	Harrison	King	McKellar
McNary	Pittman	Shields	Walsh, Mass.
Myers	Pomerene	Stanley	Walsh, Mont.
Norris	Reed	Swanson	
Overman	Sheppard	Trammell	

NOT VOTING—36.

Borah	du Pont	Kenyon	Simmons
Calder	Elkins	Ladd	Smith
Caraway	Glass	McCormick	Stanfield
Colt	Harreld	McLean	Sterling
Crow	Hitchcock	Norbeck	Underwood
Culberson	Johnson	Owen	Wadsworth
Cummins	Jones, N. Mex.	Page	Watson, Ga.
Dial	Kellogg	Ransdell	Weller
Dillingham	Kendrick	Robinson	Williams

So the amendment made as in Committee of the Whole was concurred in.

Mr. SUTHERLAND. Mr. President, I ask unanimous consent to reconsider the vote by which paragraph (22), on page 201, was agreed to, in order that I may move to strike it out. I was out of the Chamber when that paragraph was reached.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. REED. Mr. President, I do not want to make an objection to any request of that kind, but just about five minutes ago the Senator from New Mexico [Mr. JONES] made a similar request on the same ground and it was voted down by, I think, a solid vote on the other side of the Chamber. I am not going to object to this request, but I call attention to the circumstance.

Mr. LENROOT. Mr. President, I do not like to object, but I do think both sides ought to be treated alike. I am going to object.

The PRESIDING OFFICER. Objection is made.

Mr. SUTHERLAND. I move to return to that section on page 201.

The PRESIDING OFFICER. The Senator from West Virginia moves to reconsider the vote by which paragraph (22) on page 201 was agreed to.

Mr. McCUMBER. Mr. President, I rise to a parliamentary question. Is it necessary to move to reconsider this section in order to move now, as a direct motion, to strike out one word or two words or three words from it? I do not so understand.

Mr. LA FOLLETTE. It ought not to be when the request is made from this side, of course. If the request is made from the other side, it would be necessary, as a matter of course, to reconsider.

The PRESIDING OFFICER. The Chair rules that it is necessary to move a reconsideration. The question is on the motion of the Senator from West Virginia.

The motion was rejected.

The PRESIDING OFFICER. The bill is in the Senate and open to amendment.

Mr. LA FOLLETTE. I offer the amendment which I send to the Clerk's desk.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 126, after line 20, insert the following new paragraph:

> The commissioner shall make a report to Congress on the first day of each regular session, stating the name and residence of each person delinquent on the 1st day of the preceding July in tax payments, and the amount of tax due from such person and unpaid.

Mr. LA FOLLETTE. Mr. President, I am not going to detain the Senate and ask it to listen to any extended argument in support of the amendment. It is a proposition to bring to the attention of Congress the slackers in taxation.

I know of no reason why the representatives of wealth, who stand for property to the amount of something like one or two billion dollars, who have not paid their taxes, should not be reported, not only to the Congress but to the country. The War Department gave to the country the names of the slackers in the draft. They were rather careless about it, and they published a good many names of men who had gone to the front, some of whom had given their lives in the late war.

I can conceive of nothing more reprehensible than tax dodging. It is possible, as in the case of those designated as slackers in the draft, that there might be the publication of some names of those who had some answer to make, some excuse to offer, some explanation to give, for the fact that they had not reported fully to the Internal Revenue Commissioner upon the amount of their incomes. But upon making that explanation, they would be exculpated, just exactly as those were exculpated who had been reported in the matter of the draft improperly.

So I ask for the adoption of this amendment, and I ask for a roll call on it. Let us know who the men are who are dodging their taxes in this country.

Mr. KING. May I inquire of the Senator whether or not it would reach cases where the taxpayer in good faith was contesting the claim of the Government, and perhaps was in the courts, or before the proper tax tribunal, to determine the amount of taxes?

Mr. LA FOLLETTE. I think in that case all those facts would appear.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin, on which the yeas and nays have been demanded.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as on the previous roll call, I vote "yea."

Mr. HARRISON (when his name was called). Making the same announcement as before, I vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. LODGE (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "nay."

Mr. McKINLEY (when his name was called). Making the same announcement as on the former vote, I vote "nay."

Mr. MYERS (when his name was called). I make the same announcement as on the last vote and vote "yea."

Mr. SIMMONS (when his name was called). Making the same announcement as heretofore, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SMITH (when his name was called). Being unable to secure a transfer and making the same announcement as to my pair, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as before, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement as on the last vote relative to my pair and its transfer, I vote "yea."

The roll call was concluded.

Mr. EDGE. Making the same announcement as before, I vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Delaware [Mr. DU PONT] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from New York [Mr. WADSWORTH] with the Senator from Nebraska [Mr. HITCHCOCK];

The Senator from Vermont [Mr. PAGE] with the Senator from Georgia [Mr. WATSON]; and

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 29, nays 31, as follows:

YEAS—29.

Ashurst	Jones, Wash.	Norris	Swanson
Broussard	King	Overman	Trammell
Fletcher	La Follette	Pittman	Walsh, Mass.
Gerry	Lenroot	Pomerene	Walsh, Mont.
Harris	McKellar	Reed	Willis
Harrison	McNary	Sheppard	
Heflin	Moses	Shields	
Jones, N. Mex.	Myers	Stanley	

NAYS—31.

Ball	France	Nelson	Shortridge
Brandegee	Frelinghuysen	New	Smoot
Bursum	Gooding	Newberry	Spencer
Cameron	Hale	Nicholson	Sutherland
Curtis	Keyes	Oddie	Townsend
Edge	Lodge	Penrose	Warren
Ernst	McCumber	Phipps	Watson, Ind.
Fernald	McKinley	Poindexter	

NOT VOTING—36.

Borah	Dillingham	Kenyon	Simmons
Calder	du Pont	Ladd	Smith
Capper	Elkins	McCormick	Stanfield
Caraway	Glass	McLean	Sterling
Colt	Harreld	Norbeck	Underwood
Crow	Hitchcock	Owen	Wadsworth
Culberson	Johnson	Page	Watson, Ga.
Cummins	Kellogg	Ransdell	Weller
Dial	Kendrick	Robinson	Williams

So Mr. LA FOLLETTE's amendment was rejected.

Mr. JONES of New Mexico. I offer the following amendment to the bill.

The PRESIDING OFFICER. The Secretary will read the amendment.

The ASSISTANT SECRETARY. On page 294, after line 8, insert a new section, as follows:

SEC. 1403. In case of farming and live-stock corporations and public utilities whose rates or charges are subject to regulation by law or administrative action pursuant to law, the rate of taxation upon the net income of such corporations shall be 10 per cent only, regardless of the amount of the net income, and notwithstanding any other provisions of this act.

Mr. JONES of New Mexico. Mr. President, I am proposing this amendment in the very best of faith, and I believe that if Senators could understand what it means there would be no objection to it. Of course, I understand that such an amendment would more properly be attached to section 233, but the Senate did to-night what it very seldom does; it declined to reconsider the action upon that section, which was taken while I was temporarily absent from the Chamber.

I would like to have Senators understand that under the bill they are increasing the taxes of every farm and live-stock corporation in the country by 50 per cent and they are increasing the taxes of all the public utilities of the country by 50 per cent. That is what the provisions of the bill will do. There is not one of these concerns that is to-day earning excess profits, that is earning above 8 per cent of the invested capital, a fact which is thoroughly known to everybody in the land.

If there is an industry in the entire country which deserves consideration at the hands of this Congress, it is the farming and live-stock industry. Every enterprise of that sort in this country is operating to-day at a loss. Senators know it, and to raise their taxes now by 50 per cent upon all their net income, regardless of its amount—and that is what Senators are proposing to do in this bill—I say is not right. It is an imposition upon struggling industries in the country which are producing the necessities of life.

Your food supply is going to be exhausted; your live-stock men are going out of business. If they are to be taxed 15 per cent flat upon their total net income, it will be found that very few will be induced to invest a dollar in those industries and proceed to produce the necessaries of life in this country.

It is not sufficient to say that no amendment will be accepted which is proposed on this side of the Chamber, as Senators on the other side have apparently determined to do. They must consider the situation of the country. They must consider the interests of those people who are struggling to get on their feet, to try to recover from the great losses which they have sustained and which they are sustaining, the farming industries of the country, the live-stock industries of the country, those who own the sheep and the cattle, those who raise them for the purpose of furnishing food. Do Senators intend to raise their taxes 50 per cent? That is just what they would do under this bill as it is now framed.

Consider the public utilities of the country, whose incomes are regulated by law. Their taxes are to be raised 50 per cent. The railroads of the country, that are struggling for existence, are calling upon Congress now for half a billion dollars, trying to get that money out of the Treasury for the purpose of keeping themselves going. You are going to increase their taxes by 50 per cent.

I ask you if you can excuse or furnish any reason for this discrimination against the taxpayers of the country? Are you going to increase the taxes by 50 per cent, by one-half, upon these struggling concerns which admittedly are worthy of special consideration by the Congress? You propose to loan or to advance to them half a billion dollars.

You are selling securities out of the Treasury to-day so as to let these struggling public utilities have some money with which to carry on their business and to keep them out of bankruptcy, but by the bill as you have it framed you increase their taxes 50 per cent.

I do not believe that on reflection you ought to tolerate anything of that sort. Is it possible that you are doing it for the purpose of reducing the taxes upon these corporations which are making a higher percentage of profit on their invested capital? That is what you have done here to-night. You have removed all excess-profits taxes. You have declined to put upon the corporations earning high percentages of profits any tax different from that which you put upon all corporations. You are absolutely giving to those concerns making a high rate of profit upon their invested capital a reduction of taxes, a reduction which, it is estimated by all the experts, will amount to $450,000,000, and you are trying to make up $260,000,000 of that by levying a flat tax upon all corporations and increasing the tax on these public utilities, on these struggling live-stock corporations and farming corporations, by 50 per cent. I wonder what will be said about this matter when just what is proposed here to-night is realized.

On reflection, now consider the proposition. You are increasing the taxes of the farming corporations and live-stock corporations and public utilities by 50 per cent. The only excuse for it is that you want to cut off the excess-profits taxes of those corporations which are making high percentages of earnings upon their invested capital. I submit, Mr. President, that this

can not be justified, and therefore I propose the new section which has just been read at the desk.

Mr. SIMMONS. Mr. President, I am utterly opposed to imposing upon the railroads and public utilities of the country an income tax 33⅓ per cent less than we impose upon other corporations. It is true that the railroads are not making large returns upon their invested capital. It is likewise true that many individuals in the country who will have to pay from 25 to 30 per cent income taxes are making a very small percentage of earnings upon their invested capital.

I think this is a proposition to discriminate in favor of the railroads and the public-utility corporations in the country to a very unreasonable extent, and I trust that the amendment of the Senator from New Mexico will not prevail.

Mr. PITTMAN. Mr. President, I offer an amendment to the amendment proposed by the Senator from New Mexico. It is to strike out in the fourth line, after the word "corporation," down to and including the word "law" in the eighth line.

The PRESIDING OFFICER. The amendment will be received as proposed by the Senator from Nevada. It is in order because it is a new section. The amendment to the amendment will be stated.

The READING CLERK. It is proposed to strike out in lines 4, 5, and 6 the words "and public utilities whose rates or charges are subject to regulation by law."

Mr. PITTMAN. It strikes out all reference to public-utilities corporations.

Mr. SMOOT. Mr. President, the Senator from North Carolina [Mr. SIMMONS] was very anxious about revenues when the Senator from Wisconsin [Mr. LENROOT] offered his amendment, and he wondered how we were going to get along without the $130,000,000. The amendment that is offered by the Senator from New Mexico [Mr. JONES] will take at least $200,000,000 off. It will cost the Treasury at least $200,000,000.

Mr. SIMMONS. Mr. President, I am opposing the amendment of the Senator from New Mexico.

Mr. SMOOT. Then I misunderstood the Senator. I simply wish to state to the Senate, if the Senator from North Carolina has taken that position, although I understood him otherwise, that the proposed amendment will cost at least $200,000,000 of revenue to the Government.

Mr. JONES of New Mexico. Mr. President——

The VICE PRESIDENT. Has not the Senator already spoken once on the pending amendment?

Mr. JONES of New Mexico. I have not spoken upon the amendment proposed by the Senator from Nevada.

I merely wish to say this much in regard to the statement made by the Senator from Utah as to the amount of revenue which the amendment would lose to the Treasury. If what he has said is true, then it is important that some provision be made for a change. If practically all of the revenue derived from corporations is to be taken from those corporations, it is a woeful situation. But that can not be. Here is what the situation presents.

It is expected by this bill to raise $400,000,000 by the 10 per cent flat tax, and then it is only expected to raise $260,000,000 from the additional 5 per cent upon all corporations.

If Senators will just figure that for a moment it will be seen that the Senator from Utah certainly on reflection should change his estimate, because if 5 per cent on all the corporations will produce only $260,000,000, and by excluding those corporations we lose $200,000,000, just imagine what we are doing to the poor, struggling corporations of the country which are earning only a small amount upon their capital stock. The Senator from Utah can not be correct in his statement and on reflection I am sure he will not insist that out of the $260,000,000, $200,000,000 is to be raised from the farm and live-stock corporations and from public utilities. That can not be. The Senator is mistaken.

Mr. President, I see that there is great objection developing here to the amendment to the section as I propose it because it includes the public utilities of the country. I believe they ought to have some relief. The Senator from Utah is opposing it on the ground that we lose $200,000,000 of revenue. Others are opposing it on other grounds. I accept the amendment offered by the Senator from Nevada.

The VICE PRESIDENT. The question, then, is on the amendment offered by the Senator from New Mexico as modified.

Mr. JONES of New Mexico. On that I call for the yeas and nays.

The yeas and nays were not ordered.

On a division the amendment was rejected.

The VICE PRESIDENT. The question is now, Shall the amendments be engrossed and the bill read a third time?

Mr. LA FOLLETTE. Mr. President, I have a few amendments to offer. I offer the amendment which I send to the desk.

Mr. JONES of New Mexico. Mr. President, will the Senator yield to me for just a moment? I wish to propose another amendment.

Mr. LA FOLLETTE. Certainly; I will withhold my amendment for the present.

Mr. JONES of New Mexico. I will state to Senators that this is an amendment which I offered in Committee of the Whole but put in a little different language. I am not going to ask for a yea and nay vote on it, but I do want to get it in the record in the amended form, so that we may all know just what the final form is in which I offered it.

It is an amendment to section 230. I suppose the amendment would be ruled out on a point of order if I were to offer it as an amendment, but under the circumstances I am sure there will be no objection.

On page 79 I propose to amend by striking out lines 6 and 7 and inserting:

(b) For each calendar year thereafter, 10 per cent of such excess amount plus the sum of the following:

Four per cent of an amount of the undistributed net income equal to 10 per cent of the net income; or, if the undistributed net income is less than 10 per cent of the net income, 4 per cent of the entire undistributed net income;

Eight per cent of the amount by which the undistributed net income exceeds 10 per cent and does not exceed 20 per cent of the entire net income;

Twelve per cent of the amount by which the undistributed net income exceeds 20 per cent and does not exceed 30 per cent of the entire net income;

Sixteen per cent of the amount by which the undistributed net income exceeds 30 per cent and does not exceed 40 per cent of the entire net income;

Twenty per cent of the amount by which the undistributed net income exceeds 40 per cent and does not exceed 50 per cent of the entire net income;

Twenty-four per cent of the amount by which the undistributed net income exceeds 50 per cent and does not exceed 60 per cent of the entire net income; and

Twenty-eight per cent of the amount by which the undistributed net income exceeds 60 per cent of the entire net income.

The proposition is 10 per cent on the undistributed net income, the idea being to have a flat tax on corporations of 10 per cent, and these graduated taxes only upon the undistributed net income. I offer the amendment for the record, and I ask that a vote on it may be taken without a roll call.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Mexico.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 148, after line 17, insert the following proviso:

Provided, That in addition to taxes heretofore levied by this section a tax of 6 per cent shall be imposed upon the value of the securities of such estates so transferred, by whatsoever authority issued, which securities have not been taxed under the Federal income or excess-profits tax laws and which were issued prior to the passage of this act, and that upon such tax-exempt securities issued subsequent to the passage of this act the additional tax so levied shall be 10 per cent.

Mr. LA FOLLETTE. Mr. President, I do not want to detain the Senate for any extended discussion upon this amendment. I merely want to say that this is the amendment which I offered as in Committee of the Whole, excepting that I have changed the rate from 10 per cent on securities heretofore issued to 6 per cent and from 15 per cent upon such securities which may be hereafter issued to 12 per cent.

Mr. President, I do not want to ask the Senate to listen to any other argument upon this amendment than that which I heretofore offered when the amendment was presented as in Committee of the Whole. All I ask is that we may have a roll call upon the amendment as now offered. I want a record vote upon this amendment. If I may have that, I am content.

Mr. PENROSE. Mr. President, I am surprised at the Senator's moderation, and I hope the Senate will promptly agree to his request.

The yeas and nays were ordered.

Mr. LA FOLLETTE. I had not quite finished.

Mr. PENROSE. Oh, I thought the Senator had. Well, I am ready for anything, Mr. President.

Mr. LA FOLLETTE. The Senator is likely to get anything before I am through. The readiness with which my request for a yea-and-nay vote has been granted leads me to say that I would not be entirely frank with the Senate if I did not let them know what I propose to do with these roll calls. I propose, Mr. President and Senators, to distribute the roll calls upon this bill well over the United States.

Mr. PENROSE. Good work!

Mr. LA FOLLETTE. It is good work. The Senator from Pennsylvania does not know what good work it is. Let me just tell the Senate. For example, I remember being in Evansville, Ind., a few years ago. I was about to address a chautauqua. I was waiting at the hotel for the time when I would be expected to appear on the platform. A United States Senator who resided in Evansville waited upon me at my hotel, and he said to me, "I have come to take you up to the Chautauqua. I am going to introduce you to the audience." I said to him, "Senator, I do not think you had better do that. I am going to discuss before that audience this afternoon the legislation that has been before the United States Senate during the session that has just closed, and I am going to review your record among those of other Senators upon that legislation, and I do not think that it would be entirely agreeable to you to be on the platform. I suggest to you that you let somebody else introduce me to that audience."

The Senator felt very sure of himself, and he said to me, "Oh, never mind about that. You can not say anything that will be harmful to me here, where everybody knows me. You go up there and say just what you please to that audience. This is my home; the people are my friends. You can not make any report upon my record in the United States Senate that would be harmful to me."

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LA FOLLETTE. I yield.

Mr. REED. We have a very unusual proceeding going on here. A Senator is making a speech upon an important bill and singing and carousing are going on in the cloakroom. I simply want the facts to go into the RECORD that that is the way this business is being transacted.

Mr. KING. The Senator from Missouri refers to the Republican cloakroom.

Mr. REED. Everybody knows what cloakroom it is.

Mr. STANLEY. Mr. President, I entirely differ from the Senator from Missouri. After what has happened Republican Senators are singing a requiem in there. Let them proceed.

Mr. LA FOLLETTE. Mr. President, to resume what I was saying to the Senate, I said to the Senator I merely wanted to be entirely frank with you. I do not think you ought to introduce me to that audience. I prefer to go up to the Chautauqua grounds and, if necessary, introduce myself. He said, "Oh, get into the carriage; come along with me. You can not say anything in this town that would be harmful to me." Well, I got in the carriage and went up with the Senator. He was manifestly very popular with the people who made up the audience, and when he introduced me he was greeted with cheers and applause. I began my address to that audience, which was a very large one, and, I think, representative of the people of that community. I explained to them the legislation that had come before the Senate during that session. Then I read the roll call to them upon each piece of legislation. As I drew on toward the name of the Senator who had introduced me, in the reading of the first roll call, I noticed that it produced a very marked impression upon the audience.

After I had covered one or two pieces of legislation, as I came to read the roll call and approached the name of the Senator who introduced me, it was received with hisses that drove him from the platform. When I had concluded my address to that audience, Mr. President, I found the Senator who had introduced me outside of the auditorium pacing back and forward, and he said to me, "Senator LA FOLLETTE, I have no complaint to make of you; you were perfectly fair with me, but if I had known how hot it was going to be in there on the reading of that roll call, I would not have introduced you." That Senator was defeated. The roll call upon his record retired him from public life.

Mr. President, this is a representative Government. I believe that the voters have a right to know how they are represented in the Senate. The record that has been made upon this bill is going to the country. Let Senators understand that they are going to be confronted with the record that they have made here. If it is one that they can answer for, that is well, but I question, Mr. President, whether Senators will be able to meet the record that has been made on this bill.

The VICE PRESIDENT. The Senator's time has expired.

Mr. LA FOLLETTE. I know my time must have expired by now. I ask for a record vote on the amendment.

The VICE PRESIDENT. The yeas and nays having been ordered, the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). Making the same announcement as heretofore in regard to my pair and its transfer, I vote "yea."

Mr. HARRISON (when his name was called). I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. KENDRICK (when his name was called). Making the same announcement as to my pair as heretofore, I withhold my vote.

Mr. LODGE (when his name was called). Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

Mr. McKINLEY (when his name was called). Making the same announcement as heretofore with regard to my pair and its transfer, I vote "nay."

Mr. SIMMONS (when his name was called). Making the same announcement as before as to my pair and my inability to secure a transfer, I withhold my vote.

Mr. SMITH (when his name was called). Being unable to secure a transfer of my pair, I withhold my vote.

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore with regard to my pair and its transfer, I vote "nay."

Mr. TRAMMELL (when his name was called). Making the same announcement in regard to my pair and its transfer as on the last vote, I vote "yea."

The roll call was concluded.

Mr. SMITH. I transfer my pair with the Senator from South Dakota [Mr. STERLING] to the Senator from Ohio [Mr. POMERENE] and vote "nay."

The result was announced—yeas 21, nays 38, as follows:

YEAS—21.

Ashurst	Jones, N. Mex.	Norris	Trammell
Capper	Jones, Wash.	Pittman	Walsh, Mass.
Fletcher	La Follette	Reed	Walsh, Mont.
Harris	Lenroot	Sheppard	
Harrison	McNary	Shields	
Heflin	Moses	Swanson	

NAYS—38

Ball	Frelinghuysen	Nelson	Smoot
Brandegee	Gerry	New	Spencer
Broussard	Gooding	Newberry	Stanley
Bursum	Hale	Nicholson	Sutherland
Cameron	Keyes	Oddie	Townsend
Curtis	King	Penrose	Warren
Edge	Lodge	Phipps	Watson, Ind.
Ernst	McCumber	Poindexter	Willis
Fernald	McKellar	Shortridge	
France	McKinley	Smith	

NOT VOTING—37.

Borah	Elkins	McLean	Stanfield
Calder	Glass	Myers	Sterling
Caraway	Harreld	Norbeck	Underwood
Colt	Hitchcock	Overman	Wadsworth
Crow	Johnson	Owen	Watson, Ga.
Culberson	Kellogg	Page	Weller
Cummins	Kendrick	Pomerene	Williams
Dial	Kenyon	Ransdell	
Dillingham	Ladd	Robinson	
du Pont	McCormick	Simmons	

So Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. The question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass?

Mr. REED. I ask unanimous consent to insert in the RECORD a resolution passed by the National Board of Farm Organizations in reference to the excess-profits tax. I shall not ask that the resolution be read. It is short.

The VICE PRESIDENT. Without objection, the resolution will be printed in the RECORD.

The resolution is as follows:

NATIONAL BOARD OF FARM ORGANIZATIONS,
Washington, D. C., November 1, 1921.

TO THE MEMBERS OF THE UNITED STATES SENATE:

With all possible earnestness the National Board of Farm Organizations appeals to you, the Members of the United States Senate, that you do not repeal the excess-profits tax, lower the surtaxes in the higher brackets, or by other means, such as by the proposed sales tax, shift the burdens of taxation from those best able to those least able to pay.

The payment of the war cost is a staggering proposition at best, and unless the laws that gather the revenue are equitably laid a very unjust and crushing burden will fall upon those least able to bear it.

EXCESS-PROFITS TAX.

The excess-profits tax law carries an 8 per cent exemption. The average farmer would be very glad to receive a total net profit of 8 per cent, and in fact is now receiving far less. In view of the above-mentioned exemption, the present tax is paid by those fully able to pay. The contention that this tax is passed on to the consumer can only refer to those cases when monopoly directs the distribution and sets the price. We earnestly request that this tax be not repealed. To do so would entail a loss of revenue of $450,000,000.

SURTAXES ON INCOMES.

Millionaires and multimillionaires who would benefit from a reduction of these surtaxes are those chiefly interested in the repeal of the present act. We appeal to you to see that as against the interests of the few the welfare of the vast majority of the people shall be served.

To win wars two things are essential—men and money. When the Government wanted men it went into the homes of those who had the proper type of boys and took them for the welfare of the Nation. You face now the second part of the conflict—furnishing the money to pay for the war. By every rule of fairness, therefore, you should go where money is to be found and require it of those who can spare it with the least sacrifice. England has courageously met this issue, and under far more difficult circumstances is collecting a large proportion of her revenues from the incomes of those best able to pay.

We have a right to expect that you will conscript the wealth of the Nation with the same courage with which you called our manhood into the war.

Respectfully submitted by direction and on behalf of the National Board of Farm Organizations, now in session in Washington, D. C.

C. S. BARRETT, *Chairman.*
CHAS. A. LYMAN, *Secretary.*

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. REED and Mr. SIMMONS called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "yea."

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. I am unable to obtain a transfer, and in his absence I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement as to my pair, I vote "nay."

Mr. HARRISON (when his name was called). I have a pair on this question with the junior Senator from West Virginia [Mr. ELKINS], who is unavoidably out of the Chamber. If he were present, he would vote "yea" and I would vote "nay." I therefore withhold my vote.

Mr. KENDRICK (when his name was called). I am paired with the senior Senator from Illinois [Mr. MCCORMICK], who is unavoidably absent on account of death in his family. I have been unable to secure a transfer, and so I am compelled to withhold my vote. If at liberty to vote, I should vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Connecticut [Mr. MCLEAN] and will vote. I vote "yea."

Mr. MCKINLEY (when Mr. MCCORMICK's name was called). I wish to announce that my colleague [Mr. MCCORMICK] is called out of the city on account of a death in his family.

Mr. MCKINLEY (when his name was called). I am paired with the junior Senator from Arkansas [Mr. CARAWAY]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD] and will vote. I vote "yea."

Mr. MYERS (when his name was called). I make the same announcement as to the transfer of my pair that I have been making during the evening, and vote "nay."

Mr. PENROSE (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. He is absent and not voting. I transfer that pair to the junior Senator from Pennsylvania [Mr. CROW] and will vote. I vote "yea."

Mr. SIMMONS (when his name was called). I have a general pair with the Senator from Minnesota [Mr. KELLOGG]. By the courtesy of a colleague I have been permitted to transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and will vote. I vote "nay."

Mr. SMITH (when his name was called). Being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD] and will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement with regard to my pair and its transfer as on the last roll call, I vote "nay."

Mr. HEFLIN (when Mr. UNDERWOOD's name was called). My colleague [Mr. UNDERWOOD] is unavoidably absent. He is paired with the junior Senator from Connecticut [Mr. MCLEAN]. If present my colleague would vote "nay."

Mr. HARRIS (when the name of Mr. WATSON of Georgia was called). My colleague [Mr. WATSON] is unavoidably absent. He is paired with the Senator from Vermont [Mr. PAGE]. If my colleague were present he would vote "nay."

Mr. HARRISON (when Mr. WILLIAMS's name was called). I desire to announce that my colleague, the senior Senator from Mississippi [Mr. WILLIAMS], if present, would vote "nay." He is paired on this question with the junior Senator from Pennsylvania [Mr. CROW].

The roll call was concluded.

Mr. SHEPPARD. My colleague, the senior Senator from Texas [Mr. CULBERSON], is unavoidably absent. He is paired with the Senator from Minnesota [Mr. KELLOGG]. If my colleague were present and voting, he would vote "nay."

Mr. REED. On this vote I am paired with the Senator from Iowa [Mr. CUMMINS].

Mr. FLETCHER. I desire to announce that the Senator from Louisiana [Mr. RANSDELL] is paired with the Senator from Delaware [Mr. DU PONT].

Mr. GERRY. I desire to announce that the Senator from Nebraska [Mr. HITCHCOCK] is paired with the Senator from New York [Mr. WADSWORTH]. If the Senator from Nebraska were present he would vote "nay."

Mr. WILLIS. I desire again to announce the absence of the senior Senator from South Dakota [Mr. STERLING] on account of illness.

The result was announced—yeas 38, nays 23, as follows:

YEAS—38.

Ball	France	McNary	Shortridge
Brandegee	Frelinghuysen	Nelson	Smoot
Broussard	Gooding	New	Spencer
Bursum	Hale	Newberry	Sutherland
Cameron	Jones, Wash.	Nicholson	Townsend
Capper	Keyes	Norbeck	Warren
Curtis	Lenroot	Oddie	Watson, Ind.
Edge	Lodge	Penrose	Willis
Ernst	McCumber	Phipps	
Fernald	McKinley	Poindexter	

NAYS—23.

Ashurst	King	Overman	Stanley
Fletcher	La Follette	Pittman	Swanson
Gerry	McKellar	Pomerene	Trammell
Harris	Moses	Sheppard	Walsh, Mass.
Heflin	Myers	Shields	Walsh, Mont.
Jones, N. Mex.	Norris	Simmons	

NOT VOTING—35.

Borah	du Pont	Kenyon	Smith
Calder	Elkins	Ladd	Stanfield
Caraway	Glass	McCormick	Sterling
Colt	Harreld	McLean	Underwood
Crow	Harrison	Owen	Wadsworth
Culberson	Hitchcock	Page	Watson, Ga.
Cummins	Johnson	Ransdell	Weller
Dial	Kellogg	Reed	Williams
Dillingham	Kendrick	Robinson	

So the bill was passed.

The title was amended so as to read: "An act to reduce and equalize taxation, to provide revenue, and for other purposes."

Mr. PENROSE. Mr. President, I present an order regarding the printing of the bill, which I ask to have read from the desk.

The VICE PRESIDENT. The Secretary will read the order.

The order was read and agreed to, as follows:

Ordered, That the bill (H. R. 8245) entitled "An act to reduce and equalize taxation, to provide revenue, and for other purposes," be printed with the Senate amendments numbered, showing the House bill in roman; all Senate amendments in stricken-through type or italic, with such parts of Senate amendments as reenact the present law of 1918 in small-capital italic, and new matter in regular italic.

Mr. PENROSE. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives upon the bill and amendments, and that the Chair appoint the conferees on behalf of the Senate, and that they shall be five in number.

The motion was agreed to; and the Vice President appointed Mr. PENROSE, Mr. MCCUMBER, Mr. SMOOT, Mr. SIMMONS, and Mr. WILLIAMS conferees on the part of the Senate.

ADJOURNMENT.

Mr. LODGE. I move that the Senate adjourn until 12 o'clock to-day.

The motion was agreed to, and (at 1 o'clock and 45 minutes a. m., Tuesday, November 8, 1921) the Senate adjourned until 12 o'clock meridian, Tuesday, November 8, 1921.

SENATE.

TUESDAY, *November 8, 1921.*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

O God, Thou who rulest in the heavens and controlleth the affairs of men, we look unto Thee this morning seeking Thy favor, asking for that wisdom necessary in the performance of every duty. So guide our thoughts and influence our conduct, that we may live before Thee acceptably. Through Jesus Christ, our Lord. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Thursday, November 4, 1921, when on request of Mr. LODGE and by unanimous consent the further reading was dispensed with and the Journal was approved.

CEREMONIES FOR UNKNOWN SOLDIER IN ROTUNDA OF CAPITOL.

The PRESIDENT pro tempore laid before the Senate the following communication from the Secretary of War, which was read and ordered to lie on the table:

WAR DEPARTMENT,
Washington, November 7, 1921.

Hon. CALVIN COOLIDGE,
Vice President of the United States.

MY DEAR MR. VICE PRESIDENT: It has been proposed that only three wreaths be placed on the top of the casket of the unknown soldier during the time that this casket is lying in state at the Capitol on November 10, and that these wreaths be presented by the President, by the Supreme Court, and by the Senate and House acting jointly. Arrangements have already been made to procure the wreaths.

The President has expressed his intention of visiting the Rotunda of the Capitol at 5.30 p. m. on November 9 to place on the casket the wreath which he presents. I am writing to ask if it would be agreeable to you to be present there at the same time and, with the Speaker of the House, present the wreath on the part of Congress?

If you should so desire, then the necessary arrangements will be made.

Very sincerely, JOHN W. WEEKS,
Secretary of War.

Mr. LODGE. Mr. President, I ask that the following order be entered.

The PRESIDENT pro tempore. The Secretary will read the order.

The order was read and agreed to, as follows:

Ordered, That the Vice President be requested to represent the Senate in the ceremony of placing the wreath offered by the Congress of the United States upon the coffin of the unknown soldier at 5.30 p. m. on November 9.

ELIJAH C. PUTMAN.

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 904) for the relief of Elijah C. Putnam, which were to strike out the preamble; on page 1, line 3, to strike out "Putnam" and to insert "Putman"; and to amend the title so as to read "An act for the relief of Elijah C. Putman."

Mr. JONES of New Mexico. I move that the Senate concur in the amendments placed upon the bill by the House.

The motion was agreed to.

LAND IN WHITEFIELD, OKLA.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 513) granting a deed of quitclaim and release to J. L. Holmes of certain land in the town of Whitefield, Okla., which was, on page 2, line 1, after "of," to insert "to."

Mr. CURTIS. I move that the Senate concur in the House amendment. It is simply the correction of a word in the bill.

The motion was agreed to.

PETITIONS AND MEMORIALS.

Mr. WARREN presented letters, telegrams, and communications in the nature of petitions from the First Methodist Episcopal Church, of Cheyenne; the First Methodist Episcopal Church, of Cody; the congregation of the Presbyterian Church, of Basin; the First Methodist Episcopal Church and the Ministerial Association, of Sheridan; the United Presbyterian Church, of Torrington; the First Baptist Church and Methodist Episcopal Church, of Casper; all in the State of Wyoming, praying for the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. TOWNSEND presented 96 petitions of sundry church organizations and citizens, all in the State of Michigan, praying for the prompt enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. ODDIE presented a resolution adopted by the Reno (Nev.) Chamber of Commerce, favoring the limitation of armament and a reduction of military and naval expenditures so as to decrease taxation, which was referred to the Committee on Foreign Relations.

Mr. JONES of Washington presented a memorial of sundry citizens of Stevens County, Wash., remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. NEWBERRY presented 20 petitions of sundry citizens of Alpena, Paw Paw, Cass City, Gwinn, Wixom, Menominee, Caro, Detroit, Fowlerville, Howell, Jackson, Calumet, Redford, Kingston, Atlas, Bangor, Oshtemo, Comstock, and Recreation Park, all in the State of Michigan, praying for the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. McNARY presented three memorials of sundry citizens of Meacham, Milton, and Freewater, all in the State of Oregon, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Coos County, Oreg., praying for the limitation of armament and the reduction of all governmental expenses so as to decrease taxation, which was referred to the Committee on Foreign Relations.

Mr. SHORTRIDGE presented 19 petitions numerously signed by sundry citizens of Humboldt County, Calif., praying that the primary business of the conference on limitation of armament be the reduction of armament; that the conference may be public, and commending the President for calling such conference, which were referred to the Committee on Foreign Relations.

He also presented 10 memorials numerously signed by sundry citizens of many cities and towns in southern California, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented 22 letters and telegrams in the nature of petitions of sundry church organizations and citizens of Los Angeles, Long Beach, Ontario, Calexico, Pomona, San Diego, Santa Ana, and Glendale, all in the State of California, praying for the immediate enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. RANSDELL presented a concurrent resolution of the Legislature of Louisiana memorializing Congress to repeal the Federal estate tax, which was referred to the Committee on Finance, as follows:

Senate concurrent resolution No. 7, by Mr. Warren, memorializing Congress to repeal the Federal estate tax.

Whereas it is the opinion of the foremost tax authorities of the Union that inheritance taxes should be wholly reserved for the use of the several States, as shown by resolutions of the national tax conferences from 1907 to the present time; and

Whereas inheritance taxes have not heretofore been imposed by the Federal Government except as emergency measures in time of war; and

Whereas the Federal State tax now in force imposes an unduly heavy burden of expense upon the estates of deceased persons, in addition to the tax itself, and out of proportion to the revenue received by the Government and seriously interferes with the administration and delays the final settlement of estates: Be it

Resolved by the Legislature of Louisiana, That Congress be, and it is hereby, memorialized to repeal the Federal estate tax; be it further *Resolved*, That a copy of the foregoing resolution be forwarded to the Speaker of the national House of Representatives, the Vice President, and the Senators and Representatives from Louisiana.

I hereby certify that the above Senate concurrent resolution No. 7, by Mr. Warren, was adopted by the Legislature of Louisiana on October 27, 1921, and signed by the lieutenant governor and president of the senate and speaker of the house of representatives.

O. H. SIMPSON,
Secretary of the Senate.

REPORTS OF COMMITTEES.

Mr. CUMMINS, from the Committee on the Judiciary, to which was referred the bill (S. 2649) to extend the benefits of section 260 of the Judicial Code to Walter I. Smith, United States circuit judge, reported it without amendment and submitted a report (No. 312) thereon.

Mr. NEW, from the Committee on Territories and Insular Possessions, to which was referred the bill (H. R. 8442) to amend an act entitled "An act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes," approved March 12, 1914, as amended, reported it without amendment, and submitted a report (No. 313) thereon.

DEFERRED GRAZING FEES.

Mr. McNARY. Mr. President, from the Committee on Agriculture and Forestry I report back favorably without amendment the joint resolution (H. J. Res. 151) to provide that deferred grazing fees received prior to December 31, 1921, shall be considered as receipts of the fiscal year 1921.

Mr. PHIPPS. I ask unanimous consent for the present consideration of the joint resolution. It has been approved by the House.

Mr. LENROOT. May we have it read.

The PRESIDENT pro tempore. The joint resolution will be read for information. The Assistant Secretary read the joint resolution, as follows:

Resolved, etc., That for the purpose of apportioning the 25 per cent of the accrued receipts from national forests during the fiscal year ending June 30, 1921, which are due and payable to the States under the act of May 23, 1908, and the 10 per cent of said receipts which may be expended by the Secretary of Agriculture under the act of March 4, 1913 (37 Stat., 828), for the construction and maintenance of roads and trails within the national forests, all moneys which are received by the Secretary of Agriculture prior to December 31, 1921, as deferred grazing fees authorized to be so paid under the act of March 3, 1921 (Public, No. 367, p. 18), shall be considered as receipts of the fiscal year 1921.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. WILLIS. Will the Senator from Colorado state whether it is likely to lead to discussion?

Mr. PHIPPS. I do not think it will lead to any discussion whatever, or I should not have asked for its present consideration. My information is that it deals with only a very small amount of money, odds and ends that drift in, collected this year which should have been collected last year. It is largely a matter of bookkeeping, and the joint resolution will simplify the operations of the Department of Agriculture in making up their accounts for the present fiscal year. The department officials are desirous of having the joint resolution passed so that they can settle their accounts more expeditiously than they can do otherwise. The amount of money involved is inconsiderable.

Mr. WILLIS. With the understanding that it will not lead to debate, I shall not object. I am very anxious to proceed with another matter.

There being no objection, the Senate as in Committee of the Whole proceeded to consider the joint resolution.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NELSON:

A bill (S. 2686) to place William Ernest Gibbons on the retired list of the United States Navy; to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 2688) to extend the franking privilege to commissioned officers of the National Guard, including adjutants general of the States (with the accompanying papers); to the Committee on Military Affairs.

A bill (S. 2689) making additional appropriation for improvement of the channel from Clearwater Harbor through Boca Ceiga Bay to Tampa Bay, Fla. (with an accompanying paper); to the Committee on Appropriations.

A bill (S. 2690) validating and confirming a certain indemnity school-land selection of the State of Florida; to the Committee on Public Lands and Surveys.

By Mr. LENROOT:

A bill (S. 2691) for the conservation of food, fuel, and other commodities in interstate commerce; to the Committee on Interstate Commerce.

A bill (S. 2692) granting an increase of pension to Irwin C. Smelker; to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 2693) granting an increase of pension to Ella Bailey (with an accompanying paper); and

A bill (S. 2694) granting a pension to Joseph W. Songer (with accompanying papers); to the Committee on Pensions.

A bill (S. 2695) to fix the time when patents in fee for Indian allotments shall become effective; and

A bill (S. 2696) to authorize the collection of a reasonable fee from Indian lessors from moneys collected by the Indian Service as royalties and rentals arising from mining leases of restricted Indian lands; to the Committee on Indian Affairs.

A bill (S. 2697) for the relief of John H. Record or Ricketts; and

A bill (S. 2698) for the relief of Alfred Rebsamen; to the Committee on Military Affairs.

By Mr. POINDEXTER:

A bill (S. 2699) providing for a lightship at Grays Harbor; to the Committee on Appropriations.

A bill (S. 2700) for the immediate construction of approved reclamation projects; to the Committee on Irrigation and Reclamation.

CHANGE OF REFERENCE.

Mr. JONES of Washington. Yesterday I introduced a Senate joint resolution 133, being a constitutional amendment relating to the government of the District of Columbia. I noted on it that it should be referred to the Committee on the District of Columbia. Some one changed the reference to the Committee on the Judiciary. I ask that the joint resolution be referred to the Committee on the District of Columbia, which is investigating and holding hearings now upon the general proposition with reference to the government of the District of Columbia.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

COURT OF INTERNAL-REVENUE APPEALS.

Mr. POMERENE. Mr. President, I am sending to the desk and introducing a bill to organize the United States court of internal revenue appeals. I beg the indulgence of the Senate for just a minute.

As Senators are advised, we have a United States Customs Court of Appeals. That court, I think, has been of tremendous service to the entire public. The total dutiable imports of the United States during the calendar year 1920 amounted to $3,117,010,682. We have just passed a revenue measure. I am advised that during the past year there were 4,425,114 taxpayers. The bill just passed seeks to raise revenues estimated at $4,000,000,000, and perhaps a little in excess of that; in other words, the total internal-revenue taxes of this country are about 25 per cent in excess of the total cash value of all dutiable imports for the past year.

My correspondence has been burdened with letters during the past year suggesting the organization of a special internal revenue court of appeals for the purpose of hearing and determining more expeditiously disputes which arise in the Internal Revenue Commissioner's office. Senators recognize the trouble we have had in understanding the bill which has been under observation and study here for weeks. We can, therefore, well understand the difficulty that taxpayers are going to have to understand the new tax law.

I do not mean to suggest that the bill which I now introduce is in its best form. It is fashioned after the act creating the Customs Court of Appeals. I ask that the bill may be referred to the Committee on the Judiciary for their consideration and report.

The bill (S. 2687) to organize a United States court of internal revenue appeals was read twice by its title.

The PRESIDENT pro tempore. The bill will be referred to the Committee on the Judiciary.

Mr. SMOOT. Would the Senator from Ohio object to having the bill go to the Committee on Finance? The bill providing for the Customs Court of Appeals was referred to that committee. That bill had to do with customs matters, and the bill now introduced by the Senator from Ohio has to do with the financial and revenue affairs, which are directly under the control of the Committee on Finance. I should, therefore, think the bill ought to be referred to that committee. I merely suggest that reference to the Senator.

Mr. POMERENE. As the bill relates to courts and affects questions of appeals, and so forth, I thought it more nearly related to the jurisdiction of the Judiciary Committee. I am willing, however, to be guided by what may be the judgment of the Senate. There certainly could be no objection to the two committees conferring together about the bill, and I am going to leave it to the Senate to determine as to which committee the bill should be referred.

Mr. SMOOT. The Senator from Ohio will remember that the bill providing for the Court of Customs Appeals went to the Finance Committee, and this being a bill having to do with matters pertaining to the revenues of the Government, I think should be similarly referred.

Mr. POMERENE. I may say that the act providing for the Customs Court of Appeals was passed before I came into the Senate, and so I have no personal knowledge on the subject.

Mr. SMOOT. I merely make the suggestion to the Senator from Ohio.

Mr. POMERENE. I repeat, I am willing to leave the matter to the judgment of the Senate. My own thought, however, was that the bill should be referred to the Committee on the Judiciary, but I am not particular about its reference.

Mr. FLETCHER. I suggest that the Finance Committee has its hands full right now.

Mr. POMERENE. I feel this way about the matter: I know that the Finance Committee is going to have the tariff bill

before it, and it has been pretty well loaded down with work, and very important work. I think the subject involved in this bill is a matter which is going to be of very great importance to the taxpayers, and there will be need of a court to determine questions which will be constantly arising, not only questions of law but questions of fact. It is for that reason, among others, that, in my judgment, the bill should be referred to the Judiciary Committee.

Mr. SMOOT. I am not going to object to such a reference of the bill. I simply call the attention of the Senate to the fact that the Finance Committee are familiar with the details of all these matters; they have all the information as to what action should be taken relative thereto. I am rather in sympathy with the suggestion contained in the bill introduced by the Senator from Ohio, and I have not the least objection to it being referred to the Committee on the Judiciary, although I believe that committee will have to study the technicalities of the questions involved, which are already so well understood by the Finance Committee.

Mr. POMERENE. I repeat, I am willing to abide by the judgment of the Senate.

The PRESIDENT pro tempore. In the absence of objection the bill will be referred to the Committee on the Judiciary.

REAR ADMIRAL BOWLES ON NAVAL POLICY.

Mr. BORAH. Mr. President, I ask permission to have printed in the RECORD a letter written by Rear Admiral Bowles on the subject of limitation of armament and an editorial from the Springfield Republican based upon the letter.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

[From the Springfield Republican, Oct. 4, 1921.]

A DEFINITE PROPOSAL FOR LIMITATION OF ARMAMENTS—REAR ADMIRAL FRANCIS T. BOWLES, FORMER CHIEF CONSTRUCTOR OF THE UNITED STATES NAVY, URGES THAT ALL BATTLESHIPS AND SUBMARINES BE ABANDONED AND SCRAPPED, LIMITING FUTURE WARSHIPS TO 15,000 TONS AND NAVAL CANNON TO 6-INCH CALIBER.

To the EDITOR OF THE REPUBLICAN:

If it can be assumed that in the coming conference in Washington, which opens on November 11, to discuss primarily the limitation of armaments, there is a real consensus of opinion to actually and materially reduce the world's military force, both navies and armies, then the practical problem of how to effect the reduction is a very interesting one.

No man wants to go into a fight for his life or for that of his family with one arm tied behind him, even if his opponent is similarly handicapped. The stake is too great; he must be able to put forth his full strength. Nations when they fight under such conditions must also ultimately put forth their whole strength.

The reasons for the present wish of people to reduce armaments are principally the vast increase of the cost of modern war, the consequent greater cost of preparation, the present inconvenience of the use of so much money as is required by adequate preparation on what must be for some years an economic waste at a time when the maximum of thrift is a necessity to make up the loss of the last war. The further and permanent reason is that complete preparation for war undoubtedly makes wars more frequent and peace less secure, militarists to the contrary notwithstanding. It is desirable to limit armaments for the same reason that men are forbidden to carry concealed weapons.

ENORMOUS INCREASE IN COST OF UNITED STATES NAVY.

The Navy of the United States for 25 years up to 1915 was a popular institution even at a rising cost of $100,000,000 a year. The Navy, under pressure to economize, asked for five hundred millions for the current year. An officer of the Navy of experience publishes an elaborate article in a current number of a service journal to the effect that the Navy, after due consideration of "economy" must have as a minimum 170,000 men and 7,200 line officers, with 436 fighting ships of various types maintained at all times in full commission.

He says "the Navy can not be ready for such operations (viz, immediate offensive) when there is maintained an active regular force of not less than 170,000 men with corresponding officers and an organized seagoing reserve of not less than 120,000 enlisted men with corresponding officers."

The author does not mention the number of the "corresponding officers" in either case, but specifies 7,200 line officers for the active Navy. If to that number are added the usual proportions of staff and warrant officers, the total of active officers would not be far from 12,000.

COST OF $1,000,000,000 A YEAR "IN PLAIN SIGHT."

Such numbers are in plain sight on the basis of ships built and authorized and the probable annual cost of a billion is also in plain sight.

It seems almost as if our Navy officers were out of their minds, especially as our cost for a given quantity of fighting power is very much greater than for other nations.

Figures indicating that the Navy's cost may soon equal the whole cost of the Federal Government before the war are enough to give pause to the most ardent advocate of a strong Navy.

The United States is unquestionably better able to maintain a superior navy than any other nation, and, notwithstanding its greater cost, accomplish the result with less burden to the individual citizen, so that even if the conference fails our bankruptcy is not the one to be feared.

It would appear, however, that the conference might succeed if the relative prestige of the principals was not changed by the method of limitation adopted and each principal power felt confident that there existed no possible means of evasion of the limitation; that the same simple rules applied to all and there could be no secret force unless by absolute open breach of faith.

HOW THE INCREASED COST HAS BEEN BROUGHT ABOUT.

The great increase of cost of modern navies has been primarily due to the fact that the modern science in metallurgy and electricity and mechanical invention in prime movers (motive plants, including steam engines or turbines) has rendered possible and advantageous an enormous increase in size of battleships, whereas for tactical and strategic reasons the tendency is to maintain the same number of units as when the ships were smaller. The same reasons have increased the caliber and power of great guns as well their accuracy and rapidity of fire, all tending to increase the cost of construction, maintenance, and use, as well as the number of officers and men for each unit. Since 1900 battleships have increased three to three and a half times in size and five to six times in cost.

Coincident with the increase of cost and power of the battleships has been an increase in the number and efficiency of its minor enemies, particularly the torpedo, the submarine, the airplane, and the mine. The increase of the minor enemies has increased the number, cost, and size of the adjuncts of the main battle fleet, namely, the battle cruiser, the destroyer, and the air fleet.

The increase has been geometrical and shows no sign of retardation. It exists not only in the fleet itself but in the number of fleet auxiliaries, in the capacity and number of shore stations and the much higher standard of personnel, both men and officers.

SUGGESTED LIMITATIONS THAT COULD NOT BE ENFORCED.

Navies are currently compared by tonnages of ships available for active service, sometimes separating the tonnage of the first line or most modern from that of the second line or reserve, sometimes comparing the tonnage of first lines when ships, building or authorized, are completed at a given future date.

These methods are very rough and highly empirical unless subjected to most careful analysis, and even then are doubtful, for all countries do not publish all the facts.

It is barely conceivable that it would be possible to arrive at a limitation of navies by tonnage. Such a method would be very difficult to agree upon and could not be enforced.

Similar difficulties would be encountered by limitations of cost or limitation of new units to be added to an existing fleet. Limitations based on enlisted men, coast line, population, wealth, exposed property, would lead to insoluble questions in the attempt to agree and would materially alter the prestige of the nations.

THE COMPLETE SOLUTION—ABANDON THE BATTLESHIP AND SUBMARINE.

Therefore, it would appear if there is to be a real limitation equally applicable to all, simple of application, and not necessarily altering the relative position of naval powers it must be a radical one, real and not make-believe. If this be the purpose of the conference the method is easy. Abandon the battleship!

Let it be agreed that all battleships, all fighting ships of any type over 15,000 tons displacement, all guns over 6-inch caliber, and all submarines be at once scrapped and for the future forbidden. The problem would be solved. There is no other complete solution.

Such a solution would be to the advantage of small States but need not finally alter the relative power of large ones. If it were desired to further handicap the naval architect in the development of the types of vessels remaining at his disposal, it might be also provided that the use of any protective armor plating be forbidden.

WOULD REDUCE NAVAL EXPENDITURES 75 TO 90 PER CENT.

The limitation of naval armaments by the abandonment of the battleship, big guns, and the submarine would probably result in decreasing naval expenditures by 75 to 90 per cent and would effect a considerable but not so great reduction in the cost of coast defense, which would become easily effective against the type of cruisers and destroyers of which navies would then consist. Such navies could still make blockades effective and would be efficient commerce destroyers though merchant vessels if armed might put up a fair fight. Under such limitations it would not be necessary to raise the question of freedom of the seas which if it were declared would be an aid to the warlike.

The limitation of land forces is a much simpler problem and an effective example is contained in the provisions of the Versailles treaty as to the German Army. It does not appear to have been noticed that the one advantage given by the treaty to Germany is the economic relief of the cost of an army and navy.

Land armies can be effectively limited by the number of men with the colors and in the trained reserves.

FRANCIS T. BOWLES.

BARNSTABLE, *September 27, 1921.*

ADMIRAL BOWLES'S PROPOSAL FOR LIMITING ARMAMENT.

The radical proposal for the limitation of armaments made by Admiral Bowles in his letter to the Republican will attract international attention, because of its nature and its source. It may be called impossible by many professional military men. But Admiral Bowles is himself of that profession. He rose to be the chief constructor of the United States Navy before he resigned to become the head of the Fore River Shipbuilding Co. As chief constructor and as private shipbuilder he designed and built many famous war vessels particularly of that class, the battleship, whose complete abandonment by agreement among the powers he now urges.

It is to accomplish the impossible—to do what the world has never been able to do before—that the Washington conference has been summoned. If it fails to provide a definite and practical limitation, it would have been better for the Harding administration, for this country and for all the nations of the earth, if the conference had never been conceived. Its failure would be a confession that in the face of the present emergency the world's statesmanship is bankrupt. An intensification of international distrust and fear would follow. The bankruptcy of statesmanship would leave unbarred the fatal road to economic bankruptcy and war.

Admiral Bowles traces the causes of the immensely increased cost of naval maintenance, quotes the seriously written demands of a typical professional militarist for the further expansion of our naval establishment, and sums up the financial aspect with the statement that, unless an agreement for the limitation of armaments is arrived at, a naval expenditure of a billion dollars a year is in sight. It may be added that, failing such an agreement, the United States must face the further cost of enlarging the locks, if feasible, of the Panama Canal or of rebuilding the canal to sea level. Otherwise the largest battleships will soon be incapable of passing through the canal and we shall be forced either to forfeit the military advantage of the canal or to build battleships smaller and less powerful than those of other nations in order that we may still use the canal to transfer them from ocean to ocean in time of need. These developments are inevitable.

The locks of the canal, thanks to an increase of 10 feet in their design before construction was finally undertaken, are 110 feet wide. The beam of the biggest battleships now under construction is 105

feet. A much tighter fit in effecting the passage of a ponderous craft displacing over 43,000 tons can not be risked. If the conference should fail, it would be the immediate duty of the War and Navy Departments, acting in collaboration, to consider plans by which the canal could be enlarged.

Even with the added cost of remodeling the canal—the amount of which can only be conjectured—it remains true as pointed out by Admiral Bowles that "The United States is better able to maintain a superior Navy than any other nation * * * with less burden to the individual citizen." But can the world as a whole survive, without the eventual collapse of present civilization, the ruinous waste of unrestricted military competition? John Moody, speaking in this city less than a week ago, was the last of many economists to remind his audience that normal prosperity can not return to this country until the other countries are able to get back upon their feet. They can not do that while struggling under an undiminished military burden.

The United States can not do less than offer, the other powers can not do less than accept, some measure for the limitation of armaments which shall be fundamentally and sweepingly effective. Otherwise the foundations of our civilization will be in peril.

CONSTRUCTION OF APPROVED IRRIGATION PROJECTS.

Mr. McNARY. Mr. President, a few moments ago the Senator from Washington [Mr. POINDEXTER] introduced a bill which was misreferred. The bill contemplates the appropriation of public funds for the construction of irrigation projects in the State of Washington. Anyone familiar with the act which created the Reclamation Service knows that all matters in respect to reclamation must go through the Committee on Irrigation and Reclamation. If we are going to maintain the order of reference which has been usual and customary in the past, I seriously object to the bill introduced by the Senator from Washington being referred to the Committee on Appropriations. I desire that the bill shall go to the committee to which it naturally belongs, namely, the Committee on Irrigation and Reclamation.

Mr. POINDEXTER. Mr. President, I have no objection at all to the bill going to the Committee on Irrigation and Reclamation, if that is the proper committee to which it should be referred, but I should like to make a statement as to the exact nature of the bill. My understanding is that the function of the Committee on Reclamation is to authorize reclamation projects and to deal with legislation relating to that subject. The bill which I have just introduced is not intended for that purpose. The sole object of it is to secure an appropriation to carry out work upon projects which have already been approved.

The Senate is familiar with the fact that quite recently there was held here in the city of Washington at the call of the President of the United States a conference which, I believe, was called the conference on unemployment. One of the recommendations made by that conference, as a means of securing employment for the unemployed of the country, was the inauguration of work immediately upon reclamation projects which had been authorized, surveys of which had been completed, which had already been favorably reported by the Secretary of the Interior, and in connection with which all necessary legislation had been enacted except the appropriation. My understanding is that there is no committee that can authorize the appropriation or recommend it to the Senate except the Committee on Appropriations. So it seems to me, that being the sole object of the bill and the matter ultimately having to go to the Appropriations Committee, that it should go there directly; but I submit the matter to the Chair and to the Senate.

Mr. McNARY. Mr. President, I concede the reasonableness of the purpose that prompted the Senator to ask that the bill go to the Committee on Appropriations. The question of unemployment was considered by the conference appointed by the President, and that conference made certain recommendations. Acting upon those recommendations, the senior Senator from Oregon and Mr. ADDISON T. SMITH, Representative from Idaho, some days ago introduced bills in the respective bodies covering this identical subject matter. Hearings have been had upon those bills, and they are in advance of the suggestion of the Senator from Washington; but, even so, the Senator, I think, is absolutely in error in respect to the machinery he is attempting to employ to determine whether an appropriation should be made by the Congress for the purpose of irrigation.

I can say, Mr. President, in a word, that the status of all those matters is simply this: Before an appropriation for an irrigation project can be made by Congress a bill must be introduced in the Senate; it must be referred to the appropriate committee, namely, the Committee on Irrigation and Reclamation, which was formerly known as the Committee on the Irrigation and Reclamation of Arid Lands. That committee then refers the bill to the Secretary of the Interior, whence they go to the Reclamation Service, by which a survey is made, irrespective of whether the bill relates to an uncompleted unit of a project or a new project. A report is then made by the President of the United States, and if he determines the projects are feasible, acting under the advice of the Reclamation Service, a bill comes to Congress seeking an appropriation.

The particular bill introduced by the Senator from Washington seeks to appropriate certain money from the reclamation fund to build a specific project in a particular State; and I sincerely and seriously object to the bill being referred to any other than the Committee on Irrigation and Reclamation.

Mr. POINDEXTER. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Washington?

Mr. McNARY. I yield.

Mr. POINDEXTER. The Senator misunderstands the bill in that particular. It does not ask for money for a specific project or in a particular State.

Mr. McNARY. Then I am mistaken as to that. I merely heard it read at the desk.

Mr. POINDEXTER. The amount provided for in the bill is made up according to the total number of projects which the unemployment conference mentioned as being ready for construction. They are situated in various States; and the terms of the bill are entirely general and cover projects which have been approved and which are ready for construction.

Mr. McNARY. I may be in error as to any particular project in any particular State being covered by the bill; but that simply aggravates the matter. No one employment conference has a right to determine what is a feasible project. That is an engineering problem, and it must go through the natural course.

Mr. POINDEXTER. Mr. President, if the Senator will yield, I will say that this bill makes no reference at all to the unemployment conference. I only mentioned that conference as a reason for the introduction of the bill, the purpose being to take advantage of whatever influence could arise from the action of the President's conference on unemployment.

I am aware of the other bills to which the Senator has referred, but I do not know what their present status is. The purpose of this bill, however, is to get immediate action in the way of an appropriation. It does not relate to any project for which surveys are necessary; it can apply only to projects, surveys of which have all been completed, and which have already, as I understand, gone through the entire process of reference to the Committee on Reclamation, authorization by legislation coming from that committee, and now awaiting appropriation from the Congress for the commencement of work upon them. This bill has for its sole object the appropriation of money for that purpose.

Mr. McNARY. I conceive that the Senator again is in error. The Secretary of the Interior has not passed upon these projects. Some of them have been determined as feasible. There are great questions about others.

Mr. POINDEXTER. Mr. President, to what projects is the Senator referring? This bill does not mention any particular project. It refers to projects which have been approved; and if the Secretary of the Interior has not passed upon a project, then this bill would have nothing whatever to do with it.

Mr. McNARY. A list which I sent for some time ago in connection with report made and recommendation by this Congress. That is what I have in mind. Inasmuch as it relates to the history of this transaction, I want to develop it all. I seriously object to the bill or any similar legislation going to the Appropriations Committee.

Mr. PITTMAN. Mr. President, under a law passed eight or nine years ago the reclamation fund was practically destroyed. Up until that time it was a unit, and the Reclamation Service could use the funds out of it as it saw fit without further act of Congress. At the time of the passage of the Alaska Railroad bill there was an amendment included which really caused all of the so-called reclamation fund to go into the General Treasury; and while as a matter of bookkeeping the amount is kept separate and requires a separate appropriation, nevertheless the fact is that there is not a sufficient fund available for all of the reclamation projects in which the Government desires to continue. It therefore comes down to an engineering determination as well as an economic determination as to how this insufficient amount of money shall be strung out, so to speak, to keep all of these projects moving. That can only be practically determined by the Reclamation Service; and there is one committee that has been appointed by the Senate to be an intermediary between the Senate and the Reclamation Service, and that is the Committee on Irrigation and Reclamation, of which the Senator from Oregon [Mr. MCNARY] is chairman.

Mr. McNARY. If the Senator will yield at that point, I will say that it is quite true that the accretions coming to that fund from the sale of public lands and the royalties from oil-

land leases are not more than sufficient to maintain the present machinery and to construct a few only of the uncompleted units of projects heretofore recognized by the Congress as being needed.

Mr. PITTMAN. I say there are not sufficient funds to go around. If separate bills calling for appropriations for distinct projects are referred to the Appropriations Committee, that committee, in ascertaining whether or not that appropriation shall be recommended in whole or in part, will be compelled to make exactly the same investigations that are constantly made by the Committee on Irrigation and Reclamation.

Mr. POINDEXTER. Mr. President, if the Senator will yield, I agree with him in what he says in so far as any such case as he has described is concerned. Any case where it is necessary to make any investigation, or where any legislation is necessary to secure the authorization of a project, should go to the Committee on Irrigation and Reclamation. I have not the slightest desire in the world to detract one iota from the jurisdiction or dignity of the Committee on Irrigation and Reclamation, and I am perfectly willing for this bill to be referred to that committee if it is the proper committee, but that is not an appropriation committee. It can not make appropriations, and this bill calls for nothing but appropriations. It is in general terms. It can have no application to any reclamation project which has not already gone through all the processes of legislation with which the Committee on Irrigation and Reclamation could in any way deal. What would the committee do with this bill if it were referred to them? All that they could do would be to determine whether this appropriation should be made or whether it should not be made. That is the function of the Committee on Appropriations.

Mr. PITTMAN. Mr. President, I do not think that is entirely the function of the Appropriations Committee, because they are asked to appropriate from a special fund.

Mr. POINDEXTER. No; again the Senator misunderstands the bill. It calls for an appropriation from the general fund of the Treasury, to be repaid ultimately out of the reclamation fund.

Mr. PITTMAN. Undoubtedly, because that is the law. As I have already stated, there is no reclamation fund except as a matter of segregation of bookkeeping. All of the proceeds that are supposed to go into the reclamation fund, like the royalties from oil leases, go directly into the United States Treasury. It is only a matter of bookkeeping as to how much there is. Nevertheless, in my opinion, Congress is not going to appropriate any more than exists in that fund as shown by the bookkeeping.

Mr. POINDEXTER. Then, if that is the case, there is very little hope for employment of the unemployed on reclamation projects, because it has already been stated that there is no more in that fund than enough to carry on the work which is already under way; in fact, there is not enough for that purpose. The purpose here is to secure money from the General Treasury, outside of the reclamation fund, to be repaid from the reclamation fund when that fund has been replenished, as it undoubtedly will be, from the returns upon these great projects after settlement has been established, and the magnificent agricultural yields which come from them are being enjoyed. Then there will be money to repay this, but that will be some years in the future.

Mr. PITTMAN. The same trouble is involved in that proposition. The money that is supposed to be appropriated for the particular project or projects of the Senator must come out of a fund that is for the mutual benefit of a great many different projects.

Mr. POINDEXTER. This is not a particular project or projects. It relates to approved projects which are now ready for construction. There may be some one or more in the Senator's State, so far as I know. There are one or two in my State, and I know there are some in different States. They have been listed and referred to in the report of this conference on unemployment, but that is not stated in the bill, and if those that are listed there do not come within the general terms of this bill they could not receive the benefits of the appropriation.

Mr. PITTMAN. Would not the Senator like to have the very question of fact that he has stated determined by the appropriate committee?

Mr. POINDEXTER. What question of fact?

Mr. PITTMAN. As to whether or not it does reach all of the projects that have been authorized; as to whether or not it is a sufficient amount; as to whether or not it is too much. All of the questions involved in the development of the irrigation projects are involved in this application for appropriation.

Mr. POINDEXTER. There is not anything of that kind to be determined, because the bill says "approved projects." If they have not been approved, of course it does not apply; and in so far as the amount of the appropriation is concerned, that has always been the jurisdiction of the committee dealing with the appropriations.

Mr. McNARY. Mr. President, will the Senator yield to me?

Mr. WARREN. Mr. President, may I have a moment?

Mr. McNARY. The Senator from Nevada has the floor.

Mr. PITTMAN. I will yield the floor in just a second. I was just going to say that although I am in hearty sympathy with the Senator's bill I am afraid that if it comes back with a favorable report from the Committee on Appropriations we will be involved in a long discussion in attempting to ascertain the facts essential for its passage.

That is all I have to say.

Mr. WARREN. Mr. President, the two Senators—in fact, the three Senators—are all right, in a way, in their claims. It does not matter to which committee the bill goes as to its final outcome. The condition is that as to the regular income already provided for by law it is divided, and recommendations come to the Committee on Appropriations from the Reclamation Service and are usually accepted as they send them. The Senator from Washington proposes to add to that fund a certain amount, named in his bill, which becomes a straight appropriation from the Treasury of the United States.

Without prejudging what the Committee on Appropriations will do, it has been the custom—and I think it ought to be the custom—that before appropriating any large amount of money in addition we should have the services and recommendations not only of the Committee on Irrigation and Reclamation but of the Reclamation Service itself. I think it can make no possible difference in the end where the bill goes, because the Committee on Appropriations will not assume authority to run over the Reclamation Service nor the Committee on Irrigation and Reclamation.

Mr. McNARY. Mr. President——

Mr. JONES of Washington. Mr. President, I desire to submit a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. JONES of Washington. As I understand, the bill introduced by my colleague was referred to the Appropriations Committee. What is pending before the Senate now?

The VICE PRESIDENT. The motion of the Senator from Oregon [Mr. McNARY] to change the reference.

Mr. JONES of Washington. I did not know that the Senator had made any motion.

Mr. McNARY. I made the motion some time ago.

As a final word, Mr. President, the Senator from Washington has introduced a bill here to appropriate $16,500,000 to finish some projects that have been determined feasible by the engineering corps of the Reclamation Service. He says that is a final matter. I say it is not an adjudicated matter or a settled matter. The Reclamation Service have recommended projects that are all feasible, that will require the expenditure of $131,000,000. Here is $16,500,000 to be appropriated. A selection must be made somewhere. Some one must determine that matter. Some committee that has jurisdiction must investigate and determine, out of that great field of projects, which one is the most appropriate upon which to have this $16,500,000 expended. It becomes a matter of very serious consideration by the committee. It involves hearings, some of which have been had upon similar legislation. I say, Mr. President, as a member of a committee to which all legislation of this kind is referred for investigation, involving as it does many engineering problems and the application of provisions of law, that it seems very absurd for this particular bill, which is similar to others now pending before the committee upon which hearings have been had, to be referred to the Appropriations Committee. I protest against that course most seriously. If we are to maintain orderly procedure in this body, and if each committee is to have referred to it those bills which are properly the subject of reference, this bill should go to the Irrigation and Reclamation Committee of the Senate.

Mr. JONES of Washington. Mr. President, I suggest that the bill be read. Possibly the bill is so framed that it is a pure appropriation bill, and on the face of it there might not be very much question as to the proper reference. I do not remember hearing the bill read.

The VICE PRESIDENT. The Secretary will read the bill.

The Assistant Secretary read the bill (S. 2700), as follows:

Be it enacted, etc., That there is hereby appropriated, from any funds in the Treasury not otherwise appropriated, the sum of $16,200,000, to be used by and under the direction of the Secretary of the Interior in the carrying on of work as promptly as possible upon the construction, or completion, of reclamation projects which have already been approved, authorized, and surveyed, and estimates for which have been made and which are now ready for construction or completion. The foregoing sum shall be charged by the Secretary of the

Treasury to the Federal reclamation fund in the nature of a loan, and the same shall be repaid to the Secretary of the Treasury from the proceeds of the reclamation revenue when the same shall be available for that purpose.

Mr. BORAH. Mr. President, is the amount $16,200,000?

Mr. POINDEXTER. It is.

Mr. BORAH. It has all the appearance of having been the subject of estimate by somebody already. The amount is $16,200,000. I take it somebody has passed on it.

Mr. POINDEXTER. There has been an estimate. That was taken from a table of figures which was made as to the number of projects. I am not insistent at all about the committee to which it should be referred. My only object is to get the money. I want to get action, and, as the Senator from Oregon says, other similar bills have been referred to the Committee on Irrigation and Reclamation, perhaps this bill should be referred to that committee; but I did not know that any appropriation bill had ever been referred to that committee.

The VICE PRESIDENT. If there is no objection, the Chair will order the reference changed to the Committee on Irrigation and Reclamation. Is there objection? The Chair hears none, and it is so ordered.

ALLEGED PREFERENCES TO FOREIGN VESSELS.

Mr. JONES of Washington. Mr. President, I desire to present to the Senate a resolution and ask for its immediate consideration. Before doing so, I want to make a brief statement, showing why it should be passed. The facts are so clear and so startling that I am sure there will be no objection to it.

We are all much interested in the development and building up of the American merchant marine. I think we all realize, to a great extent, the difficulties and the problems which confront us, and the influences which tend to hamper and prevent the establishment of our merchant marine.

I sometimes think, however, that our people do not realize all of the influences and difficulties which confront us, and I want to call the attention of the Senate to some facts which I think will startle some Senators. Some of the Members of the Senate are doubtless acquainted with these facts, but I venture to say that a situation exists with which many Senators, and most of the people of the country, are not familiar.

Some time last summer it was called to my attention that there are agreements between various railroads of this country and foreign steamship lines for the transportation of the products of this country to foreign markets whereby our railroads obligate themselves to favor these foreign ships in various ways, and it was suggested that those agreements must be on file with the Intertate Commerce Commission. Acting on that suggestion, I wrote a letter to the Interstate Commerce Commission, under date of May 20, 1921, which I will ask to have printed in full in the RECORD. I am not going to take the time of the Senate to read it, but in my letter to the commission I asked for a statement as to the facts of this matter. They wrote me under date of June 10 that there were no agreements on file, but that there had been at one time one agreement placed on file somewhat of this character, but quite a while ago.

Mr. POMERENE. Mr. President——

Mr. JONES of Washington. In my letter I called their attention to the transportation act. I yield to the Senator.

Mr. POMERENE. The Senator is just leading up to what I was about to ask him.

Mr. JONES of Washington. As I said, Mr. President, in my letter to them I called their attention to a provision in the transportation act requiring the filing of agreements with the Interstate Commerce Commission, and they say in this letter, which I ask to have printed in the RECORD, that they have not called upon the railroads for any agreements, but they say further:

The matter being called to the attention of the commission, it was directed that a special statistical series circular be drafted requiring of the carriers the return to our Bureau of Statistics on or before June 30, 1921, copies of all contracts, agreements, or arrangements, etc.

Mr. FLETCHER. Mr. President, perhaps the Senator will get to it, but I wrote the Interstate Commerce Commission subsequent to that date, and they informed me that there were agreements on file, and invited me to come and examine them.

Mr. JONES of Washington. I shall call attention to that. I ascertained before the recess that copies of agreements had been filed with the Interstate Commerce Commission. I did not have time to examine them before I went out home and I have not had the time to do so since I came back. I have seen various references to those agreements, quotations, and statements with reference to what they contained, and I have this morning a letter from the National Merchant Marine Association calling attention to the situation, which letter I am going to ask to have printed in full in the RECORD and ask to quote briefly some paragraphs to get the facts before the Senate.

The letter sets out the order of the commission, under date of June 10, 1921, in which they directed the carriers to submit copies of contracts and agreements between them and steamship companies engaged in the foreign trade, and so on. The letter then goes on to say that there are a number of these contracts, and also calls attention to the fact that during the year 1920, according to the figures submitted by the roads, over 2,000,000 tons of freight destined for foreign markets were transported by the railroads and delivered to foreign steamships in our ports. It also calls attention to the fact that not only have many of the principal railroads entered into agreements with the foreign steamship lines but that they have also bound their subsidiary companies to furnish freight to these foreign steamship lines and give them special favors.

Here is a list of some of the railroads which have entered into these agreements——

Mr. POMERENE. May I ask the Senator a question at that point?

Mr. JONES of Washington. Certainly.

Mr. POMERENE. The statement that railroads have entered into contracts to deliver their freight to certain foreign steamship companies is, of course, a very interesting one to the American people, but is the Senator able to advise us as to what the reasons are for these agreements? In other words, are these contracts entered into with the foreign steamship companies because they get better rates or what is the reason?

Mr. JONES of Washington. Mr. President, I shall call attention to some of the provisions of these contracts, and the resolution I am about to introduce will call on the Interstate Commerce Commission to send to the Senate copies of the contracts, and information with reference to rates, and so on. Then, if we want to investigate to ascertain the reasons why these contracts are entered into, that will be for subsequent action of the Senate, although probably it will clearly appear from the contracts themselves as to why it was done.

Some of the railroads which have entered into these agreements are the Pennsylvania System, the Boston & Albany (New York Central), the Baltimore & Ohio, the Philadelphia & Reading, the Boston & Maine, the Grand Trunk, the Norfolk & Western, the Atlanta, Birmingham & Atlantic, the Missouri Pacific, and the Chicago, Milwaukee & St. Paul.

This letter gives a synopsis of what these agreements provide for, and I hope Senators will notice this, and I hope the country will have it brought to its attention. Among the features in the various agreements filed are:

Free wharfage and dockage, use of warehouses, and so forth.

That is, the railroads agree with those foreign steamship lines that they will furnish them free wharfage, dockage, use of warehouses, and so forth, in order to carry their freight.

Special piers set aside by railroads for foreign lines.

Exclusive use of facilities without charge.

They give the foreign steamship lines exclusive privileges and facilities without charge.

Mr. UNDERWOOD. May I ask the Senator a question?

Mr. JONES of Washington. Certainly.

Mr. UNDERWOOD. When the Senator says they grant them exclusive privilege without charge for docks, does not that mean to the exclusion of American shipping?

Mr. JONES of Washington. I think so. That is carried in two provisions. But the Senator will understand that I have not examined these contracts, and I am just reading from the letter, which states that this is what the contract provides, so that I am not able to tell the Senator very definitely except as this gives the information. I think the statement is correct, but I can not speak from a personal examination of these contracts.

Mr. UNDERWOOD. The reason why I ask the Senator is that that is a very important proposition. If American railroads have given the exclusive privilege to use their railroad docks to foreign vessels it is to the exclusion of the American merchant marine which the Government has built up.

Mr. JONES of Washington. Absolutely. Another provision is—

Reduced rates of freight. That is another privilege given, and they bind themselves to do it by these agreements, as I understand it.

Mr. FLETCHER. Is it not a fact that those agreements were made, too, at a time when the Government was furnishing the money and operating the railroads?

Mr. JONES of Washington. That is true; and we are asked now to fund the indebtedness of the railroads which are giving these special privileges to foreign steamship lines.

Mr. POMERENE. Mr. President, it may be of interest to Senators for me to give them a little information which came to me several months ago. In my own home city we have two large plants manufacturing enameled ware. One of those

plants was seeking markets in South America. They have a New York office, which looks after their export trade. They wrote me telling me that when they were seeking rates on ships of the United States Shipping Board to Brazil and Argentine ports they found that the United States Shipping Board was giving German manufacturers of enameled ware better rates from German ports on American vessels to Brazil and Argentina than they were willing to give to the Canton plant for its products from New York to the same Brazil and Argentine ports. If there is any defense which can be made of that mode of procedure, I would like to know what it is.

Mr. JONES of Washington. Mr. President, I do not know what defense could be made to it. What I have particularly in mind now, however, is to call attention to these contracts between our railroads and foreign steamship lines whereby foreign shipping is favored and given special privileges.

In the interest of getting along rapidly, I ask that I be not interrupted until I am through with this. All I wanted to do this morning was to call attention to this, and then have the Senate pass the resolution I am about to offer. I do not think there will be any objection made to it.

The next provision is for—

Special demurrage agreements.
Pledges to work together against competitors.
Railroads contract to deliver goods as far as it is in their power to specified foreign lines to the exclusion of other lines.
Exemptions agreed to be sought by railroads for foreign lines from port, pilotage, and lighthouse dues and local taxes.

In other words, our railroads bind themselves to use their influence to secure these steamship lines exemption from taxation, local dues, and so forth.

Railroads agree to make every effort within reason to secure amount of freight required by foreign lines.

While our shipping is being laid up for lack of cargoes, our railroads are bound by agreement to use every possible effort to furnish cargoes for foreign ships. Possibly that is one of the reasons why many foreign ships are running from our ports while our own ships are lying idle. Here is another provision in these agreements:

Coal to be supplied for rates always below the market and never above $5 per ton.

This is an agreement that the railroads of this country will furnish foreign steamship lines coal below the market price and never above $5 a ton.

Pledges made to obtain cargoes at rates required by foreign lines.
Railroads not to issue through bills of lading other than by steamers of specified foreign lines.

I remember that in the transportation act we had a provision which was considered very important, under which it was made possible to have through bills of lading from interior points of this country to foreign markets, and so on, and yet here is an agreement by these railroads not to issue through bills of lading other than by steamers of specified foreign lines.

Preference to be given by railroads to freight tendered by contracting foreign lines over any other freight offered by any other shipper or corporation.

We have complained about practices in Japan and other countries under which they delay our ships from getting cargoes, and yet here we have some of our own railroads bound by agreements with foreign lines to delay shippers in this country getting ships for their cargoes.

Now, Mr. President, there is a great deal of talk about failure to enforce the provisions of the American merchant marine act. There is one provision of that act that has caused possibly more trouble than all others that is intended to favor American lines; that is section 28. Out on the Pacific coast some of the strongest opposition came to the enforcement of that provision. I have here the secret of that opposition. Here is one contract:

There was an agreement executed between the Osaka Shosen Kaisha and the Chicago, Milwaukee & St. Paul Railway. Section 6 of this agreement reads:

"It is further mutually agreed by the parties hereto that all freight tendered to the Osaka Co. by the St. Paul Cos. shall be given the preference over any other freight tendered to the Osaka Co. by any other corporation or shipper, the St. Paul Cos. advising the agent of the Osaka Co. details of amount of freight contracted for next sailing, and the St. Paul Cos. to likewise give the preference to through freight tendered by the Osaka Co. to any other freight tendered to the St. Paul Cos. by any other corporation or shipper."

Mr. JONES of New Mexico. Mr. President——

Mr. JONES of Washington. I hope the Senator will allow me to proceed.

Mr. JONES of New Mexico. I merely wish to inquire the date of those agreements.

Mr. JONES of Washington. This agreement was executed in 1908 and ran until April 1, 1919.

Here is a significant fact:

A letter signed by R. M. Calkins, vice president of the St. Paul, addressed to the president of the Osaka Shosen Kaisha, under date of June 13, 1918, states:

"There is no intention on the part of this company to cancel this contract. In fact, we hope that it may continue in force and that the friendly relations which have been maintained for the past 10 years between our companies will continue indefinitely. Due to the present Federal administration of American railways, it is not advisable—and I doubt very much whether it would be possible—for us to enter into a formal renewal of this contract; but, as I have already stated, we trust that it will continue in force, with possibly some slight modification, that may be brought about from time to time by the new Government regulations.

"You must understand, however, that at the present time we have no authority to make any pledges or promises, and the situation, as I have outlined it, is the personal opinion and desires of both our president and the writer, and we sincerely trust that our friendly relations may continue uninterruptedly."

They could not under the law and regulations enter into a formal contract to renew the contract which they had made, so they had a gentleman's agreement to continue it in force. Here is a statement in this letter to me:

The other leading Japanese steamship line, the Nippon Yusen Kaisha, has had an agreement with the Great Northern Railroad Co. and the Great Northern Express Co., a part of which pledges the companies to make their best endeavor to secure for the steamship line, from port authorities, exemption from, or reduction in, port, pilot, or lighthouse dues, taxes, or other charges having reference to both through and local cargo, parcels, and passengers.

Mr. President, there is another statement here as to a contract between various eastern railroads and certain steamship lines. I am not going to take the time of the Senate to read it, but it will appear to-morrow morning in the RECORD.

Without taking further time of the Senate, I present the resolution and ask for its present consideration.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

Mr. JONES of Washington. I yield.

Mr. FLETCHER. I do not know whether the Senator has any information on the subject or not, but speaking with reference to the forces operating to discourage the upbuilding of the merchant marine, playing into the hands of foreign shipping, among those undoubtedly have been American railways, American shippers, and American financial interests, cooperating with foreign shipping interests as against American ships. That has been the case.

I do not know whether it is the same sort of thing that continues or not, but I heard recently that when Mr. Hoover, for instance, in his official capacity goes out and acquires an immense quantity of goods to go to Russia, and he is shipping to Russia cargoes of goods, all those goods are moved in British ships.

Mr. JONES of Washington. Probably they have to go that way under the agreements under which the railroads are operating. Probably Mr. Hoover knew nothing of them when the freight was carried.

Mr. FLETCHER. Possibly that accounts for it. I can not understand how we can ever hope to build up an American merchant marine unless American citizens have some patriotism about them and show a desire to use American ships.

Mr. JONES of Washington. We are going to have to take heroic steps and we are going to have to look after our interests. We must have created among our people what the Senator from Florida has suggested—an intense American spirit. We will not get an American merchant marine until we get something of that kind developed in the country.

I did not intend to go into any general discussion this morning. There are other matters probably in the morning hour that ought to be taken up. I did want to get copies of these agreements and statements officially before the Senate from the Interstate Commerce Commission—these agreements and the amount of freight that has been handled. That is my sole purpose.

Mr. BORAH and Mr. POMERENE addressed the Chair.

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from Washington yield; and if so, to whom?

Mr. JONES of Washington. The Senator from Idaho rose first, so I yield to him.

Mr. BORAH. I have no objection to the resolution which the Senator presents, but I venture to say, in view of information which has been given to me, that, as the Senator has said, there will have to be very drastic action and a very thorough and searching investigation in order to get all the real facts in regard to the matter. A gentleman whose name I do not feel privileged to use, but who is known to the entire Senate and who is in a position to know, stated to me within the last week that the situation was exceedingly serious, that the combination which had been made and the influences which were working

for its success ought to be uncovered, and nothing, to use his language, but the most heroic action and the most thorough and searching investigation would uncover the facts. We can get those contracts and we ought to have them, but I think there is a resolution pending here——

Mr. LA FOLLETTE. Mr. President, will the Senator from Idaho permit me to interrupt him?

Mr. BORAH. Certainly.

Mr. LA FOLLETTE. I have a resolution pending for an investigation which I hope to call up to-morrow morning. If I may be permitted, I will say that these contracts are 15 or 20 in number. I have copies of many of them and have had all of them very carefully examined. I have been so very busy in the last few weeks and so occupied with other matters that I have not been able to go through them thoroughly myself. I think the resolution should be passed and the Senate should be in possession of the information that it seeks.

Mr. BORAH. If the Senator is going to call up his resolution to-morrow morning, I have nothing further to say at this time.

Mr. JONES of Washington. I wish merely to add that we may have to have a much broader investigation. Probably it will not do to assume the facts. I have taken the position myself and based my action on the assumption that these things actually exist in this country, and that our foreign competitors will use every possible method that they can to keep us off the sea. So far as I am concerned, I do not need any investigation to convince me that there are these great powerful influences in the country that are cooperating with foreign interests to the detriment of the building up of an American merchant marine.

In my judgment, the only way we will ever build up an American merchant marine is not only to have created a patriotic sentiment throughout the country in behalf of such merchant marine but we must be willing to do whatever is necessary to aid it. The administration must enforce the law which we have placed on the statute books. That law was enacted for American interests. Its provisions were intended to arrest foreign aggression and discrimination. If carried out, it will arrest them. If the administration will enforce the law, it will go a long way toward stopping the practices that are carried on to our injury. I have been hoping that we would have more energetic enforcement of the provisions of the law that Congress passed in order to meet these things than we have had. I know it takes time. The new agencies should be given a chance, but unless something is done pretty soon it will be a great reflection upon the administration. Rumors come to me and statements are made by correspondents that the administration has decided not to enforce this provision, not to enforce that provision, of the merchant marine act of 1920. I hope it is not so; but if it is, then we may well despair of building up an American merchant marine.

Mr. BORAH. No; what we want is further investigation.

Mr. JONES of Washington. Investigation will not do it.

Mr. BORAH. It will build up public opinion and public opinion will enforce the law.

Mr. JONES of Washington. Possibly so, and that is exceedingly desirable. Anything that will lead to the enforcement of the law will be well worth the cost.

Mr. LA FOLLETTE. Mr. President, if we are going to discuss the question as to whether we are going to have an investigation or not, I want to get my resolution before the Senate.

Mr. JONES of Washington. Of course, I do not ask that.

Mr. LA FOLLETTE. I ask that the resolution of the Senator from Washington be laid before the Senate now.

Mr. JONES of Washington. I ask for the adoption of the resolution.

The PRESIDING OFFICER. The Senator from Washington offers a resolution, which will be read.

The Assistant Secretary read the resolution (S. Res. 169), as follows:

Resolved, That the Interstate Commerce Commission be, and is hereby, directed to send to the Senate copies of all agreements on file with it between railroads in the United States and steamship lines or companies operating from ports of the United States in the foreign trade, and to give the Senate all information in its possession with respect to the amount of freight handled under each of such agreements.

The PRESIDING OFFICER. The Senator from Washington asks for the immediate consideration of the resolution. Is there objection?

Mr. WILLIS. I should like to ask the Senator from Washington whether he thinks it will lead to extended debate?

Mr. JONES of Washington. I think the resolution would have been passed if the Senator had not interrupted. I think it will pass without discussion.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution? The Chair hears none. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. JONES of Washington. I ask permission to have printed in the RECORD the letters to which I have referred.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON COMMERCE,
May 20, 1921.

INTERSTATE COMMERCE COMMISSION,
Washington, D. C.

GENTLEMEN: Recently my office communicated with your office to learn what, if any, copies of contracts were on file with your commission in compliance with the legal requirement in the act to regulate commerce that "every common carrier subject to this act shall also file with said commission copies of all contracts, agreements, or arrangements with other common carriers in relation to any traffic affected by the provisions of this act to which it may be a party." We were advised that the only copy of contract between a trunk-line railroad in the United States and a foreign-flag steamship line on file with your commission was that made by one of the railroads with the Hamburg-American Line some 20 or 25 years ago.

I am advised on what I am convinced is reliable authority that there are many contracts with steamship lines jointly applicable to two or more railroads in this country and that these contracts specifically relate to the development, solicitation, and handling of export and import traffic as between such railroads and the steamship lines.

I trust you will look into this matter at once and that, if the provision of law quoted is not being complied with, your commission compel a compliance by all carriers at once. In this connection, I respectfully suggest also that the railroads be required to furnish your commission with statements of the quantity of traffic delivered to and received from the steamship lines with which the agreements are in effect during the last calendar year. I am very anxious to have all the information the filing of such contracts will afford, and am particularly interested in what the statements of quantity latterly mentioned will bring forth.

Very respectfully, yours,

W. L. JONES.

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JUNE 10, 1921.

Hon. WESLEY L. JONES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Your letter of May 20 was duly received inquiring what, if any, copies of contracts were filed with us in compliance with the statutory requirement that common carriers subject to the interstate commerce act shall file copies of all contracts, etc., with other common carriers in relation to any traffic affected, etc.

Your inquiry had particular reference to contracts between trunk-line railroads in the United States and foreign-flag steamship lines.

A search of our files fails to disclose the presence of contracts of this character. Our annual report forms provide a blank for the abstract of such contracts, if any. Apparently it has not hitherto been customary to call for copies of contracts unless special reference is made thereto in some application. The contracts filed with the Bureau of Traffic refer mainly to trackage arrangements.

The matter being called to the attention of the commission, it was directed that a special statistical series circular be drafted requiring of the carriers the return to our Bureau of Statistics on or before June 30, 1921, copies of all contracts, agreements, or arrangements, or statements of arrangements not in contract form with steamship companies engaged in foreign commerce affecting transportation of persons or property. The same order to be served on carriers subject to the interstate commerce act will also require a return by August 9, 1921, of a statement of the quantity of traffic for the year 1920 delivered to and received from all steamship lines engaged in foreign commerce, with which contracts or agreements of this nature were in effect at any time during the year 1920.

Yours, very truly,

——— ———, *Secretary.*

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NATIONAL MERCHANT MARINE ASSOCIATION,
Washington, D. C., November 4, 1921.

Hon. WESLEY L. JONES,
Chairman Committee on Commerce,
United States Senate, Washington, D. C.:

In August last you submitted to the Shipping Board a memorandum forwarded to you by "an experienced shipping man tremendously interested in the upbuilding of the American merchant marine." In this it was stated that contracts between American railroad companies and foreign steamship companies were largely responsible for the tying up of Shipping Board vessels for lack of cargo.

A copy of this memorandum was secured from you by the National Merchant Marine Association and its principal features were made public on September 12 last. Since that time representatives of this association have made an examination of such copies of agreements between American railroad companies and steamship companies engaged in the foreign commerce of the United States, as have been filed with the Interstate Commerce Commission, in accordance with an official order of the commission. I have been asked by the executive committee of this association to report the result of this examination to you.

The following order was issued by the Interstate Commerce Commission under date of June 10, 1921:

"In accordance with an order of the Interstate Commerce Commission, dated June 6, 1921, * * * all carriers subject to the Interstate Commerce Commission act are required to file with the commission on or before June 30, 1921, copies of all contracts, agreements, or arrangements with steamship companies engaged in foreign commerce affecting transportation of persons or property. * * * If the carrier addressed has no such contracts, this circular should be returned with a notation to that effect."

There are a number of these contracts and their provisions constitute potentialities that are so grave a menace to the development of the American merchant marine that a searching investigation of

them seems not only wise but a vital necessity for the preservation of a volume of American shipping adequate to our needs.

In 1920 alone, according to the roads' own figures, practically 2,000,000 tons of export were turned over to foreign steamship companies by railroads, most of which had contracts with foreign lines.

Large as this amount is, however, it falls far short of representing actual total deliveries of exports by American carriers to our competitors in our own ocean-carrying trade. None of the agreements on file with the Interstate Commerce Commission, so far as it has been possible to ascertain, covers transportation to or from the port of New York, and the same is true in regard to other large American ports.

Many of the large railway systems of the United States have executed agreements binding them to give the preference to foreign steamship lines over American lines, and in cases where subsidiaries of the leading roads have executed contracts with foreigners, it is specified that the provisions of the agreement shall apply also to the connections of the road; thus linking up great American systems with development of lines under foreign flags already carrying not far from two-thirds of our ocean commerce.

With the Government turning over many millions of dollars to American railroads, and with the railroads utilizing their resources to secure business for foreign steamship lines, even to the extent of employing solicitors to get cargo, a remarkable situation is created. For, while the Government is forced to tie up hundreds of its vessels for lack of freight, American railroads continue to turn over cargo to foreign steamship lines, and these lines continue to gain steadily in the percentage of our ocean commerce which they carry, while our vessels transport less and less. Thus, the Government, by its payments to the railroads, is using its money to foster competition with its own shipping and thereby add to the heavy burden of loss.

If these contracts can be construed as legal, the fact remains that there has not been found on record with the Interstate Commerce Commission a single agreement whereby an American railroad is pledged to use its efforts to the end of gaining trade for shipping under the American flag.

A list of the foreign steamship lines which benefit by these special arrangements with the great American rail carriers is practically a roster of our chief competitors on the ocean. British lines predominate, but they by no means monopolize the field of favored treatment. Leading Japanese, German, and Scandinavian companies have also been made able to secure in American commerce advantages which are not accorded to our own shipping and which result in the diversion of a volume of freight, which, secured for our own vessels, would greatly diminish the amount of our ships laid up for lack of trade.

In addition to the copies of contracts filed with the Interstate Commerce Commission, there are statements, covering the year 1920, of the amount of freight turned over by American railways to shipping companies in foreign commerce, and by these companies to American railways. This mutuality of effort is the inducement offered by the foreign interests. It will be noted, however, by an analysis of the returns that the railroads deliver to the foreign companies more than three tons of freight for every one ton they receive. The following table covers the shipments reported during the year 1920, but only represent ports at which the agreements are stated to have been in effect and does not include New York and other large ports.

	Net tons received.	Net tons delivered.
Pennsylvania System	61,692	234,261
Boston & Albany (New York Central)	60,091	237,073
Baltimore & Ohio	88,113	227,961
Philadelphia & Reading	54,111	233,642
Boston & Maine	211,404	258,061
Grand Trunk	16,839	645,710
Norfolk & Western	174	19,473
Atlanta, Birmingham & Atlantic	8,064	22,126
Missouri Pacific	1,639	10,476
Chicago, Milwaukee & St. Paul	99,416	110,300
Total	601,543	1,999,083

Among the features in the various agreements filed are these:

Free wharfage and dockage, use of warehouses, etc.

Special piers set aside by railroads for foreign lines.

Exclusive use of facilities without charge.

Reduced rates of freight.

Special demurrage agreements.

Pledges to work together against competitors.

Railroads contract to deliver goods as far as it is in their power to specified foreign lines.

Exemptions agreed to be sought by railroads for foreign lines from port, pilotage, and lighthouse dues and local taxes.

Railroads agree to make every effort within reason to secure amount of freight required by foreign lines.

Coal to be supplied for rates always below the market and never above $5 per ton.

Pledges made to obtain cargoes at rates required by foreign lines.

Railroads not to issue through bills of lading other than by steamers of specified foreign lines.

Preference to be given by railroads to freight tendered by contracting foreign lines over any other freight offered by any other shipper or corporation.

It is not clear that all the agreements filed with the Interstate Commerce Commission are still in effect, although it will be noted that the order of the commission states, "If the carrier addressed has no such contracts, this circular should be returned with a notation to that effect." In this connection attention is called to an agreement executed between the Osaka Shosen Kabushiki Kaisha (Osaka Mercantile Steamship Co. (Ltd.)), and the Chicago, Milwaukee & St. Paul Railway. Section 6 of this agreement reads:

"It is further mutually agreed by the parties hereto that all freight tendered to the Osaka Co. by the St. Paul Co. shall be given the preference over any other freight tendered to the Osaka Co. by any other corporation or shipper, the St. Paul Co. advising the agent of the Osaka Co. details of amount of freight contracted for next sailing, and the St. Paul Co. to likewise give the preference to through freight tendered by the Osaka Co. to any other freight tendered to the St. Paul Co. by any other corporation or shipper."

This agreement was executed in 1908, to run until March 1, 1919. A letter signed by R. M. Calkins, vice president of the St. Paul, addressed to the president of the Osaka Shosen Kaisha, under date of June 13, 1918, states:

"There is no intention on the part of this company to cancel this contract. In fact, we hope that it may continue in force and that the friendly relations which have been maintained for the past 10 years between our companies will continue indefinitely. Due to the present Federal administration of American railways it is not advisable—and I doubt very much whether it would be possible—for us to enter into a formal renewal of this contract; but, as I have already stated, we trust that it will continue in force, with possibly some slight modification that may be brought about from time to time by the new Government regulations.

"You must understand, however, that at the present time we have no authority to make any pledges or promises, and the situation as I have outlined it is the personal opinion and desires of both our president and the writer, and we sincerely trust that our friendly relations may continue uninterruptedly."

This would indicate, therefore, that there may be cases where written agreements are no longer in force, but where the provisions of those agreements are still being carried on under a mutual understanding.

The other leading Japanese steamship line, the Nippon Yusen Kaisha, has had an agreement with the Great Northern Railroad Co. and the Great Northern Express Co., a part of which pledges the companies to make their best endeavors to secure for the steamship line from port authorities exemption from or reduction in port, pilot, or lighthouse dues, taxes or other charges having reference to both through and local cargo, parcels, and passengers.

Among the other contracts to which attention is called are:

Boston & Albany Railroad (New York Central) with the Cunard Line and the Leyland Line.

Norfolk & Western Railway Co., agreement with Furness, Withy & Co., in connection with Chesapeake & Ohio and Southern Railway Co.

Baltimore & Ohio Railroad Co., agreements with Johnston Line (Furness, Withy & Co.), Scandinavian-American Line, Donaldson Line, North German Lloyd Line.

Pennsylvania system, agreement with the Northern Central Railway and Furness, Withy & Co.

Pennsylvania system, with the International Mercantile Marine Co. for use of piers.

Missouri Pacific Railway Co., agreements covering demurrage with a number of lines.

Grand Trunk Railway system, free use of various facilities by Cunard Line, White Star-Dominion Line, and Furness, Withy & Co.

Boston & Maine Railroad Co., contracts covering the use of its terminals by various steamship lines.

Southern Railway, agreement with F. D. M. Strachan.

Atlanta, Birmingham & Atlantic Railway Co., agreement with Strachan Shipping Co.

Attention is also called to statements filed with the Interstate Commerce Commission by various railroads, showing the movement of freight in foreign commerce in connection with their lines.

The purpose of the National Merchant Marine Association is not to take up these contracts in detail, but to suggest through the various facts already cited the advisability of Congress investigating the agreements, with a view to ascertaining what can be done to protect the American merchant marine against the operations of combinations of foreign and American shipping, especially in view of the rapidly diminishing share of American trade carried by American vessels, and with only about 350 out of 1,400 of the Shipping Board's steel steamers now in service, a reduction of more than 1,000.

Yours, very truly,

HENRY C. WILTBANK,
Secretary National Merchant Marine Association.

AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. WILLIS. Mr. President, I move that the Senate proceed to the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7294) supplemental to the national prohibition act.

Mr. HARRISON. Mr. President, will the Senator withhold that for a moment?

Mr. WILLIS. Just for a moment, if it is not a matter that will lead to debate.

Mr. KING. Mr. President——

Mr. ASHURST. Mr. President, a point of order. That motion is not debatable.

Mr. KING. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Utah will state his inquiry.

Mr. KING. Has the morning hour expired?

The PRESIDING OFFICER. It has not, but the hour of 1 o'clock having arrived, the motion is in order.

Mr. HARRISON. I do not care to debate the motion at all.

Mr. WILLIS. The motion is not debatable.

Mr. HARRISON. If the Senator will withhold his motion for a moment——

Mr. WILLIS. If the Senator can give me assurance that the matter he wishes to call up will not lead to debate or delay, I shall have no objection.

Mr. HARRISON. The only proposition I wish to have called up is that I wish to get a time fixed for consideration of a resolution. If the leader of the majority were in the Senate I could do that in a moment. I talked with him a moment ago, and I thought perhaps he would agree on taking up the resolution which I introduced on September 21.

Mr. WILLIS. We can attend to that subsequently. The leader of the majority is temporarily out of the Chamber.

Mr. UNDERWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	Nelson	Smoot
Ball	Heflin	New	Spencer
Borah	Johnson	Newberry	Stanley
Broussard	Jones, N. Mex.	Nicholson	Sutherland
Bursum	Jones, Wash.	Norbeck	Swanson
Cameron	Kendrick	Norris	Townsend
Capper	Kenyon	Oddie	Trammell
Caraway	Keyes	Overman	Underwood
Culberson	King	Page	Walsh, Mass.
Curtis	Ladd	Phipps	Walsh, Mont.
du Pont	La Follette	Pittman	Warren
Ernst	Lenroot	Poindexter	Watson, Ga.
Fernald	Lodge	Ransdell	Williams
Fletcher	McCumber	Reed	Willis
Gooding	McKellar	Sheppard	
Hale	McNary	Simmons	
Harris	Myers	Smith	

The PRESIDING OFFICER (Mr. MCNARY in the chair). Sixty-five Senators have answered to their names. A quorum is present.

Mr. ASHURST. I call for the regular order, which is the motion of the Senator from Ohio [Mr. WILLIS]. That motion is not debatable.

The PRESIDING OFFICER. The question is on the motion of the Senator from Ohio, which will be stated.

The ASSISTANT SECRETARY. The Senator from Ohio moves that the Senate proceed to the consideration of the conference report on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7294) supplemental to the national prohibition act.

The PRESIDING OFFICER. The question is on the motion of the Senator from Ohio.

The motion was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HARRISON and Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. REED. I did not hear the motion which was put because of conversation in the Chamber.

Mr. LODGE. The motion is not debatable.

Mr. REED. I know it is not debatable, but the matter being before the Senate, I was going to suggest that it be temporarily laid aside for, perhaps, an hour. We are trying to carry on some negotiations here, and we can not very well do so while the debate is proceeding.

Mr. ASHURST. I object, Mr. President.

Mr. REED. If the Senator in charge of the bill will have it temporarily laid aside for something like an hour——

Mr. ASHURST. I object.

Mr. REED. Mr. President——

The PRESIDING OFFICER. The Senator from Mississippi was recognized by the Chair.

Mr. HARRISON. I yield for any question.

Mr. REED. The Senator from Arizona may object in his peculiar way, but there is an effort being made here to save some time, and we want a few minutes to consult. A purely arbitrary objection can be interposed by any Senator at any time, but there is not very much sense in that sort of objection. It is not the way to carry on the business of the Senate.

The PRESIDING OFFICER. The Senator from Mississippi has the floor.

LIMITATION OF ARMAMENTS CONFERENCE.

Mr. HARRISON. Mr. President, before the motion to take up the conference report made by the Senator from Ohio was acted on I merely wanted to know if we could not have a unanimous-consent agreement to take up a resolution which I offered on September 21 last, which is known as the resolution, providing for publicity at the disarmament conference. The resolution was presented some time ago, and I have not pressed it because the tax bill was before the Senate, but if the resolution is to be passed, it should be passed before the disarmament conference meets on the 12th of this month.

The resolution merely requests our representatives at the conference to use their influence to have the conference admit representatives of the press at the meetings of the full conference. It also provides for the preservation and maintenance of a record of the action and votes of the conference, and provides against any censorship being imposed that would prevent the public from knowing the true attitude of the delegations on the questions which are presented and considered at the conference. It is as conservative as it is possible to draw such a resolution. No one can take offense at it, for we know that we have no control over the conference. The resolution in no way seeks control over it. It merely requests our representatives to use their influence at the conference along the line I have suggested. So I trust there will be no opposition to the resolution. If there is any opposition at the present time, I hope the Senator from Massachusetts [Mr. LODGE] will agree that, say, tomorrow, we shall take the resolution up for consideration. It will not provoke a great deal of discussion.

The PRESIDING OFFICER. Does the Senator from Mississippi ask unanimous consent for the present consideration of the resolution referred to by him?

Mr. HARRISON. No. I have not asked unanimous consent for its present consideration. I am merely trying to arrive at an agreement to take it up.

Mr. LODGE. Mr. President, I quite agree that the resolution for which the Senator from Mississippi [Mr. HARRISON] asks consideration is conservatively framed; considering its authorship, I think it is amazingly conservatively framed.

Mr. HARRISON. I thank the Senator from Massachusetts for the compliment.

Mr. LODGE. But I am bound to say that I think it would be very much out of place for the Senate, especially at this moment, to begin to offer suggestions as to the procedure to be followed by the conference, which must be determined by the nations there represented. I should be very sorry to see the Senate interfere in any way with a matter which must be dealt with by the representatives of the powers whom we have invited here.

I think the Senate may rest assured that the Senator from Alabama and I will favor all the publicity that is reasonably possible for the conference, and certainly that a proper record may be kept; but what I object to is passing any resolution undertaking to suggest to the foreign nations whose delegates shall sit in the conference and who have a right to settle their own procedure in company with us what that procedure shall be. If the resolution is presented, I shall hope that it will not be passed.

Mr. HARRISON. Mr. President, I am very sorry, indeed, to hear the remarks of the distinguished Senator from Massachusetts, because, of course, they carry great weight, especially in this matter. I had hoped that he, having read the resolution, would allow it to be passed, but in view of what he has said I desire to occupy the time of the Senate for a few moments to discuss the question.

I expect to call the resolution up for consideration at the earliest possible moment. Senators on each side may take their stand; they may vote against the resolution, if they entertain the same views as those entertained by the Senator from Massachusetts, or they may vote for it if they believe in reasonable publicity at the disarmament conference.

The Senator from Massachusetts says that the adoption of the resolution might embarrass the conference, it might be misconstrued by foreign delegations. I can not for the life of me understand how he can imagine that it will embarrass the disarmament conference, or find disfavor among foreign delegations that may be favorable to the call of the conference. It does not ask the conference to do anything; it merely requests our representatives in that conference to use their influence for the admission of the representatives of the press at the full meetings of the full conference. Of course, there will be other meetings which will not be plenary; there will be conferences held of every sort, but at the full conferences, where final views are presented, where action is taken, where votes are recorded, where the success or failure of the conference is determined, the representatives of the press should be admitted.

Mr. President, this side of the Chamber has stood behind the call for the disarmament conference. Every member of the minority, I believe, on every proper occasion has voted to bring about a disarmament conference; there has been no obstacle thrown in its path, and there will be none from this side; indeed, every member of the minority, and I believe every Democrat throughout the country, is heart and soul for the success of the conference.

If there ever was a proposition advanced in this country free from partisanship, it is the disarmament conference. It was only a little while ago that the minority of the Senate met and unanimously passed a resolution wishing for the conference every possible success, and at that time it expressed its gratification that in the selection of representatives the leader on this side of the aisle [Mr. UNDERWOOD] was chosen as one of the four members of the American delegation. Of course, we all have implicit faith and confidence not only in the Senator from Massachusetts, one of the members of the delegation, but in the Senator from Alabama and the other gentlemen making up that delegation.

What is there wrong in the Senate of the United States expressing itself upon such an important question as this? It can not be denied that subtle diplomacy and secretive propaganda is at work here now and will continue to be at work throughout the conference. We know from our experience in executive sessions of the Senate that the true facts never get out, but they are distorted and carried according to the impressions given to the press by the particular person with whom the correspondent talked, and so it will be at the disarmament conference. If its work is clothed in secrecy, certain members of the delegations there will give their impressions to representatives of the press in foreign countries, and there will be a censorship imposed to a greater or less degree and the true facts will be colored and not known by the world. The best way to expedite the work of the conference and make it a success is for every ray of publicity to be thrown upon its proceedings; and the best way to accomplish that is to allow the representatives of the press to attend the meetings of the full conference, in order that they may give their impressions to the readers of the papers they represent throughout the world and that the true facts may be revealed.

The Senator from Massachusetts says he is for publicity. I have observed that the delegation representing this Government has taken action already along certain lines. The first two meetings of the conference, I believe, are to be thrown open to the public. Nothing is said as to the other meetings; but if the Senate of the United States takes action expressing its sentiment on this important matter—namely, requesting our representatives to use their good offices and influence for the admission of the press—it will give their efforts more force and greater influence. It should be most helpful to our representatives in obtaining the largest measure of publicity in the conference, and have great weight with the other delegations in adopting such a plan of procedure.

If the facts discussed and the action taken in this conference are to be known by the world, the only way to secure it is by the admission of the press to the full meetings and by the keeping of a record showing the action and votes of the various delegations at that conference. That is what this resolution requests—nothing more and nothing less. The Senator says we have nothing to do with it. Of course, the Senate can not control the actions of the conference; but I can not imagine how a Senator, even though a great honor has been thrust upon him as one of the representatives of this Government at the conference, should not desire at this time a free and frank expression of the Senate to back him up on this proposition. Of course, we have faith and confidence in our representatives. We simply want to put the force of the expression of the Senate of the United States behind them, so that something real can be accomplished in this matter. If the Senator is sincerely for publicity, he should welcome the adoption of the resolution. If he is against making public the work of the conference, then of course he has a right to oppose it. If the Senator thinks there is bad manners in offering it, then I might suggest impropriety on his part, in the circumstances, to oppose it.

I hope the Senator will not try to place me in the attitude of attempting to embarrass the conference in the slightest way by offering this resolution. I had the honor, in the conference of the minority Senators, to draw and champion the resolution which was adopted, expressing our ardent hope for the greatest measure of success for the conference; and the other day at St. Louis, I may say to the Senator, again I had the honor, in the meeting of the Democratic national committee, to sponsor another resolution expressing hope for the greatest measure of success for the disarmament conference; it was adopted unanimously by the national committee of the Democratic Party. So we want the disarmament conference to succeed. It is our earnest desire and greatest hope that it shall succeed. We will cooperate in every way to make it a success. The best way in the world to assist in its success is to make it possible that the representatives of the press may be at the meetings of the full conference, so that they can gather at first hand the impressions of delegations, and so that if the representatives of any country go against the plans and purposes of the conference not only may their constituents know it but the world may know it, and if the conference is a failure in the end then the fault may be rightfully placed. If the conference is a failure, the Senator, by opposing this resolution, will carry some of the blame for that failure.

It is known and stated every day throughout the world that the failure of the Versailles conference was because of the secrecy that shrouded its deliberations. Senators on the other side and on this side have talked about "open covenants openly arrived at." If we believed in that doctrine, we certainly ought not now to oppose this resolution. It is conservatively drawn. There is not an expression in it that should not meet the indorsement of the distinguished Senator from Massachusetts. If he simply feels, because this honor has come to him, that he should not listen to the Senate in a free expression on this matter, well and good; but the country is interested in this conference. If it is a failure, they will want to know the reasons why, and they will never know the reasons why if they are secreted behind closed doors and certain matters leak out and are given the color that is desired by the delegates who permit them to leak out. Let the light be thrown on this conference. Let the true facts be known. Let me say again and in conclusion, if the Senator is really for publicity, he ought to covet and desire a free expression of the United States Senate to back him in his efforts to obtain it.

Mr. LODGE. Mr. President, this is not a question of publicity. We all favor the greatest measure of publicity that is reasonably obtainable. It is not a question of a record. Of course, a record will be made. It is not a question of providing for the press. There are 300 seats reserved for the press at the opening of the conference, and they will have ample opportunity, as ample as possibly can be given.

There is only one objection to the resolution, and to my mind it is a very serious one. I did not wish to put it in this way. It is not a question of the merits of what the resolution asks. We do not disagree about that; but we have invited here some of the great nations of the earth to meet us in conference, with the hope and belief that we can be of some service to the world in the limitation of armaments and in the settlement of the questions of the Far East. They come to that table as our guests, but with precisely the same rights that we have as to the procedure to be followed, and this is purely a question of procedure. For the United States Senate or for the House of Representatives to anticipate the sessions of the conference and undertake to dictate or to suggest to these other nations how they shall carry on their business seems to me not a seemly thing for us to do at this moment. I do not like to use unpleasant words, but it does not seem to me very good manners to meet them in that way. Each one of them has the same rights that we have as to establishing procedure. When we went to Paris, if the French Chamber of Deputies had passed resolutions as to what the procedure should be, I think we, in common with all the other nations who were present at that time, would have considered it very inappropriate and unsuitable, coming from the Chamber of Deputies, and would have felt inclined to resent it. The matter is in the hands of these nations, and each nation has its own vote. Why should we anticipate that they are going to try to shroud it in mystery? Why should we anticipate that they are going to do anything that is objectionable to the terms of the resolution? We have no right to anticipate their action. They are coming into our house, and we ought to receive them with at least the politeness which that situation requires.

Mr. HARRISON. Mr. President, will the Senator yield before he takes his seat?

Mr. LODGE. I will.

Mr. HARRISON. I have read in the papers that the representatives of the various countries who come here are expecting the procedure to be mapped out by the representatives of the American Government. Is that right?

Mr. LODGE. Why, of course, no procedure will be determined upon until the conference meets.

Mr. HARRISON. Of course; but I have seen it stated that you were mapping out a course of procedure to be submitted to the various members.

Mr. LODGE. Of course, the American delegates will very likely make suggestions as to procedure.

Mr. HARRISON. Yes; and this would be in line with that.

Mr. LODGE. But they will all have precisely the same right.

Mr. HARRISON. We understand that thoroughly.

Mr. LODGE. But the Senate of the United States is not concerned in that.

Mr. HARRISON. The Senate is concerned in that. It is concerned with what its representatives do. I can not understand why the Senator should take offense at that.

Mr. LODGE. I take no offense at it.

Mr. HARRISON. I am glad to hear that.

Mr. LODGE. I do not object to what is said in the resolution. I am glad, very glad, to have the approval of the Senate, or any suggestions they choose to make to me or to the three delegates with whom I am associated. That is not the question. The question is a simple one of being civil, and treating in what I regard as a proper way the representatives of foreign nations whom we have asked here, and who come here at our

request, and who have the same right to speak on this question of procedure that we have.

Mr. HARRISON. Absolutely; but this will not prevent them from speaking on the matter.

Mr. LODGE. And I do not think it is quite fitting for the Senate or the House or the Congress to undertake indirectly to tell them what they ought to do.

Mr. HARRISON. When the Senator voted for the resolution on Ireland, requesting our delegation at Versailles to use its good offices for Ireland, did he think that was proper?

Mr. LODGE. That is an entirely different thing. That had nothing to do with the procedure of the conference. That was a request that they give a hearing to certain people who were asking for a hearing. If the Senate of the United States should choose to pass a resolution asking that this conference give a hearing on something, I suppose they would have the right to do it if they wanted to; but this is undertaking to tell us how the conference shall be managed and how the procedure shall be carried on. That is all it is.

Mr. HARRISON. The Irish resolution was an expression of the United States Senate requesting our delegates to do certain work.

Mr. LODGE. Certainly.

Mr. HARRISON. This resolution carries with it an expression of the Senate of the United States respectfully requesting its representatives to stand for these things, or to use their good influences for them.

Mr. JOHNSON. Mr. President, I did not wish at this time to discuss this resolution, as I had hoped that it might be set for a time in the very near future when there might be adequate discussion of it. But I do want to say just a word in response to the objection which has been presented by the distinguished Senator from Massachusetts.

He said, as I understood him, that it would be rather bad manners for the Senate to pass the resolution which has been submitted by the Senator from Mississippi. I can not agree with that. The resolution is not framed as I should desire it to be framed, nor does it express as I should desire it to express the wish and necessity for publicity. But I can not concede for one moment that when the Senate respectfully requests the representatives of the United States Government to use their influence in a particular direction, thereby the Senate insults the representatives of France, of Great Britain, or of any other nation which comes to this conference.

Mr. LODGE. I did not say they insulted them.

Mr. JOHNSON. I do not say the Senator said we insulted them, but the Senator said it was bad manners.

Mr. LODGE. I think it is.

Mr. JOHNSON. That is the Senator's opinion; mine is quite the reverse. If we were guilty of bad manners, doubtless I am entitled to the inference that thereby, by our bad manners, we would be insulting those who come among us.

When did the time arrive that representatives of the United States Government could not be requested by the United States Senate to act in a particular fashion? When did the time come that any man selected to act for the people of the United States could not be respectfully petitioned by the representatives of the people of the United States?

We had no hesitancy in doing it when our representatives were at Paris. We had the right, and we did it. We have the right to-day, and I hope we will do it. I can not see that there is any force in the objection which is urged by our distinguished leader on this side.

Mr. LODGE rose.

Mr. JOHNSON. Does the Senator wish to have me yield?

Mr. LODGE. I was just about to ask the Senator a question.

Mr. JOHNSON. I shall be glad to answer the Senator.

Mr. LODGE. I have no earthly objection to being instructed by the Senate. I should be very glad to have them make any suggestion to me they choose to make. I am speaking of the effect on the people we have asked to come here. I think it would be unfortunate.

Mr. JOHNSON. I respond to that by saying that it is incredible to me that it would be unfortunate, that it would be bad manners, that it would be considered by any foreigner presumptuous if we should suggest respectfully to our representatives a specific or particular course of action. I am utterly unable to follow that reasoning.

Far be it from me, Mr. President, to do aught which might be considered in the slightest degree offensive to any of those who come here to this conference. Far be it from me to do anything which might be considered by our representatives in the slightest degree offensive to them. The Senator from Massachusetts says he has no personal objection to a resolution of this sort, but bases his opposition solely upon the effect it might have upon foreign nations. If, therefore, the Senate concludes that there could be no bad effect upon foreign nations, we have, then, really his advocacy of the resolution that is presented.

Now, just a word as to the other question. There is one armor which the Senator from Massachusetts, the Senator from Alabama, and the other American delegates to this conference will have. There is an armor in the matter of this world conference that will be invulnerable in the days to come. That armor is publicity. I do not need to advert to what has transpired in the past.

The Senator from Massachusetts asks us, and asks us well, Why anticipate? I do not care to anticipate or to prophesy, but we have had our lesson in the last few years. We know what transpired in the meetings of the nations which were held abroad. We know that the President went to Paris with the very highest intentions and the most idealistic aspirations. We know that he failed, from the standpoint of those whose views are such as mine, not because his intentions were not good, but because he was locked in a room in secrecy over there, and his idealism finally was broken and destroyed and secrecy rendered nugatory every good intention that he had.

That is experience. I would not for one instant suggest that any man comes to the disarmament conference from abroad with any other idea than that which we have; but we want—the people of the United States want—limitation of armaments; they want success of this great gathering that is to meet in Washington within a few days.

How will we obtain it? I have for the leader on this side and the leader on the other side not only respect but the highest admiration; but I say to them, you will not obtain success by locking the door and keeping from the people of this and other lands what you are doing. You will witness with publicity the peoples of all the world behind you praying, fighting, advocating disarmament; but if you shut the door and divest yourselves of this one great weapon, just that instant you are powerless; just that instant you come upon the peril which the President came upon at Paris; and just that instant you endanger that which all the world desires. I beg and I plead with the Senator from Massachusetts and the Senator from Alabama, when you go into that conference, go there not alone the delegates of the United States, but go there representing the hopes, the aspirations, the prayers of peoples of all the world, peoples who desire disarmament, though rulers may not. Let peoples operate upon that conference, and they can operate in just one way, by publicity, and publicity will enable an overwhelming righteous public sentiment of the peoples of the world to compel delegates there to do the peoples' will.

Mr. LODGE. Mr. President, I think I may say without impropriety that the Senator from Alabama [Mr. UNDERWOOD] and I—and it is a great pleasure to me to think that we are in entire accord—are very strongly in favor of limitation of armaments. I can not put it as eloquently as does the Senator from California, but we feel just as earnestly about it. We are anxious to bring it about. Also we have seen the importance of publicity to the cause we have at heart. I think I might say that we realize very full that success, as we look at it—the success we wish to obtain—depends in the greatest possible measure on the opinion not merely of the United States but of the world. We believe that the support of public opinion of the world in what we are hoping and going to try to do is, as the Senator from California says, the best weapon we have.

Is it necessary, however, that we should begin by intimating in the Senate of the United States that the other nations whom we have asked to meet us here are going to try to smother everything in secrecy? In meeting the representatives of the other nations who come here I prefer to consider that, for the time at least, and before one step has been taken or one word said, they, too, are anxious for the limitation of armaments; that they, too, seek to promote the peace of the world; that they, too, desire the settlement of the questions of the Far East; and that they will be anxious also to have the greatest publicity, so that they may receive the support of public opinion.

So far as I am concerned, I do not care to meet them at the threshold with a Senate resolution, which, however it is worded, intimates indirectly that we doubt whether they are going to desire publicity, that we suspect that they wish to conduct the conferences in holes and corners and behind curtains. I think the proper way to proceed is to assume that the representatives of other nations will take the same view that we do, and that when we come to settle the necessary procedure of the conference they will settle it as we shall wish to settle it. I do not wish to anticipate, and I am sorry, for that reason, that this debate has occurred. This resolution implies that the delegates of the United States need instructions to do their obvious

duty, in order to make the representatives of the other nations do the same thing.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from Mississippi?

Mr. LODGE. I yield.

Mr. WILLIAMS. I do not understand that this resolution is to go to anybody except our representatives.

Mr. LODGE. It would go to the world.

Mr. WILLIAMS. The Senator spoke of meeting these people with the Senate resolution. This resolution is never to be communicated to them at all. It is only to our representatives.

Mr. LODGE. It would be communicated to the whole world.

Mr. WILLIAMS. I understand, but it would not be a request we would make of them; it would be a request which we would make of our representatives.

Mr. LODGE. Yes; we would make it of our representatives, and it would be a gentle hint to them that they ought to behave themselves.

Mr. WILLIAMS. I do not think the Senate has any more right to pass such a resolution than any other equal body of citizens.

Mr. LODGE. Neither do I.

Mr. WILLIAMS. I think any hundred men in the United States would have a perfect right to draw up a petition and ask our representatives to use their influence for publicity, or for anything else they thought ought to be done.

Mr. LODGE. But a solemn resolution of the Senate, I think, has rather more meaning than that of citizens who do not have any official responsibility.

Mr. WILLIAMS. I think so, too, and in the past I have sometimes deprecated and regretted some solemn resolutions of the Senate concerning things which the Senate has nothing in the world to do with, for example, the independence of Ireland. The House of Commons might as well have passed a resolution for the independence of the Philippines. Still, it is no more an interference with these people, or bad manners toward them, than would be a petition of a hundred people, or the passage of a resolution by a peace congress, or any other body. Does not the Senator think that, no matter in what room that conference is held, there will be some back stairs to that room, and that some of those back stairs will be trodden by people who have interests which militate against disarmament and world peace, and that it will be very well to let the whole world know that they were there, if they dare come? I do not think they would dare come in if there were publicity.

Mr. LODGE. I do not know at all to whom the Senator refers; but people of any sort who wish to communicate with the representatives of the United States or other members of the conference will have no difficulty in doing it.

Mr. WILLIAMS. The Senator will admit there are influences in this world that have an interest against disarmament.

Mr. LODGE. I am always told so by the Democratic Party when they are talking about armor plate manufacturers.

Mr. WILLIAMS. I think the Senator will admit that as a matter of fact. I do not think anybody will deny it. The only way they can make themselves felt is through secrecy.

Mr. HARRISON. Mr. President, I merely desire, since the morning hour has expired, to say that I expect to call up this resolution at the very first opportunity.

AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. STANLEY. Mr. President, there has been for many weeks and months a persistent rumor that a few men desiring to serve a few brewers without regard to the merits of the case were obstructing legislation. Of course that rumor was utterly without foundation in fact. Few in the Senate were deceived by it or affected by it.

The truth is, Mr. President, that patriotic men, men whose motives, whose devotion to duty I do not doubt or question, believe—how they can I do not see; nevertheless they sincerely believe—that the pending legislation is consonant with the Constitution and beneficial to those who will be affected by it.

On the other hand, Mr. President, are men not less philanthropic, not less friendly to real temperance, who do believe that the measure is obviously and flagrantly in contravention of the letter and spirit of the Constitution of the United States. Those Senators have sworn to protect and defend and preserve that sacred instrument. They are just as firmly of the opinion that the liberties of the citizen, constitutional guaranties as sacred to free man as life itself, are violated by this same proposed legislation. For that reason both sides have regarded it as of the utmost importance that the moral question upon the one side and the constitutional question upon the other should be fully and thoroughly discussed in order that not only this body might understand, but the electorate, the master of us all, might thoroughly apprehend the vital and basic differences between us.

I do not and have not attempted a filibuster. There is no argument in mere obstruction. Right or wrong, as a Democrat, I am a believer in the sanctity of the Constitution and in the aphorism of Thomas Jefferson, that the will of the majority or the force of revolution must decide every question in the Republic. I am more than willing that at the proper time this question may be settled by a majority of this body. I hope some agreement for a final determination of this matter may be reached after full and fair discussion of this vitally important question.

Mr. WILLIS. Mr. President, in harmony with the suggestion so eloquently made just now by the Senator from Kentucky, I am about to submit a request for unanimous consent to fix a date on which we may vote upon the conference report. The matter has been pretty generally discussed, and there have been conferences among Senators on both sides of the aisle. I submit the request, which I ask may be read before I call for a quorum.

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). The Secretary will read the proposed unanimous-consent agreement.

The reading clerk read as follows:

It is agreed, by unanimous consent, that on the calendar day of Friday, November 18, 1921, the Senate will convene at 11 o'clock a. m., and that at the hour of 12 o'clock meridian on said calendar day the Senate will proceed to vote, without further debate, upon the question of agreeing to the conference report upon the bill (H. R. 7294) "An act supplemental to the national prohibition act."

Mr. ASHURST. Mr. President, may we have it read again? There was so much confusion in the Chamber we could not hear it.

The PRESIDING OFFICER. It will be again read.

The reading clerk again read the proposed unanimous-consent agreement.

Mr. WILLIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harris	McNary	Smoot
Ball	Harrison	Moses	Spencer
Borah	Heflin	Nelson	Stanley
Broussard	Johnson	New	Sutherland
Cameron	Jones, Wash.	Newberry	Swanson
Capper	Kendrick	Nicholson	Townsend
Caraway	Kenyon	Oddie	Trammell
Culberson	Keyes	Overman	Underwood
Cummins	King	Phipps	Walsh, Mass.
Curtis	Ladd	Pittman	Walsh, Mont.
du Pont	La Follette	Poindexter	Warren
Ernst	Lenroot	Ransdell	Watson, Ga.
Fletcher	Lodge	Reed	Watson, Ind.
Gerry	McCumber	Sheppard	Williams
Gooding	McKellar	Shortridge	Willis.
Hale	McKinley	Smith	

The PRESIDING OFFICER. Sixty-three Senators having answered to their names, a quorum is present.

Mr. WILLIS. Mr. President, I ask that the Chair have the proposed unanimous-consent agreement again read.

The PRESIDING OFFICER. The Secretary will read the proposed unanimous-consent agreement.

The reading clerk read as follows:

It is agreed, by unanimous consent, that on the calendar day of Friday, November 18, 1921, the Senate will convene at 11 o'clock a. m., and that at the hour of 12 o'clock m. on said calendar day the Senate will proceed to vote, without further debate, upon the question of agreeing to conference report upon the bill H. R. 7294, "An act supplemental to the national prohibition act."

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? There being no objection, the agreement is entered into.

CONFERENCE ON LIMITATION OF ARMAMENTS.

Mr. HARRISON. I desire to call up Senate resolution 144.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent for the consideration of Senate resolution 144.

Mr. HARRISON. Mr. President, I am making that request, I will say to the Senator from North Dakota [Mr. MCCUMBER], who, I understand, desires to call up another matter, because I understand that with a change of the resolution which I propose to try to effect the resolution will not be opposed by the Senator from Massachusetts, and he will have no objection to its being adopted. The resolution, which was discussed somewhat this morning, pertains to publicity at the disarmament conference. If I may have unanimous consent to call up the resolution for consideration now, I shall move the amendment

to which I refer to cure the objection which has been made by the Senator from Massachusetts.

Mr. LODGE. Mr. President, I can not change my opinion as to the resolution referred to by the Senator from Mississippi, that it is a mistake to adopt any such resolution, but if the last clause of the resolution is stricken out, which I think is very objectionable, I shall not make further resistance to it, if it is not going to lead to debate; but I do not care to have the resolution taken up now and debated any further. If we may have a vote at once, I have no objection to its present consideration.

Mr. HARRISON. I desire to say that I do not know of any discussion there will be on the resolution if it may be amended as I suggest.

Mr. WILLIS. Mr. President——

Mr. LODGE. I do not desire that the resolution shall be taken up to interfere with the emergency tariff bill, which ought to be disposed of at once.

Mr. WILLIS. Merely in order to keep the record straight, I desire to say that I understand the conference report on the prohibition bill is still before the Senate as the unfinished business. I ask unanimous consent that the unfinished business be temporarily laid aside.

The PRESIDING OFFICER. The Senator from Mississippi has asked unanimous consent to take up and consider Senate resolution No. 144. Is there objection?

Mr. WILLIS. Mr. President, I object to that. That would not be in order now.

The PRESIDING OFFICER. Objection is made.

Mr. WILLIS. I repeat, the conference report is technically before the Senate, and I have requested that it be temporarily laid aside. After that is done the Senator from Mississippi may proceed.

Mr. CUMMINS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. CUMMINS. Is the conference report on the prohibition bill before the Senate?

The PRESIDING OFFICER. The conference report on the prohibition bill is before the Senate, as the Chair understands.

Mr. CUMMINS. When did it come before the Senate?

Mr. LODGE. It came before the Senate on motion by the Senator from Ohio [Mr. WILLIS].

Mr. CUMMINS. I was present, but I did not hear the motion made.

Mr. WILLIS. I made the motion; it was put by the Chair and was carried. The conference report has been laid before the Senate as the unfinished business; but, in order to keep the record straight, I now ask, since the unanimous-consent agreement has been entered into, that the unfinished business be temporarily laid aside.

Mr. CUMMINS. Then every bill that is brought before the Senate hereafter is at the mercy of the beer bill, and any Senator who cares to object to laying it aside may thereby prevent the consideration of any other measure.

Mr. WILLIS. I will say to the Senator that I think there will be no difficulty about that because Senators have agreed on both sides of the Chamber on a time for voting. There will be no trouble about that.

Mr. CUMMINS. But what I have suggested is true.

Mr. WILLIS. I, too, think it is.

Mr. CUMMINS. I did not understand that the Senator from Ohio brought before the Senate anything but the request for a unanimous-consent agreement. I had no objection to that; but if I had known that he had brought the conference report before the Senate on motion, so as to make it the unfinished business of the Senate, I should have objected to the unanimous-consent agreement. I do not believe that it is quite the right thing that every measure that is to follow and that is to be considered before the day appointed for the vote upon the prohibition bill shall be at the mercy of that measure, for, of course, any Senator who is opposed to the bringing forward of any other legislation will object to laying aside the prohibition bill, and we shall be in deadlock.

Mr. WILLIS. I ask the Chair to put my request that the unfinished business be temporarily laid aside.

The PRESIDING OFFICER. As the Chair is advised, the conference report on the prohibition bill is not the unfinished business; therefore the request to lay it aside is out of order.

Mr. McCUMBER. Mr. President, I was about to move to take up the emergency tariff bill, but I understand the Senator from Mississippi [Mr. HARRISON] desires consideration for a resolution which will provoke no debate, and which it has been practically agreed may be acted upon without any further discussion.

Mr. HARRISON. Yes.

Mr. McCUMBER. If that be true, I shall be very glad to have the resolution disposed of.

Mr. HARRISON. I have submitted a request for unanimous consent that the resolution be considered.

The PRESIDING OFFICER. The Senator from Mississippi requests unanimous consent for the immediate consideration of Senate resolution 144. Is there objection?

Mr. LODGE. Before unanimous consent is given for the consideration of the resolution, I merely wish to repeat that I am sorry the resolution has been presented for consideration; but the first two clauses of the resolution constitute merely a request which is addressed to the delegates of the United States, and, rather than continue the debate upon the resolution, if the last clause is stricken out, I shall make no further objection to the resolution with the understanding that it may be voted on at once.

Mr. HARRISON. I think that is the understanding.

The PRESIDING OFFICER. The Chair is informed that is the understanding.

Mr. LODGE. Then the last clause of the resolution is to be stricken out?

Mr. HARRISON. Yes. Has my request for unanimous consent been granted, Mr. President?

The PRESIDING OFFICER. If there be no objection, the request of the Senator from Mississippi for the present consideration of Senate resolution 144 is granted.

Mr. SPENCER. May we have the resolution read, Mr. President?

The PRESIDING OFFICER. The Secretary will read the resolution.

The reading clerk read the resolution, as follows:

Whereas the Senate of the United States wishes every success for the conference on limitation of armaments called by President Harding to meet in the city of Washington on the 11th day of November, 1921; and

Whereas the Senate of the United States believes that the greatest publicity to which, in reason, consideration of the questions for which the conference is called will admit will tend toward the success of the conference: Therefore be it

Resolved, That the Senate of the United States respectfully requests the representatives of the Government of the United States at the conference to use their influence to have the conference admit representatives of the press to the meetings of the full conference where the questions for which the conference was called are considered.

Resolved further, That the Senate of the United States respectfully requests the representatives of the Government of the United States at the conference to use their influence to have the conference maintain and preserve a record containing the proceedings of the conference when the matters for which the conference was called are considered and acted upon.

Resolved further, That the Senate of the United States respectfully requests the representatives of the Government of the United States at the conference to use their influence against any form of censorship upon the part of the conference that will prevent the public from being informed through the press of the correct attitude of delegations and nations touching the questions considered in the conference.

The PRESIDING OFFICER. If there be no objection, the resolution which has just been read is before the Senate.

Mr. HARRISON. Mr. President, I now move to strike out the last clause of the resolution.

The PRESIDING OFFICER. The amendment proposed by the Senator from Mississippi will be stated.

The READING CLERK. On page 2, beginning in line 8, it is proposed to strike out the last clause of the resolution as follows:

Resolved further, That the Senate of the United States respectfully requests the representatives of the Government of the United States at the conference to use their influence against any form of censorship upon the part of the conference that will prevent the public from being informed through the press of the correct attitude of delgeations and nations touching the questions considered in the conference.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Mississippi.

The amendment was agreed to.

The resolution as amended was agreed to.

EXTENSION OF EMERGENCY TARIFF.

Mr. McCUMBER. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 8643) to extend the tariff act approved May 27, 1921, known as the emergency tariff bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Dakota that the Senate proceed to the consideration of the bill named by him.

Mr. UNDERWOOD. Mr. President, the import of this bill is such that I think some of those who may be out of the Chamber temporarily should be called before the motion is put. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Heflin	New	Spencer
Broussard	Jones, Wash.	Newberry	Stanley
Bursum	Kendrick	Nicholson	Sutherland
Capper	Kenyon	Oddie	Swanson
Caraway	Keyes	Page	Townsend
Culberson	King	Phipps	Trammell
Cummins	Ladd	Pittman	Underwood
Curtis	Lenroot	Poindexter	Walsh, Mass.
Ernst	Lodge	Reed	Warren
Fernald	McCumber	Sheppard	Watson, Ga.
Fletcher	McKellar	Shields	Watson, Ind.
Gerry	McKinley	Shortridge	Willis
Hale	McNary	Simmons	
Harris	Moses	Smith	
Harrison	Nelson	Smoot	

The PRESIDING OFFICER. Fifty-seven Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from North Dakota.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. KING. What is the motion of the Senator from North Dakota?

The PRESIDING OFFICER. The Senator from North Dakota moves that the Senate proceed to the consideration of a bill, the title of which will be stated by the Secretary.

The READING CLERK. A bill (H. R. 8643) to extend the tariff act approved May 27, 1921.

Mr. KING. Mr. President, is it the intention of the Senator to proceed with the consideration of the bill during the day?

Mr. McCUMBER. Yes; that is the purpose. The present emergency tariff law expires by its terms on the 27th day of this month. Other measures will be pressing before the Senate for consideration. There is the railroad bill, the beer bill, the refunding bill, and other important bills; and I wanted to get the emergency tariff bill disposed of, if possible, before any recess, and certainly to have the question determined before the present law can possibly expire by limitation.

Mr. KING. Mr. President, this measure is important and involves matters which are more or less vital, I have no doubt, to those who regard the legislation as necessary.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, is it proposed by the Senator to take up this bill for consideration now?

Mr. McCUMBER. That is my desire.

Mr. KING. I would have no objection, speaking for myself, to having it taken up, if the Senator will not ask for a vote until to-morrow; but I should like some little chance to study the bill, not with a view of engaging in any prolonged discussion, for I may not feel constrained to say anything at all.

Mr. McCUMBER. Would there be any objection to a unanimous-consent agreement to vote on it to-morrow at any time the Senator may suggest?

Mr. KING. I have no objection.

Mr. SMOOT. Mr. President, may I suggest to my colleague that there is not a change in this bill from the existing emergency tariff bill. I recognize that this will extend the dye embargo. My colleague is not any more opposed to a permanent dye embargo than I am. I shall never, with my vote, agree to it; but as long as there is no protection under the existing law, which we will all admit is not sufficient, I am perfectly willing, and I ask my colleague to vote for the embargo until we can get the regular tariff bill out.

For months past I have been studying the question of German manufactures of dyes all over the United States. I have collected the prices of to-day in Germany, in Switzerland, in England, and in other countries of the world, together with the prices of the American productions, and I am quite certain, no matter what the outside may say or what the dye people may say, that we can protect that industry without imposing an embargo, and I shall not vote for a permanent embargo at any time. If it were left to me now, I should say that this was the proper thing to do under the existing conditions.

I simply wanted to state that, and to assure my colleague that that is the feeling I have, and I am quite sure that is the feeling of the Senate from all the information that I can gather. This bill simply extends the life of the present emergency tariff law. I do not know whether the Senator from North Dakota has offered an amendment to it or not.

Mr. McCUMBER. I have not as yet, but I desire to do so.

Mr. McKELLAR. Mr. President, let me make a suggestion to the Senator. We were here last night until 2 o'clock. I think every Senator who was here—and most of us were here—is jaded this afternoon. We have been through a long siege on a very important bill. This is a very important bill. It deserves the very careful attention of the Senate. There is no desire upon the part of anybody to postpone it in any way; but after it is laid before the Senate this afternoon, I think we ought to let it go over until the morning, until we can get in a physical condition to go over the matter carefully, and I hope the Senator will let it take that course.

Mr. SIMMONS. Mr. President, if there is any bill that has been presented to the Congress during the past few years that has been thoroughly discussed and thrashed out, it is this so-called emergency tariff measure. When it was first introduced the discussion was very, very thorough. When it was extended, after being in operation three months, I think, it was again discussed. Both discussions traveled over practically the same ground. This, I believe, is the second time that an extension has been asked. So far as I know, nothing new affecting this measure has transpired since the last extension. We have had it now for nearly six months.

When it was first passed the country was very much interested in it and its effect. A large class of taxpayers in the country honestly believed that it was going to be very helpful to them. They had been promised, as the result of its passage, a speedy increase in the low prices to which agricultural products had been descending, and they believed they would get it. Of course, we all know that their expectations have not been realized, and what little interest there was in the country as a whole in this measure has long since subsided, and I think now there is not anywhere in the United States any feeling of concern about it or interest in it one way or the other; yet there are some things embraced in it—dyestuffs and perhaps sugar—which can not be placed in the same category as the common run of agricultural products. Dyestuffs, of course, are not agricultural products at all. Sugar differentiates itself in very many vital ways from other agricultural products of this country so far as the tariff is concerned. Undoubtedly a tariff on sugar will be to the advantage of the sugar producers of this country; no one has ever questioned that; but I doubt very much whether there are many other agricultural products produced in this country which would be materially helped by a tariff.

Mr. SMOOT. Wool.

Mr. SIMMONS. Undoubtedly, wool. In the case of wool, as in the case of sugar, we do not produce more than half as much as we consume in the United States, and therefore a tariff duty does have, in those instances, some effect upon the price. There are a few items of that sort in the bill because of which those who are interested in their production still feel an interest in this bill; but the producers of most of the items that are mentioned in it now are, I think, thoroughly disillusioned. They expect nothing further from it, and care nothing further about it. However that may be—and I do not wish to enter into that sort of discussion or controversy here; I want it understood that I am not saying this in a controversial spirit—however that may be, all the questions, economic, financial, and political, that are involved in this measure have been thoroughly thrashed out. I think we became tired of this bill when we had it up here the second time. I do not want to go through that dreary performance again. These tariff discussions are at best uninteresting, and when a subject has been sufficiently discussed I do not myself believe that any good purpose is served by repetition.

I am making these preliminary remarks, Mr. President, after conference with the minority members of the Finance Committee this morning. I have had no opportunity to confer with them except hastily, not knowing until a few minutes ago that the bill would be thrust upon the Senate this morning. I understand that the majority members themselves probably did not expect it to come up to-day—but as soon as I ascertained that it had been brought up, I hurriedly conferred with reference to it with such of the members of the minority of the Finance Committee as were in the Chamber and could be reached, and we have agreed that there is no good reason why we should not permit this bill to be acted upon at once. It is understood that this so-called emergency tariff is to be extended until the tariff law now in process of being framed is passed. I rather like the provision in the bill extending it to a definite time. February 1, I believe, is named.

Mr. FLETCHER. Not the whole of it, but certain parts of it.

Mr. SIMMONS. Yes; but while I like February, I would not object if it were March or April. I understand, however, that the majority members of the committee desire to strike that provision out altogether——

Mr. McCUMBER. Just to strike out the words fixing the date and have it run until otherwise provided by law. That will be the permanent tariff bill.

Mr. SIMMONS. In other words, you wish to extend it until the permanent tariff bill is enacted.

Mr. McCUMBER. Yes; so that we will not have to ask for another extension.

Mr. SIMMONS. Mr. President, I do not think that is a very material matter, because if we were to extend it to a definite time, as we did before, and the majority party, with their usual sluggishness in matters of tariff and revenue legislation, should fail by that time to bring in and pass a tariff bill, they would be here knocking at the door and asking for another extension, and, of course, we would have to give it to them. So I do not think the fact is material that it is not to be extended to a definite date and the extension to be until a permanent tariff measure is enacted.

Mr. FLETCHER. Mr. President, if it will not interrupt the Senator, may I suggest that it is my understanding that the minority Members, while favoring action on the bill and opposing any delay in regard to it, are not committed to favoring the bill.

Mr. SIMMONS. Oh, certainly not; certainly not. I thought that went without saying. We are just as much opposed to the bill now as we were when it was originally enacted.

Mr. WALSH of Massachusetts. More so.

Mr. SIMMONS. Yes; more so, because there are greater reasons. What we then predicted has since transpired. What we then thought would happen has happened. There has been demonstration of the soundness of our position with reference to it, so we believe.

Mr. President, while I do not desire to foreclose any discussion in which any Member on this side of the Chamber or the other side may wish to engage, so far as the minority members of the committee are concerned we are willing that a vote may be taken whenever there is nobody who desires further to discuss it. So far as I am concerned, as the ranking member of the minority—and I think I can speak for the other members of the minority—we have no disposition to discuss it and shall not discuss it. Therefore, while I would not agree to a vote at this moment if there should be any Senator who wishes to speak, if no one desires to speak I have no objection to a vote now.

Mr. WALSH of Massachusetts. Mr. President, I want to say only a word in support of the position taken by the Senator from North Carolina [Mr. SIMMONS].

It seems to me that this is no time to interfere with business conditions in this country by another tariff change prior to the enactment of the general tariff bill in a few months. To prevent the extension of the time of the so-called emergency tariff law as sought for in this bill, or to open up the question for agitation at this time would not, in my opinion, contribute to the restoration of prosperity. So, regardless of the merits of the question, or whether this was originally a wise piece of legislation, it seems to me the only sound and sensible thing to do is to grant this extension. The Senator from North Carolina has very properly and ably presented the views of the minority in stating that, regardless of our views upon the merits of the original law, which, of course, were hostile, and regardless of our firm belief that it has not worked out to the advantage of those it was intended to help, we still think that the extension should be granted, in the interest of business, and in the interest of preventing any further disturbance of the unsettled conditions among the agricultural interests of the country. Therefore, I hope the minority will not delay this extension bill, but wait until the general tariff bill is presented to make known our opposition to the highly special and most unfortunate tariff provisions of the emergency tariff law.

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). The question is on the motion of the Senator from North Carolina to proceed to the immediate consideration of House bill 8643, the emergency tariff bill.

The motion was agreed to.

Mr. McCUMBER. Mr. President, I think we all agree that we do not want to be compelled to bring this matter up again if we are unable to get a tariff bill passed before the 1st day of February, a matter about which I have some doubts. Whether for the reasons suggested by the Senator from North Carolina, the usual sluggishness of this side of the Chamber, or the usual obstructiveness of the other side of the Chamber, the result would be practically the same; so it might be necessary for us to bring it up again. Therefore I move to amend by striking out the words, on line 10, "until February 1, 1922," so that it will read, "shall continue in force unless otherwise provided by law."

Mr. POMERENE. Mr. President, I do not intend to take any exception to what the Senator has said about the obstructiveness of this side of the Chamber because he smiled when he said it.

Mr. KING. Mr. President, I should be better suited if the Senator from North Dakota would fix some limitation in the bill. Any party, whether the Republican Party or the Democratic Party, would have the utmost difficulty in framing a tariff measure now, in view of the violent fluctuations of exchange and in view of the unstable conditions in Europe to-day. With the mark selling for less than 1 cent——

Mr. SMOOT. They are selling three for a cent.

Mr. KING. With all European money greatly depreciated, and the depreciation continuing, in some countries at least, it seems to me impossible for any party—I do not care what their motives might be, or how desirous they might be to prepare a wise, scientific, and proper tariff measure measured either by Democratic standards or by Republican standards—to formulate a tariff bill which would be satisfactory to those who seek just and rational legislation.

Speaking as a friend of the Republican Party, I think it will make a great blunder if attempts are made to pass a tariff bill in the present condition of foreign exchange. In my opinion, that condition will not be remedied for many months.

I do not believe there will be a tariff bill enacted until the coming summer or possibly later. Possibly our Republican friends may be constrained to wait until another year, at which time, of course, the House will be Democratic, and then they will fail to enact a Republican tariff bill.

Mr. McCUMBER. Mr. President, I hardly believe that, as pessimistic as we may be, we will look for any such calamity.

Mr. KING. I would regard the continuance of the Underwood-Simmons law as a blessing to the American people; secondly, it would be a very great blessing to the American people if the next House were Democratic.

Mr. FLETCHER. May I suggest, as long as it is proposed to amend the House bill at all, that the word "until" be used instead of the word "unless," in the last line of the pending bill.

Mr. McCUMBER. I think that is a good suggestion, and I accept it as a part of the amendment.

Mr. FLETCHER. So that it will read, not "unless otherwise provided by law" but "until otherwise provided"—that is, until you pass some permanent legislation.

Mr. McCUMBER. I will include that in my motion to amend.

Mr. KING. How does the Senator now propose to amend the bill before us?

Mr. McCUMBER. It will be the bill as it came to us, except that we will strike out the language "until February 1, 1922, unless" and insert in lieu of the word "unless" the word "until," so that it will read "so as to continue in force until otherwise provided by law."

Mr. KING. Mr. President, I would much prefer to have the Senator make his amendment read "until March 1" or "until April 1," as suggested, because, as I said, in my opinion there may be no tariff bill next year, or if one is enacted it will probably be during midsummer.

Mr. McCUMBER. I am certain that there will be an earnest attempt to have one passed as early as possible during the winter months; but realizing how difficult it is to adjust these matters in the present condition of the world, I fully realize how it may take longer than we now anticipate, just as the passage of the revenue bill has taken a great deal longer than we thought it would at the time it was introduced. I hope we can put this through. I know how the Senator feels with reference to the dye proposition, and I think the expressions which have been made by the senior Senator from Utah are joined in by a good many members of the Finance Committee, and inasmuch as the Senator can, by a speech on any bill, give vent to his sentiments concerning the dye question, and as I do not believe it would change the vote upon this bill, I ask that we may have a vote now upon the emergency tariff bill.

Mr. KING. Mr. President, may I inquire of the Senator from North Dakota whether there were any hearings before the Finance Committee of the Senate in behalf of the measure which is now under consideration?

Mr. McCUMBER. It would do the Senator's heart good, if he were a supporter of the bill, if he could have heard the testimony which we took the other day and to-day before the Finance Committee on the actual saving of the sheep business in the Western States by reason of the emergency tariff bill. I do not intend to go into this or enter upon a discussion of the merits or demerits at this time, because they have been argued over and over so often that I conceive nothing would be gained by it.

We have taken no further testimony, of course, upon the dye bill. We have the agricultural schedule now before the Committee on Finance, and we go over all of these subjects and will undoubtedly be able to make a complete report as to the effect of the emergency tariff bill, if any, upon this par-

ticular production. If it has not done any good in bringing about higher prices, of course it has done no harm in bringing about higher prices.

Mr. KING. If it were not discourteous I might say that my good friend the Senator from North Dakota has imitated in the answer just made our tonsorial friend, whose fame is known to all Senators. He has become celebrated because of the dexterous manner in which he evades questions propounded to him by Senators.

My friend, the acting chairman of the committee, has become dexterous in evading answers to questions submitted. Of course, he does it unintentionally and no doubt believes he is frankly and fully replying. If I can interpret the words of my friend correctly there have been no hearings upon this bill, but hearings being held are upon the general tariff bill. That, I suppose, is what the Senator means.

Mr. McCUMBER. During the last two days we have considered the woolen schedule, and agriculture, of course, takes in both sheep and wool. That is affected by this bill. Therefore, the evidence which we took bore directly upon that industry and the effect of the emergency tariff in sustaining that industry in the West. I could not make it more clear, because I know all the testimony we have taken thus far does so.

Mr. POMERENE. Mr. President, before the bill is voted upon, permit me to say I regret very much that the Finance Committee has presented this report. I have said enough heretofore to indicate that I have had no faith whatever in the provisions of this bill as they apply to such farm products as wheat and corn.

It has been a sort of a sop to Cerberus, perhaps, but if any farmer has received any benefit from this tariff on wheat or the tariff on corn, I have not seen him anywhere; and when the papers are filled with statements to the effect that farmers in the West are going to burn corn instead of coal this winter, and we have a yield of perhaps 3,000,000,000 bushels or more, more corn than is produced in all the rest of the world together, and it has become so cheap that it is converted from a food product into a fuel product, I do not understand why we should seek to continue a duty of 15 cents a bushel on corn. I realize that my good friend from North Dakota [Mr. McCUMBER] does not agree with me upon that subject. I know that whatever may be done here, this bill is going to pass. I can simply express my dissatisfaction with its provisions.

But it is not so much the agricultural schedule to which I am opposed as the embargo on dyes. If there is one word in the English language that is hated by America, it is the word "embargo," and particularly in time of peace. My mail is flooded with the result of well-defined propaganda in favor of this legislation. The dye makers have gotten control of chemists, at least persuasively so, and chemists have come to the conclusion that they are not able to do anything in this country without an embargo.

I do not know what the source of the chemists' inspiration is. I have in my possession a very interesting letter, which I had intended to introduce in the RECORD. I had no idea that this bill was to be called up to-day and I do not have the letter with me.

In my judgment it is little short of a crime to place the woolen, the cotton, the silk, and the paint industries of this country in a position where they must buy all of their supplies in this country. I wish they could get them all here. I know that many of the dyes which are produced in this country are the equivalent in quality of the dyes that are produced elsewhere, but I know at the same time that many of those dyes are not good; nevertheless the dye makers, from a standpoint of pure, unadulterated selfishness, nothing more or nothing less, would place all of those great industries entirely at the mercy of themselves. They are so eager about it. Admitting that there is a German dye trust, as we all know and believe there is, I do not think it makes very much difference to the American woolen, cotten, silk, and paint men of the country whether they are to be dominated by a German dye trust or an American dye trust.

Mr. President, I recognize the fact that during the war we adopted a dye tariff and that the schedule was very high. It has been common information that it was the dye makers who prepared, or at least proposed, the schedule of rates. I do not forget that when this legislation passed the Congress of the United States it was defended not alone on the theory of a protective tariff but because the Government was interested in the manufacture of explosives as a means of defense.

I have no desire to do anything that is going to jeopardize these particular interests or any of them. I do not think they are in danger of destruction by competition from abroad. They profess to be in great fear, but I do not forget that before we entered the war, as well as during the war and since, these dye manufacturers urged the Congress to advance duties or place an embargo upon their importation, declaring that there were great shiploads of dyes ready to come to our ports here immediately after the armistice was signed.

Well, Mr. President, we know there was nothing in those statements. We know, too, that during the past year, while only about $5,000,000 worth of dyes were brought into this country, nearly $30,000,000 worth were shipped out of this country. Of course, while German dyes were not brought into this country because of the embargo, American dyes were shipped abroad and were sold in other countries where German dyes were sold.

Mr. H. W. Harris, a member of the Alliance, Ohio, bar, has been in the Consular Service for 25 years or more. He entered the service by appointment of President McKinley. I have known him all my professional life. He was one of the best qualified and most efficient men in the service. He is not a Democrat with a Democrat's views on the tariff. He is a Republican who is inoculated with the policy of high protection. For years he served his country faithfully and well as its consul and later as consul general in Germany. A part of this period he was in the same city in which the great dye plant that was blown up some days ago was located. He was one of the consular officers who did not regard his position as a mere sinecure but a man who studied trade conditions over there for the benefit of American commerce. He was transferred from one place to another and later was made consul general at Habana, Cuba, where he had an opportunity to study trade conditions in Cuba and in the South American Republics. As a result of the abundance of his experience and observations in these various places he became fully acquainted with the dye industry. He wrote me when he found the campaign was afoot to continue this embargo. In substance this is his statement with regard to the matter:

He said that all the time he was in Habana the merchants and the buyers sought foreign goods, European goods, in preference to American goods, because of the better and faster colors, and that by reason of their experiences with American woven goods they were driven out of the market. That was the common observation. In his letter he says, in substance, nothing would be more pleasing to the manufacturers of cloth in the Old World than to have the American Congress continue this embargo on foreign dyes. Just now when we are seeking to extend our commerce to the four corners of the earth we have this campaign afoot to give a monopoly to our American dye manufacturers, and thereby cripple the cotton, woolen, silk, and paint industries of the country.

Mr. President, it does seem to me that whether we look at the tariff question from the Democratic standpoint or the Republican standpoint, no defense of the embargo can be made before the American people.

Mr. President, I sent for my files and I am going to read one or two of the letters to which I have referred.

Bear in mind, these letters are from a Republican, a protective-tariff, consular officer. Let me say further, with regard to Mr. Harris, he did not leave the service because of any inefficiency or anything of that kind. He was retained during the McKinley administration, the Roosevelt administration, the Taft administration, and the two Wilson administrations until the latter days thereof, when he resigned because of ill health.

His letter is dated Alliance, Ohio, October 5, 1921, and addressed to myself. It reads as follows:

MY DEAR SENATOR: In view of our long personal acquaintance and my knowledge of your desire to do those things only which will be for the general good, I have thought it not improper to write you in the matter of dyestuff products, the importation of which to the United States it is now proposed to prohibit or render all but impossible.

As a consular officer I was for about 15 years in Germany, the first 6½ years being at Mannheim, which is directly across the Rhine from Ludwigshafen, where the very large works of the Badische anilin and soda fabrik are located. This concern was the largest of its kind in the world, employing about 9,000 men, including from 180 to 200 skilled chemists, mostly graduates of the large technical schools in various parts of Europe. Employees of this concern took out many American patents, and I came much in contact with the industry while at Mannheim and later as consul general at Frankfort, also a great center of this branch of manufacture.

The industry was, as you will recall, originally a British industry, which was later entered upon by the Germans as well as by the French, though on a lesser scale, and vastly improved upon under the higher standards of technical training on the Continent, which went very far in other somewhat similar industries requiring technical training such as those of tanning, medical preparations of which the United States was a large importer, artificial fertilizers, etc.

In the dyestuff industry the durability or fastness of colors, their brilliancy, the various shades, the cost of production, and other important questions arise. As we all know, new shades of various fabrics are being placed upon the market from season to season. In all markets much stress is placed upon colors and their fitness to meet climatic and other conditions. I heard very much of this problem during two

and a half years in Habana, Cuba, after our entering the war. I believe experience will show that for some years to come American dyes will not meet the demands likely to be made upon them by our textile and other industries, and that it will be a grave mistake to bar foreign dyes or to force our textile industries to use dyes in any degree inferior to those used by similar European or other industries. It seems to me the question is one that affects not only our textile industries but all our people into the homes of which the matter of shades and colors enter far more than some of us may have thought to be the case.

There is not the slightest doubt that European textiles are just now being pushed upon Cuban and other Western Hemisphere markets under guarantees as to new shades, durability of colors under climatic and other conditions that exist in these markets, that our dyestuff industries are not yet able to meet. That they will later be able to compete in quality as well as in price with European dyestuffs all of us will hope may be the case. We may take it for granted that European manufacturers will be after the world's trade as perhaps never before, and that the fullest possible use will be made of any defect in the materials we use, however slight that defect may be. With some knowledge of European and other foreign trade, I have no doubt whatever that the great textile industries of Europe and of the east would be very glad to learn of any legislation which may tend to put our textile industries at a disadvantage in the markets.

You will understand that I have not any personal interest in the dyestuff industry. I write you only because I believe that proposed legislation on the subject is likely to have unfortunate effects upon our own industries at a time when they should be as unhampered as possible and thereby take their place in the world's trade.

Very sincerely, yours,

H. W. HARRIS.

Then he adds a postscript, as follows:

P. S.—That the dyestuff industries went over to war materials during the war to a considerable extent in some cases is probably true. We know the same was true of many industries in all parts of the world, including some in this, our home country.

H. W. H.

Mr. President, I have not read that letter without Mr. Harris's permission. I wrote him asking his consent to use the letter. I think I will ask to insert my letter to him at this point without reading it.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD:

The letter referred to is as follows:

OCTOBER 8, 1921.

Hon. H. W. HARRIS, *Alliance, Ohio.*

MY DEAR HARRIS: Thank you for your favor of the 5th instant, with reference to dyestuffs products.

The views you have expressed lead you to the same conclusion I have reached. You have had the advantage, however, of personal observation of the dye industry in Germany, supplemented by your experience in Cuba.

In addition to the reasons which you give against the embargo, I think it perfectly clear that if all foreign dyes were excluded there would be the same disposition to so organize the American dye industries as to make the prices to suit themselves and place every user of dyes completely at their mercy.

Again, the present duties on dyes are very high. The schedule was prepared, as I am advised, by the American manufacturers themselves. Of course there has been a radical decline in the value of foreign exchange, but I do not think this is a reason for an embargo on dyes any more than it would be a reason for an embargo on all other importations coming from countries with a low rate of exchange. I think the word "embargo" is the most hated word in American history. We can tolerate it in time of war, but not in time of peace.

Again, we must raise some money on our imports for the need of the Government. Europe owes us $18,000,000,000. She can not pay it in gold, because she does not have it. She can not pay it in her depreciated currency, because America will not take it; and we must arrange for some fair method of barter or exchange under such laws as wise policy will dictate. We can not restore commercial equilibrium by embargoes.

May I have the privilege of making your letter public, if I so desire, in the course of the debate?

With best wishes, I am, very sincerely,

ATLEE POMERENE.

Mr. POMERENE. In reply to my letter, Mr. Harris wrote me, under date of October 11, giving his consent. I quote his second letter:

ALLIANCE, OHIO, *October 11, 1921.*

MY DEAR SENATOR: I have your letter of the 8th in reply to mine of the 5th. I am quite willing that you may make such use of my correspondence in this matter of dyestuffs as you may wish. From addresses now being delivered in different parts of the country, including one recently delivered before one of the large clubs of Alliance, it would seem that there is a well-organized effort to secure legislation that will exclude foreign dyestuffs and compel our textile, glove, thread, and other allied industries to depend upon native dyes, to be sold in many cases at much higher prices than are paid for foreign dyes, the range of shades and colors of which are admitted to be much larger than is yet the case with our dyes.

I believe such a situation will be very unfortunate at this time and put important American industries at a serious and far-reaching disadvantage. They will have some disadvantage in the matter of wages paid in factories and in the overcoming of some prejudice that arose against our textiles and other merchandise in Habana and other markets during the war because of the inability of merchants to guarantee colors or to furnish styles and patterns that customers wanted.

It is to be remembered that the great textile and other allied industries of Europe are in many cases only a few hours' ride by automobile or train from some of the large dyestuff centers of Germany. It may be taken for granted that this geographical nearness, long-standing trade relations, often coupled with close personal relations, familiarity with three or four modern languages on the part of most important business men, and a vastly larger relative importance of international trade than with us will all tend to set wholly aside the mere question as to where dyestuffs needed in this or that industry are made. The chief problem will be to get back into the markets. The actual hostility between great industries and industrial leaders was far less than between some other classes affected by the war. The newspapers tell us that Hugo Stinnes, the now most prominent industrial magnate in Germany, was given a great ovation on a recent visit to London. One of the best known dyestuff manufacturers in the Frankfort district, a widely traveled, intelligent man, intermarried with a British wife, told a party of American newspaper men during the war in my presence, I having introduced them to him, that on the day that Italy entered the war the largest textile manufacturer in Milan, Italy, called at his office in Frankfort explaining that he came only to express his regret as to the situation and to say that just as soon as the war was over his company would resume business relations just as before.

On the ground one saw and heard much that suggested that after all the closest and strongest international relations are apt to be those of commerce and trade. Europe had gone very much farther than we had in the establishment of such relations in all parts of the world. The problem will now be to regain the markets temporarily closed during the war. We should not deceive ourselves as to the competition that awaits us on both hemispheres. During more than two and a half years in Habana as consul general, following our entry into the war, I heard much as to the lower standards of dyes used on merchandise sold there, refusals to guarantee colors as well as the very high prices at which much of the merchandise was sold. The problem in that market, within a hundred miles of our own shores, as well in those of all other countries, will be that of meeting competition as well or better equipped than ever before. Hundreds of worn garments could be secured by European salesmen in Habana that would not tend to recommend the dyestuffs that to a considerable extent found their way into the markets of that city during the war and were accepted as one of the incidents of the war. If we are to secure and hold the trade of such markets we must be absolutely abreast with our competitors in quality, in price, and in the intelligence and skill used in the markets themselves.

Very sincerely, yours,

H. W. HARRIS.

Hon. ATLEE POMERENE,
United States Senator, Washington, D. C.

Mr. President, that tells the story as I see it. The letters I have read are not from a man who is controlled by his prejudices. His letters indicate that he is a very observing, intelligent man, and he is one consul general who proved a great credit to his country in the service abroad.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Utah?

Mr. POMERENE. I yield.

Mr. SMOOT. I will say to the Senator from Ohio that I had the pleasure of meeting Mr. Harris at Mannheim, that being one of the places referred to in his letter, and I know what interest he took in American affairs while in Germany. I wish to state further to the Senator that I shall ask and hope for his assistance when the question referred to by him reaches the floor of the Senate, and I trust our efforts may be successful, to the end that no embargo shall be placed upon dyestuffs coming into the United States. If I have any influence in this body—and there are others who think as I do—there will be no embargo placed on dyestuffs coming into the United States when the regular tariff bill comes before the Senate.

Mr. POMERENE. Mr. President, with a necessity confronting our great cotton, our great woolen, and our great silk mills to manufacture as good a product for sale at home and abroad as any other nation could desire, to think of crippling those industries by an embargo on foreign dyes, is to my mind preposterous. The embargo is a protective tariff run mad. The same plea that can be made now for an embargo on dyestuffs can as well be made for almost any other product.

We hear a good deal said about building a Chinese wall around the country. That is what it would be if we were to place the tariff so high that the people of other nations could not deal with us. By the pending measure it is sought to continue this embargo. It will be a Chinese wall which will keep out German dyes, but at the same time it will prevent our manufacturers from getting the necessary materials with which to enable them to command the markets of the world.

Mr. President, with all due respect to those who differ from me, I think this legislation is ill advised, and I shall take pleasure in voting against it.

Mr. McKELLAR. Mr. President, I wish to ask a question of the Senator from North Dakota, who is in charge of the bill. Under the present emergency tariff law, which was passed on May 27, 1921, the duty on wheat was fixed at 35 cents a bushel. Has the wheat farmer obtained more for his product since the passage of that bill than he did before?

Mr. McCUMBER. Mr. President, one question deserves another. Is there any product in the United States the producer of which gets more for it than he did in May, 1921?

Mr. McKELLAR. Surely. Cotton, on which the majority declined to place a tariff, is worth double what it then was.

Mr. McCUMBER. There are many conditions, Mr. President, generally affecting agricultural products. Some of those products have gone down; oats have gone heavily, while some products have gone up a little. The questions what the price would have been without the tariff and what effect the tariff may have had, neither the Senator nor I could answer in the brief

time that we have for the discussion of this matter. I do not intend to reargue or rehash what has been gone over twice when this matter has been previously before the Senate.

Mr. McKELLAR. Mr. President, I do not want to get into a controversy about it. The Senator declined to let the bill go over until to-morrow and be voted on then. It seems in his view to be such an emergency matter that it must be voted on to-day. I want to get a little information about it. That is all. There are a number of articles that we were told when the bill was passed in May, 1921, or prior to the bill's passage, that it was necessary to put a tariff on in the immediate and vital interest of the farmer. It was called a farmers' emergency bill by the Republicans. Unless it passed immediately the farmers would perish. I have in my hands the law setting out the list of articles on which emergency duties were placed, and I merely wanted to ask, without any controversy at all, what the present situation is with regard to each of those articles. I want to know what the farmers are now getting for these articles. In other words, how much good did this emergency tariff do them? As wheat is the first one of the articles on which this emergency tariff was placed, I asked the Senator, not in a spirit of controversy but to get the facts, if the wheat farmer has received more for his wheat since the passage of this act than he did before.

Mr. McCUMBER. Mr. President, I have not looked over the records for months to see what the price of wheat was, or whether it is going up or going still further down; but let me say to the Senator in all frankness that the Senator voted against this measure when it was before the Senate the two previous times when it appeared before us.

Mr. McKELLAR. Yes. I voted against it because I knew it would not benefit the farmers, and because I believed it to be sham legislation so far as they were concerned. Subsequent events have proved that I was right, and for the same reasons I shall vote against this bill continuing that bill.

Mr. McCUMBER. The Senator will vote against it again. No matter what the Senator may find in those records, he will continue to vote against it; and I have no doubt in the world that the Senator will not find anything in the records of prices that would change his vote. Therefore, as that is a foregone conclusion, what is the necessity of delaying a vote for certain information which the Senator wants which will not change his vote in the slightest degree? The Senator can put that information before the Senate at any time, whereas we are pressed for time in the consideration of measures that are bound to come up to-morrow.

Mr. McKELLAR. Mr. President, to show my great desire to help the Senator, I am not objecting to the consideration of the bill now or even an immediate vote on it. There are some 28 subjects of tariff taxation here in this so-called farmers' emergency act. I know that the Senator is such an expert on tariff matters, and especially farmers' tariffs, that he can tell me just as fast as I can ask the questions whether or not the American farmer or producer gets more for each of those products than he did before the passage of this bill.

For instance, the Senator knows that wheat has gone down. He knows that wheat flour and semolina have gone down since the passage of this act; that flaxseed has gone down, and that corn has gone down to such an extent that they are burning it out West. I notice that there is a tariff of 15 cents per bushel on it, and I saw in the paper that it was selling for 20 cents, I believe, out West somewhere. I was wondering what would have happened to it if we had not had this tariff of 15 cents a pound, if the tariff affects it as is urged by you gentlemen on the other side. Here is a tariff of 15 cents a bushel and corn selling at about 20 cents.

Of course, the Senator knows that beans have gone down, and that peanuts or ground beans, on which there is a tariff of 3 cents per pound under this act, have gone down, and potatoes and onions and rice and lemons and oils have gone down; that cattle and sheep and fresh or frozen beef, and cattle and sheep and other stock imported for breeding purposes, have gone down, and that long-staple cotton, even, has not held its own with other cotton upon which there is no tariff, and that manufactures of cotton and I believe even wool have gone down. I am not so sure about wool, but I see the wool expert sitting before me, my good friend from Utah [Mr. SMOOT], and I will ask him whether I am right. I may be wrong about some of these things, and I want Senators who are experts to tell me when I make a mistake as to prices, because I want to find out what the facts are.

As I recall this bill, it was passed for the relief of the farmers of the country, and if the farmer is getting less for his products than he did before the passage of the act it is very doubtful whether the farmer has gotten very much out of it. Indeed, the farmers, in my judgment, have received no relief from this measure, and I doubt if it was ever intended they should receive relief from it. Giving it the name of "farmers' emergency tariff bill" was a blind to put through in the Congress a bill the main purpose of which was to aid the big interests.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. I will yield so that I can find out about wool.

Mr. SMOOT. The Senator need not yield. I thought he asked me a question.

Mr. McKELLAR. I did. I yield in order that the Senator may answer it.

Mr. SMOOT. Then I will say to the Senator that if it had not been for the tariff of 15 cents a pound put upon wool, there is not a single woolgrower in the West who would have been out of bankruptcy to-day.

Mr. McKELLAR. That is my good friend's opinion, and I respect his opinion very much, but what I want to know is the fact; and the question is whether or not wool has gone down since the passage of this act.

Mr. SMOOT. No, Mr. President; wool is higher to-day than it was then.

Mr. McKELLAR. How much higher?

Mr. SMOOT. That depends upon the grades.

Mr. McKELLAR. About how much?

Mr. SMOOT. I should say that half-breed wool was about 42 cents when this bill was passed, and it is 62 cents to-day.

Mr. McKELLAR. I am glad to know that the passage of the bill has helped the woolgrower. Of the innumerable producers mentioned in the bill the woolgrower alone has been helped by it.

Mr. SMOOT. It certainly has.

Mr. McKELLAR. I am glad to know it. That is one farmer—the farmer that raises sheep—that it has helped. If there are any others who have been helped, let Senators speak out. If I make any other mistakes I want any other Senator to let me know about it, because I am not an expert on these prices and I have not had time to look into them, and these gentlemen in front of me are experts and I want to know what the facts are.

Mr. KING. Mr. President, if the Senator will yield, I want to say to him that this factor should be taken into account, though, in determining the advance of wool: As the Senator knows, following the armistice for a considerable period the mills of the United States did not purchase wool as extensively as they had theretofore and, of course, the prices of wool went down. In May, over a year ago, they ceased to buy at all, or practically ceased purchasing, and the supplies of woolen goods in the United States were reduced to a minimum. During the last few months the mills have begun to buy, and they are manufacturing; and, in my opinion, there would have been an increase in the price of wool regardless of the imposition of any tariff. The law of supply and demand operates in the woolen trade as in everything else. Where there is a demand for wool prices go up.

Mr. McKELLAR. Ah, there is some difference of opinion about wool. Here are the two Utah Senators differing about whether the popgun tariff has helped the woolgrowers. I suspect, in other words, wool is in the same situation that cotton is in, relatively. Cotton has gone up, nearly doubled in value, because there was a shortage of production, and so wool has gone up—nothing like so much as cotton, but in the same way. Everybody knows that no tariff was placed on cotton, the kind of cotton that really counts in this country, which is about 90 per cent of the whole. The tariff was placed only on Imperial Valley cotton principally.

On cotton, generally speaking, however, there is no tariff, and here the cotton farmer has received nearly twice as much this fall for his crop as he was getting before this bill passed.

Now let me go on just a little further, because I am after information, and if any Senator in this Chamber can say of his own knowledge that I am making a mistake about any of these matters I am talking about I want him to call my attention to it, because I do not want to make mistakes. I want any Senator who disagrees to stand up and speak.

Mr. President, last February, when the original farmers' emergency tariff bill was being proposed I discussed it on the theory that it would have the effect claimed by its proponents, viz, that it would increase the prices of farm products mentioned in it. I called attention to the title of the bill, which was "To impose temporary duties upon certain agricultural products, to meet the present emergency, to provide revenue, and for other purposes."

I said then that this title was a misnomer, that it ought to be called "A bill to increase the cost of living or to aid the profiteers, or to aid the Sugar Trust, or to aid the Dye Trust, or

to aid the profiteers and speculators in stable food products." The law as passed did not have the effect that its proponents claimed for it in so far as the raising of the produce of farm products is concerned. It no doubt did have the effect of aiding the Powder or Dye Trust, to some extent the Sugar Trust, and possibly some profiteers and speculators. As I have heretofore pointed out, it did not help the farmers at all. The trouble about any tariff on agricultural products is that it does not protect them. The farmers have to harvest their products in accordance with the seasons. The prices of their products are fixed in the markets of the world. The law of supply and demand can not be overturned with respect to them, and the result is that a tariff on farm products can not be of material benefit to the farmers. I stated at that time that the bill's purpose was not to help the farmers and that it would not help them. That if it had any effect at all it would greatly injure the consumers of the country without a great benefit to the farmers. In the course of that speech I said, among other things:

You are presenting this bill as an emergency measure to help the farmer, and I am showing to you in my humble way that this is a mistake; that you are not helping the farmer; that you are legislating the people's money into the hands of the speculators and the profiteers; and a precious little of it, not enough to tell a tale, is going into the farmers' pockets.

Now, Mr. President, after six months experience with this so-called farmer's emergency tariff bill, the statements I then made about it, in so far as the actual aid to the farmers is concerned, were absolutely correct. Under the undisputed facts, no farmer nor producer has been benefited by this act, except possibly the woolgrower, and there is great conflict of opinion as to whether this tariff law has had any effect on the price of wool, the senior Senator from Utah [Mr. SMOOT] saying it has benefited the price, and the junior Senator from Utah [Mr. KING] not believing it has helped the price. At all events, to call it a farmer's measure is certainly a misnomer, because the farmer has not benefited by it. The only people who were really benefited were the Dye Trust, or Powder Trust which owns the Dye Trust, and possibly some of the other trusts. The farmer was led to believe it would help him, but as usual he was buncoed. It will be noted that while I have asked any Senator in the Chamber who thinks it has benefited any farm product in his State to get up and say so, the only one who has done so is the Senator from Utah [Mr. SMOOT] and he claims only that it has benefited wool. The best possible thing that can be said of this bill is that it did not have the effect of raising the prices as its proponents claimed, and that therefore the consumers were not taxed to the extent that it was believed they would be taxed.

Now, turning to the other specific items that I have here:

The next item is sugar. Is the sugar farmer getting more for his sugar now than he got before May 27, 1921, when this act was passed? If he is not, I can not understand why he should be enamored of this act.

Mr. BROUSSARD. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. BROUSSARD. I merely want to make this statement to the Senator from Tennessee: If this act is not continued, the sugar farmer will get 60 cents a hundred less than he is getting now.

Mr. McKELLAR. With all frankness, I want to say that the Senator from Louisiana is in the same position that the Senator from Utah was in a while ago when he was talking about wool. I respect the opinion of the Senator from Louisiana that the farmer would be getting less if it were not for this law, but that is an opinion of the Senator. The fact is that the Louisiana cane grower is getting less for the product of his toil than he did before the passage of this act. What it is due to is another thing. I may have one view about it and the Senator may have another. The Senator knows that there is no tariff on cotton, which is also raised in the South, and in the Senator's State, and yet it has doubled in value.

Mr. BROUSSARD. Mr. President, I just want to make this remark without getting into any controversy——

Mr. McKELLAR. I do not want to be controversial about it, because I think the facts are so absolute that they are prohibitive of controversy. The prices of all these farm products upon which a duty was imposed have gone down except one—wool—and there can not be any controversy about the facts.

Mr. BROUSSARD. The facts are that there are a million and a half tons of sugar in Cuba now, ready for shipment here; and if the rate is lowered, of course that will assist that sugar in reaching this market, thereby reducing our prices.

Mr. McKELLAR. I will go on.

The next item is butter and substitutes therefor. Let me ask Senators from the butter States, Has butter gone up, and is the butter producer, the dairyman, getting more for his butter since the passage of this emergency farmers' bill? I want to show the falsity of the claims made in behalf of this tariff measure.

Mr. McCUMBER. Mr. President, I could answer many of the Senator's questions if I wanted to get into an argument.

Mr. McKELLAR. I do not want the Senator to get into an argument; I just want an answer—that is all.

Mr. McCUMBER. The Senator can turn immediately to the reports that we get in our daily press and compare them as well as I can. All I want to say now is that we were here until nearly 2 o'clock this morning, and, as the Senator has said, we are tired, and at the present time I would really rather get a vote upon this bill than even convert the Senator from Tennessee to the protective principle.

Mr. McKELLAR. I have no doubt the Senator would be very glad indeed not to have these matters brought out before the people of the United States. I can understand that. I can understand his desire that the falsity of the claims made for this bill be not pointed out. He does not want it shown that it is really a dye or powder trust bill pure and simple, and not a farmer's bill at all. When will the farmers of the country wake up to these humbug measures put through Congress in their name? Without the aid of the farmers' bloc in the Senate this dye or powder trust bill could never have been passed. I urged the Senator to let this matter go over until to-morrow. I told him when the bill was first called up that I was tired and worn out, and that we ought not to be called on to legislate to-day. The Senator was not willing to do that, and seemed to indicate that I was trying to put off a vote. I do not want to do that. Politically, I should like to have the Senator pass a bill like this. The faster he passes a bill like this, so far as the political side of it is concerned, the better it is for this side of the Chamber; but I know it is not for the best interests of the country, and I do want to know about these facts, and I want to finish the items that were in this farmers' emergency tariff bill. It was argued at the time that it was a bill to keep the farmers from being reduced to starvation, and in every instance, except as to the wool farmer, so far as we have gone, the farmer has been getting less for his product since the passage of the bill than he was getting before.

Now I go to the next class:

Cheese and substitutes therefor, 23 per cent ad valorem.

Has cheese gone up or down? My information is that it has gone down.

Milk, fresh, 2 cents per gallon; cream, 5 cents per gallon.

I understand that with the exception of those places where the Milk Trust is undertaking to get hold and to oppress the users of milk, in some of the great cities, milk is not as dear as it was.

Milk, preserved or condensed, or sterilized by heating or other processes, 2 cents per pound; sugar of milk, 5 cents per pound.

Wrapper tobacco.

I do not know whether wrapper tobacco has gone up or not. That is tobacco which is raised principally in Connecticut, and the Connecticut Senators could easily tell us whether the Connecticut tobacco farmers have profited by the passage of this bill. They do not answer. I have my doubts about it.

Apples, 30 cents per bushel.

I understand they have gone down.

Cherries in a raw state.

I do know what has happened to cherries, and I do not care very much, because they are not of very much food value.

Olives.

Olives have gone down.

I here quote the exact words of the statute and the amount of duty that is put upon each of the 28 items:

[Public, No. 10, Sixty-seventh Congress.]

An act (H. R. 2435) imposing temporary duties upon certain agricultural products to meet present emergencies and to provide revenue; to regulate commerce with foreign countries; to prevent dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I.

EMERGENCY TARIFF.

That on and after the day following the passage of this act, for the period of six months, there shall be levied, collected, and paid upon the following articles, when imported from any foreign country into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, and the islands of Guam and Tutuila), the rates of duty which are prescribed by this section, namely:

1. Wheat, 35 cents per bushel.
2. Wheat flour and semolina, 20 per cent ad valorem.
3. Flaxseed, 30 cents per bushel of 56 pounds.
4. Corn or maize, 15 cents per bushel of 56 pounds.

5. Beans, provided for in paragraph 197 of the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, 2 cents per pound.
6. Peanuts or ground beans, 3 cents per pound.
7. Potatoes, 25 cents per bushel of 60 pounds.
8. Onions, 40 cents per bushel of 57 pounds.
9. Rice, cleaned, 2 cents per pound, except rice cleaned for use in the manufacture of canned foods, on which the rate of duty shall be 1 cent per pound; uncleaned rice, or rice free of the outer hull and still having the inner cuticle on, 1⅛ cents per pound; rice flour, and rice meal, and rice broken which will pass through a No. 12 wire sieve of a kind prescribed by the Secretary of the Treasury, one-fourth of 1 cent per pound; paddy, or rice having the outer hull on, three-fourths of 1 cent per pound.
10. Lemons, 2 cents per pound.
11. Oils: Peanut, 26 cents per gallon; cottonseed, coconut, and soya bean, 20 cents per gallon; olive, 40 cents per gallon in bulk, 50 cents per gallon in containers of less than 5 gallons.
12. Cattle, 30 per cent ad valorem.
13. Sheep: One year old or over, $2 per head; less than 1 year old, $1 per head.
14. Fresh or frozen beef, veal, mutton, lamb, and pork, 2 cents per pound. Meats of all kinds, prepared or preserved, not specially provided for herein, 25 per cent ad valorem.
15. Cattle and sheep and other stock imported for breeding purposes shall be admitted free of duty.
16. Cotton having a staple of 1⅛ inches or more in length, 7 cents per pound.
17. Manufactures of which cotton of the kind provided for in paragraph 16 is the component material of chief value, 7 cents per pound, in addition to the rates of duty imposed thereon by existing law.
18. Wool, commonly known as clothing wool, including hair of the camel, angora goat, and alpaca, but not such wools as are commonly known as carpet wools: Unwashed, 15 cents per pound; washed, 30 cents per pound; scoured, 45 cents per pound. Unwashed wools shall be considered such as shall have been shorn from the animal without any cleaning; washed wools shall be considered such as have been washed with water only on the animal's back or on the skin; wools washed in any other manner than on the animal's back or on the skin shall be considered as scoured wool. On wool and hair provided for in this paragraph, which is sorted or increased in value by the rejection of any part of the original fleece, the duty shall be twice the duty to which it would otherwise be subject, but not more than 45 cents per pound.
19. Wool and hair of the kind provided for in paragraph 18, when advanced in any manner or by any process of manufacture beyond the washed or scoured condition, and manufactures of which wool or hair of the kind provided for in paragraph 18 is the component material of chief value, 45 cents per pound in addition to the rates of duty imposed thereon by existing law.
20. Sugars, tank bottoms, sirups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above 75°, one and sixteen one-hundredths of 1 cent per pound, and for every additional degree shown by the polariscopic test, four one-hundredths of 1 cent per pound additional, and fractions of a degree in proportion; molasses testing not above 40°, 24 per cent ad valorem; testing above 40° and not above 56°, 3½ cents per gallon; testing above 56°, 7 cents per gallon; sugar drainings and sugar sweepings shall be subject to duty as molasses or sugar, as the case may be, according to polariscopic test.
21. Butter, and substitutes therefor, 6 cents per pound.
22. Cheese, and substitutes therefor, 23 per cent ad valorem.
23. Milk, fresh, 2 cents per gallon; cream, 5 cents per gallon.
24. Milk, preserved or condensed, or sterilized by heating or other processes, including weight of immediate coverings, 2 cents per pound; sugar of milk, 5 cents per pound.
25. Wrapper tobacco and filler tobacco when mixed or packed with more than 15 per cent of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies when mixed or packed together, if unstemmed, $2.35 per pound; if stemmed, $3 per pound; filler tobacco not specially provided for in this section, if unstemmed, 35 cents per pound; if stemmed, 50 cents per pound.
The term "wrapper tobacco" as used in this section means that quality of leaf tobacco which has the requisite color, texture, and burn, and is of sufficient size for cigar wrappers, and the term "filler tobacco" means all other leaf tobacco.
26. Apples, 30 cents per bushel.
27. Cherries in a raw state, preserved in brine or otherwise, 3 cents per pound.
28. Olives, in solutions, 25 cents per gallon; olives, not in solutions, 3 cents per pound.

There are 28 items, potatoes among them, 28 items that the farmers of the country raise, and gentlemen on the other side of the aisle said that this was emergency tariff legislation for the benefit of the farmers, and they say so now. Yet since the passage of the act, so far as it appears, there is but one class of farmers which could have possibly been benefited, and that is the wool farmers, the sheep raisers, and they only in the matter of wool, under the peculiar conditions stated by the junior Senator from Utah; and the senior Senator from Utah believes, and I know he is sincere in believing, because he is a sincere man and is greatly interested in the wool business, as he ought to be, as it is a great industry in his State, that this has done the wool farmers some good, and I am very glad if it has done them good. If a bill of this kind, passed for the help of all the farmers of the country, benefits only the wool farmers, I think they ought to be congratulated.

Just one word about wheat. As I understand it, the price of wheat is fixed in London. It makes no difference what our tariff on wheat may be, the price paid is that based on the London price, and yet we are keeping all wheat out of this country, we are preventing our railroads from hauling wheat through this country, taking away a tremendous revenue from them, all under the provisions of this act.

Mr. President, that is about all I have to say. If I have made a mistake about the farmer not being benefited in respect of any one of the 28 particulars found in this bill except on wool, which is a matter of opinion, I invite any Senator who is in favor of this bill to point out my mistake. No Senator accepts the challenge and I assume my facts have been accurately stated. Mr. President, this bill, like its forerunner, is a delusion and a snare so far as the farmers are concerned. The proof on that point is indisputable.

Mr. JONES of New Mexico. Mr. President, I would like to say just a word, especially to my good friend from Tennessee. There is a question, as to many of these articles, whether a tariff has done or can do any good to the producers.

Mr. McKELLAR. Does the Senator know any one of the 28 that I have named the producer of which gets more for his product since the law was passed than he did before, except in the case of wool? That is a question which can be easily answered in a word.

Mr. JONES of New Mexico. Mr. President, I answer that by saying that I have not thought it necessary to make that inquiry at this time, because a great many people in this country feel that this bill will help their respective industries, and I believe it is generally recognized that if anything can be done to help industry at this time it should be done.

Personally, I do not believe that the imposition of a tariff duty on many of the articles mentioned in the bill will be or can be of any great help to the producer, and the amount of the help which might be given to any line is problematical; but the psychology of the situation throughout the country ought to be taken into consideration now. Many of the people feel that it would aid. Certainly, if it does not do them any good, it can not do them any harm, and this is no time, it seems to me, to consider the merits or the demerits of the tariff upon such articles as those mentioned in the emergency tariff bill.

The Finance Committee has started in to hold hearings upon these various subjects, and we realize the enormous amount of labor connected with that work, and no one feels that we should now go into the merits or demerits of the tariff upon these specific articles.

I do not think, on the other hand, that anybody would seriously advocate that this bill, which has passed the Congress and which was limited in time as to its operation, should not be continued until Congress has had an opportunity to deal with this great, broad subject in a general way, and it seems to me every practical consideration leads to the thought that we should pass this bill, and without any delay.

I do not believe this is the time to consider the merits or demerits of such a proposal as this, and I sincerely trust that we may not enter into a controversy over it, because it will have to come up on its merits, will be discussed pro and con from day to day in the Senate, and everybody will have an opportunity to discuss every phase of it.

Owing to the other work which we all have before us, I respectfully urge that we pass this bill now, and continue the status quo until we come to revise the general tariff bill, which we shall do in the near future.

Mr. KING. Mr. President, the action of the Republican members of the Finance Committee in hastily moving to take up for consideration the so-called emergency tariff bill comes as a surprise to the Senate. We have just passed the revenue bill, and it was understood that the Senate would be engaged for a number of days in the consideration of what has been called the "beer bill" and the railroad funding bill, and other important measures. So far as I can learn, no intimation was given that this bill would be reported from the Finance Committee to-day, or that the Senate would be asked to enter upon its consideration. Senators understood that the bill was still with the Finance Committee, that hearings would be had, and that some time would elapse before it would be reported to the Senate. From what I have been able to ascertain since the Senator from North Dakota submitted his motion for the consideration of this bill—and I have hurriedly spoken to a number of Senators who were in the Chamber—some of the Republican members of the Finance Committee, without holding a meeting and in a purely informal manner, agreed within the past half hour to report the bill and ask for its immediate consideration. This method of procedure is somewhat startling and can not be approved as a method of obtaining sound and well-considered legislation.

As stated, this action comes as a surprise to the Senate; and if Senators had intended to debate or contest the passage of the reported bill, this precipitate action would have the effect of preventing it. However, the overwhelming Republican majority in this body assures the passage of any measure which the majority party approves; and apparently any measure, if

it is denominated a "tariff bill," will command the support of Republican Senators, regardless of its effect upon our foreign trade and commerce or the evils which it will inflict upon the American people.

Mr. President, in view of the position taken by the ranking member of the minority on the Finance Committee, the senior Senator from North Carolina [Mr. SIMMONS], as well as that of other members of the minority on the same committee, and in view of the evident purpose of the majority to speedily force the passage of this bill, I shall not engage in any dilatory proceedings, but content myself with a few observations pertinent to this proposed legislation and a brief discussion of the dye embargo provision carried in the pending bill.

I do not desire to convey the impression that the minority Members of the Senate are in favor of this bill or that the dye provisions of the bill meet the approval of all Republicans. I believe that every Democrat is opposed to any legislation that will perpetuate the power of the dye monopoly, which has been so active in procuring an embargo and in carrying on a nation-wide propaganda to deceive the American people. The statement just made by my colleague [Mr. SMOOT], that he will never favor an embargo upon dyestuffs, I hope represents the views of a considerable number of the Republicans. I am led to believe that many Republicans oppose the provisions of the bill extending the embargo on dyestuffs, but there are some, as I understand, who entertain the view that affirmative action in respect of this bill will more clearly reveal the oppressive and indefensible character of the dye monopoly and the unmitigated evil which would result if permanent legislation were enacted in harmony with the demands of the dye lobby.

This reasoning, in my opinion, is unsound. It is a great mistake to temporize in any manner with this powerful monopoly, whose pernicious activity has not been confined to Washington but has been coextensive with the limits of our national domain. There is only one way to deal with an evil, and that is to grapple with it and to destroy it. If concessions are made, its demands are multiplied and its insolence and audacity are increased.

On the 27th of May of this year the so-called emergency tariff bill was approved, and the pending bill is to extend the provisions of that act until a general tariff measure is enacted. I indicated in the brief colloquy a few moments ago with the Senator from North Dakota that in view of the unsettled conditions of foreign exchange and the chaotic economic situation throughout the world, particularly Europe, it would be a most injudicious, if not to say fatal, thing for Congress to enact a general tariff law at this session or in the immediate future. Our foreign commerce has been profoundly affected by the dislocated industrial condition of Europe and by reason of the financial depression existing in every European country and the threatened bankruptcy of many nations of the earth. The refusal of the United States to ratify the Versailles treaty has contributed to the economic and political demoralization of Europe. That demoralization has reacted greatly to the disadvantage of the American people and has been one of the predominant causes of the financial and industrial depression in our own country. We should have learned the lesson—but, unfortunately, we have not—that our domestic prosperity is inseparably connected with our foreign trade.

It was thought that the lessons taught by the Payne-Aldrich tariff bill had been appreciated by the Republican Party, and that with a broader vision and sounder and more patriotic views, they would address themselves to the important questions involved in revenue and tariff legislation. But, apparently, the Republicans are as blind now as they were in the past; upon economic and industrial questions, their views are as narrow and parochial as they were when trusts and combinations and special interests and favored corporations wrote tariff schedules and dictated the domestic, as well as the foreign, policies of the Republic. The Republican Party seems incapable of emancipating itself from the thraldom and heresies of the past. Republican leaders seem to be creatures of opinions and are guided by the law of opinions, and not by the law of wisdom. It was John Seldon who said:

> It was a good fancy of the old Platonic: Men had some things whereof the gods, which were above them, did partake, as intellect and knowledge; and they had some things of which the beasts, which were below them, did partake, as senses and passions; and some things of which neither gods nor beasts did partake, which gave them all their troubles and made all the confusion in the world—namely, opinions.

Many Senators and Representatives belonging to the majority party entertain the "opinion" that to exclude imports will promote domestic felicity and unbounded national prosperity. The antiquated and unscientific "opinions" of Republican statesmen have made "confusion" and wrought immeasurable harm. They do not seem to appreciate the fact that they have been reduced to mechanical figures, to be moved and directed as corporations and great interests determine. The protected interests in the United States for many years controlled the Republican Party, fashioned its creed, determined its policies, formulated its "opinions," and phrased the sentences uttered by politicians and statesmen to carry such opinions to all parts of the land. Has there been any change in the texture of Republicanism or in the policies of the Republican Party? Let seekers after facts answer.

The Republican Party is now in power. The old leadership of special interests, of those seeking class legislation, is reasserting itself; and here and throughout the land their power is being manifested and their purposes accomplished.

As stated, many Republicans still cling to archaic policies and insist upon legislation which is an anachronism and is repudiated by the maxims of Adam Smith and the views of political economists and statesmen of recognized worth. Demands are made for legislation prohibiting imports; and yet those submitting such demands clamor for measures that will facilitate and increase exports. Apparently they are not insensible to the fact that the prosperity of the agriculturalists and the manufacturers and, indeed, all classes of our citizenship is dependent upon foreign markets; and yet they would erect barriers that would cut off our trade with all nations.

The farmer realizes that he must secure beyond the seas markets for his surplus products; the live-stock interests know that if the ports of the world are closed to their meat products that important industry will enter upon a period of decay; the producers of our mineral wealth know that if Europe does not purchase copper and other mineral products our mines will be closed and this great industry brought to the verge of ruin. American manufacturers must appreciate the fact that the "home market," important as it is, will not consume all the products of mill and factory and plant, and that unless foreign markets be secured stagnation will come to the manufacturing interests of our land. And labor keenly senses the fact that there must be an abundant production of raw materials, as well as of manufactured and finished products, in order that the millions of laboring men and women of our country may obtain suitable employment and enjoy the prosperity to which they, in common with all other classes, are entitled. This situation must be patent to all thoughtful and unbiased observers; and it should carry impressive lessons to those entrusted with legislative and executive authority.

However, so insidious has been the propaganda in favor of embargoes and tariffs, and so persistent and truculent have been the demands of special interests and the beneficiaries of high protection, that the public mind has become befogged and Congress beguiled into false positions and unwise, if not destructive, legislation. We are following economic formula accepted in ancient and medieval times; perhaps historical accuracy should compel a modification of the statement, because there were periods when sanity and vision characterized the relations between different nations. There were peoples of different races who at times battered down artificial walls, which prevented trade and commerce and those mutual exchanges and civilities promotive of fraternity and increased prosperity.

Following the Civil War the profiteers in the North conspired and intrigued to continue their exploitation of the people. Their flag, which was not the Stars and Stripes, carried the word "protection." It was a most seductive word, and it proved to be a most deceptive one. The agriculturists, who always suffer most from tariff exactions, were soon captivated by the fallacious arguments of the exploiters, and followed for many years with blind fidelity the sordid and selfish leadership of the protected industries of our country. Selling their surplus products in foreign markets and at prices fixed in foreign markets, the agriculturists were compelled to pay tribute of hundreds of millions annually to the tariff barons of the United States who controlled the Republican Party and fashioned its legislation. Billions of dollars were wrung from the masses of the people which went into the pockets of the manufacturing interests of the United States. Laws were enacted which legalized robbery, and the masses of the people meekly accepted the yoke which their masters placed upon their bowed necks.

Mr. Roosevelt, in his melodramatic campaign for the Presidency, when he led a revolt against the reactionary and standpat forces of his own party, denounced the predatory interests and the invisible government which had dominated his party, and the special interests which had prepared tariff legislation and secured and maintained prices of commodities, essential to the welfare of the people, at levels so high as to oppress the masses and add to the swollen fortunes of the favored few.

The heresies of protection—the evils of reactionary Republicanism—reappear under this administration and follow the old standards with Bourbonlike pertinacity. Indeed, there is an audacity accompanying the activities of Republican leadership as it deals with fiscal and tariff measures that is reminiscent of the reign of the tariff kings two or three decades ago.

We are now to put into practice the theory that an exchange of commodities among nations is the sure precursor of financial and industrial disaster. We are told that if the products of other nations are admitted to our shores it will impoverish the American people and bring disaster to our economic life. We are regaled with a political philosophy taught by British statesmen prior to the days of Bright and Cobden, when high tariff laws were enforced which brought sorrow and distress and want and famine to the people of Great Britain. We are again to worship the fetich of high protection and follow the canons of the mercantile system.

The catastrophic conditions existing in the United States to-day, resulting largely from the shrinkage of our foreign trade, teach no lesson and furnish no guide to those controlling the Republican Party. In the face of the foreign-exchange situation, and with the certainty that Europe's purchases of our products will be reduced to the vanishing point unless her production increases, and we accept in payment for our surplus products the commodities of European nations, the Republicans propose to continue in force the emergency tariff act and to enact a general tariff law which will contain rates and schedules so high that importations will be prohibited.

I referred to those who exploited the people of the North in the days of the Civil War. In the recent war many American manufacturers entered into combinations or formed agreements and understandings under which they were enabled to increase the prices of their products far beyond the limits of avarice. The World War prevented foreign competition, so they enjoyed an unchallenged monopoly. With the end of the war they determined to maintain the high prices which they had enjoyed during the war; indeed, for more than a year after the armistice prices continued to mount in practically all American products, particularly those manufactured and fabricated. The Sherman antitrust law was flouted and combinations in restraint of trade and to destroy competition flourished. Stock dividends, as well as enormous cash dividends, were declared in many of the great industries, and the owners of the plants and the stockholders of the corporations received hundreds of millions that were wrongfully exacted from the people.

These same forces are now determined to continue their predatory activities and to secure tariff legislation that will protect them in their nefarious operations. The same insincere and false statements are being made as were employed in years that are past, and in every part of the land a propaganda is waged in the interest of tariff laws that will insure to American manufacturers a complete monopoly of the home market and enable them to continue their exploitation of the American consumer. The legislation proposed by these interests and by the Republican Party would prove an effectual embargo as to foreign products and would result in the erection of a wall, invisible though it might be, which would diminish, if it did not inhibit, American exports. No course could be more foolish or disastrous to American trade and commerce and to the American people than that which has been projected by the protected interests and offered by the Republican administration.

When we were exporting, as we did during the war, commodities of the value of between $7,000,000,000 and $8,000,000,000 per annum there was general prosperity throughout the land. We imported annually between $5,000,000,000 and $6,000,000,000 of foreign products, and settled the balances in our favor by taking Europe's gold supply and receiving back American securities owned by Europeans of the value of billions of dollars, and finally we obtained in payment European securities—obligations of the nations of Europe as well as of their nationals. We have drained the world of its gold supply, and have brought back to our own land substantially all American securities which at the outbreak of the war were owned abroad. The people of Europe have reached the limit of their purchasing power until they can pay for the products which they buy with commodities which they manufacture or produce. Our quest for foreign markets will end in failure unless the fleets of the world can bear to our shores the wealth which other nations produce and which the American people require. The world is suffering not from overproduction but from underproduction. The nations cry aloud for our raw materials as well as our finished products. They will buy them if we will accept in payment therefor that which they can and will produce. We must not freeze the currents of trade and commerce which should flow throughout the world, bearing prosperity and joy to the peoples of all lands.

The nations of Europe need every pound of copper which the mines of the West can produce. The mills of Great Britain and Germany and other European nations would be active, furnishing work for millions, if means could be provided to secure American cotton, millions of bales of which are seeking markets. The farmers of the South are threatened with bankruptcy because of the low price of cotton and their inability to find buyers, even at price levels so low that the producers sustain a loss in growing it. Our ships are idle for want of exports and imports, and our exports will continue to dwindle until our imports are increased.

When the free cities of Germany, known as the Hanseatic League, broke away from the economic heresies of the age and engaged in untrammeled trade and commerce prosperity came to the people and greater freedom and liberty became the inheritance of their inhabitants. They carried the torch of progress which lighted the way and at the same time consumed many of the foolish traditions and oppressive forms which obstructed progress and impaired the enjoyment of liberty.

When the Republican Party came into power in March of this year its leaders announced principles and policies which inevitably would, if carried out, lead to national isolation and domestic economic depression. Republican policies have reacted to the disadvantage of the American people, as well as to the injury of the world. Further legislation is promised, destructive of our commerce and our merchant marine. The American people are to be committed to the mercies of manufacturing trusts and monopolies and to powerful financial interests which are chiefly concerned in domestic exploitation. One who reads the testimony given by interests whose support of the Republican Party in the recent election was brazenly proclaimed, and of various persons who voice the demands of industries already rich and powerful—in part as the result of monopolistic greed and tariff legislation—will be prepared for the legislation which may be expected at the hands of the party in power. The published hearings of the Ways and Means Committee of the House and the Finance Committee of the Senate reveal the selfish and mercenary character of many of the protected industries of the United States.

Prof. Rabbeno, in his able work called "The American Commercial Policy," declares that—

> Reason tells us that trusts derive powerful support from protection, which renders it easier for them to make themselves masters of the home markets and to monopolize them; and facts show us, side by side in the United States, a system of protection which has been adhered to for more than 30 years with unflinching energy and a colossal and overbearing organization of industrial monopolies unknown to any other country.

The principles of justice and the equities which should be adhered to in domestic and in international affairs seem to be brushed aside by the materialistic forces which grip the Republican Party. With great glee Republican statesmen and leaders declare that the last election was a mandate for withdrawal from the affairs of the world. The generous sentiments and irrepressible ideals possessed by the American people may for the moment be curbed and held in check, but in the end the ethical forces in the land will burst all bonds and all artificial barriers, whether of statute or party creed, and America will take her place in the great procession which marches forward toward the goal of righteousness and world peace. It was Woodrow Wilson who said:

> We are going to climb the slow road until it reaches some upland where the air is fresher, where the whole talk of mere politicians is stilled, where men can look in each other's face and see that there is nothing to conceal; that all they have to talk about they are willing to talk about in the open and talk about with each other; and whence, looking back over the road, we shall see at last that we have fulfilled our promise to mankind. We had said to all the world "America was created to break every kind of monopoly and to set men free upon a footing of equality, upon a footing of opportunity, to match their brains and their energies" * * *.

Mr. President, when the emergency tariff bill was reported Republican leaders declared that it would prove a panacea for the ills with which the agricultural interests of our country were afflicted. It was to be a universal solvent which would eat away all obstructions to their prosperity. The measure was a delusion and a snare. It was a bait thrown to the farmers to secure their adherence to Republican policies. It was planned to speedily enact a tariff law which would give to American manufacturers a complete monopoly in the American markets. Knowing that the prostitution of the powers of the Government to such an end, where the results would be so baneful to the agriculturalists and the great mass of the American people, it was doubtless deemed important to enact the so-called emergency tariff law, which dealt with agricultural and live-stock products. The thought undoubtedly was

entertained that if heavy tariff duties were imposed upon agricultural products, although it was known no benefit to the farmer would result therefrom, objections could not reasonably be offered by the farmers and the great body of consumers if the manufacturing interests of the United States were granted, through tariff duties, the privilege of increasing the prices of all articles and commodities produced by them. The emergency tariff law has proven a disappointment to the agriculturists. It has not, as promised, increased the prices of their farm products; but, on the contrary, the prices have consistently declined. The reason for this is obvious. With an enormous surplus, the farmer and the stock raiser were compelled to seek foreign markets. While the world, famished and hungry, desired this surplus, they were unable to purchase the same. The protected industries of the United States desire cheap agricultural products and dear manufactured commodities.

They were willing to give the farmers a gold brick if by so doing it would aid them in obtaining inordinate profits. Undoubtedly the agricultural interests of the United States have suffered greatly since the war. They have been compelled to pay enormous prices for agricultural machinery, for fuel and clothing, and all manufactured articles. While the prices of their products have fallen from 50 to more than 80 per cent, the prices of all articles which they had been compelled to purchase have not followed the same ratio of decline.

To extend the life of the emergency tariff bill will prove of no advantage to the agriculturists. It may prove of slight advantage to the sugar factories and those who are producing wool, but, in my opinion, the benefits to be derived will be far less than anticipated and will be unduly emphasized and indeed exaggerated.

But I have not had so much in mind in what I have stated the provisions of the emergency tariff law as I have the general policies, purposes, plans, and objects of the Republican Party. The measure now before us is a mere symptom of the general disease from which the party in power is suffering. It is inspired by the sordid and the selfish and the material things of life. It thinks in figures, in bank accounts, in stocks and bonds, rather than in human rights, social justice, and world freedom. Its policies are selfishly nationalistic. It would seek national isolation and escape from that world service and world fellowship which must be shared by those nations which are competent to lead and which are worthy to endure.

I desire to direct attention to one provision of the emergency tariff bill which is absolutely indefensible. Even those who believe that protection will cure all industrial and economic ills can not find justification for legislation which perpetuates the power of the dye monopoly which operates oppressively and defiantly in the United States.

Mr. McKELLAR. Mr. President, is not that about the only substantive thing in this bill? I think it is apparent to everyone that, so far as tariff for the benefit of the farmers is concerned, it is absolutely immaterial and nugatory. I do not care one whit whether this passes or not. If gentlemen want to pass it, I would like to have them pass it. I think it better that they should pass it. I have no objection. But the dye proposition is virtually the only proposition in this bill which is material.

Mr. KING. Mr. President, the statement of the Senator from Tennessee that the farmers will derive no benefit from this measure is quite correct. I am inclined to think that no attempt would now be made to extend the life of the emergency tariff law because of its failure to be of any benefit to the agriculturists of the United States, except for the provisions of the law which place an embargo upon all dyestuff imports.

The bill before us is not in the interest of the farmers, but it is in the interest of the dye monopoly of the United States. I will not say that the bill before us was projected by the dye lobby which is being maintained by the dye monopoly, but undoubtedly the lobby and the monopoly are employing every means within their power to secure legislation that will continue the strangle hold of the dye monopoly upon the textile industry of the United States. I have heretofore stated that no more powerful monopoly has ever infested the Capitol than the one to which I have just referred. None has been more pernicious, brazen, and defiant than the dye monopoly. It is not satisfied with high protection, but it demands a complete monopoly.

One of the representatives of the dye monopoly declared before a congressional committee that not only was an embargo demanded so that foreign dyes could not be imported into the United States, but that high tariff duties should also be laid, and that, in addition, the provisions of the Sherman antitrust law preventing trusts and monopolies should not be enforced against those engaged in the manufacture of domestic dyes. The audacity of these demands can not be understood except upon the theory that the dye monopoly had some assurance from Republican leaders that these unheard-of exactions would be granted. Heretofore monopolies that have been the favorite children of the Republican Party, have been satisfied with tariff walls behind which they could raise their prices to such levels as their cupidity suggested. They did not dare to urge an embargo so that they might charge 100 or 1,000 per cent above the fair market price, to the domestic consumer. I venture the assertion that no such extraordinary demand has ever been made by any industry, monopoly, trust, or combination as that presented by the dye monopoly of the United States. We know that it has in some instances charged as high as eight hundred and a thousand per cent for its products above prewar prices, and the American consumer of dyestuffs has been the victim of the intrigues and oppression of the dye industry of the United States. One can scarcely believe that the American Congress would bow to these extraordinary and infamous demands of the dye monopoly. It seems incredible that when the dye monopoly cracks its whip the Republicans in both the House and the Senate meekly and without protest obey the commands of a master.

Have Republican leaders considered what the effect of their course will be and how the precedent which they have established, of granting embargoes at the behest of trusts and monopolies, will affect the future? If one monopoly is entitled to an embargo in order that it may more effectually fleece the American people, why may not other combinations and trusts secure similar legislation? Have we reached that period when trusts and monopolies can dictate the measures which they desire enacted? And have the Republicans determined that the manufacturers of the United States shall have a complete monopoly and be permitted to plunder the American people at will? It would seem that this is their purpose. With the American valuation plan and by means of embargoes it is obvious that no competition is to be permitted and that American manufacturers are to have a free field in which to exploit and rob the American consumer.

I denounce the dye monopoly and the methods which it employs, the lobbies which it maintains, and the oppressive and un-American policy which it adopts. Its ascendency over Congress is remarkable and the subserviency of the Republican Party to its domination is so pitiful as to excite indignation. The trail of the dye lobby in Congress is slimy and its nation-wide activities call for condemnation.

With the present limited production of dyes in Germany and in other parts of the world there is no reason why an embargo should be placed upon dyestuffs. The fact that dyes are excluded from the United States conclusively demonstrates that the purpose of those supporting such legislation is to further enrich the members of the dye monopoly. Corporations belonging to the Dye Trust made tens of millions of dollars during and since the war, and corporations have become so great that their capital stock exceeds $100,000,000.

Attention has been called by Congressman FREAR, of Wisconsin, to the enormous profits of the dye monopoly, and the Senator from New Hampshire [Mr. MOSES] has, upon the floor of the Senate, called attention to the enormous proportions of this monopoly and the efforts which it has made and is making to secure complete control of the dye market of the United States. Former Senator Thomas, in elaborate and carefully prepared speeches, proved that the dye monopoly of the United States entered into agreement with a foreign dye monopoly, under the terms of which a large portion of the world was divided between them and competition prevented.

The subtle and hypocritical course of this domestic monopoly is revealed in the character of propaganda resorted to. It seeks to impress the people with the thought that it is a patriotic organization; that it is existing largely for the purpose of national defense; that it is broadening the fields of chemistry and laying the foundation for a broader knowledge of chemical science.

Let me briefly refer to some of the steps taken by the dye monopoly to give it complete control of the manufacture and production of dyestuffs within the United States. The Alien Property Custodian seized substantially 4,500 German chemical and dye patents. These patents belong to the German people. During the war the United States had the right, as a war measure, to sequestrate these patents as it seized other property within the United States owned by German nationals. But it was never contemplated that the private property of the German people should be confiscated. Senators and Congressmen who voted for the act authorizing the seizure of alien enemy property clearly understood that at the conclusion of hostilities

the property would be restored to its owners. But the Alien Property Custodian and some associated with him conceived a plan to control these patents. They caused to be organized what is known as the Chemical Foundation (Inc.) and then transferred to this corporation all of these patents for the sum of $250,000.

These patents, of course, were worth millions, and their confiscation by the Alien Property Custodian and others is an act indefensible in morals and violative of every principle of international law that should govern enlightened peoples.

In passing, let me say that the president of this corporation is the former Alien Property Custodian—the same person who seized the patents and who sold them to the Chemical Foundation (Inc.), and the general counsel of this company, who received thousands of dollars for his lobbying activities in behalf of the dye monopoly, is the same person who was one of the attorneys for the Alien Property Custodian and who aided in the formation of the Chemical Foundation and in bringing about the sale and transfer to it of the confiscated German patents. I might also add that the patent attorney of the Chemical Foundation was a member of the staff of the Alien Property Custodian's office. It is planned by the Chemical Foundation (Inc.) to prevent any infringement of these patents and in this manner deprive the German nationals not only of their patents, but of any possibility of manufacturing for sale in the United States any of the dyes, the formulæ of which are embraced within these patents.

The Chemical Foundation is a creature of the dye monopoly, and the latter uses its patents for its own purposes. It uses the Chemical Foundation and the Dyes Institute, which I shall refer to later, as a cloak behind which to hide its operations and to carry on an extensive and deceptive propaganda throughout the United States in the interest of the domestic manufacturers of dyestuffs.

One or more former Members of Congress and other persons are employed and sent as speakers into all parts of the United States to advocate an embargo and to speak in behalf of the dye monopoly. These speakers intrude themselves into gatherings and conferences and associations of various kinds and in all parts of the United States. They are sent to speak before commercial clubs and chambers of commerce. They are found haranguing Rotary and Kiwanis Clubs. Their seductive voices are heard in women's meetings, in patriotic assemblies, in business gatherings. Quite recently an effort was made to have the American Legion, at its great gathering in Kansas City, adopt a resolution presented by an official of the Alien Property Custodian's Office, to the effect that the Legion approve an embargo upon dyes.

Undoubtedly these multitudinous speakers traversing the United States are paid for their services. Thousands of dollars in expenses and in salaries and compensation are devoted to this method of obtaining indorsements of a program prepared by the dye monopoly and aimed to perpetuate its power.

The Chemical Foundation also paid the expenses of what is known as the chemical exhibit. The purpose of the exhibit was to influence Congress in order that the embargo law might be enacted. The dye monopoly, cooperating with its offspring the Chemical Foundation, has maintained a lobby in Washington for many months. It has paid two of its lobbyists large sums of money. What it paid others will be shown at the proper time. One of the former received considerably more than $50,000, and is devotin much, if not all, of his time to lobbying and to the dissemination of the views of this intriguing and oppressive monopoly.

The Chemical Foundation has recently taken offices in New York. The Daily News Record, under date of August 13, 1921, states that the Chemical Foundation has leased offices for 10 years at an aggregate rental of about $400,000. The news item reads as follows:

> Snowbar & Co. have leased almost the entire twenty-first floor of the Munson Building, at 67 to 75 Wall Street, to Francis P. Garvan, president of the Chemical Foundation, for law and executive offices of the Chemical Foundation. The lease is for 10 years and the aggregate rental is about $400,000.

Francis P. Garvan, as Senators know, was for a considerable period the Alien Property Custodian, and it was under his administration that the Chemical Foundation was organized and the sale made to it of the dye patents to which I have referred.

Mr. President, I should like to state in passing that in my opinion this effort to confiscate the dye patents should be promptly investigated by the Department of Justice and action should be brought to set aside the sale. Our Government can not afford to rest under the cloud of having participated in the theft of property belonging to German nationals. Of course, the Government obtained nothing by the transaction. A pretended sale of the property, which was worth millions, realized but $250,000, and that was not paid to the Government of the United States.

I mentioned the American Dyes Institute; it is a trade organization comprising a majority of the dyestuff manufacturers in the United States. It was organized ostensibly to inaugurate an open-price policy of exchange of information relating to the sales of and prices quoted for dyestuffs among manufacturers of dyestuffs in the United States. Its operations undoubtedly were believed by some of its members to be in restraint of trade and would subject the organization and its members, or both, to the penalties of the Sherman antitrust law.

In the early part of 1919 this institution began an active campaign for the enactment of an embargo or a licensing system on dyestuffs. Attorneys and lobbyists were employed and bills were drafted providing for an embargo and a licensing system. The lobbyists and attorneys besieged Congress in the interest of the measures projected by them. Every effort was made by the institute and its attorneys and lobbyists and officers to secure the embargo referred to. Petitions were circulated, resolutions were procured, supporting the licensing system. Addresses were delivered on the subjects of the embargo or licensing system before clubs, societies, trade associations, and public gatherings in various parts of the United States.

Circulars were sent broadcast throughout the land. Newspapers and periodicals were either subsidized or they were induced to publish an immense amount of material in support of the embargo scheme. Senators will recall that in May of this year the Senator from New Hampshire [Mr. MOSES], upon the floor of the Senate, declared that the Dyes Institute had expended during the calendar year of 1920 more than $104,000 in the campaign to obtain an embargo upon dyes. The books of the institute show that more than $70,000 of this amount was charged to "legislative expenditures." Senators will recall what is known as the Longworth bill. It sought to place an embargo upon dyestuff importations. The lobbyists of the dye corporation were busy in Washington during the consideration of the Longworth bill, and they were most active and aggressive. This bill was forced through the House and reported favorably by the Finance Committee of the Senate. Fortunately it was defeated, largely through the efforts of Senator Thomas, of Colorado. Failing to secure the passage of the Longworth bill, the Chemical Foundation and Dyes Institute and the dye monopoly confederated together and procured an amendment to the emergency tariff bill which gave them substantially the same provisions as were found in the Longworth bill.

The Chemical Foundation has been transmitting through the mails thousands of pamphlets containing arguments in favor of an embargo upon dyestuffs. It has been most active in its campaign for the dye monopoly. The president of the foundation, Mr. Francis P. Garvin, in a speech which was circulated by the foundation by the tens of thousands of copies, indulged in statements which are libelous and were intended to aid the domestic manufacturers of dyes in securing a complete monopoly of the home market. He referred to Senators and Representatives who were opposed to an embargo, and declared that—

> Their voices are the voices of elected Representatives and Senators in the American Congress, but the hands that manipulate them are the hands of the German dye trust, the most powerful monopoly ever formed by man—the Interessen Gemeinschaft, the "I. G."

I will not pause to characterize these libelous and untruthful statements. Mr. Garvin apparently thinks the American people are still at war with Germany and that the dye monopoly can safely masquerade behind a smoke screen of combustible war prejudices. He and the Chemical Foundation and the Dyes Institute, and the members of the dye monopoly, may avow in every city in the land their patriotism and their love of country, and proclaim their altruism and devotion to the material progress of the Nation, but the damning fact still exists that all of them are seeking to prevent competition, to prohibit the importation of dyes into the United States, and to permit the domestic manufacturers to not only charge unjust and extortionate prices for their manufactured products but to secure immunity by executive act or omission or by legislative enactment from prosecution because of their confederating and conspiring together to maintain a monopoly and to plunder the American consumer. These dyestuff manufacturers have in their efforts to secure an embargo not only employed methods to which I have briefly referred but they have attempted to secure the active aid of American business concerns, alleging that they would purchase equipment in order to enlarge their plants, if they could be assured of an embargo. They knew these statements were untrue and that the present

facilities for the manufacture of dyes in the United States are sufficient to produce more than the domestic market requires.

I call Senators' attention to another significant fact. In the year 1920, 88,000,000 pounds of coal-tar dyes were produced in the United States; of this amount, 60,000,000 were consumed in the United States and 20,000,000 were exported. The dye monopoly was able to compete in the markets of the world, but yet wanted an embargo to prevent any possible importation into the United States.

The chemists throughout the United States have been misled by the deceptive propaganda of the dye industry and they have been led to add their voices to the discordant volume of monopolistic sound coming from the Dyes Institute, the Chemical Foundation, and the individuals and corporations constituting the dye monopoly. The president of the American Chemical Society was led to send out a letter under date of August 15, 1921, to the members of that organization. He addresses them each as "Dear Fellow Member" and in hysterical and tragic words says that "American chemistry is at stake," meaning that unless the embargo bill is passed so that the dye monopoly may continue its oppressive course, American chemistry will perish. His letter is an insult to the able chemists of the United States. In his circularizing communication he states that "the passage of the dye embargo is vital to your individual interests as well as to the future of the American chemical industry, indeed, the future of American chemistry." He then conjures every member of the society to "do his part to convince Congress," and he urges the members to communicate with "their Senators and Congressmen, urging them to drop all questions of politics and for our common country's prosperity and safety to vote patriotic and vote for the dye embargo." If the American Chemical Society can be prostituted to such an ignoble purpose, then it is time that the official personnel of the organization should be changed. It is a pitiable exhibition to see the President of this great organization lending himself to a propaganda so untruthful, so utterly selfish.

The du Ponts and the big chemical and dye works of the United States have not saved American chemistry. They have sought and obtained millions of profits and they are seeking to continue their monopoly, legalized by law and protected by public opinion formed through misrepresentation and deception. Stamped envelopes addressed to United States Senators have been sent to members of the American Chemical Society, undoubtedly by the president, requesting that they use the same in sending letters to the Senators named, urging the support of the dye embargo. I have in my office a number of such envelopes with the letters inclosed.

The Associated Advertising Clubs of the World apparently have been brought under the baneful influence of the Dye Trust. I have here a special bulletin emanating from this advertising association dated August 19, 1921. It is full of empirical, not to say untruthful, statements and insidious and direct appeals for an embargo. It would seem as if there was no avenue which this intriguing monopoly had not explored in its efforts to compel Congress to pass an embargo law.

I am unable to comprehend the reasons which bring to the support of this scheme honorable men in public life. I can understand and respect the views of Senators who believe that an infant industry may receive reasonable protection for a limited period. I can understand the reasons which might prompt Senators to favor a tariff on dyestuffs, not only for revenue purposes but to protect the domestic dye industry. There are Democrats who would be willing to vote for a reasonable tariff upon imported dyes if they believed that American manufacturers could not otherwise compete with foreign manufacturers, but the dye monopoly refuses a reasonable tariff or a high tariff. It demands an absolute prohibition of importations and also immunity from prosecution for its conspiracies in restraint of trade and its combination to create and maintain a monopoly in violation of the Sherman antitrust law.

Some time ago I offered a resolution charging that lobbyists and representatives of monopolies and trusts were infesting the Capitol for the purpose of influencing legislation. I demanded an investigation of the activities of the lobbyists and of the corporations that were seeking to promote or to defeat legislation. The Judiciary Committee of the Senate considered the resolution and, much to my regret, reported it back to the Senate limiting the investigation to the dye monopoly and to its activities.

The resolution as reported authorizes a subcommittee to be appointed to make investigations and to subpœna witnesses and to report to the Senate. The resolution, following the usual course, was referred after it was reported to the Committee to Audit and Control the Contingent Expenses of the Senate. That committee has reported the resolution back to the Senate and it is now upon the calendar. I shall seek an early opportunity for its consideration. I believe that it will be passed, though I expect persistent and formidable opposition from the lobby maintained by the Dyes Institute and the Chemical Foundation and the dye monopoly.

It is to be hoped that all the facts may be brought to the light of day bearing upon the tortuous and sinuous course of these organizations and of this oppressive and truculent monopoly.

Mr. President, this bill will pass. There are many Senators who will vote for it reluctantly, because of the provisions found therein containing the embargo upon dyestuffs. In my opinion, if the bill before us related only to an embargo upon dyes, it could not pass the Senate. In this I may be in error. It is possible the Republican Party would force it through the Senate. However, I am reassured by the statements of my colleague to which I have referred, and I therefore predict that, with the expiration of the law which it is purposed this day to pass, the dye embargo will cease, and I feel sanguine that when the subcommittee reports back to the Senate the facts which will be brought to its attention concerning the dye monopoly and its parasitic organizations and their activities there will be a revulsion of feeling and Congress will regret that it gave ear to their demands and enacted measures dictated by them.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. MCCUMBER].

The amendment was agreed to.

The VICE PRESIDENT. If there are no further amendments as in Committee of the Whole, the bill will be reported to the Senate.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMENDMENT OF TRANSPORTATION ACT OF 1920.

Mr. CUMMINS. I move that the Senate proceed to the consideration of the bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes.

In connection with the motion I desire to say that if it prevails I will ask that the bill be temporarily laid aside and that to-morrow, at the close of the routine morning business, I shall ask the Senate to take it up, at which time I shall make an explanation of the bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Iowa that the Senate proceed to the consideration of the bill named by him.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments.

Mr. CUMMINS. I now ask that the bill be temporarily laid aside.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be temporarily laid aside.

EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session, the doors were reopened and (at 4 o'clock and 25 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, November 9, 1921, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate November 8, 1921.

UNITED STATES CIRCUIT JUDGE.

Robert E. Lewis, of Colorado, now serving as United States district judge, district of Colorado, to be United States circuit judge, eighth circuit, vice William C. Hook, deceased.

UNITED STATES ATTORNEY.

G. P. Linville, of Iowa, to be United States attorney, northern district of Iowa, vice Frank A. O'Connor, resigned, effective January 1, 1922.

COLLECTOR OF CUSTOMS.

Alexander L. McCaskill, of Fayetteville, N. C., to be collector of customs for customs collection district No. 15, with headquarters at Wilmington, N. C., in place of James R. Cowan, resigned.

COLLECTORS OF INTERNAL REVENUE.

Leslie Jensen, of Hot Springs, S. Dak., to be collector of internal revenue for the District of South Dakota, in place of J. Walter Mee, resigned.

Charles M. Dean, of Cincinnati, Ohio, to be collector of internal revenue for the first district of Ohio, in place of Stephen W. McGrath.

REGISTER OF THE LAND OFFICE.

Henry H. Errett, of Clayton, N. Mex., to be register of the land office at Clayton, N. Mex., vice Paz Valverde, term expired.

NAVAL OFFICER OF CUSTOMS.

John J. Deane, of San Francisco, Calif., to be naval officer of customs in customs collection district No. 28, with headquarters at San Francisco, Calif., in place of James H. Barry, resigned.

COAST AND GEODETIC SURVEY.

Nathan November, of New York, to be aid, with relative rank of ensign in the Navy (by promotion from deck officer) in the United States Coast and Geodetic Survey in the Department of Commerce, vice J. S. Rosenthal.

APPOINTMENTS IN THE REGULAR ARMY.

Brig. Gen. Eli Alva Helmick to be Inspector General for a period of four years from date of acceptance, with rank as major general from November 7, 1921, vice Maj. Gen. John L. Chamberlain, Inspector General, to be retired from active service November 6, 1921.

Staff Sergt. John James Baker, First Battalion, Tenth Infantry, to be second lieutenant of Infantry with rank from October 31, 1921.

APPOINTMENTS IN THE BRANCHES OF THE REGULAR ARMY OF THE UNITED STATES OR IN THE PHILIPPINE SCOUTS.

To be second lieutenants with rank from November 1, 1921.

Robert Clyde Padley, Coast Artillery Corps.
James Richmond Simpson, Infantry.
Philip Schwartz, Ordnance Department.
Richard Brown Thornton, Infantry.
William Bradford Plummer, Chemical Warfare Service.
Pacifico C. Seville, Philippine Scouts.
Charles Nicholas Senn Ballou, Infantry.
Homer Wilbur Ferguson, Field Artillery.
Harry Starkey Aldrich, Coast Artillery Corps.
John Cyril Delaney, Coast Artillery Corps.
Samuel Rubin, Coast Artillery Corps.
James Goodwin Hall, Field Artillery.
Donald Wallace Norwood, Air Service.
Joseph Rexford Vernon, Corps of Engineers.
Cecil Elmore Archer, Air Service.
Dudley Warren Watkins, Air Service.
Waldon Sharp Lewis, Infantry.
Andrew Julius Evans, Infantry.
Paul Corson Howe, Coast Artillery Corps.
Lindon John Murphy, Corps of Engineers.
Albert Ruth, Infantry.
Joseph George Nathanson, Infantry.
Paul Ainsworth Berkey, Field Artillery.
Robert Edward Robillard, Air Service.
Donald McKechnie Ashton, Infantry.
Dana Gray McBride, Cavalry.
Clarence Edward Patterson, Infantry.
Juan Rosales Labrador, Philippine Scouts.
Cecil Byron Jamieson, Infantry.
Clifford Oscar Webster, Infantry.
Edward Alfred Mueller, Infantry.
Lisle Burroughs Swenson, Infantry.
Robert William Calvert Wimsatt, Air Service.
Amado Martelino, Philippine Scouts.
Victor Z. Gomez, Philippine Scouts.
David Theodore Rosenthal, Corps of Engineers.
Clayton Huddle Studebaker, Field Artillery.
John Macklem Perkins, Infantry.
Howard Criswell, Infantry.
Albert James Kiley, Field Artillery.
Robert Brice Johnston, Infantry.
Albert James Wick, Coast Artillery Corps.
Earl Albert Hutchings, Infantry.
Ray Henry Clark, Air Service.
Joseph Brenner, Infantry.
Raymond Taylor Tompkins, Field Artillery.
George Alfred Arnold Jones, Field Artillery.
Thomas Edward Moore, Field Artillery.
Victor Friedrichs, Air Service.
Lyman Earley Whitten, Air Service.
George Evans Burritt, Field Artillery.
Charles Jacob Williamson, Infantry.
Donald Boyer Phillips, Air Service.
Arthur Nathaniel Willis, Cavalry.
Louis Meline Merrick, Cavalry.
William Madison Mack, Signal Corps.
Robert Crane Hendley, Air Service.
Walter J. Klepinger, Field Artillery.
Grady David Epps, Infantry.
John Otis Hyatt, Infantry.
Frank Charles McConnell, Coast Artillery Corps.
Dale Phillip Mason, Signal Corps.
Donald Fowler Fritch, Field Artillery.
Nemesio Catalen, Philippine Scouts.
William Peyton Campbell, Field Artillery.
Le Roy Ponton de Arce, Air Service.
James Madison Callicutt, Field Artillery.
Walter Matlack Gormley, Field Artillery.
Rox Hunter Donaldson, Field Artillery.
Albert Raymond Nolin, Infantry.
Herbert Melancthon Federhen, 3d, Field Artillery.
Lawrence William Kinney, Field Artillery.
Reginald Pond Lyman, Cavalry.
Lee Roy Woods, jr., Field Artillery.
Hugh Perry Adams, Field Artillery.
Robert Du Val Waring, Field Artillery.
Warren Penn Knox, Cavalry.
Stephen Yates McGiffert, Field Artillery.
James Stuart Wallingford, Infantry.
Albert Sidney Howell, jr., Infantry.
John Sharpe Griffith, Infantry.
William Wallace Robertson, Infantry.
George Louis Boyle, Infantry.
Pio Quevedo Caluya, Philippine Scouts.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY.

SIGNAL CORPS.

Capt. William Herbert Murphy, Air Service, with rank from July 1, 1920.

PROMOTIONS IN THE REGULAR ARMY.

To be colonels.

Lieut. Col. Clement Augustus Trott, Infantry, from November 2, 1921.

Lieut. Col. George Van Horn Moseley, Field Artillery, from November 2, 1921.

Lieut. Col. Charles Michael Bundel, Field Artillery, from November 5, 1921.

MEDICAL CORPS.

To be captains.

First Lieut. Arthur David Haverstock, Medical Corps, from October 21, 1921.

First Lieut. David Lloyd Stewart, Medical Corps, from October 30, 1921.

First Lieut. Bernard Anthony McDermott, Medical Corps, from November 1, 1921.

First Lieut. John Moorhaj Tamraz, Medical Corps, from November 2, 1921.

DENTAL CORPS.

First Lieut. Vivian Z. Brown to be captain, Dental Corps, from November 1, 1921.

POSTMASTERS.

ALABAMA.

Peter L. Kirsch to be postmaster at Cherokee, Ala. Office became presidential January 1, 1921.

Jesse L. McKay to be postmaster at Faunsdale, Ala. Office became presidential October 1, 1920.

Stephen E. Rowe to be postmaster at Elba, Ala., in place of C. R. Talbot. Incumbent's commission expired June 27, 1920.

Annie M. Stevenson to be postmaster at Notasulga, Ala., in place of A. M. Stevenson. Incumbent's commission expired January 15, 1921.

Mary J. Anthony to be postmaster at Guin, Ala., in place of R. S. Shirey. Incumbent's commission expired January 23, 1921.

Thomas A. Carter to be postmaster at Grove Hill, Ala., in place of T. A. Carter. Incumbent's commission expired March 16, 1921.

John G. Sanderson to be postmaster at Courtland, Ala., in place of H. B. Hall. Incumbent's commission expired December 20, 1920.

Pallie M. Ellis to be postmaster at Valley Head, Ala. Office became presidential January 1, 1920.

Moses B. Rushton to be postmaster at Ramer, Ala. Office became presidential January 1, 1921.

John H. Nixon to be postmaster at Goshen, Ala. Office became presidential October 1, 1921.

Joseph Loranz to be postmaster at Jackson, Ala., in place of Skipwith Coale. Incumbent's commission expired September 7, 1920.

ARKANSAS.

Mary L. Beasley to be postmaster at Waldo, Ark., in place of W. E. Dickson. Incumbent's commission expired January 31, 1921.

Grant B. Sparks to be postmaster at Lamar, Ark., in place of M. J. Webb, resigned.

CALIFORNIA.

William C. Brill to be postmaster at Elk Grove, Calif., in place of G. W. Black. Incumbent's commission expired December 20, 1920.

Daisy L. Plant to be postmaster at Spreckels, Calif., in place of H. L. Juhler. Incumbent's commission expired July 21, 1921.

Leonard E. Whitener to be postmaster at Coalinga, Calif., in place of T. H. Abel, removed.

Arthur L. Doran to be postmaster at Barstow, Calif., in place of Alpharetta Gilham. Incumbent's commission expired June 27, 1920.

Carl F. Becker to be postmaster at Samoa, Calif. Office became presidential January 1, 1921.

Marguerite J. Decions to be postmaster at Fort Bidwell, Calif. Office became presidential April 1, 1921.

Abraham Clevenger to be postmaster at Caruthers, Calif. Office became presidential April 1, 1921.

Winfield S. Smith to be postmaster at Del Rey, Calif. Office became presidential April 1, 1920.

Dollie L. Carr to be postmaster at Templeton, Calif. Office became presidential January 1, 1921.

James R. Weatherly to be postmaster at Camarillo, Calif. Office became presidential July 1, 1921.

COLORADO.

Clyde L. Hackley to be postmaster at Brighton, Colo., in place of T. J. Chancellor, resigned.

Clarence F. Wright to be postmaster at Lake City, Colo. Office became presidential April 1, 1921.

Ella B. Montgomery to be postmaster at Salida, Colo., in place of W. S. Buchanan. Incumbent's commission expired May 7, 1921.

CONNECTICUT.

Florence C. Chapman to be postmaster at Montville, Conn. Office became presidential July 1, 1920.

DELAWARE.

Samuel J. Dennison to be postmaster at Yorklyn, Del., in place of G. C. Gregg. Incumbent's commission expired January 8, 1921.

GEORGIA.

Robert L. Williams to be postmaster at Griffin, Ga., in place of Frank Flynt, deceased.

Charles W. McAfee to be postmaster at Blue Ridge, Ga., in place of C. W. McAfee. Incumbent's commission expired July 7, 1920.

Mary W. Barclay to be postmaster at Rome, Ga., in place of J. P. Bowie, deceased.

Columbus W. Fields to be postmaster at Hampton, Ga. Office became presidential July 1, 1920.

Robert H. Ridgway to be postmaster at Canon, Ga., in place of D. T. Barnes. Incumbent's commission expired January 24, 1921.

IDAHO.

Grace Eubanks to be postmaster at Winchester, Idaho. Office became presidential January 1, 1920.

Milton H. Brinton to be postmaster at Victor, Idaho. Office became presidential October 1, 1920.

ILLINOIS.

Joseph L. Przyborski to be postmaster at North Chicago, Ill., in place of J. E. Hayes. Incumbent's commission expired January 10, 1920.

William J. Thornton to be postmaster at Nebo, Ill., in place of J. D. Harpole. Incumbent's commission expired January 8, 1921.

William L. Beebe to be postmaster at Manito, Ill., in place of L. C. Hamilton. Incumbent's commission expired July 25, 1920.

Fred Wilson to be postmaster at Broughton, Ill. Office became presidential April 1, 1921.

Emma H. Paine to be postmaster at Alpha, Ill. Office became presidential April 1, 1921.

Leslie J. Smith to be postmaster at Mount Auburn, Ill. Office became presidential April 1, 1921.

Palona H. Callaway to be postmaster at Tallula, Ill., in place of P. H. Callaway. Incumbent's commission expired January 8, 1921.

INDIANA.

Martha McGrew to be postmaster at Pleasant Lake, Ind., in place of C. L. Carpenter. Incumbent's commission expired December 20, 1920.

Carleton H. Baum to be postmaster at Avilla, Ind., in place of L. F. Dolan. Incumbent's commission expired December 20, 1920.

McKinley Ayer to be postmaster at Chrisney, Ind. Office became presidential October 1, 1920.

Loren N. McCloud to be postmaster at Royal Center, Ind., in place of J. T. Kistler. Incumbent's commission expired January 17, 1920.

IOWA.

Eric L. Ericson to be postmaster at Story City, Iowa, in place of B. C. Swan. Incumbent's commission expired August 7, 1921.

John A. Bigger to be postmaster at Wapello, Iowa, in place of C. H. Hamilton, resigned.

Andrew Maland to be postmaster at Slater, Iowa. Office became presidential October 1, 1920.

Milton W. Knapp to be postmaster at Aurora, Iowa. Office became presidential July 1, 1921.

KANSAS.

Leroy C. Sandy to be postmaster at Troy, Kans., in place of L. M. Ellis, appointee declined.

Hollis L. Caswell to be postmaster at McDonald, Kans. Office became presidential April 1, 1920.

Ruth M. Kautz to be postmaster at Irving, Kans. Office became presidential January 1, 1921.

Robert W. Cyr to be postmaster at Aurora, Kans. Office became presidential April 1, 1921.

Ralph A. Ward to be postmaster at Alden, Kans. Office became presidential October 1, 1921.

MAINE.

Ernest L. Bartlett to be postmaster at Thorndike, Me. Office became presidential July 1, 1920.

Bertha D. Redonnett to be postmaster at Mount Vernon, Me. Office became presidential April 1, 1921.

Percie D. Jordan to be postmaster at Lisbon, Me. Office became presidential January 1, 1921.

Fred A. Manter to be postmaster at Anson, Me. Office became presidential January 1, 1921.

Edna B. Walker to be postmaster at Kineo, Me. Office became presidential October 1, 1921.

MASSACHUSETTS.

Hannah E. Pfeiffer to be postmaster at Bedford, Mass., in place of M. F. Manning. Incumbent's commission expired August 16, 1920.

Frank C. Damon to be postmaster at Danvers, Mass., in place of R. T. Fennessey. Incumbent's commission expired September 4, 1920.

Samuel Highley to be postmaster at Woburn, Mass., in place of W. J. Young. Incumbent's commission expired August 8, 1920.

N. Gertrude McDonald to be postmaster at Ward Hill, Mass. Office became presidential January 1, 1921.

MICHIGAN.

Florence J. Truax to be postmaster at Ortonville, Mich. Office became presidential April 1, 1921.

Lillian J. Chandler to be postmaster at Benzonia, Mich., in place of S. W. McDonald. Incumbent's commission expired January 23, 1921.

John F. Quick to be postmaster at Swartz Creek, Mich. Office became presidential July 1, 1920.

Carey E. Terry to be postmaster at Dryden, Mich. Office became presidential January 1, 1921.

MINNESOTA.

Joseph W. Douda to be postmaster at Lonsdale, Minn. Office became presidential July 1, 1920.

Anton Levandosky to be postmaster at Williams, Minn. Office became presidential April 1, 1921.

Daniel J. Sullivan to be postmaster at Ellendale, Minn., in place of D. J. Sullivan. Incumbent's commission expired January 8, 1921.

Charles Beecher to be postmaster at Henderson, Minn., in place of G. A. Buck, resigned.

Henry Hendrickson to be postmaster at Hoffman, Minn., in place of Henry Hendrickson. Incumbent's commission expired January 8, 1921.

George W. Shipton to be postmaster at Ogilvie, Minn., in place of G. W. Shipton. Incumbent's commission expired August 3, 1920.

Martin O. Sortedahl to be postmaster at Red Lake Falls, Minn., in place of A. L. Reichert. Incumbent's commission expired August 3, 1920.

Alice G. Doherty to be postmaster at Byron, Minn. Office became presidential January 1, 1921.

John C. Diekmann to be postmaster at Collegeville, Minn. Office became presidential April 1, 1921.

George F. Ryan to be postmaster at De Graff, Minn. Office became presidential July 1, 1921.

Lyall E. Williams to be postmaster at Dexter, Minn. Office became presidential October 1, 1920.

Isaac H. Stensrud to be postmaster at Hartland, Minn. Office became presidential January 1, 1921.

Louis A. Muckleberg to be postmaster at Millville, Minn. Office became presidential July 1, 1921.

Cora O. Smith to be postmaster at South Stillwater, Minn. Office became presidential July 1, 1920.

George E. Brockman to be postmaster at Triumph, Minn. Office became presidential January 1, 1921.

Albert Myhre to be postmaster at Grand Meadow, Minn., in place of T. J. Grimes, deceased.

MISSISSIPPI.

Fletcher H. Womack to be postmaster at Crenshaw, Miss., in place of R. E. Barham. Incumbent's commission expired December 20, 1920.

Rosa Del Buono to be postmaster at Stonewall, Miss., in place of T. L. Wainwright, resigned.

Anslem P. Russell to be postmaster at Magee, Miss., in place of E. J. Lockhart, resigned.

Frances G. Wimberly to be postmaster at Jonestown, Miss., in place of F. G. Wimberly. Incumbent's commission expired December 20, 1920.

Rosa W. Burton to be postmaster at Alligator, Miss., in place of R. W. Burton. Incumbent's commission expired December 20, 1920.

John C. Bowen to be postmaster at Senatobia, Miss., in place of J. C. King. Incumbent's commission expired June 29, 1920.

MISSOURI.

Edward Baumgartner to be postmaster at Linn, Mo. Office became presidential July 1, 1920.

Chester D. Green to be postmaster at Hume, Mo., in place of D. W. Thompson. Incumbent's commission expired December 20, 1920.

Oral G. Brown to be postmaster at Fair Play, Mo., in place of Oren McCrory. Incumbent's commission expired December 20, 1920.

Margaret E. Matson to be postmaster at Barnard, Mo., in place of C. A. Perkins. Incumbent's commission expired January 8, 1921.

Frederick D. Williams to be postmaster at Fulton, Mo., in place of S. B. Herndon. Incumbent's commission expired May 10, 1920.

Henry C. Oehler to be postmaster at Bismarck, Mo., in place of G. J. Goeltz. Incumbent's commission expired July 10, 1920.

MONTANA.

Curtis Burns to be postmaster at Coffee Creek, Mont. Office became presidential October 1, 1921.

Archie H. Neal to be postmaster at Philipsburg, Mont., in place of C. D. McDonel. Incumbent's commission expired April 24, 1920.

NEBRASKA.

Francis W. Purdy to be postmaster at Hildreth, Nebr. Office became presidential October 1, 1920.

George C. Dearing to be postmaster at Brule, Nebr. Office became presidential January 1, 1921.

John F. Brittain to be postmaster at Elsie, Nebr. Office became presidential July 1, 1921.

Grace H. Schmidt to be postmaster at Glenvil, Nebr. Office became presidential July 1, 1920.

Loren W. Enyeart to be postmaster at Hayes Center, Nebr. Office became presidential April 1, 1921.

Mary J. Flynn to be postmaster at Jackson, Nebr. Office became presidential October 1, 1920.

Charles M. Houston to be postmaster at Miller, Nebr. Office became presidential April 1, 1921.

Peter H. Andersen to be postmaster at Naper, Nebr. Office became presidential January 1, 1921.

Calvin E. Lewis to be postmaster at Stamford, Nebr. Office became presidential July 1, 1920.

Frank A. Millhouse to be postmaster at Sumner, Nebr. Office became presidential April 1, 1920.

William A. Pearson to be postmaster at Stella, Nebr., in place of H. T. Wilson. Incumbent's commission expired July 25, 1920.

Albertus N. Dodson to be postmaster at Wilber, Nebr., in place of Henry Dhooge. Incumbent's commission expired June 27, 1920.

Garry Benson to be postmaster at Ewing, Nebr., in place of F. J. Waugh, resigned.

NEW HAMPSHIRE.

Thomas J. Donovan to be postmaster at Ashuelot, N. H. Office became presidential April 1, 1921.

Sarah J. Moore to be postmaster at Alstead, N. H. Office became presidential January 1, 1921.

James A. Reed to be postmaster at Union, N. H. Office became presidential April 1, 1921.

Arthur K. Merrill to be postmaster at Haverhill, N. H. Office became presidential July 1, 1921.

NEW JERSEY.

George C. Kessler to be postmaster at Millburn, N. J., in place of E. F. Lonergan. Incumbent's commission expired March 16, 1921.

Elmer B. Ramsey to be postmaster at High Bridge, N. J., in place of T. H. Degnan. Incumbent's commission expired August 26, 1920.

James E. Vanderhoof to be postmaster at Denville, N. J. Office became presidential April 1, 1920.

Herbert K. Ball to be postmaster at Barrington, N. J. Office became presidential October 1, 1921.

NEW MEXICO.

Fred D. Huning to be postmaster at Los Lunas, N. Mex. Office became presidential October 1, 1921.

NEW YORK.

Elmer C. Wolfe to be postmaster at Sherrill, N. Y., in place of T. J. Dacey. Incumbent's commission expired March 15, 1920.

George W. Babcock to be postmaster at Ravena, N. Y., in place of James McNamara. Incumbent's commission expired April 27, 1920.

William T. Hinman to be postmaster at Potsdam, N. Y., in place of John Lenney. Incumbent's commission expired June 2, 1920.

John Bentley to be postmaster at Ogdensburg, N. Y., in place of W. W. Paige. Incumbent's commission expired August 3, 1920.

Ida M. Kohler to be postmaster at Jeffersonville, N. Y., in place of F. W. Schadt. Incumbent's commission expired March 29, 1920.

Charles B. Stoddard to be postmaster at North Cohocton, N. Y., in place of W. B. Hoxter, resigned.

Raymond H. Ferrand to be postmaster at Gardenville, N. Y. Office became presidential July 1, 1921.

Edward W. Hempstead to be postmaster at Ardsley on Hudson, N. Y. Office became presidential January 1, 1921.

Harry R. Northrup to be postmaster at Wurtsboro, N. Y., in place of Michael Culligan. Incumbent's commission expired January 8, 1921.

David R. Dunn to be postmaster at Scarsdale, N. Y., in place of M. C. Fellows, resigned.

Frederick G. Newell to be postmaster at Niagara Falls, N. Y., in place of R. H. Gittins, resigned.

Herbert S. Luther to be postmaster at La Fargeville, N. Y., in place of R. E. Dietrich. Incumbent's commission expired January 18, 1920.

James R. Doyle to be postmaster at Kerhonkson, N. Y., in place of C. H. Stokes. Incumbent's commission expired February 15, 1920.

Harvey W. Boisseau to be postmaster at Keeseville, N. Y., in place of A. N. Burton. Incumbent's commission expired January 28, 1920.

Mark J. Balmat to be postmaster at Hermon, N. Y., in place of J. E. Robinson. Incumbent's commission expired February 15, 1920.

Howard McClellan to be postmaster at Greenwich, N. Y., in place of Andrew Mealey. Incumbent's commission expired July 21, 1921.

William F. Bruno to be postmaster at Crown Point, N. Y., in place of Elton Dudley. Incumbent's commission expired July 3, 1920.

Elsie J. Moss to be postmaster at Collins, N. Y., in place of A. P. Bolender. Incumbent's commission expired January 19, 1920.

Fred McIntosh to be postmaster at Churchville, N. Y., in place of John Lemmon. Incumbent's commission expired May 24, 1920.

Frank G. Seeber to be postmaster at Brownville, N. Y., in place of F. E. Ingalls, deceased.

Henry W. Osborn to be postmaster at Ulster Park, N. Y. Office became presidential January 1, 1921.

Jessie S. McBride to be postmaster at Rensselaer Falls, N. Y. Office became presidential April 1, 1921.

Mamie B. Evans to be postmaster at Machias, N. Y. Office became presidential January 1, 1921.

Walter B. Gunning to be postmaster at Ticonderoga, N. Y., in place of R. F. Hayes. Incumbent's commission expired May 24, 1920.

Ralph D. Sessions to be postmaster at Palmyra, N. Y., in place of S. H. Hunt. Incumbent's commission expired January 11, 1920.

J. Wilfred Shaw to be postmaster at Newfame, N. Y., in place of W. D. Schaffer. Incumbent's commission expired March 28, 1920.

John D. Stivers to be postmaster at Middletown, N. Y., in place of D. B. Sweeney. Incumbent's commission expired January 5, 1920.

Frank C. Proctor to be postmaster at Kings Park, N. Y., in place of R. J. Gilmer. Incumbent's commission expired June 2, 1920.

Allie M. Merville to be postmaster at Bliss, N. Y., in place of A. R. Nevinger. Incumbent's commission expired March 15, 1920.

NORTH CAROLINA.

Bettie Martin to be postmaster at Biscoe, N. C. Office became presidential April 1, 1920.

Laura M. Gavin to be postmaster at Kenansville, N. C. Office became presidential April 1, 1920.

John T. Benhow to be postmaster at Winston-Salem, N. C., in place of R. S. Galloway, resigned.

James B. Houser to be postmaster at Cherryville, N. C., in place of A. H. Huss, resigned.

NORTH DAKOTA.

Jessie M. Lewis to be postmaster at Werner, N. Dak., in place of J. M. Robison, name changed by marriage.

Dana E. Cone to be postmaster at Beulah, N. Dak., in place of J. C. Evans. Incumbent's commission expired December 20, 1920.

Eldor G. Sogehorn to be postmaster at Stanton, N. Dak., in place of M. R. Thue, resigned.

Martin A. Wahlberg to be postmaster at Oberon, N. Dak., in place of E. W. Spencer, resigned.

Noyes H. Whitcomb to be postmaster at Flasher, N. Dak., in place of J. W. Stevenson. Incumbent's commission expired March 16, 1921.

Samuel N. Rinde to be postmaster at Lankin, N. Dak. Office became presidential January 1, 1920.

Emma B. Dean to be postmaster at Crary, N. Dak. Office became presidential January 1, 1920.

John Brusven to be postmaster at Barton, N. Dak. Office became presidential April 1, 1921.

August M. Bruschwien to be postmaster at Driscoll, N. Dak., in place of E. C. Ruble, resigned.

OHIO.

James E. Nutt to be postmaster at Beaver, Ohio. Office became presidential April 1, 1921.

Lucina Byers to be postmaster at Poland, Ohio. Office became presidential July 1, 1921.

Frank B. James to be postmaster at Willard, Ohio, in place of D. W. Rumbaugh, deceased.

Stuart N. Austin to be postmaster at Chardon, Ohio, in place of J. D. Turner. Incumbent's commission expired June 27, 1920.

Elmore J. Phares to be postmaster at Camden, Ohio, in place of S. L. Yochum. Incumbent's commission expired December 20, 1920.

Peter Mallendick to be postmaster at Whitehouse, Ohio. Office became presidential April 1, 1921.

Anthony W. Abele to be postmaster at Ironton, Ohio, in place of J. C. Gorman. Incumbent's commission expired July 21, 1921.

Edson C. Nichols to be postmaster at Willoughby, Ohio, in place of R. H. Webster, resigned.

Horace B. Ramey to be postmaster at Centerburg, Ohio, in place of Glenn Baker. Incumbent's commission expired August 7, 1920.

OKLAHOMA.

John T. Williams to be postmaster at Perkins, Okla., in place of A. E. Jennings. Incumbent's commission expired February 15, 1920.

Arthur W. Crawford to be postmaster at Mooreland, Okla., in place of H. A. Seaton. Incumbent's commission expired June 2, 1920.

Herman J. Fleming to be postmaster at Canton, Okla., in place of H. J. Fleming. Incumbent's commission expired June 29, 1920.

Fred C. Knapp to be postmaster at Depew, Okla., in place of M. L. Robinson. Incumbent's commission expired January 11, 1920.

OREGON.

Victor B. Greenslade to be postmaster at Huntington, Oreg., in place of P. P. Locey, declined.

Nellie E. Barhan to be postmaster at Kerry, Oreg. Office became presidential January 1, 1921.

PENNSYLVANIA.

Mary A. Jefferis to be postmaster at Wynnewood, Pa., in place of M. A. Jefferis. Incumbent's commission expired January 2, 1921.

James J. Neil to be postmaster at Sligo, Pa., in place of L. R. McKee. Incumbent's commission expired March 21, 1921.

Samuel L. Miller to be postmaster at Schwenkville, Pa., in place of R. P. Whitman, resigned.

Frederick V. Pletcher to be postmaster at Howard, Pa., in place of C. A. Moore. Incumbent's commission expired January 2, 1921.

Caspar A. Miller to be postmaster at Foxburg, Pa., in place of R. E. Shirey, resigned.

Ruby F. Austin to be postmaster at Edinboro, Pa., in place of C. W. Dundon. Incumbent's commission expired June 30, 1920.

Ralph Simons to be postmaster at Cornwells Heights, Pa., in place of C. S. Page, resigned.

Jennie Sutton to be postmaster at Worthington, Pa. Office became presidential January 1, 1921.

William A. Sickel to be postmaster at Snow Shoe, Pa. Office became presidential October 1, 1920.

Lincoln W. Pentecost to be postmaster at Clarks Summit, Pa., in place of M. A. King. Incumbent's commission expired August 8, 1920.

John G. Scott to be postmaster at Burgettstown, Pa., in place of D. V. Hays, resigned.

James F. Wills to be postmaster at Belleville, Pa., in place of F. J. Dahlen. Incumbent's commission expired May 15, 1920.

Oscar Maul to be postmaster at Turbotville, Pa. Office became presidential October 1, 1921.

Esther F. Rivers to be postmaster at Ogontz School, Pa. Office became presidential July 1, 1921.

Mary E. Hendricks to be postmaster at Creekside, Pa. Office became presidential April 1, 1921.

Mary W. Ritner to be postmaster at Bruin, Pa. Office became presidential July 1, 1920.

Carl B. Troy to be postmaster at West Brownsville, Pa., in place of J. H. Marker, resigned.

Alvin L. Wenzel to be postmaster at Webster, Pa., in place of A. L. Wenzel. Incumbent's commission expired January 9, 1921.

Roger A. McCall to be postmaster at Trafford, Pa., in place of T. H. McKlveen. Incumbent's commission expired September 4, 1920.

George M. Jameson to be postmaster at Petrolia, Pa., in place of George Fritz, resigned.

James H. Beamer to be postmaster at Manor, Pa., in place of D. H. Caldwell. Incumbent's commission expired January 2, 1921.

Henry C. Boyd to be postmaster at Finleyville, Pa., in place of J. T. Fisher, resigned.

Charles D. Kelley to be postmaster at Eldred, Pa., in place of J. B. Shea, removed.

Albert J. Matson to be postmaster at Delta, Pa., in place of J. H. Wheeler. Incumbent's commission expired August 25, 1918.

RHODE ISLAND.

William H. Follett to be postmaster at Howard, R. I. Office become presidential April 1, 1921.

SOUTH CAROLINA.

Benjamin J. Mixson to be postmaster at Orangeburg, S. C., in place of A. C. Ligon. Incumbent's commission expired January 19, 1920.

Lewis E. Stephenson to be postmaster at Dillon, S. C., in place of N. B. Hargrove, resigned.

Thomas S. Doar to be postmaster at Sumter, S. C., in place of G. W. Dick, resigned.

SOUTH DAKOTA.

Ida V. Uhlig to be postmaster at Whitewood, S. Dak. Office became presidential January 1, 1921.

Henry F. Cook to be postmaster at Northville, S. Dak., in place of H. F. Cook. Incumbent's commission expired December 20, 1920.

Guy F. Neher to be postmaster at Dell Rapids, S. Dak., in place of William McFarland. Incumbent's commission expired January 8, 1921.

TENNESSEE.

Peyton B. Anderson to be postmaster at Greenback, Tenn. Office became presidential April 1, 1921.

Evan D. Phillips to be postmaster at Oliver Springs, Tenn., in place of L. A. Cross. Incumbent's commission expired January 7, 1920.

Adam W. Meek to be postmaster at Mascot, Tenn., in place of C. R. Brumley. Incumbent's commission expired January 2, 1921.

James M. Antwine to be postmaster at Middleton, Tenn. Office became presidential October 1, 1920.

Fred S. Pipkin to be postmaster at Lafayette, Tenn., in place of P. B. West. Incumbent's commission expired January 2, 1921.

Carus S. Hicks to be postmaster at Clinton, Tenn., in place of E. C. Cross, resigned.

John W. Wiggs to be postmaster at Paris, Tenn., in place of Y. Q. Caldwell. Incumbent's commission expired March 9, 1918.

TEXAS.

Willard A. Maxey to be postmaster at Parks, Tex. Office became presidential April 1, 1921.

Charles S. Brown to be postmaster at Dayton, Tex., in place of O. G. Compton. Incumbent's commission expired January 23, 1921.

Pearl B. Zinn to be postmaster at Fostoria, Tex. Office became presidential April 1, 1921.

G. Carroll W. Wayland to be postmaster at Buda, Tex., in place of W. W. Puckett. Incumbent's commission expired August 26, 1920.

Manley J. Holmes to be postmaster at Baird, Tex., in place of A. M. Miller. Incumbent's commission expired September 1, 1920.

UTAH.

Clinton Dutson to be postmaster at Lynndyl, Utah. Office became presidential April 1, 1921.

VIRGINIA.

William C. McCormick to be postmaster at Raphine, Va. Office became presidential April 1, 1921.

VIRGIN ISLANDS.

R. H. Amphlett Leader to be postmaster at Frederiksted, Virgin Islands. Office became presidential October 1, 1920.

WASHINGTON.

Edwin O. Dressel to be postmaster at Metaline Falls, Wash. Office became presidential April 1, 1921.

Ira A. Moore to be postmaster at Greenacres, Wash. Office became presidential January 1, 1921.

Cyrus F. Morrow to be postmaster at Walla Walla, Wash., in place of G. B. Day, resigned.

WEST VIRGINIA.

Nancy J. Knapp to be postmaster at Buffalo, W. Va. Office became presidential January 1, 1921.

Emmet E. Fowler to be postmaster at Wilsonburg, W. Va. Office became presidential April 1, 1921.

Leander A. Lynch to be postmaster at Cowen, W. Va. Office became presidential April 1, 1921.

Hugh H. Swiger to be postmaster at Shinnston, W. Va., in place of C. L. Watkins. Incumbent's commission expired July 14, 1920.

Ira W. Folden to be postmaster at Ronceverte, W. Va., in place of J. A. Jackson. Incumbent's commission expired July 13, 1921.

Milton L. Hartley to be postmaster at Farmington, W. Va., in place of R. C. Cooper. Incumbent's commission expired June 2, 1920.

John C. Lowry, jr., to be postmaster at Eccles, W. Va., in place of W. C. Agee. Incumbent's commission expired March 16, 1921.

George B. Thompson to be postmaster at Davis, W. Va., in place of W. E. Patterson. Incumbent's commission expired July 10, 1920.

WISCONSIN.

Julia D. Knappmiller to be postmaster at Pound, Wis. Office became presidential January 1, 1920.

Charles W. Eagan to be postmaster at Wautoma, Wis., in place of Lawrence Murphy. Incumbent's commission expired July 10, 1920.

Harry Bradley to be postmaster at Taylor, Wis., in place of Harry Bradley. Incumbent's commission expired March 16, 1921.

Burton E. McCoy to be postmaster at Prairie du Sac, Wis., in place of A. H. Tarnutzer. Incumbent's commission expired January 31, 1920.

Hannah Goodyear to be postmaster at Niagara, Wis., in place of C. E. Prindle, resigned.

Frank J. Duquaine to be postmaster at Crivitz, Wis., in place of H. S. Duquaine, resigned.

Carl F. Swerman to be postmaster at Bangor, Wis., in place of T. M. Page, resigned.

Maggie E. Varo to be postmaster at Rothschild, Wis. Office became presidential April 1, 1921.

Amasa J. Edminster to be postmaster at Holcombe, Wis. Office became presidential January 1, 1921.

Charles E. Juza to be postmaster at Haugen, Wis. Office became presidential April 1, 1921.

Henry F. Roehrig to be postmaster at Arpin, Wis. Office became presidential October 1, 1920.

Edward W. Guth to be postmaster at Adell, Wis. Office became presidential October 1, 1921.

Alice K. Hoye to be postmaster at Woodruff, Wis. Office became presidential July 1, 1921.

William J. Winters to be postmaster at Tripoli, Wis. Office became presidential April 1, 1921.

John H. Bunker, jr., to be postmaster at Turtle Lake, Wis., in place of C. M. Hogan, resigned.

George F. Sherburne to be postmaster at Fremont, Wis., in place of W. E. Sherburne, deceased.

Thomas E. Noyes to be postmaster at Winter, Wis., in place of G. B. Smith, resigned.

Amund J. Amundson to be postmaster at New Auburn, Wis., in place of Malcolm McNaughton, resigned.

Roy L. Thompson to be postmaster at Hancock, Wis., in place of H. B. Wiley, resigned.

Marion L. Hutchin to be postmaster at Green Lake, Wis., in place of Byron Chapel, resigned.

Paul L. Fugina to be postmaster at Fountain City, Wis., in place of Andrew Baertsch. Incumbent's commission expired July 10, 1920.

Albert C. Wagner to be postmaster at Edgar, Wis., in place of A. W. Puchner. Incumbent's commission expired January 28, 1920.

Clarence Nelson to be postmaster at Boyd, Wis., in place of J. V. Janda, resigned.

Margaret L. Staley to be postmaster at Birnamwood, Wis., in place of William Dailey. Incumbent's commission expired August 7, 1920.

WYOMING.

Blanche Sutton to be postmaster at Hulett, Wyo. Office became presidential April 1, 1921.

George R. Bringhurst to be postmaster at Lovell, Wyo., in place of G. R. Bringhurst. Incumbent's commission expired January 23, 1921.

Arthur M. King to be postmaster at Diamondville, Wyo. Office became presidential July 1, 1920.

CONFIRMATIONS.

Executive nominations confirmed by the Senate November 8, 1921.

UNITED STATES MARSHAL.

George B. McLeod to be United States marshal, southern district of Georgia.

POSTMASTERS.

CALIFORNIA.

Edwin S. Pickard, Adin.
Albert Norris, Alvarado.
Augustus H. Johnston, Anderson.
Percy J. Wilson, Balboa.
John A. Perry, jr., Chowchilla.

William B. Barber, Live Oak.
Robert O. Dickson, Loleta.
Albert C. Swall, Newhall.
C. Lester Covalt, San Anselmo.
Ernest W. Dort, San Diego.
Frank J. Klindera, Tipton.
Bertha E. Witt, Trona.
Susan M. Sigler, Universal City.

COLORADO.

Gertrude Powell, Rockvale.
David J. Phillips, Sopris.
Albert A. Hagerman, Springfield.
Charles A. Buckland, Walsen.

ILLINOIS.

Matthew G. Yarnell, Bowen.
Harold M. Brown, Brownstown.
John A. Bateman, Clay City.
Bertha I. Askey, Dakota.
John J. Faulkner, East St. Louis.
John F. Gilman, Farmersville.
Junius A. Beger, Nauvoo.
Orrie Dunbar, Newark.
Edzard Johnson, Oglesby.
Orth B. Sanders, Roberts.
Forrest E. Mattix, St. Elmo.
Harry E. Gemmill, Shannon.
Gerald B. Weiss, Shipman.
Don A. Spurr, Wilmington.

IOWA.

Lowrie W. Smith, Scranton.
Alfred Jones, Shenandoah.
Mayme L. Petersen, Titonka.

KANSAS.

Stewart M. Young, Wichita.

LOUISIANA.

Frank J. Maricelli, Campti.
Charles C. Subra, Convent.
Marian E. Thomas, Grand Cane.
Lester L. Bordelon, Marksville.
Sallie D. Pitts, Oberlin.
Albert Boudreaux, Thibodaux.

MISSOURI.

George H. Applegate, Keytesville.

NEW YORK.

Ferdinand S. Hull, Berlin.
Laurance C. Baker, Comstock.
Herbert L. Smith, Cortland.
Henry J. Chichester, East Moriches.
Robert H. MacNaught, Hobart.
Jefferson C. Davison, North Creek.

NORTH DAKOTA.

Elmer W. Wetherbee, Fairmount.
William C. Farman, jr., Hankinson.
Mathew Lynch, Lidgerwood.
Lorena S. McDonald, Medora.

OHIO.

Smith T. Meyers, Amanda.

PENNSYLVANIA.

Lucinda Abbott, New Eagle.
Curtis O. Goodling, Seven Valleys.

SOUTH DAKOTA.

Benjamin A. Williams, Aberdeen.
Harriet Pope, Delmont.
Frank L. Gorman, Wagner.

UTAH.

Roland A. Madsen, Brigham.

WASHINGTON.

Oscar A. Kramer, Asotin.

WISCONSIN.

Desire J. Baudhuin, Abrams.
Robert A. Elder, Argonne.
Mae Caldwell, De Soto.
William T. Robertson, Ferryville.
Stephen M. Peeters, Little Chute.
Lewis A. Gehr, Mercer.
Clara H. Schmitz, St. Cloud.
Mamie Auger, Saxon.
Elizabeth A. Forsyth, Westboro.

SENATE.

WEDNESDAY, *November 9, 1921.*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, there are times especially when our hearts cry out to Thee as problems multiply and as duties become more exacting, and as we think of coming responsibilities. So in this hour we look unto Thee. Help is our earnest plea this morning, that Thou wilt guide us constantly. Be with the Nation in these coming days, with the sadness that may gather about it, but also with the hope and cheer that is centered continually in its present and in its future. We ask Thy blessing, in Jesus Christ's name. Amen.

The Assistant Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ball	Harrison	Moses	Sheppard
Borah	Heflin	Myers	Smith
Broussard	Johnson	Nelson	Smoot
Bursum	Jones, N. Mex.	New	Spencer
Capper	Jones, Wash.	Newberry	Stanley
Caraway	Kendrick	Nicholson	Sutherland
Culberson	Kenyon	Norbeck	Swanson
Cummins	Keyes	Norris	Townsend
Curtis	King	Oddie	Trammell
du Pont	Ladd	Overman	Underwood
Ernst	La Follette	Page	Walsh, Mass.
Fletcher	Lenroot	Phipps	Watson, Ga.
Gerry	Lodge	Poindexter	Williams
Gooding	McKellar	Pomerene	Willis
Hale	McKinley	Ransdell	
Harris	McNary	Reed	

Mr. CURTIS. I wish to announce that the Senator from Pennsylvania [Mr. PENROSE] and the Senator from North Dakota [Mr. MCCUMBER] are detained at a hearing before the Committee on Finance.

Mr. SHEPPARD. I wish to announce that the Senator from Montana [Mr. WALSH] is detained on official business.

The VICE PRESIDENT. Sixty-two Senators having answered to their names, a quorum is present.

CEREMONIES FOR UNKNOWN SOLDIER IN ROTUNDA OF CAPITOL.

The VICE PRESIDENT. The Chair is in receipt of a communication, which the Secretary will read.

The Assistant Secretary read as follows:

THE SECRETARY OF WAR,
Washington, November 8, 1921.

Hon. CALVIN COOLIDGE,
The Vice President.

DEAR MR. VICE PRESIDENT: It is contemplated that the body of the unknown soldier will arrive at the navy yard and be received by the Army at 4 o'clock on November 9. The body will at once be taken to the Capitol, arriving there about 5 o'clock, and will then be placed on the catafalque in the Rotunda.

It is further contemplated that the three wreaths for the executive, the judiciary, and the legislative branches of the Government will be presented at 5.30 p. m., as already indicated to you.

This letter is for the purpose of notifying the Senate, through you, of the time of arrival of the body at the Capitol.

Respectfully,

JOHN W. WEEKS,
Secretary of War.

P. S.—The War Department understands that you will represent the Senate at these ceremonies.

PETITIONS AND MEMORIALS.

Mr. LODGE presented letters in the nature of petitions from the Hayes Bible Class, of Roxbury; the Flint Street Methodist Church, of Somerville; the Woman's Christian Temperance Union, of Worcester; the Central Congregational Church, of Chelmsford; the Baptist Church, of Westwood; the Evangelical Congregational Church, of Auburndale; the First Parish Church, of West Roxbury; the Summerfield Methodist Episcopal Church, of Fall River; the First Methodist Episcopal Church, of Waltham; and Rev. Robert E. Bisbie, of Middleboro, all in the State of Massachusetts, praying for the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

Mr. SPENCER presented petitions of sundry citizens of Bado, Cabool, Mountain Grove, Bendavis, and Houston, all in the State of Misouri, favoring the limitation of armament and reduction of military and naval expenditures so as to decrease

taxation, which were referred to the Committee on Foreign Relations.

He also presented a communication from Arthur MacDonald, of Washington, D. C., favoring the consolidation of governmental scientific bureaus under the Board of Regents of the Smithsonian Institution, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Tenth Ward Improvement Association, of St. Louis, Mo., favoring the enactment of legislation authorizing the creation of a special joint committee of Congress to investigate, report, and recommend, at the earliest convenient time, the acquirement under grant by the city of St. Louis of all necessary lands in the State of Illinois required and to be used for the construction and operation of an unfettered railroad approach extension, to cross over the tracks of eastern trunk lines by elevated structure, thus lifting the speed limit, at intersecting streets and street railway electric lines, so as to make the free bridge serve all interstate commerce crossing the river at that gateway, in accordance with the governmental powers and reservations granted to the city of St. Louis in June, 1906, and so forth, which was referred to the Committee on Commerce.

Mr. FLETCHER presented a petition of sundry members of the First Unitarian Church of Jacksonville, Fla., praying for the success of the conference on the limitation of armament and a reduction in military and naval expenditures, so that the world may be helped to retain the ideals of international good will and peace, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Ministerial Association and the Epworth League of Riverside Park Methodist Episcopal Church, both of Jacksonville, Fla., commending the action of President Harding in calling a disarmament conference and pledging support in efforts to bring about world peace, which were referred to the Committee on Foreign Relations.

Mr. TOWNSEND presented a resolution adopted by the Benton Harbor (Mich.) Federation of Women's Clubs, favoring the purposes inspiring the calling of the conference on limitation of armament, which was referred to the Committee on Foreign Relations.

Mr. WILLIS presented a resolution unanimously adopted by the Men's Bible Class of the Methodist Episcopal Church, of Pioneer, Ohio, favoring the enforcement of the eighteenth amendment to the Constitution of the United States, and so forth, which was referred to the Committee on the Judiciary.

Mr. KEYES presented a resolution adopted by the New Hampshire Christian Endeavor Union, favoring the enactment of the so-called Willis-Campbell antibeer bill and also the enforcement of the eighteenth amendment to the Constitution of the United States, and so forth, which was ordered to lie on the table.

He also presented letters in the nature of petitions of the Nelson Congregational Church, of Nelson; the Baptist Church of New Hampton; the Trinity Methodist Episcopal Church, of Colebrook; the First Baptist Church of Manchester; the Methodist Church of Haverhill; the Westminster Presbyterian Church of Manchester; the Baptist Church of Amherst; the Methodist Episcopal Church of Sanbornville; the Merrimack Street Baptist Church, of Manchester; the United Baptist Church of Somersworth; the Congregational Church of Lisbon; the Congregational Church of Sullivan; the Free Baptist Church of Eaton; the Congregational Church of Mason; the Federated Church of Greenville; the Baptist Church of Lakeport; the Congregational Church of Barrington; the Christian Church of Rye; the Methodist Episcopal Church of West Andover; the Methodist Episcopal Church of Wilmot; the Baptist Church of Gonic; the Methodist Episcopal Church of Littleton; the Universalist Church of Woodsville; the Universalist Church of Marlboro; the Sunday School of the Congregational Church of East Sullivan; the Baptist Church of Ashland; the Baptist Church of Holderness; the Baptist Church of Glen; the Federated Church of Stratham; the two Methodist Churches of Monroe; the Methodist Episcopal Church of Warren; the Methodist Church of East Haverhill; the First Baptist Church of Farmington; the Advent Christian Church, of Farmington; the Methodist Episcopal Church of Lebanon; the Baptist Church of Milford; the First Baptist Church of Meredith; the First Baptist Church of East Jaffrey; the Universalist Church of Marlboro; the Congregational Church of New Castle; the First Methodist Episcopal Church of Portsmouth; the Federated Churches of Center Sandwich; the St. Pauls Lutheran Church, of Berlin; the First Congregational Church of Milford; the First Baptist Church of North Stratford; the First Baptist Church of Meriden; the Congregational Church of Alton; the Baptist Church of Alton; the First Methodist Episcopal Church of Manchester; the Federated Churches of Brookline; the Congregational Church of Wolfeboro; the Congregational Church of Campton; the First Baptist Church of Chester; the Congregational Church of Hudson; the Universalist Church of Kingston; two Methodist Episcopal Churches of Hampton and Smithtown; the First Baptist Church of Berlin; the Methodist Church of Henniker; the Methodist Church of East Deering; the East Congregational Church, of Concord; the Court Street Congregational Church, of Keene; the Methodist Episcopal Church of Contoocook; the Advent Christian Church, of Northwood Narrows; the Northfield Union Church, of Northfield; the Franklin Methodist Episcopal Church, of Franklin; all the churches in a union congregation of East Rochester; the Bethel Methodist Episcopal Church, of North Rochester; the Baptist Church of Jackson; the Methodist Church of Grantham; the Congregational Church of West Stewartstown; the Congregational Church of Rochester; the First Congregational Church of Keene; the Congregational Church and the Free Baptist Churches of Canterbury; the Baptist Church of Whitefield; the First Congregational Church of Hinsdale; the Baptist Church of Contoocook; the Congregational Church of Epping; and the People's Methodist Episcopal Church, of Exeter, all in the State of New Hampshire, praying for the enactment of the so-called Willis-Campbell antibeer bill, which were ordered to lie on the table.

GONZAGA COLLEGE, WASHINGTON, D. C.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the bill (H. R. 7428) to amend section 1 of an act entitled "An act to incorporate Gonzaga College, in the city of Washington and District of Columbia," reported it without amendment, and submitted a report (No. 314) thereon.

CLAIMS REFERRED TO THE COURT OF CLAIMS.

Mr. SPENCER, from the Committee on Claims, reported a resolution (S. Res. 170), which was ordered to be placed on the calendar, as follows:

Resolved, That the bills making appropriation to pay the R. S. Howard Co., of New York City, N. Y., its loss and damage incurred and suffered by it in complying with United States Navy commander order No. N-3255, dated June 18, 1918 (S. 1529); the Acme Die Casting Corporation, of New York City, N. Y. (S. 1534); the Sirio Match Co., of New York City, N. Y. (S. 1527); Fairbanks, Morse & Co., of New York City, N. Y. (S. 1533); the Thermal Syndicate (Ltd.), of New York City, N. Y. (S. 1526); the Drapery Hardware Co., of New York City, N. Y. (S. 1525); Charles B. Chrystal (S. 1532); the William Wrigley, jr., Co. (Inc.), of New York City, N. Y. (S. 1524); and the P. L. Andrews Corporation (S. 1521), now pending in the Senate, together with all accompanying papers, be, and the same are hereby, referred to the Court of Claims in pursuance of the provisions of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 2701) making appropriations for the construction and completion of certain public works on the Ohio, Mississippi, and Missouri Rivers; to the Committee on Commerce.

By Mr. BALL:

A bill (S. 2702) to amend an act entitled "An act to provide for the support and maintenance of bastards in the District of Columbia"; to the Committee on the District of Columbia.

CHANGE OF REFERENCE.

Mr. JONES of Washington. Mr. President, I wish to ask for a change of reference of the bill (S. 979) authorizing the Indian tribes and individual Indians, or any of them, residing in the State of Washington and west of the summit of Cascade Mountains to submit to the Court of Claims certain claims growing out of treaties and otherwise. The bill was referred to the Committee on Claims. Bills of this character heretofore have usually gone to and been considered by the Committee on Indian Affairs. A similar bill was introduced in recent Congresses and considered by the Committee on Indian Affairs. I think that is where this bill should go. That committee is especially familiar with Indian matters. Therefore I ask that the Committee on Claims be discharged from the further consideration of the bill and that it be referred to the Committee on Indian Affairs.

The VICE PRESIDENT. Without objection, that action will be taken.

AMENDMENTS OF RAILROAD TRANSPORTATION BILL.

Mr. KENDRICK and Mr. JONES of New Mexico submitted amendments intended to be proposed by them to the bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, which were ordered to lie on the table and to be printed.

BUSINESS IN EIGHTH JUDICIAL CIRCUIT.

Mr. SPENCER. Mr. President, I ask permission to have printed in the RECORD and appropriately referred a letter which I have received from the presiding judge of the United States Circuit Court of Appeals for the Eighth Circuit. It refers to some statistics which I introduced some time ago in connection with the condition of the Federal courts. In the course of the debate the Senator from Tennessee [Mr. MCKELLAR] gave the Senate some information about the condition of the docket in the eighth judicial circuit. This letter of Judge Sanborn, together with the certificate of the clerk, which accompanies it, throws additional light on the subject, and I think it ought to be printed in the RECORD.

There being no objection, the letter was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

UNITED STATES CIRCUIT COURT OF APPEALS, EIGHTH CIRCUIT,
St. Paul, Minn., October 31, 1921.

Hon. SELDON P. SPENCER,
United States Senate, Washington, D. C.

MY DEAR SENATOR SPENCER: Will you permit me to correct an erroneous impression which evidently rests in your mind, and which was expressed by Senator MCKELLAR, of Tennessee, in the inclosed remarks on page 7, to the effect that the Court of Appeals of the Eighth Circuit is more than two years behind in its work?

Inclosed find a certified statement of the condition of its work on May 1, 1921, made by the clerk of the court. At that time and at the close of the hearing of the cases ready for hearing at each term since 1904 every case not continued over by consent or for cause has been heard and submitted to the court, and each case so submitted has been decided as soon after its hearing as the judges could prepare the opinions after the questions involved had received proper consideration.

For example, during the year 1919 the certificate of the clerk shows that 196 cases were submitted for decision, and on May 1, 1921, the opinions in 192 of them had been handed down and 4 only remained under consideration.

During the year 1920, 191 cases were submitted for opinions, the opinions in 112 were handed down before May 1, 1921, and at that date 79 remained without opinions, but most of these 79 cases had been heard at the December term of 1920, which did not adjourn until some time in April, about two or three weeks before May 1, 1921. This certificate covers the cases submitted and opinions handed down, and many other cases were decided during the respective terms from the bench and without opinions.

So it is that every case ready for hearing has been heard and submitted at the first term at which it was ready, and out of 387 cases which had been heard and submitted for written opinions within two years prior to May 1, 1921, the opinions in 304 had been handed down, only 83 remained without opinions, and all but 15 of these 83 were cases which had been submitted at the December term of 1920, which did not adjourn until within 30 days of May 1, 1921.

In view of this record, you will doubtless agree with me that the court is not over two years behind in its work, and when you consider that there are important and doubtful cases, which sometimes require a rehearing; that judges are human, and sometimes one is ill or dies, I think it is fair to say that this court is and always has been as nearly up to date with its work as the proper consideration of the cases and a preparation of reasonably fair opinions permit it to be. Of course, no one will claim that an appellate court like this can be said to be up with its work only when it has decided every case that has been submitted to it immediately after the submission. Time must be allowed for examination of the authorities and arguments and records, and a conference among the judges after these examinations before the final decision, and after that the opinions must be prepared.

I remain, with kindest regards,

Sincerely, yours,

WALTER H. SANBORN,
Senior Circuit Judge.

UNITED STATES CIRCUIT COURT OF APPEALS, EIGHTH CIRCUIT.

Statement of condition of docket of the court on May 1, 1921, showing number of cases by terms submitted and decided during the two-year period next preceding:

May term, 1919 (convened May 5, 1919), 83 cases submitted; 83 cases decided prior to May 1, 1921; last opinion filed June 1, 1920.

September term, 1919 (convened Sept. 1, 1919), 36 cases submitted; 36 cases decided prior to May 1, 1921; last opinion filed February 14, 1921.

December term, 1919 (convened Dec. 1, 1919), 77 cases submitted; 73 cases decided prior to May 1, 1921.

May term, 1920 (convened May 3, 1920), 59 cases submitted; 54 cases decided prior to May 1, 1921.

September term, 1920 (convened Sept. 6, 1920), 43 cases submitted; 33 cases decided prior to May 1, 1921.

December term, 1920 (convened Dec. 6, 1920), 89 cases submitted; 25 cases decided prior to May 1, 1921.

I, E. E. Koch, clerk of the United States Circuit Court of Appeals for the Eighth Circuit, do hereby certify that the above statement of the condition of the docket of said court on May 1, 1921, is true as shown by the records of said court.

In testimony whereof I hereunto subscribe my name and affix the seal of the United States Circuit Court of Appeals at office in the city of St. Louis, Mo., in the eighth circuit, this 27th day of October, A. D. 1921.

[SEAL.]

E. E. KOCH,
Clerk of the United States Circuit Court of Appeals for the Eighth Circuit.

SALARIES OF JUDGES.

Mr. SPENCER. I also request that there be printed in the RECORD a written statement in connection with the same general subject of the Federal judiciary in regard to the salaries which the judges of the highest courts of the several States of the United States are now receiving, and a comparative table as to the salaries which judges in foreign countries are receiving. In connection with legislation about to be presented to the Senate, this will give information of value.

There being no objection, the statement was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

SALARIES OF THE JUDGES OF THE HIGHEST COURTS IN THE SEVERAL STATES OF THE UNITED STATES.

RALEIGH, N. C., *August 15, 1921.*

The cordial reception accorded the monograph "Per capita cost of courts," which was printed by the writer in pamphlet and distributed in March, April, and May, and reprinted in the West Publishing Co.'s Docket for April–May, 1921, has far surpassed the writer's fondest expectations that it would be of value to the profession.

Any compilation to be of service must, like an almanac, be brought down to date, as it is the present in which we live. In the hopes that this addendum may serve that purpose it has been prepared, as the figures given in the monograph were, as of December 1, 1920.

During the year 1921 there were eight State legislatures that acted favorably on salary increases for their supreme courts, which were as follows:

State.	Former salary.	1921 salary.
Pennsylvania	$14,000	$17,500
New York	13,700	17,500
Michigan	7,000	10,000
North Carolina	5,350	6,350
Maine	5,000	6,000
New Hampshire	5,000	6,000
Florida	4,500	5,500
Vermont	4,000	5,000

As the salary of the Court of Appeals (the highest court) in New York is fixed by the constitution the increased salary of $17,500 will not be effective until after it has been ratified by the voters at the general election in the fall of 1922. The other seven increases are by statute, and went into effect immediately.

The salaries now paid the judges of the supreme courts in the 48 States are (as of July 1, 1921), as follows:

Rank.	Salary.	State.
1	$17,500	Pennsylvania (New York constitutional amendment to be voted on fall of 1922).
2	14,000	New Jersey.
3	13,700	New York.
4	12,000	Massachusetts.
5-6	10,000	Illinois and Michigan.
7	9,000	Connecticut.
8-9	8,500	Ohio and Wisconsin.
10-13	8,000	California, Louisiana, Rhode Island, and West Virginia.
14-18	7,500	Delaware, Minnesota, Missouri, Montana, and Nebraska.
19-20	7,000	Georgia and Washington.
21	6,800	Maryland.
22-24	6,500	Alabama, Mississippi, and Texas.
25	6,350	North Carolina.
26-33	6,000	Indiana, Iowa, Kansas, Maine, Nevada, New Hampshire, New Mexico, and Oklahoma.
34-36	5,500	Florida, North Dakota, and Tennessee.
37-38	5,200	Oregon and Virginia.
39-45	5,000	Arizona, Colorado, Idaho, Kentucky, Utah, Vermont, and Wyoming.
46	4,500	South Carolina.
47	4,000	Arkansas.
48	3,000	South Dakota.

FEDERAL JUDGES.

United States Supreme Court	$14,500
Circuit Court of Appeals	8,500
United States District Judges	7,500

ENGLISH JUDICIAL SALARIES.

The lord high chancellor of England receives a salary of $50,000, the lord chief justice of England a salary of $40,000, while the justices of the supreme court of England and Wales and the justices of the King's bench and chancery courts each receive $25,000. Part of this compensation may be due to, and based upon, living expenses in the city of London and the style of living expected of the justices of the highest court of England. However, all of the other English-speaking judges are better paid than the American judges; for instance, the lord president of the court of session of Scotland, $25,000; while the justices receive $18,000. Similarly, the lord high chancellor of Ireland receives $30,000, the lord chief justice, $25,000, and the justices, $20,000. The judges of the King's bench division (the trial court) of Ireland receive $17,500, while the same trial judges in England receive $25,000.

AVERAGE STATE SUPREME COURT SALARY.

The average salary of the 286 State supreme court judges in the United States is now $7,447, as of July 1, 1921. As of December 1, 1920, the 284 State supreme court judges (Idaho supreme bench increased from 3 to 5) averaged $7,185.

* * * * * * *

During the session of 1921 the Legislature of South Dakota increased the expense allowance of their supreme court judges (the salary being a constitutional provision) from $600 to $1,800, it being done by practically unanimous vote, as only one vote was cast against it in the entire legislature.

The Supreme Court of Idaho has been increased from three to five members. The five States now having a supreme court bench of three members are Texas, New Mexico, Arizona, Nevada, and Wyoming.

The 286 supreme court justices average a bench of 6 to each of the 48 States, the number in the several States varying from 3 to 10, and being as follows:

NUMBER OF STATE SUPREME COURT JUDGES.

New York	10
New Jersey, Oklahoma, and Washington	9
Maine, Maryland, and Michigan	8
Alabama, California, Colorado, Illinois, Iowa, Kansas, Kentucky, Massachusetts, Missouri, Nebraska, Ohio, Oregon, Pennsylvania, and Wisconsin	7
Georgia and Mississippi	6
Arkansas, Connecticut, Florida, Delaware, Idaho, Indiana, Louisiana, Minnesota, Montana, New Hampshire, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, and West Virginia	5
Arizona, Nevada, New Mexico, Texas, and Wyoming	3

AGRICULTURAL CONDITIONS.

Mr. KENYON. Mr. President, at the President's conference on unemployment there was a report submitted by the committee on agriculture, one of the committees of that conference. I think it is of sufficient importance to preserve it by having it printed in the CONGRESSIONAL RECORD. I ask that it may be so printed.

There being no objection, the report was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

OCTOBER 13, 1921.

[Adopted unanimously by President's conference on unemployment, Department of Commerce.]

REPORT OF THE COMMITTEE ON AGRICULTURE.

This committee represents an industry employing more workers and involving an aggregate investment far greater than in any other industry. This industry provides more than half of the raw materials used in manufactures, furnishes approximately 50 per cent of the gross freight revenue of the railroads, and makes a consumers' market for 40 per cent of all manufactured goods. It is plain that an industry of 13,000,000 workers out of a total of 40,000,000 in all industries, an industry furnishing 40 per cent of the consuming power of the Nation, a basic industry on which all industries and workers depend for food and the raw materials of clothing and many of the other necessities of living, has a powerful and all-pervading influence on unemployment. Every manufacturing, transportation, commercial, and financial enterprise, and every home in the land is vitally interested in the prosperity of agriculture.

There is no acute problem of unemployment in the agricultural industry. On the contrary, this industry is absorbing or at least providing a haven for great numbers of unemployed from the industrial centers. In the face of falling prices and vanishing profits, farmers have maintained their production of food and other raw materials, even when they had no assurance or reasonable hope of receiving for their products a price equal to their production costs.

In instances they have done this on mere subsistence wages. Cotton farmers, for example, have willingly accepted from banks advances of $10 per month with which to pay their laborers, with nothing advanced for the living of their own families. Thanks to this willing and often unprofitable activity on the part of farmers, the Nation now has a great abundance of food products and raw materials for clothing.

The farmers' difficulty and the cause of much of the industrial distress and unemployment in the cities grows out of the fact that the prices received by farmers enables them to buy only about half as many manufactured products at the prices asked as they purchased in normal times.

The purchasing power of the farmer has been so greatly reduced that he is not buying his usual supplies. He can not. In the case of farm implements the purchases have been reduced to one-third of the amount bought in previous years. Many farmers have lost their savings of a lifetime.

The farm population constitutes 40 per cent of the total of the Nation. When farmers do not buy the business of small towns stagnates, manufacturing plants restrict operations or close, as many of them have been forced to do. The larger cities and transportation suffer accordingly.

The farmer can not continue to exist on the present basis. His share is too low or others are receiving too much. A lessened agricultural income has slowed down all lines of business. General prosperity can not return until agriculture, by far our greatest productive industry, resumes normal conditions. In the interest of the great labor-employing industries of the country everything possible should be done to place agriculture on a proper ratio of exchange of products with other industries.

RECOMMENDATIONS.

1. All prices and all wages should be so adjusted that a normal, reasonable ratio will be established between the incomes of farmers, laborers, manufacturers, and the merchants, in order that the purchasing power of the farmer may be restored, thus hastening the resumption of normal trade, manufacturing, and the employment of labor.

2. Railroad freight rates on commodities transported to and from the farm must be substantially reduced without delay.

3. The prices of materials, farm implements, and supplies must be adjusted to the price level of farm products. Manufacturers and dealers must realize that farmers can not, at present price levels, resume normal buying, and thereby restore normal employment.

4. The aggregate of charges between the farmer and the food consumer are excessive, and the ways should be found to reduce them. In August, 1921, the index of producers' price on beef cattle (as compared with the year 1913) was 91, while the index of wages in meat-packing plants was 186; of freight rates on dressed meat, 214; and the index of retail meat prices varied from 112 to 161.

5. Better credit facilities must be provided for agriculture, which will furnish funds for production and orderly marketing for long periods suited to the requirements of the industry at reasonable rates of interest and without opportunity for the unscrupulous to charge unreasonable commissions, premiums, or brokers' charges. A recent Nation-wide referendum showed that tens of thousands of farmers have been paying 6 to 10 per cent interest plus 2 to 10 per cent brokerage on borrowed money.

6. Exports of agricultural products should be stimulated with the aid of our merchant marine, foreign credits, and by such other proper means and encouragements as will aid foreign commerce.

7. Any tariff legislation which may be enacted should develop and maintain a just economic balance between agriculture and other industries and treat fairly both producers and consumers.

8. History is repeating itself. Previous wars have been followed by periods of depression, which have in turn been followed by prosperity. Prosperity has come with the revival of agriculture, which has provided an expanding domestic market for manufactured products, thus restoring industrial activity, with the employment of all classes of labor. This course of events is inevitable. We can only hasten or retard its progress.

The production of our farms, supplemented by raw materials from the mines, can provide the subsistence which will enable all industry to prosper. The adjustment will be hastened by the honest cooperation of all intelligent and thoughtful people. One of the chief factors will be the renewal and promotion of habits of industry and thrift by citizens and by the Government.

The chief of all factors to hasten readjustment will be an earnest purpose throughout the whole Nation to take only what is fair and to assist others to win what they are justly entitled to have.

R. A. PEARSON, *Chairman*,
GRAY SILVER,
T. C. ATKESON,
JOHN H. KIRBY,
A. E. CANCE, *Executive Secretary*,
Committee on Agriculture.

Mr. KENYON. I also ask, in connection with the matter just presented, that there may be printed in the RECORD an article from the Iowa Homestead entitled "What 'getting back to normalcy' means." It relates to agricultural questions and is a very short article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Iowa Homestead, July 28, 1921.]

WHAT "GETTING BACK TO NORMALCY" MEANS—ABLE EXPOSITION OF PRINCIPLES UNDERLYING EXPANSION AND CONTRACTION OF CREDITS.

(By E. C. French, Ottumwa, Iowa.)

During the past season Iowa will have produced and contributed more to the material wealth of our country and the world than ever before. Further than that she will probably have produced and contributed more than any other single political division, area of territory and population considered.

If all the wealth produced during the past season could be fairly distributed on the basis of wealth produced the people of Iowa would most likely receive a larger share than any other people of the world and certainly a very much larger share than the average.

This should indicate for all classes of people in Iowa a greater prosperity than ever before. But instead of a greater prosperity Iowa, along with other agricultural sections, is to sustain an actual loss equal to, if not in excess of, all the profits accruing to such sections from the crops of the two years immediately preceding.

Yet there will be no loss to the country, no loss to the world as a whole. Very great profits will flow from the vast store of wealth that the farmers have produced and very great profits will accrue to others through the transportation and distribution of what these farmers have produced. Others will gain what the farmers are losing. The people who produce the commodities of which the world stands in greatest need, however, have produced them at a loss. People may widely differ as to the causes responsible for this condition, but that the condition itself exists is beyond controversy.

If it be conceded that money and credits constitute the lifeblood of a nation commercially, then it would naturally follow that the forces having control over the money and credits have absolute control of the country's business activities. Having the power to expand or withhold credits, those forces produce either a condition of prosperity or a condition of stagnation, as best suits their purpose. The control over money and credits was exercised during the World War to expand credits and inflate the money of the country. This means made possible the financing of the war with ease and with slight, if any, interruption of business. It is hard to explain why the same forces that financed the most gigantic war in the history of the world without seriously interrupting business could not, in time of peace and during the period of reconstruction, have invoked the same power to save the country from present conditions and thereby performed a great and patriotic service to humanity.

Instead of this a condition has been brought about by the contraction of credits which, in effect, amounts to a repudiation of all the principles of justice and equity by more than doubling the indebtedness of the country as it relates to the farmer. This condition is brought about by reducing by more than one-half his power to pay.

In his inaugural address President Harding asserted that "no civilization could survive repudiation." If this be true, then surely our civilization is imperiled, for there is a much greater injustice in being compelled to pay more than double what one justly owes than by a refusal to pay altogether. Either, of course, is wrong and indefensible, whether brought about under the pretense of getting back to normal or whether brought about under any other pretext.

Inflation worked a great injustice to many, but brought prosperity for the masses. Deflation has brought stagnation to the whole country and ruin and bankruptcy to thousands of our people. Inflation was considered necessary to the financing of the war and covered a period of several years. Adjustments were made from time to time to meet the changing conditions, and thus comparatively few sustained losses that they were not able to bear. The country was kept on a fairly even balance, considering the world-wide chaotic conditions prevailing during that time. The great mass of the people were much more prosperous than ever before. They were not only buying at high prices everything that could be produced, but they were paying their bills with greater ease. All, or at least most, of our business activities had been adjusted on the basis of the higher level of prices.

Railroad rates were the last thing adjusted, this last adjustment having been the second affecting them. Immediately upon these rates being adjusted, other prices began declining rapidly. Most everything else was, using a common phrase, on the toboggan, but railroad rates were carefully fixed on the basis of high prices. And they remained arbitrarily held there by legislative action. It is now apparent to all why rates were somewhat expeditiously, not to say hastily, raised at the time they were adjusted. It must be known to all that the country never would have stood for such rates, as other prices had started to decline. These rates were fixed and adjusted to balance with $1.50

corn and the grossest extravagance it was possible to exercise in the operating expenses while the Government was paying the bill. These rates were a necessary part of the machinery to be put in operation to help absorb the surplus earnings of the people, and almost immediately after the rate-making machine had completed its work the rapid decline in the price of everything else began.

He must, indeed, be a credulous man who would conclude that the fixing of these rates before the onslaught upon other prices, under the pretext of getting back to normal and prewar prices, was wholly accidental. This "getting back to normalcy" was popularized under the pretext that it was necessary in the interest of the masses, but the care and caution exercised to exempt one of the principal items of the cost of living, transportation rates, discloses the sort of propaganda by which the people were deceived into cooperating with those who sought purely selfish ends without reference to how it affected the people.

Both public and private indebtedness at this time have reached a figure which we could never have conceived a few years ago. Probably 90 per cent of this indebtedness, both public and private, was contracted on the basis of the high level of prices prevailing during and immediately after the war. This being true, it must appear utterly absurd to imagine that prewar prices would bring the country back to normal conditions. We may get back to prewar prices. We may reach this sort of "normalcy," and the farmers have already reached or nearly reached that point, but it will be such a normal condition as will compel the farmer to pay two or more bushels of wheat or corn for debts, interest, taxes, and railroad rates where such debts, interest, and charges were contracted on the basis of one bushel of wheat or corn. But, in my judgment, it is hardly the "normalcy" over which the farmer enthused during the last campaign. If the farmers desired a "normalcy" whereby it took 2 bushels of corn to pay debts contracted on the basis of 1 bushel, 2 bushels of wheat to pay interest formerly paid with 1 bushel, 2 pounds of pork to pay the railroad rates formerly paid with 1 pound, then they have what they desired. I am inclined to think, however, that a close inspection of "getting back to normalcy" discloses that, as usual, the farmer has been induced to purchase a very thin-coated gold brick.

Our Government borrowed twenty-four billions of 40-cent dollars to help pay the expenses of the World War. These $24,000,000,000 at the time represented a real value equivalent to not more than 12,000,000,000 bushels of wheat, 20,000,000,000 bushels of corn or 6,000,000,000 days' work for common labor. This survey of the matter will furnish something near a correct idea of the real value the Government received for the twenty-four billions of bonds representing its indebtedness. Deflation has increased the burden of this debt so that it now represents a value equal to 50,000,000,000 bushels of corn and other farm products in the same proportion. This debt, with the interest being a fixed charge, will continue to remain a double burden to be borne by the producing classes for years to come. We will not be required to pay with more dollars but with larger dollars, or with dollars that will require double the effort to secure. The money value which by deflation has been squeezed out of the farmers' corn and other products has been injected into the security holdings, bonds, and mortgages. Deflation may be compared to the transfusion of blood. None of the blood is lost in the operation, but following the operation the producer of the blood no longer possesses it. Ingeniously it has been transferred to the other party to the operation.

Under deflation Iowa farmers are feeding all New England and other Eastern States with breadstuffs and meats inspected by the Government and at prewar prices. They are receiving therefor manufactured products at an inflated value of nearly 100 per cent above prewar prices. And aside from this the products which they receive are inferior in value to those produced before the war. The farmer gives two units of value in foodstuffs and receives in return one unit of value in manufactured products. Deflation has made the creditors' dollars twice as big and the debtors' dollars twice as hard to acquire. The dollar bought with 3 bushels of corn will pay no more debt, interest, taxes, transportation, and other fixed charges than the dollar bought with 3 pecks of the same stuff. When it is remembered that Iowa depends very largely upon her corn to secure the dollars with which to pay these charges, it is seen how seriously and ruinously this condition operates upon the people of our State. The 1919 corn crop of Iowa had a debt-paying value of $500,000,000. "Getting back to normalcy" has reduced the debt-paying value of the much larger crop of 1920 to around $200,000,000.

The enormous indebtedness contracted during the war has afforded great financial interests the greatest opportunity for the exploitation of the people that has ever existed in all times. These interests acquired the major portion of the securities representing the indebtedness with cheap dollars or dollars representing small value at the time, and by forcing deflation they are now in a position to compel payment of interest and principal in dollars representing more than double the value of the dollars loaned by them. This will compel the producers of wealth, which includes most of our ex-service men, to work and produce enough more wealth to pay back to the bondholders not only the 40 cents of value which he loaned the Government but an extra 60 cents of value which he never loaned, but which goes to him presumably as a reward for his shrewdness in inducing the producers of the country to demand a return to "normalcy."

Iowa is the center of the most productive spot on the face of the earth. The Almighty performed one-half the labor for the people when He created the soil. The people cultivate this soil, and at the end of the season have double the reward for their efforts that accrue to the efforts of the average toiler. This enables her to withstand a great amount of exploitation and yet survive. Her people, however, for some time to come will be doing business on what may be left after the cream has been taken by others through the methods referred to. She will continue to enrich our country more rapidly than any other locality of like area, but that will avail her own people but little so long as the profits from year to year are being absorbed by others through ingeniously devised methods not generally comprehended.

Iowa, with a square deal, can distance the world in the accumulation of wealth. Taking the last season alone as an example Iowa farmers have suffered a loss the magnitude of which is appalling. The wealth which should legitimately flow from their efforts would have built a city larger than is now contained within her borders. It must be apparent that no general prosperity can be attained under these conditions. It has been said, and it is more apparent now than ever before, that the force which controls the money and credits of the country controls the Nation. Prosperity will again come into the agricultural section whenever the farmer through thorough organization becomes able to command sufficient political influence to have his full share in the shaping of the legislation and in directing the financial policy of the country.

THE SHIPPING BOARD.

Mr. LA FOLLETTE. Mr. President, Senate resolution 113, which I introduced some weeks ago, is in the hands of the Committee to Audit and Control the Contingent Expenses of the Senate and will be reported out whenever the chairman of that committee is here. He does not appear to be on the floor of the Senate at this time, and as I desire to modify that resolution in some respects, in order to meet conditions as they now exist, I should like to have printed in the CONGRESSIONAL RECORD for the information of Senators a modification of the resolution which I shall ask to substitute for it when the resolution is called up, as I hope to be able to call it up at the next session of the Senate when we have a morning hour for the transaction of business.

Mr. LODGE rose.

Mr. LA FOLLETTE. May I just add, if the Senator from Massachusetts will permit me, that I stated on yesterday I would call up this resolution for action to-day, but, as the resolution is in the hands of the Committee to Audit and Control the Contingent Expenses of the Senate, and the chairman of that committee is not present, and, as the chairman of the Committee on Commerce has requested me not to call up the resolution to-day, and, as I desire to modify the resolution in the particulars covered by the amended resolution which I ask to have printed in the RECORD, I have decided not to call up the resolution until the next meeting of the Senate when we have a morning hour for the transaction of business.

The VICE PRESIDENT. The proposed substitute resolution now presented by the Senator from Wisconsin will be printed in the RECORD.

The proposed substitute is as follows:

Amendment, in the nature of a substitute, intended to be proposed by Mr. LA FOLLETTE to the resolution (S. Res. 113) directing the Committee on Commerce to make investigation into the controversy and the causes thereof between the United States Shipping Board and the men employed on its ships and between the men and private owners of American ships, viz:

"Whereas it has been publicly charged that there is an insidious campaign by foreign interests to destroy the American merchant marine; and

"Whereas the International Mercantile Marine Co., the largest American shipping company, is controlled by the British Government through its contracts and agreements; and

"Whereas the Shipping Board is now and has for more than three years been considering the development of an American merchant marine with said International Mercantile Marine Co. as a nucleus; and

"Whereas certain American railroads have entered into agreements with foreign shipping companies which appear to be detrimental to American interests; and

"Whereas the continued disorganization of our merchant marine must result in closing foreign markets to our agricultural and other products, except as they may be carried in foreign ships upon terms dictated by foreign rivals, a situation which menaces the interests of all classes of our people; and

"Whereas evidence has been presented to the Senate of excessive and unwarranted settlements of claims against the Shipping Board and the Emergency Fleet Corporation; and

"Whereas grave charges against the policy and efficiency of the management of the Shipping Board and the Emergency Fleet Corporation and of the public business and the property committed to their care have been made in the press and in the public debate in the United States Senate; and

"Whereas specific charges of fraud and corruption in connection with the operation and disposal of the properties controlled by the Shipping Board and the Emergency Fleet Corporation have repeatedly been made in the public press and before the Senate: Now, therefore, be it

"*Resolved*, That the Senate Committee on Commerce, or any subcommittee thereof, is hereby authorized and directed to make a thorough and complete investigation into the conditions existing in the marine service of this country on both publicly and privately owned ships, and that said committee thoroughly investigate the policies, methods, and practices of said Shipping Board including the relations of the subordinates and executive officers of the Shipping Board and the Emergency Fleet Corporation to domestic and foreign shipping and shipbuilding interests and corporations, the transfer of power and authority by the Shipping Board to the Emergency Fleet Corporation, the contracts entered into or under consideration for the operation of vessels and their repair and maintenance, the procedure and practices adopted for the settlement of claims, the sale and liquidation of properties; its attitude toward marine workers and their organizations, and the agreements, understandings, and relations, if any exist, between the shipowners or operators in the United States, including said Shipping Board and all associations of shipowners among themselves, and with the shipowners or operators or associations thereof in other countries, and any control or attempt to control the shipping interests or business of this country, or any portion thereof, or the regulation thereof, by any foreign interest, concerns, or influences whatsoever, including contracts with American railroads, and report its findings and conclusions thereon to the Senate with all convenient speed.

"The said committee is hereby authorized to sit and perform its duties at such times and places as it deems necessary or proper and to require the attendance of witnesses by subpœnas or otherwise; to require the production of books, papers, and documents; and to employ counsel, experts, and other assistants, and stenographers at a cost not exceeding $1.25 per printed page. The chairman of the committee or any member thereof may administer oaths to witnesses and sign subpœnas for witnesses; and every person duly summoned before said committee, or any subcommittee thereof, who refuses or fails to obey the process of said committee or appears and refuses to answer questions pertinent to said investigation shall be punished as prescribed by

law. The expenses of said investigation shall be paid from the contingent fund of the Senate on vouchers of the committee or subcommittee, signed by the chairman and approved by the Committee to Audit and Control the Contingent Expenses of the Senate."

Mr. LA FOLLETTE subsequently said: Mr. President, this morning I presented a modified form of a resolution which is not on the calendar—it is in the hands of the Committee to Audit and Control the Contingent Expenses of the Senate—and asked to have it printed in the RECORD. I intend to offer it as an amendment to that resolution, somewhat in the nature of a substitute for it. I ask to have it printed in regular resolution form in order that it may be on the desks of Members when it is called up.

The VICE PRESIDENT. It will be so ordered.

ADJOURNMENTS OVER THURSDAY AND SATURDAY.

Mr. LODGE. Mr. President, I move that when the Senate adjourns to-day it be to meet at 10 minutes past 8 o'clock on Friday morning; that we shall then proceed immediately to the Rotunda, there to join the procession to Arlington; and that when on Friday the Senate adjourns, in order to enable it to participate in the ceremonies which are to be held, it adjourn until Monday at the usual hour.

The VICE PRESIDENT. The question is on the motion of the Senator from Massachusetts.

The motion was agreed to.

Mr. McKELLAR. Mr. President, I desire to ask the Senator from Massachusetts if his motion contemplates that when we adjourn to-day we shall adjourn until Monday?

Mr. LODGE. Under my motion, when we adjourn to-day we shall adjourn to meet on Friday at 10 minutes past 8 o'clock a. m. Then, to enable it to take part in the ceremonies on that day, the Senate will adjourn immediately until Monday at the usual hour.

Mr. OVERMAN. There has been read at the Secretary's desk an invitation to the Senate to be present at the first meeting of the disarmament conference. I desire to ask if it is contemplated that the Senate shall go in a body on that occasion, or that Senators shall go individually? Have any arrangements been made as to the order of procedure?

Mr. LODGE. There have been set apart at the first session of the disarmament conference a sufficient number of seats for the entire Senate. Senators will simply go there, and the Sergeant at Arms and the officers of the Senate will be there to see that Senators are placed and that seats are provided for them, but there will be no tickets of admission.

Mr. McKELLAR. Am I to understand that we shall stand adjourned from to-morrow until Saturday?

Mr. LODGE. My motion was that when we adjourn to-day, we should meet at 8.10 o'clock on Friday morning, and when we adjourn on Friday it be to meet at 12 o'clock Monday morning. Of course, the meeting on Friday will be simply in order that the Senate may march out of its Chamber to the Rotunda.

ORDER OF BUSINESS.

The VICE PRESIDENT. Morning business is closed.

Mr. CUMMINS obtained the floor.

Mr. WATSON of Georgia. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator from Georgia will state it.

Mr. WATSON of Georgia. Would it be in order if I should now ask unanimous consent to take up a resolution which I introduced and which is now lying on the table?

The VICE PRESIDENT. A request for unanimous consent is always in order, but the Chair has recognized the Senator from Iowa [Mr. CUMMINS].

Mr. CUMMINS. I rose to make a statement. Yesterday I suggested that at the close of morning business to-day I should ask the Senate to proceed with the consideration of what is known as the railroad bill. There are, however, many Senators who are interested in business on the calendar, and at the request of some of them I have concluded that I shall not ask the Senate to proceed with the consideration of the railroad bill until it would naturally come before the Senate at 2 o'clock. I do this in order to enable the calendar to be called, there being many bills upon it which I assume will not be objected to and which may therefore be considered. The railroad bill will come up at 2 o'clock or before that time if the call of the calendar shall be earlier concluded.

The VICE PRESIDENT. The Chair will state to the Senator from Georgia that a request such as he has indicated will now be in order.

POLITICAL PRISONERS.

Mr. WATSON of Georgia. I ask unanimous consent that the Secretary read Senate resolution 162, and that the Senate then proceed to its consideration.

The VICE PRESIDENT. The Secretary will read as requested.

The Secretary read the resolution (S. Res. 162) which was submitted by Mr. WATSON of Georgia on October 20 (calendar day, October 26, 1921), as follows:

Whereas the United States Government is at peace with Germany and her allies; and

Whereas many persons are now serving sentences in the Federal prisons of this country for alleged violations of the espionage act, one of the war laws enacted by the American Congress during the late war; and

Whereas all powers, the United States excepted, engaged in said World War have freed their political prisoners: Therefore be it

Resolved, That the President is requested to grant freedom to all persons convicted during the war upon charges of alleged violations of said espionage laws and to restore to said persons all civil and political rights.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. CURTIS. I desire to know if the resolution has been considered by any committee.

The VICE PRESIDENT. It has not.

Mr. CURTIS. Then, I object to the consideration of the resolution.

The VICE PRESIDENT. There is objection.

Mr. WATSON of Georgia. Then, Mr. President, on this the eve of Armistice Day, I serve notice on the Senator from Kansas that there will be no more unanimous-consent agreements in the Senate.

ADJUSTMENT OF FOREIGN LOANS.

Mr. McCUMBER. I move that the Senate proceed to the consideration of Order of Business 279, being the bill (S. 2135) to enable the refunding of obligations of foreign Governments owing to the United States of America, and for other purposes.

Mr. FLETCHER. I ask, Can we not take up the calendar in regular order and proceed with the consideration of unobjected bills?

Mr. McCUMBER. I will state the reason for my motion. The bill to which I have referred, as its title indicates, is to enable the refunding of obligations of foreign Governments owing to the United States of America, and for other purposes. There was some discussion of this question the other day and some intimations of unnecessary delay. As we all think now that it ought not to be further delayed, if, indeed, there has been any delay, I can see no reason why we should not take it up and pass it immediately. For that reason I make the motion in order that we may dispose of it and settle the matter of the adjustment of our foreign loans.

Mr. FLETCHER. We can not dispose of the bill without considerable debate.

Mr. McKELLAR. We can not dispose of it to-day. It is a matter of too much importance to be disposed of in a few moments.

Mr. McCUMBER. We might make some headway on it. If it is too liberal and it needs any restriction, I do not think there would be any difficulty in arriving at an agreement as to what restrictions are proper, and possibly passing it before 2 o'clock.

Mr. FLETCHER. I think we ought to go on with the calendar. We have not had a calendar day for a month or more, and there are many bills on the calendar which have been reported by committees and have been pending for some time that could be considered and passed without any objection. It seems to me that we ought to deal with the calendar and not take up at this time a measure which is bound to lead to considerable debate.

Mr. McCUMBER. Mr. President, ordinarily that would be true, but a measure involving an indebtedness of $10,000,000,000, which has not been settled, and the interest upon which we shall need not only for present purposes but especially if we are to pass the soldiers' compensation bill in a short time, I think is so supremely important that we ought to consider and dispose of it before taking up any other matters in the morning hour.

Mr. President, let us realize the fact that the railroad bill——

The VICE PRESIDENT. A motion to proceed to the consideration of a bill before 2 o'clock is not debatable.

Mr. McCUMBER. I understand that, but the Senators have debated it upon the other side, and that was the reason I felt that I was called upon to explain my motion.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. The debate can only proceed by unanimous consent.

Mr. JOHNSON. Mr. President, I ask the Senator to defer the motion. The bill referred to is a bill of extraordinary importance in the minds of some of us, and it will be debated

at length. I know of a number of Senators who desire to present their views upon it. It is most unfortunate to bring it up in this sort of fashion, and I do hope the Senator will not press his motion.

Mr. McCUMBER. I believe that there will not be the necessity for debate which the Senator thinks there will be. As I have suggested, if there needs to be any restriction placed in the bill as it passed the House, I have an idea we would have little difficulty in determining upon the amendments that ought to be made. My idea was to make some progress with the measure, because the railroad bill is coming on and that will take up perhaps all the time, and recesses will be taken probably during its consideration, which will do away with the morning hour. It is very important that we enact the pending funding bill or some similar legislation as quickly as possible.

Mr. McKELLAR. Mr. President, I want to say to the Senator that I am just as anxious as he is that the measure to which he has referred shall be considered, but I want to assure the Senator that it can not be taken up and disposed of in the morning hour; it is going to lead to a great deal of debate. We ought to thrash it out all along the line and be certain that the measure which shall finally pass will be adequate to meet the situation in all respects. I hope the Senator will not insist on his motion in reference to this bill this morning. I will say to him that at the very earliest possible time when we can give it that consideration which it merits—and as there are $11,000,000,000 of indebtedness involved we certainly ought to give it careful consideration—I am willing to join him and help him in every possible way in getting consideration of the measure, but I do not think it ought to be taken up in the morning hour; it is not the kind of a bill that ought to be taken up and considered in the morning hour.

Mr. McCUMBER. Mr. President, at the earnest request of the two Senators and others, I will not insist on the motion this morning, but I do not want Senators to accuse me of not attempting to press this bill.

Mr. McKELLAR. We will give the Senator entire credit for having made the motion this morning.

Mr. McCUMBER. I think we have neglected it too long in the past. We ought to pass it, and I see no other way of making headway than by considering it in the morning hour if the railroad bill is going to be proceeded with.

Mr. UNDERWOOD. If the Senator will allow me, of course there are some bills which can be taken up without any serious opposition to them and considered and disposed of in the morning hour. I see no reason why this bill should not have consideration; but there are a very large number of Senators, including a great many on this side of the Chamber, who are entirely opposed to the bill as it now stands. There is no question that it could not be disposed of in the morning hour, and I do not think we ought to attempt to dispose of it in the morning hour. I think it would only delay final consideration, and I hope the Senator will allow the bill to stay on the calendar until it can be taken up as the unfinished business and we can give it deliberate and serious consideration.

Mr. McCUMBER. I think the bill can be so amended that it will be satisfactory to the other side, and in a very short time; but what I want is action, and if the Senator will help us bring this matter to a focus as quickly as possible—and I understand that that is the sentiment—I will withdraw at the present time my motion to take up the bill.

THE CALENDAR.

The VICE PRESIDENT. The calendar under Rule VIII is in order.

Mr. SMOOT. Mr. President, if we are going to take up the calendar under Rule VIII, I suggest the absence of a quorum, so that Senators may be present.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harris	McNary	Reed
Ball	Harrison	Moses	Sheppard
Broussard	Heflin	Myers	Smith
Bursum	Johnson	Nelson	Smoot
Capper	Jones, N. Mex.	New	Spencer
Caraway	Jones, Wash.	Newberry	Stanley
Culberson	Kendrick	Nicholson	Sutherland
Cummins	Kenyon	Norbeck	Swanson
Curtis	Keyes	Norris	Townsend
du Pont	King	Oddie	Trammell
Ernst	Ladd	Overman	Underwood
Fletcher	La Follette	Page	Walsh, Mass.
Gerry	Lodge	Phipps	Watson, Ga.
Glass	McCumber	Poindexter	Willis
Gooding	McKellar	Pomerene	
Hale	McKinley	Ransdell	

Mr. SHEPPARD. I desire to announce that the Senator from Montana [Mr. WALSH] is absent on official business.

Mr. OVERMAN. I wish to announce that my colleague [Mr. SIMMONS] has been called home on important business.

The VICE PRESIDENT. Sixty-two Senators have answered to their names. There is a quorum present. The calendar under Rule VIII is in order.

The first business on the calendar was the bill (S. 384) to require judges appointed under authority of the United States to devote their entire time to the duties of a judge.

Mr. KENYON. Is this the so-called Landis bill?

SEVERAL SENATORS. It is.

Mr. KENYON. The Senator from Minnesota [Mr. KELLOGG], I know, is opposed to the bill coming up. I will ask to have it go over for that reason.

Mr. OVERMAN. The Senator from South Carolina [Mr. DIAL], who introduced the bill, is not here, so I think it had better go over.

Mr. KENYON. I have no objection to it myself, but I know that the Senator from Minnesota is opposed to it.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 214) to amend section 24 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 581) to repeal the act prohibiting increased pay under lump-sum appropriations to employees transferred within one year was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 582) to repeal section 5 of the act approved June 22, 1906, entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1907, and for other purposes," was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1439) to amend an act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States, and for other purposes," approved June 27, 1918, as amended by the act of July 11, 1919, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1467) to carry into effect the findings of the Court of Claims in favor of Elizabeth White, administratrix of the estate of Samuel N. White, deceased, was announced as next in order.

Mr. SMOOT and Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1807) to aid in stabilizing the coal industry was announced as next in order.

Mr. SUTHERLAND. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 425) fixing the salaries of certain United States attorneys and United States marshals was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 205) relating to the fiscal system of the District of Columbia, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1016) to amend an act entitled "An act to repeal section 3480 of the Revised Statutes of the United States" was announced as next in order.

Mr. KING. I reserve the right to object.

Mr. OVERMAN. Mr. President, I will say that we have already passed a bill repealing this section of the Revised Statutes so far as it relates to payments for service in the Army of the United States prior to April 13, 1861. This bill simply extends it to persons who served in the Navy and Marine Corps, and gives them the same privileges that we have given to persons who served in the Army. There are only a few of them left.

Mr. SMOOT. I should like to have the bill go over.

The VICE PRESIDENT. On request the bill will be passed over.

The bill (S. 1375) to prohibit and punish certain seditious acts against the Government of the United States and to prohibit the use of the mails for the purpose of promoting such acts was announced as next in order.

Mr. WATSON of Georgia. Mr. President, there will be debate on that bill. I should like to have it go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 12) authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 13,902 tons of sugar imported from the Argentine Republic was announced as next in order.

Mr. WILLIS and Mr. KING. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The resolution (S. Res. 67) authorizing the Committee on Expenditures in the Executive Departments to hold hearings here or elsewhere and to employ a stenographer to report the same was announced as next in order.

Mr. OVERMAN. Let that go over. I do not know what is its scope.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 1855) to save daylight in the District of Columbia was announced as next in order.

Mr. KENYON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 63) for the relief of Lester A. Rockwell was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 491) to provide, without expenditure of Federal funds, the opportunities of the people to acquire rural homes, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 136) for the relief of Dr. O. H. Tittmann, former Superintendent of the United States Coast and Geodetic Survey, was announced as next in order.

Mr. KING. Mr. President, let that go over.

The VICE PRESIDENT. The bill will go over.

Mr. SPENCER. Mr. President, I did not hear the objection.

Mr. KING. I objected.

Mr. SPENCER. I wonder if the Senator would like to look further into the bill, or whether I could make a statement about it now. The bill has been on the calendar for a long while, and it really ought to be considered by the Senate if any bills on the calendar are to be considered this morning. Of course, I do not want to hasten the Senator.

Mr. KING. Let me say to the Senator that if he will allow the bill to go over until the next calendar day, I shall look into it and confer with the Senator regarding it.

Mr. SPENCER. I will, with pleasure.

The bill (S. 2051) to amend section 3142 of the Revised Statutes to permit an increase in the number of collection districts for the collection of internal revenue and in the number of collectors of internal revenue from 64 to 74 was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1010) to amend sections 5549 and 5550 of the Revised Statutes of the United States was announced as next in order.

Mr. WATSON of Georgia. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 62) for the relief of Charles K. Bond, alias Kimball W. Rollins, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 73) amending Rules XXXVII and XXXVIII of the Standing Rules of the Senate so as to provide for the consideration of nominations and treaties in open executive session unless otherwise ordered was announced as next in order.

The VICE PRESIDENT. This resolution is reported adversely.

Mr. CURTIS. Let it go over.

The VICE PRESIDENT. The resolution will be passed over.

FEDERAL HIGHWAY COMMISSION.

The bill (S. 1355) to provide for the establishment, construction, and maintenance of a post roads and interstate highway system, to create a Federal highway commission, and for other purposes, was announced as next in order.

Mr. TOWNSEND. Mr. President, my recollection is that that bill was supplanted by another bill, and I ask that it be indefinitely postponed.

The VICE PRESIDENT. The question is on the motion of the Senator from Michigan.

The motion to postpone indefinitely was agreed to.

BILLS PASSED OVER.

The bill (S. 1829) for the relief of Walter Runke was announced as next in order.

Mr. CURTIS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2022) promoting civilization and self-support among the Indians of the Mescalero Reservation, in New Mexico, was announced as next in order.

Mr. CURTIS. Let that bill go over. I think it will lead to some debate.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 7) to amend the act entitled "An act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia," approved February 4, 1913, was announced as next in order.

Mr. POMERENE. Mr. President, there are some poor people in the District of Columbia who can not afford to pay 6 per cent interest on their loans and there are some good Christian people who want to charge them 24 per cent a year. The bill is fathered by the pawnbrokers and a few others. I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 496) for the relief of George A. Robertson was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 985) to amend the provisions of an act relating to certain railway corporations owning or operating street railways in the District of Columbia, approved June 5, 1920, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1771) to authorize the United States, through the United States Shipping Board, to acquire a site on Hazzell Island, St. Thomas, Virgin Islands, for a fuel and fuel-oil station and fresh-water reservoir for Shipping Board and other merchant vessels, as well as United States naval vessels, and for other purposes, was announced as next in order.

Mr. JONES of Washington. Mr. President, I ask that that bill may go over until I can get some more information on the subject. It will require debate.

The VICE PRESIDENT. The bill will be passed over.

SCHOONER "CHARLOTTE W. MILLER."

The bill (S. 1063) for the relief of the owners of the schooner *Charlotte W. Miller* was announced as next in order, and was read.

Mr. KING. I would like to have some Senator inform me whether this is a suit for damages growing out of a collision where the alleged defaulting boat belonged to the United States or belonged to the Shipping Board. If it belonged to the Shipping Board or the Emergency Fleet Corporation, it occurs to me that the suit should be brought against the Shipping Board or the Emergency Fleet Corporation rather than against the United States. I notice that the Senator from Missouri [Mr. SPENCER] reported the bill, and perhaps he is familiar enough with it to give that information.

Mr. SMOOT. There is another provision in the bill which must come out in order to make it conform to bills of a similar character which have already been passed, and I therefore ask that the bill may go over at this time.

The VICE PRESIDENT. The bill will be passed over.

FISCAL SYSTEM OF THE DISTRICT OF COLUMBIA.

Mr. JONES of Washington. Mr. President, Senate bill 205 was called up, evidently, while I was out of the Chamber for just a moment. It is a bill relating to the fiscal system of the District of Columbia. I desire to state that when we reach it on the calendar at another time I shall hope to get action upon it. I am inclined to think it can be passed without very much delay; but if it should be necessary, I shall move to take it up, notwithstanding any objection which may be made. I give this notice so that those who are interested in the bill may understand the situation.

BILLS PASSED OVER.

The bill (S. 1856) to reimburse Horace A. Choumard, chaplain in Twenty-third Infantry, for loss of certain personal property, was announced as next in order.

Mr. WATSON of Georgia. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1535) for the relief of the estate of Catherine Locke, deceased, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 48) authorizing retirement as warrant officers of certain Army field clerks and field clerks Quartermaster Corps was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 405) for the relief of Harold Kernan was announced as next in order.

Mr. WATSON of Georgia. It is a well-known principle that due care must be taken of money in the hands of a bank or a cashier or an Army officer. There ought to be some explanation given as to why this money was lost and how it was lost.

Mr. SMOOT. Does the Senator from Georgia ask that the bill go over?

Mr. WATSON of Georgia. I do.

Mr. KING. I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1281) for the relief of Capt. Edward T. Hartmann, United States Army, and others, was announced as next in order.

Mr. WATSON of Georgia. I think the Senate ought to have an explanation of that bill, and therefore I ask that it be laid over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1541) for the relief of J. P. D. Shiebler was announced as next in order.

Mr. KING. I would like to have some explanation respecting this bill.

Mr. SMOOT. Let it go over.

Mr. KING. Yes; let it go over.

The VICE PRESIDENT. The bill will be passed over.

HERBERT WARREN HARDMAN.

The bill (S. 1880) providing for the appointment of Warrant Officer Herbert Warren Hardman as captain in the Quartermaster Corps, United States Army, to take rank under the provisions of section 24a of the act of Congress approved June 4, 1920, was announced as next in order.

Mr. KING. Let that go over.

Mr. FLETCHER. Mr. President, the Senator from Indiana [Mr. NEW], who has charge of the bill, is absent, but I am quite familiar with the circumstances. This is the case of a soldier who enlisted and served in the Spanish-American War, was in the Army for some time, and stood his examination for promotion. The surgeons made a report that he was physically disabled on account of having, as they said, hernia. The man had never heard of such a thing being the matter with him, and upon a reexamination by the same board, they found that a mistake had been made in his case. They certify that a mistake was made, and the War Department report favorably that his record be considered as if that mistake had not been made. That is all there is to it.

Mr. KING. Let me inquire of the Senator whether, if the bill shall pass and he receives a promotion, it will not automatically promote hundreds who may be in advance of him?

Mr. FLETCHER. Not at all. If he shall be promoted under the law, he will take rank under the provisions of section 24a of the act of June 4, 1920.

Mr. KING. With that explanation, I withdraw my objection.

Mr. SMOOT. I do not know what section 24a of the act of June 4, 1920, provides, and I do not see anything in the report to indicate. There is always something back of cases of promotion like this and we can not tell how many of like character are to follow in the future.

Mr. FLETCHER. If the surgeons of the United States themselves made a mistake in an examination, which they afterwards admit having made, and as a result of such mistake a man is not allowed a promotion to which he was otherwise entitled, is it not as little as the Government can do to correct the error and put him in the same status as if it had not occurred? That is all this bill would do. The same board which examined the man in the first instance examined him again, and said that the first report as to his physical condition was erroneous. The report of the first examination alone stood in the way of the promotion to which he was otherwise entitled. The bill simply provides that the man shall have the rights to which he would have been entitled under the law if the original mistake had not been made.

Mr. OVERMAN. Did the board give any reason for making such an error?

Mr. FLETCHER. No; they did not.

Mr. OVERMAN. How many examined him?

Mr. FLETCHER. Four, I think.

Mr. OVERMAN. And on another examination they said they had made an error?

Mr. FLETCHER. Yes.

Mr. OVERMAN. That is very strange. Do they not give any reason whatever for having made the error?

Mr. FLETCHER. They do not. Sometimes, I presume, it is a little difficult to determine about those cases; they examine the men hastily, and just let them go; but when it was ascertained what the report was, the officer applied for a reexamination. He was given a reexamination by the same board, and now they say no such condition existed, as they formerly reported.

Mr. TOWNSEND. What stands in the way of his receiving a promotion?

Mr. FLETCHER. The record now shows that he did not receive a promotion because of physical disability. He is still in the service, a warrant officer. He is not disabled at all. He is disabled, according to the records, for the purposes of promotion, but he is not disabled for purposes of service.

Mr. TOWNSEND. Why was he given the second examination?

Mr. FLETCHER. Because when he was not given a promotion he began to inquire the reason, and found that there was an adverse report by the surgeons, who reported that he had a physical disability. When that knowledge came to him, he analyzed it, and the report states that although the surgeons found in the first instance that he had hernia, upon a reexamination they found there was no such condition. The same surgeons report now that there is no hernia, and therefore that he is not physically disabled. He has passed the examination and is qualified in every way for promotion, and all the bill seeks to do is to give him a right which he always had, and which he was denied by reason of the erroneous report of the board of surgeons on their first examination.

Mr. SMOOT. The report states:

It appears that on his original examination for a commission the medical board reported that this officer was suffering from inguinal hernia, and it was recommended that he undergo an operation in order that he might fit himself physically for a commission. He later presented himself to the station hospital at Fort Sheridan to undergo the operation, and the medical officers at Fort Sheridan certified that they could find no evidence of hernia whatever.

Mr. FLETCHER. Precisely.

Mr. SMOOT. That is what this letter states.

Mr. FLETCHER. They found no evidence of hernia whatever, although the report had stated that there was hernia, and that was the reason why he was not promoted at the time he was originally examined.

Mr. SMOOT. When an officer has friends in the Army, they are generally very anxious that he shall receive a promotion——

Mr. FLETCHER. There is no such feature in this case. It is not a question of friendship at all.

Mr. SMOOT. I am always suspicious of such cases. But evidently, from what the Secretary of War says, there was a mistake. I doubt very much whether the medical officers of the War Department would now admit that there was a mistake, but I shall not object to this particular case being acted upon favorably at this time.

Mr. FLETCHER. It is only an act of justice that it should be done.

Mr. SMOOT. More than likely, if we had time to make a thorough examination of this case, we might find something which we do not see on the face of the report; but, as I said, I shall not object.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Military Affairs with amendments, on page 1, line 4, to strike out the words "said officer (who was formerly major, Quartermaster Corps)," and to insert the words "Herbert Warren Hardman, formerly a major, Quartermaster Corps"; and, on page 2, line 1, to strike out the words "to take rank under the provisions of section 24a of the act of Congress approved June 4, 1920," and to insert the words "to date from July 1, 1920, and to be placed on the promotion list in such place as is provided by section 24a of the act of June 4, 1920, for persons appointed as captains under the provisions of section 24 of said act," so as to make the bill read:

Be it enacted, etc., That the President be, and hereby is, authorized to appoint Herbert Warren Hardman, formerly a major, Quartermaster Corps, a captain in the Quartermaster Corps, United States Army, to date from July 1, 1920, and to be placed on the promotion list in such

place as is provided by section 24a of the act of June 4, 1920, for persons appointed as captains under the provisions of section 24 of said act.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

Mr. REED. Mr. President, I do not want to delay the passage of the bill a moment; I want to see it passed; but I think really we ought to add an amendment to provide for an examination of the examining board.

Mr. SMOOT. Yes; I think so, too.

Mr. REED. I hope the bill will pass. I shall not offer the amendment, because it might delay the passage of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The committee reported an amendment to strike out the preamble, which was agreed to.

On motion of Mr. FLETCHER, the title was amended so as to read: "A bill providing for the appointment of Warrant Officer Herbert Warren Hardman as captain in the Quartermaster Corps, United States Army."

SCHOONER "CHARLOTTE W. MILLER."

Mr. SPENCER. Mr. President, the question which the Senator from Utah asked me in regard to the bill (S. 1063) for the relief of the owners of the schooner *Charlotte W. Miller* I can now answer. It merely provides for sending to the Court of Claims the question of the payment of damages resulting from a collision between a schooner and a United States vessel. I wish to say to the Senator that the vessel of the United States was a naval vessel. It was the U. S. S. *D-2*, which ran into the schooner. The Secretary of the Navy reported to the Committee on Claims and said that in his judgment the matter ought properly to go to the Court of Claims for adjudication. That is all that the bill provides. Therefore, if there is no objection, having answered the Senator from Utah, I hope he will allow the bill to be considered.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

Mr. SMOOT. I notice on page 2 of the bill it authorizes that a judgment or decree for the amount of such damages and costs, if any, shall be entered. In all such bills, that has not been done. They have been referred to the court merely for findings of fact and to report the amount. Then the bills are presented in their regular order for payment through appropriations that may be made. All of them have been objected to which contained this clause, and it has always been agreed that the bills should follow this course which I am suggesting. Therefore, I shall have to object to having the bill taken up at this time.

Mr. GERRY. If the bill is amended in conformity with the statement of the Senator from Utah, would he object to it?

Mr. SMOOT. I would have no objection then and would let it pass. We can strike out that clause and pass it as we have passed similar bills.

Mr. SPENCER. There is no provision in this bill to provide for payment.

Mr. SMOOT. Oh, no; but it provides that the Court of Claims shall enter judgment and decree for the amount of such damages and cost. What we want is the finding of facts in the case. If the Senator will let it go over, we can agree upon an amendment to cover that point as we have done in the case of former bills, and then I shall have no objection to it.

Mr. SPENCER. If the Senator will simply agree to strike out the words "and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of the owners of the said schooner *Charlotte W. Miller*, or against the owners of said schooner *Charlotte W. Miller*, in favor of the United States," I believe that would answer his objection.

Mr. SMOOT. That is about what I would suggest to the Senator.

Mr. SPENCER. I have no objection to the amendment.

Mr. NELSON. Mr. President, it seems to me it is all right as it is worded. The finding of the Court of Claims would come back here and Congress would have to act upon it.

Mr. SMOOT. Certainly, and that is the way it has been done.

Mr. NELSON. To submit a case to the Court of Claims like this is perfectly proper. This is the case of a collision where it seems to me the court ought to render final judgment.

Mr. SMOOT. There were over 20 such cases passed on at the last session of Congress, and every Congress has considered similar bills. This bill is not in conformity with the rule which has been adopted. All I care about is to follow the plan which has been adopted in the past.

Mr. NELSON. I do not think it has been followed in every case.

Mr. SMOOT. It has been followed in every case I know about.

Mr. GERRY. I will say to the Senator from Utah that the bill was passed through the Senate at a previous session worded just as it is now.

Mr. SMOOT. No; I do not think so.

Mr. SPENCER. The Senator from Rhode Island is correct, and the bill was favorably reported by the Committee on Claims of the House.

Mr. SMOOT. Then, I will say I was not here when the bill was passed. The Senator from Missouri knows that all the cases which have been passed on here, where there has been any discussion had upon them, have not been so worded as to allow a judgment or decree by the court against the Government of the United States.

Mr. SPENCER. My recollection is not the same as that of the Senator from Utah. The objection which the Senator from Utah had some time ago and which I think was well founded was concerning the provision for the payment of the claim. What difference does it make whether the Court of Claims makes a finding of fact and an ascertainment of the amount, or whether it enters judgment, because the judgment is not enforceable? The judgment can not be paid. It is nothing more than a report to Congress of the amount. There is no provision for its payment, and Congress must then appropriate the amount of the judgment if it is to be paid.

Mr. SMOOT. I ask that the bill may go over until I can get a copy of other bills and strike out exactly what was stricken out in those.

The VICE PRESIDENT. The bill is not before the Senate.

BILLS PASSED OVER.

The bill (S. 2040) to provide for compulsory school attendance of children, to provide for the taking of a school census, to create the department of school attendance and work permits for the administration of this act and the act to regulate the employment of child labor in the District of Columbia, and for other purposes, within the District of Columbia, was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. It will go over.

The bill (S. 32) for the relief of contractors, subcontractors, and material men who have suffered loss by reason of Government orders was announced as next in order.

Mr. SMOOT. That ought to go over.

Mr. WATSON of Georgia. I ask that it go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 2170) to encourage the development of the agricultural resources of the United States through Federal and State cooperation, giving preference in the matter of employment and the establishment of rural homes to those who have served with the military and naval forces of the United States, was announced as next in order.

Mr. KING. That bill will take a good deal of time. There are many meritorious features in it, but it would be impossible for us during the morning hour to give it the attention which its merits require. Let it go over on that account.

The VICE PRESIDENT. It will be passed over.

The bill (S. 150) to provide longevity pay for reserve officers and National Guard officers serving under orders of the War Department was announced as next in order.

Mr. SMOOT. Let the bill go over.

The VICE PRESIDENT. It will go over.

JOHN LYONS.

The bill (S. 943) for the relief of John Lyons was next in order, and was read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, their widows and dependent relatives, John Lyons, who was a private in Company E, Forty-eighth Pennsylvania Volunteer Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a private of said company and regiment: *Provided*, That no back pay, bounty, or other emoluments shall accrue by reason of the passage of this act.

Mr. WATSON of Georgia. Reserving the right to object, I would inquire in what war the soldier served?

Mr. SUTHERLAND. He served in the Civil War.

Mr. WATSON of Georgia. That is too long ago. I ask that the bill may go over.

Mr. SUTHERLAND. I ask the Senator to reserve his objection until I can make a short explanation of the case.

Mr. WATSON of Georgia. Very well.

Mr. SUTHERLAND. This is the case of a boy who enlisted in March, 1864, at the age of 16 years in order to serve his country. He served faithfully for an entire year and was then granted a furlough of 15 days in order to return to his home to give attention to the sale of a stock of goods. He did not return at the expiration of the 15 days because he had not disposed of the stock of goods. He finally, within a few days thereafter, did dispose of the stock of goods. In the meantime Lee's army surrendered and the war was over. He was only 16 years old and thought that it was not necessary to return to his command, and he has had this charge resting upon him ever since.

Mr. WATSON of Georgia. That is sufficient. As an ex-Confederate, or the son of one, I have no objection to the passage of the bill.

Mr. OVERMAN. Mr. President, that was over 50 years ago. I believe I shall object.

Mr. SUTHERLAND. Let me say to the Senator that the fact it has been a long time does not make it any less meritorious.

Mr. OVERMAN. I used to be on that committee and I know about such cases. What does the department say about it?

Mr. SUTHERLAND. The department said, in a letter which is filed with the report, that it has no objection to the passage of the bill. This case is not covered by the general provisions of the law where in certain specific cases the department can remove disability by reason of a charge of desertion. They have gone into the case thoroughly and interpose no objection to the passage of the bill.

Mr. OVERMAN. I shall object for the present. I do not see why he should come here 50 years after the event, having waited all this time.

Mr. SUTHERLAND. I will say to the Senator from North Carolina that a similar bill has been passed by the Senate at a previous Congress, but it was not passed by the House. I hope the Senator will withdraw his objection.

Mr. OVERMAN. I will look into the report.

Mr. REED. Let me ask for information. Does the bill carry a pension?

Mr. SUTHERLAND. It carries no pension or back pay or bounty or anything of the kind. The usual provision to that effect is inserted at the end of the bill.

Mr. REED. Is the Senator willing to add a clause that no pension shall be granted?

Mr. SUTHERLAND. I do not desire to deprive the beneficiary of the bill of any just and proper right to which he might be entitled by reason of the passage of the measure, but he gets no back pay; he will receive no accumulated pay.

Mr. REED. I understand he went home to dispose of stock on hand?

Mr. SUTHERLAND. Yes.

Mr. REED. How old did the Senator say he was?

Mr. SUTHERLAND. He was 16 years of age.

Mr. REED. He must have been pretty young to have been in business.

Mr. SUTHERLAND. He was young to be in business, and still younger to be in the service of his country at that time.

Mr. OVERMAN. I have consistently objected to these cases. I do not believe in a man coming here 50 years after the war is over, a deserter, and bringing proof to show that he ought not to be debarred from certain privileges for that reason. It is too long ago, and the evidence is too far away. I have had to do with such cases. I have objected to them heretofore, and I am going to be consistent. If the Senator from West Virginia can show me that this man ought to receive this relief, I shall be glad to be shown. I shall examine into the case. I shall look at the report. If it is the same as other reports on similar cases, the department have said nothing and the reports amount to nothing. Heretofore the reports have not contained anything of value. They do not know and can not know at this day and time, and they send the facts down only as they have them there. I think the bill had better go over.

Mr. SUTHERLAND. The Senator must know that in those armies there were many men who became subject to the technical charge of desertion, but who were not deserters as a matter of fact. There is no reason, merely because of the lapse of 50 years or any other length of time, that that charge should stand against a man who voluntarily went into the Army when he need not to have gone in, who was under the age at which he could have been drafted and under the age at which he was allowed even to volunteer. The fact that there has been a considerable lapse of time is no reason for not removing the charge against him.

Mr. REED. I do not wish to be misunderstood. It was merely a jocular remark that I made. So far as I am concerned, I do not wish to be in the position of opposing the bill. I know nothing about the case. I do say, however, that if the Army took in boys 16 years of age, I have not much to say against the boy of that age who went away and did not come back.

Mr. OVERMAN. I will look into it and examine the evidence and the next time the calendar is called I will announce my decision.

Mr. SUTHERLAND. Very well.

The VICE PRESIDENT. The bill goes over.

NATIONAL MILITARY PARK AT CHALMETTE, LA.

The bill (H. R. 2232) in reference to a national military park on the Plains of Chalmette, below the city of New Orleans, was considered as in Committee of the Whole.

The bill had been reported from the Committee on Military Affairs with an amendment, on page 1, to strike out section 2 and insert in lieu thereof the following:

SEC. 2. That the expenses of the investigation herein directed to be made shall be paid from the appropriation "Contingencies of the Army."

So as to make the bill read:

Be it enacted, etc., That the Secretary of War be, and he is hereby, directed to investigate the feasibility of establishing a national military park on the plains of Chalmette, below the city of New Orleans, where was fought on January 8, 1815, the Battle of New Orleans, and to prepare plans of such park and estimate of the cost therefor, and obtain such further information as may enable Congress to act upon the matter after being fully advised.

SEC. 2. That the expenses of the investigation herein directed to be made shall be paid from the appropriation "Contingencies of the Army."

The amendment was agreed to.

The bill was reported to the Senate as amended and the amendment was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILLS PASSED OVER.

The bill (H. R. 7158) to amend the Army appropriation act, approved July 11, 1919, so as to release appropriations for the completion of the acquisition of real estate in certain cases and making additional appropriations therefor, was announced as next in order.

Mr. SMOOT. The Senator from New York [Mr. WADSWORTH], the chairman of the Committee on Military Affairs, who reported that bill, is not present. The bill carries a large appropriation; indeed, so large that I think some time ought to be given to its consideration. I therefore ask that it go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 1565) making eligible for retirement under the same conditions as now provided for officers of the Regular Army all officers of the United States Army during the World War who have incurred physical disability in line of duty was announced as next in order.

Mr. SMOOT. Let that bill go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 1976) to amend the first paragraph of section 2 of an act entitled "An act to regulate the salaries of teachers, school officers, and other employees of the board of education of the District of Columbia," approved June 20, 1906, was announced as next in order.

Mr. JONES of Washington. I ask that that bill go over, Mr. President.

The VICE PRESIDENT. The bill will go over.

The bill (S. 1790) to place national guardsmen who entered the World War otherwise than through the draft on equal basis as to longevity and continuous-service pay with national guardsmen who were drafted was announced as next in order.

Mr. SMOOT. Let that bill go over.

The VICE PRESIDENT. The bill will go over.

DISTRICT SUPERINTENDENTS OF COAST GUARD.

The bill (S. 1975) giving permanent rank to district superintendents of the Coast Guard on the retired list was announced as next in order.

Mr. SMOOT. Let that bill go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 2265) to regulate marine insurance in the District of Columbia, and for other purposes, was announced as next in order.

Mr. JONES of Washington. Mr. President, that is rather a lengthy bill, although not a very complicated one. It is rather important, but I take it that it can not be disposed of this morning under the unanimous-consent rule. I hope that when we again call the calendar Senators who are interested in the bill may examine it, so that it may be possible to pass it by unanimous consent. If not, then thereafter I shall take the proper steps to try to get it considered when there is ample time for consideration.

Mr. FLETCHER. Mr. President, in connection with what the Senator from Washington has observed I should like to say that I regard the bill to which he refers as very important, and I hope we shall get action on it, for the discrimination in the matter of insurance between American ships and foreign ships is operating now very much to the detriment and injury of American ships, and we can help that situation a very great deal by passing this bill.

Mr. JONES of Washington. I am glad the Senator from Florida has made that statement. The bill is a very important measure, and we hope that it will result in great good if it shall be passed.

The VICE PRESIDENT. Being objected to, the bill goes over.

FEDERAL RESERVE SYSTEM.

The resolution (S. Res. 115) directing an investigation of the administration of the Federal reserve system and the office of the Comptroller of the Currency was announced as next in order.

Mr. JONES of Washington. I ask that the resolution go over.

The VICE PRESIDENT. The resolution will go over.

The bill (S. 2263) to amend the Federal reserve act, approved December 23, 1913, was announced as next in order.

Mr. SMITH. Let that bill go over. It is a matter of importance, and it will lead to debate.

The VICE PRESIDENT. The bill will go over.

Mr. KENYON. Mr. President, I think the Senator from South Carolina will agree that that is a bill which should receive consideration, if it is within the possibilties, before this session of Congress is adjourned. There will be some amendments offered to the bill, and, of course, it could not be disposed of this morning; but, Mr. President, there is a very substantial number of Senators who desire the passage of such legislation as is embodied in the bill.

Mr. SMITH. I will say to the Senator from Iowa that I do not believe there is any bill pending before this body which is of more importance than is this bill, especially under present conditions, and I join with him and other Senators in hoping that before this session is over we may get action on it with the contemplated amendments.

ASSOCIATION OF AGRICULTURAL PRODUCERS.

The bill (H. R. 2373) to authorize association of producers of agricultural products was announced as next in order.

Mr. NELSON. In the absence of the Senator from Montana [Mr. WALSH], who reported that bill from the Committee on the Judiciary, I ask that the bill go over.

The VICE PRESIDENT. The bill will go over.

Mr. KENYON. I should like to ask the Senator from Minnesota if that bill is likely to be brought up during the present session of Congress?

Mr. NELSON. Certainly.

SUGAR FROM ARGENTINE REPUBLIC.

The joint resolution (S. J. Res. 79) authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 5,000 tons of sugar imported from the Argentine Republic was announced as next in order.

Mr. WILLIS. That is rather an important resolution. Anyway, the Senator from New Jersey [Mr. FRELINGHUYSEN], who introduced the measure, is not present. If taken up, the joint resolution will lead to discussion. I therefore object to its consideration. Let it go over.

The VICE PRESIDENT. The resolution will go over.

BILLS PASSED OVER.

The bill (S. 2356) for the relief of Clarence L. Reames was announced as next in order.

Mr. KING. Let that bill go over.

The VICE PRESIDENT. The bill will go over.

The bill (H. R. 4810) to authorize the incorporation of companies to promote trade in China was announced as next in order.

Mr. KING. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2391) to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, was announced as next in order.

Mr. JONES of Washington. Mr. President, that is a measure of very great importance, and it could not be disposed of in the morning hour. Futhermore, it is a very proper matter for consideration by the Finance Committee in connection with the tariff bill. I have proposed the bill as an amendment to the tariff bill and have had the amendment referred to the Finance Committee, hoping that they will incorporate it in the tariff bill. I ask that the bill may go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 2228) to amend certain sections of the Judicial Code relating to the Court of Claims was announced as next in order.

Mr. KING. The consideration of that bill would take some time. Let it go over.

The VICE PRESIDENT. The bill will go over.

The bill (S. 2337) to amend the transportation act, 1920, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, we shall have before us at 2 o'clock, if not sooner, a House bill relating to the railroads. I am not sure whether the bill the title to which has just been stated is pertinent to that measure, but if it relates to the railroads, it is obvious that it will take considerable time.

Mr. SMITH. Mr. President, my impression is that this is almost the identical bill that is now before the Senate as the unfinished business. The Senator from Michigan [Mr. TOWNSEND] reported this bill, but it is now practically the same as the unfinished business that comes up at 2 o'clock. Therefore I ask that it go over.

The VICE PRESIDENT. The bill will go over.

LANDS IN FORT GEORGE WRIGHT MILITARY RESERVATION.

The bill (S. 29) authorizing the Secretary of War to grant to Lloyd E. Gandy, of Spokane, Wash., his heirs and assigns, the right to overflow certain lands on the Fort George Wright Military Reservation, at Spokane, Wash., on such terms and conditions with respect to improvements to be made on the present target range as may be prescribed by the Secretary of War, or in lieu of such improvements to be made on the present target range the Secretary of War may accept a conveyance to the United States of such other lands to be designated by the Secretary of War as may be deemed suitable for a target range in exchange for such overflow lands; that to facilitate the acquisition of the necessary additional lands the Secretary of War is authorized to condemn land necessary and suitable for target-range purposes, such condemnation to be at the expense of said Lloyd E. Gandy, grantee, his heirs and assigns, was announced as next in order.

Mr. WATSON of Georgia. Mr. President, let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. POINDEXTER. Mr. President, will the Senator allow me to make a brief explanation of that measure?

Mr. WATSON of Georgia. It provides for the transfer of Government land to private individuals, and would seem to require an explanation.

Mr. POINDEXTER. Mr. President, it is a measure which has to do with the overflow of a small portion of land on a military reservation by the erection of a power dam lower down the stream. The reservation is on a high plateau, and the river flows through a deep canyon, so that the amount of land that will be overflowed is very slight. An agreement has been reached between the War Department and the parties who own the dam site lower down the stream for the adjustment of the differences. It is recommended by the Secretary of War; most careful examinations have been made of the property, and no damage will be done which is not provided to be compensated for either by the acquisition of another piece of land for target-practice purposes or else by filling in and adjusting the land where it is overflowed.

Mr. WATSON of Georgia. Do we get the other land by a dam site?

Mr. POINDEXTER. What is the Senator's question?

Mr. WATSON of Georgia. The Senator says that the land to be acquired is for the purposes of a dam site. I want to know if we will get other land by a dam site?

Mr. POINDEXTER. The land is not by a dam site. The dam site is a considerable distance from the land to be overflowed. I hope the Senator will not insist upon his objection.

Mr. KING. As I understand, the bill merely contemplates that in the erection of a dam by some private persons it is possible that some land owned by the Government and utilized in a military reservation may be overflowed?

Mr. POINDEXTER. Yes.

Mr. KING. But the overflow of the land will do no damage of any importance?

Mr. POINDEXTER. It will do no damage.

Mr. KING. And for whatever damage is done the owner of the land will make compensation to the Government?

Mr. POINDEXTER. Yes; on terms agreed upon between the Secretary of War and the other parties.

Mr. KING. So that this bill is in the interest of promoting a power scheme for the local advantage of the people?

Mr. POINDEXTER. That is true.

Mr. KING. And it diminishes some of the military power of the Government; that is, it restricts the control of the Government over some territory?

Mr. POINDEXTER. The proposed improvement will interfere with a small target range.

Mr. KING. Anything that is in the interest of private development I am for. I have no objection to the bill.

Mr. WATSON of Georgia. Mr. President, I will not further object to the bill.

The VICE PRESIDENT. Is there any objection to the consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ST. FRANCIS BARRACKS, ST. AUGUSTINE, FLA.

The bill (S. 2138) providing that the Government property known as the St. Francis Barracks, at St. Augustine, Fla., be donated to the State of Florida for military purposes, was announced as next in order.

Mr. SMOOT. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. FLETCHER. Surely, Mr. President, the Senator will not object to that bill.

Mr. SMOOT. Are we going to give all barracks belonging to the Government of the United States to the States in which they are located? Not with my consent.

Mr. FLETCHER. The situation is this: The Government of the United States wants to get rid of those barracks.

Mr. SMOOT. Then, let the Government sell them.

Mr. FLETCHER. The Committee on Military Affairs have reported in favor of this bill and recommend its passage. A board of the War Department has recommended that these particular barracks and some other forts and reservations along the coast are no longer needed for military purposes and they have recommended that they be abandoned. Instead of abandoning them, this bill, which was introduced by my colleague [Mr. TRAMMELL] and reported unanimously by the Military Affairs Committee, provides that they shall be turned over to the State to be used by the National Guard for military purposes, and it is prescribed in the bill that the barracks must be continued to be used by the National Guard for military purposes; so that the bill reserves the use of the barracks purely for the purposes of the National Guard, which now, as the Senator knows, is a part of our Military Establishment.

Mr. SMOOT. Can the Senator tell me what the land and buildings are worth?

Mr. FLETCHER. I do not know that they have very much value. They are old barracks that were built a long time ago, and I think the main buildings were burned a few years ago.

Mr. SMOOT. That was not the story when the Government bought the property. I will change my question and ask the Senator does he know what it cost the Government of the United States for the land and the buildings?

Mr. FLETCHER. I do not remember. They were acquired fifty-odd years ago or more; I do not know how long ago, but it is an old reservation, dating away back to Spanish times. The main buildings were destroyed by fire years ago. It has been occupied by the National Guard right along continuously for years, with a nominal rental of a dollar a year, or something like that, to the Government.

Mr. SMOOT. I should not object to that. I should be glad to have the United States let them use the land at a nominal rental of 1 cent, but if we begin now to transfer barracks to the States the Government of the United States will receive nothing from any of them in any part of the United States. I think it is more a question of a precedent than of what the value may be, because I know that there are barracks here that are being abandoned that cost the Government of the United States millions of dollars, and if we give away this one there will not be a single barrack in a single State in the United States that will bring into the Treasury of the United States a dollar.

Mr. FLETCHER. Mr. President, this property does not bring the Government a dollar now, and has not done so for 50 years. It is an expense on the Government to keep it. They want to get rid of it, and they are going to abandon it. The only thing this bill does, instead of authorizing the War Department to abandon the property, is to authorize its transfer to the State for military purposes.

Mr. SMOOT. The Government of the United States has held this property for 50 years, and if the Government had not held it the Government would have had to purchase land in Florida during the recent war for this very purpose of a barrack.

Mr. FLETCHER. No; I do not think so, because they have Fort Marion there. They have another reservation on Anastasia Island, right across the bay. They have half a dozen reservations in Florida that the military board has reported in favor of abandoning. They say they are no longer wanted for military purposes.

Mr. SMOOT. This property has been owned by the Government for 50 years. How near the center of the town is it?

Mr. FLETCHER. It is not very far from the bay. It depends on what you would call the center of St. Augustine. Of course it is not a very large city in the way of distances. I should think probably it may be a quarter of a mile, or something of that sort, from the center of the town.

Mr. SMOOT. It is rather valuable property, however, is it not?

Mr. FLETCHER. I should not consider it valuable property as it stands now.

Mr. SMOOT. I will say to the Senator frankly that I am perfectly willing to have this bill changed and let it be used for military purposes at a rental of a dollar a year.

Mr. WATSON of Georgia. That is what the Senator says is being done now.

Mr. FLETCHER. They have been doing that for some time. Now they recommend the entire abandonment of the reservation. The matter has been submitted to the War Department, and the department advises this course, that it be preserved in a way for military uses; and the only way in which it can be preserved for military purposes is to turn it over for the use of the National Guard. It can not be used by the State for other purposes. The State can not sell it; it can not dispose of it; it can only be used by the National Guard for military purposes.

Mr. TRAMMELL. Mr. President——

Mr. WILLIS. Mr. President, I desire to call the attention of the Senator from Florida to what the War Department actually says about the matter.

Mr. SMOOT. I have read it.

Mr. WILLIS. It says:

St. Francis Barracks is one of the reservations included in a list of real estate submitted to the Military Affairs Committee of the House of Representatives as being no longer needed by the War Department and for such disposition as Congress may deem proper.

It does not recommend that this be done.

Mr. FLETCHER. It makes a favorable report.

Mr. WILLIS. What I want to ask the Senator now is, What other property does he know of, as a member of the Committee on Military Affairs, that is included in that list? His statement is that there is certain property for which the War Department no longer finds need. I am trying to develop whether we want to establish the policy of giving away that property to the several States or selling it.

Mr. FLETCHER. There are a number of reservations in Florida, as I have just said—for instance, old Fort Marion, and a reservation on Anastasia Island, across the bay from this reservation, a reservation down the coast, and three or four other reservations in the State—that the War Department say are no longer needed for military purposes, and they are going to have them disposed of by Congress. Whatever Congress sees fit to do about them will be determined in due course. As to Fort Marion, it has been determined to declare that a national monument, and it has been so declared under the act of 1915, so that Fort Marion is out of the way. It has been declared a national monument instead of a military post, and the Government will take care of it as it takes care of other national monuments. These particular so-called barracks that have been occupied by the National Guard bear the name of barracks, but there is not much to signify that there are any barracks there. That, however, is the name of the reservation. They have been occupied by the National Guard for some years, and the headquarters of the National Guard of the State are located in St. Augustine in these barracks, by arrangement with the Federal Government. This is one of the reservations that the War Department says is no longer needed for military purposes, and it is to be disposed of as Congress may determine.

My colleague and I took up the matter with the War Department—he introduced the bill, and we both had it up with the War Department—and asked them what they would advise. The State authorities desired to know, as long as the War Department were going to abandon these so-called barracks, if they would not be willing to have them turned over to the State for use by the National Guard. The War Department said,

"Yes; that suits us exactly. We recommend that. We should like to have that done. We will make a favorable report on this bill." The Secretary sends a letter to the committee recommending this course, and the Committee on Military Affairs unanimously reports it. It is the wish of the War Department that these reservations, these so-called barracks, be turned over to the States for the use of the National Guard; and that is what this bill provides.

Mr. SMOOT. The Senator, I think, is mistaken when he says it is the wish of the War Department. The War Department, in a letter here, say they have no objection. I should like to ask the Senator how many acres there are in this reservation?

Mr. FLETCHER. I have not the exact number of acres. I have a full, detailed description of it, not right here with me, but I have the boundary lines, the location of the whole thing, platted. I have not that here. It is not an acreage proposition, as I understand. There are some lots there. There is not very much property there. The buildings amount practically to nothing.

Mr. SMOOT. It does seem to me that the State of Florida can afford to pay $1 for the use of that property for a year.

Mr. FLETCHER. I will say to the Senator that understanding that the War Department was willing to have this property conveyed to the State for use by the National Guard, the State legislature, which met in April of this year and adjourned in June, appropriated $40,000 for the purpose of putting up buildings on this property and improving it so as to make it suitable for National Guard purposes in case the Government decided to take this action. We have never dreamed that there would be any opposition to it. There is not any in the War Department. They want the thing done. The legislature of Florida made this appropriation of $40,000 to improve it by a suitable building, so that it can be used by the National Guard, and I can not see any possible objection at all to it.

Mr. SMOOT. I can see objections to it. If the Government is going to give lands to one State, or transfer barracks to it, I think the Government ought to give money to other States in order that they may have the same privileges.

Mr. FLETCHER. Oh, no.

Mr. SMOOT. I know that as far as my own State is concerned there is a reservation there. They did not give the National Guard of the State of Utah the privilege of building upon that reservation ground. They had to go and buy the land, which they have done. In my own home town not only have they bought the land but they have put up buildings, and the State is responsible for every dollar of the money; and I can not see why we should be giving away these barracks. Let us sell them to the States.

Mr. FLETCHER. The Senator realizes that the National Guard to-day is one of the elements composing the National Army.

Mr. SMOOT. Yes; and the National Guard of the State of Utah is situated in exactly the same way.

Mr. FLETCHER. Precisely.

Mr. SMOOT. The State of Utah buys her own land and puts up her own buildings, and I think that is right.

Mr. FLETCHER. The disposition of the Government is to encourage the National Guard. Of course, they can buy their buildings if necessary; but here is an old so-called barrack, an old reservation which has not been used by the Government at all for years and years, and in order to preserve its military character and make it useful for military purposes by requiring that it shall be used for that purpose in the deed to the State the War Department are willing to turn it over to the State for the use of the National Guard. The State would have to appropriate $40,000, and, as I say, they have already provided that amount in order to put up the buildings on the reservation so as to make it usable.

Mr. SMOOT. I want to find out how many of these barracks there are in the United States that are not wanted for the use of the Army at the present time, and I want to know where they are located, and I want to know what they have cost the Government of the United States; because, just as surely as we live, if this bill becomes a law other bills of the same kind will be introduced here, and this will be pointed to as a precedent, and what are we going to say? Can we object after we allow one bill of this nature to pass Congress and allow this barrack to be given to the city or to the State?

Mr. WILLIS. Mr. President, will the Senator yield?

Mr. FLETCHER. Yes.

Mr. WILLIS. I serve notice on the Senate that if this bill is to be passed and a precedent thereby established, I know of at least one bill that will be here from the city of Columbus, in my State, where there is a great barrack which the Government is proposing to abandon. It is worth a very large sum of money; I would not undertake to say how much. It is located right within the business section of the city. If this policy is to be established, I shall introduce a bill forthwith for the donation of that barrack.

Mr. SMOOT. And the Senator is only one. I would do exactly the same thing in my State. Senators can not sit here and allow one barrack to be given to a State, and then, knowing that there are abandoned barracks in their own States, never introduce bills for the same purpose. If they did, they would be condemned by their own people.

Mr. FLETCHER. What is the Senator's proposition—that the Government should offer this property at public sale?

Mr. SMOOT. Either that or go along just as it is going, and let the State of Florida pay $1 a year for the use of it. We do not know how soon we shall want this land; and if the Government gives it away now and has to purchase it back a year or two or five or ten years hence, there is no telling what it will have to pay for it.

Mr. WATSON of Georgia. Mr. President——

Mr. FLETCHER. The buildings on the land are practically of no value at all, and the State would have to erect buildings at considerable expense. Whether the State would be willing to do that on a one-year lease or not, I can not say.

Mr. SMOOT. I would not care how long the lease was. I do not want the Senator to get the idea that I am objecting to the State of Florida using that property. I am not. I am perfectly willing that it shall have the use of the property for a year——

Mr. POINDEXTER. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I do.

Mr. POINDEXTER. Why would it not be satisfactory, perhaps, to the Senator from Florida to accept an amendment to the bill providing that in case the United States should ever require this land for military purposes, it should revert to the United States?

Mr. SMOOT. If the Senator wants to do that, I should be glad to have that done.

Mr. WATSON of Georgia. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Georgia?

Mr. POINDEXTER. We had a case in our State where that was done, and the land has been used for many years as a magnificent park, in the city of Tacoma. It practically owns it. There is no reasonable probability that the United States will ever need it again for military purposes; but under the statute it has the power to take it again for military purposes.

Mr. WILLIS. Mr. President——

Mr. WATSON of Georgia. Mr. President, I thought I had the floor.

The VICE PRESIDENT. The Senator from Florida has the floor. The Chair inquired if he yielded to the Senator from Georgia.

Mr. FLETCHER. I will yield in just a moment. In answer to the Senator from Washington I will say that I think that would be the effect of the bill as it is framed now, that the property is to be used, as specified in the act, for military purposes, and the moment it ceases to be used for military purposes, I think it would revert to the Government.

Mr. POINDEXTER. There ought to be an express provision to that effect.

Mr. FLETCHER. I should not object to that.

Mr. SMOOT. I want a little time to get some information in regard to this matter in addition to what is contained in the report. There is only a part of the letter from the War Department quoted, and unless the Senator from Georgia desires to speak on the bill, I shall object.

Mr. WATSON of Georgia. I want to give some information to the Senator from Utah in regard to this matter. I pass through the city of St. Augustine whenever I go down to Florida, which I do every winter when I can get away. I know it to be a city of very narrow streets; it is an old Spanish town; and from my knowledge of the locality I know that this ground must be immensely valuable. If the people of Florida can not afford to pay $1 a year for it, it seems to me it is not worth giving away.

Mr. SMOOT. I ask that the bill may go over.

The VICE PRESIDENT. The bill will be passed over.

BILLS, ETC., PASSED OVER.

The resolution (S. Res. 127) to investigate the causes of the factory, wholesale, and retail price conditions in the principal branches of house-furnishing goods, industry, and trade was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 2135) to enable the refunding of obligations of foreign Governments owing to the United States of America, and for other purposes, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

MELQUIADES SANCHEZ.

The bill (S. 2144) for the relief of Melquiades Sanchez was announced as next in order.

Mr. KING. Let that go over.

Mr. BURSUM. Mr. President, this is a bill to grant a pension to a Civil War veteran, now 81 years of age. If he is to receive it during his lifetime, the bill must be passed in the very near future.

This veteran served three years during the war. The records show that he reenlisted during the war, and he is charged on the records of the War Department with desertion. The evidence before the committee shows that after the war was over the soldier asked for a furlough so that he might go home to see his sick mother, who was dying, some 40 miles from Fort Stanton. He was denied that furlough. He went and saw his mother and came back in about two months, after his organization had disbanded and the war was over. Prior to that time the soldier had served three years and had been granted an honorable discharge. He was under reenlistment at the time he deserted. The bill would simply give him a status, which would entitle him to a pension for his service during the war. For that service he was given an honorable discharge.

Mr. KING. Mr. President, I made objection to the consideration of this bill. I shall look into it. I am not satisfied with the report which has been submited by the War Department. As the Senator knows, there are hundreds of bills which have been introduced, perhaps thousands, providing for the reinstatement of men who deserted from the Army, in order that they may get pensions. In such cases the soldiers did not have enough interest in having the charges of desertion removed from their names until recently, though for 50 years or more they had been carried on the records of the Government as deserters. But when they want a pension they are very alert to get the charge of desertion removed. I object to the consideration of the bill.

Mr. JONES of Washington. Let me call the Senator's attention to a statement or two in the report which attracted my attention. Apparently this man enlisted on October 10, 1861, in a very early part of the war. He was accounted for on all the muster rolls of his company up to December 31, 1865, after the war was practically over. It seems to me that of itself is sufficient to show that he was an honorable soldier, and certainly tends to corroborate the statement as to the cause of his absence.

Mr. SMOOT. He was accounted for up to the 25th of January, 1866.

Mr. JONES of Washington. He was confined in the guardhouse December 31, 1865, which was after the war was over, and you can not wonder that men were anxious to get away at those times. It seems to me that when the record shows that a man served from 1861 until December, 1865, that should be enough to satisfy any Senator that any charge of desertion which may stand against him is really unfounded.

Mr. JONES of New Mexico. Mr. President, I desire to call attention to the fact also that the reason why the department did not remove the disability was because of the provision in the law of March 2, 1889, which prevented the department from acting on cases where the soldier happened to be in a guardhouse. It is evident that the department would have removed this charge had it not been for that express provision of the statute. If the Senator from Utah will look at the bottom of the first page of the report of the Committee on Military Affairs, and the beginning of the next page, I think he will find there evidence that The Adjutant General would have removed the disability if he had been permitted to do so by the terms of that statute.

This poor soldier, who happened to be in the guardhouse at the time his mother was sick, is now a man 81 years old; he served his country from 1861 to the end of 1865, after the war was over, and I hope the Senator will not insist upon his objection.

Mr. KING. Mr. President, I shall persist in my objection until I ascertain the reason of his being confined in the guardhouse, and a little further as to the cause of his desertion. Obviously he broke away from the prison in which he was confined. He had committed some offense which subjected him to imprisonment, and while in the guardhouse he deserted. Let the matter go over until the next calendar day, and in the meantime I shall be glad to confer with the Senators from New Mexico and ascertain the facts.

Mr. BURSUM. Does not the Senator think that four years of constant, devoted service to the country ought to be sufficient to forgive him for any little violation?

Mr. KING. We will see what the violation was.

Mr. BURSUM. He states under oath that his mother was on her dying bed 40 miles away. Does not the Senator think that he was justified in running away, when they would not give him a leave of absence?

Mr. KING. I persist in my objection.

The VICE PRESIDENT. On objection, it will go over.

DONATION OF ORDNANCE TO THE UNIVERSITY OF SOUTH DAKOTA.

The bill (S. 2249) authorizing the Secretary of War to donate certain obsolete ordnance to the University of South Dakota was announced as next in order.

Mr. WARREN. That should go over without losing its place, because there probably will be a bill offered shortly providing for many such cases. The matter is unsettled yet in the department, and I ask that the bill may go over for the present.

The VICE PRESIDENT. It will be passed over.

REIMPORTATION OF MILITARY SUPPLIES EXPORTED.

The joint resolution (H. J. Res. 183) imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person, when reimported into the United States, was announced as next in order.

Mr. WATSON of Georgia. That will certainly bring on discussion, and I ask that it go over.

The VICE PRESIDENT. It will be passed over.

CONVENTION OF AMERICAN ASSOCIATION OF PORT AUTHORITIES.

The joint resolution (S. J. Res. 45) to authorize the President to extend invitations to certain foreign nations to send delegates or representatives to the tenth annual convention of the American Association of Port Authorities was announced as next in order.

Mr. JONES of Washington. I think that convention has been held already. So I ask that the joint resolution may go over.

The VICE PRESIDENT. It will be passed over.

RAILROAD OF SPRUCE PRODUCTION CORPORATION.

The joint resolution (S. J. Res. 90) authorizing the United States Spruce Production Corporation to impose certain conditions on the sale of its railroad in Clallam County, State of Washington, was considered as in Committee of the Whole.

The bill had been reported from the Committee on Military Affairs with an amendment to strike out all after the resolving clause and to insert the following:

That the Director of Aircraft Production, as holder of the stock belonging to the United States in the United States Spruce Production Corporation, be, and he is hereby, authorized and empowered to vote said stock in favor of selling the railroad, equipment, and material of said corporation prior to liquidation thereof, and as a condition of such sale he may require of the purchaser that the railroad so sold shall be operated as a common carrier, and that the dissolution of said corporation may be postponed for such time as the Secretary of War may deem necessary in order to effectuate the sale herein authorized.

Mr. JONES of Washington. Mr. President, I will make just a brief statement, which I think will satisfy the Senate.

Under the act authorizing the incorporation of this spruce production corporation it is in effect a private corporation of the State of Washington and has authority to dispose of its property. A railroad was constructed out there necessary to get to the timber. It should be sold. The people of our State want the road sold, with a condition attached that it shall be operated as a common carrier, and that, I think, should be done.

The legal department of the office of the Secretary of War hold that they have no right now to insist upon that condition being placed on the sale of the railroad, and it is the purpose of the joint resolution to give them authority, as the holders of the stock, to impose the condition upon any purchaser of the railroad that he shall operate it as a common carrier. I think that should be done.

Mr. KING. May I inquire of the Senator if the laws of his State do not determine who are and who are not common carriers? Would a restriction in the sale that it should be used as a common carrier be operative as against the statutes of the State, and should the Federal Government attempt to label a corporation as a common carrier which under the laws of the State would not be a common carrier?

Mr. JONES of Washington. I have not examined our State laws, but the governor of our State was here, though I do not think he came especially in connection with this proposition,

and while in the city he went before the Secretary of War and urged that such a condition be imposed. He said that the people of our State would be very much dissatisfied if this railroad were sold unconditionally, so that it could be used purely as a logging road, or for other purely private purposes. I assume from that that there is nothing under the State laws, at least at present, which would impose upon the railroad, if sold, the obligation to be run as a common carrier.

Mr. KING. Does not the Senator think that the imposition of the restriction he is asking would depreciate the value of the property, so that the Government could not get what it might obtain if it were sold to private individuals?

Mr. JONES of Washington. I am inclined to think that may be true; nevertheless, it would be a great injury to the community and to the State, in the end, if it should be sold solely to private parties, because it would be simply a logging road, and when all the timber was taken off, the road would be absolutely abandoned and they would not have it. It is in rather a desirable section of the country and our people would be very much dissatisfied if it were sold as a purely private road. It is the purpose of the joint resolution to give to the Secretary of War, as the holder of this stock, the right to vote it in favor of this condition. That is the situation.

Mr. KING. Is it intended to compel the Secretary of War to sell only in the event that it is to be used as a common carrier?

Mr. JONES of Washington. The joint resolution would not compel the Secretary to impose that condition. It does not say he must impose that condition; it authorizes him to do it.

Mr. SMOOT. No; it says that it "shall be operated as a common carrier." It is to be compulsory.

Mr. JONES of Washington. It ought to be. I am satisfied of that, as far as that is concerned.

Mr. KING. I am interested in the Government of the United States primarily in its efforts to sell the property, which the Government acquired at great expense during the war. I think the Government ought to obtain as much as it possibly can for the surplus which it has on hand, and the proposition to annex, as a condition to the sale, a provision which would practically result in the destruction of the value of the property, should challenge our attention very seriously.

Mr. JONES of Washington. This is the language of the joint resolution:

> That the director of aircraft production, as the holder of stock belonging to the United States in the United States Spruce Production Corporation, be, and he is hereby, authorized and empowered—

He is not directed; he is—

> hereby authorized and empowered to vote said stock in favor of selling the railroad, equipment, and material of said corporation prior to liquidation thereof, and as a condition of such sale he may require of the purchaser that the railroad so sold shall be operated as a common carrier.

And so forth.

It does not require him to impose that condition. So if he finds that in the interest of the Government it is wiser to sell it without that condition, he has the right to do it. The Secretary of War told me that he was satisfied that this railroad should be sold with that condition attached to the sale; but he has not the authority to do it. This merely empowers him to do it. If he finds that he can not make a profitable sale that way, or that it is not wise to sell it that way, then he can sell it outright. I think he should be given that power, in the interest of our people and in the interest of that section of the country, rather than have him restricted to a sale to private parties.

Mr. SMOOT. May I ask the Senator if the business handled by the road is sufficient to pay expenses, so as to justify its purchase and operation?

Mr. JONES of Washington. I think so. It would be taken over as a matter of fact, if taken at all as a common carrier, by the Chicago, Milwaukee & St. Paul Railroad. I rather think that this road connects with the Milwaukee road. I am pretty sure that it does. That road could then make every local development. There would not be any profit, at least I do not think there would be, but I feel satisfied that it could be made a part of that system.

Mr. SMOOT. Of course, if it were not profitable, the Milwaukee road would not purchase it.

Mr. JONES of Washington. If the probability that it would become profitable was good, I think they would. I hope this power may be given to the Secretary, and that there will not be any objection to the passage of the joint resolution.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes.

Mr. JONES of Washington. Unless the objection is insisted upon, will the Senator from Iowa permit us to pass this joint resolution? I shall not ask it if it brings about any discussion.

Mr. CUMMINS. If it will not lead to any further discussion, I yield for that purpose.

Mr. KING. Just one moment. If the Senator will accept this amendment, I shall not object. Add the following proviso:

> *Provided*, That the interests of the United States shall be primarily considered.

Mr. JONES of Washington. I have no objection to the amendment.

The VICE PRESIDENT. The proposed amendment will be stated.

The READING CLERK. On page 2, line 9, after the word "authorize," insert a colon and the following proviso:

> *Provided*, That the interests of the United States shall be primarily considered.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

The title was amended so as to read: "A joint resolution authorizing the Director of Aircraft Production, as holder of stock in the United States Spruce Production Corporation, to vote to sell the assets of the corporation and to impose conditions on such sales."

POLITICAL PRISONERS.

Mr. WATSON of Georgia. Mr. President——

Mr. CUMMINS. I yield to the Senator from Georgia, assuming that the matter he brings up will require no debate.

Mr. WATSON of Georgia. It will not. I ask unanimous consent to take from the table for appropriate reference two resolutions, S. Res. 162 and S. Res. 163, one of which the Secretary read during the morning hour.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WATSON of Georgia. I beg leave to state just this much. It will not take two minutes. The resolutions do not seek to go into the Chicago cases or the San Francisco cases. They seek to go into cases where men and girls were tried under an act of Congress which has since been repealed. These persons have served three or four years in the penitentiary. Only one of them is from my State. He is an old Baptist preacher 75 years old. He was convicted for some words, for no act whatever against the Government, no act against the Army or the Navy. One of them is a girl from the West 17 years old. Another is an old man from the West 74 years old dying with consumption. Three or four of them are men who have had their sentences reversed by the Supreme Court of the United States, and still they languish in jail.

While I move to refer the resolutions to the Committee on the Judiciary, I do most respectfully and earnestly request that the committee take immediate action upon them.

The VICE PRESIDENT. Without objection, the resolutions will be referred to the Committee on the Judiciary. The Chair lays before the Senate House bill 8331, the unfinished business.

AMENDMENT OF TRANSPORTATION ACT OF 1920.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments.

Mr. CUMMINS. I ask unanimous consent that the formal reading of the bill may be dispensed with, that it shall be read for amendments, and that the committee amendments shall be first considered.

The VICE PRESIDENT. Is there objection?

Mr. JONES of Washington. Mr. President, I merely wish to make a statement with reference to the request of the Senator from Iowa that the committee amendments be disposed of first.

I have always felt that that is an entirely proper request with reference to amendments to appropriation bills, but I have observed many cases where it brought about rather embarrassing results when applied to general legislative bills. I have noticed that we have been following that practice lately. So I am not going to object to the request of the Senator with reference to this bill, but I do feel disposed to give notice at this time that hereafter on purely legislative bills I shall object to the disposition of committee amendments first. I can see

no reason why in legislative matters committee amendments should be given that preference. However, I shall not object in this case.

The VICE PRESIDENT. The Chair hears no objection to the request of the Senator from Iowa, and it is so ordered.

Mr. JONES of New Mexico. I offer an amendment to the pending bill and ask to have it printed and lie on the table.

The VICE PRESIDENT. It will be received, printed, and lie on the table.

Mr. KENDRICK. I submit an amendment which I intend to propose to the bill which I ask to have printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. CUMMINS. Mr. President, I am going to make my statement of the purposes of the bill as brief as it is possible for me to make it.

Mr. LA FOLLETTE. Mr. President——

Mr. CUMMINS. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	McNary	Sheppard
Ball	Heflin	Moses	Smith
Broussard	Johnson	Myers	Smoot
Capper	Jones, Wash.	New	Spencer
Caraway	Kendrick	Newberry	Sutherland
Culberson	Kenyon	Nicholson	Townsend
Cummins	Keyes	Norris	Trammell
Curtis	King	Oddie	Underwood
Dial	Ladd	Overman	Walsh, Mont.
du Pont	La Follette	Page	Warren
Ernst	Lenroot	Phipps	Watson, Ga.
Fernald	Lodge	Poindexter	Watson, Ind.
Fletcher	McCumber	Pomerene	Weller
Gooding	McKellar	Ransdell	Willis
Harris	McKinley	Reed	

Mr. CURTIS. I am requested to announce the absence of the Senator from Pennsylvania [Mr. PENROSE] on official business.

Mr. McKELLAR. I desire to announce that the Senator from Rhode Island [Mr. GERRY], the Senator from Montana [Mr. WALSH], and the Senator from Nevada [Mr. PITTMAN] are absent from the Senate on official business.

The PRESIDING OFFICER (Mr. FERNALD in the chair). Fifty-nine Senators having answered to their names, there is a quorum present.

[Mr. CUMMINS addressed the Senate. After having spoken for about an hour and thirty minutes he yielded the floor for the day.]

The VICE PRESIDENT. Without objection, the bill will be temporarily laid aside.

JUDGE WALTER I. SMITH.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

Mr. CUMMINS. Before that is done, will the Senator yield to me for a moment?

Mr. CURTIS. Certainly; I withhold the motion.

Mr. CUMMINS. I ask unanimous consent to call up a bill on the calendar. It is Order of Business 316, Senate bill 2649, to extend the benefits of section 260 of the Judicial Code to Judge Smith, one of the circuit judges of the eighth circuit.

The situation is this: Judge Smith was formerly a very distinguished Member of the House of Representatives. He was appointed circuit judge by President Taft. For five years he discharged his duties with great ability and great industry. Nearly five years ago he was stricken with paralysis. He struggled along for a year or two trying to do some work, but he was not very successful in it; and for more than two years he has not been able to sit upon the bench, and is a hopeless invalid. There is no hope whatever of his recovery, or that he ever will be able to perform any judicial work. He is a poor man, and of course he does not have to resign. He has not reached the age of 70 years; and this bill simply does for him what Congress did for Mr. Justice Moody a few years ago. It permits him to draw his salary for life if he will resign within two months, so that his place can be filled. It does not cost the Government anything.

The VICE PRESIDENT. The Senator from Iowa asks unanimous consent that the Senate take up for consideration Senate bill 2649. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2649) to extend the benefits of section 260 of the Judicial Code to Walter I. Smith, United States circuit judge, which was read, as follows:

Be it enacted, etc., That the provisions of section 260 of the Judicial Code, as amended by the act of February 25, 1919, chapter 29, section 6, be, and they are hereby, extended and made applicable to Walter I. Smith, United States circuit judge for the eighth circuit, notwithstanding that he has not attained the age of 70 years, as required by the aforesaid amended section: *Provided*, That the said Walter I. Smith shall resign the said office of United States circuit judge within two months after the passage of this act.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION.

Mr. CURTIS. I renew my motion that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 3 o'clock and 45 minutes p. m.) the Senate, pursuant to the order heretofore made, adjourned until Friday, November 11, 1921, at 8 o'clock and 10 minutes a. m.

NOMINATIONS.

Executive nominations received by the Senate November 9, 1921.

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY.

John W. Riddle, of Connecticut, to be ambassador extraordinary and plenipotentiary of the United States of America to Argentina.

UNITED STATES MARSHAL.

Walter Akerman, of Georgia, to be United States marshal, northern district of Georgia, vice Claude Bond, resigned.

RECEIVER OF PUBLIC MONEYS.

John A. Gilluly, of Lewistown, Mont., to be receiver of public moneys at Lewistown, Mont., vice Abraham Hogeland, whose term will expire December 17, 1921.

CONFIRMATIONS.

Executive nominations confirmed by the Senate November 9, 1921.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

Joseph Saul Kornfeld to be envoy extraordinary and minister plenipotentiary to Persia.

UNITED STATES DISTRICT JUDGE.

Cecil H. Clegg to be United States district judge, fourth division, district of Alaska.

COLLECTOR OF INTERNAL REVENUE.

Fred L. Woodworth to be collector of internal revenue for the first district of Michigan.

UNITED STATES ATTORNEYS.

William M. Gober to be United States attorney for the southern district of Florida.

Ralph C. Greene to be United States attorney, eastern district of New York.

Thomas A. Brown to be United States attorney, northern district of West Virginia.

RECEIVER OF PUBLIC MONEYS.

Mateo Lujan to be receiver of public moneys at Clayton, N. Mex.

PUBLIC HEALTH SERVICE.

Surg. Ezra K. Sprague to be senior surgeon.

PROMOTIONS IN THE ARMY.

Harry Clay Hale to be major general.

Anton Stephan to be brigadier general.

INFANTRY.

Robert Halford Peck to be colonel.

Halsey Edward Yates to be colonel.

Robert Gray Peck to be lieutenant colonel.

MEDICAL CORPS.

To be captains.

James Frank Brooke.
William Presley Dingle.
Alfred Mordecai.
Leland Oliver Walter Moore.
William Davis Gill.
George Edward Rehberger.
Charles Augustus Pfeffer.
David Loren Robeson.

FIELD ARTILLERY.

To be captains.

Roscoe Fawcett.
William E. Kepner.
John Taylor Henderson.
Oliver Grant Brush.

To be lieutenant.

Maurice Shefstad Hill.

VETERINARY CORPS.

Jules Henry Uri to be lieutenant colonel.

AIR SERVICE.

To be first lieutenants.

Hobart Reed Yeager.
Ronald Austin Hicks.

COAST ARTILLERY CORPS.

Haskell Clark Billings to be captain.

POSTMASTERS.

ALABAMA.

Augustus B. Kennedy, Castleberry.

ARKANSAS.

Wiley C. King, Salem.

CALIFORNIA.

Huron B. Brown, Denair.
William W. Ackerman, Gerber.
John P. Dickey, La Verne.
Alva O. Horton, Le Grande.
Joseph W. Maust, Macdoel.
Clarence L. Pratt, Pacific Beach.
Elmer G. Crofts, Penryn.
Janet D. Watson, Tahoe.
Clarita Welch, Windsor.

COLORADO.

Frank M. Shedd, Aurora.
Edward L. Boillot, Fort Morgan.
Christopher C. Eastin, Kremmling.
Siegfried Salomon, Platteville.
Hubbard I. Boyd, Weldona.

ILLINOIS.

William F. Meyer, jr., Arlington Heights.
Lena Albers, Atwood.
Joseph D. Nutt, East Alton.
Robert E. Stephen, Frankfort.
William H. Pease, Harvey.
Clyde E. Clester, Loda.
George H. Abshire, Pawnee.
Albert S. Tavenner, Polo.
William H. Burnell, Springvalley.
Frances E. Tinker, Stonington.

INDIANA.

Fred McNutt, Waveland.
Edgar Spencer, Wolcott.

IOWA.

Gayle A. Goodman, Birmingham.
W. S. Peterson, Missouri Valley.
William A. Brinck, West Point.

KANSAS.

Pitt H. Halleck, Abilene.
Nellie I. Morley, Highland.
William B. Trembley, Kansas City.
Douglas M. Dimond, Kensington.
Walter S. Bradford, McLouth.
Robert E. Anderson, Meriden.
Willis E. Baker, Pleasanton.
James R. Robison, Riley.

KENTUCKY.

David Goin, Frankfort.

MARYLAND.

Edwin S. Worthington, Darlington.
Charles W. Miles, Forest Glen.
Charles Roemer, jr., Owings Mills.

MICHIGAN.

William H. Ebert, Arcadia.
Sarah G. Howard, Custer.
R. Deneen Brown, Hale.
Edgar Hilliard, Kaleva.
Harry J. Skinner, McMillan.
John H. Fink, New Baltimore.
Jay W. Ellsworth, Wheeler.

MISSOURI.

Ira M. Brown, Appleton City.
Robert M. Tirmenstein, Benton.
Walter A. Brownfield, Calhoun.
Harry D. McHolland, Chillicothe.
Henry E. Martens, Concordia.
Edward Beall, Eolia.
Ross A. Prater, Essex.
Joseph Volle, Harrisonville.
Jacob B. Marshall, Lamonte.
James A. Coder, Lewistown.
Charles L. Farrar, Macon.
William A. Barris, Marionville.
Robert L. Jones, New Cambria.
Washington D. Barker, Shelbina.
Joseph O. Bassett, Vienna.
Orville H. Hamstead, Walnut Grove.

MONTANA.

William J. Fransham, Bozeman.
Emma E. Waddell, Custer.
Fred E. Smith, Neihart.
Clark R. Northrop, Red Lodge.

NEBRASKA.

Isaac B. Lamborn, Palmyra.
August Dickenman, Talmage.

NEW HAMPSHIRE.

Lewis P. Merrill, West Stewartstown.

NEW YORK.

Daniel F. Griggs, Adams.
Ira B. Cooper, Cato.
Edward J. Monroe, Croghan.
Alvin J. White, Eaton.
George F. Vreeland, Far Rockaway.
Charles L. Dix, Forestville.
Ray J. Fuller, Frankfort.
Fred N. Parquet, Inlet.
Frank M. Bredell, Lockport.
John T. Hoffman, Madalin.
Alfred G. Tucker, Minetto.
Matthew McManus, jr., Orangeburg.
Dennis Dillon, Raquette Lake.
Rosswell R. Steacy, Redwood.
John W. Fiero, jr., Round Top.
Edward T. Sheffer, Shortsville.
William H. Boyce, South New Berlin.
Edwin B. Higby, Turin.
Halburt M. Cinnamond, Union.

NORTH CAROLINA.

Robert O. Smith, Creedmoor.
Will C. Hoffman, Dallas.
Francis A. Slate, Gastonia.
Henry T. Atkins, Lillington.
Clarence L. Fisher, Roseboro.
Jesse T. Price, Williamston.

OHIO.

Lessa B. Masters, Antwerp.
Ralph I. Wolf, Coolville.
John W. Shisler, Dalton.
Lee Heckman, Edon.
Alton D. Whiteman, Greenspring.
George E. Ricker, Holgate.
Frank J. Reinheimer, Kelleys Island.
Sallie E. Turner, Martinsville.
Lloyd R. Wallace, Mount Victory.
Jesse A. Keller, Pleasantville.
Owen Livingston, Richwood.
Harry B. Miller, Rockford.
Charles G. Bartlett, State Soldiers Home.

OKLAHOMA.

Rosa B. Britton, Cyril.
Rose Crowder, Krebs.
Jere C. Townsend, McLoud.
Lillian M. Newhouse, Prague.
John W. Gregory, Weleetka.

PENNSYLVANIA.

William D. Ghrist, Uniontown.

WEST VIRGINIA.

Jesse D. Day, Ashland.
J. Jerome Haddox, Barboursville.
Laura Y. Conner, Harpers Ferry.
John F. Lusk, Itmann.
Frederick E. Bletner, Mason.
Gerard D. Moore, Ranson.
William H. Young, Union.

WISCONSIN.

Fred B. Rhyner, Marshfield.

SUPPLEMENTARY CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN.

In executive session on yesterday, November 8, 1921, the following supplementary convention was ratified, and, on motion of Mr. LODGE this day, the injunction of secrecy was removed therefrom:

To the SENATE:

I transmit herewith, to receive the advice and consent of the Senate to its ratification, a supplementary convention between the United States and Great Britain, signed at Washington on October 21, 1921, providing for the accession of the Dominion of Canada to the convention concerning the tenure and disposition of real and personal property, concluded between the United States and Great Britain on March 2, 1899, a copy of which convention is, for the convenience of the Senate, attached to the accompanying report of the Secretary of State.

WARREN G. HARDING.

THE WHITE HOUSE, *October —, 1921.*

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The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to its ratification, a supplementary convention between the United States and Great Britain, signed at Washington on October 21, 1921, providing for the accession of the Dominion of Canada to the convention concerning the tenure and disposition of real and personal property, concluded between the United States and Great Britain on March 2, 1899, a copy of which convention is attached for the convenience of the Senate.

Respectfully submitted.

CHARLES E. HUGHES.

DEPARTMENT OF STATE,
Washington, October 22, 1921.

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The United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, being desirous of permitting the Dominion of Canada to accede to the convention concerning the tenure and disposition of real and personal property, signed at Washington on March 2, 1899, have agreed to conclude a supplementary convention for that purpose, and have named as their plenipotentiaries:

The President of the United States of America, the Honorable Charles E. Hughes, Secretary of State of the United States, and

His Britannic Majesty, The Right Honorable Sir Auckland Geddes, K. C. B., his Ambassador Extraordinary and Plenipotentiary at Washington;

Who having communicated to each other their full powers, which were found to be in due and proper form, have agreed upon the following articles:

ARTICLE I.

The provisions of the convention of March 2, 1899, shall become applicable to the Dominion of Canada upon ratification of the present convention in the manner provided by Article II hereof.

ARTICLE II.

The present convention shall be ratified by the President of the United States of America, by and with the advice and consent of the Senate thereof, and by His Britannic Majesty. The ratifications shall be exchanged in Washington as soon as practicable and the convention shall take effect on the date of the exchange of ratifications.

The convention of March 2, 1899, may be terminated with respect to the Dominion of Canada on 12 months' notice to that effect given at any time by either the United States or His Britannic Majesty.

In witness whereof the respective plenipotentiaries have signed this convention and have hereunto affixed their seals.

Done in duplicate at Washington this 21st day of October, 1921.

[SEAL.] CHARLES E. HUGHES.
[SEAL.] A. GEDDES.

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[Treaty series, No. 146.]

CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN—TENURE AND DISPOSITION OF REAL AND PERSONAL PROPERTY.

Signed at Washington March 2, 1899.

Ratification (with amendments) advised by the Senate March 22, 1900.

Ratified by the President July 16, 1900.

Ratified by Great Britain June 18, 1900.

Ratifications exchanged at Washington July 28, 1900.

Proclaimed August 6, 1900.

WILLIAM MCKINLEY,

PRESIDENT OF THE UNITED STATES OF AMERICA.

To all to whom these presents shall come, greeting:

Know ye, that whereas a convention between the United States of America and Great Britain, relating to the tenure and disposition of real and personal property, was concluded at Washington on the 2d of March, 1899, the original of which convention, being in the English language, is, as amended by the Senate of the United States, word for word as follows:

The United States of America and Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, desiring to improve the condition of the citizens and subjects of each of the respective countries in relation to the tenure and disposition of real and personal property situated or being within the territories of the other, as well as to authorize the representation of deceased persons by the consuls of their respective nations in the settlement of estates, have resolved to conclude a convention for those purposes and have named as their plenipotentiaries:

The President of the United States of America; the Hon. John Hay, Secretary of State of the United States of America; and Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, the Right Hon. Sir Julian Pauncefote, Knight Grand Cross of the Orders of the Bath and of St. Michael and St. George, ambassador extraordinary and plenipotentiary of Great Britain;

Who, having exchanged their said full powers, found in due and proper form, have agreed to and signed the following articles:

ARTICLE I.

Where on the death of any person holding real property (or property not personal) within the territories of one of the contracting parties such real property would by the laws of the land pass to a citizen or subject of the other, were he not disqualified by the laws of the country where such real property is situated, such citizen or subject shall be allowed a term of three years in which to sell the same, this term to be reasonably prolonged if circumstances render it necessary, and to withdraw the proceeds thereof, without restraint or interference, and exempt from any succession, probate or administrative duties, or charges other than those which may be imposed in like cases upon the citizens or subjects of the country from which such proceeds may be drawn.

ARTICLE II.

The citizens or subjects of each of the contracting parties shall have full power to dispose of their personal property within the territories of the other by testament, donation, or otherwise, and their heirs, legatees, and donees, being citizens or subjects of the other contracting party, whether resident or nonresident, shall succeed to their said personal property, and may take possession thereof either by themselves or by others acting for them, and dispose of the same at their pleasure, paying such duties only as the citizens or subjects of the country where the property lies shall be liable to pay in like cases.

ARTICLE III.

In case of the death of any citizen of the United States of America in the United Kingdom of Great Britain and Ireland, or of any subject of Her Britannic Majesty in the United States, without having in the country of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the nation to which the deceased person belonged of the circumstance, in order that the necessary information may be immediately forwarded to persons interested.

The said consular officer shall have the right to appear personally or by delegate in all proceedings on behalf of the absent heirs or creditors until they are otherwise represented.

ARTICLE IV.

The stipulations of the present convention shall not be applicable to any of the colonies or foreign possessions of Her Britannic Majesty unless notice to that effect shall have been given on behalf of any such colony or foreign possession by Her Britannic Majesty's representative at Washington to the United States Secretary of State within one year from the date of the exchange of the ratifications of the present convention.

It is understood that under the provisions of this article Her Majesty can in the same manner give notice of adhesion on behalf of any British protectorate or sphere of influence, or on behalf of the island of Cyprus, in virtue of the convention of the 4th of June, 1878, between Great Britain and Turkey.

The provisions of this convention shall extend and apply to any territory or territories pertaining to or occupied and governed by the United States beyond the seas only upon notice to that effect being given by the representative of the United States

at London by direction of the treaty-making power of the United States.

ARTICLE V.

In all that concerns the right of disposing of every kind of property, real or personal, citizens or subjects of each of the high contracting parties shall in the dominions of the other enjoy the rights which are or may be accorded to the citizens or subjects of the most favored nation.

ARTICLE VI.

The present convention shall come into effect 10 days after the day upon which the ratifications are exchanged and shall remain in force for 10 years after such exchange. In case neither of the high contracting parties shall have given notice to the other 12 months before the expiration of the said period of 10 years of the intention to terminate the present convention, it shall remain in force until the expiration of one year from the day on which either of the high contracting parties shall have given such notice.

The United States or Her Britannic Majesty shall also have the right separately to terminate the present convention at any time on giving 12 months' notice to that effect in regard to any British colony, foreign possession, or dependency, as specified in Article IV, which may have acceded thereto.

ARTICLE VII.

The present convention shall be duly ratified by the President of the United States, by and with the approval of the Senate thereof, and by Her Britannic Majesty, and the ratifications shall be exchanged in London or in Washington.

In faith whereof we, the respective plenipotentiaries, have signed this treaty and have hereunto affixed our seals.

Done in duplicate at Washington the 2d day of March, 1899.

JOHN HAY. [SEAL.]
JULIAN PAUNCEFOTE. [SEAL.]

And whereas the convention has been duly ratified, as amended, on both parts, and the ratifications of the two Governments were exchanged in the city of Washington on the 28th day of July, 1900.

Now, therefore, be it known that I, William McKinley, President of the United States of America, have caused the said convention, as amended, to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 6th day of August, in the year of our Lord one thousand nine hundred and of the Independence of the United States the one hundred and twenty-fifth.

[SEAL.] WILLIAM MCKINLEY.

By the President:
ALVEY A. ADEE,
Acting Secretary of State.

[Treaty series, No. 402.]

SUPPLEMENTARY CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN RELATING TO THE TENURE AND DISPOSITION OF REAL AND PERSONAL PROPERTY.

Signed at Washington, January 13, 1902.
Ratification advised by the Senate, February 17, 1902.
Ratified by the President, March 7, 1902.
Ratified by Great Britain, March 11, 1902.
Ratifications exchanged at Washington, April 2, 1902.
Proclaimed, April 2, 1902.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

Whereas a supplementary convention between the United States of America and Great Britain extending for a period of 12 months from July 28, 1901, the time within which British colonies or foreign possessions may give their adhesion to the convention relative to the disposal of real and personal property, signed at Washington on the 2d day of March, 1899, was concluded and signed by their respective plenipotentiaries at Washington on the 13th day of January, 1902, the original of which supplementary convention is word for word as follows:

The United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, finding it expedient to prolong for a period of 12 months the time fixed by Article IV of the convention relative to the disposal of real and personal property, signed at Washington on the 2d day of March, 1899, for the notification of their accession to that convention by His Britannic Majesty's colonies or foreign possessions, have agreed to conclude an additional convention for that purpose, and have named as their plenipotentiaries:

The President of the United States of America, the Hon. John Hay, Secretary of State of the United States of America; and His Majesty the King of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, the Right Hon. Lord Pauncefote, of Preston, G. C. B., G. C. M. G., His Majesty's ambassador extraordinary and plenipotentiary to the United States, who, having communicated to each other their full powers, which were found to be in due and proper form, have agreed upon the following sole article:

SOLE ARTICLE.

It is agreed that the time fixed in Article IV of the said convention within which the accessions thereto of His Britannic Majesty's colonies or foreign possessions shall be notified shall be prolonged for a period of 12 months from July 28, 1901.

In faith whereof the respective plenipotentiaries have signed this convention and hereunto affix their seals.

Done in duplicate at Washington the 13th day of January, in the year of our Lord one thousand nine hundred and two.

JOHN HAY. [SEAL.]
PAUNCEFOTE. [SEAL.]

And whereas the said supplementary convention has been duly ratified on both parts, and the ratifications of the two Governments were exchanged in the city of Washington on the 2d day of April, 1902;

Now therefore, be it known that I, Theodore Roosevelt, President of the United States of America, have caused the said supplementary convention to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

In testimony whereof I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 2d day of April, in the year of our Lord one thousand nine hundred and two and of the independence of the United States the one hundred and twenty-sixth.

[SEAL.] THEODORE ROOSEVELT.

By the President:
JOHN HAY,
Secretary of State.

[NOTE BY THE DEPARTMENT OF STATE.]

The following British colonies and possessions have acceded to the convention between the United States and Great Britain of March 2, 1899, relating to the tenure and disposition of real and personal property:

Cape, Fiji, Jamaica, Bahamas, Trinidad, Barbados, Newfoundland, New Zealand, Leeward Islands, Northern Nigeria, South Nigeria, St. Vincent, St. Lucia, Falkland Islands, St. Helena, Sierra Leone, Gambia, Labuan, Mauritius, Gold Coast Colony, South Rhodesia, Australia, Cyprus, Ceylon, Hongkong, Straits Settlements, British Honduras, Grenada, North Borneo, British Guiana, Bermuda, Lagos, British New Guinea, India (including the native States), Transvaal, Orange River Colony, Basutoland and Bechuanaland protectorates.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *November 9, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord, we trust that we do not come unto Thee boasting in our strength, but may we come humbled by our weakness. Our virtues are few and we are reproached by our sins. Have mercy upon us, O Lord, according to Thy loving kindness and our necessities. Stretch forth Thine hand toward us in the times of our need. Guide us when the paths are confused and we know not which one to take, and magnify in us Thy truth and wisdom. If the night comes down and shuts the way in darkness, O be the lamp of life unto our feet. In the name of Jesus. Amen.

The Journal of the proceedings of Saturday 1 st was read and approved.

INTERNATIONAL CONFERENCE ON THE LIMITATION OF ARMAMENT.

The SPEAKER laid before the House the following communication:

The Clerk read as follows:

DEPARTMENT OF STATE,
Washington, November 4, 1921.

The SPEAKER OF THE HOUSE,
Washington, D. C.

SIR: I have the honor to invite the Members of the House of Representatives to attend the opening session of the International Conference on the Limitation of Armament at Memorial Continental Hall on Saturday, November 12, at 10.30 a. m.

An entire section has been reserved for the seating of the Members of the House of Representatives, to which access may be had through a special entrance on the north side of the building.

I have the honor to be, sir, your obedient servant,

CHARLES E. HUGHES.

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES,
Washington, D. C.

As the Speaker can not use his voice, he asks me to state that he is informed that no tickets will be issued for this meeting of the conference on Saturday and that the space is so limited that only Members can be admitted and not substitutes, or members of their families, or friends. Officers of the House will be at the doors to identify Members and show them to the seats reserved for them.

Mr. WALSH took the chair as Speaker pro tempore.

Mr. MONDELL. Mr. Speaker, I suppose it is proper that the House should give consideration to the invitation extended, and I move that the thanks of the House be extended to the Secretary of State for his courtesy in extending the invitation, and that the invitation be accepted.

The SPEAKER pro tempore. The gentleman from Wyoming moves that the House thank the Secretary of State for the invitation extended and that it be accepted.

The motion was agreed to.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed without amendment joint resolution (H. J. Res. 151) to provide that deferred grazing fees received prior to December 31, 1921, shall be considered as receipts of the fiscal year 1921.

The message also announced that the Senate had passed with amendment the bill (H. R. 8643) to extend the tariff act approved May 27, 1921, known as the emergency tariff bill, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had insisted upon amendments to the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, had requested a conference with the House of Representatives upon the bill and amendments, and had appointed Mr. PENROSE, Mr. MCCUMBER, Mr. SMOOT, Mr. SIMMONS, and Mr. WILLIAMS as the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the amendment of the House of Representatives to the bill (S. 513) granting a deed of quitclaim and release to J. L. Holmes of certain land in the town of Whitefield, Okla.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 904) for the relief of Elijah C. Putman.

BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that on November 7 they had presented to the President of the United States for his approval the following bills:

H. R. 8477. An act to extend the time for the construction of a bridge across the Choctawhatchee River, near Caryville, Fla.; and

H. R. 6152. An act to authorize the construction of drawless bridges across a certain portion of the Charles River in the State of Massachusetts.

CAPT. NELSON M. HOLDERMAN.

Mr. CURRY. Mr. Speaker, I ask unanimous consent to proceed for three minutes out of order.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent to proceed for three minutes out of order. Is there objection?

There was no objection.

Mr. CURRY. Mr. Speaker, I notice in the gallery one of my constituents, Capt. Nelson M. Holderman, a hero of the World War. Capt. Holderman was awarded the congressional medal of honor, the croix de guerre with palm, of France. The French cross of war was conferred upon him twice, and the Order of the Crown, of Belgium, and was cited for valorous and meritorious conduct.

Capt. Holderman entered the Army by way of the National Guard of California. He served overseas through the entire war. He was wounded seven times, and was in command of Company K, Three hundred and seventh Infantry, under Col. Whittlelesly, at the Battle of the Argonne. Col. Whittlelesly's regiment was known as the Lost Battalion. Eleven hundred men went into that action under Col. Whittlelesly. They were on the front of the firing line, were cut off from their command for five days and five nights, and were surrounded by the enemy, refused to surrender, and fought their way out. Of the eleven hundred men of that battalion who entered that battle but 165 returned alive or unwounded. All but 165 were either killed or wounded. In that battle Capt. Holderman was wounded three times, and while wounded led his men. [Applause.]

[Capt. Holderman stood up in the gallery amid the applause.]

Capt. Holderman is at present detailed to the command of an Infantry company at the Presidio of San Francisco, Calif. [Applause.]

I will read Capt. Holderman's citation:

General Orders, No. 11.

WAR DEPARTMENT,
Washington, March 12, 1921.

I. Award of medal of honor.—By direction of the President, under the provisions of the act of Congress approved July 9, 1918 (Bul. No. 43, W. D., 1918), the medal of honor was awarded by the War Department, in the name of Congress, to the following-named officer:

Nelson M. Holderman, captain, 307th Infantry, 77th Division. For conspicuous gallantry and intrepidity above and beyond the call of duty in action against the enemy northeast of Binarville in the Forest of Argonne, France, October 2 to 8, 1918. Capt. Holderman commanded a company of a battalion which was cut off and surrounded by the enemy. He was wounded on October 4, on October 5, and again on October 7, but throughout the entire period, suffering great pain and subjected to fire of every character, he continued personally to lead and encourage the officers and men under his command with unflinching courage and with distinguished success. On October 6, in a wounded condition, he rushed through enemy machine-gun and shell fire and carried two wounded men to a place of safety.

By order of the Secretary of War:

PEYTON C. MARCH,
Major General, Chief of Staff.

OFFICIAL:
P. C. HARRIS,
The Adjutant General.

[Applause.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I desire to submit two unanimous-consent requests. First, I desire to call the attention of the House to the fact that a great convention of the American Legion was recently held at Kansas City, Mo. I desire to extend my remarks in the RECORD by inserting a general summary of the resolutions adopted. I will not take up the space in the RECORD to print the whole proceedings.

The SPEAKER pro tempore. The gentleman from South Dakota asks unanimous consent to extend his remarks in the RECORD by inserting a short summary of the resolutions adopted at the meeting of the American Legion in Kansas City. Is there objection?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Speaker, a great convention of the American Legion was held in Kansas City, Mo., October 31 and November 1 and 2, 1921. The resolutions adopted at that convention express the deliberate thought of nearly 1,000,000 ex-service men and women of the World War and should be communicated to the Congress. A summary of the proceedings is as follows:

SUMMARY OF PROCEEDINGS THIRD NATIONAL CONVENTION OF THE AMERICAN LEGION.

INTRODUCTION.

"The physical manifestation of a great moral force."

Thus did Armando Diaz, general of the Italian Army, epitomize the third national convention of the American Legion. And no one of the thousands who crowded Kansas City for the great gathering of the men and women who wore the uniform of their country in the great World War failed to make his and her contribution to the carrying of that message to the entire world.

Never again in history will it be possible to duplicate the atmosphere of this convention. True, there may be even larger gatherings of the veterans and of those Americans subscribing to their ideals and purposes. But never again will it be possible to bring together for one event those leading figures in the titanic struggle from the chaos of which there emerged a chastened world ready for a message of peace, tolerance, and mutual helpfulness.

War-rended Europe sent the leaders of the allied military and naval forces to convey the greetings and felicitations of those slowly recovering countries. America contributed her share by a tremendous outpouring from peace time pursuits of that armed host that turned the tide of battle and made peace more speedily possible.

From Foch, the generalissimo of the allied armies; from Beatty, the British naval hero of the grand fleet; from Diaz, who headed the victorious Italian forces that routed the Austrians; from Jacques of the immortal Belgians; and from the chiefs of the veterans organizations kindred in spirit to the American Legion in Britain and continental Europe there came affectionate greetings to American comrades.

And there came, too, with a depth of earnestness from these distinguished visitors an appeal for a universal sympathy and brotherhood that would end for all time the conditions that made the new comradeship between the men of this country and other nations possible.

From Gen. John J. Pershing, Chief of Staff and General of the Armies of the United States, who was commander-in-chief of the American Expeditionary Forces in France; from Admiral Hugh Rodman, who headed the Nation's naval contribution to the grand fleet that checked the Hunnish submarine horrors; and from Maj. Gen. Commandant John Lejeune, of the United States Marine Corps, representing the final phase of the Nation's armed forces there came responses in behalf of those who had served and fought, which emphasized the strength of the ties that bind the veterans of the world together.

And from Calvin Coolidge, Vice President of the United States, as well as John G. Emery, the national commander of the American Legion, were evoked substantial statements which acknowledged and praised the deep interest of all Americans, including the veterans them-

selves, in the problems of the disabled and other comrades of the service and the Nation itself.

Thus it can hardly be taken as a surprise or a far-fetched tribute when the distinguished Italian warrior declared, after the steady ranks of marching American Legion members from every part of the Nation and the world had stepped by the reviewing stand for four hours, that the whole demonstration encompassed in the convention activities should be termed "the physical manifestation of a great moral force."

Kansas City lost its identity from Friday, October 28, to the same day a week later, because of the presence of the members of the American Legion and spacious though its great convention hall was, it did not begin to encompass the host that had descended upon the city.

Monday and Tuesday, October 31 and November 1, were the high-water marks of the convention. On the first day the American Legion's distinguished guests arrived, and with the exception of Marshal Foch and Gen. Pershing addressed the delegates. Tuesday was the marshal's own day, he gallantly sharing his honors with Gen. Pershing at the Convention Hall.

Tuesday afternoon an American demonstration of virility and patriotism and moral force was held that inspired and kept interested the distinguished visitors, as the marching hosts with flying colors and standards marched by in solid formation for nearly four hours. And surrounding the parade on every side for the 4 miles of the route were literally hundreds of thousands of persons jamming the streets solidly back to the house lines.

But the convention was not all a demonstration of the patriotic fervor of the legionnaires and their friends. Business sessions of the convention encompassed a widespread variety of business looking to the welfare of the disabled veterans of the war and the development of the permanent organization of the American Legion. New officers were selected, and with the inspiration of the historic meetings just closed the eyes of all legionnaires and the good citizenship of the world at large are turned upon America's premier organization of war veterans in watchful anticipation of the fulfillment of expectations.

NATIONAL OFFICERS.

Commander: Hanford MacNider, Mason City, Iowa.
Vice commanders: H. Nelson Jackson, Burlington, Vt.; George L. Berry, Nashville, Tenn.; Raymond O. Brackett, Marblehead, Mass.; Charles S. Kendrick, San Francisco, Calif.; John A. McCormick, Las Animas, Colo.
Chaplain: Rev. E. A. Blackman, Kansas.
Adjutant: Lemuel Bolles, Seattle, Wash.
Treasurer: Robert H. Tyndall, Indianapolis, Ind.
Judge advocate: Robert A. Adams, Indianapolis, Ind.
Historian: Eben Putnam, Wellesley Farms, Mass.
Assistant adjutant: R. G. Creviston, Marion, Ind.

PROCEEDINGS.

[NOTE.—Reports of committees are incorporated in chronological order.]

Monday, October 31, 1921.

MORNING SESSION.

The convention convened at 9.30 o'clock in the Convention Hall at Kansas City, Mo., Commander John G. Emery presiding. "Mother" Schumann-Heink sang the Star-Spangled Banner. Harold Johnson Post, of Grand Rapids, Mich., gave the national commander a gavel with which to preside over the convention.

National Chaplain Inzer pronounced the invocation.

Greetings were extended by the Hon. James M. Cowgill, mayor of Kansas City, and by Dr. Harry F. Parker, Missouri department commander.

The calling of the roll was dispensed with.

The report of the credentials committee was adopted, as follows:

That to those members of the American Legion in foreign countries not holding a department charter but having one or more posts, it is recommended that their representatives be seated as delegates in this convention, and it is further recommended that the members of the American Legion in foreign countries be represented in this convention as follows:

Africa	1
Brazil	1
Chile	1
China	1
Cuba	1
Guatemala	1
Japan	1
Peru	1
Porto Rico	1
Spanish Honduras	1
Turkey	1
Venezuela	1

It was decided by the committee that remittances for new members mailed on or before 30 days prior to the convening of the convention should be considered as having been in the hands of the treasurer within the meaning of the constitution. In accordance with this decision the following departments are given one additional delegate:

California, District of Columbia, Mississippi, Ohio, and Colorado.

The committee recommends to the national convention that letters containing checks and names of new members mailed in due time to reach the national treasurer 30 days prior to the date of the convention and postmark on the envelope or registry receipt clearly showing that it was mailed within that time, be deemed as having been received by the national treasurer within the meaning of the national constitution and that this ruling govern all future conventions.

That the official roll of the convention be as follows:

Departments:	Votes.
Africa	1
Alabama	8
Alaska	6
Arizona	8
Arkansas	9
Brazil	1
British Isles	1
California	41
Canada	1
Canal Zone	6
Chile	1
China	1
Colorado	13
Connecticut	12
Cuba	1
Delaware	6
District of Columbia	10
Florida	10
France	7
Georgia	8
Guatemala	1
Hawaii	6
Idaho	8
Illinois	62
Iowa	47
Indiana	32
Japan	1
Kansas	28
Kentucky	16
Louisiana	12
D'Olier, Franklin	1
Lindsley, Henry D	1
Maryland	10
Massachusetts	48
Mexico	5
Michigan	32
Maine	13
Minnesota	34
Mississippi	10
Missouri	28
Montana	12
Nebraska	24
Nevada	6
New Hampshire	11
New Jersey	26
New Mexico	7
New York	80
North Carolina	12
North Dakota	15
Ohio	48
Oklahoma	21
Oregon	14
Pennsylvania	65
Peru	1
Porto Rico	1
Philippine Islands	5
Rhode Island	8
South Carolina	9
South Dakota	19
Spanish Honduras	1
Tennessee	13
Texas	24
Turkey	1
Utah	7
Venezuela	1
Vermont	10
Virginia	12
Washington	19
West Virginia	14
Wisconsin	30
Wyoming	8

The report of the committee on permanent organization was adopted as follows:

That the national adjutant be made permanent secretary of the convention with power to appoint such assistant secretaries as may be deemed necessary That the national commander be authorized to appoint a sergeant at arms of the convention and such assistants as may be deemed necessary. That the call for future conventions provide that each department shall designate its member of the committee on permanent organization and that the committee meet in advance of the convention and prepare the permanent organization. That there be the following convention committees. Each committee will consider the subjects generally assigned to the committee as hereinafter set forth and in addition thereto any matter which may be referred to it by the convention.

Resolutions: To consider all questions referred to it by the convention; to formulate such convention resolutions as may be appropriate, proper, and necessary and not specifically falling within the jurisdiction of some one of the following committees:

Rehabilitation of veterans: To consider all questions pertaining to disabled veterans and their dependents for which legislation is not pending; to study carefully the work of the Veterans' Bureau and recommend such changes as are considered necessary; to review questions of civil-service preference and outline the Legion's policy in dealing with such questions; to consider the question of unemployment and to recommend a program suitable to the Legion's ability to handle.

Legislation: To consider all legislation now pending before Congress directly affecting service men and women and their dependents, such as adjusted compensation, the emergency officers' retirement bill, etc.

Constitutional amendments: To consider all suggested amendments and draft into the language of our constitution all amendments approved by the convention.

Organization: To consider all phases of organization under the following heads:

A. National: To consider the question of consolidation and coordination of all divisions of the national organization and recommend such changes as are considered advisable and expedient at this time; to outline the scope of and duties of field representatives; to receive the report of the director of publicity and recommend to the convention a general plan for handling publicity work during the ensuing year; to recommend a policy relative to the collection of material having historical value and the proper preservation of this material by the proper officials; to study the present system of handling names through posts, departments, and national headquarters to the Legion Weekly office, together with such other plans as may be submitted, and recommend to the convention a plan that will meet the needs of our organization; and in addition to consider such other questions as may directly affect the national organization work, such as the Legion's relations with foreign veterans' organizations.

B. Departmental: To consider the minimum physical organization needs necessary to insure prompt administration of departmental affairs and recommend to the convention a general policy for the future consideration of such matters; to define the responsibility of our several departments in dealing with questions of national importance and to recommend a general policy for the calling of intradepartment meetings of the post and department officers.

C. Post: To consider questions of uniform records and recommend to the convention a policy that will insure uniformity of post administration; to outline in a general way the minimum requirements of post organizations as they relate to officials and standing committees; and to define the responsibility of our several posts in dealing with questions of departmental or national importance.

Americanism: to receive the report of the National Americanism Commission and to recommend to the convention a program for the consideration of our National Americanism Commission for the ensuing year.

National Legion finance: To receive the report of the national treasurer; to consider the question of national per capital tax; to outline the policy relative to prorating of national dues during the year; to review the recommendations of the national commander relative to national finances and outline a general financial policy for the guidance of the national organization.

Naval affairs: To receive the report of the national committee on naval affairs and to consider all questions bearing upon the military policy of the United States considered as coming within the rights of our organization.

Time and place of next meeting: To receive the invitations of all cities bidding for the 1922 convention and to recommend to the convention the time and place of our next annual convention.

The report of the committee on rules was adopted.

REPORT OF NATIONAL COMMANDER.

National Commander Emery made his report to the convention.

"Commander EMERY: The report I am about to render to you on the occasion of the third convocation of the national representative assembly of the American Legion is, I am proud to state, one of brilliant achievement, which has placed the Legion in the forefront as a factor in the public life of our country. The honor of having led the Legion to these achievements is not mine. They were conceived and accomplished by that great leader and patriot, who has done more to advance the destinies of the legion than any other one man, our late and beloved commander, Frederick W. Galbraith, jr. [Applause.] Lord rest his soul. Let us stand for one moment in the hope that silence may convey what words can not, an expression of the debt this Legion and this Nation owes that great man."

The audience arose in silence.

"Strong nations and strong institutions profit by adversity which would crush and overcome individuals and institutions less strong. It has been so with the Legion. The tragic passing of Commander Galbraith was a crushing blow, but a blow from which the legion has recoiled with new determination. In the face of this and of adverse industrial conditions, which have hit the service man harder than they have any other class, the Legion has gained in strength and membership. Its financial condition has steadily improved.

"In the exposure and subsequent frustration of a nation-wide German propaganda campaign in the United States the Legion has within the past year rendered a great service.

"The greatest Legion achievement of the year has been won for our disabled comrades. Commander Galbraith studied all available data on the subject and found the situation disgraceful almost beyond belief. The Nation and the Legion itself were ignorant of the true conditions of mismanagement and neglect surrounding the administration of affairs of our disabled comrades.

"This state of affairs was reflected in the inactivity of the Congress and the incompetency of Government agencies. In the War Risk Insurance Bureau more than 100,000 claims were pending which were more than one year old. The Surgeon General of the Public Health Service was vainly pleading for money to equip 10,000 additional beds. Dissatisfaction with the work of the Federal Board for Vocational Training had reached a point where it was a subject of congressional investigation. Disabled veterans were in dire want. Thousands were without medical care or compensation with which to obtain it. Many had taken refuge in insane asylums, almshouses, and even jails.

"Galbraith's first stroke was to institute a vivid and forceful publicity campaign, bringing the true conditions before the Nation. The effect was almost instantaneous. In two months the case of the disabled had become a national issue.

"The beginning of the new year found the country and the Congress aroused and sympathetic. Instinctively they turned to the Legion for a remedy. Galbraith gathered a corps of the greatest experts in the country on all phases of veteran rehabilitation problems. Their recommendations were in definite form. Mr. Harding, who had meantime become President, was prevailed upon to assemble a committee headed by Charles G. Dawes to hear testimony and make recommendations.

"These recommendations of the Dawes committee coincided with the recommendations which had been worked out in the weeks preceding by Galbraith and his expert associates. They received the indorsement of the President and were transmitted to Congress for action.

"They began to drive for the necessary national legislation, a drive which culminated with the passage in August of the Sweet bill creating the Veterans' Bureau and displacing the incompetent old régime. It was a prodigious piece of legislative work.

"Our second great legislative fight has been for another class of disabled veterans, the financially disabled. Repeatedly during the disabled fight Galbraith served notice on official Washington that the Legion had not receded an inch on the question of adjusted compensation. As the fight for the disabled legislation progressed Galbraith and his associates were quietly working up the Legion's case for adjusted compensation.

"A year before the Legion's fourfold bill had passed the House by an overwhelming majority and died in the Senate committee. The House stood ready to act favorably on the measure again. The seat of confirmed opposition was in the Senate. The Legion received assurances that the bill would be reported out of committee in the Senate, which in the ordinary course of events would have meant its passage. The bill was reported out. The anticompensationists made their last desperate stand, and by a series of unprecedented measures succeeded in returning the McCumber bill to committee.

"First came the sensational letter of the Secretary of the Treasury to Senator FRELINGHUYSEN declaring that the payment of this just and legitimate debt to our country's defenders would bankrupt the Treasury.

"The cost of the bill was grossly exaggerated, and the hysterical cry of national bankruptcy was raised. Mr. Mellon's intemperate statements failed of their purpose. They did little to stem the tide in favor of passage of the McCumber bill.

"At this stage the President appeared. After a conference with a group of anticompensationist Senators at the Capitol, the Executive was told that if the passage of the McCumber bill was to be forestalled nothing but a dramatic personal appeal by the President could do it. Mr. Harding then decided on his extraordinary course, and addressed the Senate, with the result that the bill was reinterred in committee. In my opinion, when the Senate yielded to the President's dictation, it bowed to the will of the Executive and not to fact or reason.

"Such means as were used last summer to beat adjusted compensation can not ultimately succeed. Nothing is settled until it is settled right. And the national adjusted compensation issue has not been settled at all. The American people are the court of last resort, and whenever American people have by the ballot passed judgment on the matter of adjusted compensation that judgment has been an indorsement of the Legion's stand. I can not conceive a Congress so derelict in its duty, so unmindful of its just obligation to those who served their country at great financial loss, are so blind to the wishes of our people as to mislead again in refusing to adjust the economic balance between the man who went to war and the man who did not.

"In connection with our attitude toward Congress and others in legislative matters, your commander has felt that we should act as fearlessly toward them as did our brothers who lie in Flanders field when they dealt with our enemies. He has endeavored to speak and have the Legion speak to those who have not dealt with the service man as we felt they should be dealt with in no uncertain terms. In so doing he has not considered for one moment to what political party or faction they might belong.

"He also feels very strongly regarding the politic clause in our constitution and trusts that this convention will not allow it to be tampered with except possibly to strengthen it by adding appointive office as well as elective. I feel that no person in public office in community, State, or Nation should be allowed to speak officially for the Legion; that the Legion must continue to speak for itself, when issues involving service men are concerned, and then in terms which all the world will understand.

"Early in the administration of Col. Galbraith the American Legion became a member of the Inter-Allied Veterans' Association, a project very dear to the heart of our commander; with the idea of furthering a common understanding among the veterans of our allied nations the pilgrimage to France and Belgium was born. On our mission to Europe, your delegates were received with demonstrations of welcome and hospitality which France and Belgium never before have accorded to unofficial representatives of a foreign country.

"The pilgrimage to France marked the passage of the Legion's influence beyond the frontiers of the United States. It remains an American institution, but an American institution whose influence is being felt throughout the world.

"Your national executive committee early in the year passed a resolution to the effect that the service bureau should remain at national headquarters in Indianapolis. Following that, however, Commander Galbraith felt that they could perform their work better in Washington and removed the bureau to that place on his own initiative. After the Sweet bill was passed, decentralizing the efforts of the War Risk Bureau, your present commander felt that the Legion must decentralize its efforts with the Government, inasmuch as we had for two years, in season and out, demanded that the Government should handle the matter in this way. Therefore since September 30, as soon as convenient after the passage of the Sweet bill, the service work has been handled through 14 liaison officers, one in each of the 14 regional districts, with a contact office still maintained in Washington. The American Red Cross enabled us to put these men on by agreeing to pay their salaries as long as they shall be needed, and the first remittance of $35,000 has already been received for this purpose.

"The last national work undertaken by the Legion has been for the relief of our comrades who are unemployed. As a class service men are suffering more keenly than any other in the present period of industrial depression and subnormal employment. It is a duty of the Legion to extend every aid to these comrades, and a duty which I know the Legion will not fail to perform.

"To make and keep America truly American, to maintain in the hearts of our people allegiance to those basically American institutions and ideals of government which have made the name 'America' the hope of the world—this is the Legion's task that has fallen to our national Americanism commission. Its success has been as great as the success of the Legion, although many times the results of its efforts are not seen by the layman or casual observer.

"To-morrow morning there will be called to order in Kansas City another great convention, a convention which means the dawn of a new day in the making of a better America. The woman's auxiliary of the American Legion, with possibilities unbounded, is about to become an accomplished fact, independent and self-governing, a worthy compatriot of the Legion.

"The Legion has developed a highly specialized and effective means for carrying its message to the people. There is the American Legion Weekly, our national magazine. The American Legion News Service, our organization for the gathering, writing, and distribution of news of Legion activities, regularly is furnishing news of Legion activities to more than 10,000 newspapers which are read by 40,000,000 people. We are expanding the national speakers' bureau until within a few months we hope to have at hand a corps of 4,000 volunteer Legion orators throughout the country. We have in process of development a film service, the object of which is to enable posts to utilize motion pictures as a means of increasing interest and attendance in post meetings and spreading the general aims of the Legion through special films. These four agencies of publicity—the weekly, the news service, the speakers' bureau, and the film service—recently have been grouped under a director of publicity to insure synchronization and coordination of effort.

"Finances are on a sound basis. Current income is meeting current expenses and there is money in the treasury. The improvement mentioned is found also in State departments, and the State departments are but the reflections of the local posts.

"Your commander has two recommendations touching the matter of organization which he would like to place before you for your earnest consideration: First, I feel strongly that there should be at least three stated meetings of the national executive committee during the year, at quarterly intervals. Secondly, I feel that the time has arrived when we must give very earnest consideration to the matter of consolidating all bureaus and efforts of the Legion under one roof, or at least in one city. There is a great deal of lost motion and a reduction of efficiency under the present system, resulting in a very great lack of coordination in the efforts of the organization.

"Behind all this progress I have mentioned has been the toil of thousands of devoted and patriotic men and women to whom the Legion

represents a splendid ideal, the ideal of service to our country and our comrades. I refer to all legionnaires throughout the length and breadth of the land. I have enjoyed their cooperation and support in all my work with the Legion as a post, a department, and a national officer. To them goes credit for what the Legion is—for they are the Legion. God bless the Legion!"

Mr. George L. Berry, who represented the American Federation of Labor and who is president of the International Printing Pressmens' Union, and a member of Hawkins County Post, No. 21, of Rogersville, Tenn., spoke.

ADDRESS OF MR. BERRY.

"Mr. BERRY. Mr. Commander and gentlemen of the convention, I have the honor and the privilege of bringing to this convention the felicitations of the American Federation of Labor, decided upon at the convention of that organization in the city of Denver last June. I assure you that the feeling of good wishes of the American Federation of Labor comes with a unanimous action of that convention. It was the result of the magnificent address delivered to that convention by the representative of the American Legion, Mr. Owsley, of the Americanism commission of this body.

"There is very little difference, fundamentally, in the purposes of these two great American organizations, and there is a basis upon which these two organizations, at least legislatively, can act in unison for the common good of the citizens of America. Fundamentally the American Federation of Labor and the American Legion stand for the conservation of the Constitution of the United States and the protection of the Republic that we love equally well.

"The American Federation of Labor and the American Legion stand opposed to the introduction in the affairs of our country of a system of government that has been found to be a failure, a system of government in contravention to every ideal of Americanism, and we are a unit not by word but by action in opposition to the introduction in the Republic of the United States of sovietism or bolshevism.

"Let me say to you, gentlemen of this convention, that there is no policy that appeals more strongly to the working men and women of America than that policy exemplified in the aggressive and progressive policy of Americanism as conducted by the American Legion.

"We feel, we know that we have in our organizations men and women who are no credit to either one of us, but it is impossible to expect the organization of men, human beings, to be free from the sordid men who are out to disrupt and break down the organizations as represented, like the Legion and the Federation. But there are a sufficient number of constructive, patriotic men in both organizations to overcome the obstacles and meddling outsiders, their action to the contrary notwithstanding. And when I say to you that the convention of the American Federation of Labor has sent to this convention a representative by unanimous indorsement of the convention in Denver you can better realize the genuineness and sincerity of the men and women who toil in this country as regards their feeling toward the American Legion.

"I am happy in the fact that this splendid contact has been made between these two great organizations, because, gentlemen, this convention proves the growth of the membership of the Legion and indicates that we have not been led nor do we believe that our duties ended on the 11th day of November.

"There has never come to organizations such response for statesmanship, both political and industrial, as is upon the shoulders of the members of the American Legion. The federation, legislative and nonpartisan as it is, stands ready to support the American Legion in its legislative aspirations that we believe are right, the politicians to the contrary notwithstanding.

"Of course, it is to be expected that the Federation will attract greater criticism than will the American Legion, because the Federation, in addition to being a legislative organization, is made up of international unions that are economic fundamentally and in many instances exclusively, and when the question of wages and our open-shop conditions are to be considered there is usually some degree of controversy; but this, gentlemen, should be known with respect to the position of the American Federation of Labor, that we stand for collective bargaining arrived at by conciliation, and if that fails, by arbitration; we are prepared, as the labor movement of America, to accept the facts evolving out of the differences that arise between the employer organizations and the employee organizations of this country. What more could be expected?

"We have said, and I believe properly so, that the cost of living should not be the determining factor in the adjustment of wages. We believe that the industrial conditions, the physical relationship of industry, should determine wages and not the fluctuation in the price of a potato. We believe it unfair that wages should be determined by the rise or the fall of the cost of living, but in this we stand for the arbitration of those issues by the facts involved in the controversy and in the industry affected. What more can be expected? But unfortunately there has grown up in America, and to some extent in all of the other countries of the world, a custom that we were pleased to call during the Great War 'direct action.'

"It is true that there were organizations of labor, outlaw in the majority of instances, that took direct action to force conditions not justified by the facts involved in the controversy that we style direct action. We are opposed to direct action.

"We stand for the determination of the affairs between men of labor and men of the employers' organizations by the arbitration and the determination of those issues by fact. I am opposed to the use of circumstantial advantage, whether it comes from the employer organization or whether it comes from the employee organization, to force home by a condition of plenty or by a condition of poverty a condition—working condition or industrial condition—that is not founded upon the truth.

"We stand for the continuation of industry uninterrupted, and propose to exercise the instrument of strike as the very last resort, and to you gentlemen, to the fair-minded citizenship of America, there rests upon your shoulders the fight to establish the truth, to maintain justice, to be sure that when you attack some one for an industrial controversy you attack the right party. It is not always the man that cries 'thief' the loudest that is the most innocent man in the congregation.

"I make this observation without fear of contradiction, that the majority of industrial conflicts result from the refusal of one side or the other to abide by facts. The trade-union movement of this country can not escape the obligation that they owe the industry. They can't expect to receive from it more than they assist in putting into it. And if it is not there to be had, then it is their duty to meet that condition in a statesmanlike manner, and it is the duty of the employer organizations to make known the facts to their fellows in industrial pursuits. That is the thing; that is the situation; that is the work that is upon the shoulders of every American citizen who believes genuinely in America. My friends, disabuse your minds of the fact of the statements that have gone abroad that the trade-union movement has closed its eyes to readjustment. The man who closes his eyes to industrial readjustment, whether it is the employer or the employee organization, is a fool and not deserving of the sympathetic consideration of the fair citizenship in our country.

"We must ever stand for readjustment, because readjustment in the main means progress, and the Legion can be satisfied readjustment means the conservation of industry in America, and it is the duty of every man, employer or employee, to join in a constructive readjustment of the industry of this country to the end that justice might apply, to the end that our industrial organization may continue uninterrupted, to the end that there may come to this country a stability, industrial stability, that means the very foundation of our Republic.

"Gentlemen, I am happy to be here as the representative of the American Federation of Labor, to briefly say to you what hundreds of laboring men on this continent are saying every day—what has been said on the floor of the convention of the American Federation of Labor, I am, in addition to that, proud to be here as a delegate from the department of Tennessee and to be able to greet you, not only in the name of the American Federation of Labor but in the name also of the great State of Tennessee. I thank you for the consideration given me."

A vote of thanks to the American Federation of Labor was passed unanimously.

The Hon. Calvin Coolidge, Vice President of the United States, was introduced by Commander Emery and addressed the convention.

The national commander introduced Mr. A. A. Pearson, who spoke in behalf of the commander of the Confederate Veterans of America.

The memorial service for the late Commander Galbraith was held.

Chaplain John F. Horget read the prayer.

Mr. Milton J. Foreman, of Illinois, read the eulogy.

Mrs. John G. Emery sang.

The convention adjourned at 12.10 p. m.

AFTERNOON SESSION.

The meeting convened at 2.15 o'clock, Vice Commander Bannigan presiding. Commander Emery presented to the convention Gen. Armando V. Diaz, of Italy, and Lieut. Gen. Baron Jacques, of Belgium. They addressed the convention and were decorated with the Legion emblem. Maj. Gen. John A. Lejeune, commandant of the Marine Corps, spoke.

Mr. Gilbert Bettman, chairman of the national legislative committee, presented a synopsized report.

REPORT OF CHAIRMAN OF LEGISLATIVE COMMITTEE.

"Mr. GILBERT BETTMAN: If the American Legion legislative activities had accomplished during the year nothing more than the passage of the Sweet bill, which consolidated the Government bureaus and decentralized their operations in the field, I think the American Legion could feel that its legislative activities were justified. For that result, although accomplished in the name of the legislative committee, chief credit is due to the dynamic energy and the engaging personality of our dear past commander, F. W. Galbraith.

"There are many other points that we might tell you of in connection with our legislative activity, but beyond the Sweet bill, in view of the numbers here and some of our guests who want to withdraw, I shall limit myself to reporting to this convention on another subject that was also close to the heart of our past commander—the subject of adjusted compensation.

"The attitude of the legislative committee, and they hope that they have reflected the attitude of the Legion, has been that our first concern is with the disabled, and it was not until the program for the benefit of the disabled was well under way that the American Legion proceeded to lay emphasis on the adjusted compensation measures. The adjusted compensation measure, as you know, was passed by an overwhelming vote in the House before our last convention at Cleveland. Pressure was then brought to bear by the legislative committee in the Senate. The Senate referred it to the Senate Finance Committee. A hearing was had by that committee, at which our Commander Galbraith appeared, and the chairman of the legislative committee, and our arguments were received.

"Again we had a hearing before the Senate Finance Commmittee, and the Senate Finance Committee by an overwhelming vote reported the bill favorably. The bill was then called up for passage, made the unfinished business, which meant that it would be called up in the Senate. It was made the unfinished business by a vote of 46 to 4.

"Along toward the middle of July, or the 10th of July, it became obvious that the Senate of the United States was going to follow the lead of the House and pass the adjusted compensation measure. At that time it was said that the administration was considering asking a postponement of the passing of that bill. We understand that the President was assured that only his personal appeal to the Senate of the United States could stop the passage of the adjusted compensation bill. And you all know that on July the 12th that appeal was made and the bill was recommitted. After that recommittal your legislative committee then attempted to ascertain what was the proposal of the Government in regard to this legislation, and we visited the President and some of the members of his Cabinet. We brought to them the message that the adjusted compensation measure could not be downed.

"The President responded that the adjusted-compensation measure was not tabled but postponed. He told the representatives of the Legion that he had been elected upon a platform to reduce taxation, and that if the adjusted compensation bill passed at that time it would be impossible to carry out that pledge. We asked when we could hope for the passage of the adjusted compensation measure and we were told that as soon as the Government's bill to provide for the funding of the foreign debt was under way, then the adjusted-compensation measure could be and would be taken up.

"We also saw some of the members of the President's Cabinet, and we assured those members that the Legion was unanimous on the question of adjusted compensation.

"We also saw the Members of the Senate who had this legislation in charge and were assured by Senator MCCUMBER, who had control of the hearings before the Senate Finance Committee, that in December of this year the adjusted-compensation measure would be passed.

"The message which we brought to the President and to his advisors was this: That the Legion was unanimous and the service men were unanimous upon this subject. Further, that there were countless thousands of men in the service in the Army who believed that the men were entitled to adjusted compensation, not as a bonus for military service rendered, not as a gratuity for heroic work well done, but as approximate adjustment of the economic disadvantage which the men suffered by reason of their days in service.

"We told the President and his advisors that in addition to those thousands of men that held that view, there were other thousands who held the view that they were entitled to it on sentimental grounds or because of their military service performed, and that the combination of those who felt they were entitled to it upon economic grounds with those that thought they were entitled to it on sentimental or military grounds made a phalanx that could not be defeated.

"In answer the administration gave us the promises which I have detailed to you. That gives you the present situation on the adjusted-compensation measure. I wonder, Mr. Chairman, if I could add one word, because I may not be here at the time we finally consider our attitude upon this measure. Let me say a personal word.

"Together with Commander Emery and Vice Commander Scrugham I was on the original soldier beneficial legislation committee that wrote the adjusted-compensation measure. I have appeared at all the hearings to fight for this measure because in my heart I believe it is just and I expect and hope to fight for it until it is finally passed. I say that word because I want you men to know that in what I am about to say I am speaking as a legionnaire, and nothing else. [Applause.]

"What the American Legion should do now appears to me in the light of the history of this legislation to be this: We must give honest and deliberate consideration to the arguments that have been made by any member of the administration and to every line and syllable of the President's address to the Senate. After that deliberate consideration to all those arguments, let us again reaffirm the justice of the claim of the soldier for adjusted compensation.

"But let us not, my comrades, go further. I have heard it stated that something further might be attempted, something in the nature of a personality or a censure. Let us place our case on the justice of our cause and on nothing else. [Applause.]

"The strength of the American Legion is in its catholicity, is the fact that you can't dismiss what it does on the ground that it is politic or on the ground that it represents capital or labor or any religion.

"We are a cross-cut across the entire Nation. Let us therefore do nothing with regard to this cause which is close to our hearts which may have the slightest politic complexion. [Applause.] In saying that, I hope you men of the Legion will believe that I, who have been in this from the beginning and hope to stay to the end, have spoken not as a Republican, not even as a citizen, but as a member of the American Legion."

Gen. McBride, representing the G. A. R.: Col. Neol George Crossfield, vice chairman of the British Legion; and Mrs. Nell Berger, of the Missouri W. C. T. U., addressed the convention.

EVENING SESSION.

The meeting convened at 8.40 o'clock, Vice Commander Pendill presiding. Commander Emery introduced Admiral David Beatty, of Great Britain, who addressed the convention. Admiral Beatty was made a member of the American Legion. Admiral Hugh Rodman, of the American Navy, spoke.

The report of the committee on time and place of the next convention was adopted by vote of the convention, as follows:

1. That New Orleans be the convention city in 1922 for the fourth annual national convention of the American Legion.

2. That the national executive committee be designated to set definite dates for the said convention after arranged conferences with the proper committee of the convention city.

It is further recommended that the executive committee consider in their deliberations the selection of the third.

3. The committee recommends that the invitation of the city of Philadelphia to hold the convention in that city in 1926, during the sesquicentennial international exposition, receive the favorable consideration of the convention.

4. Your chairman respectfully presents in conjunction with this report the following suggestion by our national adjutant:

"The experience of this year and of the two preceding conventions confirms one on the feeling that for future conventions of the American Legion, more than three days should be made available. The suggestion is therefore most respectfully made that in deciding upon the time for the next meeting that five days be decided upon and that at least one day be given over to regimental and divisional reunions, one day to parade and general public activities, and the balance of the time to business sessions proper."

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TUESDAY, *November 1, 1921.*

MORNING SESSION.

The meeting convened at 9 a. m., Commander John G. Emery presiding.

Marshal Foch and Gen. Pershing entered. They were greeted with a great ovation. The Marseillaise and the Star Spangled Banner were sung.

Commander Emery introduced Gen. Pershing, who addressed the convention, then presented Marshal Foch. Marshal Foch spoke in French, and Francis Drake, of Paris Post, read the translation. The convention cheered uproariously for Foch and France. Texas presented flowers to the marshal and Montana a wildcat kitten. Foch was made a member of the American Legion.

The convention voted to recess at 11 a. m. to attend the dedication of the Kansas City Memorial Hall.

The meeting adjourned at 10.35 a. m. until 8.30 Wednesday morning.

Adjournment.

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WEDNESDAY, *November 2, 1921.*

MORNING AND AFTERNOON SESSION.

The meeting convened at 9.10 a. m., Commander John G. Emery presiding. Father O'Conner, of Ohio, pronounced the invocation. The ceremonies covering opening and closing of meetings, initiations, installation of officers, dedicating colors, halls, and memorials, funeral service, Memorial Day—in public hall or grove, Memorial Day—at cemetery, Independence Day, and armistice day were presented by the ceremonials committee. The report of the committee was adopted. The American daisy was adopted as the official Legion flower, instead of the poppy.

REPORT OF COMMITTEE ON CONSTITUTIONAL AMENDMENTS.

The report of the committee on constitutional amendments was presented, as follows:

"The constitution of any organization in which the majority rules is the only safeguard of the minority and should not be amended in any particular except in situations of grave emergency.

"Your committee has carefully examined and investigated all proposed amendments which were submitted to it and find no need at the present for any of the proposed amendments. We do, therefore, recommend that the national constitution be not amended in any particular at this time. This committee believes that the present constitution is a complete document and sufficiently adequate for the government of the American Legion.

"This committee calls the attention of the convention to the fact that the constitution provides that all proposed amendments shall be read to the convention at least 24 hours prior to the time at which a vote is to be taken. By adjourning on the morning of November 1 without the opportunity being given to read any proposed amendments, the adjournment being until the morning of November 2, the constitution could not be amended even though a necessary amendment had been proposed.

"We direct the attention of the convention to this fact in order that future conventions may not fall into this error."

This report was adopted.

REPORT OF LEGISLATIVE COMMITTEE.

The following resolutions were rejected:

1. A resolution recommending refund of war-risk insurance premiums.
2. A resolution requesting legislation regarding the Nurses' Corps.
3. A resolution requesting approval of the action of the War and Navy Departments in urging the establishment of a chemical industry.
4. A resolution relative to the taxation of Americans living in the Philippines.
5. A resolution relative to the taxation of Americans living in foreign countries.
6. A resolution recommending that the Alien Property Custodian use alien property to settle certain claims.
7. A resolution requesting indorsement of the act to incorporate the claims of the foreign-service league.
8. A resolution relative to the physical education of school children.
9. A resolution relative to the refunding or cancellation of the foreign debt.
10. A resolution relative to nurses in the Public Health Service.
11. A resolution relative to the use of blue sky laws.
12. A resolution relative to exemption from income tax.
13. A resolution relative to loans for reclamation of public lands.
14. A resolution relative to the use of the flag in the Philippine Islands.
15. A resolution relative to the publication of slacker lists.
16. A resolution relative to the Red Cross and canteen workers.
17. A resolution relative to irrigation and reclamation of lands.
18. A resolution relative to the reclamation of public lands.
19. A resolution recommending certain changes in the adjusted compensation bill.
20. A resolution relative to the reinstatement of Government insurance.
21. A resolution relative to the rating of patients of the Bureau of War Risk Insurance.
22. A resolution containing certain amendments to the war risk insurance act.
23. A resolution to rename streams and hills of the United States.
24. A resolution to increase the compensation of the victims of the *Cyclops* from $5,000 to $10,000.
25. A resolution relative to war memorials.
26. A resolution relative to civil-service preference.
27. A resolution relative to universal military training.
28. A resolution relative to the development of physical education through cooperation with the States.
29. A resolution relative to the labeling of imported goods.

The committee recommended the adoption by the convention of:

1. A resolution relative to reclamation of lands subject to soldiers' preferential right of entry.
2. A resolution indorsing the increase of compensation for attendants for the blind, armless, and legless.
3. A resolution recommending the appointment and employment of ex-service men in the United States Veterans' Bureau.
4. A resolution recommending an amendment to the war risk insurance act.
5. A resolution recommending that reserve officers in the Public Health Service be given same rights and privileges as Regular officers in the Public Health Service.
6. A resolution recommending an amendment to the vocational training law to give compensation to trainees injured while taking training.
7. A resolution to give reserve officers of the Public Health Service definite tenures of office retirement if disabled in line of duty.
8. A resolution relative to the establishment of a bureau of civil aeronautics.
9. A resolution exempting from tax entertainments of American Legion for charitable purposes.
10. A resolution amendment to the war risk insurance act granting the privilege to name the estate of a veteran as the beneficiary of his policy.
11. A resolution to permit boxing under the auspices of the American Legion in Hawaii.
12. A resolution to get ex-service men prior rights under the homestead act, and to exempt ex-service men receiving treatment for wounds from all requirements of the homestead act as to residence and cultivation.
13. A resolution to permit ex-service men in the Philippine Islands the privilege of Army and Navy hospitals.
14. A resolution to place reserve officers appointed to the Regular Army on a parity with officers of the Regular Army.
15. A resolution to have the veterans' preference act extended to include the Panama Canal Zone.
16. A resolution to secure retention courtesies to ex-service men and women in the Canal Zone to the exclusion of aliens.
17. A resolution urging the support of the progress of the national legislative committee.
18. A resolution urging the erection of a suitable monument in Arlington to commemorate the deceased of the World War.
19. A resolution urging the continuance of increased compensation to reserve officers of the United States Public Health Service.
20. A resolution urging the repeal of the act of October 6, 1917, which interferes with the promotion of ex-service men of the Government employ.
21. A resolution to secure the recognition of Armistice Day, November 11, as a national holiday.
22. A resolution to exempt disabled veterans from payment of taxes upon compensation and insurance.
23. A resolution urging the enactment into law of the provisions contained in war risk regulation No. 57.

24. A resolution urging certain amendments to the war risk insurance act.
25. A resolution to provide burial expense not to exceed $200 for ex-service persons who die outside of the service or in hospital receiving treatment as a Veterans' Bureau patient.
26. A resolution urging the reclamation of lands which may be settled upon by ex-service men.
27. A resolution providing for retirement for disabled emergency Army officers the same as is granted to officers of the Regular Army, Navy, and Marine Corps.
28. A resolution approving the work of the national legislative committee and recommending that this committee continue its efforts to secure favorable action upon certain bills still pending in the Senate and in the House which were recommended at the previous convention.
29. A resolution demanding the immediate passage by Congress of the American Legion fivefold adjusted compensation measure.

J. G. Scugham, of Nevada, read the report on adjusted compensation, as follows:

"Whereas there is pending in Congress H. R. No. 1 and S. 506, a measure to provide adjusted compensation to the soldiers, sailors, and marines of the Great War; and
"Whereas this adjusted compensation measure provides for the payment of the Nation's just obligations to the service men and women for the financial and economical handicap suffered by them incident to their service; and
"Whereas the Nation should and is paying all of its other war debts and obligations; and
"Whereas the obligation of the Nation to its soldiers arises by reason of economic handicap suffered by them because of their service, which economic handicap is at this time felt with especial severity because of widespread general unemployment; and
"Whereas after careful consideration of all the arguments advanced in opposition to the measure, including the letter of the Secretary of the Treasury and the address of the President to Congress, we still firmly believe in the justice, fairness, and immediate necessity of the adjusted compensation measure: Now, therefore, be it

"*Resolved*, That the American Legion, in national convention assembled, reaffirms its stand upon adjusted compensation and asks that the Congress of the United States pass this measure without further equivocation or delay."

The legislative report was adopted.

REPORT OF AMERICANISM COMMITTEE.

The report of the Americanism committee was presented by Charles H. Kendrick, of California. The report of the permanent national Americanism commission was approved. Recommendations were:

1. That the national finance committee appropriate to the national Americanism commission a sum not to exceed the amount recommended by the national executive committee.
2. That the remainder of the report of the national Americanism commission, together with the national director's report and the papers attached thereto, be referred to the national executive committee.

The resolutions recommended for adoption by the convention were:

EDUCATION.

Be it resolved by the American Legion in national convention assembled, That—

1. Education in citizenship is the keynote of Americanism. The education must reach the adult as well as the child, native born and foreigner alike. A knowledge of the English language is essential to good citizenship. The draft statistics of the late war showed that 24.9 per cent of the men examined for the draft could not read English. This indicates a deplorable and dangerous menace to the Nation's welfare. Although the various States have compulsory attendance laws, it is a matter of official record that of the 27,000,000 children of school age in the United States but 15,000,000 are in daily attendance, and as a consequence the United States ranks only ninth among the civilized nations of the world in educational matters. At the present time 25 States have laws requiring that English be the medium of instruction in all elementary and high schools. Many of these laws were enacted by request of the Americanism commission, and similar bills have been introduced in two States. In all States which do not have such laws everything possible should be done to secure similar legislation, and we desire to impress most strongly upon the various posts and departmental organizations of the Legion, and in particular upon the chairman of Americanism in the various State departments, that they do everything in their power not only to secure the enactment of laws to control this situation, but to see that such laws when enacted be strictly carried out.
2. United States history and civil government are often taught only in a cursory manner in the public schools. Educational authorities should encourage such a full, intimate study of these subjects as will develop in the child adequate respect and love for his country. A definite period should be devoted every week in public and private schools to appropriate patriotic exercises.
3. We believe that motion pictures and stereopticons can be used advantageously in patriotic education, and we approve the action of national headquarters in developing this service and urge its continuation and extension.
4. We recommend the indorsement of the program of cooperation between the Legion and the National Educational Association adopted at Des Moines July 4, 1921, and the plan for the holding of American education week December 4 to 10.
5. In education for citizenship, thorough training in the fundamentals should be emphasized. Ideals of service and cooperation for the common good should be developed, particularly in the children, in order to fit them for the responsibilities of modern industrial and political life. Civil playgrounds under proper directors are an exceedingly effective means of developing these ideals and educating children for citizenship, particularly among the foreign-born children. We strongly indorse such playground training and urge its extension.
6. Referring to House of Representatives bill No. 72, submitted April 26, 1921, with reference to the use of the English language in schools, it is the opinion of the Legion that for the words "controlling medium of instruction" there should be substituted "only medium of instruction."
7. It is a well-known fact that the national flag is often thoughtlessly treated with disrespect. It should never be used for advertising purposes. The American Legion urges that steps be taken to bring about a condition of affairs in all communities that will insure for the flag due respect and consideration. The American Legion also suggests that in the 12 States where a law does not exist requiring the flag to be displayed daily during school hours over public-school buildings, the Legion of those States do its utmost to have such laws enacted.
8. We believe there should be inculcated in the minds of the people the ideal that there can be no true Americanism without an honest and intelligent ballot honestly counted. We must have adequate election laws, and these laws must be strictly enforced. The American Legion should lead in the fight against those enemies of republican government who corrupt the election machinery for selfish ends.

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(9) Whereas there are in this country many foreign-born residents who are not being assimilated, due largely to the fact that the opportunity has not been afforded them to acquaint themselves with the American language, customs, and laws; and
Whereas this ignorance on their part has a tendency to promote radicalism in our midst, which we deem it our duty to avoid, and we further deem it our duty to assist them in acquiring at least some knowledge of our language and institutions: Therefore be it

Resolved, That the American Legion in convention assembled urge each post to take steps immediately to establish and put into operation an adequate Americanization program, following the policy outlined by national headquarters; be it further

Resolved, That the national legislative committee of the American Legion be instructed to draft suitable and proper legislation to be presented to the National Congress of the United States for the institution and maintenance of instruction in the English language, civil government, and American history, and the establishing of contact with those eligible for such instruction; and be it further

Resolved, That the Americanism commission of the American Legion appear before Congress in all matters affecting Americanism.

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(10) *Be it resolved*, That the American Legion favors the adoption of State laws requiring every teacher in every elementary and high school and every instructor or professor in every higher institution of learning, excepting those who are citizens of another country and only temporarily teaching in this country, to subscribe to an oath of allegiance to the Constitution of the United States and of the State where employed, and that we also favor a law permitting the cancellation of the certificate of any teacher found guilty of disloyalty to the Government.

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IMMIGRATION AND NATURALIZATION.

Be it resolved by the American Legion in national convention assembled:

1. That we favor an examination of all immigrants at the point of embarkation or the nearest United States consulate before embarkation, this examination to include not only physical and blood tests but also an examination into the general desirability of the immigrant with respect to his future as an American citizen, including a test of his or her degree of mentality. Also that the Bureau of Citizenship under the Department of Labor be required to have all aliens register for the purpose of education for citizenship.
2. That we favor a system of registration of all immigrants at the point of debarkation and the enforcement of diligent effort on the part of immigrants to obtain first and final naturalization papers within the respective periods of time permitted by law or such reasonable extension thereof as may be granted for due cause, and urges deportation to the country of their origin on failure diligently to prosecute their rights to naturalization.
3. That we favor as a prerequisite to naturalization reasonable proficiency in the reading and writing of English and knowledge of civics and American history, all evidenced by a certificate granted after an examination conducted by lawfully constituted authorities of public instruction, the present system of granting application for naturalization being too often mere form, leaving untested the alien's capacity for citizenship.
4. That we favor uniform and dignified naturalization ceremonies designed to impress on new citizens the dignity, responsibilities, and privileges of American citizenship in all courts with naturalization jurisdiction. Such ceremonies should be held periodically, so that new citizens can be received in groups.
5. That we favor encouragement by the American Legion of all social organizations looking toward the welfare of the alien, and the Legion's cooperation with all schools engaged in the education of the alien.
6. That we favor encouragement by the Legion of all worthy organizations striving to eliminate the "padrone" system and to make the alien independent of loan sharks, usurers, and all individuals whose methods of business result in the practical enslavement of the alien for years, thereby retarding and often preventing his attainment of citizenship.
7. That we declare ourselves in favor of the exclusion of all aliens for a period of five years: *Provided, however*, That the father, mother, sister, wife, or husband of an American citizen be allowed admission.
8. That we reaffirm the position taken at our two previous conventions with respect to Japanese immigration.

HAWAII.

That we urge Congress to adopt a Hawaiian policy which shall result in a larger population of distinctly American origin and a diversification of alien population, with a view to military, social, and economic safety.

ANTIAMERICAN PROPAGANDA AND RADICALISM.

There are numbers of people and agencies engaged in an attempt to change our form of government, industrial and social life. The motives of some of these people are sincere, of others insincere.

Their methods are twofold. First, through free speech and a free press, leading to changes by the ballot and evolution. Second, through prostitution of free speech and a free press, inciting the people to class consciousness and strife and leading to changes by revolution. The persons and agencies using the latter method are termed "radicals."

Be it resolved by the American Legion in national convention assembled, That we hold the first method of changing our institutions to be in keeping with the American spirit and Constitution. The second we condemn as unlawful and un-American.

2. That the program of education outlined by the National Americanism Commission be carried out.
3. That the schools should be removed from the influence of partisan politics, and that the qualification of instructions be only their capability and their Americanism.

4. That the passage by States of laws to make the teaching of disloyalty in any school an offense punishable by fine or imprisonment, or both, is urged.

5. That the Legion render all possible assistance to the school authorities by reporting to them all instances of disloyalty.

6. That we favor universal compulsory education.

7. That the American Legion take means to inform foreigners grouped in colonies within the United States, in the language of the foreigner, if necessary, of the system of government of the United States and the opportunity offered under such government.

8. That the Legion discourage the distribution, the purchase, and sale of all radical literature.

9. That all legion posts keep a watchful eye on radical propagandists and use all lawful means to prevent the fulfillment of their plans; that owners of halls and auditoriums in which radical meetings might be held be urged not to lease their property to such persons for such purposes; that newspapers be requested not to publish advertisements announcing radical meetings; and that officials of legion posts be urged to notify peace officers of all such contemplated gatherings coming under their observation, that such meetings may be prevented or dispersed if they transgress upon our laws.

10. That the national legislative committee give consideration to some measure which will provide severe penalties for inciting the overthrow of the Government by means of violence.

V. PUBLICITY.

Be it resolved by the American Legion in national convention assembled, That the plan of furthering the Americanism work of the American Legion through publicity is referred to the National Americanism Commission and to the national executive committee in so far as the jurisdiction of each may apply. The suggested outline of publicity contained in the report of the National Americanism Commission is specifically recommended for their action.

VI. DRAFT EVADERS AND POLITICAL PRISONERS.

(1) Whereas during the period of the war there were convicted and confined in various penal institutions a number of men charged and convicted of treasonable acts, utterances, and conduct against the Government of the United States; and

Whereas in numerous incidents influences have been brought to bear to secure the pardon of the criminals or to secure a general amnesty for all such so-called political convicts: Now, therefore, be it

Resolved by the American Legion in convention assembled, That we oppose the pardon of Eugene V. Debs and any person convicted of any treasonable conduct against the United States Government, or the granting of a general amnesty to such convicts; and be it further

Resolved, That this resolution be spread upon the records of this convention and a copy thereof be sent to the President of the United States.

(2) *Resolved by the American Legion in convention assembled*, That drastic measures in the prosecution of service evaders and deserters by the Federal authorities is urged.

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(3) *Resolved by the American Legion in convention assembled*, That we indorse the action of the national legislative committee regarding the release of political prisoners confined under the espionage act.

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(4) Whereas one Grover Cleveland Bergdoll, a prisoner escaped from the military authorities of the United States Government; and

Whereas the Alien Property Custodian of the United States Government, acting under and by authority of his office, has seized all property belonging to the said Grover Cleveland Bergdoll: Now, therefore, be it

Resolved by the American Legion in convention assembled, That we indorse the action of the Alien Property Custodian in seizing the property and assets of the said Grover Cleveland Bergdoll; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States and the Alien Property Custodian.

CONTRIBUTIONS FOR NATIONAL AMERICANISM COMMISSION.

Be it resolved by the American Legion in national convention assembled, That the reception of funds contributed for the legion program of Americanism from any source if given without restrictions be authorized: *Provided*, That the acceptance or rejection of such contributions is placed in the joint authority of the national commander, the national finance committee, and the national director of the Americanism commission: *Provided further*, That the names of all donors and the amounts subscribed be published in the columns of the American Legion Weekly.

PATRIOTIC OBSERVANCES.

Whereas members of the American Legion in Europe have witnessed with indignation the use of our national flag for the purposes of advertisement, and even less worthy ends;

Whereas the department of France of the American Legion has secured, continuously, action against such abuses when they have been discovered in France; and

Whereas the French authorities have lent their whole-hearted cooperation for the stopping of said abuses whenever specific instances have been brought to their attention; and

Whereas in other European countries it has not always been possible to obtain the assistance of the national authorities in suppressing the misuses of the American Flag: Now, therefore be it

Resolved, That the American Legion in national convention assembled urges upon the Congress of the United States the paramount necessity of passing suitable legislation making within the limits and territorial possessions of the United States the misuse of the flag of any country on friendly terms with the Government and people of the United States an offense of the most serious nature, involving punishment by Federal authorities of the United States; and be it further

Resolved, That when said legislation has been passed and put into effect by the Congress of the United States there then be negotiated treaties of reciprocity with friendly countries for the protection of the American Flag within their boundaries and possessions.

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(2) *Be it resolved by the American Legion in national convention assembled*, That the legion should always be ready to cooperate with other organizations in the observance of patriotic holidays or occasions, and that steps should be taken in conference with such organizations, both nationally and locally, to increase such cooperation, to decrease the duplication of effort and expense, and to increase through such cooperation public reverence for the flag and other patriotic symbols; but we reaffirm the idea that on Armistice Day the American Legion should be accorded the position of leadership in the observance.

All of the resolutions contained in the above report of the Americanism committee were adopted.

The resolution opposing the pardon of Debs was passed with cheers and a rising vote.

A resolution making the legion call upon the Federal Government to use every legal means at its disposal to have Grover Cleveland Bergdoll brought back from Germany was adopted.

REPORT OF THE COMMITTEE ON ORGANIZATION.

The following resolutions were adopted:

That in the future it be deemed the policy of the American Legion that before any action be taken by any local post of the American Legion with reference to any Mexican matter, the State department to which the local post belongs shall first sanction such action.

That it is to the best interests of the American Legion as a whole and its outposts upon the Continent of Europe that under existing conditions for some years to come these posts be assembled under the direction of the present department of France, under the title of "Department of Continental Europe," that said posts be so notified and said department so chartered.

That the American Legion, in convention assembled, extend at all times throughout all departments and posts fraternal courtesy and service to all members of the Great War Veterans' Association of Canada, visiting or residing in the United States, upon the presentation of proper credentials, and that in case of application being made for the establishment of additional posts of the American Legion in Canada the application for the same shall be forwarded by national headquarters of the American Legion to the Dominion command of the Great War Veterans' Association for investigation and report.

That the national commander shall cause negotiations to be opened with the heads of the several passenger associations in the United States toward the end of establishing a permanent policy with reference to reduced rates for the American Legion to its several conventions.

Provided, That the action of the railways in granting a 1 cent per mile rate this year shall not be considered as a precedent, and the negotiations shall be conducted without prejudice because of the action of the railways this year, and that it is the sentiment of this meeting that the fundamental conditions of such agreement shall be:

1. That the rate shall be uniform throughout the United States.

2. That the rate shall be available to the Grand Army of the Republic, the United Confederate Veterans, the Spanish-American War Veterans, and to the American Legion, and to the members of their immediate families.

3. That the rate shall apply to the officially recognized women's auxiliary of the several organizations.

4. That the rate shall be more favorable than the rate granted any other convention or organization in the United States.

That the national commander be directed to appoint a committee to prepare by-laws for the national organization which shall include rules of procedure to be followed in all cases where disciplinary action is requested from or taken by the national organization either in the first instance or on appeal, report to be submitted to the second meeting of the national executive committee following this convention.

That the American Legion, in convention assembled, through its properly designated historian officers, take immediate steps to organize a central graves registration bureau in each county for the purpose of properly recording graves of all World War veterans and assigning such graves to individual posts for proper decoration on stated occasions.

That the national executive committee or a special committee appointed by the national executive committee investigate the matter of an organization of fathers of members of the American Legion.

That post commanders coöperate in the Boy Scout movement and encourage members of the Legion to render such service as they may be able, especially as organizers and leaders of scout troops.

That the American Legion indorse in full the national campaign of "Every member get a member," and recommends the posts continue the drive for members with renewed force.

That all applications for the formation of new posts be accompanied by the proper remittances and that no charter be issued until such remittance is received.

That the American Legion favors the holding of a national conference of representatives of American Legion publications each year at the time of the Legion national convention.

That the American Legion requests all officers and men in the service to cooperate with the American Legion in forming sturdy posts of the American Legion in all of the Army and Marine Corps posts and all of the naval stations of the United States forces, and that copies of this resolution be forwarded to the commanding officer of every Army and Marine Corps post and every naval station of the United States forces.

That all post commanders be requested to get in touch with local historians in cities, towns, and villages, and cooperate with them in their efforts to collect and preserve material relating to local participation in the World War.

That the American Legion recognizes La Societe des Mommes 40 et Chevaux 8 as the official fun making organization appurtenant to the American Legion.

REPORT OF RESOLUTIONS COMMITTEE.

Resolutions adopted by the convention follows:

Whereas it has pleased Almighty God to remove from the head of the American Legion our peerless leader, Frederick W. Galbraith, jr.; and

Whereas this misfortune has occurred since the last convention of the American Legion; and

Whereas this convention does so feel the loss of our late commander and realizes that this loss is the occasion of much grief to others as well as to the American Legion.

That the American Legion, in convention assembled, express to the Nation its deep grief at the untimely death of our late commander, held by us to be the ideal type of American in all the sense that that great term does imply and that a copy of this resolution, suitably engrossed, be presented to the family of our late commander.

That the third annual convention of the American Legion records its sincere and deep appreciation of the magnificent reception and arrangements provided by the people of Kansas City through their city officials, their patriotic, civic, and the many other organizations which have made possible the splendid success of this convention.

That the American Legion, in convention assembled, do enter a solemn protest against the mitigation of the sentence of Eugene V.

Debs, or of any and all sentences imposed on obstructionists to the conscription laws, on conscientious objectors, and on violators of the laws of the United States to protect its peace and security in time of peril or to assist in the national defense, and we call attention to the impropriety of taking any such action while ex-service men are being held for trival violations of the Articles of War.

That the American Legion indorse the idea of an international armament limitation agreement.

That this convention go on record as favoring the memorialization of public highways, streets, and parks, particularly by tree planting and erection of tablets.

That the American Legion commends the publication of slacker lists when correct, and requests that such publication be continued and that such lists be given the widest publicity possible by the press.

That the American Legion favors the observance of May 30 in a spirit of reverence for the departed instead of one of celebration.

That we recommend the adoption by the national convention of a program to the end that special field workers, except those necessary to promote welfare work among disabled veterans, be discontinued, and that the national executive committee be requested to take a more active part in directing the activities of the national department, and that said committee be requested to formulate a general program and leave it to the States to put such program into effect.

That all budget recommendations included in any convention reports be considered as recommendations to the national executive committee of maximum limits and not mandates to the national committee that the sums stated in said budget must be allowed by the national committee, but that the national committee may reduce expenditures as it sees fit regardless of convention committee reports favorably adopted.

That a request be made of the President of the United States to continue all ex-service men in public office which they may now be holding, regardless of their political affiliations, provided their service has been satisfactory.

That the American Legion extend to all railways having granted reduced rates to the American Legion their thanks and appreciation for their patriotic assistance.

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Whereas the prevalence of tuberculosis among ex-service men has created a problem of most serious proportions, both to the Government and to the American Legion; and

Whereas the National Tuberculosis Association has been generous in its continuous cooperation with the American Legion and the Federal agencies that have been trying to solve this problem and to provide proper care for tuberculous ex-service men; and

Whereas the State and local tuberculosis associations have constantly supported the efforts of the American Legion in securing adequate care for ex-service men and are still continuing with their educational and organization campaigns to reduce the incidence of tuberculosis among ex-soldiers.

That the American Legion pledges its unqualified support to the National Tuberculosis Association and its affiliated State and local associations in the fight against tuberculosis which they are carrying on, and that we urge all local posts of the American Legion to cooperate with local and State tuberculosis associations in their several campaigns for the prevention of tuberculosis and especially in the fourteenth annual Christmas seal sale.

That the American Legion vote its thanks to the American Red Cross for this generous aid and its appreciation of the high ideals that justified the gift.

That a demand is made for the execise of every available method to secure the return of Grover C. Bergdoll to the United States for the completion of his sentence as a deserter and for his trial for any other offense committed by him against the laws of the United States, and that a demand is made for the prompt trial of every person who may be implicated in his escape from the United States.

That the American Legion recommends that the enemy property held by the United States be used to settle the claims of Americans against Germany, or held as an offset until these claims are paid in full.

That the American Legion reiterates its position in favor of the adjusted compensation for discharged soldiers and deplores the request of President Harding to delay passage by Congress of a measure providing for same and the acquiescence of Congress in that request.

That the sentiments expressed by America's ambassador, Col. George Harvey, in his Pilgrim Day speech, setting forth the reasons for America's entry into the World War and the cause for which America fought, does not represent the true American attitude as interpreted by the American Legion, and let it be known now and for all time that America fought not only for the maintenance of America's rights, but for the freedom of the world, and that a copy be forwarded to the President of the United States.

REPORT OF COMMITTEE ON NAVAL AFFAIRS.

While heartily in favor of the International Conference for the Limitation of Armaments soon to be held in Washington, D. C., your committee believes that the American Legion demands an adequate Navy for the maintenance of our country as a world power and the protection of those policies which are distinctly American.

In order to build such a Navy it is essential that it be regarded as a strictly national instrument. The safety of our whole country depends first of all upon the Navy. Every step, therefore, should be taken only on the basis of accomplishing the greatest good for the entire country. Purely sectional advantages and political considerations must be set absolutely aside and every American think in terms of the whole America.

If the American people are led to believe that its first line of defense is ready and adequate, when, as a matter of fact, it is not, such propaganda is not only useless, but gives a sense of false security and is fatal in time of stress.

We believe that a surface fleet will always be a requisite for safety and that great speed for such vessels is a necessity.

We learned nothing in the last war to indicate that any other branch of naval welfare can press home a victory on a nation which is in any way self-sustaining

We believe that great attention must be given to the development of the underwater arm of our national defense.

The fact is that at this late date, with the advantages we have had from war-time observation, foreign sources of information, and captured U-boats, we find ourselves without any really efficient submarines.

At the present time we have no submarines fit to accompany the battle fleet on extended operations, nor have we any mine-laying submarines or large submarines of great cruising radius, all of which are vitally necessary.

The work in developing underwater listening devices must be continued with renewed energy.

We believe that great attention must be given in matters of research, experiment, and development in connection with the aviation arm of our national defense.

The use of aircraft for the purpose of patrolling, scouting, and spotting, and for offensive operations, including fighting, bombing, and torpedo attacks, and as a protection to our fleets is, because of the comparative newness of this branch of our national defense, but in its infancy, and for many years to come there must be extensive research and experimentation, with a view to its further development.

We believe that the Nation should give all reasonable encouragement, and where it is deserved and necessary should furnish financial aid to the efforts of scientists, inventors, and makers of both heavier and lighter than air aircraft.

While our naval aircraft during the late war was proved to be equal of any other nation, it is manifest that unless we carry on extensive research, experimentation, and development equal at least to that of other nations, we will find ourselves outclassed in this branch of our naval power.

The proper use of aircraft with our fleet or fleets require an adequate number of aircraft carriers, which we believe the duty of the Nation to provide.

It is agreed that the United States Marine Corps is an essential element of the Navy and that it should be maintained at a strength sufficient to insure the training and concentration of an effective advanced base force on each post of the United States, in addition to the performance of duties aboard ships and at naval stations. We believe that the Navy Department should devote sufficient effort to original research work, designing, and experimenting, so that our Navy may also be maintained on a basis equal to its necessity.

These studies should be carried on continuously with a view of developing and improving all classes of combatant crafts, whether used on, above, or below the water.

An appropriation must be obtained sufficiently large, so that not only can the Navy carry out this work, but that special financial encouragement can also be offered to private enterprises and individuals interested in this class of development.

We believe that the personnel of the regular Navy should be at all times sufficient to man all first-line ships which it is necessary to keep in commission to defend our national policies.

The combined number of men of the Regular Navy and the reserve should be sufficient to fully man at war complement all stations and ships which can be placed in service.

We believe that the pay of the Navy personnel should be commensurate with that paid for highly trained work in civil life and should be regulated from time to time by Congress to meet economic conditions.

We believe that the Naval Reserve in all its branches should receive regular and systematic training.

This training should be at such intervals and of such duration as may be necessary to keep officers and men conversant with the duties of their rank or rate, and to keep them familiar with the instruments and machines which they will be called upon to use in time of war.

To be efficiently trained the reserves must have opportunity to be with the fleet in its operations to obtain experience in ordnance and seamanship, or at various bases to obtain experience in aviation.

Competition, which is the basis of all successful development, should be encouraged between the reserves and Regulars in athletics, target practice, signals, etc.

We believe that a Naval Reserve officer of rank and experience should be detailed by the Secretary of the Navy to have complete charge of the Naval Reserve Force.

This officer's appointment should be for such length of time as will enable him to establish a policy which will not—as is the case under the present system—be subject to change from time to time as new heads are selected for this department.

"He should be a man of such caliber and experience as will grasp not only the viewpoint, needs, and condition of the Reserve Force, but will be sufficiently familiar with the regular Navy that he may cause the two branches of personnel to work in harmony.

"He should select as his aids reserve officers of less rank from the different naval districts, to remain on permanent duty in his office, and, in addition, he should organize a board composed of ranking reserve officers from various sections of the country to meet at such intervals as may be necessary to bring to his attention the numerous local questions that may arise.

"It is believed that such a board would express the views and desires of the Naval Reserve Force and keep the chief of the department in touch with the general situation and greatly increase the efficiency of this branch of the service.

"Because of the lack of a proper organization since the war, and because the need of such an organization has not been properly presented to Congress, the Naval Reserve Force has received only a wholly inadequate appropriation, and we believe that this inexpensive, efficient, and much-needed arm of the service has been unfairly treated.

"We believe that there should be complete and sufficient naval bases on each coast.

"It is urgently recommended that there be one main naval base on each coast; each of these bases should be sufficiently large to accommodate our entire Navy and should be of a purely military nature, free from all industrial work which is beyond the capacity of the repair ships of the fleet. Work beyond the capacity of repair ships should be done at industrial bases.

"The main or primary bases should have ample dock space, storehouses, barracks, and recreation and drill grounds. Reserve ships should be based there when not undergoing repairs and they should be the homes and mobilization centers of the reserve personnel.

"On each coast there should be secondary naval bases, with operating bases for destroyers, submarines, and aircraft at strategic points.

"We believe that war plans should be worked out in detail and orders issued in anticipation of instant mobilization.

"It is not enough that general plans should be on file in Washington. Every reserve officer should have orders indicating where he is to mobilize, and where possible he should know what duty he is expected to perform.

"Every merchant vessel should carry sealed orders, indicating what she is to do if she received a wireless message that we have become involved in war.

"Without these detail plans a mobilization would be accompanied with the utmost confusion. The country must have a ready Navy behind whose line complete national mobilization can be effected. Never again can we hope to prepare behind the fleet of another nation.

"We believe, with our late commander, Col. Galbraith, that 'The growth, maintenance, and prosperity of American shipping must be close to the heart of every patriotic American citizen.' The American Legion heartily subscribes to the motto 'Keep the Stars and Stripes on the Seven Seas.' The preamble to our constitution pledges us to God and country, and an adequate merchant marine is a national asset in peace and a necessary weapon in war.

"We believe that the best interests of our country require that the Navy and merchant marine be closely united, and commend the uniting of the heads of the Navy Department and Shipping Board under one roof.

"After due deliberation, your committee respectfully submits the following report:

"Your committee recommends that a bill be prepared and presented by the appropriate committee or committees to Congress providing that a Naval Reserve Force be created in accordance with the terms of the foregoing portion of the report, and further providing that those members of the Naval Reserve Force who were disenrolled by order of the Secretary of the Navy on September 29, 1921, be reinstated in the same class or an equivalent class of the Naval Reserve within six months from the passage of said bill, and that such members of the Reserve Force as shall be reinstated within the above time shall be so reinstated without physical or professional examination and shall be credited with continuous services from September 30, 1921."

The following amendment was accepted:

"*Resolved*, That the American Legion, in national convention assembled, is opposed to the proposed reduction in pay in the United States Navy and calls upon Congress to maintain the present state of pay in the United States Navy."

The report with amendment was carried.

REPORT OF COMMITTEE ON MEMORIALS.

"Your committee reports that at the Cleveland convention the American Legion executive committee was instructed that a memorial be erected in memory of our fallen comrades who were slain in Centralia, Wash., on the first celebration of Armistice Day. Nothing was said about the cost or character of the proposed memorial. After a careful review of the finances of the country and of the American Legion it was felt that an amount not to exceed the sum of $10,000 would be the amount appropriate for this national body to appropriate. Therefore it is resolved that the plan of the Department of Washington for the erection and financing by them of a national memorial, of an auditorium to be erected in Centralia, Wash., at a cost not to exceed $450,000, be approved, and that the $10,000 requested by your national memorial committee be used as an entrance or dome. This amount shall be delivered only when the Department of Washington shall have raised a sum of $150,000, which must be accomplished within 18 months next following the date of this convention.

"The following resolution is presented for your consideration by the National Memorials Committee:

"Whereas there is in progress of organization in the various communities of all parts of the United States various projects which have been termed 'memorials'; and

"Whereas it has come to the attention of your committee that some of these projects are purely commercial; and

"Whereas the indorsement of many posts and departments has been sought to further these projects; and

"Whereas the indiscriminate indorsement by the several posts and departments might bring into disrepute the organization as a whole: Be it therefore

"*Resolved*, That it is the sense of this convention that when a post or department is requested to indorse and sponsor any project for the erection of a memorial, the plan of financing, construction, and maintenance of said memorial might well be submitted to the national memorials committee in connection with the national executive committee for its counsel and advice.

"The question of war records was referred to the national memorials committee before the appointment of the national historian. For that reason the following resolution was submitted for your approval:

"Whereas the American Legion is vitally interested in the securing and preservation of the archives of our National Government: Now be it therefore

"*Resolved by the American Legion (in convention assembled)*, That the American Legion urges the proper legislation for the erection of a suitable repository for all national archives where they may be safe from any future possibility of fire, vermin, or other causes for their destruction."

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The following resolutions were likewise submitted:

"Whereas there has been pending in Congress for some time legislation relative to the erection of the George Washington memorial; and

"Whereas it has been proposed that this memorial should be changed to include within it a memorial to all the men and women of the recent World War; and

"Whereas it is believed that this is not the proper time for the erection of a memorial until adequate legislation has been enacted for the disabled and unemployed and compensation: Be it therefore

"*Resolved by the American Legion (in convention assembled)*, That we do protest against the erection of any public building by or with the consent of our National Government on any Government land in any way designed to commemorate the men and women who served in the World War, until proper and adequate legislation has been enacted for the relief of the disabled, first; the unemployed, second; and adjusted compensation, third.

"*Resolved*, That this convention advocate the use of granite instead of marble for the headstones for the graves of deceased soldiers, sailors, and marines: Be it further

"*Resolved*, That a copy of this resolution be forwarded to the War Department."

All above motions carried.

REPORT OF COMMITTEE ON FINANCE.

"We recommend that the annual dues for 1922 of the American Legion shall be $1 per annum and that in the event the member joins after July 1 and before October 1, his dues shall be 75 cents, and in the event he joins after October 1 his dues shall be 50 cents.

"We recommend that the national executive committee shall be authorized to appropriate for operating expenses of all divisions which cover the activities of national headquarters during the ensuing year a sum which shall not exceed the total sum received during the entire year from membership dues, income from the trust fund, and profits earned by the emblem division; that any profits earned by the American Legion Weekly during the ensuing year shall be disposed of by the national executive committee, as follows:

"Fifty per cent of the net profits of the American Legion Weekly shall be set aside as a reserve fund to be used in emergencies only.

"Fifty per cent of the net profits of the American Legion Weekly shall be distributed to the departments in proportion to the paid-up membership of each department.

"Your committee recommends to the national executive committee and to the officers elected for the ensuing year a most rigid program of economy and a material reduction in the general expenses incident to the conduct of affairs in any way connected with the American Legion Weekly.

"Your committee recommends that the national treasurer prepare a budget to submit to the finance committee of the next convention, covering the estimated expenses of all departments for the ensuing year.

"Your committee recommends that the national adjutant place before the finance committee of the national convention of 1922 a copy of a report of the finance committee submitted to the previous national convention, together with a statement of the duties and functions to be performed by the finance committee.

"Your committee would state that, after considering recommendations from several State departments, that the annual dues be reduced or that the proportion of the annual dues allotted to the American Legion Weekly be reduced, we feel that no reduction should be made at this time in the matter of the annual dues because of the emphatic recommendations of the management of the Legion Weekly that any reduction in their allotment would curtail the efficiency of the magazine and interfere seriously with contemplated program of betterment for the Legion Weekly, and involve complications in regard to second-class mailing rates, and after questioning the national treasurer, the national adjutant, and the chairman of the finance committee of the national executive committee, we are satisfied that any reduction in the dues of the national organization would result in a curtailment of the activities of national headquarters, which would not be desirable.

"Your committee understands that several departments are facing acute financial conditions and we are informed that in these States comparatively small department dues are charged; therefore, we recommend that it be suggested to such departments that they give serious consideration during the ensuing year to a policy of adjusting their dues to adequately meet necessary operating expenses of their departments."

This report was adopted.

REPORT OF COMMITTEE ON MILITARY AFFAIRS.

The following report was adopted:

"We approve the military policy outlined in the national defense act as amended June 4, 1920, and that we further urge upon the Congress that sufficient funds be appropriated for the following purposes:

"(a) Organizing and training of National Guard and reserve units and individuals, in the manner outlined in the said defense act.

"(b) The prompt installation of suitable accommodations at the general and special service schools to provide for the housing and training of a sufficient number of officers and noncommissioned officers of the National Guard and organized reserves to meet the requirements of the national defense act and amendments thereto.

"(c) To continue citizen's military training camps as now inaugurated and provide for increased attendance thereat."

The report reiterated the Legion's policy that all persons who have been duly convicted of traitorous or seditious acts be required to serve in full the sentences imposed upon them for such acts and that no reprieve, pardon, or parole be granted to them by Executive clemency or any other means.

The committee also resolves that the time for making recommendations for, and the awarding of the congressional medal of honor, the distinguished service cross, and the distinguished service medal for services in the World War, be extended for a period of five years after the declaration of peace by the United States; and that the law which allowed men who had been previously recommended for the congressional medal of honor, but failed to receive the distinguished service cross, be changed so that the law shall apply to all persons now in or who have been honorably separated from the military service of the United States.

The report recommended the appointment of a committee by the national organization of the Legion to study the question of universal draft in time of national emergency of all persons capable of military and industrial service, together with the universal draft of land, material, plants, and capital suitable for preparation and prosecution of war, and report the result of the study to the next national convention.

REPORT OF COMMITTEE ON REHABILITATION.

The committee on hospitalization and vocational training reported conditions in matters of hospitalization, compensation, and vocational training. Its research work demonstrated the lack of hospital facilities and contributed in great measure to the action of Congress resulting in the appropriation of $18,600,000 for building new and improving existing hospitals. It interested the leading medical men of the country in the hospital situation, with the result that a committee of hospital consultants to the Secretary of the Treasury was appointed. This committee, known as the White committee, consists of the following medical experts of national standing: Dr. William Charles White, Dr. F. K. Billings, Dr. George H. Kirby, and Mr. John G. Bowman.

The committee report follows in full:

"Drs. Salmon and Pattison of the committee cooperated with the White committee along very active lines and devoted their time and attention to its work for many weeks. The committee of hospital consultants expressed its great satisfaction with the cooperation it received from Secretary of the Treasury Mellon, who firmly resisted local political influences asserted through Members of Congress and others. The comprehensive hospital program outlined by the White committee is of inestimable value to our wounded and disabled comrades. The allocation of the $18,600,000 fund made, as it is, on a scientific basis has resulted in the establishment of an adequate hospitalization program. At the conclusion of the last meeting held by your committee, during which a conference with the hospital consultants had taken place, the following resolution was presented and unanimously adopted:

"'The committee on hospitalization and vocational training, after duly hearing a report from the consultants of the Secretary of the Treasury, desires to record its appreciation of the progress made and the work accomplished by such committee in allocating the money recently appropriated by Congress for the expansion of existing Federal hospitals and the construction of new hospitals for ex-service men.

The committee highly approves the action of the consultants, chosen from specialists of the country, to advise of the location and type of hospitals to be erected under the congressional appropriation, and would urge upon the Secretary of the Treasury that he request the consultants to recommend to him such additional provisions as, in their judgment, after further careful study, may seem necessary to complete the hospital program for ex-service men.'

"The national adjutant is requested to forward a copy of this resolution to every post of the American Legion.

"Your committee developed the thought of a unified and decentralized service, and its ideas were incorporated first in the Rogers bill and then in the Sweet bill.

"Your committee was represented at the various congressional committee meetings charged with relief legislation.

"It is also represented before the Dawes Commission and was of material assistance in framing the Dawes report.

"Your committee has been represented at the hearings of the select Senate committee appointed to investigate veterans' relief. C. W. Wickersham, jr., of your committee, is acting as counsel to assist the Senate committee in securing the facts regarding veterans' relief.

"The committee solicited and received from State departments of the legion reports on conditions in local institutions and, where necessary, demanded improvement at the hands of the Government, in many instances securing highly satisfactory results.

"The committee approved and encouraged the use of national military homes as hospitals for our men when adapted for such use by suitable alterations and improvements. Those homes which have since been converted wholly or in part into hospitals promise to be a valuable asset in the hospitalization program.

"Your committee conducted an extensive correspondence among its members and various governmental officials on many questions involved in its work, in this manner reaching conclusions of material benefit without the necessity of calling a meeting of the committee, thus avoiding the expense incident to such assembly.

"The chairman and individual members held a number of conferences with representatives of the Government concerning the operation of the bureaus necessary to changes of administration and legislation, etc.

"It held two extensive meetings lasting two days each—one in Chicago and one in Washington—at which time Government representatives were present at its deliberations and were made cognizant of its conclusions.

"In making its recommendation to Government officials and demanding a change in legislation your committee pointed out from time to time the following conditions as they existed prior to the passage of the Sweet bill:

"(1) The deplorable conditions existing in contract hospitals in which a large proportion of disabled veterans is still receiving treatment.

"(2) The fallacy of the principle of housing and treating disabled veterans in contract hospitals.

"(3) The harm occasioned by unwarranted and unfounded reports regarding a large number of vacant beds being available for the use of our men. In this connection particular attention was called to the fact that an 'available' bed in a general hospital is not 'available' for a tubercular or insane patient; that is not a question of availability of beds as such, but rather of the availability of institutions specially equipped for the treatment of tubercular and insane patients, of which institutions there is a dire shortage throughout the States and communities.

"(4) The necessity of the early passage of the Sweet bill in order to bring about a unified service under the supervision of one person of considerable ability and breadth of vision, who is genuinely interested in the sufferings of disabled veterans.

"(5) Absolute and immediate decentralization of the Government activities to make possible close contact with the men in the field, with authority in the hands of the local officers to pass locally (rather than in Washington) and in one office, on each man's needs, whether it be for hospitalization, compensation, vocational training, or a combination of all or any of the three.

"(6) The inability of the Government to secure high-grade medical personnel on account of the low salaries offered and the general lack of physicians and nurses trained for the special work of caring for disabled and wounded veterans; the advisability of an increase in the salary schedule of the Government for expert medical service, particulary for the heads of sections such as the neuropsychiatry and tuberculosis; and the advisability of establishing training centers for doctors and nurses engaged in caring for these types of patient.

"(7) The desirability of establishing a system of personal service by means of a section independent of the compensation and medical sections and under the supervision of a trained social service worker, a social service representative to be placed in each district office, with such assistants as would be required to follow the men in and out of hospitals to guide them in choosing vocational training and to assist them in adjusting home affairs, and generally to aid in the rehabilitation of the disabled.

"(8) The necessity of cooperation with the district and local sections of the Red Cross dealing with disabled ex-service men and their families, in order that, instead of duplication of effort the personal service of the American Legion may effectively supplement the effort which in many localities is still maintained at a high state of efficiency by the American Red Cross.

"It is a source of satisfaction to be able to report that, at the annual convention of the American Red Cross held in October of this year at Columbus, a resolution was passed calling upon the central committee to authorize a continuance of personal service by local chapters to disabled ex-service men and their families.

"(9) The benefits derived from the increased hospital facilities speedily furnished by the conversion of the National Military Homes into suitable hospitals and the splendid cooperation received from the board of governors of such homes. The members of the board made prompt response to all requests and have successfully overcome a number of distressing obstacles."

It was also resolved to approve the conclusions of the White committee of consultants and the Walsh committee of the United States Senate calling for appropriations to complete the hospital program.

The convention adopted the following report:

The report continued:

"(10) The necessity for further appropriations at the earliest possible moment to complete the hospital program as outlined by the White committee.

"A great many difficulties have been experienced by our men in the matter of compensation, due in the main to the old system of passing on all claims in Washington and to the fact that the Government demands proof that the disability is traceable to the service. Delays in awarding compensation were chiefly due to the fact that examiners in Washington who passed on the individual case had no opportunity to see the man or to inform themselves concerning his environment. The operation of the Sweet bill, consolidating the activities of the Government under one head, decentralizing activities in the field, and making other changes in the law will, it is hoped, improve the situation.

"There were few complaints from men regarding their treatment in matters of vocational training prior to the passage of the Sweet bill. As to results obtained in their rehabilitation, your committee has been unable to obtain sufficient data from which to reach definite conclusions. The Veterans' Bureau, of which the rehabilitation section became a part, has failed up to the present time to furnish your committee with the details of its program for the future. Such information has been requested. Your committee has been obliged, therefore, to pursue its individual study of the subject and has under consideration the following features regarding vocational training:

"(1) Eligibility for training. Fairness to the prospective trainees and to the Government of the present methods for ascertaining eligibility.

"(2) The organization and personnel of the Vocational Training Section of the Veterans' Bureau.

"(3) The establishment by the Government of further training centers for the instruction of ex-service men, thus establishing standards for training in public (non-Federal) and private institutions.

"(4) Advantages and disadvantages of theoretical and practical training, and, coupled with this, the general question of placement training, the means of obtaining employment at the expiration of the period of training, and the advisability of establishing a section for that purpose.

"(5) The advisability of appointing a committee for consultants to advise the Government on the entire scope of vocational training as applied to ex-service men.

"Certain persons, who are not well-wishers of disabled men generally, have attempted to create the impression during the last year that a large proportion of claimants for hospitalization or compensation are exaggerating their disabilities, or otherwise attempting to secure relief to which they are not entitled. Such harsh statements as 'defrauding the Government,' such epithets as 'gold bricker,' 'compensation chasers,' etc., have been used in a manner to indicate that such incidents are common, rather than extraordinarily rare. Your committee has carefully investigated the subject and has no desire to evade the fact that, among discharged ex-service men, there are to be found, as in any other group of human beings, those capable of perpetrating frauds. The detection and punishment of such persons is necessary as much in the interest of disabled men as in the administration of the law. Your committee believes that fraudulent claims are as infrequent as cowardice or self-inflicted wounds were in the Army, and that unduly fixing attention upon a few unworthy men among discharged soldiers is as unjust and harmful to the others as it would be to fix attention upon those who failed to perform their duties while in military service.

"Your committee has not been unmindful that women as well as men who served in the Great War are eligible to the benefits of hospitalization, compensation, and vocational training. Altogether, as nurses, field clerks, yeomanettes, etc., approximately 34,000 women were with the colors. About 600 of these women are receiving compensation from the Veterans' Bureau and 240 are in hospitals. Your committee has recommended that the best type of hospital care be provided in private hospitals for these women.

"The Veterans' Bureau came into existence with the passage of the Sweet bill, which became a law on August 9, 1921. On the same day the President appointed the director of the bureau. Every activity of the Government concerned with the various phases of the problem of the disabled man has been merged in the bureau. The director is given broad powers, among which is the right to delegate authority to others. The scheme of organization of the bureau represents the views of your committee and the American Legion; but the extent of its beneficial results depends almost entirely on the attitude of the director and his sense of responsibility to the Government and to the disabled man. The bureau has not been in operation for a sufficient length of time to warrant the committee in drawing any conclusions regarding its usefulness and accomplishments. It was expected that the service would suffer in the process of making changes in personnel and in consolidating the files. Lack of confidence, however, has been expressed in some quarters because of the belief that certain appointments are being made on the basis of political preferment rather than efficiency, and that signs of conflict between the bureau and other governmental agencies furnishing hospital facilities are already evident. Further study of the situation is imperative.

"It is realized that the great danger connected with any high degree of centralization is that it offers an unusual opportunity for the extension of political powers, but your committee has confidence that the deep-seated desire of the American people to have their disabled veterans dealt with fairly and justly will deter politicians from seeking to make use of this centralization for the advancement of their own personal interests. We believe it is the duty of the American Legion to be continually on guard so as to prevent any attempts to interfere with the work of the new Veterans' Bureau by political influence.

"Your committee makes the following recommendations:

"(1) That all committees of the Legion heretofore concerned with different phases of the problem of the disabled soldier be abolished and that one committee be appointed charged with responsibility in the entire field, said committee to be known as the committee on rehabilitation of veterans.

"(2) That the Veterans' Bureau be urged to evolve and make public without delay its program of rehabilitation, having in mind the necessity of approaching every case with the man's complete rehabilitation as the end in view and of considering his needs through one individual and at one time, whether they be for hospitalization, compensation, or vocational training, or any combination of the three. A survey of the situation in the United States and in the allied countries might help the Government in reaching an enlightened conclusion.

"(3) That Congress be urged to complete its hospitalization program in accordance with the recommendations of the White Committee, and with the end in view that, subject to needed exceptions, all disabled men receive treatment in Government hospitals.

"(4) That in carrying out the provisions of the Sweet Act authorizing decentralization same be effective to the extent of allowing the disabled man to draw his award locally as soon as it is adjudged in the field and until it may be changed by a decision in Washington.

"(5) That sufficient pay be allowed and other means taken to secure the highest possible medical and nursing personnel in administrative positions and in hospitals, and that training centers be established to

educate members of these professions for the service. Also that sufficient personnel be employed in the field to carry out decentralization.

"(6) That a section of personal social service be effectively established.

"(7) That in each district a committee of consultants be appointed, consisting of professional and leading business men who are members of the American Legion, for the purpose of advising and cooperating with the district manager.

"(8) That the Veterans' Bureau be urged to develop and utilize to the fullest possible degree the hospital facilities of the national military homes.

"(9) That the American Legion continue its interest and active cooperation with the Government. In the past Government representatives have cooperated and it is hoped that the Veterans' Bureau and its director will show a like inclination.

"(10) In order that the Legion may offer the most effective assistance and in order that its attitude may in no way embarrass the Government, attention is called to the following:

"(a) Post commanders have frequently allowed local influence and incomplete information to affect their judgment in dealing with complaints, and this has sometimes resulted in action detrimental to the welfare of our men. Independent action of local posts on general matters is not productive of good results and is often embarrassing to the Government. Suggestions regarding the desirability of or necessity for a hospital or its location should be transmitted to national headquarters to be taken up by that body with the committee of hospital consultants, which is fully informed, active in the field, and enjoys the confidence of the Government and the Legion.

"(b) Local posts and individual members, without considering the problem as a whole, frequently issue unfounded statements and bitter criticisms against individuals in the employ of the Government, when, in fact, such officials at times, like the disabled veterans, are suffering from lack of adequate hospital program and inefficiency of administrative methods. It is recommended that all complaints and criticisms directed against hospitals or individual representatives of the Government be made to national headquarters, which, after due consideration, will take action based on its knowledge of the general and specific situation.

"(c) There are certain cases where the Government, in order to preserve the good name of an institution or to protect the balance of the patients, has been compelled to institute drastic measures against men who frequently violate reasonable regulations. Such offenders resent disciplinary measures and often unjustly criticize Government institutions and officials through the medium of local posts of the Legion. Your committee urges that such complaints be lodged with the national headquarters, which will investigate and take the proper course of action.

"(d) In general, all posts are urged to entertain that confidence in national headquarters which its keen interest in the disabled man deserves and to refrain from ill-directed and indiscriminate criticism against the Government.

"In conclusion your committee would feel that it failed in its duty if it neglected to remind the members of the Legion generally that the problems connected with the care of our disabled comrades have not yet been solved. Thirty thousand of them are to-day in hospitals, a greater number than at any time since the armistice. Acute diseases and minor injuries have been successfully dealt with, but of those in hospitals to-day a large majority are suffering from serious disorders which may result in their death or in lifetime invalidism. While others may tire of the burden imposed by the care of these men and popular interest grow cold, the American Legion must never permit its interest to diminish or its energies in their behalf to lag until to the last one has been brought all the resources that modern science can provide for the cure or amelioration of the diseases from which they suffer. However the Legion might succeed in other activities, it will fail if we do not continue to discharge our obligation to these comrades."

This report was adopted.

MISCELLANEOUS RESOLUTIONS.

A series of resolutions was passed by the convention. They are:

"Resolved, That we urge the passage of H. R. 8062, providing for increase of compensation for attendants and nurses of blind, legless, and otherwise disabled veterans requiring nurses and attendants from $20 to $50 per month.

Resolved, That national headquarters concentrate its attention on the question of unemployment and do everything within its power to bring about the employment of the greatest possible number of ex-service men.

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Resolved, That the Director of the Veterans' Bureau refrain from reducing the present $100 per month pay to the trainees of the bureau. The present cost of living will not permit of any reduction: Be it

Resolved, That the American Legion advocates the plan allowing increased pay to totally disabled men requiring a nurse or attendant, as recommended at the second national convention September, 1920, at Cleveland.

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Whereas ex-service men residing in the Philippine Islands are frequently compelled to pay as much as 15 per cent more than the face value of their check in order to make payments on war risk insurance to the Government bureau at Washington; and

Whereas such rate of exchange operates unfairly and discriminates against the ex-service men in the Philippines: Therefore be it

Resolved by the American Legion in convention assembled, That authority should be granted to United States finance officers to issue in the Philippine Islands, for the purpose of paying premiums to the Bureau of War Risk Insurance, United States Treasury checks for exchange in Philippine currency without any charge for exchange.

—

Resolved, That in the matter of Government trainees successful employment should be the ultimate goal and that institution training alone should not be considered as a complete job of rehabilitation.

—

Whereas the schedule of disability ratings now in effect in the Bureau of War Risk Insurance does not clearly define the symptomatology and clinical courses of tuberculosis which would determine an actual total and permanent disability: Therefore be it

Resolved, That the American Legion, Department of Arizona, through its executive officers, urge the enactment of legislation which would permit a total and permanent disability rating to Bureau of War Risk beneficiaries suffering from tuberculosis, based on a schedule of ratings sufficiently adequate to include the incurrence, progress, complications, and effect of the disease.

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Whereas uncertainty of length of service and the consequent inability to provide for prudential considerations of the future can not fail to impair the morale of reserve officers detailed to duty in the care of the disabled soldiers in the United States Public Health Service hospitals; and

Whereas because of this uncertainty the efficiency of the treatment of the disabled is impaired because of resignation from the service and the reluctance of skilled surgeons to enter such service: Therefore, be it

Resolved, That officers now on duty in the United States Public Health Service hospitals in care of disabled veterans be placed in the regular corps of the United States Public Health Service or upon a similar status, with all the rights and privileges that are provided for officers in the Regular Army of the United States Public Health Service.

Resolved, That steps be taken to secure a regulation from the proper Federal authority so that flags may be provided to drape the caskets of all ex-service men who die and are buried at the expense of the Government, said flags to be given to the next of kin of the deceased, as in the case of overseas dead.

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Be it resolved, That the American Legion oppose the transfer of the United States Veterans' Bureau to any already existing department of the Government, or newly created department of the Government, and urges that it be continued as at present by law directed an independent bureau under the direction and control of the President of the United States.

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Whereas it is of advantage to patients finding it necessary to take future medical treatment: Now, therefore, be it

Resolved, By the American Legion, a recommendation be made to Veterans' Bureau that veterans of the World War who become at any time patients in United States Public Health Service hospitals on their discharge be furnished a written statement of medical findings of patient at time he enters hospital and the exact condition of patient on leaving hospital.

—

Whereas the Government has made favorable regulations respecting the entry of homesteads by ex-service men; and

Whereas irrigation projects opened to homestead entry have unquestionably proven that ex-service men desire homesteads; and

Whereas many service men have been embarrassed in the entry and development of their homesteads: Now, therefore, be it

Resolved, by the American Legion in convention assembled, That we commend the action already taken by the Government in providing homesteads for entry by ex-service men and recommend that further provisions be made by Congress so that homestead entry men may be adequately financed in the entry and development of their homesteads.

—

Whereas the welfare agencies dealing with the interests of disabled ex-service men in hospitals under treatment in vocational schools and who are having difficulties with funds contributed by the public for the welfare of ex-service men; and

Whereas there are many ex-service men and women now in need of employment who are suitable for such positions, and the purposes of the people subscribing the funds would be more nearly accomplished if the funds that were paid out for salaries went to ex-service men and women; and

Whereas the ex-service men understand each other better than ex-service men understand those who did not serve or those who were not in the service understand the ex-service men, and a mutual understanding will be reached and a relation of confidence obtained so that the organization will better know the men it is dealing with and more efficient service can be rendered the welfare organization by ex-service employees; and

Whereas it is the desire of the American Legion to maintain closer liaison between such welfare organizations and itself by giving the benefit of its experience in advice and the use of its organization in supplementing and assisting the work of the welfare agencies; and

Whereas it is the purpose of the American Legion to get in closer touch with the needs of the ex-service men and opportunities offered them by close cooperation with the welfare agencies and by their members being employed upon the staff of such welfare agencies and their officers advising and assisting the welfare agencies: Therefore be it

Resolved, by the American Legion in convention assembled, That all paid employees of the welfare agencies coming in contact with ex-service men be, as far as such employees can be secured, obtained first from ex-service men and women, and where ex-service men and women are not available for the places the employees be obtained from men and women who were actually engaged in welfare work and in contact with soldiers, sailors, and marines during the war; and be it further

Resolved, That all welfare agencies working among ex-service men should consult with the officer of the American Legion post or posts of the city, town, or county, detailed by such post or posts as its welfare, war risk, or service officer in connection with the employment of such personnel as is contemplated will come in contact with ex-service men.

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Whereas The Adjutant General of the United States Army holds that a certificate in lieu of a lost or destroyed discharge certificate can only be furnished to a soldier or his widow; and

Whereas no provision is made for the furnishing of such a certificate to the next of kin of a deceased soldier: Now therefore be it

Resolved, That national headquarters of the American Legion take necessary steps to secure the correction of the present situation.

* * * * * * *

Whereas certain methods employed by the War Risk Insurance Bureau tend to mitigate the justice done to the disabled ex-service men and women; and

Whereas the following changes appear to be necessary to the proper conduct of this service: Now therefore be it

Resolved, That the American Legion, in convention assembled, demand the following reforms in the procedure of the War Risk Insurance Bureau as tending to promote justice toward the disabled ex-service men and women:

1. That the rating of the men be made in the field by the examiners who have themselves made the physical examinations.

2. That in no case shall the compensation of any man be reduced without a physical examination nor until he shall have been notified of the intention of the bureau to make such reduction and shall have been given an opportunity to be heard. (Accepted.)

3. That in view of the provisions of section 300 of the war risk insurance act, which provides that any man accepted into the military service shall be deemed to have been physically sound when so accepted, there should be adopted a rule of the bureau to the effect that any man who can prove that at the time of his discharge he had a physical condition which then or later resulted in physical disability, shall be deemed to have received such condition in the service and in line of duty, the burden to be upon the Government to prove conclusively to the contrary before his claim for compensation is defeated.

4. That the use of stereotyped forms in dealing with particular cases be discontinued, and that where the bureau deems the evidence insufficient in any particular, it specifying in a special letter the respects in which it deems such evidence insufficient so that the claimant will know just what is necessary to complete his case.

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Whereas during the late World War the Government of the United States afforded to every man regularly enlisted and enrolled in the service of the United States Army the opportunity to take insurance termed "war-term insurance"; and

Whereas the majority of the men serving in the United States Army did take out this insurance, and either had money deducted from their pay or paid direct to the United States Government money in the form of premiums for the maintenance of this insurance; and

Whereas many men discharged from the service were in no financial condition to carry this insurance after their discharge from the service, due to stringent financial conditions prevailing over the whole United States; and

Whereas many men were discharged from the service with definite service disabilities which prevented them from following any gainful occupation to make sufficient funds to keep up this insurance; and

Whereas it is known nation-wide that the Bureau of War Risk Insurance was delinquent and inefficient in the handling of the ex-service man's claims so that the disabled could receive adequate compensation to pay the insurance premiums; and

Whereas many men were held in hospitals and are still held in hospitals of the United States Army and Navy suffering from service disabilities, and these men have been and will be discharged from these hospitals without sufficient funds to keep up this insurance; and

Whereas the Government saw fit to give a period of grace in which an ex-service man could reinstate on a statement that "he was in good health" up until 18 months after his discharge, which period of grace expired on December 31, 1920; and

Whereas the same consideration should be given to those who were held in Army hospitals after December 31, 1920, and to those who were less fortunate than others, in that conditions did not permit the continuance of the insurance: Therefore be it

Resolved by the American Legion, in convention assembled, That every man who carried term insurance during the late war be given an opportunity to reinstate said insurance within a period of five years following his discharge, providing that he can make a statement that he is in good health, or providing that he can show that the physical condition that would prevent him from making the good-health statement was directly due to a disability or disabilities incurred in the service.

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Whereas the United States Public Hospital No. 55, known as the Fort Bayard Hospital for Tuberculosis, located at Fort Bayard, N. Mex., is unfit for occupancy and has been condemned by the Director of the Veterans' Bureau: Therefore be it

Resolved, That the Veterans' Bureau and other governmental agencies concerned be urged to provide with all possible speed other accommodations for the veterans now housed at Fort Bayard, and that until their transfer to another institution takes place the Government make all necessary changes and improvements looking to the betterment of the present condition.

—

Whereas it has come to the attention of the Department of Montana of the American Legion that many ex-service men who have filed claims for compensation with the Bureau of War Risk Insurance are receiving notification from the bureau of the disallowance of their claims on the ground that the disability is, in the opinion of the bureau, of less than 10 per cent; and

Whereas in many of such cases, even though the decision of the bureau as to the degree of disability may be correct at the time, such disability may in the natural course of nature develop to the point where it may be compensable; and

Whereas in many such cases the decision of the bureau may hereafter, upon further examinations of the claimant, be determined by the bureau to be erroneous, and such claimants may later be allowed a rating of compensable disability; and

Whereas at best the task of establishing a disability of service origin requires many weeks and in many cases many months of time; and

Whereas as time goes on the time required to make such proof to the satisfaction of the bureau is much greater and becomes increasingly difficult, and in many cases, by reason of the unreasonably strict proof required of the claimant by the bureau, such proof will be impossible: Now therefore be it

Resolved by the American Legion, in convention assembled, That we recommend and urge that in every case referred to the first paragraph of the preamble to this resolution be given a certificate by the Bureau of War Risk Insurance that the applicant has incurred a disability in service, so that the service connection of such disability shall be established, and that such certificate when made shall be irrevocable except in cases where it is conclusively proven that the finding of service connection has been induced by the willful fraud of the claimant, and such certificate shall, when the condition of the applicant resulting from such disability shall warrant, entitle the applicant to the hospitalization and treatment by the United States Public Health Service, and to compensation, without further proof of the service origin of such disability.

Whereas the civil service preference laws for ex-service persons do not provide any real preference for ex-service persons, but are dependent upon the observance of the spirit rather than the letter of the law; and

Whereas an executive order of the President could make effective provisions of the veterans' preference laws not inoperative: Therefore be it

Resolved by the American Legion in convention assembled, That we respectfully urge the President to issue an appropriate executive order that will provide all ex-service persons with preference in securing, holding, and being promoted in the classified civil service that their honorable service to their country in the military and naval forces rightfully entitle them to receive.

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Whereas the prevalence of tuberculosis among ex-service men has created a problem of most serious proportions, both to the Government and to the American Legion; and

Whereas the National Tuberculosis Association has been generous in its continuous cooperation with the American Legion and the Federal agencies that have been trying to solve this problem and to provide proper care for tuberculous ex-service men; and

Whereas the State and local tuberculosis associations have constantly supported the efforts of the American Legion in securing adequate care for ex-service men and are still continuing with their educational and organization campaigns to reduce the incidence of tuberculosis among ex-soldiers: Be it

Resolved, That the American Legion in annual convention assembled does hereby pledge its unqualified support to the National Tuberculosis Association and its affiliated State and local associations in the fight against tuberculosis which they are carrying on: And be it further

Resolved, That we urge all local posts of the American Legion to cooperate with local and State tuberculosis associations in their several campaigns for the prevention of tuberculosis and especially in the fourteenth annual Christmas seal sale.

The convention was addressed by Mr. Charles Bertrand, president of the Interallied Veterans' Association, and R. B. Maxwell, president of the Great War Veterans' Association of Canada. Mr. Walker, of Washington, presented to national headquarters a photograph of the Legion Memorial Building in Hoquiam, Wash.

ELECTION OF OFFICERS.

The convention proceeded to the election of officers at 3 p. m. Hanford MacNider, of Mason City, Iowa, was elected national commander, and his selection was made unanimous.

The new commander addressed the convention as follows:

"Fellow legionnaires: I appreciate the high honor and the great responsibility. You know that the strength of the Legion is in the men you represent, in your posts at home, not in national headquarters nor in departments. That is where the Legion is and what we will try and reach.

"We must build this Legion of ours so big and fine and strong and keep it so clean and straight and American that when we ask for certain things for the ex-service man, for the disabled man who must live through the war forever in the homes and hospitals of this country, and for those men who are financially disabled, our communities will say, if the Legion is for it, we will be for it.'

"For that service and with a pledge to you of every economy and all measures possible for constructive progress—for that service I stand to your command."

The following were then elected:

National vice commanders: H. Nelson Jackson, Burlington, Vt.; George L. Berry, Nashville, Tenn.; Raymond O. Brackett, Marblehead, Mass.; Charles S. Kendrick, San Francisco, Calif.; John A. McCormick, Las Animas, Colo.

National chaplain: Rev. E. A. Blackman, Kansas.

The convention adjourned at 6.30 p. m.

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The national executive committee met at 8 p. m. Wednesday, November 2. A report of the meeting will be printed later. National officers selected by the executive committee are:

National adjutant, Lemuel Bolles, Seattle, Wash.
National treasurer, Robert H. Tyndall, Indianapolis, Ind.
National judge advocate: Robert A. Adams, Indianapolis, Ind.
National historian: Eben Putnam, Wellesley Farms, Mass.
Assistant national adjutant: R. G. Creviston, Marion, Ind.

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The following officers were elected by the first national convention of the American Legion Auxiliary:

President, Mrs. Lowell F. Hobart, Milford, Ohio.
Vice presidents, Mrs. W. H. Cudworth, Milwaukee, Wis.; Mrs. Clarence R. Edwards, Westwood, Mass.; Mrs. Madge Johnson, Aberdeen, S. Dak.; Mrs. Carrol Marks, Los Angeles, Calif.; Mrs. Edward Clinton Murray, Houston, Tex.
Secretary, Miss Pauline Curnick, Indianapolis, Ind.
Treasurer, Miss M. I. McCoy, Topeka, Kans.
Historian, Mrs. Belle Nye, Albuquerque, N. Mex.
Chaplain, Mrs. F. O. Burdick, Wichita Falls, Tex.

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[NOTE.—Numerous telegrams of felicitation were received by the convention, but are not printed herewith.]

Mr. JOHNSON of South Dakota. Now, Mr. Speaker, I ask unanimous consent to address the House out of order for five minutes on the charge that American soldiers were hanged in France without a trial and to state the facts with reference to that charge.

The SPEAKER pro tempore. The gentleman from South Dakota asks unanimous consent to address the House for five minutes on the charge that American soldiers were hanged in France without a trial. Is there objection?

Mr. GARNER. Mr. Speaker, may I ask the gentleman from Wyoming [Mr. MONDELL] if he desires to bring up that subject in the House for general debate? Undoubtedly it will bring forth a general discussion of the whole subject.

Mr. MONDELL. If the gentleman will allow me, the gentleman from South Dakota was a member of the committee of the House which very carefully considered conditions surrounding

our army in France. That committee and the subcommittee of which he was chairman made a report. In addition to matters embraced in that report they investigated many matters pertaining to conditions in France during the war. The gentleman from South Dakota assures me that he simply desires to make a general statement on the subject, without bringing into question any statements that may have been made by individuals.

Mr. GARNER. I understood that the gentleman said he wanted five minutes in which to make a statement concerning the charge that they were hanged without a trial and to show that it was not true.

My recollection is that the record will show that. However that may be, I call the attention of the gentleman from Wyoming to the fact—he is responsible for the proceedings of the House—that another branch of Congress is now investigating that particular subject. Of course, if this branch of Congress desires to take it up and consider the matter, investigate it, or deal with it in general debate, then I have no objection. I think the gentleman ought to consider the other branch of Congress and the status of this matter in that branch of Congress before he undertakes to open it up here.

Mr. MONDELL. I have considered that and discussed those matters with the gentleman from South Dakota [Mr. JOHNSON], but after hearing his statement I said to him that, as far as I am concerned, I should offer no objection. Of course, any Member of the House has a right to do that if he thinks the matter should not be taken up for discussion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota? [After a pause.] The Chair hears none, and the gentleman from South Dakota is recognized for five minutes.

Mr. JOHNSON of South Dakota. Mr. Speaker, it has been charged that American soldiers have been hanged in France without trial. That charge has been made by men in high position, and, therefore, must have been made upon seemingly responsible representation. The charge has also been made that scaffolds were erected in France and that soldiers, without trial, had been hanged upon these scaffolds. Without attack upon those who make these charges, or in defense of men who strenuously defend them, I can state the facts concerning the charge. I can say unreservedly that I know that no American soldier in France was ever hanged upon a scaffold without a trial and conviction by court-martial. No American soldier was ever shot in France unless at the front, in the face of the enemy, and actually fighting, and then by those who were with him and knew him to be a traitor or a coward or an enemy spy. Although never in my presence, nevertheless I believe I know that enemy spies, traitors, or cowards, or those who were mentally unfit for front-line duty, have been instantly shot. Only Divine Providence can determine to which class they belong.

As chairman of Subcommittee No. 3 on Expenditures in the War Department, a committee which investigated several matters with reference to the World War during the last Congress, these charges came to me, and for several months, as a member of that committee, I made a thorough investigation, because some of the charges were made in such a way as to make it possibly appear that there would be some truth in the statement that American soldiers were hanged without trial.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield, although I have only five minutes.

Mr. RAYBURN. The gentleman has made a rather serious charge, if I understood him correctly. Does the gentleman intend to say that under any circumstances where men at the front became deranged, or something of that sort, they were shot by their own men?

Mr. JOHNSON of South Dakota. I was trying to indicate to the House in very careful language that it seems to be well understood among many members of the American Expeditionary Forces that men who may have been mentally deranged, as I say—and Divine Providence only knows—who may have been traitors, who may have been cowards—nobody can tell—were undoubtedly shot in the front line.

Mr. MONTAGUE. By whom?

Mr. JOHNSON of South Dakota. By men of their own commands. That has never occurred in my presence. I make the statement because I believe it to be true, but I do not want to discuss that particular thing now or to debate it.

Mr. RAYBURN. But we have given the gentleman unanimous consent to answer charges made in the Senate, and it seems to me he here makes charges that would disturb the country probably quite as much or more than the charges that have already been made in the Senate.

Mr. JOHNSON of South Dakota. I might say in reply that while it may be a charge that might disturb the country, yet it will not disturb many of the Members of Congress whom I see here, who saw front-line service in a combat unit, and I might mention on the gentleman's side, the gentleman from Alabama [Mr. JEFFERS], the gentleman from California [Mr. LINEBERGER], and also I see the gentleman from New York [Mr. FISH]. It will not disturb them because they know the facts with reference to the matter.

Mr. RAYBURN. But I believe in treating all citizens of America upon the same footing.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of South Dakota. I can not yield further. In making a thorough investigation of this particular matter I had prepared a statistical abstract, which will be found on page 683 of volume 1, serial 4, of the hearings of the Select Committee on Expenditures in the War Department. By referring to that page and the pages that immediately follow, gentlemen will find about all of the trials by court martial, and the facts concerning all of the hangings that took place in France in the American Expeditionary Forces. Up to the time that the report was made there were nine soldiers who had been hanged, two for murder and seven for rape. I shall not discuss those cases, but any Member of Congress who desires to secure the facts by referring to page 688 of this same report, which I have quoted, will be able to find the statement of Col. White, who made a thorough investigation of those facts, and who states them with reference to these trials by court-martial and with reference to those executions.

Mr. Speaker, I could not keep silent and do not think that any Member of Congress or any member of the American Expeditionary Forces ought to keep silent when a charge of this kind is made. Whether or not we have agreed in all things with the former Secretary of War, Mr. Baker, or with the present Secretary of War, Mr. Weeks, or with the Chief of the American Expeditionary Forces——

The SPEAKER pro tempore. The time of the gentleman from South Dakota has expired.

Mr. JOHNSON of South Dakota. Mr. Speaker, I ask unanimous consent to proceed for one minute in order to finish that statement.

The SPEAKER pro tempore. Is there objection?

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield if the gentleman will grant me the time.

Mr. DYER. Mr. Speaker, I ask unanimous consent that the gentleman may have two minutes that I might have opportunity to ask him a question.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent that the gentleman from South Dakota may proceed for two minutes. Is there objection?

There was no objection.

Mr. JOHNSON of South Dakota. I yield.

Mr. DYER. Mr. Speaker, I think the gentleman's statement has created a bad impression, to the effect that in his judgment men have been shot by their own men because they were cowards, or for whatever cause, because there is no justification in law for such action.

Mr. JOHNSON of South Dakota. I shall tell the gentleman a particular case to which I refer where—not in my presence—a man was shot and it turned out, so the records afterwards showed, that the man was a German spy dressed in the uniform of an American officer.

Now, unquestionably those cases have occurred many times, as any member of the American Expeditionary Forces knows, and no one can tell as to the exact status of the man that happened to occur to, because the things have gone by and no record could be made.

I want to finish my statement. I have said no matter how much anyone may disagree with the former or the present Secretary of War or the Commander in Chief of the American Expeditionary Forces, I know that not one of those three men would have allowed American soldiers to be hanged in France without trial, just as I know that there is no Regular Army officer and no emergency officer that would allow that to occur; just as I know that there was no sergeant or corporal or other noncommissioned officer in the Army that would have carried out orders to hang men without trial. I think those facts ought to be given to the American public, and I think Members of Congress ought to know where they can secure the complete record.

The SPEAKER pro tempore (Mr. WALSH in the chair). The time of the gentleman has expired.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. BULWINKLE] be given permission to speak for five minutes.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that the gentleman from North Carolina may proceed for five minutes out of order. Is there objection? [After a pause.] The Chair hears none. [Applause.]

Mr. BULWINKLE. Mr. Speaker and gentlemen, during my term of service in the Army I served with 10 divisions, supported 10 divisions with the artillery, and never before have I heard that men who were mentally deranged or men who were in their correct senses were shot by anyone of their organization or anyone on their side [applause], nor have I ever heard, sir, that anyone was ever hung without a court-martial. I am saying this in justice to the officers and men who fought in the American Expeditionary Forces. I served, as I say, with 10 divisions. I supported the troops from New England, from Ohio, from Illinois, and from the South, and I do not want the statement made by the gentleman from South Dakota to go out to the country unchallenged "that the officers and men of the United States Army shot and killed some poor, helpless man because, perhaps, he was cowardly or mentally deranged." I have never heard of it, and I think the gentleman's statement is incorrect. [Applause.]

Mr. LAZARO. Mr. Speaker, I ask unanimous consent to insert in the RECORD an editorial from the Washington Times of yesterday headed "Society's duty to drug addicts."

The SPEAKER pro tempore. The gentleman from Louisiana asks unanimous consent to extend his remarks in the RECORD by inserting the editorial to which he refers. Is there objection?

Mr. STAFFORD. Inasmuch as objection has been made to inserting editorials from papers out of the city, I think objection should be made to inserting editorials from papers in the city. Therefore I object.

BODY OF UNKNOWN SOLDIER.

The SPEAKER pro tempore laid before the House the following communication from the Secretary of War:

THE SECRETARY OF WAR,
Washington, November 8, 1921.

Hon. FREDERICK H. GILLETT,
The Speaker, House of Representatives.

MY DEAR MR. SPEAKER: It is contemplated that the body of the unknown soldier will arrive at the navy yard and be received by the Army at 4 o'clock on November 9. The body will at once be taken to the Capitol, arriving there about 5 o'clock, and will then be placed on the catafalque in the Rotunda.

It is further contemplated that the three wreaths for the executive, the judiciary, and the legislative branches of the Government will be presented at 5.30 p. m., as already indicated to you.

This letter is for the purpose of notifying the Members of the House of Representatives, through you, of the time of arrival of the body at the Capitol.

Respectfully,

JOHN W. WEEKS,
Secretary of War.

Mr. GARRETT of Tennessee. Mr. Speaker, may I have recognition for a minute?

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. GARRETT] asks unanimous consent to be recognized for one minute. Is there objection? [After a pause.] The Chair hears none.

Mr. GARRETT of Tennessee. Mr. Speaker, may I in that time ask the gentleman from Wyoming if it is contemplated that the House shall remain in session until the hour mentioned in the communication of the Secretary of War, namely, 5 o'clock?

Mr. MONDELL. I doubt if the House will remain in session that late, although it is possible that it will, for the consideration of the bill before the House. Had the gentleman in mind the idea that the House might wish to visit the Rotunda in a body?

Mr. GARRETT of Tennessee. It was my thought, although I do not know whether it is proper to do so or not. Perhaps we might let it go until we discuss it a little among ourselves.

Mr. MONDELL. Well, it occurred to me that perhaps individual Members might desire to appear in the Rotunda at that hour. I do not understand that the Senate intends any ceremony.

The SPEAKER pro tempore. The time of the gentleman from Tennessee [Mr. GARRETT] has expired.

CALENDAR WEDNESDAY.

The SPEAKER pro tempore. The Clerk will call the roll of committees.

CONTRACTS CONNECTED WITH PROSECUTION OF WAR.

Mr. RHODES (when the Committee on Mines and Mining was called). Mr. Speaker, I am directed by the Committee on Mines and Mining to call up the bill S. 843.

The SPEAKER pro tempore. The gentleman from Missouri calls up the bill, which the Clerk will report by title.

The Clerk read as follows:

An act (S. 843) to amend section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes."

Accordingly the House automatically resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 843, with Mr. TOWNER in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the purpose of considering S. 843, which the Clerk will report by title.

The bill was reported by title.

Mr. RHODES. Mr. Chairman, I desire to submit a parliamentary inquiry. I understand that we are proceeding under paragraph 7 of Rule XXIV, and we are entitled to two hours of general debate. I desire to know whether or not the ranking minority member on the committee has a right to control one-half of the time, or whether some opponent of the measure has that time?

The CHAIRMAN. The debate is limited to two hours, and the gentleman will control one hour on his side and the ranking committee member will be recognized on the other side.

Mr. STAFFORD. Well, Mr. Chairman, before the Chair makes that ruling I wish to call the attention of the Chair to the fact that the rule specifically says that there shall be two hours of general debate, confined to the subject matter of the bill; one hour in favor and one hour in opposition. As I understand, this bill is unanimously reported by the Committee on Mines and Mining, and that there is no member on the committee who will oppose the bill. Under those circumstances I deem it that the Chair, if there is any person to oppose the bill, will recognize that Member to control the time of the opposition rather than the ranking minority Member who is in favor of the bill. I call the attention of the Chair to the specific language of the rule.

The CHAIRMAN. The Chair recognizes the rule, and will recognize some Member of the minority side, or the Member from Arkansas [Mr. WINGO], as opposed to the bill.

Mr. WINGO. I suggest that we just follow the rule. The gentleman will be recognized, and at the right time some gentleman opposed to the bill may ask for recognition.

Mr. RHODES. I did not get the statement of the gentleman from Arkansas.

The CHAIRMAN. Under the rule some gentleman will be entitled to recognition on the minority side in a short time.

Mr. RHODES. Mr. Chairman, I failed to hear a word that the Chairman says.

The CHAIRMAN. The committee will be in order. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," be, and the same is hereby, amended as follows:

Add to the first paragraph of section 5 the following proviso: "*Provided*, That all claimants who, in response to any personal, written, or published request, demand, solicitation, or appeal from any of the Government agencies mentioned in said act, in good faith expended money in producing or preparing to produce any of the ores or minerals named therein and have heretofore filed their claims within the time and in the manner prescribed by said act, if the proof already filed in support of said claims clearly shows them to be based upon action taken in response to such request, demand, solicitation, or appeal shall be reimbursed such net losses as they may have been found to have incurred and are in justice and equity entitled to from the appropriation in said act, and that the unexpended portion of the appropriation carried in said act be continued available for the purpose named above until all such claims shall be finally settled or disposed of."

With a committee amendment as follows:

Strike out all after the enacting clause and insert:

"That section 5 of the act approved March 2, 1919, entitled 'An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes,' be, and the same is hereby, amended as follows:

"Add to the first paragraph of section 5 the following proviso: '*Provided*, That all claimants who, in response to any personal, written, or published request, demand, solicitation, or appeal from any of the Government agencies mentioned in said act, in good faith expended money in producing or preparing to produce any of the ores or minerals named therein and have heretofore mailed or filed their claims within the time and in the manner prescribed by said act, if the proof in support of said claims clearly shows them to be based upon action taken in response to such request, demand, solicitation, or appeal, shall be reimbursed such net losses as they may have incurred and are in justice and equity entitled to from the appropriation in said act.

"'If in claims passed upon under said act awards have been denied or made on rulings contrary to the provisions of this amendment, or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts, which shall be paid from the unexpended portion of the appropriation carried in said act.'"

The CHAIRMAN. The gentleman from Missouri [Mr. RHODES] is recognized for one hour.

Mr. RHODES. Mr. Chairman and gentlemen of the committee, in presenting this bill for the consideration of the committee, I first wish briefly to review the history of this legislation. I trust that every Member on the floor will not only scan the report but will read the letter of the Secretary of the Interior which is set out in the report.

In the first place, Mr. Chairman, this proposed legislation comes before the House as the result of many months of effort and as the result of earnest consideration on the part of the committee. I want to make it clear that in so far as the chairman of the Committee on Mines and Mining is concerned, and so far as every member of that committee is concerned, with one or two exceptions, the claims to be considered come from States other than those represented by your committee. The only object I have in view, in asking the House to pass this bill, is that the Secretary of the Interior, who is clothed with authority to pass upon the validity of these claims, may be enabled to more equitably administer the law.

In other words, the Secretary of the Interior says, as you will see in his letter to me, that there are two certain and specific reasons why this legislation should be enacted. In the first place, the act provides that claims presented by those who made an effort to produce, or who did produce either manganese, tungsten, pyrites, or chrome should be reimbursed for net losses sustained in such effort to produce, provided a request or demand was first made either by the Secretary of the Interior, the War Industries Board, the War Trade Board, the Shipping Board, or the Emergency Fleet Corporation. In an effort to administer this law, under the literal construction placed upon it by the Attorney General, whose opinion the commission followed, it has been found necessary by Secretary Fall to amend the Senate bill and pass it in its present form without additional amendments.

I realize, Mr. Chairman, that in the minds of some Members of this House the question will arise, if we pass this bill, whether the door of opportunity is opened wide through which spurious claimants may present claims and have them allowed against the Government. I see no reason why any Member should be alarmed. In the consideration of cases by the War Minerals Relief Commission there have been comparatively few cases presented for allowances, and of those cases presented for allowance a very small per cent of the claims has been awarded. Therefore, judging the future by the past, there is no substantial reason to believe that in the event this bill is passed in its present form there will be abuse.

I have reviewed this piece of legislation with unusual care, and I want to make this statement, and I trust my colleagues will hear me upon this proposition: Under section 2 of this act every man in the United States who had a claim to present against the Government, over which the Secretary of War has jurisdiction, not only had the right to present his claim to the Secretary of War for allowance but has the right to appeal from the decision of the Secretary to the Court of Claims in the event of an adverse decision. I have a letter before me from the ex-Secretary of War, Mr. Baker, in which he states that up to January 1 of this year there have been filed over 6,000 claims under the provisions of section 1 of this act. I have another letter from the clerk of the Court of Claims in the District of Columbia, in which he states that a large number of cases have reached that court by way of appeal from various departments. If you have before you the original act, I will invite your attention to section 5. You will find, Mr. Chairman, that every war mineral claimant under the provisions of section 5 is denied the right to appeal his case to the Court of Claims or anywhere else in the event an adverse decision may have been reached. This is clearly a discrimination.

Gentlemen, I would go much further than we seek to go under the provisions of this bill. There is no good reason why a war minerals relief claimant should be denied the right to have his case reviewed, or even be given the right of appeal, and on the other hand, give a claimant submitting his claim to the Secretary of War the right of appeal. Hence it is clear that in order for the original act to become a well-balanced and rounded-out piece of legislation the bill that we present to-day should be passed. I therefore submit to the Members of this House that in all fairness to this large class of claimants this bill ought to be passed exactly as it is in order to free the hands of the Secretary, who is trying to administer the law fairly.

You will observe that there are two specific reasons set forth in the letter why this bill should pass. In the first place, the original act provides that all claims must be filed within three months from the effective date of the act, which was March 2, 1919. The Secretary tells us in this letter, and he tells me personally, that there were some claims put in the United States mail prior to June 2, 1919, which were denied by the commission simply because they did not reach the office by 12 o'clock on the 2d day of June, 1919. Therefore we put in the bill the phrase "or mailed," thus allowing the Secretary to consider all claims that were put in the mail within the prescribed time, whether they had reached the office of the Secretary on that day or not.

Another reason which the Secretary sets forth for the passage of this bill is that because of the peculiar phraseology of the act, which provides that the decision of the Secretary shall be final, the Comptroller of the Treasury refused to pay a second award in a certain case where it was found that a mathematical error had been made by the commission itself against the claimant.

I have talked to the members of the commission myself, and have talked to the Secretary of the Interior, and they cite one case, coming from the State of California, in which one Dolbear was the claimant. An award was made in his behalf on a certain date, and he accepted the payment. Later the commission, on its own initiative, discovered that a mathematical error had been made against the claimant in the sum of $2,800. The commission undertook to correct the error by making a second award; but the Comptroller of the Treasury refused payment because in the opinion of the Attorney General a second award could not be paid. Therefore the Secretary urges that this bill contain a provision which will permit his commission to correct its own errors—not errors of the claimant. In other words, either this bill must be amended in the form in which it is presented or the commission is without authority to correct its own mistakes, which is an unreasonable proposition.

Mr. CRAMTON. Will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Michigan.

Mr. CRAMTON. I have not before me the original act. What was the limitation of time as to the filing of claims?

Mr. RHODES. Three months from March 2, 1919.

Mr. CRAMTON. And that has reference only to the filing of claims? There was nothing in the original act as to the mailing of claims, was there? Does the gentleman feel certain that all question has been removed in a matter that seems to be so technical, when the amendment provides that claims heretofore mailed within the time and in the manner prescribed by said act" may be considered, when said act did not prescribe any time of mailing?

Mr. RHODES. The amendment provides that claims mailed or filed within the time prescribed in said act may be considered by the commission.

Mr. CRAMTON. I only want to bring the gentleman's attention to the question. There was a time fixed in the original act for filing. There was no time fixed in the original act for mailing, so there might be a question whether the amendment would accomplish the purpose desired.

Mr. RHODES. There is no question in the minds of your committee, and there is no question in the mind of the Secretary that this language accomplishes the exact purpose desired, so that claims either filed or mailed within the time fixed by the law may be considered by the commission.

Mr. CRAMTON. It seems to me there might be some question about it, but I wish to ask another question, and do not desire to take too much of the gentleman's time. Can the gentleman state, roughly, the amount involved in the 598 claims which appear by the report to have been allowed?

Mr. RHODES. A statement made up in the office of the Secretary of the Interior on the 15th day of October showed that the number of claims on which awards had been made to that date were 380. That was the total number of awards made out of a total of 1,203 claims filed.

Mr. CRAMTON. Leaving how many not yet acted on?

Mr. RHODES. The total number of claims disallowed for all reasons was 779.

Mr. CRAMTON. What is the total amount involved in the claims that have been allowed?

Mr. RHODES. The aggregate amount of the 1,203 claims——

Mr. CRAMTON. I am asking the amount involved in those that have been allowed.

Mr. RHODES. It is $3,355,008.37.

Mr. CRAMTON. How much is involved in the amendment with reference to the correction of miscalculations?

Mr. RHODES. If the bill passes in its present form it will give the Secretary jurisdiction to make an amended award in one claim, so far as I know, and that is the Dolbear claim.

Mr. CRAMTON. Is that the total amount involved in the claims or the amount involved in the miscalculation?

Mr. RHODES. That is the claim involved in the question of error in calculation.

Mr. CRAMTON. Your bill provides for two classes of claims, one which was barred because they were received too late and the other where there was a miscalculation, and you want authority in fact to review those cases. Now, when the claim was allowed but there was a miscalculation as to the amount, what is the amount involved in the corrections which are desired to be made?

Mr. RHODES. I know of only one case.

Mr. CRAMTON. How much is involved in that?

Mr. RHODES. Two thousand eight hundred dollars, in round numbers.

Mr. CRAMTON. Is it the gentleman's understanding that the only cases to be reached by this bill are those where claims were mailed in time but not received in time, and claims in which there was a miscalculation by the commission? Is it the gentleman's understanding that no other cases are to be reached by this amendment?

Mr. RHODES. Mr. Chairman, these are the two specific amendments the Secretary of the Interior desires to be made. In addition to this, if the gentleman will observe by reading the bill and the report, the pending bill broadens the scope of the request and demand provision of the original act. For instance, published requests or demands made by either of the five governmental agencies set forth in the bill would be stimulation. I call attention to the language of the Secretary of the Interior in his letter to me in which he says that in his opinion the Secretary of the Interior has authority under existing law to make awards in all such cases without additional authority, but we wanted to make it definite and certain on that proposition. However, if that is true the addition of these words to which the gentleman refers, according to the view expressed by the Secretary, would not in truth and in fact give him any additional authority, because he says he already has it, and in no event could hurt anything.

Mr. CRAMTON. What are the words that are added?

Mr. RHODES. The words that are added are "written or published, solicitation or appeal," in lines 20 and 21 on page 2.

Mr. CRAMTON. The effect of this is to permit a claim to be considered that arose not from any personal appeal but from an appeal made in a general newspaper publication coming from the Government.

Mr. RHODES. Or from one of the Government agencies.

Mr. CRAMTON. And in response to such appeal there might have been action taken by the claimant that the Government at the time knew nothing about; that is the idea?

Mr. RHODES. I do not know what might have occurred; I assume that is quite probable. But that is not material in this case. The question is, Was the request or demand made by either governmental agency, and did the claimant in response to such demand, solicitation, or appeal produce or attempt to produce any of the specified war minerals?

Mr. CRAMTON. In such cases the effect of broadening it in this respect would only operate as to claims filed or mailed before June 2, 1919.

Mr. RHODES. That is true.

Mr. HUSTED. Will the gentleman yield?

Mr. RHODES. I will.

Mr. HUSTED. Most of the questions I desired to ask have been answered, but I would like to ask the gentleman this question. Of course, in the new class of claims which will be brought in under the broadening of the language no claim can be included unless the claim was mailed or filed within the time prescribed in the act?

Mr. RHODES. Absolutely so.

Mr. HUSTED. In case a claim was mailed or filed, if it was based on a public request, or what is construed to be a public request, and was denied by the commission on the ground that it was not a direct demand or request, then the claimant would have a right to have his claim allowed?

Mr. RHODES. He would have a right to have his claim considered.

Mr. HUSTED. And an award can be made to him.

Mr. RHODES. Yes. That is the construction which should have been placed upon the act in my opinion by those whose duty it was to enforce the original act, and that is what the Secretary of the Interior says he would have done if he had been administering the law.

Mr. HUSTED. What I want to ascertain is can you give an idea of the amount of these claims that would not come within the original act on account of its limitation which have been denied by the commission, which are pending and in which an award can be made?

Mr. RHODES. There can not be any new claims considered, because all claims have either been mailed within the time or filed within the time, and, to be exact, there can not be more than 779 claims, because that was the total number of disallowances, aggregating $8,522,657.74.

Mr. HUSTED. Would that be the limit of the amount which the commission can award in these new cases that would come in under the broadening of the language?

Mr. RHODES. Yes; for the reason that the statute of limitations bars the filing of additional claims. The time was fixed in the act at three months, and that time expired June 2, 1919.

Mr. HUSTED. That includes everything pending and denied by the commission?

Mr. RHODES. Everything pending and denied by the commission, according to the data that I have in my hand, which I will ask to insert in the RECORD at this point:

OCTOBER 15, 1921.

Number of claims filed within the period prescribed by the act		1,203
Total amount asked for by claimants		$18,131,493.40
AWARDS BY SECRETARY OF THE INTERIOR.		
Number of claims in which awards were made		380
Total amount asked for in these 380 claims		$8,291,203.37
Total amount allowed		$3,355,008.37
DISALLOWANCES BY SECRETARY OF THE INTERIOR.		
Number of claims disallowed		779
Amount claimed in these claims		$8,522,657.74
NO ACTION BY SECRETARY OF THE INTERIOR.		
Number of claims pending Oct. 15, 1921		49
Total amount claimed in these pending claims		$1,317,632.29
Appropriation for the payment of war minerals claims		$8,500,000.00
Total amount of awards to Oct. 15, 1921	$3,355,008.37	
Administrative expense to Oct. 15, 1921	301,227.92	
		3,656,236.29
Unexpended balance of appropriation		4,843,763.71

Cost of entire working force per month at present time about $2,000.

The cost of administration has never at any time exceeded 2 per cent of the amount involved in the claims.

To this date the awards by the Secretary of the Interior have approximated 30 per cent of the amount asked for by claimants. Should that ratio of awards to claims continue the present appropriation would be ample to pay all awards under Senate bill 843 as amended, as will be seen by the following figures:

Unexpended appropriation		$4,843,763.71
Amount of claims which probably would be reopened under Senate bill 843, including the 610 claims disallowed on the ground of no specific request or demand, not to exceed	$8,000,000.00	
Amount involved in pending claims	1,317,632.29	
Total	9,317,632.29	
If the awards in these claims should be about 30 per cent of the amount claimed, as has been the case in the work to this date, the total of the awards would be		2,795,289.68
Leaving an unexpended balance of		2,048,474.03

Less the expense of administration.

A liberal allowance may be made for a higher ratio of awards to amounts claimed and for additional awards in the future, and the total outlay would still be well within the present appropriation.

Mr. DOWELL. Will the gentleman yield?

Mr. RHODES. Yes.

Mr. DOWELL. Will the amendment relieve the statute of limitations?

Mr. RHODES. The amendment does not seek to extend the time for new claims to be filed.

Mr. DOWELL. In this provision it makes no reference to the time.

Mr. RHODES. I think it says that claims mailed or filed within the time fixed by law.

Mr. DOWELL. The last paragraph speaks of the reopening of claims that have been passed upon for additional amounts.

Mr. RHODES. I have explained that there is a definite reason for this, because the commission found, in attempting to administer the law, in cases where they made mathematical errors against the claimant and later made a second award in such cases the Secretary of the Interior has authority to make payment, as in the Dolbear case, to which I called attention a few minutes ago.

Mr. DOWELL. But this, of course, would permit the opening up of all cases because of any error that has arisen.

Mr. RHODES. It is a fact that only one case has been reported to the committee in which an error was made, and the commission is without authority to make a second award.

Mr. DOWELL. Then, should not this be limited to the case which was referred to by the gentleman, and prevent the opening up of other claims and the payment of additional amounts that would thereby be allowed?

Mr. RHODES. If I were sure that there was only one case or that there never would be but one case, I would say yes; but inasmuch as there might be another case, as justly entitled to relief as this one, then I would say that there is good reason why it should be left open to permit a correction in all cases, just as to Mr. Dolbear.

Mr. DOWELL. Does not this encourage all those who have had claims passed on, and not a sufficient amount allowed, to apply for a reopening of the claims, to have them reviewed again by the commission?

Mr. RHODES. That is a pertinent question, but a careful examination of the bill and the report will indicate that that provision of the act can bring no new cases before the Secretary or his commission for review, except where a mistake has been made, and that has nothing to do with the merits of the case.

Mr. DOWELL. I read from the last portion of the paragraph:

or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts.

Mr. RHODES. Certainly, and why should he not? If an error was made, a mathematical miscalculation, why should it not be corrected?

Mr. DOWELL. Of course, a miscalculation may have many interpretations. It might not be a mere adding of figures, but it might be because certain phases of the claim had not been considered, and, therefore, there was a miscalculation. It seems to me that the language might be subject to criticism; that it opens the door wide to permit every claimant who has not received the amount he thinks he should have to apply again and have his case reviewed by the commissioner, and under this the commissioner must review his claim.

Mr. RHODES. In response to that statement I would say that I perceive the point raised by the gentleman from Iowa, but in the mind of the Secretary of the Interior and in my own mind there is no such danger under this provision of the bill, and no cases except those arising out of mathematical errors could be considered.

I know that is the way the Secretary discussed it with me, personally, and I know that is the manner in which his representatives have discussed it with me, and I assume that they know the facts better than I do. I am generous enough to yield to their judgment on this proposition, and in a letter to me from the Secretary, dated the 4th day of this month, he begs for action by Congress in order to bring this matter to a determination so that the business of the commission may be wound up.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. RHODES. Mr. Chairman, I have promised time to five or six colleagues, and I have only one hour. I understand that I have already consumed 20 minutes. Therefore, I ask gentlemen to desist or to make their questions just as short as possible. I yield to the gentleman from Illinois for a question.

Mr. CHINDBLOM. The gentleman knows that we have passed legislation for the relief of all kinds of men who dealt with the Government during the war—the Shipping Board interests, the people who dealt with the War and the Navy Departments. If we include in this bill a provision that mistakes made by miscalculation shall be reconsidered under and by virtue of a new authority beyond that which the department already has to correct errors, does not the gentleman think we will have a flood of legislation offered here to correct alleged miscalculation in all these matters to which we have granted relief?

Mr. RHODES. I know nothing about any of those claims except the war minerals relief claims, and enough time has passed since the effective date of this act to demonstrate the fact that there is not going to be the large number of claims arise that the gentleman fears. I do not believe there is any danger.

Mr. CHINDBLOM. If there was actual miscalculation, a mistake in figures, in mathematics, does not the gentleman believe that the Secretary of the Interior and the department would have the same authority to correct such errors now?

Mr. RHODES. The Secretary tells me in his letter he has no such authority, and I know he has not, because I have read the ruling of the Comptroller of the Treasury. In fact, that is why he asks us to put in this provision. In other words, under existing law they can not pay these second awards. I now yield to the gentleman from Texas.

Mr. CONNALLY of Texas. What is the amount of money that the department figures will be paid out on the strength of this amendment?

Mr. RHODES. I gave that for the RECORD a few minutes ago. I stated the total number of disallowed claims——

Mr. CONNALLY of Texas. I am not talking about that, but I want to know whether or not the Department of the Interior has already made a preliminary survey of claims that were going to be paid under this amendment which were not made under the prior law.

Mr. RHODES. And I am trying to tell the gentleman that. Before I make the statement I want to lay the foundation for the complete answer by saying that we have only 779 cases disallowed. The aggregate amount of these 779 cases is $8,000,000 in round numbers. Judging the future by the past, as they have allowed but 30 per cent of the claims actually passed on, the department figures that $2,795,289.68 would be the maximum amount.

Mr. STAFFORD. That may be expended under the purview of this new provision?

Mr. RHODES. Yes.

Mr. STAFFORD. I understood the gentleman to say in response to another inquiry that the total amount would be only $1,317,000.

Mr. RHODES. Of course the gentleman has misunderstood me. I said that 49 claims had been rejected because they were not in the office of the Secretary by 12 o'clock on June 2; the aggregate of those claims was $1,317,632.29.

Mr. STAFFORD. Now, does the gentleman mean that the total amount, according to the estimate that may be claimed under the phraseology of the proposed amendment, is $2,795,000? Does that amount also include the $1,317,000 which the gentleman has just referred to as being the amount of 49 claims rejected because not filed in time?

Mr. RHODES. It does, at the rate of allowance made up to this time.

Mr. Chairman, I ask that the gentleman from Arkansas [Mr. WINGO] use some of his time.

Mr. WINGO. Mr. Chairman, the "gentleman from Arkansas" is a member of the committee, and the report is unanimous. I understand the gentleman from Texas [Mr. BLACK] is opposed to the bill. No member of the committee is opposed to it.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. BLACK] for one hour.

Mr. BLACK. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, this bill is wide open to criticism in matter of detail, but I prefer to oppose it upon general principle.

I am getting tired of voting money out of the Treasury to reimburse war contractors for losses which they sustained because the war ended a little sooner than they expected. On November 11, 1918, when the news of Germany's capitulation came across the sea, our Nation broke out in tumultuous rejoicing. But there were some who went through the form of rejoicing who were not really glad. They had war contracts out of which they were making immense profits. This bill is in part for the purpose of reimbursing some of those men.

Most of the men who will benefit by this bill are men who went into a business expecting to make immense profits out of it and failed to do so merely because the war ended too soon for them. If this proposal was that our Government should reimburse everybody who lost money on account of the war ending too soon for them, I should regard it with more favor; but it and other bills which have gone before it are intended for the benefit of only a very small class; they are not intended to relieve the great bulk of our people who suffered losses on account of the war. The Government needed the products of our country—minerals, foodstuffs, everything that men could produce—and everything possible was done to encourage men to produce these things. We needed labor for our shipyards and war industries. Men were encouraged to leave their homes and go to distant places and take work. The war ended, such plants were shut down. The workers went out of the shops, left without employment to find their way home the best they could. The farmer, who had devoted himself to the production of wheat, had to take his losses; the cotton grower had to take his losses; men who produced foodstuffs of every kind had to take their losses. No measure has come to the floor of the House whereby it was proposed to reimburse farmers, laborers, or anyone except a small class of war contractors. It is proposed to reimburse only a small class of business men. I am tired of such proposals; I am tired of such discrimination; I will not follow those who advocate it any longer.

Men were taken out of their jobs, taken against their will, and put into the trenches; men were sent to France, and suffered everything that men could suffer. They had their losses; they lost their jobs, their businesses; they lost everything to serve their country. Yet we find when a proposition is

advanced on this floor to do a little something in the way of reimbursing the men who served as soldiers for the losses they sustained the same interests—some of the business men who would be benefited by this bill—come forward and say no. They opposed the soldiers' bonus; they struck down the proposal to do something to reimburse men who went to the war and who fought the battles, but they come here and reach out their hands and cry with the daughters of the horse leech, "Give, give to the business interests of the country, that may not have realized on their hopes to the full extent."

I will not vote to make good the losses of business men until Congress has done something to make good the losses of the men who fought the battles of our country in time of war. Let that be definitely understood, so far as I am concerned.

Mr. RHODES. Mr. Chairman, will the gentleman yield?

Mr. HUDDLESTON. Please excuse me.

Mr. Chairman, homes were desolated by the conscription of soldiers for the war. Mothers and fathers suffered for lack of the support of their breadwinners. Wives wept out their eyes because their loved ones were across the sea. They denied themselves. Agents of the Food Administration and the Fuel Administration went up and down in the land encouraging self-denial. "Work," they said to the laboring man. "Deny yourselves," they said to the people who wanted to eat. For what? So that we might win the war. And people responded as people had never responded before. But now that the war is over, no proposal comes here to help the mother who lacked the necessaries of life when her son was in France; not to help the father, who lost his support and stay; not to reimburse the people who denied themselves and suffered, but to put money into somebody's pocket who lost in an effort to make something out of the Government during the war. I am not for it. [Applause.]

Mr. BLACK. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, I really prefer to take time to discuss the merits of the bill, but I do not propose to let go unchallenged the unwarranted impeachment of the loyalty, the patriotism of these small miners in the West, which has just been made by the gentleman from Alabama [Mr. HUDDLESTON]. That he does not know what he is talking about is indicated by his speech. He evidently has not read the hearings, and he does not know that the only men who are opposing this bill are the men he is wont to denounce at every opportunity on this floor.

The steel companies have gotten theirs; the big claimants that might get something under this bill have gotten theirs. The Hanna Steel Co. has gotten theirs on the identical state of facts that some poor hardworking miners in one western State have been denied. Under the informal war contracts bill steel companies have had millions allowed to them in the way of prospective profits predicated upon the use of some of the ore that is now on the dumps on the mountain sides of the West, and the law that Congress passed was intended to give them only protection against net loss. I will say to the gentleman from Alabama [Mr. HUDDLESTON] that his steel companies have been given some more than net loss. They have gotten prospective profits, and they have refused to live up to their contract to take the ore of the little fellow who is too poor to come east and hire lawyers to sue them and make them take the ore that they refuse to take.

Why did they dig it out? If the gentleman would read the record he would see that in case after case these men said, "No; we will not do this; it is not profitable." But the War Trade Board and the War Industries Board and the Secretary of the Interior, or in some instances agents of the Director of the Geological Survey, as I recall, went around and threatened them with the seizure of their little properties if they did not develop these deposits. We assured them that that law would be passed. Who held that law up at the other end of the Capitol?

I will say to the gentleman from Alabama that one reason why I am favoring this bill is that the Secretary of the Interior can bring suit and recover—as he can not now do under the law—bring suit to recover from some of these large claimants, in order that justice may be done to these little men. A committee of Congress in the last Congress, after hearings for days, after compelling the chairman of the commission to submit to examination by questions of witnesses, found what? What did that committee find? That committee was of the opinion that the commission erred in the application and intent of the act and the application of the law to the facts.

Oh, it is easy for a gentleman to make a demagogic speech against this bill. It is easy for one to make a plea of economy. But if you owed a groceryman, would you go about and say, "I am trying to economize; I will not pay my just debts"? It would be an insult to a man to do it. It is easy to talk about the "big fellow." Who is back of the lobby that is against this bill? I measure my words. A man has been brought here and paid to fight this bill, and when he was met in the lobby of a hotel by one of these poor miners of the West, who is wearing threadbare clothes, and was asked why he was here fighting the bill, said, "I did not know that you were one of these claimants."

Mr. Chairman, it is admitted that that man Moore could not run correctly an adding machine. Out in Mr. KAHN'S district they admitted that they had found a mathematical error. They issued an additional warrant. They could not collect it. In one case Moore read the first line of the printed form in which there was a misstatement.

The answer to that question was intended to determine whether or not they came within the purview of the law and had jurisdiction. He would not read down and find out the fact that the man came within the jurisdiction and purview of the act, as disclosed by answers to subsequent questions. He ruled that he had no jurisdiction and he never considered those claims.

I am not worrying about these big fellows. They will get justice some day.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BLACK. Mr. Chairman, I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Arkansas is recognized for five minutes more.

Mr. WINGO. Mr. Chairman, these big claimants will dun Congress until they get justice, and I am afraid some of them will get more than justice. The man I am thinking about is the little fellow whose claim has not even been considered, but has been treated with contempt; the little fellow who has been approached and told that if he would sell his claim for so much on the dollar it could be sold.

Gentlemen, I tell you I am always candid with the House. We made a report and recommended a bill for a review by the Court of Claims. Who opposed that? Moore, of the commission, kept the door to the Capitol slick as an otter slide, opposing a review of his judicial acts by a superior court. What would you think of a judge if he was afraid to allow the Supreme Court to review his decisions—a judge that not only misconstrued the law but misapplied the facts? Then came along Mr. Fall, the Secretary of the Interior, who says, "If you will enact a law meeting the decision of the comptroller and meet the proposition where Mr. Moore has arbitrarily refused to consider the claims, I can clean them up and get through with them." My main object is to clean up this whole thing as quickly as possible. The gentleman from Alabama is no more tired of war claims than I am. I want to clean it up. If these claimants are given the right of a review Secretary Fall will pass upon their claims. Are you not willing to trust Secretary Fall? I am willing to do it. If a claimant who is denied comes to a Member of Congress and says, "I want you to introduce a private claim for me," then a Member of Congress can refuse and say, "No; we gave you an opportunity, and we have given a new Secretary of the Interior the right to review your claim, and he turned you down." If a committee should be careless and report out such a claim on this floor it would be attacked on that ground. I want the matter cleaned up now. I do not want my successors 20 years from now to have to deal with private claims predicated upon these conditions.

Gentlemen, as a lawyer, as a man who wants justice done, I want to tell you that that unanimous opinion of the committee in the last Congress that these men had entirely failed to comprehend the law of Congress and had failed to apply to its customary rules of interpretation as practiced by the courts and had ignored facts, can not be gotten around. Gentlemen, you can not get around that unanimous finding of that committee that a solemn adjudication of these cases ought to include, at least, the right of review or appeal to the Court of Claims. We ought to do one or the other.

Oh, gentlemen, it is easy to say we are going to economize. It is easy to summon up the bugaboo of some big claimant. I believe that Secretary Fall will be pretty strict when he comes to pass upon these claims. I believe he will go over those cases where the old commission made a second award and issued a second check which was turned down by the comptroller. This will authorize him to take up those cases and issue warrants, and the Comptroller of the Treasury will pass them, because this Congress has authorized him to do so. I believe the Secretary could take up those cases where the claimants had mailed their claims, but they had failed to get into the office in time.

I am surprised to find that any man who pretends to be a lawyer should contend that the time when a claim is received by mail fixes the date of its legal delivery. I had always been under the impression that the delivery to a post office or carrier was delivery to the consignee; but lo and behold, the settled judgment of courts and lawyers in all the past was brushed aside by this man Moore. He said in express terms that he had a man watching the time, with a watch in his hand, and that those claims which were not received by 12 o'clock were rejected. Was he trying to carry out the intent of Congress, which was to make equitable and just settlements? No. He was prosecutor, judge, and everything else, and Mr. Lane admitted that he was temperamentally unfit for the job; and Secretary Lane was chagrined at this man's action and he passed it over to the new administration. Secretary Fall at first thought he could correct it, but he found that under the ruling of the comptroller he could not. He said, "Give me this and I will clean it up and get it out of the way." Gentlemen, you may vote this down if you want to. It is nothing to me, but let us be just and clean this thing up now while facts are fresh. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. BLACK. I yield five minutes to the gentleman from Michigan [Mr. CRAMTON].

Mr. CRAMTON. Mr. Chairman, I am going to take the risk of being overwhelmed as the gentleman from Alabama [Mr. HUDDLESTON] has been by the caustic criticism of the gentleman from Arkansas [Mr. WINGO] for venturing to speak in opposition to this bill and in behalf of what seems to me to be justice as well as economy.

I do not pretend to know the personal weaknesses and failures of various officials who have handled these matters in the department. I have a very high regard for Secretary Lane and Secretary Payne, as well as for the present Secretary, Mr. Fall, and I am going to try to keep to the record.

The bill as presented by the gentleman from Arkansas [Mr. WINGO] does not seem to me to be at all the bill presented by the gentleman from Missouri [Mr. RHODES]. The bill as presented by the gentleman from Missouri [Mr. RHODES] is not a bill authorizing a general review of all these cases by the new Secretary because of the incapacity of other officials, but it is a bill to accomplish three purposes, two of them the report states to have been unanimously recommended by the House committee. Under the statement of the gentleman from Missouri [Mr. RHODES] neither of those two is of any very great importance either way.

One is to allow the consideration of claims mailed before the 2d of June, whereas the previous act of Congress expressly stated that only those claims could be considered which were filed within three months. That meant filed with the Department of the Interior. I am constrained to disagree with the gentleman from Arkansas [Mr. WINGO]. The filing of claims within three months of the effective date of the act meant that the claims should be filed with the department, and inasmuch as the whole act was for the purpose of extending a grace to parties who conceive that they have an equitable claim, when we gave them three months in which to file their claims, if they did not come within the terms of the act of grace it seems to me we ought not now to change the rules of the game and permit claims to be considered that did not come within the act.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. CRAMTON. I have only five minutes. I am very sorry. If I can get more time I shall be very glad to yield.

As to the second class, the correction of miscalculations, I understood from the answer of the gentleman from Missouri [Mr. RHODES] that that involved only one case of about $2,000. The gentleman from Arkansas, however, construes that to be a general review of all these claims of the poor unfortunates in the West who own manganese and chrome deposits, and so forth, and the other things covered by the act. I am constrained to accept the statement of the gentleman from Missouri that it covers only some mathematical miscalculations. That would not be so serious; but when you torture it into a general review of all claims, it becomes of more importance.

But the really serious proposition is involved in the language of the Senate. I find it difficult to follow the view that the evident purpose of the bill as passed by the Senate only was to permit this more liberal construction. The House committee adopted the language of the Senate, and hence I should say the House committee also wanted this "more liberal construction."

Now, what is that more liberal construction? After the war ended there were people who thought they had just claims against the Government. They were not legal claims. They were simply claims in equity, so Congress gave them the authority to file claims where they had incurred expense for the production of the ores and minerals named, upon the request or demand of certain agencies; and in accordance with that language a number of claims have been filed and they have been passed upon. The Secretary of the Interior says he does not think the language needs to be broadened, but the committee fear it does, and so they provide as to all claims heretofore filed——

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRAMTON. May I have three minutes more?

Mr. BLACK. I am sorry, but all the time has been spoken for. I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, I find that the report on this bill states two reasons for the bill that are unobjectionable to me. One is that where there has been discovered an error by the Secretary of the Interior and he desires to correct it and make an additional award, he may have the right to do so, and that the awards may be paid. That is, of course, manifestly just, and I have no objection to that.

The other is that where a man mailed his claim within the time prescribed by the act, but it was not delivered to the commission in time, he should have his claim considered. I think that is eminently just, because the law of the land has been construed by nearly all courts that when you serve a notice by mail the time that it is deposited in the mail, postage prepaid, is the time of the service. These two requests are unobjectionable, and I want to get them out of the way, and I would vote for a bill carrying those two things.

The other is a more dangerous thing to the United States Treasury. Instead of the language that they have embarked on this business in compliance with the request from the Department of the Interior they insert the language "who in response to any personal, written, or published request, demand, solicitation, or appeal from any governmental agency." They have inserted the word "published." It is without question that it was published in all the prints of this country that the Government was in urgent need of all these things. But that did not justify every fellow who had some little equipment which possibly might produce some of these things in embarking in the business because it appeared in the public prints that the Government needed these articles. In other words, it is to be assumed that the Government did not give to the people a request that they embark on these propositions unless there was some probability of their being able to prosecute the work successfully. The Government did not propose to ask anyone who supposed that he had tungsten on his property to go to work and endeavor to develop it where there was no probability of its being successfully developed under the conditions under which he was supposed to proceed.

Therefore this broadens it out to where any fellow who had an imagination that he had any of these things that could be developed to allow him to go on and develop it, and then, if he had a loss, charge it up to the Government. So I shall move to strike out the words "or published" when the bill comes up under the five-minute rule, and insert the word "or" before the word "written," and then it will read "who in response to any personal or written request" embarks upon these things, and so forth. Then you will have the Government charged directly with having solicited these men under circumstances knowing the property and knowing the probabilities whether they could do it successfully or not. It will include those cases where they have asked him to embark on this proposition, and then, if he loses, the Government may be responsible.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. BLACK. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. HUSTED].

Mr. HUSTED. Mr. Chairman, the act passed by the Sixty-fifth Congress authorized the Secretary of the Interior to pay net losses to men who produced certain materials during the war—manganese, chrome, pyrites, and something else, I have forgotten what—even though these men had no contract with the Government whatever. But it had to be on the request or upon the demand of some one of the named agencies of the Government—the Secretary of the Interior, War Industry Board, and so on. I thought that bill went a long way, but we passed it because we were told that these men went into the business for patriotic reasons, went into a business which could not be made to pay in normal times, and therefore the circumstances were unusual. Perhaps we were just and did right in going as far as we went in that legislation.

We propose now by this bill to extend the time, so that those men who mailed their claims within the time limited for filing

in the original act can have their claims considered. The language of the original act was very definite, and I do not see how anybody could be in doubt about it, but I have no particular objection to this extension, because I realize that in some lay minds deposit in the United States mails is considered a filing with any agency in which filing is required. I have no objection either to that provision of this act which allows a rehearing of a claim and its adjustment if the fault is not with the claimant, but with the commission that made the error.

But there is another provision in this bill which I think is absolutely wrong and unjustifiable, and that is the provision which allows parties to come in here and file claims, or rather allow them to have claims considered, when the basis of that claim is only a published request of some agency of the Government. Just think of it; a mere general request appearing in a newspaper! Why, every industry in this country was stimulated more or less by general requests, and if you allow relief in those cases on the basis of a general request published in a newspaper, you have not any right to deny compensation for loss to any industry in this country which produced goods for the use of the Army, the Navy, and the American people during the course of the war.

Take the farmers, for example. They have a much better right than these people would have on such a basis, because they not only produced at the published request of the Government but also the prices which they received were fixed by law. In the case of these producers of minerals, there was no price fixed by law, and if you pay the loss of these people on the basis of general published requests, how can you deny it to the farmer whose price was fixed by the Government, and who also produced for the purposes of war at the request of the Government of the United States? If you pass this legislation, you are going to open the flood gates for all kinds of claims, and you are going to establish a precedent which will inundate us and which we can not with any shadow of justice deny. [Applause.]

Mr. RHODES. Mr. Chairman, I yield five minutes to the gentleman from Colorado [Mr. VAILE].

Mr. VAILE. Mr. Chairman, our friend from Alabama sees in nearly every measure which is brought before this House a horrible monster—

> A monster of such frightful mien
> That to be hated needs but to be seen.

His object in getting up here is to rend aside the veil which conceals that horrible monster, and when the camouflage is removed we see the horrible monster is that much-despised and hated individual, the American business man. Possibly sometimes the American business man appears to be only a little fellow, a very small and pathetic individual, but he is none the less to be an object of hatred on that account.

Now let us review this war-minerals legislation a little and see what was actually done. The Sixty-fifth Congress passed with patriotic and generous motives the Dent-Chamberlain war contract relief bill, and this is what it said:

> That the Secretary of the Interior be, and he is hereby, authorized to adjust, liquidate, and pay such net losses as have been suffered by any person, firm, or corporation, * * * by reason of producing or preparing to produce manganese, chrome, * * * in compliance with the request or demand of the Department of the Interior, War Industries Board.

And so forth.

Request or demand. Here is a request or demand that went out. Secretary Lane issued an advertisement to this effect:

> Many of the resources of our country lie undiscovered and undeveloped. In these days of great needs and great deeds men are wanted, men of ability, initiative, and imagination, to discover these resources and put them at the Nation's service.

The Director of the Bureau of Mines, Mr. Manning, published an advertisement to the effect that it was not sufficient that we have an amount of ammunition on hand equal to that of the enemy, but that it must also equal and surpass the enemy's ammunition.

The Shipping Board published a statement to this effect:

> If private interest waits until every detail is settled before taking steps to meet the situation, there is danger of vital damage to essential war industries. Patriotism requires that the mining and metal industries do everything reasonable to get projects started at once.

Those advertisements were published. Possibly they were not a demand, but at least they were a request. Following those advertisements and those public notices came agents of the Government, who went into the various mining camps and held meetings. They saw individuals, and they got up at meetings and addressed the owners of small claims, urging upon them as a matter of patriotic duty that they should develop those claims which had long lain dormant for various reasons, impressing upon them in the most earnest and emphatic manner that it was their duty to go out and develop these claims. A great many of them did and some of them did not, and to those who did not the same agents came afterwards and virtually took them by the collar and told them to go out and develop the claims or that they would be taken away from them. Some of those who were slow in starting were, in effect, war slackers, but they did have a personal, written demand, a written contract with the Government to produce their minerals, but the little fellows who were inspired by patriotic fervor, who went out first, did not have that kind of documentary evidence. I know one widow in a Colorado town who invested all of her own money, three or four thousand dollars, who got her friends to put in their savings in order to open her long-abandoned property, and she stood beside the shaft working with the old-fashioned "arm-strong" hoist to pull the ore out of that shaft. She did not herself have any personal written request from any agent of the Government. Her mine was too small for the Government at that time to go after it separately. It was large enough to produce some minerals which would have been most useful to the United States if the war had continued. It was large enough to take all of her money. She did not think it was her duty to wait for a peremptory demand when the importance of the service was made clear to her by the official statements of responsible officers of our Government. But now, by the construction which has been given by the War Minerals Commission to an act of Congress which was clearly intended for her benefit, those who did wait can be reimbursed for their loss while she can not, unless this bill is passed. God forbid that she should be stigmatized as not patriotic.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. VAILE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RHODES. Mr. Chairman, I yield five minutes to the gentleman from Nevada [Mr. ARENTZ].

Mr. ARENTZ. Mr. Chairman, in March, 1918, all America was on its tiptoes, as it had been for months; as it was destined to continue to be until November 11, 1918, when the curtain was rung down on the mightiest conflict, the most stupendous tragedy in history.

I know that the metal miners of America were producing to their utmost for wages ranging from four to six dollars per day, while in many other industries wages ranged from $6 to $20. The miners performed every task without a whimper.

The prospector, the individual leaser, and the small mine operator all were shipping ores of copper, lead, or zinc, and most of them managed to come out with at least a small profit, after paying exorbitant prices for dynamite, freight, and haulage and every other item found necessary in the production of ores. These producers of our mineral wealth were on the fringes of civilization—in the most isolated sections of our country.

Then came the clarion call of our Secretary of the Interior, the late Franklin K. Lane:

> WANTED: MEN TO DISCOVER AMERICA.
>
> Many of the resources of our country lie undiscovered and undeveloped. In these days of great needs and great deeds men are wanted, men of ability, initiative, and imagination to discover these resources and put them at the Nation's service
>
> The undeveloped resources to which I particularly refer are those which I am most familiar through the activities of the Department of the Interior—metals and minerals which we require in large quantities, which exist in large quantities in this country, and which in spite of this are largely imported from abroad.
>
> We must have chrome, manganese, and pyrite. To produce some 2,000,000 tons of these and other imported minerals from domestic sources will release from three to four hundred thousand tons of shipping for military use.
>
> Will you save ships for the transporting and feeding of our armies by discovering and developing our own deposits of these minerals? We are discovering that many minerals we need we have here in the United States. But we have hardly begun to develop these minor resources. Let us get at it in earnest.
>
> FRANKLIN K. LANE.

Mining camps and small mining settlements not reached by this appeal were reached by the following editorial, which is taken from the Mining and Scientific Press of March 9, 1918:

> Energetic exploration and intensive development of certain needed mineral resources is earnestly recommended in a circular just issued by Mr. Franklin K. Lane, Secretary of the Interior, entitled, "How to save ships." The purpose in view is revealed by that caption; ships are too urgently required for transporting troops and supplies to Europe to admit of dependence upon foreign sources of such metals and minerals as can be obtained in this country. Mr. Lane points out that their importation not only diverts shipping from the trans-Atlantic service, but produces a further demand for fuel and mining equipment abroad. The minerals specified are manganese, flake graphite, tin, tungsten, antimony, pyrite, magnesite, potash, and nitrates. A proposal has been made and has received official indorsement for extending Government aid in the exploitation of such deposits, but it has not yet become law. Meanwhile the remunerative prices obtainable for these products should encourage a prompt response quite apart from the patriotic incentive that should bestir every true American to do all that he can.

Then follow posters and circulars, distributed by postmasters and railroad station agents who passed them out and placed them in their windows, on their walls, and bulletin boards.

The following is a copy of a circular issued by the United States Shipping Board May 4, 1918:

UNITED STATES SHIPPING BOARD,
COMMITTEE ON MINERAL IMPORTS AND EXPORTS,
Washington, D. C., May 4, 1918.

The shipping situation requires immediate important changes in mining and allied industries. The precise nature of these changes and the agencies and methods through which they will be accomplished are not yet formulated, but there are certain fundamental facts which should be clearly understood.

The acute ship shortage has forced a drastic cut in imports of a considerable number of minerals essential to war industries. Among the more important embargoes of these are manganese, chromite, pyrites, and graphite. Some are already in effect. Others will soon follow.

Ships released in this way, or their equivalents, have gone directly into military use, and with a still greater military program planned and probable further decrease in total ship tonnage, for a time at least, there is little possibility of early reinstatement of ships for mineral imports.

The deficiencies in supply thus caused must be made up from domestic sources. Reduction of imports has been based on careful estimates of the possibilities of domestic production. Estimates have been liberal, and there is not much danger of overproduction. Every ton mined here will save a ton of mineral that otherwise would have to be imported.

The increased use of local ores will require many changes in practice and probably also reduction of less essential uses. Those changes must be accomplished, regardless of cost or difficulties, for the alternative of bringing in supplementary supplies from abroad no longer exists.

Government cooperation will be necessary along several lines. Already attention is being directed to various phases of the problem by the War Industries Board, the War Trade Board, the Shipping Board, the Department of the Interior, the Railway and Coal Administrations, and the Treasury Department. There is pending in Congress a bill to concentrate control over the mineral industries most affected by ship embargoes. While the situation is being actively followed up, there is likely to be a delay of at least several months before it is well in hand.

If private interests wait until every detail is settled before taking steps to meet the situation, there is danger of vital damage to essential war industries. Patriotism requires that the mining and metal industries do everything reasonable to get projects started at once. The necessary Government cooperation may be slow and halting, and mistakes are likely, but as the shipping situation allows no alternative, it is a reasonably safe assumption that the absolutely necessary things will be done in time. In view of these facts, far-sighted management of the mineral industry will not base its calculations for the immediate future on the practice of last year.

In the spring of 1918 the Department of the Interior, the War Trade Board, the War Industries Board, the United States Bureau of Mines, the United States Geological Survey, and the Shipping Board all appealed to American metal miners to search out and produce the war minerals—manganese, chrome, tungsten, and pyrite.

Up to this time for most western points in the United States the price offered at Pittsburgh or other eastern points for manganese, chrome, and pyrite was too low to permit of any cost for mining, let alone profit.

These minerals occurred at many and widely scattered points throughout our country, but for the most part were undeveloped—in no condition for immediate production; but as they could not be mined except at a loss these deposits of manganese, chrome, and pyrite were for the most part heretofore left alone. The prewar price offered for chrome, manganese, and pyrite was seldom in excess of the freight and haulage costs. It is nearly always the prospector, the lessor, or small operator who first takes up these deposits before passing them on to the company or large operator. For this reason the greater proportion of men who will be benefited by the passage of this bill are small operators.

Over 1,200 metal-mining operators abandoned the projects they were carrying on at this time and responded to the Government's appeal for their services and the use of their personal funds, in most cases all they had, in producing these urgently needed war minerals.

It required months to seek out these little developed or virgin deposits, to build roads to them and erect their camp buildings, bring in their mining machinery, and to sink shafts or drive tunnels into the pay ore.

They willingly did all this. They were mostly men beyond the draft age and were doing "their bit" as they saw it—living on the most meager fare, experiencing the heat and sand of the desert and the storms and extremes of temperature in the mountains. Yes; they earned all they could make, and I will swear they obtained very little for all the hard work and sacrifices they made.

It was far into the fall of 1918 before but few of them had reached the point of actual shipment.

These miners—and there are no better citizens anywhere in our land—like all real Americans thanked God from the bottom of their hearts on November 11, 1918, when the news flashed over the world that the war was over, that the armistice was signed.

Within a few weeks, fellow Members of the House, all promises made to these men of the desert and mountains by our National Government were forgotten. Ore unshipped on mine dump or platform has lost all semblance of such through the action of the elements these past three years. Ores en route, aboard railroad cars, were unloaded for ballast or a compromise settlement made between shipper and ore contractor for the big steel companies. No market remained to these prospectors or small operators. All idea that the Government intended to live up to its contract to protect producers and shippers of war minerals was soon dispelled. Let me read to you portions of the act approved October 5, 1918, fully six months later than the date of request and demand made by Secretary Lane:

An act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of those ores, metals, and minerals which have formerly been largely imported or of which there is or may be an inadequate supply.

Be it enacted, etc., That by reason of the existence of a state of war it is essential to the national security and defense and to the successful prosecution of the war and for the support and maintenance of the Army and Navy to provide for an adequate and increased supply, to facilitate the production, and to provide for an equitable, economical, and better distribution of the following-named mineral substances: Manganese, chrome, tungsten, etc.

Section 2 authorizes the President to purchase such necessaries, to enter into, to accept, to transfer, and to assign contracts for the production or purchase of same, and so forth, but such sales made during the war shall not be at a price less than the purchase or cost of production thereof.

Provided, That no such contract of purchase shall cover a period longer than two years after the termination of the war.

The President is further authorized upon finding that importation into the United States of any of the necessaries covered by this act is likely to result in a loss to the United States to fix a duty upon such imports to adequately protect the United States from such loss.

Section 3 says that the President is authorized to requisition and take over any of said necessaries and to use, distribute, allocate, or sell the same, and also to requisition and take over any undeveloped or insufficiently developed or operated idle land, deposit, or mine and operate such mine or deposit and store, use, or sell the products thereof.

I will complete my statement as a member of the House Committee on Mines and Mining by quoting a few words from H. R. 13274, Sixty-fifth Congress, Public No. 322, passed March 2, 1919.

The Secretary of War be, and he is hereby, authorized to adjust, pay, or discharge any agreement, expressed or implied, prior to November 12, 1918, by any officer or agent acting under his authority.

SEC. 5. That the Secretary of the Interior be, and he hereby is, authorized to adjust, liquidate, and pay such net losses as have been suffered by any person, firm, or corporation by reason of producing or preparing to produce either manganese, chrome, pyrite, or tungsten.

It is not my intention that other than bona fide claimants should be considered. I do not ask that an appropriation be made. Justice to men—the prospector and mine operator—is all I ask.

Mr. BLACK. Mr. Chairman, I ask to be notified when I have used five minutes.

Now, gentlemen, what is the situation with which we are confronted when we are asked to enact this bill? We recall that on March 2, 1919, this matter of paying compensation to producers of certain more or less rare minerals for their losses was brought before us. It was represented to Congress that a great many persons, firms, and corporations, acting under the stimulation of the requests and demands of the different activities of the Government, had invested in certain mining enterprises, to mine manganese and chrome and pyrites and tungsten and minerals of that sort, and that by reason of the sudden ending of the war had suffered heavy losses. Now, after considerable contest as to the wording of the law, Congress finally adopted language which, I think, was very broad and comprehensive and sufficient to allow any just claim to be adjudicated. Let me read what the law says as to the kind of claims which may be allowed. I read a part of section 5 of the original law, which says:

That the Secretary of the Interior be, and he hereby is, authorized to adjust, liquidate, and pay such net losses as have been suffered by any person, firm, or corporation by reason of producing or preparing to produce manganese, chrome, pyrites, or tungsten in compliance with the request or demand of the Department of the Interior, the War Industries Board, the War Trade Board, the Shipping Board, or the Emergency Fleet Corporation.

By this language Members will see that we provided that the Secretary of the Interior might favorably consider any claim

for losses resulting from expenditures for these purposes, which expenditures were based either upon a request or demand of either one of these several agencies of the Federal Government. Following the passage of the law the Secretary of the Interior appointed a commission to hear and adjudicate these claims. The commission was composed, as I recollect, of our former honored colleague, now deceased, Dr. Foster, of Senator Shafroth, of Colorado, and, I believe, a gentleman by the name of Moore. Now, before that commission, if I recall correctly, something over 1,200 claims were filed. After considering and hearing the evidence in these claims, 610 of them were rejected and the balance allowed for varying amounts. And now it is proposed by this bill to permit all of these 610 disallowed claims to be reopened and again considered and, if allowed, to be paid.

The gentleman from Missouri [Mr. RHODES] in his opening speech says that it is only intended by the Secretary of the Interior to open up such claims as those in which there has been a miscalculation of facts and figures. If that were the only purpose of the bill, I would see no harm in it and would not oppose it, but let me call your attention to the language. It is plain and easily understood by anyone. Let us see the class of claims which will be reopened under this bill. It says:

If in claims passed under said act awards have been denied—

That would cover 610 cases—

or made under rulings contrary to the provisions of this amendment, or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts, which shall be paid from the unexpended portion of the appropriation carried in said act.

The language is broad enough, and the intention of it is to open up every conceivable claim upon which there has been an adverse finding. Now, suppose we set this precedent. It would be well that we should consider how far-reaching might be its effect. We authorized the Secretary of War some time ago to settle certain claims in cases where all the formalities of the law had not been complied with in making the contracts for war supplies. The Secretary of War has adjudicated a very large number of these claims, and has only allowed a certain portion of such claims and has rejected many, either in whole or in part.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Chairman, I will use five minutes more.

Mr. CRAMTON. If the gentleman does not object, I make the point of no quorum at this time. It seems to me more Members ought to hear the gentleman.

Mr. BLACK. I do not care to have the point of no quorum made now, so far as I am concerned.

Mr. CRAMTON. I think they should hear the remarks of the gentleman. I make the point of no quorum.

The CHAIRMAN. The gentleman from Michigan makes the point of no quorum. The Chair will count. [After counting.] No quorum is present. The Clerk will call the roll.

The roll was called, and the following Members failed to answer to their names:

Ansorge	Elston	Kennedy	Ogden
Bacharach	Faust	Kiess	Oliver
Barkley	Fenn	Kincheloe	Olpp
Benham	Fields	Kindred	Patterson, Mo.
Bixler	Fish	Kirkpatrick	Patterson, N. J.
Blakeney	Fitzgerald	Kitchin	Perkins
Bond	Flood	Kleczka	Perlman
Brand	Free	Kline, N. Y.	Peters
Britten	French	Knight	Petersen
Brooks, Pa.	Funk	Kopp	Porter
Buchanan	Gahn	Langley	Radcliffe
Burke	Garrett, Tex.	Lee, Ga.	Rainey, Ala.
Burroughs	Gensman	Lee, N. Y.	Rainey, Ill.
Campbell, Pa.	Gilbert	Lehlbach	Ransley
Cantrill	Goldsborough	Lineberger	Reed, N. Y.
Carew	Goodykoontz	Linthicum	Riordan
Carter	Gould	Little	Roach
Chandler, N. Y.	Graham, Pa.	Luce	Rodenberg
Christopherson	Greene, Vt.	McKenzie	Rogers
Classon	Griest	McLaughlin, Nebr.	Rossdale
Clouse	Griffin	McLaughlin, Pa.	Rouse
Codd	Hawley	McPherson	Rucker
Connell	Hays	McSwain	Ryan
Connolly, Pa.	Herrick	Madden	Sanders, Ind.
Copley	Hicks	Magee	Sanders, N. Y.
Coughlin	Hogan	Mann	Sears
Crago	Hukriede	Mansfield	Shelton
Crowther	Hutchinson	Martin	Shreve
Cullen	Jefferis, Nebr.	Mead	Siegel
Dale	Jeffers, Ala.	Merritt	Sinclair
Dallinger	Johnson, Ky.	Mills	Slemp
Deal	Johnson, S. Dak.	Moore, Ill.	Snell
Dempsey	Johnson, Wash.	Morin	Snyder
Drane	Jones, Pa.	Mott	Stevenson
Drewry	Kahn	Mudd	Stiness
Dunn	Kelley, Mich.	Murphy	Stoll
Dyer	Kelly, Pa.	Nolan	Sullivan
Edmonds	Kendall	O'Brien	Taylor, Colo.
Temple	Tinkham	Ward, N. Y.	Winslow
Ten Eyck	Towner	Ward, N. C.	Woods, Va.
Thomas	Treadway	Wason	Wright
Tilson	Volk	Watson	Zihlman
Tincher	Walters	Wheeler	

Thereupon the committee rose; and the Speaker pro tempore [Mr. WALSH] having resumed the chair, Mr. FESS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (S. 843) to amend section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," and finding itself without a quorum, he had directed the Clerk to call the roll, whereupon 261 Members had answered to their names, a quorum, and he submitted a list of the absentees for entry in the Journal.

The SPEAKER pro tempore. The committee will resume its session.

The committee resumed its session.

Mr. BLACK. Mr. Chairman, I believe I have used one minute of the second five minutes which I started out to use when the point of no quorum was made. I ask to be notified when I have spoken four minutes, so as to make five minutes in all.

The CHAIRMAN. Very well.

Mr. BLACK. Now, Mr. Chairman, let us review what the real purpose of this bill is. As I stated a short time ago, before the point of no quorum was made, under the original bill all claimants were permitted to file claims where they could establish that the mining work which they started or concluded was upon the request or the demand of either the Secretary of the Interior, the War Industries Board, the War Trade Board, the United States Shipping Board, or the Emergency Fleet Corporation. Under that bill, which was very broad in its terms, more than twelve hundred claims were filed, and about half of them allowed and 610 disallowed. The original amount appropriated was $8,500,000.

There is a considerable amount of that money unexpended, which will be turned back into the Treasury, unless we open up the wide door which the present bill seeks. If we pass this bill, what kind of a door do we open? Let the bill speak for itself. If we pass it, here are the kind of claims which may then be allowed:

Provided, That all claimants who, in response to any personal, written, or published request, demand, solicitation, or appeal from any of the Government agencies mentioned in said act—

All of these kind of claims may be reopened under this amended law; and some of the Members in this debate, in illustration of the class of language upon which they expect to rely as a basis for claims, have read certain circulars sent out by the Department of the Interior in which the Secretary stated in such general language as "that it was desirable to develop our resources and make use of our mineral wealth to win the war." Well, of course, advertisements and interviews and appeals of that kind were made everywhere. It was proper that they should be made. But are we to allow the use of these as a basis of claims against the United States?

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BLACK. Yes.

Mr. CHINDBLOM. Does not the gentleman believe that this would include even claimants who had never communicated with any of these agencies, who had never advised the Government in any way that they intended to produce or attempt to produce minerals and who went on on their own account and initiative, taking a chance, to produce these minerals, so that now the Government has no record whatever of their having attempted to do anything in the interest of the prosecution of the war?

Mr. BLACK. Yes. Not only would it allow it to be done but that is the purpose of the language in the bill, if I understood it aright, to include just such cases as that. And if we set this precedent it will mean that those war contractors who have filed their contracts with the War Department and have had their claims disallowed, either in whole or in part, will be coming to Congress, asking that their cases be reopened.

Why, not long ago I had a prominent oil-mill man who lives in my district come to my office and say, "We have not been dealt with fairly in the settlement for our cotton linters." I told him that it was my understanding that the settlement was made by agreement by the War Department and representatives of the cotton-oil industry, and that so far as I was concerned I favored that the settlement should stand. [Applause.]

The CHAIRMAN. The time allotted to himself by the gentleman from Texas has expired.

Mr. STAFFORD. Mr. Chairman, will the gentleman from Texas yield to me now?

Mr. BLACK. I yield 10 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

The CHAIRMAN. The gentleman from Wisconsin is recognized for 10 minutes.

Mr. STAFFORD. Mr. Chairman, an attempt is being made by the Committee on Mines and Mining by this bill to authorize the consideration of claims which the House by a positive vote rejected when this original proposition was under consideration nearly three years ago, and I wish to submit to the Members of the House whether they now, three years after we passed the act authorizing the adjudication of these claims, wish to broaden it so as to consider every claim of every mining prospector who may be able to show that he was influenced by some newspaper advertisement.

Attorney General Palmer—and I direct your attention to his opinion in his letter of July 1, 1919, counter to the opinion of the present Secretary of the Interior, if the latter's letter bears that construction—when asked by the then Secretary of the Interior, the Hon. Franklin K. Lane, what "request or demand" in the present law means in response to his request for a construction of those words, wherein he uses this language:

The words "request" and "demand" are both synonyms of the word "ask."

That is, one of the five governmental agencies, namely, the War Industries Board, the War Trade Board, the Shipping Board, the Emergency Fleet Corporation, or the Department of the Interior, must have asked, either by request or demand, the claimant to produce or prepare to produce one of the four named minerals—ferromanganese, tungsten, pyrites, or chrome.

Further on he goes on to say:

The language used could hardly be more clear or allow less room for construction. No claim based upon a general appeal—

And that is the purpose of the provision now before the committee. Claims totaling in all $18,000,000 have been filed before this War Minerals Relief Commission—

No claim based upon a general appeal or solicitation is authorized by it, but to come under the statute the claimant must have been asked specifically by either the Department of the Interior, the War Industries Board, the War Trade Board, the Shipping Board, or the Emergency Fleet Corporation to produce one or more of the named minerals.

In your inquiry you state:

Many claims have been filed which appear to be based upon an asserted reliance upon appeals to the general public for the production of those minerals alleged to have appeared in the newspapers, etc.

As I have stated above, the statute does not authorize the recognition of a claim based upon a general solicitation or appeal. This is apparent from the provision itself. It is also apparent from the history of the enactment—which it is unnecessary to detail here—that it was intentionally framed so as to exclude such claims as referred to by you.

(Signed) A. MITCHELL PALMER,
Attorney General.

Let me recall to the attention of the committee briefly the history of this bill. When the original bill passed the House it authorized the Secretary of War to adjudicate and compromise claims where the Government had entered into contracts for the production of munitions, materials, and what not, to aid in winning the war and which had ben canceled by the Government after the armistice. The bill went over to the Senate. It came back with section 5 so broad in its phraseology that the chairman of the conference committee opposed it. Twice it was rejected because of its broad phraseology; because of general language which would cover claims just such as are proposed to be covered by this bill.

Now, I wish to call to your attention the language of Mr. Dent, chairman of the committee, and later to the language of the gentleman from Kentucky [Mr. FIELDS], both conferees on this bill, on the phraseology in which it was framed when it first came back to the House. Mr. Dent, chairman of the House conferees, used this language:

According to the construction that we placed upon it and which it is possible to place upon it, every person in the country who happened to own a piece of land with an undeveloped mineral deposit upon it, upon reading the statement of the Secretary of the Interior in the newspapers that he should develop these particular ores needed for war purposes and who went to work to do it, would have a claim against the Government. Why, the language of section 5 of the Senate bill may be so construed as to authorize the Secretary of the Interior to recognize any moral obligation that he sees fit.

That is Chairman Dent's language. Now, here is Representative FIELDS's language——

Mr. CHINDBLOM. One of the conferees?

Mr. STAFFORD. One of the conferees. He said:

I am not in favor of recognizing the claim of every man who says that he enlarged his operations because he read an advertisement in the newspapers that the Government wanted him to do so.

The House overwhelmingly rejected the conference report in February, 1919, and sent the bill back to conference. It came back again.

Mr. RHODES. Will the gentleman yield?

Mr. STAFFORD. If the gentleman will yield me more time.

Mr. RHODES. I can not yield time.

Mr. STAFFORD. Then I can not yield until I conclude my statement. The gentleman has 15 minutes remaining. If he will yield time to me, I will yield to him for all the questions he wishes to ask.

The conference report was rejected. Why? Because of its broad phraseology. It came back again, and we rejected it a second time because of its broad phraseology. Then an agreement was reached, the phraseology was changed and put into its present form, and though it was contested by many eminent leaders on this floor—men like Mr. LEVER, Mr. MANN, and others—it was adopted; but it bore the limited phraseology in which it is stated to-day.

It is proposed at this late day, nearly three years after, to open the Treasury of the United States to afford relief to every person who happened to engage in the development of mining for certain minerals—namely, manganese, chrome, and two other minerals. If we pass this bill in its present form every farmer, every manufacturer, every person who was appealed to by the President or any Cabinet officer to work to his utmost to develop his industry to provide for winning the war would have a claim if he enlarged his plant, if he extended his area of cultivation before the date of the armistice on November 11, 1918, and suffered a loss by reason of that investment predicated upon the war continuing. They would have a more righteous claim than these mine operators who are coming here seeking protection in the pending tariff bill, because these owners of ferromanganese mines and these other minerals for the first time in the history of this country have succeeded in securing the passage through this House of a tariff rate on ferromanganese more than 100 per cent higher than was ever carried by any previous tariff act, namely, $40 a ton, when the rate in the Underwood bill is only $4 a ton, in the Payne Act only $4.50 or $5, and in the Dingley Act $6 a ton. Here they are wanting to have the Government compensate them for their investment made in the closing days of the war, because this act of October 8, 1918, which we passed to conserve those special industries, as the Solicitor of the Interior Department says, never was operative because the armistice came within a month afterwards. We are called upon to compensate these men for their investment that they made from the time of the starting of the war in April, 1917, until November, 1918, when the Government did not ask them to develop their mines until just at the close of the war, a few months before. All their investment made any time since the war started, and which proved unsuccessful because the war ended, is to be compensated, whether asked by the Government or not.

Oh, gentlemen say that only $3,000,000 have been expended up to date out of the $8,500,000 appropriated. Is it the purpose, because we have appropriated too much and find that there are only $3,000,000 of valid claims under the original authorization, that we should now open the door to these specious claims that have no merit whatsoever? It was a business venture entirely. These large manufacturers kept on investing their profits in war industry in anticipation that the war would continue another year or another two years. They were caught by the cessation of the war. The farmer who bought implements in anticipation of the continuation of war, and who bought land at four or five times its value and was caught by the armistice, suffered a loss but he got nothing; but these mine owners will get under this proposed bill a return of their investment. Gentlemen, such a policy can not be defended. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. RHODES. I yield five minutes to the gentleman from Utah [Mr. COLTON], a member of the committee.

Mr. COLTON. Mr. Chairman and gentlemen of the committee, I am very certain that the gentleman who has just preceded me [Mr. STAFFORD] is laboring entirely under a misapprehension as to the provisions of this measure. The facts are that not one single claim that has not already been filed could be filed hereafter and considered. This talk of opening the floodgates and allowing all kinds of claims to be brought in is based entirely upon an erroneous understanding of the facts. All the claims that could possibly be considered have already been filed. Some of them have been rejected upon the merest technicalities. It is admitted, and gentlemen who have spoken here have not denied it, that there were a number of legitimate claims that were actually placed in the mails a number of days prior to the time for the filing of claims had expired, but because they did not arrive before 12 o'clock on June 2, 1919, they were shut out. In other words, claims mailed, for instance, from the State of Colorado reached here in time, but equally meritorious claims mailed from Oregon and California did not. The California claims are shut out and the Colorado claims are allowed. Is that fair? Every man who has spoken here has admitted that it is not. One of the provisions of this bill is

to cover those cases. This is simply a bill providing for the consideration of claims that have already been filed, and it does not open the door to any claims that are not now before the Interior Department.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. COLTON. I want to make one other statement first. There are others who desire to speak. My colleague [Mr. TIMBERLAKE] from Colorado particularly wanted to speak, but he yielded, and insisted that a member of the committee occupy the time. He has a large number of claimants who worked hard to produce tungsten and other minerals, but have not had their claims properly considered on account, in many cases, of a technicality. This bill is designed to remedy that. Now, gentlemen have talked about opening the door so widely. The Secretary of the Interior does not hesitate to say that had he been construing the law, in the first place, he would have considered many of the claims which have been shut out, and in order that there will be no question about his authority to do so now he simply asks that he be given, in plain and unmistakable language, the right to review the cases.

Mr. BUTLER. Will the gentleman yield?

Mr. COLTON. Yes.

Mr. BUTLER. I have so much confidence in the good judgment of the gentleman that I want to ask him a question. Will this include any class of claims not included in the original act?

Mr. COLTON. Yes; in this way. If, in response to a printed invitation or request by proper Government agencies, they went out and endeavored to produce the ores, it will include them, whereas a strict construction of the existing statute shut them out. The former Secretary held that there must have been a personal solicitation. I will yield to the gentleman from Illinois.

Mr. CHINDBLOM. Where does it leave a man who had not filed his claim?

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLTON. I am sorry time will not permit me to answer the gentleman's question.

Mr. BLACK. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, there is not one of the 1,200 claims that have been filed under this act that can not be allowed under the provisions of this bill if it passes. Any one of the 610 that have not been allowed can be allowed, and the 600 that have been allowed can be reviewed, and there is a total liability of $12,000,000 in this bill.

Secretary Fall asked the committee to do two things, if it did anything. I have not time to read the whole letter contained in the report; but he refers to two things: First, where the claims were filed and not received prior to the date of the limitation; and, second, that any claims that have been miscalculated ought to be reviewed. He asked for the correction of these two things, and in express language in this letter says that if these two things are done that is all that is necessary. And yet the committee has gone further and inserted this language as pointed out by many Members. They have inserted these words "personal, written, or published" before the word "request." So that it did not need to be an express request or demand for any Government official; if it was published in any newspaper, in any call to the people to go out and help win the war, that was a sufficient "appeal" to justify the filing of a claim under the provisions of this act. They have added to the words "request or demand," "solicitation and appeal," so they make it as broad as the universe itself. Anybody who spent any money at any time in attempting to do any mining or any mine promoting can come in under this bill and claim for losses sustained.

Now, the original act said "produce or preparing to produce," and they have added the language "in good faith expended money in producing or preparing to produce" any of the ores or minerals. They have made it read, "in good faith in spending any money in preparing," so that they have added an additional element as broad as language could make it. Anybody who bought stock in one of these enterprises, even though it may have been a wildcat enterprise, and lost out can come in and file a claim.

On the last page, in the last paragraph, it provides:

> If in claims passed upon under said act awards have been denied or made on rulings contrary to the provisions of this amendment, or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts, which shall be paid from the unexpended portion of the appropriation carried in said act.

I wish I had more time to call attention to the original act. We put proviso after proviso into it making certain limitations on the right to recover. Here are two of them:

> *And provided further*, That no claim shall be allowed or paid by said Secretary unless it shall appear to the satisfaction of the said Secretary that the expenditures so made or obligations so incurred by the claimant were made in good faith for or upon property which contained either manganese, chrome, pyrites, or tungsten in sufficient quantities to be of commercial importance: *And provided further*, That no claims shall be paid unless it shall appear to the satisfaction of said Secretary that moneys were invested or obligations were incurred subsequent to April 6, 1917, and prior to November 12, 1918, in a legitimate attempt to produce either manganese, chrome, pyrites, or tungsten for the needs of the Nation for the prosecution of the war, and that no profits of any kind shall be included in the allowance of any of said claims, and that no investment for merely speculative purposes shall be recognized in any manner by said Secretary.

We thrashed that all out and put in the provisos. This being subsequent legislation repeals by implication the conflicting provisos and leaves the law wide open without a single safety clause. Read the original act and you will see that if this does not repeal these provisos there is at least most serious doubt about it. If so, every claimant can come in, and the blue sky is the limit. If the $12,000,000 is the total I shall be surprised.

Now, if the claim is once filed within the period of limitations, do you know any reason why it can not be amended so as to state other claims which the claimant may have. This bill ought not to be passed in its present form. Members on our side should remember that this is not Democratic legislation. This is our bill, and while we Republicans may have voted in the past for some acts perhaps that were forced upon us by the last administration under the whip and spur of the war emergency we can not make that excuse now if we pass this bill. [Applause.]

Mr. BLACK. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. PARRISH].

Mr. PARRISH. Mr. Chairman and gentlemen of the committee, during the Sixty-sixth Congress I was a member of the Committee on Mines and Mining. This question came before that committee, and after many weeks of careful hearing the committee at that time decided that they would not attempt in any way to enlarge the provisions of existing law but to report, and did report, a bill which would give to the dissatisfied claimants under section 5 the right to appeal to the Court of Claims and to the Supreme Court, allowing them also the right of a trial de novo in the Court of Claims. That bill went on the calendar, but was never passed. The Committee on Mines and Mining at that time in its report made use of these words:

> The language of the act as above quoted is clear, and if interpreted as the courts of the country have repeatedly held the statutes should be interpreted, the committee is of the opinion that the purpose of Congress can be fully carried out and a just and equitable settlement can be had of every legitimate claim.

I believe that the committee at that time reflected the sentiment of Congress and reflected the sentiment of the American people to the effect that the law as originally written, if given its just and equitable interpretation, would satisfy every legitimate claim in the United States. I believe that is true to-day and that it would be a serious mistake if this House at this time should enlarge the provisions of the original act, and if instead of making it a request or a demand coming from the particular departments named allow advertisement or any other different form as specified in the amendment to prevail, we will open up a great flood of claims, and many people who have never thought of filing claims will come forward now and file their claims, and the American people will have to pay them.

The original act is broad enough, and if you extend it so as to include every other kind of claims you are going to set a dangerous precedent. Thousands of farmers of the West and the South planted more wheat and more foodstuffs under the demand and request of the Government, and thousands of people on the plains bought cattle during July and August, 1918, because the American Government was demanding that they as patriotic citizens do their part in helping to win the war by producing fats. The armistice was signed in November, 1918, before they had marketed their cattle which they had purchased, and the cattlemen and farmers throughout the entire Nation have suffered a loss that it would take millions and millions of dollars to pay. Are you going to make fish of one and fowl of another? Are you going to say to one class that you will pay their claims and to the other that you will deny theirs? It is a question of equity between man and man, and if you expand this law and make it as broad as this bill does, then you will invite every other man from the plains of the West and the South, from the East and the North, anywhere in the United States, to file a claim before the Congress, and they will be just as much entitled to relief as some of these men will be who come in under the enlarged provisions of this bill. Do not misunderstand me. The second section of the

original act gives the right of appeal to the Court of Claims for all claims arising under section 1, and I feel that the same right should be granted claimants under this section, and I would support such a law.

Mr. RHODES. Mr. Chairman, I yield the remainder of my time to the gentleman from Oregon [Mr. SINNOTT].

Mr. SINNOTT. Mr. Chairman, one can not begin to touch this big subject in 10 minutes, let alone an hour. I may be able to answer a few of the aspersions that have been cast on this bill. We have heard to-day, as we have heard before, reference to the "big war contractors." Who are the big war contractors that are covered under this bill? They are a lot of men in Oregon, California, and a few other States who went out and undertook to develop chrome for Government purposes. The development of chrome is not in normal times a profitable industry in the United States. In 1913 we produced only about 300 tons of chrome. In 1918, due to the stimulation and the activity and the solemn promises of this Government made to a lot of men who were not really miners, our domestic production increased from 300 tons to 65,000 tons, and we thereby released from three to four hundred thousand tons of shipping to carry our soldiers and our war material abroad. Who are these big producers? There are about 225 of these claimants whose claims are less than $1,000 each. There are about 370 of them whose claims are under $2,000 each; about 431 whose claims are under $3,000 each; and about 500 whose claims are under $5,000 each. Where is your big war contractor that you have dragged in here?

Why did these men go to work to produce this chrome? They did it because they were told by the Shipping Board that they would be rewarded and recompensed if they would go out into the hills and produce this chrome and thereby release shipping and give us more ships. They were not only told that, but a bill was pending in Congress at the time, which later passed, providing for a tariff, providing for an embargo, providing for a fixing of prices on these metals. That price fixing was to last until two years after the termination of the war. Not only that, but they were given an embargo upon this chrome, so that they could sell to the Government or sell in industry the chrome which, if they did not produce, we would have to send our ships to Australia, Africa, and New Caledonia to get this chrome. An embargo was put on the chrome to help recompense the producers, but that embargo was surreptitiously lifted. It was surreptitiously lifted by the representatives of the big industries that desired to have cheap chrome; and who were they? Who were upon this Government board in charge of chrome production and market for the War Industries Board? There was J. A. Farrell, chairman of the United States Steel Corporation; Mr. E. F. Price, of the Electro Metallurgical Co.; and a half dozen others, including C. A. Buck, of the Bethlehem Steel Corporation, the names ending with that of D. G. Kerr, of the Carnegie Steel Co. These men lifted the embargo; they violated the agreement that they had with the chrome producers; and that is testified to by Mr. Philip N. Moore, of the War Relief Mineral Commission. On page 417 of the hearing on H. J. Res. 170, Sixty-sixth Congress, February 7, 1920, he testified:

> A large number of these claims for losses in the production of chrome would never have been made if the various boards dealing with shipping had stood by the agreement of the Shipping Board.

The Shipping Board ordered an embargo on ships for this purpose. The ship allotment board, for one reason or another—the ship allotment committee of the Shipping Board, for one reason or another—satisfactory to themselves permitted large importations of foreign chrome. Mr. Chairman, the large importation of foreign chrome was permitted by the chairman of the Steel Trust, was permitted by the head of the Carnegie Steel Co., and the price of chrome fell, and a number of these men became absolutely bankrupt. The war minerals act was advertised by the Shipping Board throughout the country as an encouragement to these men to go out and produce chrome. Here in my hand is a Government publication published in the Engineering and Mining Journal over the name of the head of the "War minerals committee," William Young Westervelt, on January 19, 1918, indicating to the producers that if they would go out and dig up this unprofitable mineral they would be taken care of by the Government—by Uncle Sam.

Now, we do not want Uncle Sam to renege. Uncle Sam will not repudicate his obligations. Uncle Sam will stay by his bargains made with these men. Why is it necessary to amend this law? The gentleman from Illinois [Mr. GRAHAM] speaks of the general modification of the law. Every safeguard in the original act is retained if this bill passes. We merely amend the paragraph and leave every line of the original act except that we say that if they did this work in accordance with a written or published request, demand, solicitation, or appeal of certain Government agencies then they will be recompensed this net loss. For what? Only for their net loss, and not a cent more.

Mr. UPSHAW. Will the gentleman yield?

Mr. SINNOTT. For a brief question. My time is very brief.

Mr. UPSHAW. When a member of the Cabinet like Secretary Fall, after surveying the situation, asks for this bill in order that we may correct flagrant abuses, and a committee of this House, after a faithful hearing for several weeks, indorses the request to do simple justice, does not the gentleman think it is a safe basis for action?

Mr. SINNOTT. I certainly do, and not only did Secretary Fall suggest it but Secretary Lane himself in these hearings last Congress suggested a more liberal interpretation of this act.

Now, the original act, as the gentleman from Texas said, would have been sufficient had it not been for the restrictive interpretation and construction placed upon it by the Attorney General and by the Solicitor General, who said the request must have been a personal, specific request directed to the chrome producer. They asked the director of the Oregon Bureau of Mines to help in this development. He went out among the miners, and he said, "Mr. Nelson, you get out this ore," then Mr. Nelson would be paid.

If this gentleman sitting at the right happened to hear about the necessity of getting out that ore, why, he would not be paid. The man that was patriotic and industrious and got out the ore upon the published request of the Government is not paid, but the laggard and the sluggard and the slacker, who had to be stimulated and prodded by a personal visit from the Department of the Interior, is to be rewarded. Are you going to penalize the patriot and succor the slacker who would not get out this ore to save our ships until he was personally prodded into activity by some agent from the department? [Applause.]

The CHAIRMAN. The time of the gentleman has expired. The Clerk will read the bill.

The Clerk read as follows:

An act (S. 843) to amend section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes."

Be it enacted, etc., That section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," be, and the same is hereby, amended as follows:

Add to the first paragraph of section 5 the following proviso: "*Provided*, That all claimants who, in response to any personal, written, or published request, demand, solicitation, or appeal from any of the Government agencies mentioned in said act, in good faith expended money in producing or preparing to produce any of the ores or minerals named therein and have heretofore filed their claims within the time and in the manner prescribed by said act, if the proof already filed in support of said claims clearly shows them to be based upon action taken in response to such request, demand, solicitation, or appeal shall be reimbursed such net losses as they may have been found to have incurred and are in justice and equity entitled to from the appropriation in said act, and that the unexpended portion of the appropriation carried in said act be continued available for the purpose named above until all such claims shall be finally settled or disposed of."

Also the following committee amendment was read:

Strike out all after the enacting clause, line 3, page 1, down to and including line 13, page 2, and insert in lieu thereof the following:

"That section 5 of the act approved March 2, 1919, entitled 'An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes,' be, and the same is hereby, amended as follows:

"'Add to the first paragraph of section 5 the following proviso: "*Provided*, That all claimants who, in response to any personal, written, or published request, demand, solicitation, or appeal from any of the Government agencies mentioned in said act, in good faith expended money in producing or preparing to produce any of the ores or minerals named therein and have heretofore mailed or filed their claims within the time and in the manner prescribed by said act, if the proof in support of said claims clearly shows them to be based upon action taken in response to such request, demand, solicitation, or appeal, shall be reimbursed such net losses as they may have incurred and are in justice and equity entitled to from the appropriation in said act."

"'If in claims passed upon under said act awards have been denied or made on rulings contrary to the provisions of this amendment, or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts, which shall be paid from the unexpended portion of the appropriation carried in said act.'"

Mr. RAKER, Mr. STEVENSON, and Mr. STAFFORD rose.

The CHAIRMAN. The gentleman from Wisconsin [Mr. STAFFORD] is recognized.

Mr. STAFFORD. Mr. Chairman, I make the point of order that the amendment under consideration is not in order, for the reason that the Committee on Mines and Mining has no jurisdiction over appropriations, nor has it jurisdiction over war claims. But I make my main objection to the fact that the amendment reported by the committee is virtually an appropriation, making available money that has heretofore been appropriated to pay claims which under existing law are not authorized. I direct the chairman's attention to the special

wording as found in the last paragraph of the proposed House amendment:

If in claims passed upon under said act awards have been denied or made on rulings contrary to the provisions of this amendment, or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts, which shall be paid from the unexpended portion of the appropriation carried in said act.

What do we have before us? That phraseology that I have just read is tantamount to an appropriation. In the original act, of which this act is amendatory, $8,500,000 was made available for the payment of claims of certain kinds under certain conditions. Now it is proposed to broaden the class of claimants which may avail themselves of the money that was appropriated under that act. Why, by making the act amendatory of the original act you do not overcome the objection to the rule that the Committee on Mines and Mining has no jurisdiction to report bills carrying appropriations. Suppose the Committee on Mines and Mining, instead of offering this bill as a proviso to the original act, had offered an original bill, saying that these claims, of a different character than covered heretofore, of a different character entirely, not covered in the original intendment of the law, shall be passed upon by this War Minerals Relief Commission and so much money appropriated for the payment of those claims. The Chair would immediately have to rule that the Committee on Mines and Mining had no jurisdiction to report such a bill.

The CHAIRMAN. Will the gentleman allow an inquiry?

Mr. STAFFORD. I shall be very glad to do so.

The CHAIRMAN. This appropriation has already been made and is unexpended. Would the application of the same law running to the payment for the same purposes have to be through another committee?

Mr. STAFFORD. Mr. Chairman, it is well established, even in connection with general appropriation bills, that you can not, by saying money available for another purpose—another purpose, remember—and which has been appropriated, that an unexpended balance that has not been used for one purpose can be used for another purpose which is not authorized by existing law. That is what this bill does.

The proponents of the bill claim this is a provision to bring in claimants that have not had their claims passed upon under existing law. They make available certain money. If this law is not passed the money not expended would naturally be turned back into the Treasury. This appropriates that balance, makes it available for new uses. The bill seeks to recognize claimants that are to-day not recognized and to make available money that has heretofore been appropriated. That money is in the Treasury. The fundamental principle of that rule, to make all appropriations come from the appropriating committee, was to safeguard the Treasury. Here is an instance where they are trying to evade the rule.

Mr. BANKHEAD. Will the gentleman yield for a question? Is the gentleman basing his position on section 5 of Rule XXI as originally adopted by the House?

Mr. STAFFORD. Yes.

Mr. BANKHEAD. I call attention to the language of that provision, which says that no bill or joint resolution carrying appropriation, and so forth, shall be in order. Is it the gentleman's position that this bill carries an appropriation?

Mr. STAFFORD. Yes; it carries an appropriation. It makes available money that otherwise would not be available. It indirectly carries an appropriation. Why, this bill would not be operative, there would be no money available if it were not for the phraseology of this bill.

Mr. CONNALLY of Texas rose.

Mr. RHODES. Mr. Chairman, I want to be heard in opposition to the gentleman.

Mr. STAFFORD. I yield to the gentleman from Texas [Mr. CONNALLY], who desires to ask me a question.

Mr. CONNALLY of Texas. If this money is already appropriated for this purpose, what is the occasion for this bill? What is the occasion, if this $8,000,000 which is in the Treasury, as the chairman states, is already available?

Mr. STAFFORD. The gentleman from Texas states the question concisely. If the money is available for the payment of these claims, what is the use of this bill? If it is not available it is necessary to make it available.

Mr. SINNOTT. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SINNOTT. Is the gentleman from Wisconsin familiar with the statute stating and determining what is an appropriation?

Mr. STAFFORD. I am not familiar with it.

Mr. SINNOTT. I am familiar with it.

Mr. STAFFORD. That does not affect the policy or the purpose of the rule which we adopted declaring that no committee other than the Committee on Appropriations shall report bills carrying an appropriation. And that is what this bill does.

Mr. RHODES. Mr. Chairman, with all due respect for the views expressed by my distinguished friend from Wisconsin [Mr. STAFFORD], while he has made some very violent and extravagant statements here in the course of this debate, he has overshot the mark more in his last argument than in any other.

I want to call the gentleman's attention to the language that is set forth on page 3 of the original act. In the second paragraph on page 3 he will find these words, in connection with the administration of the law by the Secretary of the Interior. I hope I may have the attention of the gentleman from Wisconsin.

Mr. STAFFORD. The gentleman has my entire attention.

Mr. RHODES. Thank you. I read:

And that said funds and appropriations shall continue to be available for said purpose until such time as the Secretary shall have exercised the authority herein granted and performed.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield there?

Mr. RHODES. I will not at this time, if the gentleman will indulge me that privilege.

Mr. STAFFORD. The gentleman has the floor.

Mr. RHODES. Thank you. The gentleman is very considerate. It is clear, Mr. Chairman, that the Secretary of the Interior has the right to continue to expend whatever sum of the original $8,500,000 appropriated that is now on hand in winding up the affairs of the commission. This bill does not permit the Secretary to expend money from any source except that which has already been appropriated. In fact, Mr. Chairman, this is the very spirit and reason of the amendment, and I will say that I am violating no confidence when I call the attention of this committee to the fact that we discussed it personally with the Secretary of the Interior, and it was his opinion that the language in the Senate bill providing for a reappropriation was unnecessary, because in the original act the money is to be available until such time as the Secretary may have wound up the adjudication of these claims.

Why, the gentleman from Wisconsin went so far as to say that it would open the door of opportunity and permit consideration of claims that had never been presented or considered up to this time. There is not one word of truth in that statement. In fact, that statement is as far from the truth as the statement that the gentleman made in regard to the effort of the Committee on Mines and Mining was seeking to make an appropriation.

I submit, Mr. Chairman, that this legislation is necessary in order to constitute this act a well-balanced piece of legislation. It does not undertake to bring in one additional claimant who is not already before the Secretary of the Interior, and it calls for no additional appropriation, because no additional appropriation is necessary. I submit that the point of order is not well taken.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. RHODES. Yes.

Mr. CHINDBLOM. Is the gentleman willing to have stricken out of the bill, in lines 10 and 11 of page 3, which reads as follows:

which shall be paid from the unexpended portion of the appropriation carried in said act?

Is the gentleman unwilling to have those words stricken out?

Mr. RHODES. The gentleman is unwilling to have any words in the bill stricken out, because the Secretary of the Interior knows the weakness of the present law, and he is in a better position to pass upon the administrative features of the law than either the gentleman from Illinois or myself.

Mr. CHINDBLOM. Oh, I claim no infallibility.

Mr. RHODES. It is not a question of infallibility, but of fact.

Mr. CHINDBLOM. Is not the gentleman afraid that if these words are stricken out the Secretary of the Interior will not certify the new claims?

Mr. RHODES. It is necessary to make the language in the act clear and intelligible. Mr. Chairman, the funds are available and are already appropriated.

Mr. RAKER. Mr. Chairman, I just want to call the attention of the Chair to a feature of this bill.

The CHAIRMAN. On the point of order?

Mr. RAKER. Yes; on the point of order.

Mr. Chairman, there has been prepared and printed a document containing these claims, consisting of 1,207. The comptroller has refused to pay some of these claims because the

Secretary of the Interior awarded the claims and then sent back amended awards. The comptroller holds that having passed on the claims in the first instance, although a clerical error had been made, the comptroller under the law could not pay the claims as amended. One of the purposes of this bill is to correct the legal opinion of the Comptroller of the Treasury to the end that the amended award made by the Secretary of the Interior may be allowed and paid in due course. The second purpose of the bill is to pay a few of these claims that were not actually filed in the office at a certain hour, but were in the mail at that time and received in the office a few hours after the limitation had expired as provided in the law. These claims are to be paid out of this same appropriation, which is made continuous and not exhausted until the Secretary has disposed of all of them. That is as it should be.

There is another class of claims in the report, and part of the same claims which have already been filed. No other claim can be allowed except from these 1,207 reported by the Secretary of the Interior. The Secretary with his commission, consisting of Senator Shafroth, Dr. Foster—only part of the time—and Mr. Moore, rendered an opinion that these must be personal demands and requests. The then Secretary followed that conclusion of the commission, based upon the opinion of the Attorney General. I call attention to the language of Secretary Fall, the present Secretary of the Interior, in the first sentence of his letter to the chairman of the Committee on Mines and Mining. It reads as follows:

> Senate bill 843 merely amends the act of March 2, 1919, relative to war minerals relief in relation to the character of request or demand; that is to say, stimulation. It broadens the scope of stimulation along the line which, I may say, I should have followed had I passed upon the cases already decided as an original proposition.
>
> Second—
>
> In reviewing these cases I have power, in my judgment, to reach the end provided in this bill without additional legislative authority.

But under the comptroller's decision, of which I have a copy here in this report, which decision was rendered on November 6, 1920, the comptroller held that should the Secretary of the Interior now interpret that statute as everyone believes it ought to be interpreted, and render a proper decision upon those mining claims which are here, which were rejected upon the sole ground that there was no personal request, the comptroller would hold that those claims could not be paid out of this $8,500,000 balance now in the Treasury on the ground that the Secretary has exhausted his power.

The Secretary of the Interior asks Congress to do justice to these mineral claimants; not to reappropriate any money, not to pass any addition to the law, but to rectify an opinion that has been rendered and which is final until it has been reversed by the comptroller, which it will not be, or amended by statutory provisions by Congress, to the end that these claims may be adjusted and paid out of this same appropriation. This bill simply makes a direction to the comptroller, not as an appropriation, not as an authorization to use money out of appropriations that may hereafter be made, but simply a direction to the comptroller that notwithstanding his former opinion it is the direction of Congress that he was wrong in his opinion and that these claims when and as finally adjusted by the Secretary of the Interior should be allowed and paid by him.

So therefore it is wholly clear and consistent that this can not be an appropriation. It is not a continuation of appropriations, because the original law provides that this appropriation shall be a continuing one. The bill is simply to correct these imperfections, to the end that these claims may finally once and for all be properly and justly settled.

Mr. ANDERSON. Mr. Chairman, I desire to be heard on the point of order, unless the Chair is ready to rule.

The CHAIRMAN. The Chair is glad to hear the gentleman.

Mr. ANDERSON. I think it will be admitted that the Committee on Mines and Mining might authorize an appropriation to be made, and it seems to me that the question here is whether this is an authorization of an appropriation or an actual appropriation. If the conclusion of the gentleman from Wisconsin [Mr. STAFFORD] is to be followed to its logical end, the conclusion he must reach is that no committee of the House has authority to report any bill the effect of which is to make necessary in the future an increased appropriation or to make necessary an increase of expenditures out of appropriation already made. We are constantly passing such bills. It is true we have not put into them specific authorization to use appropriations already made for the purpose of carrying out the additional things involved in amendments to existing law. It was not necessary to do that, because the amendment of the act itself is an authorization for the use of funds for that purpose.

Now, this bill makes no appropriation. The appropriation has already been made. This is an authorization for an appropriation, and if there were no appropriation to cover it, the Appropriations Committee would be in duty bound to make an appropriation under this authorization for the purpose which Congress has established by the act itself.

Mr. EVANS. Will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. EVANS. Referring to the last paragraph on page 3, supposing the bill under consideration to have become a law, would the Secretary of the Interior be authorized to issue warrants or would the Treasury Department be authorized to pay the amounts found due under these claims without a further appropriation?

Mr. ANDERSON. I do not know that I can answer that question definitely, because it is a technical question that is difficult to answer; but it seems to me it is a direction to the Secretary, and not an appropriation. In other words, it is a question, from the comptroller's point of view, as to whether the Secretary of the Interior has been authorized by Congress to do a certain thing.

Mr. EVANS. Will the gentleman yield further?

Mr. ANDERSON. Yes.

Mr. EVANS. If under the terms of the paragraph referred to payment is authorized, then this bill, if enacted into law, becomes effective as the transfer of money from the United States Treasury to some individual. Is not that correct?

Mr. ANDERSON. This bill authorizes a payment out of an appropriation already made. Now, this is not a question of law. This is a question of the rules of the House which the gentleman has raised, and the question here is not a question of the interpretation of this law. It is a question of the interpretation of the rules of the House. That question is, Is this an appropriation which this committee is not authorized to make? It seems to me it is not such an appropriation, because the appropriation has already been made for the purposes specified in the act.

Mr. HUSTED. Will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. HUSTED. Is not the test really whether this bill increases the amount of money appropriated by the Congress?

Mr. ANDERSON. It seems so to me, if the gentleman uses the word "appropriation" in the sense that I use it.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. ANDERSON. I will.

Mr. CHINDBLOM. A certain class of claims were authorized to be paid under the present law. The amount of money appropriated is the amount necessary to pay those claims out of the eight and a half million dollars.

Mr. ANDERSON. Let me call attention to the fact that this particular paragraph against which the point of order is made does not authorize any claim to be paid that could not have been paid before, because if the Secretary of the Interior had properly calculated the amount due under the original act he could have paid the money without additional legislation.

Mr. CHINDBLOM. But this bill goes far beyond that; it raises a new class of claims.

Mr. ANDERSON. I do not think it does.

Mr. CHINDBLOM. It permits claims to be adjudicated which could not under the present law be adjudicated.

Mr. ANDERSON. I do not think it does.

Mr. CHINDBLOM. Then why are you here?

Mr. ANDERSON. Not because the claims could not be adjudicated but because the claimants did not file their claims in time.

Mr. CHINDBLOM. That is only as to a few of them. There were over 600 that were filed in proper time and rejected by the Secretary of the Interior because, as he says, they did not come within the provisions of the existing law.

Mr. ANDERSON. In those cases the rulings made and the interpretations made were wrong.

Mr. CHINDBLOM. The present Secretary of the Interior says that his predecessor was wrong, but the present Secretary of the Interior allows those rulings to stand.

Mr. ANDERSON. All of which has nothing to do with the point of order.

Mr. WINGO. Mr. Chairman, I think the point of order is based on an erroneous statement of facts. I know the gentleman did not intentionally make a misstatement, but he was misled when he says there are classes to be put in the bill not in the present law. He cited these words, "or preparing to produce." Section 5, existing law, carried that identical language. If the point of order had been made against the last provision in the Senate bill, which the Chair will find on page 2, I would not contend against the point of order, but that is a different proposition—

> and that the unexpended portion of the appropriation carried in said act be continued available for the purpose named above until all such claims shall be finally settled or disposed of.

In other words, they sought to change existing law. To-day there is an appropriation still in existence, an unexpended balance, and it is not sought by this amendment to enlarge the unexpended balance. It is not sought to use it for a different purpose than that for which it was appropriated. It is quite different from a case where you have an item in existing law, say, in a current appropriation bill authorizing the Quartermaster General of the Army to buy so many automobiles and you sought to authorize him out of that item to buy so many dozen typewriters. That would be a different proposition entirely.

The question involved by this bill is one of interpretation. It is not authorizing a new claim; it is specifically limiting it to adjudication of claims already filed under existing law and providing for their correct adjudication. Every one of the adjudicated claims under this act will be paid out of the identical appropriation covered by the original act for the identical purpose and for the identical class of original claims that Congress passed on, and on the same claims that were authorized. In other words, we say to the Secretary of the Interior that he can pass on claims authorized by existing law. For illustration, he could take the claim of the man in California, the Dolbear claim, where they admitted that it was a mere adding-machine mistake. The comptroller held that they could not correct their own mistake, although it was purely an adding-machine mistake. That was a strained construction, because the commission originally was not given the right to review, but Congress reserved to itself the right to review. We are now seeking to exercise the right of review provided in the original act, and we are laying down the method by which in detail the agency of this Congress shall have the right to review its own quasi judicial acts. We under the original law had the right to do this and reserved the right to do it, providing for a review.

If we have a right to review it in the first instance, then we could provide the agencies to review it, and we are acting under the original law, and the point of order could not have been made on the expenditure that we might authorize for review by a special committee of the House without letting it go to the Committee on Accounts, because the original act provides for that, and we are operating under the original act. We are seeking by legislative declaration to correct an erroneous interpretation of what the original legislative intent was. That is all the bill does, and that is the object of it.

Mr. SINNOTT. Mr. Chairman, in my opinion lines 9, 10, and 11 merely designate the fund out of which the payments are to be made in case this act passes. If we must have a new appropriation in order to pay these claimants mentioned in this act, then this act is practically nugatory and vain, because it does not provide for an appropriation.

I call to the attention of the Chair the act of June 30, 1906, Thirty-fourth Statutes, 764, in Barnes' Federal Code, section 6039:

> Specific appropriations required: No act of Congress hereafter passed shall be construed to make an appropriation out of the Treasury of the United States, or to authorize the execution of a contract involving the payment of money in excess of appropriations made by law, unless such act shall in specific terms declare an appropriation to be made or that a contract may be executed.

This act does not declare in those specific terms or any terms that an appropriation shall be made. It merely designates an appropriation already made as the fund from which the payment is to be made.

Mr. STEVENSON. Mr. Chairman, in great deference to the parliamentarians who have preceded me, I should like to be heard for a moment, especially in reply to the gentleman from Arkansas. He concedes that lines 10, 11, and 12 of the Senate bill, page 2, would be subject to a point of order; that that would be an appropriation; that merely continues in effect the appropriation which had already been made until these claims are finally disposed of. The language in lines 9, 10, and 11 of page 3 there is exactly the same thing. It is said there that these amounts shall be paid from the unexpended portion of the appropriation carried in said act. That does not say in exact words that it shall be continued in effect until the claims are paid, but it says absolutely that it shall be paid from them, and therefore it must mean that the appropriation is continued in effect, so that one is the same as the other.

But I want to direct the attention of the Chair to what I consider the basis of this controversy. When this act was originally passed it was provided that certain claims arising out of transactions had in compliance with the request or demand of the Department of the Interior, and so forth. That is the language which is used. The appropriation was made for the purpose of paying the claims arising out of action taken on request or demand of certain departments. It has been held in construing that language that that means a personal demand or a personal request. This proposed legislation says that claims shall be allowed to those who suffered loss in response to personal, written, or published requests. They have broadened it, as you will see, to that class of claims where people volunteered because they saw a publication that the Government wanted certain stuff, who volunteered to go ahead and spend money on schemes that were not profitable, and never could have become profitable, and thereby they are importing into this a class of claims not embraced in the class which was provided for in the first appropriation.

The CHAIRMAN. Does the Chair understand the gentleman to claim that the present act goes beyond what the general act provided?

Mr. STEVENSON. Yes.

The CHAIRMAN. For which an appropriation was made?

Mr. STEVENSON. Yes; and that has been admitted by the gentleman from Arkansas. The proposed act goes to the point of allowing people who were not requested personally, who were not requested in writing, but who merely saw an advertisement and went ahead and acted on a public statement which they saw in the newspapers, to file claims, although it has been held in 600 claims that they could not come in under this act. It will be seen, Mr. Chairman, that the matter has gone beyond the original scope of the appropriation, which was made for those people who had a claim under a request which had been held to be personal or a written request, I believe, of the department. It is the purpose now to extend it to all those volunteers who saw in the newspapers that the Government wanted certain things who went ahead and incurred expense. It will be seen, therefore, that the appropriation could not have been applied to them, and it had been held not to apply to them. They seek now to bring in 600 claims to which the appropriation did not apply and provide that they shall be paid out of that appropriation, which would not apply until this act supplies the force. They can not escape the fact that to that extent this is an appropriation of that money for a new claim.

Mr. HUSTED. Mr. Chairman, I am very much opposed to the provisions of this bill which enlarge the classes of claims which may be submitted to the commission, but I think the point of order is not well taken. The rule forbids committees of this House, except the Appropriations Committee, to report bills carrying appropriations of money. It does not forbid authorizations and it does not specifically forbid directions for payment out of existing appropriations. If this point of order be sustained, it must be based upon a liberal construction of the rule and not upon a strict construction. Under a strict construction of the rule the point of order would not lie. This rule is a restrictive rule, it is a rule which limits the jurisdiction of committees of this House, and I believe it is one of those rules which should be strictly construed. The test should be whether the bill increases the amount of money heretofore appropriated by the Congress for governmental purposes. If it does not increase such amount of money, then the point of order should be held not to lie. It is perfectly clear that it does not increase the amount of money heretofore appropriated.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. HUSTED. Yes.

Mr. BEGG. Suppose that by the addition of or the making of these added claims available it would require more than the money already appropriated. Would not that be justification for a deficiency item in a deficiency appropriation bill; and if that should be the fact, would not this in reality be bringing on an appropriation?

Mr. HUSTED. Mr. Chairman, the gentleman is assuming a state of facts which does not exist so far as the bill is concerned.

Mr. BEGG. How does the gentleman know that?

Mr. HUSTED. Because this bill provides for payment out of an existing fund and does not contemplate the creation of an additional fund.

Mr. BLANTON. Mr. Chairman, I would like to cite to the Chair a precedent which bears directly on the point at issue. When the gentleman from Minnesota [Mr. VOLSTEAD] called up the bill seeking to extend prohibition to our island possessions, the gentleman from Massachusetts [Mr. WALSH] made the point of order that it would require the expenditure of the present appropriation for enforcing prohibition, and therefore it was seeking to divert a part of the money that was already appropriated for different purposes. And the Speaker upheld that point. Applying that to the present case, under the present law and under the present appropriation of $8,500,000, not a single dollar can be paid on these 610 claims which have been turned down, because they do not come within the provisions of the present law, and they do not come within the provision of the present appropriation.

But under the present bill that is before the committee, if it were passed, it would be possible to pay every single one of these 610 claimants that have been turned down out of the

present appropriation, pro tanto, so far as it went. Therefore it is an identical case to that in which the point of order was sustained by the Speaker that was raised by the gentleman from Massachusetts [Mr. WALSH], because that was seeking to extend prohibition to the island possessions and seeking to use money that had been appropriated for enforcing prohibition only in the United States, and had not been appropriated for enforcing it in our island possessions; so the point of order should be sustained.

The CHAIRMAN. The Chair is ready to rule. The question is rather a close one, involving two very interesting points.

The point raised by the gentleman from Minnesota [Mr. ANDERSON], that this committee would be permitted to authorize an appropriation, I think would not be contested. The question as to whether this is an authorization or not is a point in doubt, where it says that the Secretary of the Interior may award an additional amount, which shall be paid from the unexpended portion of the appropriation carried in said act. The Chair does not have any hesitancy in saying that an authorization does not necessarily require the word "authorize" to be used. Other language may be employed to mean the same thing, and the specific language would not change the ruling. Whether the Secretary of the Interior may award from the amounts or additional amounts carries an authorization or in addition an appropriation is a very close question. But assuming that it is merely an authorization, the language that follows it, namely, "which shall be paid from the unexpended portion of the appropriation carried in said act," is very strong, and, in the mind of the Chair, equivalent to or tantamount to an appropriation. If it is an appropriation, as the Chair is inclined to think it is, we have a decision directly in point, delivered August 11, 1921, in which we find the following principle was asserted:

> Language reported in a bill from a committee not having jurisdiction to report appropriations, and which reappropriates, makes available, or diverts an appropriation or a portion of an appropriation already made for one purpose for or to another purpose is not in order.

There are other decisions along the same line.

The Chair admits it is a very close question whether other purposes than are found in the general act is clear, but the Chair is of the opinion that the language is broad enough to include other purposes, and for that reason he is compelled to sustain the point of order.

Mr. ANDERSON. Mr. Chairman, a parliamentary inquiry.

Mr. RHODES. Mr. Chairman——

The CHAIRMAN. The Chair will recognize the chairman of the committee, unless the gentleman from Missouri [Mr. RHODES] yields.

Mr. RHODES. I yield.

Mr. ANDERSON. I want to inquire, Mr. Chairman, as to the effect of the ruling just made. If I correctly understood the point of order, it goes to the authority of the committee to report this bill. Query: Is the Senate bill still before the committee, or does the decision which the Chair has just rendered render the entire report invalid, so that the bill goes off the calendar?

The CHAIRMAN. The Chair understands that the bill does not go off the calendar, because the point of order is directed only to the phraseology of the committee amendment.

Mr. RHODES. Mr. Chairman, desiring to conform to the ruling of the Chair, to which we gracefully bow, I desire to reoffer the committee amendment with these words added at the end of line 11:

> When reappropriated for such purpose.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

> Amendment offered by Mr. RHODES to the committee amendment: On page 3, line 12, after the word "act" insert: "when reappropriated for such purpose."

Mr. CHINDBLOM. Mr. Chairman, a parliamentary inquiry. Was not the motion the entire amendment; and not only those words? The entire amendment reoffered, with certain words added?

The CHAIRMAN. The Chair understands the entire amendment was proposed to be amended.

Mr. CHINDBLOM. Then it should be reported.

The CHAIRMAN. Without objection the second time, the Chair will regard it as properly reported.

There was no objection.

Mr. RHODES. Mr. Chairman, do I understand that it is now in order to discuss the committee amendment reoffered with the words added?

The CHAIRMAN. The Chair thinks so, for five minutes.

Mr. RHODES. I want to say, Mr. Chairman, that while to my mind this act only seeks to authorize the Secretary of the Interior to expend the money from the same appropriation heretofore authorized, yet I conceive the status of the pending bill to be this: That in the light of the ruling of the Chair, in order that this bill may go forward to final passage, we must conform to the ruling of the Chair in sustaining the point of order, which I have tried to do by offering the amendment at the end of line 11, which is as follows: "When reappropriated for such purpose."

Mr. GREEN of Iowa. Will the gentleman from Missouri yield?

Mr. RHODES. I yield.

Mr. GREEN of Iowa. The Chair will observe, if the gentleman will permit me, that these words concede, following the ruling of the Chair, that there was an appropriation as the language stood.

These words, however, which are proposed to be added limit the preceding language, so that the authorization of payment is only permitted in case the money is reappropriated, so that, therefore, there can not be any appropriation if this language is added.

Mr. ANDERSON. Mr. Chairman, will the gentleman yield?

Mr. RHODES. Certainly.

Mr. ANDERSON. How can an appropriation already made, which is available until expended, be reappropriated for this purpose?

Mr. GREEN of Iowa. The ruling of the Chair was that it was not for the same purpose. Therefore it has to be reappropriated to be applied to this particular purpose.

Mr. RHODES. Mr. Chairman, responding to the suggestion of the gentleman from Minnesota [Mr. ANDERSON], I regret very much to have to take this course, but if I understand the parliamentary situation, this is the only way that we can go forward and keep within the ruling of the Chair.

Now, under the provisions of this bill, in my judgment, if enacted into law with this amendment, we will still be able to accomplish the purpose that we set out to accomplish. Of course, to my mind it is as clear as the light of day that this legislation is necessary in order that the Secretary of the Interior might wind up the affairs of this commission. While it is hard for me to get away from that view of the matter, yet I insist that the House ought to pass the bill with my amendment in order to meet the situation just raised by the decision of the Chair.

Mr. CRAMTON. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Mr. Chairman, I withdraw the reservation of the point of order.

Mr. RHODES. I yield.

Mr. BLACK. Mr. Chairman, I rise to oppose the amendment.

Mr. CRAMTON. I understand the gentleman from Missouri [Mr. RHODES] yields for a question.

Mr. RHODES. I will be delighted if the gentleman will stop with one question.

Mr. CRAMTON. The gentleman can stop his answers at any time he wants to. In view of the fact that the appropriation heretofore made is a continuing one, as the gentleman from Minnesota [Mr. ANDERSON] pointed out, there would probably not be any reappropriation, and the gentleman's language would not be very helpful to him. Would not the gentleman prefer, instead, to have these claims paid "from any appropriation hereafter made for that purpose"? It is immaterial to me.

Mr. RHODES. That would appear to me to accomplish the same purpose by taking another course.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. WINGO. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Missouri. I send it to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Arkansas.

Mr. WINGO. My amendment amends the pending amendment so as to read as follows.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

> Amendment offered by Mr. WINGO to the committee amendment: On page 3, line 10, after the word "shall," insert the words "be authorized to," so that the paragraph will read:
>
> "If in claims passed upon under said act awards have been denied or made on rulings contrary to the provisions of this amendment, or through miscalculation, the Secretary of the Interior may award proper amounts or additional amounts, which shall be authorized to be paid on the unexpended portion of the appropriation carried in this act."

Mr. CRAMTON. Mr. Chairman, I reserve a point of order on that.

Mr. WINGO. I will ask the gentleman to make his point of order. Certainly the committee has not offered to authorize the appropriation. What is the gentleman's point of order?

Mr. CRAMTON. I am not in the confidence of the gentleman from Arkansas, so that I only know what his amendment is by hearing it read. I understood it to be that the Secretary is authorized to pay from the unexpended appropriation. It is just a restatement of what the Chair has ruled out.

Mr. WINGO. I add it after the word "shall," so that it shall read, not the Secretary, but the "awards and amounts shall be authorized to be paid." In other words, I am making a clear-cut authorization. I do not think the amendment offered by the gentleman from Missouri does what he thinks it does. You want to have a clear-cut authorization. That is what my amendment does. It says that "the awards or amounts shall be authorized to be paid."

Mr. BURTNESS. The amendment changes the language "shall be paid" to the language "which are authorized"?

Mr. WINGO. No. To the language "shall be authorized to be paid."

Mr. CRAMTON. Mr. Chairman, may I ask the gentleman from Arkansas a question?

Mr. RHODES. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Does the gentleman from Arkansas yield?

Mr. WINGO. I yield for that. I suggest to the gentleman to try to get unanimous consent.

The CHAIRMAN. The gentleman from Missouri moves that all debate on the pending amendment and all amendments thereto close in 10 minutes.

Mr. CRAMTON. Mr. Chairman, is there not pending a point of order?

Mr. STEVENSON. Mr. Chairman, I desire to offer a substitute. I hope the gentleman from Missouri [Mr. RHODES] will not be so strict in the extension of time. I want five minutes.

Mr. LAYTON. Mr. Chairman, I move to amend the motion of the gentleman from Missouri by making it five minutes.

Mr. BLANTON. Mr. Chairman, I make the point of order that the committee has no authority to authorize payment out of a certain unexpended appropriation.

The CHAIRMAN. Without objection, the amendment will again be reported.

The Clerk read as follows:

Amendment offered by Mr. WINGO to the committee amendment: Page 3, line 10, after the word "shall," insert "be authorized to."

Mr. BLANTON. Mr. Chairman, I make the point of order.

Mr. CRAMTON. Mr. Chairman, just one observation in reference to the point of order. My understanding is that under this language the payment would be authorized without any further action of Congress. Therefore the effect of that language is identical with that which the Chair has already ruled out of order. There is no question about it.

Mr. WINGO. I am willing to submit it to the Chair.

The CHAIRMAN. The Chair sustains the point of order. This is not an authorization of an appropriation, but an authorization of payment.

Mr. STEVENSON. Mr. Chairman, I desire to offer a substitute for the amendment offered by the gentleman from Missouri [Mr. RHODES].

Mr. WINGO. Just when I get through I will yield the floor.

Mr. STEVENSON. I understood the Chair had ruled the gentleman's amendment out of order.

Mr. WINGO. I yielded only pending the decision on the point of order. I am opposed to the amendment.

The CHAIRMAN. The Chair thinks the gentleman from Arkansas has lost the floor, although if he desires to be recognized the Chair will recognize him.

Mr. WINGO. No; I am not quibbling about it at all.

Mr. STEVENSON. I desire to offer my amendment.

Mr. GREEN of Iowa. I make the point of order that the motion of the gentleman from Missouri [Mr. RHODES] to close debate in 15 minutes is now pending.

The CHAIRMAN. The gentleman is correct.

Mr. LAYTON. I offered an amendment to that.

Mr. STAFFORD. I rise to a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. STAFFORD. When the gentleman originally made his motion I made the point of order that a point of order was pending and that no such motion could be made at that time. Since that time the Chairman has recognized the gentleman from South Carolina to offer an amendment, and the gentleman from South Carolina [Mr. STEVENSON] can not be taken off his feet by a motion to close debate, because he has the right to the floor for five minutes.

The CHAIRMAN. The Chair thinks technically the gentleman from Wisconsin is correct, and the Chair recognizes the gentleman from South Carolina.

Mr. ANDERSON. Mr. Chairman, I have a preferential motion.

Mr. STEVENSON. I desire to have my substitute reported.

Mr. GREEN of Iowa. Mr. Chairman, how is the committee to get recognition? The chairman of the committee was on his feet.

The CHAIRMAN. The Clerk will report the substitute offered by the gentleman from South Carolina.

The Clerk read as follows:

Mr. STEVENSON offers as a substitute for the committee amendment offered by Mr. RHODES the following: Strike out the entire proviso and insert——

Mr. WINGO. Mr. Chairman, I make the point of order that a substitute is not in order to a substitute.

Mr. STEVENSON. I wrote that when I thought it was all going out. I wish to amend by striking out all, beginning with the word "provided" in line 19, on page 2, and inserting what I have written.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Mr. STEVENSON moves to amend by striking out, on page 2, line 19, all beginning with the word "provided" and ending with the word "act," on page 3, line 11, and inserting in lieu thereof the following: "*Provided*, That all claims mailed to the commission prior to 12 o'clock noon, June 2, 1919, shall be considered as if received by the commission prior to that date and hour and considered as other claims filed: *Provided further*, That if amended awards shall be made on account of miscalculations in the awards originally made, such new awards may be paid when the money is appropriated therefor."

Mr. WINGO. I make the point of order against that. It is offered as an amendment, but it shows that it is a substitute, because it strikes out all the text. The gentleman included the word "provided" to be stricken out, and so it is a substitute in fact. Therefore it is not in order, because the committee amendment is a substitute for the Senate bill. That was thrashed out and settled the other day, and the parliamentary clerk is very familiar with it.

Mr. STAFFORD. It was thrashed out and settled that it was in order.

The CHAIRMAN. The Chair overrules the point of order.

Mr. BLANTON. I make the further point of order that it is in effect an appropriation, because it seeks to provide for the payment of claims that are not now authorized by the present law.

Mr. GREEN of Iowa. Mr. Chairman, I make the point of order that this is not an amendment to the amendment which has been presented by the gentleman from Missouri [Mr. RHODES]. The amendment of the gentleman from Missouri is pending. This amendment offered by the gentleman from South Carolina [Mr. STEVENSON] has no relation whatever to it. If it is anything at all, this is a substitute for the amendment of the gentleman from Missouri. It is not an amendment to the amendment, but an entirely different matter that has no relation to the amendment offered by the gentleman from Missouri, and it is not in order.

The CHAIRMAN. The Chair holds that a substitute or an amendment is in order, and the Chair will recognize the gentleman.

Mr. BLANTON. I make a point of order against the amendment offered, that it would make claims payable which are not now payable under the law and it is in effect an appropriation.

The CHAIRMAN. The Chair overrules the point of order.

Mr. ANDERSON. Mr. Chairman, if the proposal of the amendment of the gentleman from South Carolina is a substitute I desire to offer a perfecting amendment.

The CHAIRMAN. The gentleman may offer his amendment.

Mr. STEVENSON. Now, gentlemen——

Mr. GREEN of Iowa. Do I understand the Chair to overrule my point of order?

Mr. STAFFORD. Surely.

Mr. STEVENSON. The Chair holds that my amendment is in order either as a substitute or as an amendment.

The CHAIRMAN. The gentleman from South Carolina has the floor.

Mr. STEVENSON. Mr. Chairman, the Secretary of the Interior asked for two things, power to consider claims which were mailed before the time expired for filing them but which reached the commission after the time expired for filing them. That was the first thing he asked for. I think that is fair, and my substitute or amendment—whichever they propose to call it is in order—provides for that. That gives a square deal to all the people who tried honestly to conform to the law.

The second thing that the Secretary of the Interior asked was that we give him the right to make new awards which can be paid. My second paragraph provides for that, and provides that where they find mistakes have been made new

awards shall be paid when appropriations are properly made to pay them. Those are two things that he asked for. My amendment provides for those two things, and does not provide for anything else.

The amendment of the committee provides for bringing in the claims of people who merely saw notices in the papers and went to work and spent money on what John J. Ingalls once called iridescent dreams, and who now want the Government to come up and pay for them. I submit that by that amendment I have offered it goes as far as the Secretary of the Interior asked for and no further, and it is all that we ought to do. [Applause.]

Mr. RHODES. Mr. Chairman, I desire to be heard in opposition to the substitute. Mr. Chairman, I move that all debate on the amendment and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. RHODES. Mr. Chairman, I want to make this statement with all due regard to the very clear-cut statement made by the gentleman who has just taken his seat, Mr. STEVENSON, of South Carolina. I want to say that I concede that the Secretary of the Interior has insisted on the two definite and certain provisions to which the gentleman referred. But the gentleman from South Carolina has not gone far enough. He did well, and I compliment him for having so clearly and correctly stated the facts as far as he went. The Secretary of the Interior not only wants these two things done but he wants more. If gentlemen will read his letter which is set forth in the report, they will see that the Secretary says that in his opinion he has power under the original act to enforce the law in such a way as to permit him to pass upon all these claims. The committee seeks to put into effect just what the Secretary wants. Now, I am not going to allow myself to get lost in the fog of this discussion. I think I know the purpose of this act, and if gentlemen will only read the report they will see that this bill does not undertake to bring in any new claims.

I want to answer the argument made by the gentleman from Illinois and the gentleman from Texas. How, in the name of common sense, could it make any difference whether the request was a written request, a personal request, or a newspaper publication? The terms are synonymous, connected by the conjunction "or." If the claim arises under the demand from either one of the five governmental agencies, how can it make any difference whether the request is in the form of a written publication or a newspaper publication or a personal request?

Mr. RAKER. Will the gentleman yield?

Mr. RHODES. Yes.

Mr. RAKER. The gentleman states that the amendment covers the second proposition. It does not; it authorizes a correction where there is a mistake in figures, and nothing else.

Mr. RHODES. The gentleman from California does not understand me or I do not understand him. I am warning the House against the adoption of the substitute to my amendment for the reason that if you adopt it you will defeat the very purpose of the Secretary of the Interior.

Mr. WINGO. Will the gentleman yield?

Mr. RHODES. Yes.

Mr. WINGO. The last portion of the Secretary's letter shows that he wants not only the Senate bill but something else besides, and one is where there is a mistake in the calculation.

Mr. ANDERSON. Mr. Chairman, I make the point of order that debate has expired on this amendment.

Mr. GRAHAM of Illinois. I understood that debate was limited to 20 minutes.

Mr. ANDERSON. There has been five minutes' debate for the amendment and five against the amendment.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. ANDERSON. Mr. Chairman, I make the point of order that that is an amendment in the third degree and is not in order.

The CHAIRMAN. The gentleman from Minnesota is correct. The question is on the amendment offered by the gentleman from South Carolina [Mr. STEVENSON].

The question was taken; and on a division (demanded by Mr. STEVENSON) there were 35 ayes and 57 noes.

Mr. ANDERSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. ANDERSON to the committee amendment: On page 2, line 24, after the word "claims" at the end of the line, insert "or notice in writing thereof."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order.

Mr. ANDERSON. Mr. Chairman, the object of this amendment is to permit consideration by the Secretary of the Interior of two claims which arose in connection with the stimulation for the production of manganese in Minnesota. I had this amendment submitted to the Secretary of the Interior last evening, and I have a notation on the amendment in his handwriting in which he says that he has no objection to its incorporation in the bill and it will involve only two claims, both of which relate to manganese.

As gentlemen will remember, at the beginning of the war manganese was a very important war material, but owing to lack of ships it was impossible to import the required amount of this material.

Mr. Franklin Merritt, who was president of both companies making these claims, was called to Washington by the Shipping Board and the War Industries Board for the purpose of consultation with respect to stimulating the production of manganese ore for war purposes. As a result of the conference the mines in Minnesota were opened. It was necessary that this should be done with the utmost speed. Machinery was installed with speedy production in view, without regard to expense. The machinery is now practically valueless for commercial operations under normal conditions.

Seven hundred thousand tons of ore were actually produced at great loss to the companies involved.

Losses were sustained by those two companies amounting in one case to $600,000 and in the other to $170,000, but on the basis of the allowances already made the total amount involved to the Treasury would be about $300,000. These companies are now in the hands of a receiver as a result of the losses which they sustained in these operations. This was a case in which the Government actually in writing and by verbal request demanded and insisted upon this stimulation of production upon which the money was expended by these companies as a result of the request. Unfortunately while notice was given in a letter to the Secretary of the Interior as to the existence of these two claims prior to the expiration of the time limit, the actual claim in the form required by the Secretary was not filed until after the time limit had expired.

Mr. EVANS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. EVANS. Are those claims to which the gentleman alludes the claims included within those enumerated in the report or are they new claims?

Mr. ANDERSON. They are not claims which were filed in the sense in which the act uses that term, within the time limit, and consequently they are not included in the number the Secretary refers to.

Mr. CRAMTON. Does the gentleman know whether there are other claims of a similar character?

Mr. ANDERSON. So far as I know there are no other claims on which written notice was given that would come in under this amendment. The Secretary says there are no others that he knows of.

Mr. CHINDBLOM. Had those claims, in proper form, been mailed prior to the expiration date?

Mr. ANDERSON. They had not.

Mr. CHINDBLOM. So that they would not be benefited by even the present law?

Mr. ANDERSON. They would not be benefited by the law unless the amendment that I have offered is adopted.

Mr. EVANS. In what form was this notice?

Mr. ANDERSON. In the form of a letter to the Secretary of the Interior, advising him of the operations that had proceeded at the request of the War Industries Board and the losses which were sustained as a result. It is possible that the Secretary will hold that this was a filing within the requirements of the law, but in order to obviate any question about it I have asked to have this amendment adopted. This does not settle the matter on the merits; the Secretary has to pass upon it.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. EVANS. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for one minute.

The CHAIRMAN. The time has been fixed by the committee and the time is exhausted.

Mr. STAFFORD. Mr. Chairman, I withdraw the reservation of the point of order.

Mr. BLACK. Mr. Chairman, I rise to oppose the amendment of the gentleman from Minnesota [Mr. ANDERSON] for the same reason that I oppose the bill, because it broadens the scope of the original law and opens up another door to the public Treasury. These are not cases where these men were not afforded a forum. If they were, then I would view this bill in quite a different light. They did have a forum, they had a commission composed of an ex-Member of the House and an ex-Member of

the Senate and a prominent employee in the Bureau of Mines. The claimants had a law for their relief, which Congress had enacted upon broad and liberal terms, and now, after having submitted their claims and having had them passed upon, they want another chance to be heard before a different Secretary of the Interior, and the committee here bring in the bill that authorizes a reopening of all of the matter and allows the claimants, whenever they can show that they have made these expenditures, either upon a personal, a written, or a published request or demand or appeal or solicitation or any conceivable sort of advertisement, to come in and have them again passed upon. About the same time that we passed this original law we passed the Dent Act, to authorize the settlement of war contracts which were not entered upon with the formality required by law.

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I beg the gentleman to excuse me. I have only a short time remaining. The Secretary of War through his subordinates has adjudicated these claims. They amounted not only to millions of dollars but to billions, and of course all of these claimants whose claims have been rejected would like us to come in and liberalize the law and say to them, "Here is the Public Treasury, and we will be glad to give you another chance at it." I am opposed to any procedure of that kind. I ask gentlemen to listen to what the Federated American Engineering Societies say about this particular bill:

Should this legislation be enacted into law it will prove practically a mandate to allow all claims to be reopened. It has been estimated that in addition to the expenditure of the unexpended balance of four and a half million dollars out of the eight million dollars appropriated an additional appropriation will undoubtedly have to be made. The American Engineering Council has been committed to an economy program. It has not urged other very important legislation carrying other appropriations, because it has been felt that these things could wait until the Government finances were in better condition.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BLACK. My time is almost expired and I regret I can not yield. What I have just read is from a communication of the Federated American Engineering Societies, and, I submit, a very respectable authority concerning mines and minerals. If we adopt this bill it seems to me we will be enacting a law broad enough to cover every conceivable case. All that the claimant will have to do will be to show that he suffered a loss and then his claim will be allowed.

The CHAIRMAN. The time of the gentleman fro: Texas has expired. The question is on the amendment to the amendment offered by the gentleman from Minnesota.

The question was taken, and on a division (demanded by Mr. ANDERSON) there were—ayes 42, noes 33.

So the amendment to the amendment was agreed to.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois to the committee amendment: On page 2, line 20, after the word "any," strike out "personal, written, or published," and strike out the commas after the word "request" and after the word "demand" and insert after the word "request" the word "or."

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. Is debate exhausted?

The CHAIRMAN. Debate has been exhausted.

Mr. WINGO. Mr. Chairman, I make the point of order that it is not germane, for the reason that the present existing law restricts the demand or request to personal ones. The gentleman's amendment seeks to throw it open so that any kind of a demand, regardless of whether it is personal or not, will throw the floodgates wide to a world of claims. I am willing to settle a just claim, but I am opposed to taking that restriction out of the law. It must be personal claims. The gentleman seeks to open it to any kind of a claim—personal, indirect, or anything.

Mr. GRAHAM of Illinois. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. GRAHAM of Illinois. The language would be just exactly as it is in the original act if my amendment were adopted. The original act is "request or demand." This amendment is an amendment to the original act, and I by my amendment am seeking to make it conform to the language of the original act, exactly. I expect to go further and move to strike out the words "solicitation or appeal," and I am offering these amendments seriatim, and I am now confining myself to the first one, which consists in striking out the words "personal, written, or published." By this amendment I am trying to make this act conform with the original act and to be no broader, and when the gentleman from Arkansas [Mr. WINGO] makes the point of order that I am broadening it I wish to say to him that I am restricting it by cutting out the words that make it broader, to wit, the words "personal, written, or published," which are in the original act.

Mr. STAFFORD. Mr. Chairman, the position of the gentleman from Illinois [Mr. GRAHAM] is absolutely correct. Even if the original act provided that these claims should be limited to those made upon personal request or demand, as the committee here is seeking to broaden it, it is within the power of the committee to limit it in any way it sees fit, provided it is within the purview of the provisions in the amendment under consideration. But the original act provides, as the gentleman from Illinois just stated, that it is not limited to claims based on personal request or demand. Even if it were, when amending the original act it is within the power of the committee to amend it within the limitations recognized by the rules.

Mr. WINGO. Will the gentleman yield for a question?

Mr. STAFFORD. Yes.

Mr. WINGO. The gentleman overlooks the fact that the House is now acting on the opinion of the Attorney General which the gentleman read. He rules that the word "demand" in existing law covered the word "personal." If you strike out the word "personal," it shows the intent of Congress.

Mr. STAFFORD. The Attorney General said that the words "request" and "demand" were both synonymous with the word "ask."

Mr. WINGO. The gentleman has not read it all.

Mr. STAFFORD. Now, the committee is seeking to broaden it so that they will consider claims not asked by these five instrumentalities, but any claim that might have been initiated on any newspaper report or publication not addressed to anyone in particular.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. GRAHAM of Illinois. Division, Mr. Chairman.

The committee divided; and there were—ayes 34, noes 43.

So the amendment was rejected.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Illinois offers a further amendment, which the Clerk will report.

The Clerk read as follows:

Page 2, lines 20 and 21, strike out "solicitation or appeal"; in lines 20 and 21 on page 2 strike out the commas before and after the word "demand" in said line 20 and insert "or" between the words "request" and "demand" in said line 20.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The question was taken, and the Chair announced that the noes seemed to have it.

On a division (demanded by Mr. GRAHAM of Illinois) there were—ayes 39, noes 50.

So the amendment was rejected.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer another amendment.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. What became of the amendment proposed by the chairman of the committee at the end of the section?

The CHAIRMAN. It is still pending.

Mr. BANKHEAD. Why do we not vote on it?

The CHAIRMAN. We will as soon as we get through with these other amendments.

The Clerk will report the amendment of the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois to the amendment offered by Mr. RHODES: Page 3, line 6, after the word "act," strike out "awards have been denied or made on rulings contrary to the provisions of this amendment, or" and insert a comma after the word "act" in line 6, page 3.

Mr. GRAHAM of Illinois. May we have it read as it would correct that paragraph?

The CHAIRMAN. Without objection, the Clerk will read the paragraph as it would stand if amended.

The paragraph was accordingly read as it would read if amended.

Mr. WINGO. Mr. Chairman, I reserve a point of order on the amendment of the gentleman from Illinois. It is identical with one amendment that has been voted down. The gentleman from South Carolina tried to restrict——

Mr. GRAHAM of Illinois. That is a substitute.

The CHAIRMAN. The Chair overrules the point of order. It is not in the same language.

The question is on the amendment of the gentleman from Illinois [Mr. GRAHAM].

The question was taken and the amendment was rejected.

The CHAIRMAN. The vote is now on the amendment offered by the gentleman from Missouri [Mr. RHODES] as amended by the amendment offered by the gentleman from Minnesota [Mr. ANDERSON].

Mr. CRAMTON. Mr. Chairman, is it in order now to move to strike out all after the enacting clause?

The CHAIRMAN. Not until the vote is taken on the amendment. The question is on agreeing to the amendment as amended.

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. STAFFORD. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 57, noes 43.

Mr. STAFFORD. I demand tellers, Mr. Chairman.

The CHAIRMAN. The gentleman from Wisconsin demands tellers.

Tellers were ordered, and the Chairman appointed Mr. RHODES and Mr. BLACK to act as tellers.

The committee again divided; and the tellers reported—ayes 62, noes 48.

So the amendment as amended was agreed to.

Mr. CRAMTON. Mr. Speaker, I move to strike out the enacting clause.

Mr. RHODES. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. CRAMTON. To make the motion that I made before.

Mr. RHODES. Mr. Chairman, that is dilatory.

Mr. WINGO. Mr. Chairman, the Chair overlooks the fact that the House has voted on that. The House has already stricken out all after the enacting clause and inserted new language.

The CHAIRMAN. The gentleman is out of order. The gentleman from Michigan [Mr. CRAMTON] moves to strike out the enacting clause.

Mr. SINNOTT. Mr. Chairman, I call the attention of the Chair to section 854 of the manual, which states that after the reading of the bill has been concluded a motion to strike out the enacting clause is not in order.

The CHAIRMAN. When there is an amendment to a bill a motion to strike out the enacting clause is in order. The gentleman from Michigan offers a motion to strike out the enacting clause, which the Clerk will report.

The Clerk read as follows:

Mr. CRAMTON moves to strike out the enacting clause.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from Michigan.

The question was taken, and the Chairman announced that the noes seemed to have it.

Mr. CRAMTON. A division, Mr. Chairman.

Mr. RHODES. Mr. Chairman, I move that the committee rise and report the bill to the House with the amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The CHAIRMAN. A division has been called for.

The committee divided; and there were—ayes 46, noes 68.

So the motion of Mr. CRAMTON was rejected.

Mr. RHODES. Mr. Chairman, I move that the committee do now rise and report the bill to the House, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker pro tempore [Mr. WALSH] having resumed the chair, Mr. FESS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (S. 843) to amend section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. RHODES. Mr. Speaker, I move the previous question on the bill and the amendment to final passage.

The SPEAKER pro tempore. The gentleman from Missouri moves the previous question on the bill and the amendment to final passage. The question is on agreeing to that motion.

Mr. BLACK. Mr. Speaker, on that vote I make the point of no quorum.

The SPEAKER pro tempore. The gentleman from Texas makes the point of order that there is no quorum present.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER pro tempore. The gentleman from Wyoming moves that the House do now adjourn.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WINGO. A division, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Arkansas asks for a division.

The House divided; and there were—ayes 89, noes 46.

So the motion to adjourn was agreed to.

Accordingly (at 5 o'clock p. m.) the House adjourned until to-morrow, Thursday, November 10, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

258. A letter from the Secretary of the Navy, transmitting a proposed draft of a bill to authorize the Secretary of the Navy when in his discretion it will be for the public good, to lease the floating dry dock at the naval station, New Orleans, La.; to the Committee on Naval Affairs.

259. A letter from the superintendent of the State, War, and Navy Building, transmitting report concerning increase of compensation paid to employees of the State, War, and Navy Building for the first four months of the fiscal year 1922, ending October 31, 1921; to the Committee on Appropriations.

260. A letter from the Secretary of the Navy, transmitting a proposed draft of a bill to provide for reimbursement of certain persons for loss of private funds while they were patients at the United States Naval Hospital, naval operating base, Hampton Roads, Va.; to the Committee on Claims.

261. A letter from the Secretary of Labor, transmitting report showing number of employees that drew compensation at the rate of $240 per annum, in addition to the basic salary, for the first four months of the current fiscal year; to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. MOORES of Indiana, from the Joint Select Committee on Disposition of Useless Executive Papers, submitted a report (No. 464) on proceeds from sale of useless executive papers in certain departments, which said report was ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. CHINDBLOM, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 9021) to permit the city of Chicago to acquire real estate of the United States of America, reported the same with an amendment, accompanied by a report (No. 465), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 3 of Rule XXII, the Committee on Appropriations was discharged from the consideration of a letter from the Secretary of the Treasury relative to the authorization of a building in the north court of the Treasury Building for a vault for storage of securities, etc., and the same was referred to the Committee on Public Buildings and Grounds.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MICHAELSON: A bill (H. R. 9046) to limit the amount of water which may be withdrawn from Lake Michigan by the sanitary district of Chicago, giving authority therefor,

and fixing the conditions of such withdrawal; to the Committee on Rivers and Harbors.

By Mr. UNDERHILL: A bill (H. R. 9047) authorizing the Secretary of War to grant to the town of Winthrop, Mass., a perpetual right of way over approximately 755 square feet of the Fort Banks Military Reservation, for the purpose of widening Revere Street; to the Committee on Military Affairs.

By Mr. CURRY: A bill (H. R. 9048) to authorize the California Débris Commission to reimburse the city of Sacramento, Calif., for moneys expended by said city in the construction of the Sacramento weir; to the Committee on Claims.

By Mr. RAINEY of Illinois: A bill (H. R. 9049) abandoning and declaring nonnavigable a portion of the west arm of the south fork of the South Branch of the Chicago River; to the Committee on Interstate and Foreign Commerce.

By Mr. MONTAGUE: A bill (H. R. 9050) granting the consent of Congress to the Pamunkey Ferry Co. to construct a bridge across the Pamunkey River in Virginia; to the Committee on Interstate and Foreign Commerce.

By Mr. DENISON: A bill (H. R. 9051) to amend section 6 of an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxes, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including process as to certain fees, money orders, and interest deposits," approved August 21, 1916; to the Committee on Interstate and Foreign Commerce.

By Mr. NEWTON of Missouri: A bill (H. R. 9052) making appropriations for the construction and completion of certain public works on the Ohio, Mississippi, and Missouri Rivers; to the Committee on Rivers and Harbors.

By Mr. BUTLER: A bill (H. R. 9053) to provide for leasing of the floating dry dock at the naval station, New Orleans, La.; to the Committee on Naval Affairs.

By Mr. HAYDEN: A bill (H. R. 9054) to authorize appropriations for the survey, construction, and maintenance of highways on or adjacent to untaxed Indian lands; to the Committee on Indian Affairs.

By Mr. KAHN: A bill (H. R. 9055) authorizing the President to dispose of certain arms and ammunition seized in pursuance of the act approved June 15, 1917, along the Mexican border; to the Committee on Military Affairs.

By Mr. WURZBACH: A bill (H. R. 9056) authorizing the issuance of service medals to officers and enlisted men of the two brigades of Texas Cavalry organized under authority of the War Department December 8, 1917, and making an appropriation therefor; and further authorizing the wearing by such officers and enlisted men on occasions of ceremony of the uniform lawfully prescribed to be worn by them during their service; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREW of Massachusetts: A bill (H. R. 9057) providing for the conveyance to the city of Salem, in the State of Massachusetts, of Fort Pickering Military Reservation for public use; to the Committee on Military Affairs.

Also, a bill (H. R. 9058) providing for the conveyance to the city of Salem, in the State of Massachusetts, of Fort Lee Military Reservation for public use; to the Committee on Military Affairs.

Also, a bill (H. R. 9059) providing for the conveyance to the town of Marblehead, in the State of Massachusetts, of Fort Sewall Military Reservation for public use; to the Committee on Military Affairs.

By Mr. ANTHONY: A bill (H. R. 9060) to authorize the Secretary of War to lease a certain tract of land to the city of Leavenworth, in the State of Kansas; to the Committee on Military Affairs.

By Mr. BURDICK: A bill (H. R. 9061) to authorize a survey of a portion of the harbor of Newport, R. I.; to the Committee on Rivers and Harbors.

By Mr. CANNON: A bill (H. R. 9062) granting a pension to Claude Wallace; to the Committee on Pensions.

By Mr. GILLETT: A bill (H. R. 9063) granting an increase of pension to George H. Colgrove; to the Committee on Pensions.

By Mr. HUDSPETH: A bill (H. R. 9064) granting a pension to John H. Malaby; to the Committee on Pensions.

By Mr. HOGAN: A bill (H. R. 9065) for the relief of the Ward Baking Co.; to the Committee on Claims.

By Mr. KEARNS: A bill (H. R. 9066) granting a pension to Emma May Rinehart; to the Committee on Invalid Pensions.

By Mr. LAYTON: A bill (H. R. 9067) granting a pension to Sarah J. Shenkle; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 9068) for the relief of Frederick Teffner; to the Committee on Claims.

Also, a bill (H. R. 9069) for the relief of William H. Slaine; to the Committee on Claims.

By Mr. McCLINTIC: A bill (H. R. 9070) for the relief of Lucius K. Osterhout; to the Committee on Military Affairs.

By Mr. McPHERSON: A bill (H. R. 9071) granting a pension to Sarah E. Billeneyer; to the Committee on Invalid Pensions.

By Mr. MICHAELSON: A bill (H. R. 9072) for the relief of G. W. Halleman; to the Committee on Claims.

Also, a bill (H. R. 9073) for the relief of Frederick Schroeder; to the Committee on Claims.

Also, a bill (H. R. 9074) for the relief of Harry V. Peters; to the Committee on Claims.

By Mr. MILLSPAUGH: A bill (H. R. 9075) granting an increase of pension to Mary J. Toler; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 9076) for the relief of J. A. Leslie; to the Committee on Claims.

By Mr. NEWTON of Missouri: A bill (H. R. 9077) for the relief of Nellie Moore; to the Committee on Claims.

By Mr. ROBSION: A bill (H. R. 9078) granting a pension to Lewis Owens; to the Committee on Pensions.

By Mr. SMITH of Michigan: A bill (H. R. 9079) granting a pension to Jabez Lumbert; to the Committee on Invalid Pensions.

By Mr. SMITHWICK: A bill (H. R. 9080) granting an increase of pension to Mary B. Jenks; to the Committee on Invalid Pensions.

By Mr. STEPHENS: A bill (H. R. 9081) to reimburse certain persons for loss of private funds while they were patients at the United States naval hospital, naval operating base, Hampton Roads, Va.; to the Committee on Naval Affairs.

By Mr. TIMBERLAKE: A bill (H. R. 9082) for the relief of Charles O. Plumb; to the Committee on Claims.

By Mr. WOODYARD: A bill (H. R. 9083) granting a pension to Olive Agnes Glendening; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 9084) granting a pension to Nellie F. Clifford; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2970. By the SPEAKER (by request): Petition of citizens of the United States of Burr, county of Yellow Medicine, Minn., urging the passage of laws that will open up for navigation the Great Lakes and the St. Lawrence River; to the Committee on Interstate and Foreign Commerce.

2971. By Mr. DALLINGER: Resolution of the Arlington (Mass.) Board of Trade, favoring a relief from the present surtaxes and favoring the Limitation of Arms Conference; to the Committee on Foreign Affairs.

2972. By Mr. KELLEY of Michigan: Petition of M. Davis and 28 other residents of Ingham County, Mich., favoring the passage of the antibeer and wine bill; to the Committee on the Judiciary.

2973. By Mr. KISSEL: Petition of Antonio Oller Co. (Inc.), of New York City; to the Committee on Ways and Means.

2974. Also, petition of the First Methodist Episcopal Church, New York; to the Committee on Ways and Means.

2975. Also, petition of H. C. Ehlers Co., Dunkirk, N. Y.; to the Committee on Ways and Means.

2976. Also, petition of the Merchants' Association of New York, New York City; to the Committee on Printing.

2977. By Mr. LINTHICUM: Petition of Dr. F. E. Brown, Baltimore, Md., opposing maternity bill; to the Committee on Interstate and Foreign Commerce.

2978. Also, petitions of Henry Wessel Co. and Merchants' and Manufacturers' Association, of Baltimore, Md., opposing American valuation plan; and V. R. Payne Co., Baltimore, Md., eliminating 5 cents per pound on carbonic gas; to the Committee on Ways and Means.

2979. Also petitions of Swindell Bros., the Kenneweg Co., and No-Leake-O Piston Ring Co., all of Baltimore, Md., favoring bill to secure reissuance of scrip mileage books; to the Committee on Interstate and Foreign Commerce.

2980. Also, petitions of Social Service Club of Maryland and Sons and Daughters of Liberty, both of Baltimore, Md., favoring reduction in armament; to the Committee on Foreign Affairs.

2981. By Mr. MOORE of Virginia (by request): Petition with reference to inscription of names on the amphitheater at Arlington, Va.; to the Committee on the Library.

2982. Also (by request), resolutions protesting against any further increase in taxes on medicinal alcohol, adopted by the Virginia Branch, American Pharmaceutical Association; to the Committee on Ways and Means.

2983. By Mr. NEWTON of Missouri: Petition of over 200 citizens of St. Louis, Mo., protesting against House bill 4388, providing for compulsory Sunday observance; to the Committee on the District of Columbia.

2984. By Mr. ROGERS: Resolution of Roosevelt Council, No. 45, Sons and Daughters of Liberty, held at Lowell, Mass., urging disarmament; to the Committee on Foreign Affairs.

2985. By Mr. STEENERSON: Memorial of the Woman's Benefit Association of the Maccabees of Crookston, Minn., opposing the restoring of sale of beer and wine; to the Committee on the Judiciary.

2986. By Mr. STINESS: Memorial of the Rhode Island Congress of Mothers and Parent-Teacher Associations, pledging its support to the success of the Conference for the Limitation of Armaments by international agreement; to the Committee on Foreign Affairs.

2987. By Mr. SWING: Petition of citizens of Orange County, Calif., protesting against the passage of a compulsory Sunday-observance law; to the Committee on the District of Columbia.

2988. By Mr. WATSON: Resolution passed by the Methodist Episcopal Church, Pine and Freedley Streets, Norristown, Pa., indorsing a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2989. Also, resolutions passed by Ardmore Council, No. 86, State of Pennsylvania, Sons and Daughters of Liberty, in favor of limitation of armaments; to the Committee on Foreign Affairs.

2990. By Mr. WILLIAMSON: Resolutions adopted by the First Baptist Church of Pierre, S. Dak., urging the limitation of armaments; to the Committee on Foreign Affairs.